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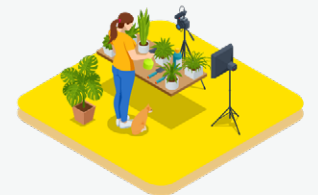
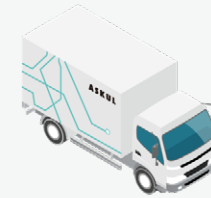
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Roundtable Discussion with Outside Directors

Supporting Further Evolution and Innovation



Naomi Aoyama
Outside Director,
Independent Officer

Genri Goto
Outside Director,
Independent Officer

Yumiko Ichige
Outside Director,
Independent Officer

Kazuo Tsukahara
Outside Director,
Independent Officer

ASKUL's four independent outside directors discussed their assessment and expectations of the Company's corporate governance, the benefits of a parent-subsidary listing, and the role the outside directors should play in the future.

Linking ASKUL's Evolved Board of Directors and Corporate Governance to Further Innovation

Aoyama: Since becoming a member of the Board of Directors last fiscal year, I have felt that discussions at ASKUL's Board meetings are very dynamic. In the fiscal year ended May 20, 2023, the Company performed extremely well in terms of both net sales and profits as it worked to achieve the goals of its Medium-Term Management Plan. Upon joining the Quality Management Committee, which underpins the implementation of the Medium-Term Management Plan, I felt a great sense of admiration for how thoroughly the committee quantifies data in regard to products and services. In addition, I have a strong impression that the steadfast attitude of employees toward building service systems will lead to good results. I believe that ASKUL's performance is sustained by its corporate culture and its attitude of flexibility and steady improvement, rather than rigid approaches to KPIs.

Goto: I feel that many developments have taken place at the Company since I was first appointed outside director. Now, younger personnel are actively driving business forward, and as well as speaking out with a sense of responsibility, they have become the ones standing on the front lines of operations and uniting the Company. I recognize that the current Medium-Term Management Plan, under the new structure headed by president and CEO Akira Yoshioka, serves to create a foothold for the transformation of ASKUL going forward, while sustaining the policies of the past. I believe that the Company's deserves a great deal of praise for achieving its numerical targets, as well as for the fact that it has now established a system that will give shape to the next era.

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Ichige: While we are focusing on the Medium-Term Management Plan, I think it is worth mentioning that this is the first of its kind in ASKUL's history. It is my understanding that the plan was developed using a method of accumulating growth forecasts based on current figures. While the plan's numerical targets cannot be achieved without considerable effort, I feel that the various strategies for achieving them tell a convincing story. To date, the plan's strategies have been implemented in line with this story and steady results achieved. I would like to express my respect for the executive management team for their hard work in this regard. Their efforts to resolve the issue of turning LOHACO profitable are particularly praiseworthy. The challenge for the future will be how to position the LOHACO business moving forward. In other words, how the Company can combine its B-to-B and B-to-C operations to enhance corporate value. I would like the Company to periodically review the Medium-Term Management Plan with this challenge in mind and incorporate this way of thinking into the conception of future plans.

Tsukahara: I have two points I would like to add to what has already been said. The first, is that in March 2022, the Company appointed four executive officers, three of whom are women. Their appointment has added significant youth to the senior management team. A passage from the famous book *Built to Last: Successful Habits of Visionary Companies* introduces the concept of "first getting the right people on the bus." The appointment of officers is a decision based on the rejuvenation and diversity of human resources who are willing to ride together on the "bus" to achieving the Medium-Term Management Plan. After that decision was made, I felt that this "bus" gained remarkable speed. However, the four individuals in question were originally selected as a



demonstration of the Company's intention for them to become parties to the plan's aim of enhancing corporate value. One of the criteria for electing officers is either innovation or creativity, and I hope that the four executive officers will demonstrate even more innovation in their second and subsequent years.

The second point I would like to make concerns the acquisition of FEED Corporation. I believe that there is still a lot of room for growth in e-commerce, and that it is important not to just grow based on ASKUL's market position, but to engage in activities such as M&A that will enable us to envision steps to take a leap forward. I believe that this acquisition is one such step.

Aoyama: In the sense that there are a number of younger members, this is the first time for me to be a part of such a diverse Board of Directors. It is great to see that there so many female executive officers and that everyone actively exchanges opinions. I am keenly aware that it is extremely important, even at the director and senior management levels, to firmly ensure generational diversity and create an environment in which everyone can perform to the best of their abilities.

Ichige: In terms of diversity, the Company has set a fairly ambitious target of achieving a ratio of female managers of 30% by 2025. Achieving this target will require significant effort, but this is where we expect the executive management team to deliver. I believe that achieving a diverse environment in which women make up 30% of all members involved in decision-making, the most important undertaking in corporate



management, will be an extremely important theme going forward.

Goto: Diversity will also play a huge role in innovation. In addition to the development of in-house personnel, I believe that ASKUL can strengthen its ability to generate innovation and foster a new corporate culture by expanding efforts to secure personnel from outside the Company who can look at its operations more objectively and from a bird's-eye view.

