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## Corporate Governance Report

Last Update: July 1, 2024

Chilled & Frozen Logistics Holdings Co., Ltd.

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<https://www.cflogi.co.jp/en/>

The corporate governance of Chilled & Frozen Logistics Holdings Co., Ltd. (the “Company”) is described below.

### I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

#### 1. Basic Views

The Company’s basic policy on corporate governance is to work on clarifying its monitoring system and strengthening its check-and-balance function for corporate management, recognizing the importance of business ethics, while endeavoring to disclose corporate information fairly, equitably, and promptly in a more transparent manner, with a view to earning and sustaining the trust of the general public and investors. Under the Company’s corporate governance system, the Company has adopted a company with Audit and Supervisory Committee system to exhibit the effectiveness of the system.

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code] **Updated**

[Supplementary Principle 4.1.3] (CEO Successor Training)  
The Company has established a policy of providing the Group’s officers with opportunities to gain experience by rotating their positions and offering training to them, with information on the current training period and the target group of the Group’s officers shared within the Nomination Committee, an advisory body to the Board of Directors. Going forward, while confirming a training schedule at the meetings of the Board of Directors in connection with the Company’s management strategies and medium- to long-term management plan, the Company will consider building a more enhanced system.

**[Disclosure Based on the Principles of the Corporate Governance Code] Updated**

**[Principle 1.4] (Cross-Shareholdings)**

The Company holds cross-shareholding shares to enhance medium- to long-term corporate value, taking into consideration the purpose of strengthening relationships with companies in which the Company has invested and cooperative business relationships. The Company's basic policy is to assess the appropriateness of holding individual cross-shareholding shares at a meeting of the Board of Directors each year, considering various matters such as the purpose of holding thereof, the economic rationality, the effectiveness of the enhancement of corporate value, and financial strategies. At the meeting of the Board of Directors held in September 2023, the Board of Directors examined whether to continue cross-shareholdings after its comprehensive review of transaction-related earnings, dividend income, and valuation difference, as well as on its examination from a medium- to long-term viewpoint of the relationship with business developed by the Group and new business opportunities for future business expansion. The Company will reduce cross-shareholdings deemed less meaningful, with due consideration to the effect on markets. As a result, the Group has 23 issues of cross-shareholders (of which 14 issues are of listed companies) as of March 31, 2024, the same as the end of the previous fiscal year.

In our view on the exercise of voting rights of cross-shareholdings, the Company exercises voting rights of all cross-shareholding shares from the standpoint of the enhancement of medium- to long-term corporate value of the Company and the companies in which the Company has invested. In exercising voting rights, the Company comprehensively considers the pros and cons of proposals, taking into account the purpose of holding the relevant cross-shareholding shares and the management and financial status of the relevant company.

**[Principle 1.7] (Related Party Transactions)**

The Company, in terms of transactions posing conflicts of interest, oversees the legality of such transactions by obtaining the approval of the Board of Directors in advance, as per the provisions of the Companies Act, and reporting the results of such transactions to the Board of Directors after they are executed. The Company also requires transactions with officers and major shareholders to be approved after deliberation at a meeting of the Board of Directors which is composed of more than one Outside Director to avoid damage to corporate interests and common interests of shareholders unless it is apparent that the terms of the transactions are the same as those of general transactions. Furthermore, if the transactions fall under transactions with related parties prescribed in the Companies Acts and the Regulation on Financial Statements, those transactions are disclosed in a securities report. The filing of a securities report is a matter for resolution of the Board of Directors.

**[Supplementary Principle 2.4.1] (Policy for Ensuring Diversity and the Status of Implementation of the Policy)**

The appointment of the Group's managers is based on personnel evaluation (ability and performance evaluation) without discrimination on the grounds of sex, nationality, and recruitment methods. Under this policy, the Group appoints women, foreign nationals, and mid-career hires as managers. At the meeting of the Board of Directors held in May 2023, the Company set a target of having women make up 10% of managerial positions in the Group in FY2030, considering that diversified perspectives and values are important to ensure corporate sustainable growth. The Company has not set a target for the appointment of mid-career hires as managers since the current percentage of mid-career employees in managerial positions is high.

The Group has been moving ahead with human capital initiatives and has established policies on human resource development and internal environment development. Currently, our human capital initiatives are disclosed in "Views and Initiatives on Sustainability" of the Annual Securities Report for the 9th fiscal year. The Group aligns with its Workplace Environment Enhancement Policy, which states, "The Chilled & Frozen (C&F) Logistics Holdings Group provides a workplace environment in which each employee can maximize their aptitude and capabilities with a sense of pride and mission to 'support society through logistics.' In addition, we respect the diversity of each person and create a comfortable and worthwhile workplace environment for everyone." Based thereon, as for human resource development, the Company provides training by position level to learn necessary skills and a mindset at the different career stages of employees from future executives to young employees. The Company also formed a team for the advancement of women and engaged in various activities, including participation in career development seminars for women, making proposals to improve female uniforms, and disseminating as well as promoting the use of systems for women.

