

## Message from the Chairperson of the Board of Directors

# The Board of Directors Will Strengthen its Supervision and Checking Functions Even Further

### Shiro Sugata

Chairperson of the Board / Outside Director



#### ○ Initiatives for Increasing the Effectiveness of the Board of Directors

Since my appointment as chairperson of the Board of Directors, I have focused my efforts on stimulating discussion and strengthening monitoring to increase its effectiveness. The agenda items to be discussed at the Board of Directors' meetings have traditionally been set by the executive side. However, as the chairperson, I have strengthened the monitoring function by participating from the planning stage and scheduling progress reports on major strategic initiatives into the meeting beforehand. I have also revised the criteria for submitting agenda items. We leave some decisions up to the executive side. For example, individual matters with few elements that require the judgement of the Board of Directors regarding their appropriateness, such as consolidating and closing facilities following structural reforms of network operations. Meanwhile, the Board of Directors focuses on discussing strategic direction and monitoring the effects of investments in large-scale facilities. This has increased the speed of decision making and execution. We have also enhanced the pre-meeting briefings on agenda items, which has sharpened the focus of our discussion and made it more substantive.

I feel that these initiatives have enabled our outside directors to engage more deeply in the discussion, which has made it possible to reflect their recommendations in our management. Our outside directors also participated from the conceptual stage in the formulation of our new Medium-Term Management Plan, "Sustainability Transformation (SX) 2030 ~1st Stage~" which started in the fiscal year ending March 31, 2025. We held numerous discussions with them up to the resolution and public announcement of the plan.

#### ○ Evaluation of the Previous Medium-Term Management Plan, and Challenges and Outlook for the Medium-Term Management Plan "SX2030 ~1st Stage~"

Under the previous Medium-Term Management Plan "One YAMATO 2023," we promoted Group management structure reforms starting in the fiscal year ended March 31, 2021, in which we integrated Group companies, transferred the shares of Yamato Home Convenience Co., Ltd., and reviewed our business portfolio by withdrawing from *TA-Q-BIN* overseas. We started on business structure reforms, and I consider that we have done extremely well by promoting and starting on specific reforms. These include consolidating and enlarging pickup and delivery facilities and the start of business processing outsourcing in the mailing area in

collaboration with the Japan Post Group. On the other hand, we were unable to respond completely to the rapidly changing external environment and we were unable to fully deliver our anticipated results. We were unable to meet the earnings targets in the previous Medium-Term Management Plan, or those announced at the start of the fiscal year, which I consider to be a significant issue.

Considering these challenges, when we formulated the Medium-Term Management Plan "SX2030 ~1st Stage~," we asked the executive side to set quantitative KPIs that would enable us to clearly define our vision for the company and ascertain our progress toward it. The addition of ROIC as an indicator for realizing management that places more focus on capital efficiency also reflects the opinion of our outside directors.

Furthermore, we considered the limits that we face on the growth potential of the Express Business, centered on *TA-Q-BIN*. We identified the Contract Logistics Business and Global Business as growth domains that are upstream from the express business in order to realize sustainable profit growth and a medium- to long-term increase in corporate value, and requested the formulation of specific plans for their development and expansion. To accelerate the growth of these businesses, I consider M&As to be an important strategy in addition to organic growth, and I will actively encourage resolute decision-making that contributes to increasing corporate value. However, in implementing these M&As, the Board of Directors will monitor the selection process and status of preparations to ensure that the selected candidate is able to produce synergies based on the Yamato Group's medium- to long-term vision. It will also confirm aspects such as the economic rationality and medium-term capital efficiency under the specified conditions.

#### ○ Efforts to Increase Effectiveness Going Forward

As chairperson of the Board of Directors, I will work on measures to promote even more frank and substantive discussion, including dialogue with shareholders, and strengthen the effectiveness of the Board of Directors. In promoting the Medium-Term Management Plan "SX2030~1st Stage~," we will continue intensive discussion of challenges and strategies that have not yet been fully developed.

In addition, considering the importance of separating execution and supervision, we will leave up to our executive team the matters that should be left up to them as our business experts, while we focus on further strengthening the supervision and control functions of the Board of Directors.