Disruptive Innovation Will Create the Pillars of the Next Generation

Aoyama: I also think that diverse human resources will be a source of disruptive innovation. I believe that truly harnessing such diversity and generating innovation by bringing forth various new ideas will be extremely significant for ASKUL going forward.

Tsukahara: The 30th anniversary of ASKUL's founding was a symbolic event. After 30 years, companies often go bankrupt, downsize, or stagnate. I think it is necessary to take a nonlinear approach to considering what ASKUL needs to survive both in the near future and five or six decades from now.

Goto: I feel that the Company is experiencing a kind of an innovation dilemma. ASKUL has achieved a high level of perfection in its operations, so it is difficult for employees to initiate businesses that do not live up to the same level of perfection. It is important for ASKUL to understand that there are numerous opportunities to learn from failures, and that trying out new ideas is important.

Aoyama: Right now, with the rapid expansion of truly disruptive innovations in generative AI, workstyles may no longer simply be an extension of the past. In the field of mail-order sales, it is also possible that offices themselves may change dramatically. We, too, are in a

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now-or-never situation in which we must keep pace with this disruptive innovation and seriously consider what the Company can offer in this regard. In other words, we need to think of what kind of services and products the Company can provide, and to what kinds of customers.

Goto: From the standpoint of disruptive innovation, I believe the last time that ASKUL made a bold decision was in the launch of LOHACO in 2012. LOHACO was aimed at creating a completely new B-to-C service by leveraging ASKUL's logistics network and collaborating with Yahoo Japan Corporation. Generating innovation in such a fiercely competitive red ocean market will

require a considerable amount of energy from the Company as it forges ahead. However, I believe that overcoming this hurdle will enable the promotion of ethical e-commerce, which will serve as a pillar for future generations.

Creating Benefits from Parent-Subsidiary Listings by Building Relationships of Trust with a Sense of Urgency

Ichige: LY Corporation was established in October 2023. From the perspective of ASKUL and its general shareholders, the greatest benefit of this parent-subsubsidiary listing is the potential to enhance corporate value through synergies with the companies in question and the corporate groups they are part of. As outside directors, we must thoroughly consider what kinds of synergies we can achieve based on the new structure. In terms of conflicts of interest, a permanent Special Committee monitors the framework for day-to-day control of such conflicts, and if an extraordinary conflict of interest arises due to reorganization or other reasons, the committee will examine the situation from the perspective of general shareholders, express its opinions,



and disclose the necessary information. It is also important for other bodies such as the Nomination and Compensation Committee and the Board of Directors to properly discuss any potential strategic conflicts of interest and not lose sight the purpose of the parent-subsubsidiary listing. We also feel that there are benefits in terms of corporate governance synergies that emerge from the monitoring function performed by the majority shareholder. A good example of this is when, at the time of the acquisition of FEED Corporation, an outside director of Z Holdings Corporation (now LY Corporation) clearly analyzed the associated risks and empha-

sized the importance of the post-merger integration (PMI) process based on his diverse M&A experience. In other words, I believe that synergies are also being achieved in the area of risk management.

Aoyama: We are given many opportunities to engage in dialogue with the senior management and outside directors of ASKUL's major shareholders, which I believe has enabled solid communication. I am pleasantly surprised that we are given the opportunity to have our opinions heard on an equal footing, rather than in a hierarchical relationship. In that sense, I think that, even more so than corporate governance, one great benefit of the parent-subsubsidiary listing is that a platform for appropriate communication has been ensured.

Goto: I believe that within LY Corporation, ASKUL's commerce capabilities, including supply chain and logistics functions from product development to last-mile transportation, which the Company has been perfecting to date, have

been outstanding. On the other hand, ASKUL is not yet at the forefront of the digital domain, but I believe that robust synergies are emerging within LY Corporation in this regard.

Tsukahara: I believe that a relationship of trust that has a sense of urgency is key in a parent-subsubsidiary listing. In the relationship between ASKUL and LY Corporation, in addition to the role of ASKUL's Special Committee, ASKUL is independent in the selection of directors and Audit & Supervisory Board members in the Nomination and Compensation Committee, while giving due consideration to its parent company. I believe that the establishment of such a system and the results accumulated therein are necessary to maintain a sense of urgency.

Supporting Innovation and Leadership through the Strengthening of Corporate Governance

Tsukahara: As outside directors, we have to perform our functions at Board of Directors' meetings and in our respective committees. I personally believe that what is required of directors is an understanding

of the liberal arts, which I will keep in mind as I speak out at Board meetings. On the other hand, what is expected of outside directors is to provide knowledge and expertise in relation to corporate strategy and human resource management as specified in the skills matrix. Our most important role is to ensure the development of a succession plan that promotes innovative talent to management positions and to create the pipeline of talent that ASKUL needs to continue to grow. Furthermore, I would like to continue to contribute to faithfully promoting business development in line with the Medium-Term Management Plan.



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Goto: I am truly impressed by the fact that LOHACO, which operates in a business domain that I have been involved in for many years, has become profitable despite being under an extremely harsh business environment. As ASKUL's operations are getting closer to completion when looked at from a bird's-eye view, we must continue to refine their good points. At the same time, by unlearning some of the knowledge and skills from our successful experiences from the past, we will closely monitor activities geared towards generating disruptive innovation.