• FY2023

Percentage of managerial positions occupied by women: 3.07%

Percentage of managerial positions occupied by mid-career hires: 43.00%

[Principle 2.6] (Roles of Corporate Pension Funds as Asset Owners)

The Group discontinued its corporate pension plan and adopted a corporate defined contribution pension plan (life plan support system) in April 2022. To support employees in building up their assets and understanding the plan, the Group has provided all participants in the plan with investment education on the importance of long-term investment, continued investment, and diversified investment based on their life plans.

[Principle 3.1] (Full Disclosure)

(i) Company objectives (e.g., management philosophy), management strategies, and management plans

The Company has set out the Group's basic policy in the Notice Concerning 3rd Medium-Term Management Plan posted on our website.

<https://www.cflogi.co.jp/en/ir/>

(ii) Basic views and guidelines on corporate governance

As stated in "1.1 Basic Views (1)" of this report.

(iii) Board policies and procedures in determining compensation for Directors

The Company has set up the Compensation Committee as a voluntary advisory body. The amount of compensation for individual Directors is to be determined by the Board of Directors in light of the results of a review of its rationality by the Compensation Committee. Compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) consists of basic compensation, performance-linked compensation, and performance-linked share compensation. Compensation for Directors (Directors who are Audit and Supervisory Committee Members and Outside Directors) consists of fixed compensation.

(iv) Board policies and procedures in the appointment/dismissal of senior management members and nomination of candidates for Directors and company auditors

The Company has set up the Nomination Committee as a voluntary advisory body. Candidates for Directors of the Company are required to have a wealth of experience, deep insights, and advanced expertise that are appropriate for Directors of the Company. The Board of Directors nominates candidates in light of the results of a review of their qualifications by the Nomination Committee. Directors who are Audit and Supervisory Committee Members are nominated with the consent of the Audit and Supervisory Committee. If a senior management member commits a fraudulent act or serious breach of laws, regulations, or the Articles of Incorporation, and it is objectively determined that dismissal of such member is appropriate, the Nomination Committee reviews such dismissal and the Board of Directors makes a decision on dismissal through sufficient deliberation.

(v) Explanation with respect to individual appointments/dismissals and nominations based on (iv) above

The reasons for the appointment/dismissal of senior management members and that of candidates for Directors when nominating the candidates will be specified in the Notice of the Convocation of Annual General Meeting of Shareholders.

[Supplementary Principle 3.1.3] (Full Disclosure of Sustainability Information)

1. Disclosure of sustainability initiatives

The Company declared in May 2022 that it would work to solve social issues through business activities toward the achievement of sustainable logistics business and contribute to the fulfillment of Sustainable Development Goals (SDGs), agreed upon by the international community, and the Board of Directors resolved to establish a sustainability policy to support sustainable management that creates next generation logistics with stakeholders. The Company has identified five major issues (materiality) and disclosed the status of the initiatives on our website.

<https://www.cflogi.co.jp/en/sustainability/>

## 2. Disclosure of human capital initiatives

The Company takes the securing of human resources as an important issue. The Company has adopted a system to promote non-regular employees to regular employees, revised the wage regulations to improve wages of employees, participated in a benefit program that all employees assigned to bases around the country can use without regional disparities, provided training by position level to learn necessary skills and a mindset at the different career stages of employees from future executives to young employees and leadership training for female employees. In addition, the Company has instituted a talent management system. The Company will continue to disclose information on human capital initiatives.

<https://www.cflogi.co.jp/uploads/inf220610.pdf>

[https://www.cflogi.co.jp/uploads/the\\_revision\\_of\\_3rd\\_Medium-term\\_Management\\_Plan\\_EN.pdf](https://www.cflogi.co.jp/uploads/the_revision_of_3rd_Medium-term_Management_Plan_EN.pdf)

## 3. Disclosure based on TCFD Recommendations

The Company lists environmental measures as a material issue (materiality) to establish a logistics infrastructure that is friendly to the global environment. In its effort to take environmental measures, the Company recognizes that the impact of climate change is a priority management issue and that environmental measures taken in business activities play a vital role in its management. In March 2023, the Company expressed support for TCFD Recommendations and joined the TCFD Consortium. Going forward, the Company will follow the recommendations and expand the disclosure of information on our website. The current information on TCFD is disclosed in “Views and Initiatives on Sustainability” of the Annual Securities Report for the 9th fiscal year.

### [Supplementary Principle 4.1.1] (Scope of Delegation)

The Company’s Board of Directors delegates decision-making authority for business execution of matters other than those required by laws and regulations to be resolved by the Board of Directors to the Executive Officers’ Meeting, composed of Executive Officers and others, to establish a more flexible business execution system that promotes quick decision-making and can respond to changes of the business environment surrounding the Company.

### [Principle 4.9] (Independence Standards and Qualification for Independent Outside Directors)

The Company selects candidates for Independent Outside Directors in accordance with the independence standards established by the Tokyo Stock Exchange.

