

## Message from the Chairperson of the Nomination and Compensation Committee

### Steadily Developing the Ideal Nomination and Compensation Systems for Achieving Corporate Value Increase over the Medium to Long Term

#### Mariko Tokuno

Chairperson of the Nomination and Compensation Committee / Outside Director



#### Progress on the Succession Plan

I became chairperson of the Nomination and Compensation Committee two years ago. In my view, the committee is steadily fulfilling its designated role.

Meetings of the committee have a particular focus on the succession of the president. The committee prioritizes courage as a quality required in a president. The committee believes that the ability to settle down and make rational decisions, even under pressure in challenging circumstances, is of the utmost importance. It is therefore advancing the process to identify and develop candidates based on its definition of the ideal president. Outside directors are increasing opportunities for communication with candidates at meetings of the Board of Directors, where candidates report on the state of business execution and explain their proposals. Their explanations and responses to questions enable the committee to assess their qualities of the candidates.

When looking at the talent pool in advancing the succession plan, one difficulty is that the skills and experience of current candidates are too weighted toward traditional businesses. This would make it difficult for the Yamato Group to reform its business portfolio and realize continuous profit growth. Expanding the range of candidates for president by recruiting human resources from outside the Group with expertise in areas to be strengthened and enabling these human resources to engage in friendly competition with internal human resources is crucial. Promoting human resource strategies linked to management strategies and clarifying job specifications and personnel requirements has led to progress in identifying the type of human resources that the Group must increase. The committee will help drive the improvement of the talent pool.

#### Appointment of Outside Directors and Audit & Supervisory Board Members

To improve corporate value over the medium to long term, independent outside directors have an important role to play in enabling the Board of Directors to fulfill its supervisory function. I believe that experience of corporate management is essential to exercise this function. While the Board of Directors of the Yamato Group has a well-balanced composition, with independent outside directors experienced in corporate management in different industries accounting for the majority of members, the Nomination and Compensation Committee discussed further strengthening the Board through the addition of expertise in the logistics industry or

related domains. In the fiscal year ending March 31, 2025, with the approval of the General Meeting of Shareholders, the Board has welcomed Junichiro Ikeda, who has extensive experience and expertise in the maritime shipping industry, as an outside director. I am certain that the addition of Mr. Ikeda will strengthen discussions at meetings of the Board of Directors and further enhance its effectiveness. In addition, Setsuko Ino has become a new Audit & Supervisory Board member. With her extensive finance expertise, experience of working at several global companies, and broad-minded character, I look forward to Ms. Ino further enlivening Board meeting discussions.

#### Expansion of the Ratio of Variable Compensation

Based on the idea of linking performance to compensation, the Nomination and Compensation Committee continuously examines the compensation system, revising it as appropriate to ensure that it provides better motivation to improve corporate value over the medium to long term and encourages the sharing of interests with shareholders. The revision to the officer compensation system in the fiscal year ended March 31, 2022, introduced medium- to long-term performance-linked, share-based compensation. However, given that fixed compensation continued to account for the majority of compensation, the Group has increased the variable component to an appropriate level in relation to benchmark companies in the fiscal year ending March 31, 2025. At the same time, it included return on invested capital, designated as a management metric in "Sustainability Transformation 2030 ~1st Stage~, " as a performance indicator for medium- to long-term performance-linked, share-based compensation.

#### Toward Business Growth Over the Medium to Long Term

Today, the Yamato Group is in the middle of business structure reforms. Creating growth as a company in new domains, in addition to strengthening the Group's traditional core businesses, is essential to increasing corporate value. For a Company of approximately 180,000 employees to achieve change, it must be committed to the pursuit of reform. As chairperson of the Nomination and Compensation Committee, I intend to help create an environment that allows a diverse range of human resources to play an active role and to transform employee mindsets.