Aoyama: Corporate governance is a key element of a company and serves as the foundation of management. In my view, the ultimate goal of corporate governance is to enhance corporate value. With this in mind, I would like the outside directors to assume the responsibility of operating a Board of Directors that spends more time on growth

strategies. I believe that corporate governance is about a trade-on relationship, not an undertaking that inhibits innovation and leadership. It is an endeavor that underpins better innovation and better leadership. As such, I will strive to strengthen ASKUL's corporate governance to enable the Company to achieve further growth.

Ichige: We evaluate the effectiveness of the Board of Directors annually, and one of the remaining challenges in this regard is engaging in strategic discussions with a long-term perspective. In addition to discussing to what extent the Company can generate disruptive innovation in order to achieve significant growth in the future, the outside officers must add depth to various discussions and strengthen ASKUL's offensive and defensive measures from multiple perspectives, based on the premise that the Company will inevitably encounter unknown risks. To aid in strengthening of such measures, it is necessary to conduct training to raise the literacy of officers, on topics such as how industry restructuring will proceed through M&A, in addition to industry and technology trends. In addition, market capitalization and shared prices are important factors in the enhancement of corporate value, and dialogue with investors is becoming even more important as a precondition for this. In the future, I believe that it will be also necessary for outside directors to actively engage in dialogue with investors.

Comment from President Yoshioka Following the Roundtable Discussion

**I have high expectations for
ASKUL's outside directors to
contribute to achieving
long-term significance.**



I often use the analogy of a camera lens to describe the significance of outside directors. It is not uncommon to watch a video of your own golf swing and feel that there is a gap between what you see and your senses at the time. Corporate management requires receiving opinions from objective external parties, including through third-party evaluations, in line with new standards—in other words, global standards. I believe that these functions are indispensable for ASKUL to grow and that they will reduce the risk of going off the right path. Furthermore, I would like to ask the outside directors to be prepared to remove the president from office at any time, with the primary focus being on the enhancement of ASKUL's corporate value. There has to be an atmosphere of “harmonizing with others and never flattering others,” in which outside directors feel they can point out things to us, ASKUL, without deferring to us. Until now, our corporate governance structure has been in the development stage, but I would like to call on all of the independent outside directors to work hard in the future to unlearn knowledge and skills from past successes and catalyze the forming of new ideas to achieve disruptive innovation and long-term significance.



Message from Independent Outside Audit & Supervisory Board Members



Yoshitaka Asaeda
Outside Audit & Supervisory
Board Member,
Independent Officer

ASKUL celebrated the 30th anniversary of its founding in the fiscal year ended May 20, 2023. In a sense, the fiscal year ending May 20, 2024 marks the first year of a new era for the Company.

As Japan's economic strength remains lackluster, there is a limit to how much the Company's businesses can continue to contribute to enhancing corporate value solely by extending their current course. For ASKUL to sustain its operations for another 30 years, it needs to break the mold of conventional wisdom and innovate ideologically, dynamically, and with a results-oriented mindset.

To this end, it is necessary for the Company to take a certain number of risks and adopt an offensive approach. A mechanism (corporate governance) is also needed to guide the Company on how to understand, evaluate, and control said risks. I believe that

being a part of the mechanism of corporate governance is where our significance as Audit & Supervisory Board members lies.

As an Audit & Supervisory Board member, I would like to focus on whether those charged with execution duties and the Board members have a proper grasp of risks and whether those risks are being controlled in the decision-making process.

ASKUL Corporation is a listed subsidiary, but has established the Special Committee, of which I am a member, from the viewpoint of protecting minority shareholders. The Special Committee is responsible for monitoring the fairness of transactions with parties such as dominant shareholders in times of ordinary operation, and if a conflict of interest between dominant shareholders and minority shareholders arises, it evaluates the fairness and impartiality of such

transactions independently from the dominant shareholders and the Company's executive committee.

ASKUL aims to achieve ethical e-commerce. Ultimately, I believe that being ethical is about being a "good neighbor." On an individual level, good neighbors respect each other's individuality and help and care for each other. On an organizational level, good neighbors act with consideration for society and the environment. When this is well-established as the corporate culture, or brand, of an entire organization, it is appreciated and loved by customers and greater society, which leads to the enhancement of corporate value. To this end, corporate governance is essential for ensuring that a company continues to have the right ideas, and that those ideas manifest themselves in the right actions.



Miyuki Nakagawa
Outside Audit & Supervisory
Board Member,
Independent Officer

This year, which marks the 30th anniversary of ASKUL's founding, is my second year as an Audit & Supervisory Board member.

Over the past year, I have participated in Board meetings, Audit & Supervisory Board meetings, and Risk and Compliance Committee meetings.

At Board of Directors' meetings, outside directors actively share their views on agenda items and, at times, propose items that they feel should be discussed by the Board of Directors. As such, I believe that ASKUL's corporate governance structure is functioning sufficiently.

The Audit & Supervisory Board conducts interviews with executive officers to identify the issues facing each division and exchange opinions on how to resolve them. In addition, we collaborate closely with the Internal Audit Division to promptly and accurately respond to issues discovered during audits.