### [Supplementary Principle 4.10.1] (Independent Advisory Committee such as Nomination Committee and Compensation Committee)

The Company’s Board of Directors consists of 10 Directors, including six Outside Directors, five of whom are Independent Outside Directors. The Company has set up the Nomination Committee and the Compensation Committee, both of which are chaired by Independent Outside Directors, for the purpose of ensuring the independence and objectivity of the appointment process of Directors, including a successor training plan, the independence and objectivity of the decision-making process of compensation for the Company’s officers, and decision-making and the rationality of the basic policy of officers’ compensation system. The Nomination Committee and the Compensation Committee each consist of seven members, five of whom are Independent Outside Directors. The committees ensure a high level of independence and objectivity with a majority of members being Independent Outside Directors.

### [Supplementary Principle 4.11.1] (Views on Diversity and Size of the Board of Directors)

The Company’s Board of Directors consists of the necessary and appropriate number of members—six Directors who are not Audit and Supervisory Committee Members and four Directors who are Audit and Supervisory Committee Members—to ensure an effective management system and substantive discussions at meetings of the Board of Directors. In selecting candidates for Directors, to increase independence and transparency, candidates are reviewed by the Nomination Committee with a majority of members being Independent Outside Directors and decided by the Board of Directors with due consideration to ensuring diversity and expertise. Two Independent Outside Directors have experience in management at other companies.

The skill matrix is disclosed on our website and in the Notice of Convocation of Annual General Meeting of Shareholders.

<https://www.cflogi.co.jp/ir/corporate/> (Japanese only)

[Supplementary Principle 4.11.2] (Concurrent Positions Held by Directors and Company Auditors)

The status of concurrent positions of Directors of the Company is disclosed in the Business Report and the Reference Documents contained in the Notice of Convocation of Annual General Meeting of Shareholders of each fiscal year.

[Supplementary Principle 4.11.3] (Evaluation of the Effectiveness of the Board of Directors)

To analyze and evaluate its effectiveness, the Board of Directors of the Company conducted a questionnaire survey on the status of operation of the Board of Directors and other matters in FY2023. The Board of Directors discussed its effectiveness on the basis of the results of the questionnaire survey. Distribution and collection of the questionnaires were entrusted to an external institution. As a result of the survey, the Company has been given a generally positive evaluation and it believes that the effectiveness of the Board of Directors is ensured. Meanwhile, regarding the monitoring functions of the Board of Directors, some opinions were voiced on potential groupwide risks and measures to address them as well as opinions calling for the strengthening of the risk management system. In light of these opinions, the Company shared awareness on the issues regarding the further improvement of the functions of the Board of Directors and the revitalization of discussions. Going forward, the Company, keeping in mind this evaluation, will promptly address these issues upon sufficient discussions and consideration and continue to advance initiatives to heighten the functions of the Board of Directors.

[Supplementary Principle 4.14.2] (Disclosure of Training Policy)

The Company supports Directors' execution of their duties by collecting and providing information on economic circumstances, industry trends, compliance, corporate governance, finance and accounting, and other matters that are necessary for Directors to perform their roles and functions. The Company also supports Directors in acquiring the knowledge necessary to fulfill their roles and responsibilities by inviting external lecturers to provide lectures on compliance and corporate governance, as necessary. In addition, the Company has provided Outside Directors with information related to the Group's corporate philosophy, management policies, business activities, organizations, and so forth when they assume office for the purpose of enhancing their understanding of these matters, and the Company continues to provide such information after Outside Directors' assuming office. The Company also has taken measures such as having Outside Directors visit facilities of the Company. The Company considers that Directors should seek advice from external professionals such as lawyers and consultants to examine issues if deemed necessary for the execution of their duties and has established a system where Directors can charge the Company for expenses for such advice.

[Principle 5.1] (Policy for Constructive Dialogue with Shareholders)

Placing an emphasis on constructive dialogue with shareholders, the Company has been working to have personnel, mainly including senior management members, engage in dialogue with shareholders through various opportunities.

(i) IR system

The Company has promoted IR activities in cooperation with the Corporate Planning Department and the Public Relations & Investor Relations Department, with Representative Director, Senior Managing Executive Officer in charge of corporate planning and management serving as manager. In addition, the Company receives cooperation from internal related departments such as the Finance and Accounting Department and the Sales Headquarters in preparing disclosure materials.

(ii) Method of having dialogues

In addition to the general meeting of shareholders, the Company holds financial results briefings twice a year, individual meetings for each quarterly settlement, and other opportunities for communication with shareholders and investors to explain our management conditions and business activities and the progress of the Medium-Term Management Plan. The Company will continue to actively disclose information and enhance opportunities for communication.

The Company respects the purpose and meaning of the fair disclosure rules when having a dialogue with shareholders and investors and engages in positive and fair IR activities. The Company also ensures the prevention of leakage of insider information and has established the Regulations for Management of Important Information and Prevention of Insider Trading of Share Certificates, Etc. to thoroughly manage insider information.

(iii) Sharing feedback within the Company

Main opinions and management issues received from shareholders and investors through IR activities are reported to senior management members, the Board of Directors, and others, and used to improve the management of the Company.

[Measures to realize management that is conscious of capital costs and stock prices] [Disclosed in English]

In the third medium-term management plan, our company has set a financial target of achieving ROE: 8.0% or more by the final year (FY2025).

The Company believes that by achieving this goal, the Company will exceed the cost of stockholders' equity and lead to a sustainable increase in corporate value.

