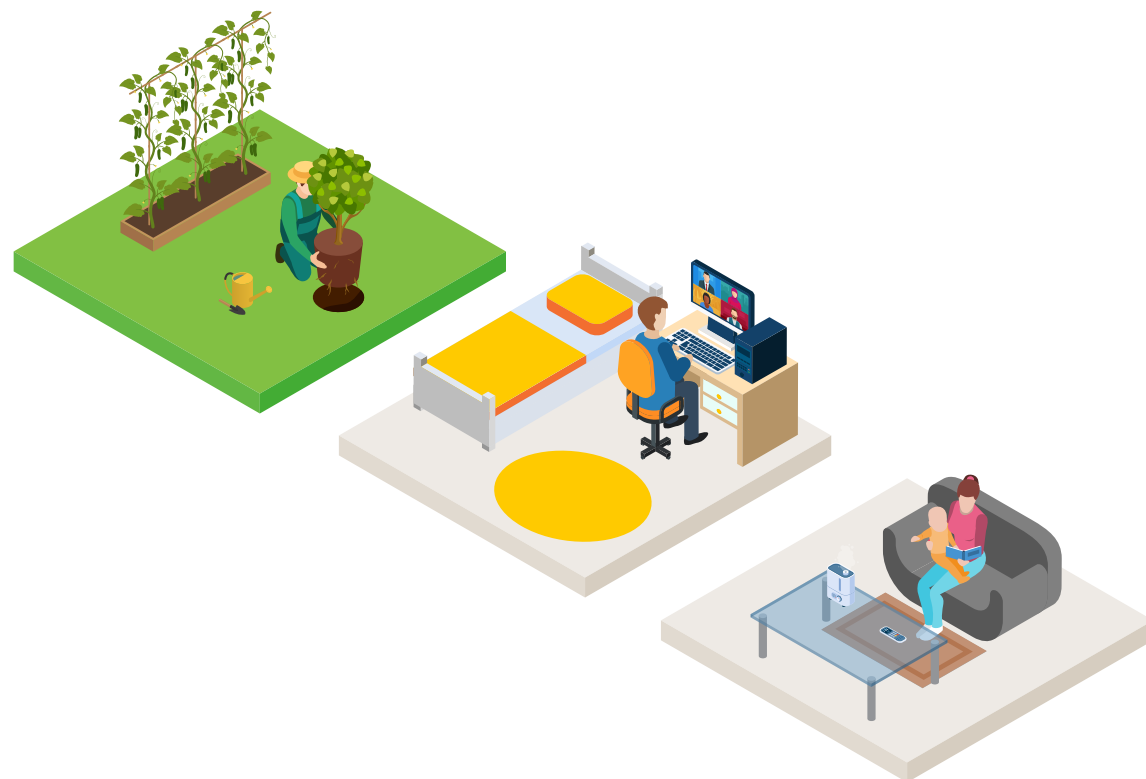


## SECTION 3

# Management Foundation



## 46 ESG and Sustainability Initiatives

### Environment

- 47 Environmental Management and Eco-Platform
- 48 Climate Change and Carbon Neutrality
- 49 Response to TCFD Recommendations
- 50 Resource Recycling
- 51 Expansion of Environment-Friendly Products and Conservation of Biodiversity

### Society

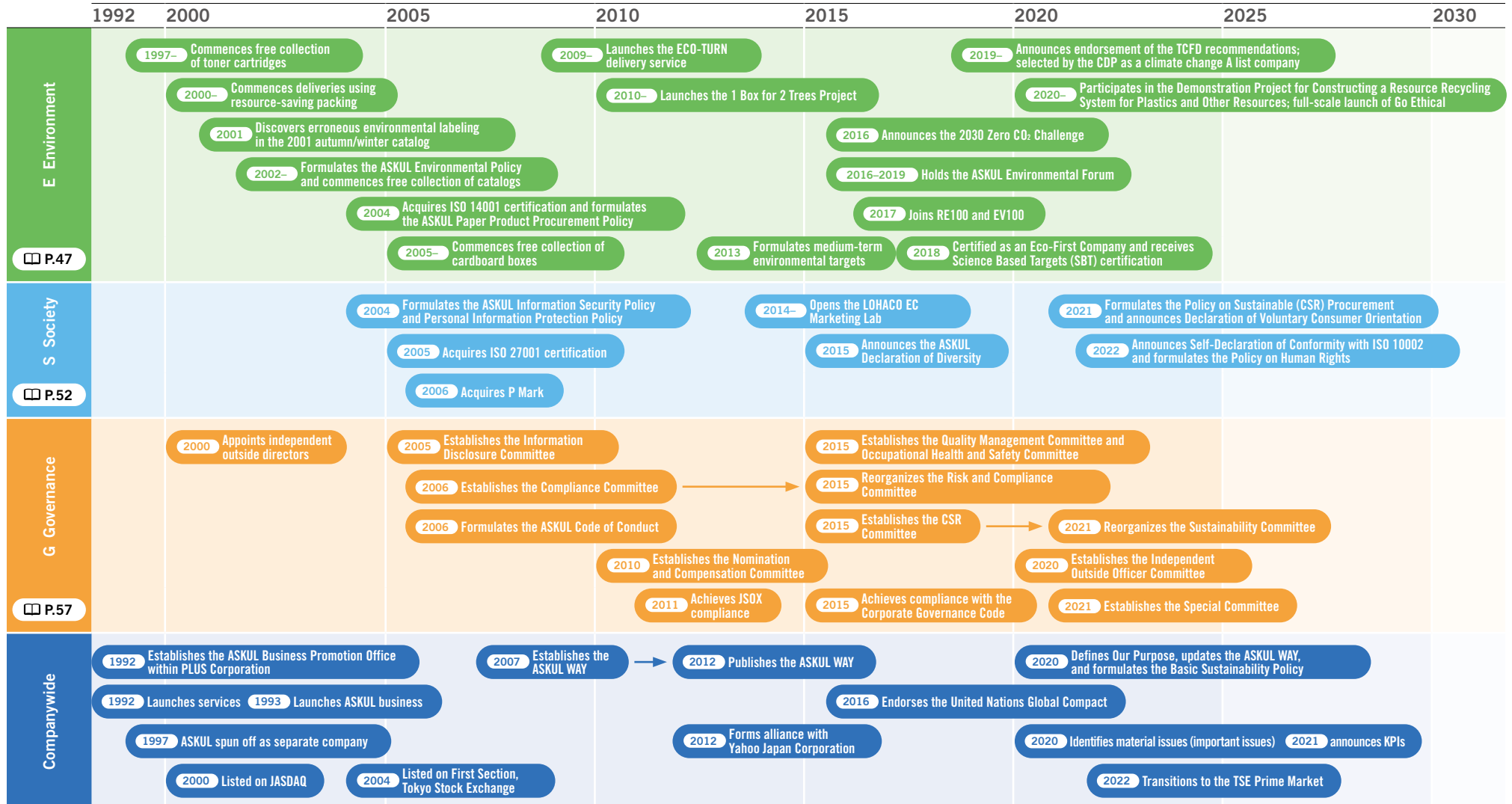
- 52 Communication and Cooperation with Stakeholders
- 53 Human Rights, Supply Chain Initiatives, and Social Contributions
- 54 Human Resource Strategy
- 56 Customer Engagement

### Governance

- 57 Directors and Audit & Supervisory Board Members
- 59 Independent Outside Director and Audit & Supervisory Board Member Messages
- 61 Corporate Governance
- 69 Risk Management

# ESG and Sustainability Initiatives

Advancing forward for our customers based on DNA passed along since our founding and promoting daily advances, ASKUL continues to develop, take on challenges, and expand initiatives and systems in the areas of ESG and sustainability in response to business growth, social trends, and various management issues.



# Environmental Management and Eco-Platform

We, the ASKUL Group, are committed to contributing to a global environment that will lead to future generations through our business activities as a company that supports our workplace, life, the planet, and tomorrow.

## ASKUL Environmental Policy

### • Realizing a Carbon-Neutral Society

ASKUL views climate change caused by global warming as a risk that will significantly impact its business activities, hence it will make efforts to use energy efficiently while promoting CO<sub>2</sub> reductions throughout the supply chain.

### • Building a Resource-Recycling Platform

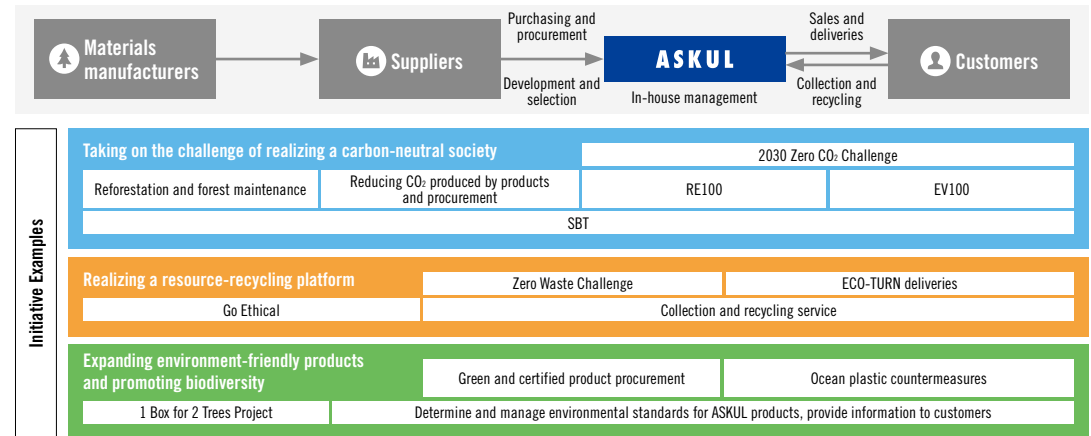
ASKUL will develop the supply chain as a resource-recycling platform for reducing waste, promoting the collection and recycling of used products and other resources, and utilizing limited resources effectively.

### • Conserve Biodiversity

ASKUL will fulfill its responsibilities as a business utilizing timber and other natural resources, preventing environmental pollution while making an effort to consider ecosystems and coexist with nature.

## ▶ ASKUL Eco-Platform

Our goal is to create the most efficient and environment-friendly distribution platform, so that the more often customers use ASKUL, the more they positively impact the environment.



## Origins of Environmental Management

In the 2000s, a period shortly after ASKUL's founding, authorities identified erroneous environmental labeling in our catalogs, and an environmental NGO pointed out the possibility of illegal logging practices in the country where our original copy paper is manufactured overseas. These two incidents led to our adoption of environmental management, which takes a sincere and transparent approach to protecting the environment.



### Climate Change and Carbon Neutrality

A dialogue between ASKUL's president and CEO and scientists who authored the IPCC's Fifth Assessment Report led to a major shift focusing on climate change.



### Resource Recycling

Hearing customers refer to ASKUL as "GOMIKURU" (or, "here comes the garbage") due to the large amounts of cushioning material are used in packaging products for delivery led to resource-recycling initiatives and more efficient use of resources.



### Environment-Friendly Products and Biodiversity

Erroneous environmental labeling led to today's provision of environment-friendly products, and the concerns of an environmental NGO about deforestation led to sustainable procurement and biodiversity initiatives.

## ▶ Environmental Goals for 2030

Goals pertaining to environmental issues and challenges that ASKUL aims to achieve by 2030 are as follows.

	Goals	Action Plan and KPIs	Goal Achievement Timeline
Realize a carbon-neutral society	ASKUL Group 2030 Zero CO <sub>2</sub>	• Achieve 2030 Zero CO <sub>2</sub> Challenge	2030
		• Advance reforestation and other CO <sub>2</sub> absorption efforts	Plan preparation in progress
		• Provide environmentally-friendly delivery methods to customers	Plan preparation in progress
Build a resource-recycling platform	Realize and implement resource-recycling services	• Achieve Science Based Targets (SBT) (reduce Scope 3 CO <sub>2</sub> emissions by 12%)	2030
		• Complete visualization of product CO <sub>2</sub> and reduction contribution calculations	2025
		• Create and launch resource-recycling services	2025
Conserve biodiversity	Zero Waste Challenge	• Achieve zero product waste	2030
		• Achieve 100% recycled packing materials*	2030
		Expand number of certified products handled	• Expand certification of wood and paper products
	Implement ocean plastic pollution issue countermeasures	• Cooperate with municipalities in collecting ocean plastic	Plan preparation in progress

\* Upon arrival at distribution centers

For environmental and all other material issues (important issues) and KPIs, please refer to List of Material Issues (Important Issues) and KPIs [P.76](#).

# Climate Change and Carbon Neutrality

ASKUL views climate change caused by global warming as a risk with the potential to significantly impact business activities, hence it promotes CO<sub>2</sub> reductions throughout the supply chain.