In a dramatically changing business environment, it is becoming increasingly important to strike a balance between risk-taking and risk control to enhance corporate value and establish a sustainable business model.

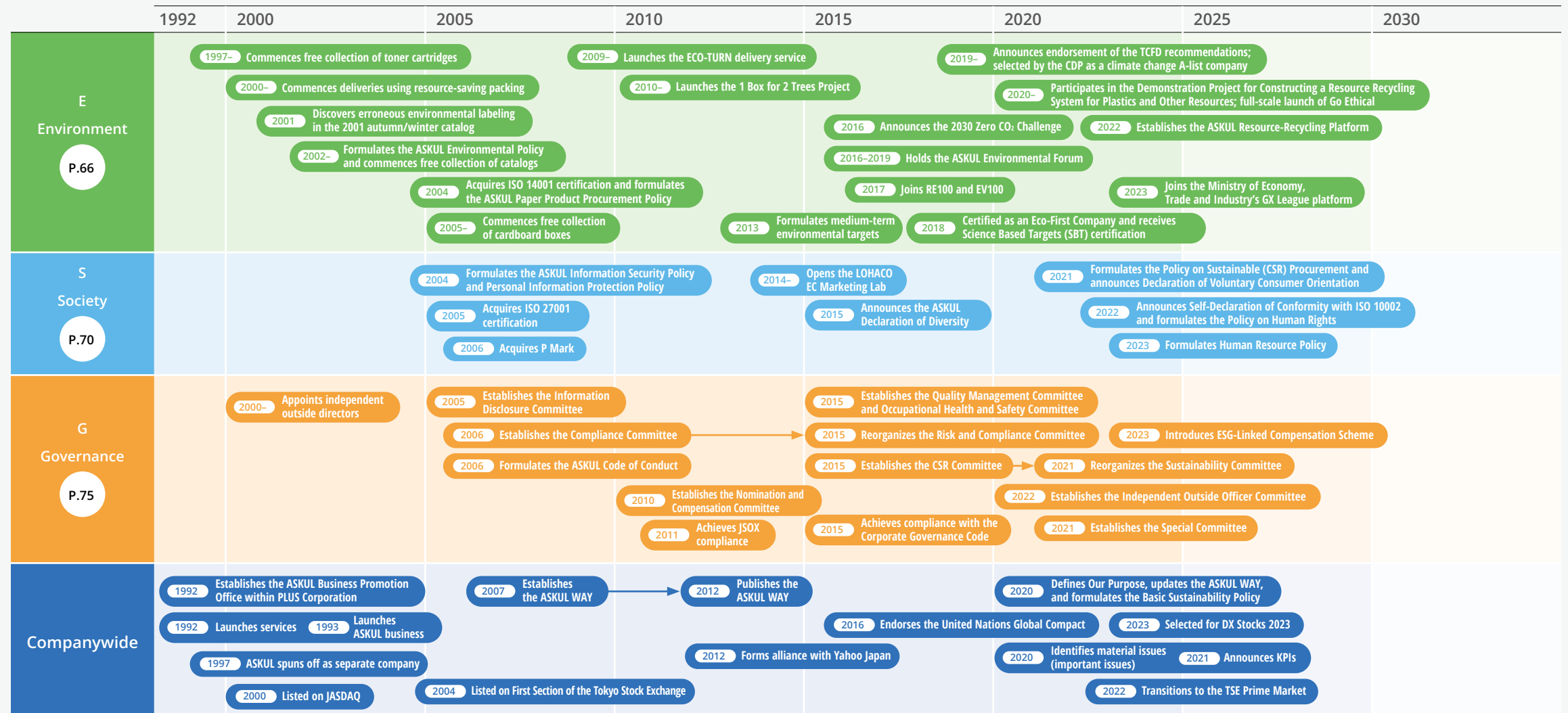
The fiscal year ended May 20, 2023 saw the expansion of Group companies, which included FEED

Corporation joining the ASKUL Group and the listing of AlphaPurchase Co., Ltd. Going forward, it will be necessary to further strengthen the functions of the corporate governance and auditing systems of the entire group.

In the fiscal year ending May 20, 2024, as an outside Audit & Supervisory Board member, I intend to work to expand and strengthen the auditing system not only for ASKUL itself but also for its subsidiaries.

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 passing on a better global environment to future generations through our business activities as a company that continuously brings delight to 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 CO₂ 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.

• Conserving 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.

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 natural forests 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 materials used in packaging products (a reference to the numerous packing materials included in deliveries) has led to resource-recycling initiatives aimed at conserving and more efficiently using resources.