In addition, the Board of Directors conducts an analysis of the current situation regarding capital costs and stock prices, and discloses specific initiatives and medium- to long-term policies based on these.

For details, please check our website.

- Action to Implement Management that is Conscious of Cost of Capital and Stock Price

<https://www.cflogi.co.jp/uploads/info20240315-2.pdf>

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### [Status of Major Shareholders] **Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Account in Trust)	2,090,400	9.64
KYODO MILK INDUSTRY CO., Ltd.	1,491,900	6.88
Maruha Nichiro Corporation	1,175,800	5.42
Chilled and Frozen Logistics Holdings Employee Stock Ownership Plan	863,127	3.98
The Norinchukin Bank	851,080	3.92
The Kyoei Fire and Marine Insurance Company, Limited	842,455	3.88
Chilled and Frozen Logistics Holdings Trading Partner Stock Ownership Plan	831,740	3.83
JA MITSUI LEASING, LTD.	746,816	3.44
Masaru Wasami	728,400	3.36
Custody Bank of Japan, Ltd.(Account in Trust)	623,400	2.87

Controlling Shareholder (except for Parent Company)	–
Parent Company	None

### Supplementary Explanation **Updated**

1. The Company has 4,019,772 treasury shares, which are excluded from the above list. The shareholding ratio above is calculated excluding the said number of treasury shares.
2. The treasury shares above do not include 113,800 shares of the Company owned by Sumitomo Mitsui Trust Bank, Limited (sub-trustee: Custody Bank of Japan, Ltd.) established for performance-linked stock compensation plan.
3. The shareholding ratio above is rounded to the second decimal place.
4. The above list presents the status based on the shareholder registry as of March 31, 2024.

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange (Prime)
Fiscal Year-End	March
Type of Business	Land transportation
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	100 billion yen or more but less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but less than 50

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances that may have Material Impact on Corporate Governance**

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	17
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors	10
Status of Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	5

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Akihiro Mizutani	From another company											
Takeshi Tanaka	From another company											
Kenichi Sugita	From another company					△						
Nobuyuki Takagi	From another company											
Michiho Tachi	Lawyer											
Shiro Toba	CPA											

\* **Categories for "Relationship with the Company"**

\* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

\* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

- Executive of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an officer
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
- Executive of a company, between which and the Company Outside Officers are mutually appointed (the Director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
- Others

Outside Directors' Relationship with the Company (2) **Updated**

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Akihiro Mizutani		○	—	Mr. Akihiro Mizutani has long extensive experience and deep insight as top management of a food manufacturer and provides advice for improvement of logistics and other recommendations to ensure the validity and appropriateness of decision-making by the Board of Directors. The Company believes that as an Outside Director he will continue to utilize his experience and knowledge to realize the management plan envisioned by the Group and contribute to enhancing the decision-making and supervisory functions of the Board of Directors.
Takeshi Tanaka		○	—	Mr. Takeshi Tanaka has long extensive experience and deep insight in corporate planning and overseas business, in addition to a wealth of accomplishments and experience as a corporate executive over many years. He has provided accurate suggestions and advice from an objective and professional perspective to realize the management plan envisioned by the Group. The Company believes that as an Outside Director he will contribute to enhancing the decision-making and supervisory functions of the Board of Directors.
Kenichi Sugita	○		Mr. Kenichi Sugita was an employee of The Norinchukin Bank that is a main shareholder and a main trading bank of the Company, and the Company's borrowings from the bank account for approximately 38.7% of all borrowings of the Company. Accordingly, the Company has determined that he lacks independence.	Mr. Kenichi Sugita has long experience and extensive knowledge in financial institutions and plays an appropriate role in decision-making and supervision of business execution from a neutral and objective standpoint. He also serves as Audit and Supervisory Board Member of major operating companies, contributing to strengthening the governance of the Group. Based on these factors, the Company believes that he will continue to contribute to the improvement of soundness, transparency, and compliance in the management of the Group.

Nobuyuki Takagi	○	○	—	Mr. Nobuyuki Takagi has expert knowledge of the relevant laws and regulations of listed companies based on his extensive work experience as an outside officer at a securities company and other companies. He also plays an appropriate role in decision-making and supervision of business execution from a neutral and objective standpoint based on the broad knowledge he has gained from his experience as a university lecturer. He will continue to play an important role in strengthening the soundness and transparency in the management of the Group and further enhancing the corporate governance system based on the insights he has gained in various fields. In addition, the Company believes that he will contribute to improving compliance.
Michiho Tachi	○	○	—	Ms. Michiho Tachi has sufficient insight in corporate legal affairs based on her expert knowledge and experience as an attorney and plays an appropriate role in decision-making and supervision of business execution from a neutral and objective standpoint. The Company believes that her expertise in legal matters will contribute to improving the soundness, transparency, and compliance in the management of the Group.
Shiro Toba	○	○	—	Mr. Shiro Toba has a wide range of knowledge based on his extensive work experience as a certified public accountant and an officer of other companies and plays an appropriate role in decision-making and supervision of business execution from a neutral and objective standpoint. The Company believes that his expertise in accounting will contribute to improving the soundness, transparency, and compliance in the management of the Group.