## 2030 Zero CO<sub>2</sub> Challenge

In July 2016, we announced the 2030 Zero CO<sub>2</sub> Challenge at ASKUL Environmental Forum 2016.

In November 2017, we simultaneously participated in RE100\*<sup>1</sup> and EV100\*<sup>2</sup> to promote 100% renewable energy and 100% electric vehicle initiatives.

### ▶ RE100

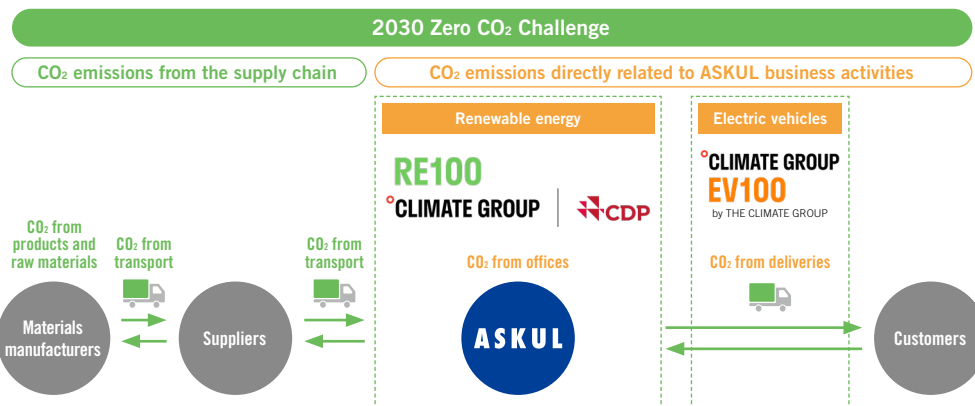
- Medium-term goal  
100% renewable energy usage at the Toyosu Headquarters and distribution centers by 2025
- Goal  
100% renewable energy usage at all Group companies, including subsidiaries, by 2030

### ▶ EV100

- Initiatives  
Convert 100% of delivery vehicles owned or leased by ASKUL LOGIST Corporation, a Group company responsible for distribution center operations and deliveries, to electric vehicles (EVs) by 2030.

\*1 RE100: A global business initiative in which participating corporations aim to procure 100% of energy used in business operations from renewable energy sources

\*2 EV100: A global business initiative in which participating corporations aim to convert all vehicles used for business operations to electric vehicles

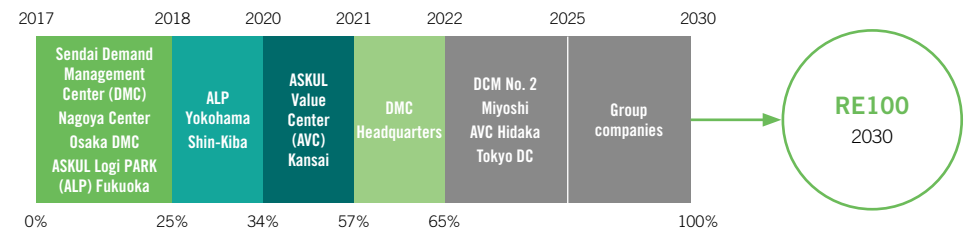


## Introduction of Renewable Energy

After participating in RE100, ASKUL began introducing renewable energy in distribution centers in 2018.

At the end of May 2022, eight distribution centers and the Toyosu Headquarters had converted to renewable energy, bringing the Group's overall renewable energy usage rate to approximately 65%.

Our goal is to utilize renewable energy at all ASKUL Group business sites and distribution centers by 2030.



## Introduction of Electric Vehicles

In 2016, we introduced 12 Nissan e-NV200 electric vehicles to use for last mile personal services. In January 2020, we introduced two Mitsubishi FUSO eCanter light-duty trucks, mainly for the delivery of furniture and other large items, as well as transportation to depots. In May 2021, we introduced seven Mitsubishi Motors MINICAB Mitsubishi innovative Electric Vehicle (MiEV) electric vans for last mile service.

In August 2020, the Shin-kiba Center, our last mile delivery base, switched to the use of electricity derived from renewable energy, resulting in zero CO<sub>2</sub> emissions emitted when charging and driving electric vehicles.



Left: Mitsubishi FUSO eCanter light-duty truck  
Right: Mitsubishi Motors MINICAB-MiEV



# Response to TCFD Recommendations



ASKUL views climate change as one of the most important issues affecting business and incorporates it into its management strategies. In March 2019, we thus announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

## Governance

ASKUL's president and CEO participates in Board of Directors' meetings to discuss management strategies, business plans, and important business operations and is responsible for all responses to environmental issues, including climate change.

The Environmental Management System (EMS) Manager Meeting, comprising the president and CEO, directors, executive officers, and related division heads, is held quarterly to confirm the status of climate-related issues and discuss and implement measures aimed at their resolution. Important matters reported on and discussed at EMS Manager meetings are submitted or reported to the Risk and Compliance Committee and Sustainability Committee, which are subordinate to the Board of Directors, chaired by the director in charge of risk management, and composed of representative directors, ASKUL directors, and other members.

Matters of particularly high importance reported to these committees are submitted or reported to the Board of Directors, which provides the necessary and appropriate guidance and advice and monitors their implementation.

## Risk Management

In accordance with ISO 14001, at least once a year, the environmental management manager and Environmental Secretariat identify climate-related risks and opportunities within environmental aspects (elements that directly or indirectly impact the environment), compliance with laws and regulations, issues in external and internal environments, and stakeholder needs and expectations, the results of which are reviewed and approved by members of the EMS Manager Meeting.

Each division sets environmental targets and takes action to achieve them based on the Environmental Management Program (EMP). Progress toward environmental targets is monitored at quarterly EMS Manager meetings and is subject to an annual management review conducted by the president and CEO.

In line with risk management regulations, risk management officers in each business division in charge of business activities identify climate-related risks (and opportunities) that will substantially impact operations, both now and over the long term, and then formulate response plans and regularly monitor plan execution. These Companywide risks (and opportunities) are checked against and integrated with climate change risks (and opportunities) identified in light of the Environmental Secretariat's short- to long-term time frame.

## Strategy

ASKUL conducted scenario analyses in its mainstay e-commerce business to accurately ascertain physical and transition risks and identify business opportunities related to climate change assuming the two global warming scenarios of 1.5°C and 4°C.

Response policies were formulated for high-impact risks and opportunities based on business impact assessments.

We will develop countermeasures to enhance our ability to avoid and mitigate risks while proactively incorporating opportunities into our business.

Risks and opportunities		Impact on business	Assumed annual impact		
			4°C	Under 2°C	
Transition risks	Policies and regulations	Taxation	• CO <sub>2</sub> emissions tax	-	Approx. ¥600 million
		Regulations	• Higher product costs in line with regulatory compliance and material switchovers	-	●
	Market	Energy prices	• Higher crude oil prices and electricity and fuel costs	○	-
	Products and services	Changing customer orientation	• Low product costs prioritized over environmental performance	●	-
	Technologies	Low-carbon technologies	• Higher vehicle procurement costs	-	Approx. ¥600 million
Physical risks	Chronic	Weather and climate change	• Higher electricity costs at each site	○	○
			• Higher product prices in line with forest resource scarcity	○	○
	Acute	Extreme weather and other events	• Higher purchase prices due to supplier damage	○	○
• Higher expenses due to delivery delays, accidents, and other events			Approx. ¥100 million	Approx. ¥100 million	
Opportunities	Products and services	Changing customer preferences	• Increasing demand for low-carbon products	-	●
		Circular economy	• Expansion of collection services; more business opportunities	-	●
	Technologies	Low-carbon technologies	• Operating cost benefits from EVs	-	Approx. ¥100 million

● Major impact ○ Impact

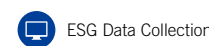
## Indicators and Targets

### 1 Disclosure of Climate-Related Risk and Opportunity Assessment Indicators and Management Targets

In 2020, ASKUL identified material issues requiring a focused response and formulated a material issue action plan. Target achievements have been assessed in light of action plan KPIs.

### 2 Scope 1, Scope 2, and Scope 3 GHG Emissions

Please refer to the following page on our website for details on the ASKUL Group's Scope 1, Scope 2, and Scope 3 GHG emissions.



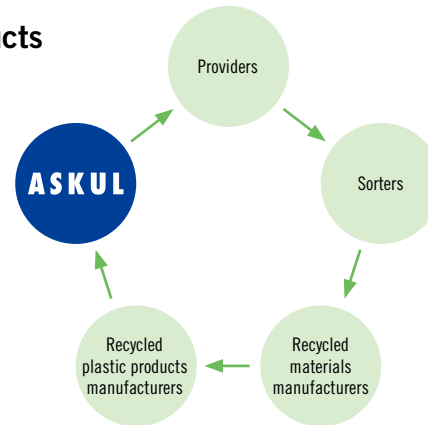
# Resource Recycling

We will develop the supply chain as a resource-recycling platform for reducing waste, promoting the collection and recycling of used products and other resources, and utilizing limited resources effectively.

## Creating a Recycling Value Chain of Used Plastic Products

The Act on Promotion of Resource Circulation for Plastics went into effect in April 2022, heightening the importance of business efforts aimed at recycling plastic resources.

In line with the Ministry of the Environment's Fiscal 2020 Demonstration Project for a Plastic Resource Circulation System toward a Decarbonized Society, ASKUL conducted a demonstration project from fiscal 2020–fiscal 2022 involving the collection of clear plastic folders made of a single material and almost identical in shape for the purpose of recycling and reusing them to make new products. After the demonstration project, we commenced full-fledged operation of the ASKUL Resource-Recycling Platform and are engaged in the recycling of plastic resources.



### Demonstration Project Results

#### Demonstration 1 Collection as Raw Materials

We collected used clear plastic folders to use as a resource from businesses (including individual business operators and municipalities) throughout Japan. Approximately 400 companies participated nationwide, providing ASKUL with about 3,400 boxes of clear plastic folders weighing nearly 49 tons (project target was 40 tons).

#### Demonstration 2 Development and Manufacture of Products Made from Recycled Plastic

##### ▶ Productization

ASKUL has created numerous prototypes of clear plastic folders, files, and ballpoint pens through horizontal recycling, at the request of many of the customers who provided these resources, demonstrating the feasibility of bringing these items to market as products.

##### ▶ CO<sub>2</sub> reduction effect

Through this demonstration project, we learned that, compared with the manufacture of plastic products using virgin plastic derived from petroleum, manufacturing products using plastic materials leads to a 204-ton reduction in CO<sub>2</sub> per 40 tons of raw material.

## Go Ethical

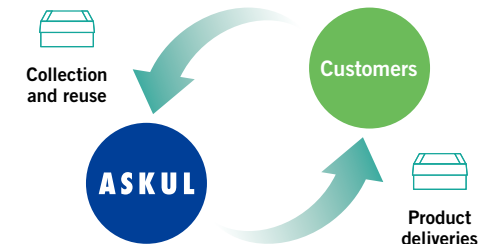
Go Ethical is an initiative whereby products returned to manufacturers from stores that have no quality issues other than old packaging or other minor imperfections are sold at outlet prices rather than disposed of as waste. LOHACO, which focuses on ethical e-commerce, promotes independent initiatives based on the SDGs while co-creating with product manufacturers.



The Go Ethical Initiative won the Fiscal 2022 Good Design Award, which is operated by the Japan Institute of Design Promotion.

## ECO-TURN Delivery

The ECO-TURN delivery system distributes products in containers (folding containers/returnable boxes) that are collected for reuse in subsequent deliveries. This system reduces the number of cardboard boxes and amount of paper packing materials customers must dispose of, while also enabling ASKUL to reduce the amount of packaging materials used. ECO-TURN deliveries commenced in April 2009 after customers referred to ASKUL as “GOMIKURU” (or, “here comes the garbage”), pointing out that packaging used for deliveries created too much garbage. Going forward, ASKUL will maintain efforts aimed at providing corporate and individual customers with environment-friendly deliveries.





# Expansion of Environment-Friendly Products and Conservation of Biodiversity

## Efforts with Suppliers

Handling more than 12 million products, ASKUL's environmental considerations include targeting sustainable product procurement. We are working alongside suppliers to realize a supply chain supported by society and customers in response to global demand for decarbonization, resource recycling, and biodiversity.

### ▶ 1 Box for 2 Trees Project

An entire redwood or eucalyptus tree is required to make one box (5,000 sheets) of ASKUL original copy paper, which is manufactured in Indonesia. Since August 2010, ASKUL ensures that two trees are planted for every box of copy paper purchased by customers. Trees that are planted, grown, and harvested comprise the tree farm used to create the copy paper.

Number of trees planted under the 1 Box for 2 Trees Project  
**Approximately 205.1 million trees**  
 October 2010–September 2022

**Industrial Reforestation Report**  
 Industrial Reforestation Reports are issued in accordance with customer purchase volumes.