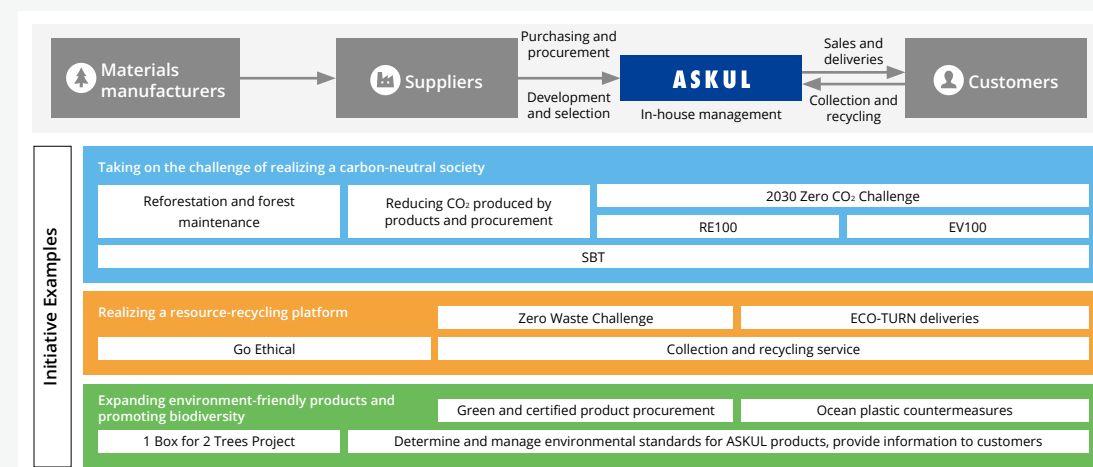


Environment-Friendly Products and Biodiversity

Erroneous environmental labeling has led to more accurate information management and a wider range of environment-friendly products, and the concerns of an environmental NGO about forest resources have led to sustainable procurement and biodiversity initiatives.

▶ ASKUL Eco-Platform

Our goal is to create the most efficient and environment-friendly distribution platform, for the increased positive environmental impact of using ASKUL.



▶ 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
Take on challenges to realize a carbon-neutral society	ASKUL Group 2030 Zero CO ₂	<ul style="list-style-type: none"> Achieve 2030 Zero CO₂ Challenge 2030 Advance reforestation and other CO₂ absorption efforts Provide environment-friendly delivery methods to customers 	2030 Plan preparation in progress Plan preparation in progress
	Reduce CO ₂ emissions throughout supply chain	<ul style="list-style-type: none"> SBT goal: Reduce Scope 3 CO₂ emissions 12% Complete visualization of product CO₂ and reduction contribution calculations 	2030 2025
Realize a resource-recycling platform	Realize and implement resource-recycling services	<ul style="list-style-type: none"> Create, launch, and expand resource-recycling services 	2025
	Zero Waste Challenge	<ul style="list-style-type: none"> Achieve zero product waste 2030 Achieve 100% recycled packing materials* 	2030 2030
Conserve biodiversity	Expand number of certified products handled	<ul style="list-style-type: none"> Expand certification of wood and paper products 	Plan preparation in progress
	Implement ocean plastic pollution issue countermeasures	<ul style="list-style-type: none"> 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.93-95](#)

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 CO₂ reductions throughout the supply chain.

2030 Zero CO₂ Challenge

In July 2016, we announced the 2030 Zero CO₂ Challenge at ASKUL Environmental Forum 2016. In November 2017, we simultaneously participated in RE100*¹ and EV100*² 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

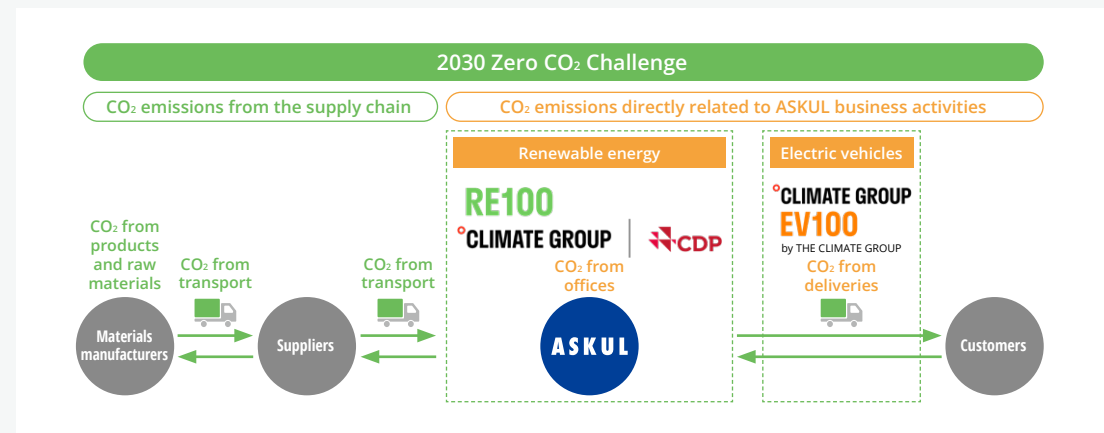
▶ EV100

• 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

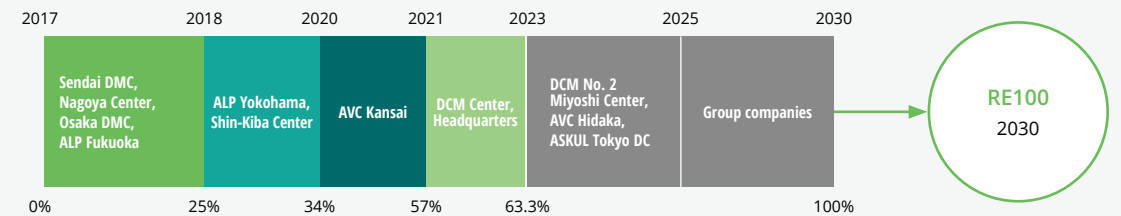


Introduction of Renewable Energy

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

As of the end of May 2023, eight distribution centers and the Toyosu Headquarters had converted to renewable energy, bringing the Group's overall renewable energy usage rate to 63.3%.