**[Audit and Supervisory Committee]**

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	4	1	0	4	Outside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

The Company has set up the Audit and Supervisory Committee Office as a department to only assist duties of the Audit and Supervisory Committee and assigned dedicated employees. To ensure the independence of the Audit and Supervisory Committee Office, the Company obtains the prior consent of the Audit and Supervisory Committee for the appointment and transfer of the staff members of the Office and other personnel matters, and also conducts personnel evaluation with the consent of the full-time Audit and Supervisory Committee member.

Cooperation among Supervisory Committee, Accounting Auditors and Internal Audit Department

The Audit and Supervisory Committee is in close coordination with Ernst & Young ShinNihon LLC, the Company's accounting auditor, by regularly exchanging information and opinions with them and receiving audit results from them. The Company has a system where the internal control department and the Audit Office regularly conduct internal audits of operating departments and subsidiaries while coordinating their functions with the Audit and Supervisory Committee, and report the results of the audit and matters to be improved.

**[Voluntary Establishment of Nomination/Compensation Committee]**

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Compensation Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	7	7
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	6	6
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

**Establishment of the Nomination Committee and the Compensation Committee**  
 The Company has voluntarily established the Nomination Committee for the purposes of mainly ensuring the transparency and objectivity of the appointment process of Directors and avoiding concentration of authority over personnel issues into Representative Directors, and the Compensation Committee for the purposes of primarily ensuring the transparency and objectivity of the decision-making process of compensation for the Company's officers and ensuring decision-making and the rationality of the basic policy of officers' compensation system. To ensure transparency, a majority of members of both committees are outside officers, and the chairpersons of both committees are Outside Directors.

**[Independent Directors]**

Number of Independent Directors	5
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Matters relating to Independent Directors

The Company designates five Outside Directors out of six as Independent Directors who satisfy the qualifications of Independent Directors.

**[Incentives]**

Incentive Policies for Directors	Performance-linked compensation
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Supplementary Explanation

At the 5th Annual General Meeting of Shareholders held on June 25, 2020, a resolution was approved to introduce the performance-linked share compensation scheme.

Recipients of Stock Options	–
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Supplementary Explanation

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**[Director Compensation]**

Disclosure of Individual Directors' Compensation	No individual disclosure
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Supplementary Explanation **Updated**

The total amount of compensation, etc. for Directors for the immediately preceding fiscal year is as follows:

- The total amount of compensation, etc. for Directors (excluding Audit and Supervisory Committee Members) is 115 million yen (of which 12 million yen is for Outside Directors)
  - Total compensation, etc. by classification:
    - Basic compensation: 66 million yen (of which 12 million yen is for Outside Directors)
    - Performance-linked compensation, etc.: 33 million yen
    - Non-monetary compensation, etc.: 15 million yen
- The total amount of compensation, etc. for Directors (Audit and Supervisory Committee Members) is 37 million yen (of which 37 million yen is for Outside Directors)
  - : Basic compensation: 37 million yen (of which 37 million yen is for Outside Directors)

Policy on Determining Compensation Amounts and Calculation Methods <b>Updated</b>	Established
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## Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

As stated in “Matters Regarding Policies for Determining Contents of Individual Directors’ Compensations, etc.” and “Matters Regarding Resolutions of Shareholders Meeting on Directors’ Compensations, etc.,” “4. Compensation, etc. for Directors for FY 2023,” “III. Company Officers” of the Business Report in the Notice of the Convocation of the 9th Annual General Meeting of Shareholders (<https://www.cflogi.co.jp/uploads/info20240605-3.pdf>)

### [Supporting System for Outside Directors]

The General Affairs Department and the Audit and Supervisory Committee Office have the leading role in providing administrative support to Outside Directors for their daily work, and can seek cooperation from relevant departments, as necessary. In addition, the Company has a system in place to support Outside Directors for important proposals at a meeting of the Board of Directors and other meetings, as necessary, by means such as providing prior explanation and supplementary materials.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of Current Corporate Governance System)

### (1) Board of Directors

The Company’s Board of Directors consist of 10 Directors. The Company has six Outside Directors, out of which four are Directors who are Audit and Supervisory Committee Members. The Board of Directors meets at least once a month, in principle, and makes decisions, as the highest decision-making body, on matters prescribed by laws and regulations and the Articles of Incorporation and other matters. The Board of Directors is operated by nine male Directors and one female Director.

### (2) Executive Officers’ Meeting

The Company holds at least one Executive Officers’ meeting in which full-time Directors and Executive Officers participate each month, in principle. At an Executive Officers’ meeting, participants deliberate on matters entrusted by the Board of Directors and important management matters, and work to clarify the decision-making process of proposals submitted to the Board of Directors and ensure transparency thereof.

### (3) Audit and Supervisory Committee

The Company’s Audit and Supervisory Committee consists of four Outside Directors who are Audit and Supervisory Committee Members (three males and one female), and audits and supervises overall management, leveraging the members’ experience, expertise, etc. from an independent standpoint. The Audit and Supervisory Committee has a system to fully supervise all aspects of Directors’ execution of duties by having the full-time Audit and Supervisory Committee Member attend all meetings such as Executive Officers’ meetings at which important matters related to management are deliberated on and determined, and inspecting requests for approval and various reports for daily work. In addition, the Company has ensured the effectiveness of instructions of Audit and Supervisory Committee Members by having a cooperative system in place between the Audit and Supervisory Committee Office and each department, and conducting investigation and collecting information necessary for audit.