### ▶ Formulating the ASKUL Product Environmental Standards

In 2022, we formulated the new ASKUL Product Environmental Standards for all original products. These standards facilitate the incremental scoring of items related to containers and packaging; the product itself; and factories, transportation, schemes, and other mechanisms. Going forward, by visualizing the level of individual products' environmental contributions, we will promote more environment-friendly products.

#### ASKUL Product Environmental Standards (Overview)

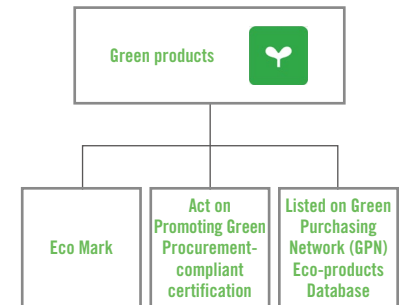
Large category	Medium / small categories		Evaluation criteria example (30 items total)
Containers and packaging	Raw materials	Paper, plastic, certification, and printing	Recycled used paper and other materials and FSC® certified products
	Design	Lightweight, resource saving, and disposable	Degree of improvements, ease of sorting
Products	Raw materials	Forest products, plastic, and certification	Materials with low environmental impact and certified products
	Design	Lightweight, resource saving, and disposable	Degree of improvements, ease of sorting
Structure	Reuse	Collection and recycling	Independent collection and use of recycled materials
	Others	Environmental initiatives	Calculate and reduce CO <sub>2</sub>

## Efforts with Customers

We strive to provide customers with appropriate and easily understandable information to encourage the purchase of environment-friendly products from ASKUL. Additionally, to ensure that an even greater number of customers choose environment-friendly products, we are striving to expand our lineup of various Green and Forest-Certified products.

### ▶ Green Products

ASKUL designates all products that have Eco Mark certification, comply with the Act on Promoting Green Procurement, or are listed in the Green Purchasing Network Eco-products Database with a "Green Products List" mark in catalogs and on its website, indicating to customers that they have made a green purchase. Of the nearly 39,000 products listed in the 2022 ASKUL Catalog, about 14,500 items are green products.



### ▶ Forest-Certified Products

ASKUL makes an effort to develop and handle forest-certified products, having acquired FSC CoC certification\* in June 2005 and PEFC CoC certification in May 2010. As a seller of paper and wood products, we are expanding our range of forest-certified products to promote responsible procurement. At present, we offer an assortment of forest-certified products in our mainstay wooden furniture series, as well as copy paper, notebooks, blank forms, and other paper products.

All of our original copy paper and tissues are forest certified products.

\* CoC: Chain of Custody certification. A certification system for managing the wood product processing and distribution process that confirms that timber used to make wood and wood products is derived from forests that have received forest management certification.



# Communication and Cooperation with Stakeholders

ASKUL gratefully receives and listens carefully to a variety of feedback and guidance regarding the expectations, requests, and realizations of a wide range of stakeholders, including customers, shareholders, investors, partner companies, employees, and society. We incorporate this feedback into business and management while continuously responding to social changes and expectations, which we believe will lead to the creation of socially significant new value and the resolution of various social issues.

Suppliers, agents, and delivery partners



Customers



Employees



Shareholders and investors



# ASKUL

Communities and society



Global environment



Stakeholders	Examples of communication and measures
Customers	<ul style="list-style-type: none"> <li>▶ Customer inquiries and interaction through social media networking</li> <li>▶ Furniture showroom tours</li> <li>▶ Fitting Our Lifestyles LOHACO Exhibition</li> </ul> <p><a href="#">P.56</a></p>
Shareholders and investors	<ul style="list-style-type: none"> <li>▶ Annual General Meeting of Shareholders</li> <li>▶ Earnings announcements and retail investor briefings</li> </ul>
Partner companies (business partners)	<ul style="list-style-type: none"> <li>▶ Product quality improvement efforts</li> <li>▶ Promotion of sustainable procurement and conducting of CSR procurement and auditing</li> </ul> <p><a href="#">P.53</a></p>
	<ul style="list-style-type: none"> <li>▶ LOHACO EC Marketing Lab</li> </ul> <p><a href="#">P.27–P.28</a></p>
	<ul style="list-style-type: none"> <li>▶ Agent conferences</li> <li>▶ ASKUL Agent Awards</li> </ul>
Delivery partners	<ul style="list-style-type: none"> <li>▶ Delivery Partner Awards</li> <li>▶ White Logistics* initiative</li> </ul>
Employees	<ul style="list-style-type: none"> <li>▶ Employee Satisfaction Survey and Labor-management Committee</li> <li>▶ Employee evaluations, interviews, and career self-assessments</li> <li>▶ Various levels of engagement (CEO town hall meetings, etc.)</li> </ul> <p><a href="#">P.54–P.55</a></p>
Communities and society	<ul style="list-style-type: none"> <li>▶ Communication with local communities at each business site</li> <li>▶ Cooperation with and support of NPO and NGO activities</li> <li>▶ Cooperation with policies and agreements and coordination of disaster-response agreements with municipalities</li> </ul> <p><a href="#">P.53</a></p>

\* White Logistics is an initiative that seeks to ensure stable logistics operations needed for daily life and industrial activities while also contributing to economic growth.



# Human Rights, Supply Chain Initiatives, and Social Contributions

## Human Rights

The ASKUL Group firmly communicates its commitment to respecting human rights and ensures this stance is clear throughout the Group, while promoting collaborations with various stakeholders in an effort to facilitate respect for human rights in all business activities. These efforts have been codified in the ASKUL Group Policy on Human Rights.

### ▶ Initiatives

We have established processes to properly assess our impact on human rights and conduct human rights due diligence to identify, prevent, and mitigate human rights risks.



### ASKUL Group Policy on Human Rights (Excerpt)

- **Commitment to respecting human rights**
- **Support for international human rights principles**
- **Human rights due diligence, grievance mechanisms, and remediation**
- **Human rights-related initiatives**
  - ① Emphasis on diversity and on the prohibition of discrimination and harassment
  - ② Prevention of forced labor and child labor
  - ③ Working-hour and wage controls
  - ④ Respect for freedom of association and the right to collective bargaining
  - ⑤ Maintenance of employee safety and health
  - ⑥ Freedom of expression and privacy protections
- **Dialogues and collaborations with stakeholders**

## Sustainable Procurement

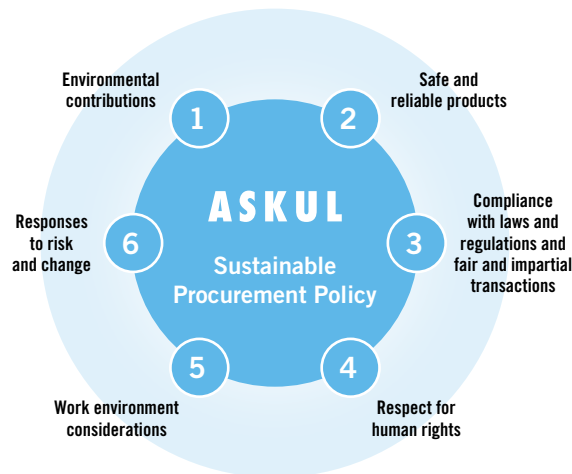
### ▶ ASKUL Sustainable Procurement Policy

The ASKUL Sustainable Procurement Policy was formulated in April 2021 as part of efforts to build a responsible supply chain.

This policy considers the environment, safety, human rights, and other issues aimed at striking a balance between the fulfillment of social responsibilities and sustainable development throughout the supply chain to ensure the sustainable provision of safe and reliable products to customers. On this basis, we will confirm the implementation status of this policy throughout the supply chain going forward.

### ▶ Initiatives

ASKUL implements supplier compliance issue surveys and conducts on-site inspections of plants that manufacture private brand (PB) products on a contractual basis.



## Social Contributions

### ▶ Support through Products

Since 2011, ASKUL has worked alongside customers and manufacturers in support of reconstruction efforts following the Great East Japan Earthquake, with 1% of the purchase price of eligible ASKUL original products used for reconstruction in the three prefectures of the Tohoku region affected by the earthquake. In addition, since 2021, we have implemented the East Japan Recovery and Business Support Project to assist businesses that contribute to regional revitalization and issue resolution.

In terms of environmental support, 3% of the purchase price for plastic shopping bags that protect the ocean is used to assist efforts underway in Tsushima, Nagasaki Prefecture, aimed at preventing ocean plastic.



▶ East Japan Recovery and Business Support Project



▶ Plastic shopping bags that protect the ocean

### ▶ Disaster-Response Agreements with Municipalities

After a fire at one of our distribution centers in 2017, in addition to implementing comprehensive fire prevention systems at distributions centers, we reexamined the role distribution centers should play in local communities. Based on our desire to earn the trust of local residents through the operation of safe and secure distribution centers and thus contribute to local communities, ASKUL has concluded disaster-response agreements with municipalities at each distribution center.

#### Disaster-Response Agreements with Municipalities (as of October 2022)

Municipalities	Main bases and areas	Overview
Edogawa Ward, Tokyo	ASKUL Tokyo DC and other locations	• Cooperation with provision of relief materials (fee-based)
City of Chiba	Citywide	• Procurement of relief materials (ASKUL) • Transport of relief materials (ASKUL LOGIST)
Tokyo Metropolitan Government	Tokyo metropolitan area	• Cooperation with provision and transport of relief materials (fee-based) • Free use of ASKUL facilities as relief material collection points, etc.
City of Fukuoka	ASKUL Logi PARK Fukuoka	• Cooperation with provision of relief materials (fee-based)
City of Suita	ASKUL Value Center Kansai	• Free use of ASKUL facilities as relief material collection points • Cooperation with provision of relief materials (fee-based)
City of Hidaka	ASKUL Value Center Hidaka	• Cooperation with provision of relief materials (fee-based)

# Human Resource Strategy

## Basic Approach

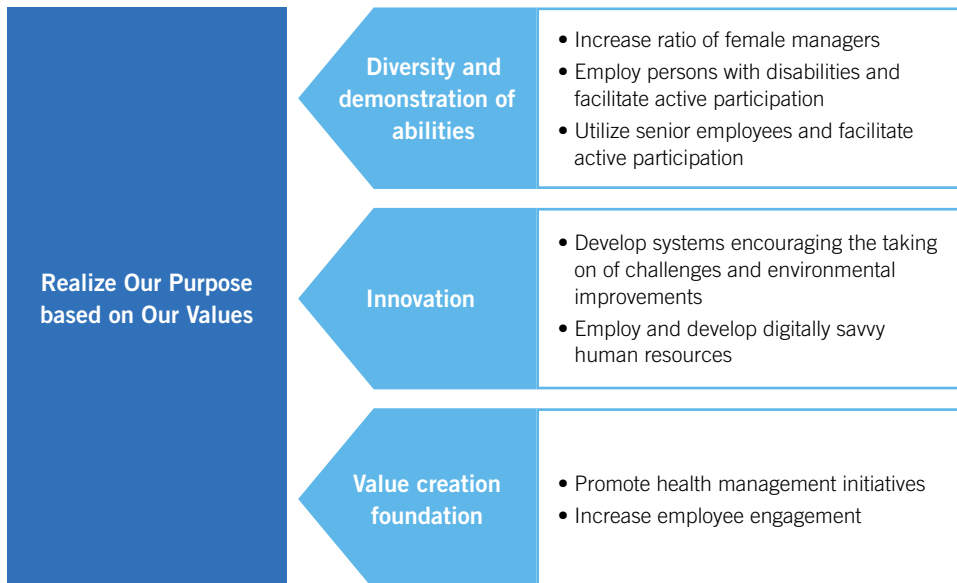
To realize Our Purpose, it is important for all employees to deepen their understanding of and empathy for ASKUL's Values and direction; increase their independence, autonomy, and ability to create value; and take actions in accordance with their will to achieve change.

ASKUL supports individual growth by focusing on the strengths of each employee, drawing them out, and utilizing them, rewarding both achievements and the taking on of challenges.

We also believe it is essential to create a work environment where diverse employees can work with peace of mind.

In terms of human capital investments to achieve these aims, we are developing systems and promoting initiatives that contribute to human resource development, diversity, and employee health.

## Initiatives to Be Achieved under Our Human Resource Strategy by 2030



## Human Resource Development and Career Support

In response to changing times and the various life stages of each employee, ASKUL implements various training programs and introduces systems empowering employees to envision their ideal self, learn and grow independently, take on challenges proactively, and work with enthusiasm while making the most of their capabilities.

### Various Measures

#### ASKUL DX ACADEMY (DX Academy)

The ASKUL DX ACADEMY was established in 2021 as part of our human resource development efforts in terms of digital transformation.

We develop human resources who will promote business transformation through the use of basic content (for all employees) and specialized content (for engineers).