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 shipping 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 CO₂ emissions emitted when charging and driving electric vehicles.



Left: Mitsubishi Fuso Truck and Bus Corporation eCanter
Right: Mitsubishi Motors MINICAB MiEV



Response to TCFD Recommendations

Information Disclosure Based on the 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 division heads from each business, 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 comprise 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 below 2°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 ₂ emissions tax	-	○
		Regulations	• Higher product costs in line with regulatory compliance and material switchovers	-	●
	Products and services	Changing customer orientation	• Low product costs prioritized over environmental performance	●	-
	Technologies	Low-carbon technologies	• Higher vehicle procurement costs	-	○
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	○	○
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	-	○

● 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.

 ESG Data Collection

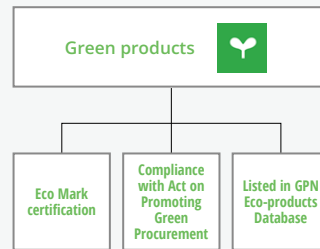
Environment-Friendly Products and Initiatives Related to Forest Resources

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 (GPN) 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 approximately 34,000 products listed in *ASKUL Catalog 2023*, about 14,000 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.

▶ 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.

Initiatives Related to Forest Resources

▶ Tsumagoi Village Forest Maintenance Agreement

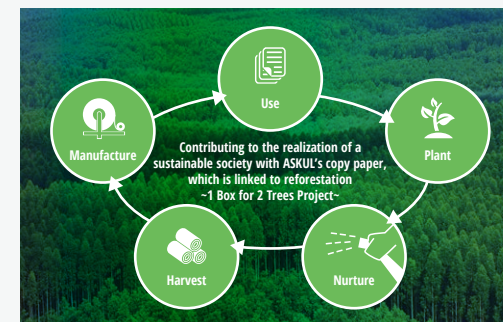
In August 2023, ASKUL Corporation, Tsumagoi Village, and TSUMAGOI MEISUI CORPORATION signed a joint agreement to engage in forest maintenance in Tsumagoi Village, Agatsuma-gun, Gunma Prefecture.

In recent years, social concern about water resources has increased and there is a need for forests to absorb CO₂ and restore biodiversity. In addition, since ASKUL sells groundwater obtained by TSUMAGOI MEISUI as mineral water, the Company has decided to participate in the forest maintenance of Tsumagoi Village.

Through these activities, we hope to improve water source cultivation and contribute to conserving and restoring natural resources in Tsumagoi Village. We will continue to engage in activities to realize a sustainable society through dialogue and cooperation with municipalities, local communities, and private companies.

▶ 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 **220.14 million trees**

October 2010–August 2022



Industrial Reforestation Report

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

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



ASKUL

Shareholders and investors



Communities and society



Global environment



Stakeholders	Examples of communication and measures
Customers	<ul style="list-style-type: none"> ▶ Customer inquiries and interaction through social media networking ▶ Furniture showroom tours ▶ Fitting Our Lifestyles LOHACO Exhibition <p style="text-align: right;">P.74</p>
Shareholders and investors	<ul style="list-style-type: none"> ▶ Annual General Meeting of Shareholders ▶ Earnings announcements and retail investor briefings
Partner companies (business partners)	<p>Suppliers</p> <ul style="list-style-type: none"> ▶ Product quality improvement efforts ▶ Promotion of sustainable procurement and conducting of CSR procurement and auditing <p style="text-align: right;">P.71</p> <hr/> <p>Agents (sales agencies)</p> <ul style="list-style-type: none"> ▶ Agent conferences ▶ ASKUL Agent Awards
	<p>Delivery partners</p> <ul style="list-style-type: none"> ▶ Delivery Partner Awards ▶ White Logistics* initiative <p style="text-align: right;">P.72-73</p>
	<p>Employees</p> <ul style="list-style-type: none"> ▶ Employee Satisfaction Survey and Labor Management Committee ▶ Employee evaluations, interviews, and career self-assessments ▶ Various levels of engagement (CEO town hall meetings, etc.) <p style="text-align: right;">P.71</p>
Communities and society	<ul style="list-style-type: none"> ▶ Communication with local communities at each business site ▶ Cooperation with and support of NPO and NGO activities ▶ Cooperation with policies and agreements and coordination of disaster-response agreements with municipalities

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 were codified in the formulation of the ASKUL Group Policy on Human Rights in February 2022.

▶ 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

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
- Dialogue 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 2023)

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)

Strengthening Human Capital

Human Resource Policy We expect employees to learn and challenge themselves based on their shared understanding of the ASKUL WAY, to co-create with individuals with diverse personalities, and to create new value. In turn, we will fairly reward employees for their achievements and actions.