### (4) Establishment of the Nomination Committee and the Compensation Committee

The Company has voluntarily established the Nomination Committee for the purposes of mainly ensuring the transparency and objectivity of the appointment process of Directors and avoiding concentration of authority over personnel issues into Representative Directors, and the Compensation Committee for the purposes of primarily ensuring the transparency and objectivity of the decision-making process of compensation for the Company’s officers and ensuring decision-making and the rationality of the basic policy of officers’ compensation system. To ensure transparency, a majority of members of both committees are outside officers, and the chairpersons of both committees are Outside Directors.

(5) Accounting Auditor

The Company has entered into an audit agreement with Ernst & Young ShinNihon LLC., which performs audits of accounting and internal control over financial reporting from an independent and impartial standpoint.

(6) Internal Audit

The Company has established the Audit Office as the internal audit department. The Audit Office performs audits of the Company and the Group companies to ensure that business operations are being conducted in an appropriate manner.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted a system of a company with Audit and Supervisory Committee as resolved at the 4th Annual General Meeting of Shareholders held on June 26, 2019 to exhibit the effectiveness of its corporate governance system. The Company has improved the effectiveness of auditing and supervision through auditing by Directors who are Audit and Supervisory Committee Members with voting rights on the Board of Directors, and increased the ratio of Outside Directors by continuously bringing in talented human resources to further strengthen the supervisory function of the Board of Directors. The Company also has delegated all or part of decision-making on execution of important business to Directors so that the Board of Directors can make decisions quickly.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

**Updated**

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends and discloses a convocation notice and materials of a general meeting of shareholders earlier than the statutory due date to give shareholders sufficient time to review the agenda.
Allowing Electronic Exercise of Voting Rights	The Company has adopted a system for exercising voting rights via the Internet.
Participation in Electronic Voting Platform	The Company has participated in the electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English	The Company translates its convocation notices into English and posts the translated notices on the English version of our website ( <a href="https://www.cflogi.co.jp/en/">https://www.cflogi.co.jp/en/</a> ) and the website of the Tokyo Stock Exchange.
Other	Slide presentation of shareholder meeting materials.

### 2. IR Activities

	Supplementary Explanations
Regular Investor Briefings for Analysts and Institutional Investors	The Company regularly holds financial results briefings after the release of year-end financial results and the financial results for the second quarter of each fiscal year.
Posting of IR Materials on Website	The Company posts summaries of financial results (including quarter financial results), financial results presentations, disclosure documents other than financial results, notices of general meetings of shareholders, annual securities reports (including quarterly reports), corporate governance reports, shareholder special benefit information, stock price information, etc. on our website ( <a href="https://www.cflogi.co.jp/en/">https://www.cflogi.co.jp/en/</a> ) (some of the above information is provided only in Japanese).
Establishment of Department and/or Manager in Charge of IR	The Company has established the Public Relations & Investor Relations Department.



### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has established the Human Rights Policy and disclosed it on our website ( <a href="https://www.cflogi.co.jp/en/company/policy.html#policy-2">https://www.cflogi.co.jp/en/company/policy.html#policy-2</a> ).
Implementation of Environmental Activities, CSR Activities etc.	The Company has established the Sustainability Policy and identified materiality (important issues). The status of individual initiatives is disclosed on our website ( <a href="https://www.cflogi.co.jp/en/sustainability/">https://www.cflogi.co.jp/en/sustainability/</a> ).

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

The following outlines the systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of business operations of the Company.

#### 1. Basic policy

A group of enterprises consisting of the Company and its subsidiaries (the “Group”) considers that developing and operating an internal control system is an important management issue for the purpose of ensuring the appropriateness, effectiveness and efficiency of business operations to maintain and increase corporate value and improving business performance by ensuring social credibility and further enhancing the function and quality of logistics for food products. The Group will work to establish an internal control system for all officers, employees and workers at offices of the Group based on the following basic policy.

- (1) Systems to ensure that Directors’ and employees’ execution of duties complies with laws and regulations and the Articles of Incorporation
  - (i) The Company shall regularly hold a meeting of the Board of Directors each month in accordance with the Regulations for the Board of Directors to promote communication among Directors and prevent a breach of laws and regulations and the Articles of Incorporation by having Directors supervise execution of their duties each other.
  - (ii) The Company shall establish the Code of Ethical Conduct as the standards of conduct to be complied with by all officers and employees of the Group, and work to ensure that all officers and employees of the Group are fully aware of it.
  - (iii) The Company has established a whistleblowing system where a person who is aware of an actual and threatened breach of laws and regulations and other rules by an officer, employee or worker of the Group can report it to the Whistleblowing Committee Office. The Company shall establish a system to promptly report the whistleblowing contents to the Audit and Supervisory Committee.
  - (iv) The Company shall establish an internal audit system where the Audit Office independent of the business execution departments conducts internal audits of the Group and checks the status of compliance with laws and regulations and internal rules.
- (2) Systems for storage and management of information regarding execution of duties by Directors
  - (i) The Company shall store minutes of important meetings, including minutes of meetings of the Board of Directors and other documents such as requests for approval pursuant to laws and regulations and internal rules.
  - (ii) The Company shall establish the Information Security Policy for electric records and clarify the guidelines to handle such records.
  - (iii) The Company shall establish a system where Directors can access the information set forth above.
- (3) Regulations and other systems relating to management of the risk of loss of the Company and its subsidiaries
  - (i) The Company shall set up the Risk Management Committee chaired by the President, and establish systems and policies regarding risk management, as well as assess risk management systems of the Group’s departments, and improve them, if necessary.