#### Z Academia / Z Sustainability Academia

Z Academia, a corporate university within the Z Holdings Group, aims to realize business growth and create synergies through the gathering and exchange of knowledge. Z Sustainability Academia, which opened in May 2022, aims to balance social and corporate sustainability through literacy improvements and other efforts.

#### Career and Transfer Declarations

This system enables employees to declare their future career plans and submit career transfer requests to supervisors and the Company. It supports the acquisition of apposite growth opportunities in line with individual preferences.

#### Internal Recruiting and Secondary Work (Concurrent Duties)

Unlike Company mandates, this system enables employees to apply for and concurrently work in other divisions or on other projects at their own discretion. This initiative facilitates different perspectives, experiences, and opportunities for performance and growth.

#### Secondary Work System

Employees can apply in advance for secondary work, as long as it does not interfere with core duties. ASKUL expects that experiences outside the Company will lead to growth and, as a result, improved performance in core duties.

#### Others

- Career design training
- KAIZEN AWARD (in-house award system)\*
- Level-, specialization-, and theme-based training
- Seminars (nursing care, financial planning, etc.)

\* An award system recognizing individuals and teams that have contributed to KAIZEN activities, in which employees work on a Companywide basis to eliminate wasteful use of expenses and time with the goal of enhancing health and productivity management.

## Human Resource Strategy

### Diversity

The 2015 ASKUL Declaration of Diversity establishes three pillars aimed at utilizing diverse human resources, promoting diverse workstyles, and cultivating a corporate culture that embraces diversity.

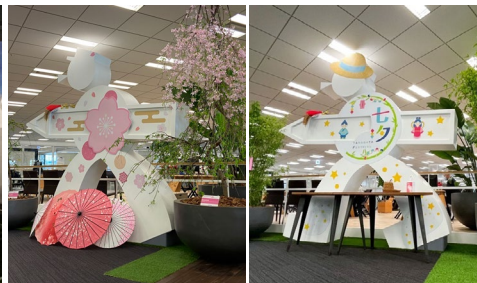
Since December 2020, we have also been promoting diversity to maximize individual capabilities as one aspect of our material issues (important issues).

#### ▶ Initiatives

<b>Cultivating a corporate culture and awareness for realizing Diversity and Co-Creation and Innovation and Speed</b>	<p>Promoting the advancement of women and measures for improving the ratio of female managers</p> <ul style="list-style-type: none"> <li>Announcement of the 2530 target (30% female manager ratio by 2025)</li> <li>Development of next-generation leaders, including female director and Audit &amp; Supervisory Board member candidates</li> </ul> <p>Conducting training aimed at recognizing unconscious bias</p>
<b>Providing opportunities for self-realization and support for career development</b>	<p>Lifestyle support leave system: Employees can utilize educational support leave, volunteer support leave, and second life support leave.</p> <p>Employee-selected workstyle system: Employees can work until the age of 65 in accordance with the days of the week and business hours selected by the employee at age 60.</p>
<b>Flexible workstyles</b>	<p>Workstyles independent of time and location</p> <ul style="list-style-type: none"> <li>Teleworking system: Applies to all employees. Limitations on frequency of use were removed in 2020</li> <li>Flextime system: Core hours were eliminated in 2020</li> <li>Other efforts include the digitization of approval seals and the expansion of online meeting facilities</li> </ul>
<b>Supporting work-life balance</b>	<ul style="list-style-type: none"> <li>Hourly paid leave system: Paid leave can be taken in one-hour increments.</li> <li>ASKUL Thanks Holiday: Special paid leave can be taken for five or 10 days after working continuously for five or 10 years, respectively.</li> <li>Nursing care leave and shorter working hours for nursing care systems: Paid leave can be taken for up to one year per family member.</li> <li>Childcare leave system: Paid leave can be taken from birth until the child's second birthday.</li> <li>Shorter working hours for childcare system: Can be utilized until April 20 of the fourth year of elementary school</li> <li>Child nursing care leave: Paid leave can be taken for as many days as necessary while the child is in elementary school.</li> </ul>
<b>External evaluations and endorsement of and participation in external initiatives</b>	<p>Received Eruboshi three-star certification, Kurumin mark (level one certification), etc.</p> <p>Note: For additional information, please see External Evaluations and External Endorsement and Participation <a href="#">LP P.80</a>.</p>



CEO town hall meeting



Decorations bursting with festivity and seasonal trees serve as catalysts for communication.

### Health Management, Occupational Health and Safety, and Comfortable Workplaces

ASKUL creates an environment in which employees with sound minds and bodies can work with peace of mind, constituting the basis upon which we continuously bring delight to our customers. We are engaged in health management while flexibly responding to changing workstyles caused by the COVID-19 pandemic.

#### ▶ Initiatives

<b>Health and safety and health management systems</b>	<ul style="list-style-type: none"> <li>Establishment and appointment of a chief human relation &amp; health care officer (CHO)</li> <li>Monitoring and supervision by the Occupational Health and Safety Committee</li> <li>Work site status confirmation and support conducted through the Health Committee and Labor Committee</li> <li>Employee health management and measures promoted by the Health Care Team</li> </ul>
<b>Mental and physical care for employees (health management)</b>	<p>Health Management Office: Public health nurses (senior industrial counselors) and industrial physicians provide consultation on health issues, and human resource staff provide consultation on career and skills development.</p> <ul style="list-style-type: none"> <li>Kokoresuto public health nurse consultations: Available as a casual consultation service for preventive purposes</li> <li>Employee Assistance Program (EAP): In cooperation with external organizations, 24-hour telephone and online consultations, face-to-face counseling, and other services are provided at no cost.</li> </ul> <p>Wellness Room: Employee acupuncturists and practitioners of moxibustion are available for low-cost massages.</p>
<b>Creating a safe, secure, and comfortable work environment</b>	<p>Cafés and employee cafeterias: In addition to café spaces (headquarters) that can be used anytime, some distribution centers provide nutritionally balanced meals to employees at no cost.</p> <p>Infectious disease countermeasures: Masks, disinfectant, and antiseptic mouthwash are always available throughout the Company.</p>
<b>Others</b>	<ul style="list-style-type: none"> <li>Determination and reduction of working hours and overtime</li> <li>Ascertaining paid leave utilization status and increase in paid leave utilization rate</li> </ul>

### Employee Engagement

Enhancing engagement with our employees and deepening their empathy toward and mutual understanding of ASKUL improve employee satisfaction, which leads to invigorating the organization, increasing motivation, reducing turnover, creating value, and improving business performance.

#### ▶ Initiatives

<b>One-on-one (growth) meetings</b>	<p>Time is provided for regular one-on-one dialogues between supervisors and team members, typically around 30 minutes per week. In addition to encouraging growth and fostering mutual understanding, this is an important opportunity from the perspective of ascertaining and confirming the physical health of employees engaged in teleworking.</p>
<b>360-degree feedback</b>	<p>Implemented annually so that employees can receive feedback from coworkers on their work performance with the aim of making employees more aware of their actions and fostering growth. Note: This feedback is not reflected in individual evaluations.</p>
<b>CEO town hall meetings</b>	<p>Meetings are held regularly with all employees as an opportunity for direct dialogues between the CEO and small groups (five to six employees) regarding the current state of ASKUL and future initiatives, among other topics. Video of the CEO's message is made available, making these meetings a valuable opportunity for interactive communication.</p>
<b>Employee satisfaction surveys</b>	<p>Surveys began in 2010. Survey results are shared internally and with the management team, leading to improvement efforts and new measures and policies.</p>

# Customer Engagement

## Basic Policy on Response to Customers

We will listen carefully to customer feedback and become a company that continuously brings delight to our workplace, life, the planet and tomorrow.

Specifically, we will proactively engage in the following three priority issues.

- 1 Maintain our promises to customers
- 2 Create mechanisms for improvements and internal sharing based on customer feedback
- 3 Create a management cycle facilitating product and service advances

## ASKUL Self-Innovation Indicators

Indicators employees use to question whether the work they are engaged in is creating new value for customers

- Are current products and services sufficient?
- Are customers pleased with our services?
- Are we creating burdens or inconvenience for customers?
- How much trouble was caused by burdening customers?
- Are we keeping our promise to customers and have we retained their trust?
- Are we inspiring customers?
- Are customers empathetic?
- Are we providing customers with a sense of camaraderie?
- Is customer happiness facilitating my personal happiness?
- Do customers want to utilize ASKUL again?
- Are we doing our best for customers?

## Customer Satisfaction Management System (Conforms with ISO 10002)

On March 22, 2022, ASKUL announced that its customer response operation process complies with the ISO 10002 international standard.

Going forward, we will listen carefully to customer feedback, with all employees adopting a customer-oriented perspective, as we continue to make further advances.

## Improvement Activities Based on Customer Feedback


ASKUL regards the quality of its customer service as a key management indicator. With the aim of delivering safe and reliable products and services to customers, we established the Quality Management Committee, comprising the president and CEO, management, and related department heads, which holds monthly discussions on improving quality and strengthening quality management functions. Among these issues, those deemed most important are taken up by the Customer Satisfaction Improvement Committee, which makes swift efforts toward service quality improvements based on customer feedback.

## Cultivating Corporate Culture and Awareness

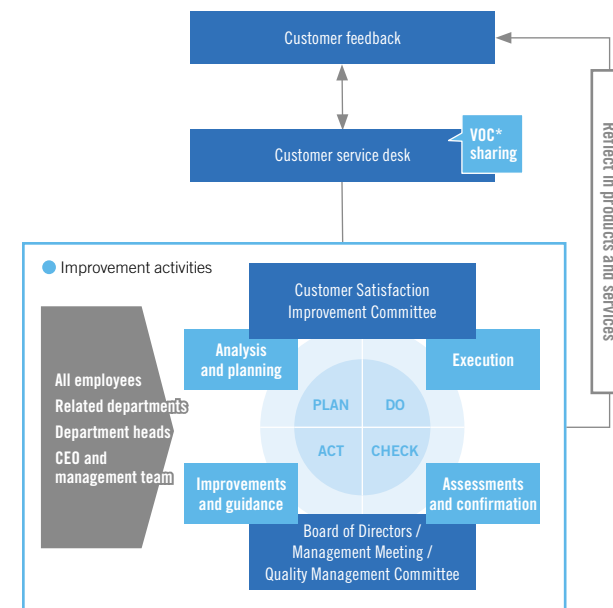
Daily customer feedback received by the Customer Service Desk is compiled and shared internally through the Opinion Digest and Product Requests. ASKUL also created the VOC Portal website on its intranet to provide customer feedback on issues in various areas, among other efforts, to ensure employees are aware of and share customer feedback.

## Voluntary Consumer-Oriented Declaration

Having endorsed the Consumer-Oriented Management initiative promoted by the Consumer Affairs Agency, we formulated and promote efforts under the ASKUL Voluntary Consumer-Oriented Declaration. Through this declaration, we have made clear our intention to incorporate customer feedback in our products, services, and business strategies with a view to realizing Our Purpose of “Continuously bringing delight to our workplace, life, the planet and tomorrow.”

 Promoting Consumer-Oriented Management (Voluntary Consumer-Oriented Declaration)

### PDCA Cycle Based on Customer Feedback



\* VOC: Voice of customer





## Directors and Audit & Supervisory Board Members (as of October 31, 2022)



Yoshitaka Asaeda\*

Kazuo Tsukahara\*  
(seated)

Tsuguhiro Tamai  
(seated)

Akira Yoshioka

Katsuhiro Kawamura

Yumiko Ichige\*  
(seated)

Toshio Imamura

Tadahisa Imaizumi

Shinichi Hokari

Naomi Aoyama\*

Takao Ozawa

Genri Goto\*

Miyuki Nakagawa\*

\* Independent outside officer



## Directors and Audit & Supervisory Board Members (as of October 31, 2022)

### Directors



**Akira Yoshioka**  
Representative Director, President and CEO\*<sup>1</sup>



**Tsuguhiro Tamai**  
Director, CFO\*<sup>2</sup>  
In charge of risk management, finance and accounting, information disclosure, management and quality key performance indicators (KPIs)  
Executive Officer of Corporate Unit  
Important Concurrent Positions  
• Director, AlphaPurchase Co., Ltd.



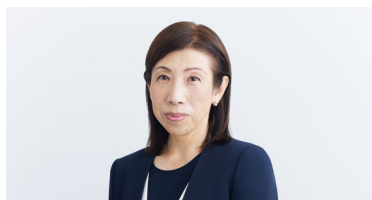
**Katsuhiko Kawamura**  
Director, COO\*<sup>3</sup>  
Executive Officer of ASKUL Sales Unit  
Important Concurrent Positions  
• President and Representative Director, SOLOEL Corporation



**Shinichi Hokari**  
Director



**Takao Ozawa**  
Outside Director  
Important Concurrent Positions  
• Director, Senior Managing Corporate Officer, and E-Commerce CPO, Z Holdings Corporation  
• President and Representative Director, President Corporate Officer, CEO,\*<sup>1</sup> Yahoo Japan Corporation  
• Director, ZOZO, Inc.  
• Outside Director, Demae-can Co., Ltd.  
• Director, Ozawa Research Institute



**Yumiko Ichige**  
Outside Director, Independent Officer  
Important Concurrent Positions  
• Partner, Nozomi Sogo Attorneys at Law  
• Outside Director, FOOD & LIFE COMPANIES LTD.  
• Outside Audit & Supervisory Board Member, Idemitsu Kosan Co., Ltd.