ASKUL WAY / Our Purpose, Values, and DNA

Companywide strategy

Overview of our human resource strategy

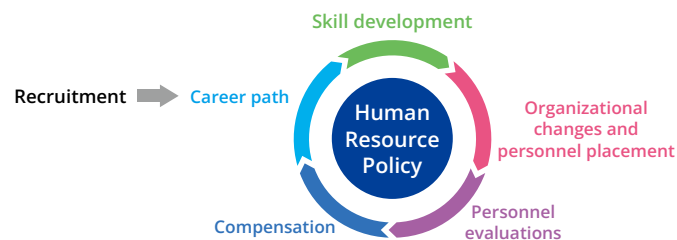
Human resource development to support sustainable corporate activities



Promote diversity where individuals can demonstrate their abilities



Innovate through personnel who proactively take on new challenges



Healthy management that allows safe and secure work both physically and mentally

Healthcare and work environment

Initiatives through 2030

ASKUL has put forth the development of human resources to support sustainable corporate activities one of its material issues, and is promoting diversity where individuals can demonstrate their abilities and to innovate through personnel who proactively take on new challenges, as well as focusing on creating a foundation for healthy management that allows safe and secure work both physically and mentally.



Promote diversity where individuals can demonstrate their abilities

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.

Cultivating a corporate culture and awareness for realizing Diversity and Co-Creation and Innovation and Speed

Promoting the advancement of women and measures for improving the ratio of female managers

- ▶ Announcement of the "2530" target (30% women in managerial positions by 2025)
- ▶ Development of next-generation leaders, including executive officer candidates

Providing opportunities for self-realization and support for career development

- ▶ Lifestyle support leave system: Employees can utilize educational support leave, volunteer support leave, and second life support leave
- ▶ Employee-selected workstyle system: Employees can work until the age of 70 in accordance with the days of the week and business hours selected by the employee at age 60

Supporting work-life balance

- ▶ Nursing care leave and shorter working hours for nursing care systems: Leave can be taken for up to one year per family member
- ▶ Childcare leave system: Paid leave can be taken from birth until the child's second birthday / Introduction of childcare at birth leave system for new fathers
- ▶ Shorter working hours for childcare system: Can be utilized until April 20 of the fourth year of elementary school
- ▶ ASKUL Thanks Holiday: Special paid leave can be taken for five or 10 days after working continuously for five or 10 years, respectively

Flexible Workstyles

- Workstyles independent of time and location
- ▶ Teleworking system: Applies to all employees. Limitations on frequency of use were removed in 2020
 - ▶ Flextime system: Core hours were eliminated in 2020
 - ▶ Other efforts include the digitalization of approval seals and the expansion of online meeting facilities

Strengthening Human Capital



Innovate through personnel who proactively take on new challenges

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.

Human resource development meeting (held twice a year)

This meeting provides a forum for discussion on strategic personnel placement and systematic human resource development with the aim of realizing management strategies.

Development of digitally literate personnel

As of May 20, 2023, 18.6% of all employees have completed the Data Science Course, which is part of the ASKUL DX ACADEMY. We aim to achieve a graduation rate of 30% by May 20, 2025.

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.

Dual employment (secondary work outside the company)

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.

Promotion of independent learning

We support each employee to think about the skills they will need in the future and to learn independently.

- ▶ Learning support system
- ▶ ASKUL DX ACADEMY

Line Yahoo (LY) Academia / Sustainability Academia

LY Academia, a corporate university for LY Corporation and its group companies, aims to realize business growth and synergies through the gathering and exchange of knowledge. Sustainability Academia, which opened in May 2022, aims to balance social and corporate sustainability through literacy improvements and other efforts.

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.

Others

- ▶ Career design training
- ▶ ASKUL WAY Award (in-house award system)
- ▶ Level-, specialization-, and theme-based training
- ▶ Seminars (nursing care, financial planning, etc.)



Healthy management that allows safe and secure work both physically and mentally

Creating an environment in which employees can work with peace of mind and good mental and physical health is the foundation for continuing to bring delight to our customers. ASKUL implements health and productivity management while flexibly responding to changes in workstyles.

Health and safety and health management systems

- ▶ Establishment and appointment of a chief human relations & healthcare officer (CHO)
- ▶ Monitoring and supervision by the Occupational Health and Safety Committee
- ▶ Work site status confirmation and support conducted through the Health Committee and Labor Committee
- ▶ Employee health management and measures promoted by the Health Care Team

Creating a safe, secure, and comfortable work environment

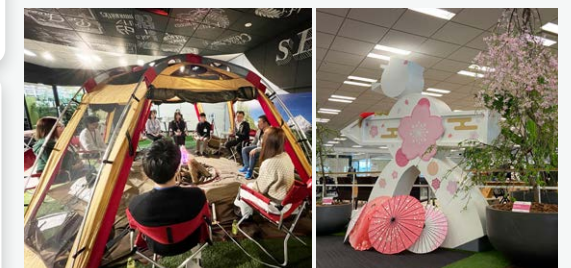
- ▶ Cafés and employee cafeterias: In addition to café spaces (headquarters) that can be used anytime, some distribution centers provide nutritionally balanced meals to employees at no cost
- ▶ Masks, disinfectant, and antiseptic mouthwash are always available throughout the Company

Initiatives for enhancing employee engagement

- ▶ One-on-one (growth) meetings
- ▶ 360-degree feedback
- ▶ CEO town hall meetings
- ▶ Engagement surveys
- ▶ Club Activities/Supporter Program

Mental and physical care for employees (health management)

- ▶ 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
- ▶ Kokoresuto public health nurse consultations: Available as a casual consultation service for preventive purposes
- ▶ 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
- ▶ Wellness Room: Employee acupuncturists and practitioners of moxibustion are available for low-cost massages



CEO town hall meeting

Seasonal decorations and trees help to spark communication

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

(Self-Declaration of Compliance with ISO 10002)

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

In the fiscal year ended May 20, 2023, the first year after the declaration, we strengthened our training for customer service and strived to foster a culture in which customer feedback is further linked to the improvement and evolution of our products and services.