- (ii) The Company shall identify and assess risks associated with business operations of departments and develop rules and regulations related to the avoidance and mitigation of those risks.
  - (iii) If a serious risk occurs or is threatened to occur at the Company or a subsidiary, the Emergency Headquarters with the President serving as the chief shall take action.
  - (iv) If a subsidiary finds any misconduct or material fact in violation of laws and regulations, the Articles of Incorporation or internal rules or any other fact raising concerns in terms of risk management, Directors of the subsidiary shall report such fact to Directors of the Company and the Audit and Supervisory Committee.
- (4) Systems to ensure the efficient execution of duties by Directors
- (i) To ensure the efficient execution of duties by Directors, the Company shall hold a meeting of the Board of Directors each month and supervise the decision-making of important matters and the status of execution of duties by Directors (excluding those who are Audit and Supervisory Committee Members), among other things.
  - (ii) The Company shall approve the Group companies' important matters that require approval in accordance with the official authority table prescribed in the Decision-Making Regulations. Matters other than those to be resolved by the Board of Directors shall be resolved at an Executive Officers' meeting.
- (5) Systems to ensure the appropriateness of business operations of the Group companies
- (i) The Company shall receive reports from the Group companies on the status of their management at a regular business results briefing session.
  - (ii) The Company shall give its subsidiaries directions to clarify the authority and responsibilities of persons who execute business for their decision-making and ensure that business is executed systematically and efficiently in accordance with their Regulations for the Board of Directors, Regulations for Official Authority, and other various rules and regulations.
  - (iii) The Company provides the Group companies with education on compliance, transport safety, etc.
  - (iv) The Company's Audit Office conducts a business audit of the Company's departments and subsidiaries and reports the status and results of the audit to the Company's Board of Directors and other relevant organizations according to the importance thereof. Following the report, the Company shall instruct and support the methods of executing business of the subsidiaries.
- (6) Matters regarding employees who assist the duties of the Audit and Supervisory Committee and ensuring their independence and the effectiveness of instructions
- (i) The Company shall establish the Audit and Supervisory Committee Office if necessary to assist the duties of Directors who are Audit and Supervisory Committee Members. Personnel matters regarding assistants shall be discussed by Directors (excluding those who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members, as necessary.
  - (ii) To ensure the independence of the Audit and Supervisory Committee Office, personnel matters such as appointment, transfer, etc. of staff of the Audit and Supervisory Committee Office require prior consent of the Audit and Supervisory Committee. Personnel evaluation also requires consent of the full-time Audit and Supervisory Committee Member.
- (7) Systems for reporting to the Audit and Supervisory Committee and other systems to ensure effective performance of audits by the Audit and Supervisory Committee
- (i) If a Director or employee of the Group discovers a fact that would cause material damage to the Company, such Director or employee shall promptly report such fact to the Audit and Supervisory Committee. Any unfavorable treatment of the whistleblower shall be prohibited.
  - (ii) Directors who are Audit and Supervisory Committee Members shall attend important meetings such as Executive Officers' meetings, in addition to meetings of the Board of Directors, and express their opinions, as necessary.
  - (iii) Directors who are Audit and Supervisory Committee Members shall inspect various requests for approval and other documents related to business execution and seek explanation from Directors (excluding those who are Audit and Supervisory Committee Members) and employees, as necessary.

(vi) Any whistleblowing shall be reported to the Audit and Supervisory Committee pursuant to the whistleblowing system.

(8) Matters regarding policies on treatment of audit expenses, etc.

To ensure that audit activities are conducted from an independent standpoint, the Audit and Supervisory Committee may retain external professionals such as lawyers, as necessary, and charge the Company for expenses to retain such professionals.

(9) Systems to eliminate anti-social forces

(i) The Group shall not have any relationship with anti-social forces that threatens the safety and order of civil society. If an event occurs such as receiving unreasonable demand from an anti-social force, the General Affairs Department shall be responsible to supervise actions, centrally manage and collect information, and respond to such event in a firm attitude in cooperation with lawyers and relevant institutions such as the competent police station.

(ii) To prevent occurrence of an event, the Company shall regularly provide training, develop response manuals, and build a close relationship with the competent police station even in normal circumstances by exchanging information with them.

(iii) The provisions for elimination of anti-social forces must be included in the terms of agreements and the terms and conditions of transactions executed during the course of daily business activities.