**Genri Goto**  
Outside Director, Independent Officer  
Important Concurrent Positions  
• CEO, Kotozna, Inc.  
• Chairman, Kotozna (China Office)  
• Managing Director, Kotozna Singapore Pte. Ltd.



**Kazuo Tsukahara**  
Outside Director, Independent Officer  
Important Concurrent Positions  
• Outside Director, DIC Corporation



**Naomi Aoyama**  
Outside Director, Independent Officer  
Important Concurrent Positions  
• Representative Director, style bis Inc.  
• Outside Director, IZUMI Co., Ltd.



**Tadahisa Imaizumi**  
Director  
Important Concurrent Positions  
• President & Chief Operating Officer, PLUS Corporation

### Audit & Supervisory Board Members



**Toshio Imamura**  
Full-time Audit & Supervisory Board Member



**Yoshitaka Asaeda**  
Outside Audit & Supervisory Board Member, Independent Officer  
Important Concurrent Positions  
• Director, Yoshitaka Asaeda Certified Public Accountant Office  
• Outside Corporate Auditor, WingArc1st Inc.  
• Outside Director, THE SHIMANE BANK, LTD.

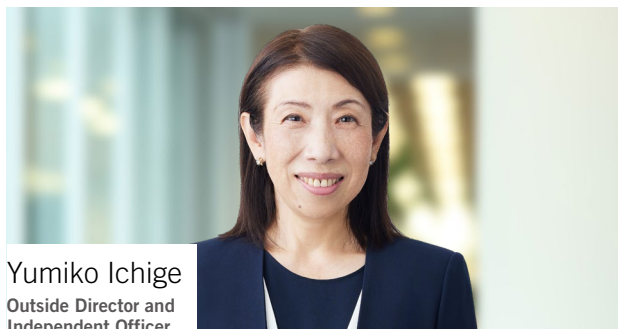


**Miyuki Nakagawa**  
Outside Audit & Supervisory Board Member, Independent Officer  
Important Concurrent Positions  
• Professor, Chuo Law School, Chuo University  
• Outside Director, Nissan Chemical Corporation  
• Representative, Kousui Law Office  
• Outside Audit & Supervisory Board Member, FANCL CORPORATION  
• Outside Director, NITTO KOGYO CORPORATION  
• Outside Audit & Supervisory Board Member, Shinsei Bank, Limited

\*<sup>1</sup> Chief executive officer  
\*<sup>2</sup> Chief financial officer  
\*<sup>3</sup> Chief operating officer



## Independent Outside Director and Audit & Supervisory Board Member Messages

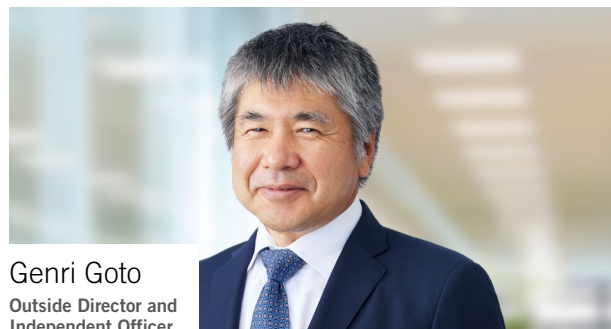


**Yumiko Ichige**  
Outside Director and  
Independent Officer

New executive officers have been appointed along with the start of a new head office structure in the fiscal year ending May 20, 2023.

In the drawing up of succession plans, the Nomination and Compensation Committee created standards for the nomination of executive officers from the standpoint of becoming a company that spurs innovation. ASKUL has put into place a three-pronged system based on a nomination and evaluation process, training, and rotations. Through the nomination process and interviews with candidates, the committee was able to map out a diverse range and fair number of core human resources who will be responsible for leading ASKUL into the future. These human resources should participate in discussions about long-term strategy from a long-term view of where the Company should be in 10, 20, and 30 years. The succession plans for executive officers are an important and inseparable element of the Company's long-term business strategy.

ASKUL is a listed subsidiary, and it has established the Special Committee, which I chair, with only independent outside officers in accordance with the Corporate Governance Code. In the fiscal year ended May 20, 2022, we proposed to the Board of Directors a system for controlling conflicts of interest in routine transactions with related parties. Furthermore, in the context of improving corporate value and protecting the interests of shareholders, the relationship between independent outside officers and ASKUL's parent company, as well as our relationship with the controlling shareholders and the management of ASKUL itself, should be equidistant from each other while being mindful of Group merits, namely, the pursuit of synergies. For example, opportunities are regularly set up for independent outside directors to exchange opinions with the parent company and major shareholders in order to align our vectors on management policies. As a listed subsidiary of the Z Holdings Group, ASKUL aims to establish new best practices for parent-subsubsidiary listings by building a new framework for governance that takes the interests of general shareholders into account.



**Genri Goto**  
Outside Director and  
Independent Officer

I like that ASKUL's Medium-Term Management Plan points to ethical e-commerce as the direction the Company should move toward, and I think the plan calls for stable growth. I believe ASKUL is a company with the potential to aim higher through inorganic growth.

In the 1990s, ASKUL created new value by delivering to customers what they needed by the next day, even if it was just one pencil. This continues to exist in ASKUL's DNA today. As the times change, being able to deliver to customers what they need right now will require unlearning the past and innovating the future. In other words, ASKUL should spur innovation with new products and services while reassessing its strengths and carefully choosing its options.

One of ASKUL's strengths is being one of the vital parts of the Softbank Group. Parts that are absent in ASKUL's own undertakings can be complemented by the strengths of the entire Group and lead to innovation on a new trajectory, which then leads to the creation of new businesses and value. We will consider new directions for ASKUL while monitoring corporate governance as the Company creates new business models that go beyond e-commerce.



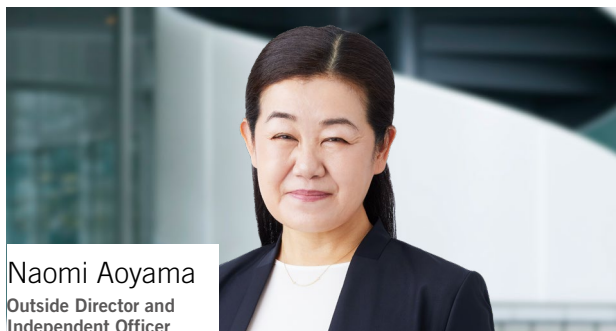
**Kazuo Tsukahara**  
Outside Director and  
Independent Officer

Since 2020, when I became an independent outside director, ASKUL's governance structure and relationships with principal shareholders have evolved.

For starters, ASKUL's approach to outside directors has greatly changed. Under the old system, the main emphasis lay on simply having outside directors, but now the executives of the Company are taking a much more sincere approach and listening carefully to the opinions of outside directors. Going beyond mere formalities, I believe the Company's willingness to comply has improved significantly.

ASKUL has deepened its relationship of trust with principal shareholders Z Holdings Corporation and PLUS Corporation. Since this relationship is basically one between the parent company and a subsidiary, the interests of both parties align for the most part, but not entirely. This parent-subsubsidiary relationship of trust should not be viewed as one of collusion with each other, but must be nurtured so that the interests of minority shareholders are always at heart. In meetings with Z Holdings that have been regularly held since 2021, in addition to having this relationship of trust, discussions have started to take place more often on ways to maximize synergies between the two companies. As an outside director, I will fulfill my role to ensure that ASKUL's strengths as a listed subsidiary can be used to their fullest extent.

## Independent Outside Director and Audit & Supervisory Board Member Messages



For the past 20 years or so, I have gained experience in managing e-commerce operations and facilitating communications between companies and their customers. ASKUL's website has many high-quality customer reviews of products that are useful references for other shoppers, allowing the Company to build good relationships with its customers. I aim to help ASKUL make further strides in this area.

At any company, I emphasize the importance of employees among all stakeholders. Employees are the ones who create and provide services, so if a company values its employees, then it naturally can value its customers as well. This approach ultimately leads to benefits for shareholders. The life events of employees are a microcosm of issues faced by customers, and ASKUL can benefit from these life experiences in its operations as a distributor.

Since ASKUL is the listed subsidiary of its parent company, shareholders and other stakeholders are right to monitor the Company's efforts to protect the interests of minority shareholders, and corporate governance is a vital endeavor in this respect. I can adopt perspectives that other Board members cannot, such as efforts to make customers and employees happy, and contribute to the advancement of corporate governance as a member of a team with perspectives from multiple angles.



Since 2019, I believe ASKUL has struck and kept a very good balance as a company with major shareholders and controlling shareholders. In light of the balance of power with major shareholders and controlling shareholders, various discussions have been held at ASKUL about whether it is maximizing its own corporate value and whether the interests of minority shareholders are being protected in the end. I think the Company has set up an effective system of checks and balances.

I believe ASKUL should transform itself to provide new customer experiences instead of simply expanding existing businesses as a leader in the e-commerce sector. To this end, it will be important to discuss the future direction and strategies for the Company for the next 10 to 20 years.

The Board of Directors should discuss and verify how much risk should be taken in order to improve corporate value. The Board of Directors is where such decisions should be made. In the important role of an outside Audit & Supervisory Board member, I must not forget to provide support by monitoring whether the business execution side is aggressively and properly pushing down on the accelerator (whether risks are being taken properly). As an independent outside Audit & Supervisory Board member, I will do my best to help ASKUL improve its corporate value over the long term while distinguishing between normal times and times of emergency.



Outside Audit & Supervisory Board members are expected to conduct strict audits of management from a neutral and objective standpoint, going beyond "defensive" audits to apply the brakes to the policies of senior management when necessary. In order to accelerate initiatives in sustainable management, I believe auditors are expected to also conduct "offensive" audits in where they proactively and knowledgeably state their opinions on matters of importance.

I practice Zen meditation as a part of my daily routine, and take the phrase "self-interest and altruism" to heart. Like both sides of a coin, having both self-interest and altruism makes me whole. In this context, I believe corporate governance is key to taking a broader view of whether a company, in the pursuit of profits, is also working for the benefit of stakeholders, the environment, and society all at the same time.

As a female public prosecutor, after I took childcare leave for the first time, I continued to work while raising my child. Compared with 30 years ago, the number of working women has increased, but Japan's gender gap index is still at a low level. There are systems in place so that women can continue working while raising children, but I think it is now becoming more difficult for women to do so. Alongside marriage and childbirth, I think that offering both men and women diverse career choices and ways to lead their lives will be key to improving diversity at ASKUL.

# Corporate Governance

## Basic Approach to Corporate Governance

In line with the ASKUL WAY, comprising Our Purpose of “Continuously bringing delight to our workplace, life, the planet and tomorrow,” Our Values, and Our DNA, we listen carefully to customers, shareholders, investors, partners, employees, and all other stakeholders throughout society with the aim of contributing to the resolution of various social issues through the ongoing creation of new, socially significant value.

To this end, ASKUL will strive to enhance corporate governance through transparent, fair, prompt, and resolute decision-making based on compliance management to achieve sustainable growth and enhance corporate value over the medium to long term.

## Board of Directors' Composition

In consideration of diversity, the Board of Directors comprises a distinct group of directors with different backgrounds in terms of knowledge, expertise, experience, and business capabilities.

The number of directors on the Board is stipulated in the Articles of Incorporation, and shall be maintained appropriately so that the Board of Directors functions as effectively and efficiently as possible, with a focus on the following two perspectives:

- Adequate diversity in management decision-making and supervision
- Substantial and sufficient discussions at Board of Directors' meetings

In this way, ASKUL ensures that the Board of Directors functions effectively in terms of important management decision-making and supervisory functions, with the aim of ensuring overall diversity and a balance between knowledge, experience, and capabilities while maintaining an appropriate size.

Further, ASKUL appoints multiple independent outside directors to incorporate the extensive experience, deep insight, broad knowledge, and solid expertise of directors from outside the Company into ASKUL's management. This is done in an attempt to maintain and strengthen management supervision efficacy from an independent and objective standpoint and improve management transparency.

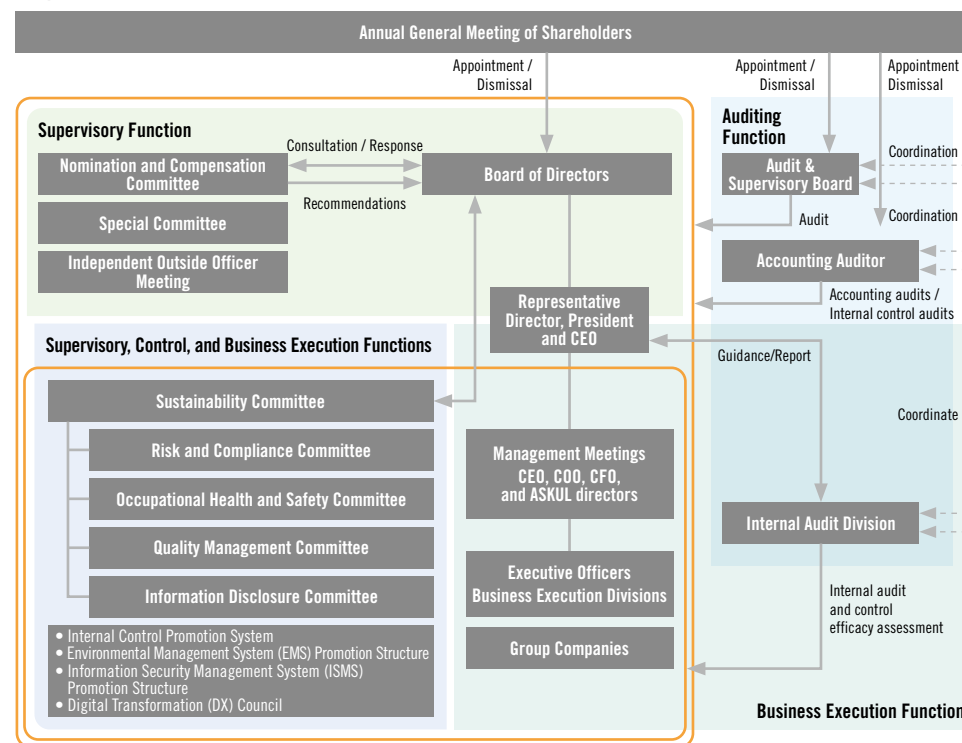
## Audit & Supervisory Board Composition and Accounting Auditor

The ASKUL Audit & Supervisory Board comprises at least one full-time Audit & Supervisory Board member and one or more outside Audit & Supervisory Board members. The number of Audit & Supervisory Board members is stipulated in the Articles of Incorporation and shall be maintained appropriately so that audits of the execution of duties by directors can be implemented in the most effective and efficient manner.

In appointing Audit & Supervisory Board members, ASKUL selects candidates possessing the appropriate experience and capabilities, as well as the requisite financial, accounting, and legal knowledge, with at least one member possessing sufficient knowledge of finance and accounting.

Giving consideration to the consecutive years of auditing performed by the previous accounting auditor, ASKUL appointed Deloitte Touche Tohmatsu LLC as its new accounting auditor at the Annual General Meeting of Shareholders held in August 2022, in anticipation of audits from a new perspective and of the enhanced efficiency of audits on a Groupwide basis.

### Corporate Governance Structure (as of August 4, 2022)



# Corporate Governance

## Current Committee Compositions

As of August 4, 2022

Committee name	Directors									Audit & Supervisory Board members				Executive officers and other members	Overview and activities	Number of meetings in FY5/2022
	Akira Yoshioka	Tsuguhito Tamai	Katsuhiko Kawamura	Shinichi Hokari	Takao Ozawa	Yumiko Ichige	Genri Goto	Kazuo Tsukahara	Naomi Aoyama	Tadahisa Imaizumi	Toshio Imamura	Yoshitaka Asaeda	Miyuki Nakagawa			
					Outside	Outside	Independent	Outside	Independent	Outside	Independent	Outside	Independent			
Nomination and Compensation Committee	○					○	○	◎	○					This committee deliberates policies, procedures, and specific proposals regarding the appointment and dismissal of key officers and employees, including directors and the president and CEO, compensation, and succession planning. (Members comprise all independent outside directors and the president and CEO.)	23	
Supervision Special Committee						◎		○			○			Comprising solely independent outside directors, this committee deliberates matters that contribute to the protection of minority shareholder interests and ensures fairness and impartiality among shareholders from a perspective independent of controlling shareholders. Note: Corresponds to "Special committee composed of independent persons including independent director(s)" in Corporate Governance Code 4-8 (3).	4	
Independent Outside Officer Meeting						○	○	◎	○		○	○		Comprising solely independent outside directors, this committee meets to freely exchange information and opinions on important matters related to corporate governance, business, and management. Note: Corresponds to "Meetings composed of independent outsiders" in Corporate Governance Code 4-8 (1).	6	
Sustainability Committee	○	◎	○	○		■				■	■		○*1 *2 □	This committee deliberates and determines issues and policies concerning sustainability and ESG while monitoring other committees to fulfill ASKUL's social responsibility, achieve sustainable growth, and enhance corporate value over the medium to long term.	12	
Supervision, control, and execution Risk and Compliance Committee	○	◎	○	○									○*3 □	In addition to managing risks, this committee aims to understand, manage, and respond to risk and compliance issues to ensure compliance with laws, regulations, and internal and external rules and norms.	12	
Occupational Health and Safety Committee		○	○	○				■		■			◎*1 ○	This committee determines and responds to occupational health and safety conditions in order to ensure the safety of all staff and employees and to improve their physical and mental health, as well as increase productivity and heighten morale.	12	
Supervision, control, and execution Quality Management Committee	○	○	○	○									◎*2 ○ □	This committee works to improve the quality of services and products handled throughout the value chain to increase customer trust and satisfaction, as well as provide customers with products that are safe and reliable.	11	
Information Disclosure Committee		◎											○	This committee makes disclosure-related decisions aimed at enhancing management transparency and ensuring the timely and appropriate disclosure of information.	36	
Execution Management Meeting	◎	○	○	○									□	Chaired by the president and CEO, these meetings are held to carefully examine and decide on proposals related to business execution.	40	

◎ Chair ○ Members ■ Advisors □ Observers and other members

\*1 Executive officer of unit in charge of human resources

\*2 Executive officer of unit in charge of customer support

\*3 Executive officer of unit in charge of legal affairs

## Corporate Governance

### Director and Audit & Supervisory Board Member Skills Matrix and Reasons for Appointment

As of August 4, 2022

Name Position in the Company	Skills and experience										Reasons for appointment
	Management strategy	ESG and sustainability	E-Commerce	Products	Logistics	Global experience	Accounting and finance	IT and Digital transformation	Human resources, labor affairs, and human resource development	Legal affairs, intellectual property, and risk management	
Akira Yoshioka Representative Director, President and CEO	●		●	●							As representative director, president and CEO, Mr. Yoshioka has led sustainable business growth despite the COVID-19 pandemic. He possesses extensive business experience and a solid track record at ASKUL, with knowledge of e-commerce business operations, and is able to appropriately fulfill his duties as president.
Tsuguhiko Tamai Director, CFO	●	●					●			●	Mr. Tamai possesses extensive business experience and a solid track record at ASKUL. He also possesses knowledge of finance, public relations, IR, and other areas that allows him to fulfill his responsibilities as CFO of the Company, which aims to strengthen governance and sustainably enhance corporate value.
Katsuhiro Kawamura Director, COO	●		●	●	●			●			Mr. Kawamura possesses extensive business experience and a solid track record at ASKUL, including executive officer positions in various divisions, and business management knowledge enabling him to appropriately fulfill his duties as chief operating officer.
Shinichi Hokari Director			●					●			Leveraging his advanced expertise and experience in internet-based platform development and e-commerce business, as well as extensive business experience and a solid track record at Yahoo Japan Corporation, Mr. Hokari is a suitable director of the Company, which works to achieve sustainable corporate value enhancement through the promotion of digital transformation (DX).
Takao Ozawa Outside Director	●		●	●	●			●			Mr. Ozawa possesses a high degree of insight and broad knowledge in the fields of internet business and e-commerce, as well as extensive management experience in public service corporations targeting corporate management and social activities.
Yumiko Ichige Outside Director	●	●						●	●	●	Ms. Ichige started out her career as a corporate attorney and possesses highly specialized expertise and work experience in the fields of corporate governance, compliance, and intellectual property gained through experience as a lawyer. In the past, she served as an outside director and outside audit & supervisory board member at multiple companies, and as an officer at the Japan Federation of Bar Associations and public-interest corporations.
Genri Goto Outside Director	●		●	●	●			●			Mr. Goto possesses extensive experience and a track record that includes the launch of an innovative online pharmaceutical sales business that he managed as CEO for many years, driving the growth of this business in the e-commerce market. He also has a wealth of experience and deep insight in the digital services field.
Kazuo Tsukahara Outside Director	●					●			●		After being responsible for a wide range of operations (including an overseas assignment) at a heavy-industry manufacturer engaged in global business, Mr. Tsukahara served as the company's executive vice president. Having served as an outside director at multiple companies to date, he possesses extensive business experience and a solid track record in corporate management, as well as deep insight and strong ethics.
Naomi Aoyama Outside Director		●	●	●							Having established a consumer-oriented marketing support company, Ms. Aoyama possesses a high degree of expertise and extensive experience as an advisor on corporate social media management and e-commerce.
Tadahisa Imaizumi Director	●								●		Mr. Imaizumi strives to ensure management stability by strengthening relationships with major shareholders, possesses a deep understanding of ASKUL corporate and organizational culture based on his experience as an employee, as well as extensive management experience related to human resource development.
Toshio Imamura Full-Time Audit & Supervisory Board Member	●								●		Mr. Imamura possesses extensive business experience and a solid track record at ASKUL in the areas of accounting and finance, information disclosure, risk, and human resources. Since August 2017, he has appropriately performed his function of supervising business execution as a full-time Audit & Supervisory Board member.
Yoshitaka Asaeda Outside Audit & Supervisory Board Member						●	●				As a certified public accountant, Mr. Asaeda has practical experience and professional expertise in global accounting and auditing and, in addition to management experience in global organizations, he served as an outside director and outside audit & supervisory board member in several companies to date.
Miyuki Nakagawa Outside Audit & Supervisory Board Member		●								●	Ms. Nakagawa worked for many years as a prosecutor for the Tokyo District Public Prosecutors Office and elsewhere and has practical experience in legal circles. In addition to her expertise as a legal professional, she serves as an outside director and outside audit & supervisory board member in several companies.



## Corporate Governance

### Policies and Procedures for the Appointment and Dismissal of Directors, Audit & Supervisory Board Members, and Senior Management

Policies and procedures associated with the nomination of directors and Audit & Supervisory Board members, as well as the appointment and dismissal of senior management, are as follows.

#### ▶ Policies and Procedures for the Nomination of Director Candidates and the Appointment and Dismissal of Senior Management

Candidates for ASKUL directors and senior management must possess the following qualities:

- Sound member of society with good business sense
- Broad, flexible viewpoints, possessing ambition, leadership, and other management qualities and capabilities
- Ability to formulate visions, ability to implement change, be customer-oriented, and high ethical standards as set forth in the ASKUL WAY

In selecting candidates, ASKUL takes diversity of the Board of Directors into consideration based on the recognition that multifaceted supervision will contribute to the promotion and expansion of business and facilitate appropriate supervision in accordance with given management conditions, therefore nominating the most suitable candidates for director.

Each year, all ASKUL directors are subject to appointment by resolution of the Annual General Meeting of Shareholders.

Director candidates (including substitute directors) and senior management are selected by the Board of Directors after fair, transparent, and rigorous reviews and responses by the Nomination and Compensation Committee, which is composed entirely of independent outside directors and the president and CEO.

Regarding the appointment of ASKUL directors concurrently serving as directors or corporate auditors at other listed companies, duties shall be limited to a reasonable extent, enabling the director to dedicate sufficient time to fulfilling their responsibilities as an ASKUL director.

Regarding CEO dismissals, after clarifying the reason for dismissal, in the event of a major disqualification based on appointment criteria, substantial declines in corporate value, damage to ASKUL social value or reputation caused by the CEO, or when radical change becomes necessary, the Nomination and Compensation Committee decides on dismissal proposals, which are then confirmed by a Board of Directors' resolution.

Further, in the event a senior management team member deviates from the above requirements, the Nomination and Compensation Committee conducts fair, transparent, and rigorous reviews and reports the situation to the Board of Directors, which will then resolve to dismiss said member. The Board of Directors also makes determinations in light of voluntary resignations, organizational changes, and the revision of roles and responsibilities. In addition to the above, the dismissal of a director requires resolution at the Annual General Meeting of Shareholders.