(10) Systems to ensure the reliability of financial reports

The Company shall develop an internal control system for submission of valid and appropriate internal control reports pursuant to the Financial Instruments and Exchange Act, and continuously evaluate whether such system properly works and correct any defect in such system in accordance with the Implementation Standards for Evaluation of Internal Control over Finance Reporting separately established.

## 2. Basic Views on Eliminating Anti-Social Forces

(1) In order to fulfill its corporate social responsibilities, the Group shall actively collect information on anti-social forces and eliminate all relationships with them, including normal transactions. The Group shall also refuse any demand from anti-social forces such as demand for funds. This is declared in the Basic Policy on Internal Control System.

(2) The General Affairs Department shall represent the Group to respond to matters related to anti-social forces and work to eliminate anti-social forces.

(3) The Group has collected information and considered measures for elimination of anti-social forces in cooperation with lawyers, relevant institutions such as the competent police station, and other external professional institutions.

(4) The provisions for elimination of anti-social forces shall be included in the terms of agreements and the terms and conditions of transactions executed during the course of daily business activities.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation
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The Company has not adopted anti-takeover measures.
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## 2. Other Matters Concerning to Corporate Governance System

### (1) Corporate governance system

The Company has monitored the status of development and operation of an internal control system, and worked to improve it based on the results of the monitoring.

### (2) Timely disclosure system

The Company's basic policy is to promptly disclose accurate and fair information to shareholders and investors. The information management supervisor receives material facts from operating companies and relevant departments and the Company confirms whether timely disclosure is required by the Securities Listing Regulations and discloses determined facts, information on financial results, and occurred facts.

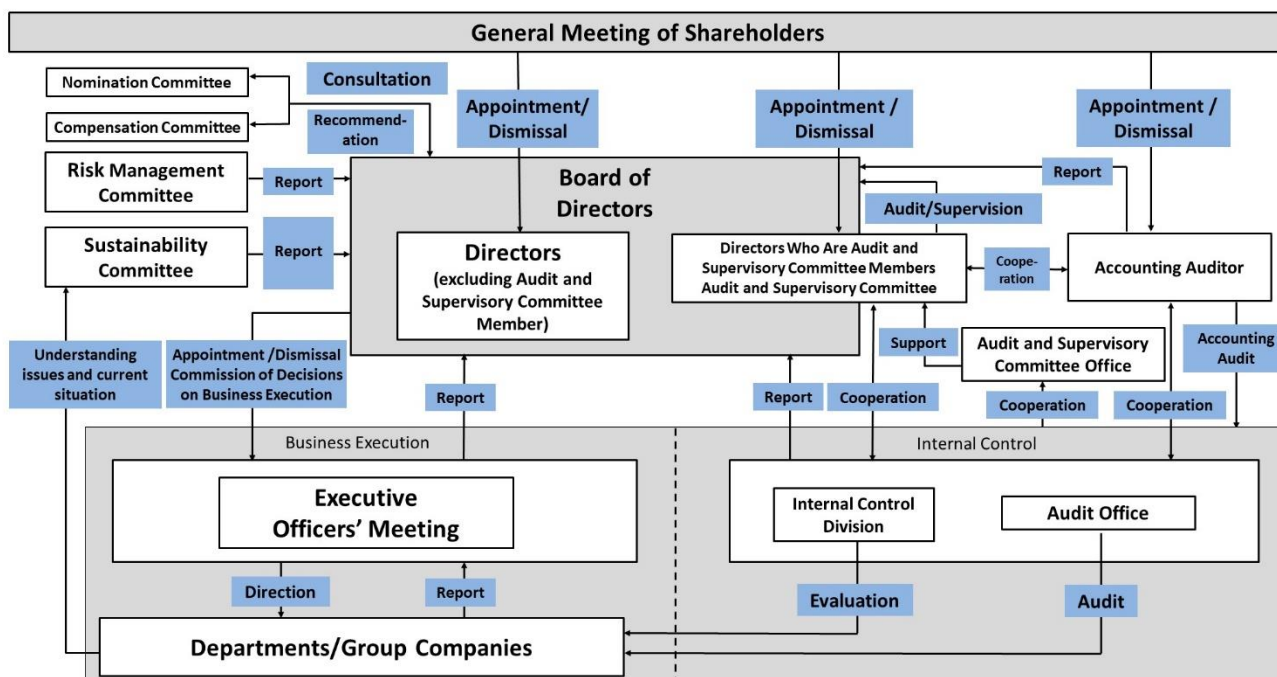
### (Determined facts and information on financial results)

The information management supervisor collects and summarizes information on determined facts and information on financial results and reports to Representative Directors and the Board of Directors after confirming such information with the Accounting Auditor, its corporate lawyer, etc., as necessary. If the Company determines that it is required to make timely disclosure, it will promptly take procedures to make such disclosure.

### (Occurred facts)

The Company always collects information in cooperation with operating companies and the Group companies. If a material fact occurs, the information management supervisor collects and summarizes information and confirms it with the Accounting Auditor, its corporate lawyer, etc., as necessary, and reports to Representative Directors. If the Company determines that it is required to make timely disclosure, it will promptly take procedures to make such disclosure.

### (1) Corporate Governance System



(2) Timely Disclosure System (Pattern Diagram)