#### ▶ Policies and Procedures for the Nomination of Audit & Supervisory Board Member Candidates

Candidates for ASKUL Audit & Supervisory Board membership must possess the following qualities:

- Excellent character, insight, capabilities, a wealth of experience, and high ethical standards
- Persons who understand and share the ASKUL WAY and corporate culture
- Appropriate experience, capabilities, and knowledge of requisite financial, accounting, and legal matters

In selecting candidates, ASKUL takes Audit & Supervisory Board diversity into consideration based on the recognition that multifaceted supervision will contribute to the promotion and expansion of business and facilitate appropriate supervision in accordance with given management conditions, nominating the most suitable candidates for Audit & Supervisory Board membership.

Further, one or more Audit & Supervisory Board members must have sufficient knowledge of finance and accounting matters.

Audit & Supervisory Board member candidates (including substitute members) are selected by the Nomination and Compensation Committee upon preliminary consultation with the Audit & Supervisory Board, which conducts fair, transparent, and rigorous reviews and then reports to the Board of Directors, which makes decisions based on approval from the Audit & Supervisory Board. Regarding the appointment of ASKUL Audit & Supervisory Board members concurrently serving as directors or corporate auditors at other listed companies, duties shall be limited to a reasonable extent, enabling said member to dedicate sufficient time to fulfilling their responsibilities as an ASKUL Audit & Supervisory Board member.

### Standards for Determining Independence

Based on the Designation Criteria for Independent Officers, ASKUL designates all outside officers not falling under the following categories as independent officers with their consent.

- A** Individuals for whom ASKUL is a major supplier or business executor
- B** Individuals who are major ASKUL suppliers or in charge of business execution
- C** Consultants and other professionals who have received large cash payments or other compensation from ASKUL within the past five years, or who belong to consulting firms or other organizations
- D** ASKUL, parent company, or subsidiary executive officers, directors, or Audit & Supervisory Board members
- E** Major ASKUL shareholders
- F**
  - ① Close relatives of persons described in **A** – **E**.
  - ② ASKUL, parent company, or subsidiary accounting advisors



Corporate Governance Report: Principle 4–9. Criteria for Independence and Qualification of Independent Outside Directors



## Corporate Governance

### Protection of Minority Shareholders

ASKUL formulated Related-Party Transaction Management Regulations to carefully determine the rationality of transactions and the appropriateness of transaction proposals to ensure that transactions with related parties do not harm ASKUL or the common interests of its shareholders, nor give rise to such concerns.

Further, in line with a resolution by the Board of Directors at a meeting held on August 4, 2021, ASKUL enhanced its Board of Directors' supervisory function to appropriately improve ASKUL and ASKUL Group corporate governance and ensure management transparency. The Special Committee was also established as a permanent advisory body to the Board of Directors for the purpose of protecting the interests of minority shareholders and ensuring fairness and impartiality in important transactions, as well as transactions where the interests of controlling shareholders and major shareholders with an equivalent level of control (dominant shareholders) conflict with those of minority shareholders.

Policy on Ensuring Shareholder Rights and Equality

### Stocks Held for Strategic Purposes

ASKUL formulated and manages the Policy on Ensuring Shareholder Rights and Equality, and as of May 20, 2022, held no listed company shares for the purpose of shareholder stability, referred to as stocks held for strategic purposes.

ASKUL maintains strategic shareholdings deemed important for Group strategic purposes, such as utilizing advanced technologies from outside the Company or strengthening relationships through business alliances. The Board of Directors or other governing body determines whether to continue holding or dispose of strategic shareholdings after examining the appropriateness of said holdings.

### Information Disclosure

ASKUL proactively and impartially discloses information in accordance with applicable laws and regulations for shareholders and investors, including management-related matters and the status of business activities.

Company information is disclosed in a timely and appropriate manner, with efforts made to ensure accuracy at all times and, when necessary, consider the necessity of maintaining confidentiality. In addition to information that must be disclosed due to legal requirements, ASKUL makes proactive efforts to disclose environmental, social, and governance information and other non-financial information.

ASKUL views the disclosure of information as one of its most critical management responsibilities and strives to ensure information is easily understandable and highly useful for shareholders, investors, and other stakeholders.

ASKUL Disclosure Policy

### Topic

## ASKUL Governance Enhancements

Given the existence of controlling shareholders, ASKUL established and manages a system aimed at ensuring management independence and avoiding conflicts of interest, as well as protecting minority shareholders and maintaining fairness and impartiality from the perspective of enhancing corporate value over the medium to long term.

#### Response through systems and frameworks

- ▶ Appointment of multiple independent directors\*
- ▶ Director selection process through the Nomination and Compensation Committee, comprising entirely independent outside directors and the President and CEO
- ▶ Authority held by the Nomination and Compensation Committee and the Special Committee
  - Granted authority to investigate matters without waiting for consultation from the Board of Directors and provide the Board with opinions, advice, and recommendations
  - Given the right to express opinions regarding items they have reported or provided advice on at the Annual General Meeting of Shareholders and other meetings

#### Handling of conflict-of-interest transactions

- ▶ Established and operate the Special Committee
  - Established as a permanent advisory body to the Board of Directors
  - Comprising entirely independent Company directors (designed to facilitate the formation of teams, including experts and other members, in the event of an emergency)
  - Supervises the system for monitoring transactions with related parties, including the reasonableness and appropriateness of transaction terms
- ▶ Transactions managed in accordance with Related-Party Transaction Management Regulations

#### Communication measures

- ▶ Opportunities for regular and constructive dialogue and exchanges of opinions between independent directors and major shareholders
- ▶ Opportunities for regular and constructive dialogue and exchanges of opinions among members of management
- ▶ When officers selected for appointment, statements of aspiration from each candidate disclosed for shareholder review

\* Independent directors (Board of Directors and Audit & Supervisory Board member total) 6/13 (46.2%) (as of October 2022)

## Corporate Governance

### Evaluating Board of Directors' Effectiveness

To continuously improve the effectiveness of the Board of Directors, ASKUL has analyzed and evaluated the overall effectiveness of the Board of Directors since 2015, targeting all directors and Audit & Supervisory Board members.

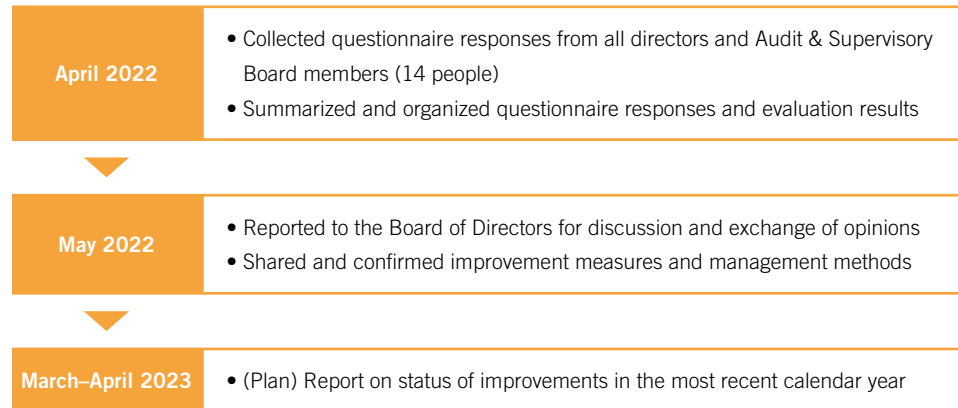
#### ► Evaluation Method

The most recent evaluation was conducted by questionnaire in April 2022 and, based on the results of the questionnaire analysis and other factors, we evaluated the overall effectiveness of the Board of Directors.

##### Questionnaire details (approximately 40 items total)

- |  |  |
|--|--|
| 1 Board of Directors' composition  | 4 Self-evaluations                             |
| 2 Board of Directors' management status                                      | 5 Decision-making processes, etc.              |
| 3 Support system for outside directors and Audit & Supervisory Board members | 6 External communications                      |
|  | 7 Feedback regarding effectiveness evaluations |

#### Evaluation Process from Fiscal 2022–Fiscal 2023



#### ► Evaluation Results

In light of the evaluation results, it was determined that the Board of Directors effectively fulfills its responsibilities and roles based on its diverse member composition, which ensures effective and appropriate management supervision, and energetic and constructive deliberations leveraging the knowledge and experience of each member.

Going forward, ASKUL will consider the appropriateness of the Board of Directors' size and composition in pursuit of greater diversity. Further, with regard to Board of Directors' management, we continue to make efforts ensuring the careful examination of agenda items, the early distribution of reference materials, and the provision of explanations of technical terms, among other efforts aimed at providing easily understandable meeting materials. The chairman of the Board of Directors and the Board secretariat lead ongoing improvement efforts that, depending on the issue, include pre-meeting briefings.

#### Issues Identified and Responses Going Forward

- Review of Board of Directors' composition (appropriateness of size, diversity, etc.)
- Careful examination of themes necessitating discussion and deliberation
- Expanded support for outside directors, sharing of industry information, etc.
- Prompt distribution of meeting materials, sharing of meeting minutes, etc.
- Reports and sharing of member activity details

#### (Reference) Issues and Responses Identified in Previous Evaluation

- Provision of easily understandable materials and information
- On-site inspections at distribution centers and other facilities
- Reports on communications with general shareholders and investors

## Corporate Governance

### Policies and Procedures for Determining Director and Audit & Supervisory Board Member Compensation

#### ▶ ASKUL Director Compensation (Monetary and Non-Monetary Compensation)

##### Monetary Compensation

Comprises a fixed portion (monthly compensation) and performance-linked compensation

##### ① Basic Compensation

Individually determined as fixed monthly remuneration reflecting market levels and expected roles

##### ② Performance-Linked Compensation

Calculated in line with **A** annual performance target achievement levels (with upper and lower limits) and **B** individual evaluations

##### Non-Monetary Compensation

##### Restricted Stock Compensation (Performance Provisos)

- Purpose: To promote the further sharing of value with shareholders as an incentive to sustainably enhance ASKUL corporate value
- Conferred amount and number of shares: The amount conferred is determined based on an amount equivalent to 15% of basic compensation (annual amount), taking into consideration factors such as position, expected role, and share price trends.

Note: In order to achieve loftier goals and contribute to significant Group growth, ASKUL makes the achievement of certain performance conditions a requirement for the lifting of transfer restrictions.  
(Example: achievement of either consolidated net sales or consolidated operating profit targets)

#### ▶ ASKUL Director Compensation

Type	Compensation details	Compensation calculation methods	Purposes, reasons, and supplemental explanations	Payments	Actual amount (compensation ratio)* Unit (millions of yen)
Non-Monetary Compensation	Restricted stock compensation (with performance provisos)	The amount conferred is determined in accordance with the amount of basic compensation, position held, expected role, share price trends, and other factors.	<ul style="list-style-type: none"> <li>• Medium- to long-term incentive</li> <li>• Share value with shareholders</li> <li>• Motivation to achieve loftier goals</li> </ul>	<b>Performance Provisos</b> If consolidated net sales and operating profit exceed Medium-Term Management Plan targets (each fiscal year), transfer restrictions are lifted.	19 (10.6%)
Monetary Compensation	② Performance-linked compensation (Variable portion) (Remitted as an executive bonus)	<b>A</b> Annual performance target achievement rate x <b>B</b> Individual evaluation	<ul style="list-style-type: none"> <li>• Performance-linked compensation varies in accordance with the rate of achievement for consolidated EBITDA target</li> <li>• Reason for adopting this indicator: To secure profits while actively executing the necessary investments</li> </ul>		57 (31.8%)
	① Basic compensation (Fixed portion) (Remitted as monthly compensation)	Determined individually based on market levels and expected role			103 (57.6%)

\* EBITDA = Earnings before interest, taxes, depreciation, and amortization  
(Operating profit + Depreciation + Amortization of software + Amortization of goodwill)

\* Actual performance in fiscal 2022

#### ▶ Outside Director and Outside Audit & Supervisory Board Member Compensation

Only basic compensation is provided in light of individual roles and independence.

## Corporate Governance

### Compliance

Based on the recognition that compliance is a prerequisite for management, the Company has established, disseminated, and complies with the ASKUL Code of Conduct (Code of Ethics and Conduct), the *Compliance Manual*, and a variety of other regulations in accordance with the ASKUL WAY. Further, in addition to supervision by the Risk and Compliance Committee and monitoring through internal auditing and other efforts, education and training on various laws and regulations are provided on a regular basis to deepen understanding of compliance and create an environment facilitating the sound execution of duties.

#### ▶ Anti-Corruption and Corporate Ethics

##### ASKUL Code of Conduct (Code of Ethics and Conduct)

The ASKUL Code of Conduct was formulated in June 2006, promulgated through internal efforts to spread information and raise awareness.

As a document upon which all our activities are based, the ASKUL Code of Conduct incorporates the ASKUL WAY, comprising Our Purpose of “Continuously bringing delight to our workplace, life, the planet and tomorrow,” Our Values, and Our DNA and defining the basic rules of conduct that should be observed by employees and all stakeholders, including customers, shareholders, investors, partners, and co-workers, while maintaining high ethical standards and a spirit of compliance with the law.



ASKUL Code of Conduct (Code of Ethics and Conduct)

#### ASKUL Code of Conduct (Code of Ethics and Conduct) (Content)

- I ASKUL Code of Conduct Positioning
- II For Customers
- III For Shareholders and Investors
- IV For Society
- V For Partner Companies
- VI For Social Assets and Information
- VII For ASKUL Co-Workers
- VIII ASKUL Code of Conduct Management

#### ▶ ASKUL Hotline (Internal Reporting System)

The ASKUL Hotline (internal reporting system) was established as part of the ASKUL Group’s internal control system in order to prevent misconduct and business risks before they occur, while invigorating the Group’s self-correcting mechanism.

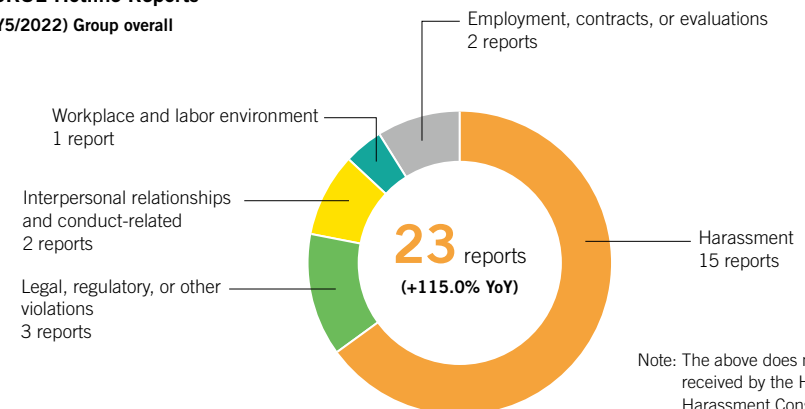
ASKUL employees can use the ASKUL Hotline, which is separate from regular business lines, to report or inform in the event they discover inappropriate conduct, such as violations of laws and regulations, as well as violations of the duty of confidentiality or unfavorable investigation or treatment of whistleblowers and cooperating parties (or discover suspicions of the aforementioned conduct). Employees using this hotline are able to make reports anonymously.

In addition to CSR, Legal Affairs, Human Resource, Internal Audit, and other relevant divisions, Audit & Supervisory Board members and an outside consultation service are available as points of contact, creating a system aimed at quickly identifying suspicious activities from the perspective of compliance.

In addition, ASKUL strictly prohibits the unfavorable treatment of whistleblowers, including discrimination against them and other acts of retaliation, as well as adverse impacts on their performance evaluations as a result of making a report. Individuals or department heads who treat whistleblowers unfavorably may be subject to disciplinary actions or other measures.

The ASKUL Hotline reception desk and investigation and response team conduct fair and impartial inquiries and, if the fact-finding investigation confirms the existence of inappropriate conduct, violations of the duty of confidentiality, or unfavorable investigation or treatment of whistleblowers and cooperating parties, etc., the progress and results are reported, without delay, to the Risk and Compliance Committee, creating a system for the implementation of response measures.

#### ASKUL Hotline Reports (FY5/2022) Group overall



# Risk Management

List of All Risks (Details)

## Basic Approach

### Risk Management Basic Policies and Action Guidelines

- 1 ASKUL and the ASKUL Group manage risks by addressing all matters with the potential of impeding sustainable Group growth; compliance with laws, regulations, social norms, and internal rules; including ethical behavior guidelines; and our ability to conduct business appropriately, achieve sustainable growth, and enhance corporate value over the medium to long term.
- 2 In the event specific risks were to occur, ASKUL, Group officers, and employees will place the highest priority on human life and physical safety, comply with laws and ethics, and act with moral integrity and honesty.

## Management Structure

General Manager	President and CEO	Appropriate allocation of management resources necessary for planning, implementing, inspecting, reviewing, and ensuring the execution of internal risk response plans
Implementation Manager	Director in charge of risk management	Formulates various risk response plans, oversees plan execution, and coordinates efforts throughout the Company
Risk Management Officer	Business units Group companies	Manages and follows up on risk responses as executive officer of each business unit and project
Risk Management	Person in charge of divisions (supervisory divisions)	Promotes various risk responses for each department and project
Personnel Involved in Risk Response Activities	Departments (each department)	Implements various risk responses
Risk Management Secretariat	Person in charge of CSR	Promotes PDCA within risk management activities

## Risk Management PDCA Cycle



## Main Risks and Initiatives

Risks that impact future management performance are identified and assessed as significant risks. Of these, risks that senior management determine as having a particularly significant impact on Group business continuity from a Companywide, cross-functional perspective are defined as particularly significant risks (top risks), for which the necessary countermeasures are formulated.

## List of Particularly Significant Risks (Top Risks) and Main Responses and Countermeasures (Excerpt)

Particularly important risks recognized by the Company, as well as main responses and countermeasures for each risk, are as follows.

Risk item	Risk details	Main responses and countermeasures
<b>Common risks</b> Concerns and countermeasures	<ul style="list-style-type: none"> <li>Significant costs or losses incurred due to direct damage, legal liabilities, and other factors</li> <li>Loss of public trust or damage to reputation due to degradation or suspension of business and services</li> </ul>	<ul style="list-style-type: none"> <li>Invest in requisite management resources</li> </ul>
<b>1</b> Employee life, health, and work-related injuries, etc.	<ul style="list-style-type: none"> <li>Loss of human resources, including employee life and health, due to accidents, disasters, and long working hours</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and manage vehicles and other equipment, implement thorough safety training</li> <li>Conduct thorough disaster prevention measures, manage working hours</li> </ul>
<b>2</b> Business continuity and supply chain fragmentation*	<ul style="list-style-type: none"> <li>Natural disasters surpassing expectations, widespread outbreak of infectious diseases, damage from fires and other disasters, supply chain fragmentation, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Establish multiple bases handling orders and inquire and several distribution centers</li> <li>Conduct ongoing review of business continuity plan</li> <li>Conduct periodic inspections of fire prevention equipment and management structure enhancements</li> </ul>
<b>3</b> Changing global conditions, including wars, economic sanctions, infectious diseases, and other threats	<ul style="list-style-type: none"> <li>Country risks affecting places of origin and supply chains, geopolitical risks, infectious diseases, natural disasters and other conditions leading to difficulties in procuring raw materials and merchandise, price hikes, exchange rate volatility, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Request that suppliers establish stable product supply systems</li> <li>Implement supply chain revisions, including changes that include transitioning to the manufacture of products within Japan</li> </ul>
<b>4 - 6</b>	Note: For information on system failures, personal or confidential information leaks, or related issues, please refer to Information Security <a href="#">LD P.70</a> .	
<b>7</b> Compliance with laws, regulations, social demands, and governance	① Compliance violations (violations of laws and regulations, fraud, etc.) ② Insufficient or unsuccessful responses and efforts related to social issues ③ Serious internal control deficiencies and additional costs	<ul style="list-style-type: none"> <li>Formulated the ASKUL Code of Conduct, ensure thorough compliance</li> <li>Create and manage compliance systems and mechanisms</li> <li>Ensure an appropriate understanding of education and awareness activities, legal reforms, and other issues, implementing the necessary measures</li> <li>Promote proactive efforts to resolve global social issues</li> <li>Develop and manage internal controls related to financial reporting based on the Financial Instruments and Exchange Act</li> </ul>
<b>8</b> Inadequate retention or training of human resources	<ul style="list-style-type: none"> <li>Failure to retain human resources, declining retention rate</li> <li>Inability to develop human resources capable of responding to change, value of human labor becoming obsolete</li> </ul>	<ul style="list-style-type: none"> <li>Implement human resource development measures and mechanisms improving employee motivation</li> <li>Improve employee retention by promoting workstyle reforms and improving the working environment</li> <li>Promote diversity, respecting differences that include gender, age, race, and nationality</li> <li>Introduce and develop a human resource evaluation system supporting the taking on of challenges for growth and change</li> </ul>
<b>9</b> Business model obsolescence	<ul style="list-style-type: none"> <li>Delayed business model transformation, customer defection</li> </ul>	<ul style="list-style-type: none"> <li>Develop human resources to promote innovation and transformation, introduce and develop human resource evaluation systems</li> </ul>

\* Regarding climate change initiatives and responses to Task Force on Climate-related Financial Disclosure (TCFD) recommendations under **2** above, please refer to Response to TCFD Recommendations in the "Environment" section [LD P.49](#).

## Risk Management

### Business Continuity Planning

ASKUL has created a business continuity plan in response to various emergency situations based on the ASKUL Business Continuity Plan Basic Policy. The business continuity plan defines the structure of the Disaster Response Headquarters and various responses and procedures in the event of an emergency. All work sites stock water, food, and emergency evacuation bags. Further, to heighten efficacy when executing business continuity plans, we review plans and manuals in each division. In addition to ensuring the safety of employees, ASKUL will maintain efforts to provide services to customers even during emergency situations and keep its promise of next-day deliveries.

Recognizing that our business is a lifeline for customers, we will do our utmost to ensure the continued supply of ASKUL services based on the following policies to fulfill our social responsibilities in the event of a disaster.

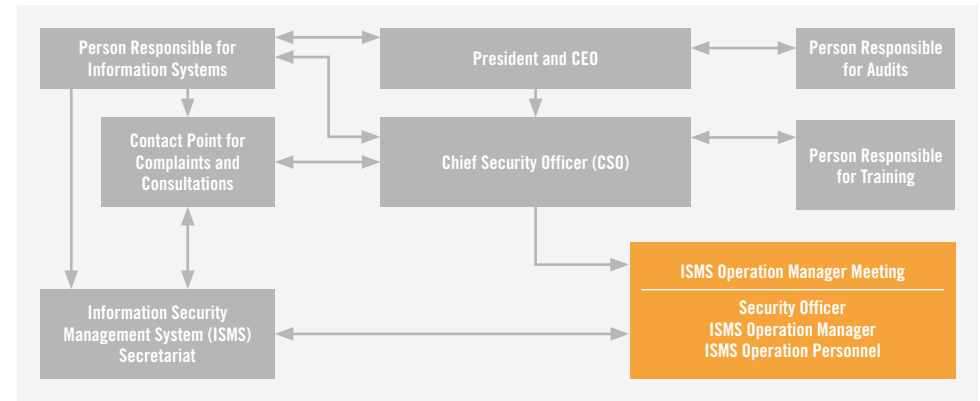
#### ASKUL Business Continuity Plan Basic Policy

- ① Ensure highest priority is placed on ensuring the safety of all constituent members, including the employees supporting ASKUL business and their families
- ② Attempt to minimize damage to neighboring communities and ensure the safety of local residents
- ③ Strive to supply products and services in coordination with local communities, governments, and suppliers
- ④ Engage in support efforts aimed at reconstruction and recovery

### Information Security

Having established the ASKUL Information Security Policy and Personal Information Protection Policy, ASKUL declares its aim of realizing a distribution platform that makes extensive and efficient use of information and IT with maximum consideration for information security and personal information, which all customers can utilize with peace of mind. Further, recognizing information security risk management as one of our most important management strategies, we will protect information assets from information leaks, unauthorized access, and a wide range of other threats. To ensure business continuity, we make efforts toward information security, personal information protection, the implementation of safety control measures for handling specified personal information (My Number, etc.), and comply with the Act on the Protection of Personal Information in all business activities.

#### Information Security Structure



#### List of Particularly Significant Risks (Top Risks) and Main Responses and Countermeasures (Information Security Only)

Risk items	Risk details	Main responses and countermeasures
4 System damage and cyberattacks	<ul style="list-style-type: none"> <li>Includes attacks from outside the system, unauthorized access, system failures or stoppage due to sudden increases in access attempts, and the leakage, destruction, or falsification of information or other data</li> </ul>	<ul style="list-style-type: none"> <li>Includes server reinforcement, decentralization and modernization, expanded communication line capacity, core system duplication, backup system maintenance, security enhancements, etc.</li> </ul>
5 Large-scale system development, capital expenditures, etc.	<ul style="list-style-type: none"> <li>Significant delays or suspension of system releases</li> <li>System and equipment obsolescence due to IT advances</li> <li>Insufficient or delayed impact of investments</li> </ul>	<ul style="list-style-type: none"> <li>Engagement in thorough preparation, meticulous planning and execution, and adequate verification of returns on investments</li> </ul>
6 Personal or confidential information leaks	<ul style="list-style-type: none"> <li>Personal or confidential information destruction, falsification, leakage, unauthorized provision to competitors, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Acquired information security management system certification (JIS Q 27001)</li> <li>Acquired PrivacyMark certification (JIS Q 15001)</li> </ul>

For all other critical risks (top risks) and main responses and countermeasures, please see the "Risk Management" section [P.69](#).