Improvement Activities Based on Customer Feedback

ASKUL regards the quality of its customer service as a key management indicator. We hold a Quality Management Committee meeting every month, attended by the president and CEO and other members of management, to discuss quality improvements. Among the issues discussed, 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.

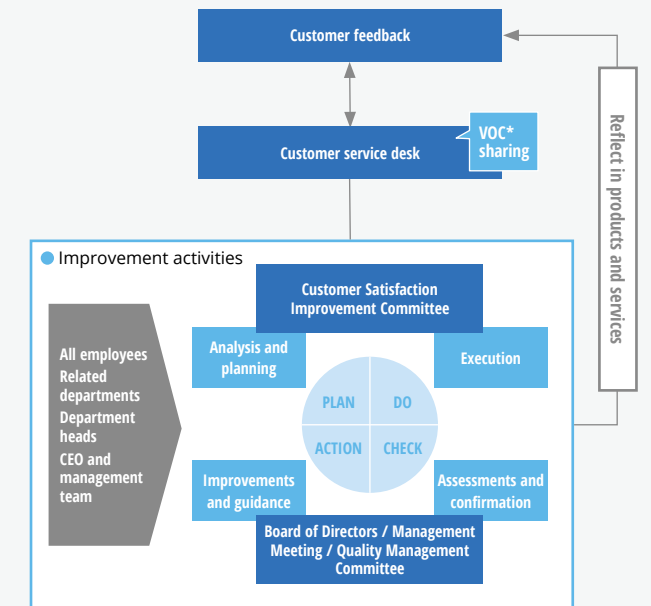
Cultivating Corporate Culture and Awareness

Daily customer feedback received by the Customer Service Desk is compiled and shared internally through the Opinion Digest and through Product Requests. ASKUL also created the VOC Portal website to provide customer feedback on issues in various areas. In the fiscal year ended May 20, 2023, we held a VOC seminar, inviting lecturers from other companies to present examples of improvement activities implemented by other companies based on customer feedback.

Voluntary Consumer-Orientation Declaration

Having endorsed the Consumer-Oriented Management initiative promoted by the Consumer Affairs Agency, we formulated and promote efforts under the ASKUL Voluntary Consumer-Orientation 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." In January 2023, Go Ethical, our initiative to eliminate waste loss in the world and deliver savings to consumers and businesses, jointly received the Consumer Affairs Agency Director General Award along with 20 suppliers.

PDCA Cycle Based on Customer Feedback



* VOC: Voice of customer

Directors and Audit & Supervisory Board Members (as of October 31, 2023)



Yoshitaka Aŕaeda*

Kazuo Tsukahara*

Shinichi Hokari

Akira Yoshioka

Yumiko Ichige* (seated)

Genri Goto*

Toshio Imamura

Tadahisa Imaizumi (seated)

Naomi Aoyama*

Tsuguhiro Tamai

Katsuhiro Kawamura

Hironori Koshimizu

Miyuki Nakagawa* (seated)

*Independent outside officer

Directors and Audit & Supervisory Board Members (as of October 31, 2023)

Directors



Akira Yoshioka
Representative Director, President and CEO*1



Tsuguhiro Tamai
Director, CFO*2
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*3
Executive Officer of ASKUL Sales Unit
Important Concurrent Positions
• President and Representative Director, SOLOEL Corporation



Shinichi Hokari
Director, CTO*4
Executive Officer of EC Product Unit



Yumiko Ichige
Outside Director, Independent Officer
Important Concurrent Positions
• Partner, Nozomi Sogo Attorneys at Law
• Outside Audit & Supervisory Board Member, Idemitsu Kosan Co., Ltd.
• Outside Director and Audit & Supervisory Board Member, Hitachi Astemo, 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



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



Tadahisa Imaizumi
Part-Time Director
Important Concurrent Positions
• President and Chief Operating Officer, PLUS Corporation



Hironori Koshimizu
Part-Time Director
Important Concurrent Positions
• General Manager, Commerce Company Business Promotion Unit, LY 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
• Representative, Kousui Law Office
• Outside Director, NITTO KOGYO CORPORATION
• Outside Director, Nissan Chemical Corporation
• Outside Audit & Supervisory Board Member, FANCL CORPORATION
• Outside Audit & Supervisory Board Member, Shinsei Bank, Limited

*1 Chief executive officer
*2 Chief financial officer
*3 Chief operating officer
*4 Chief technology officer

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.

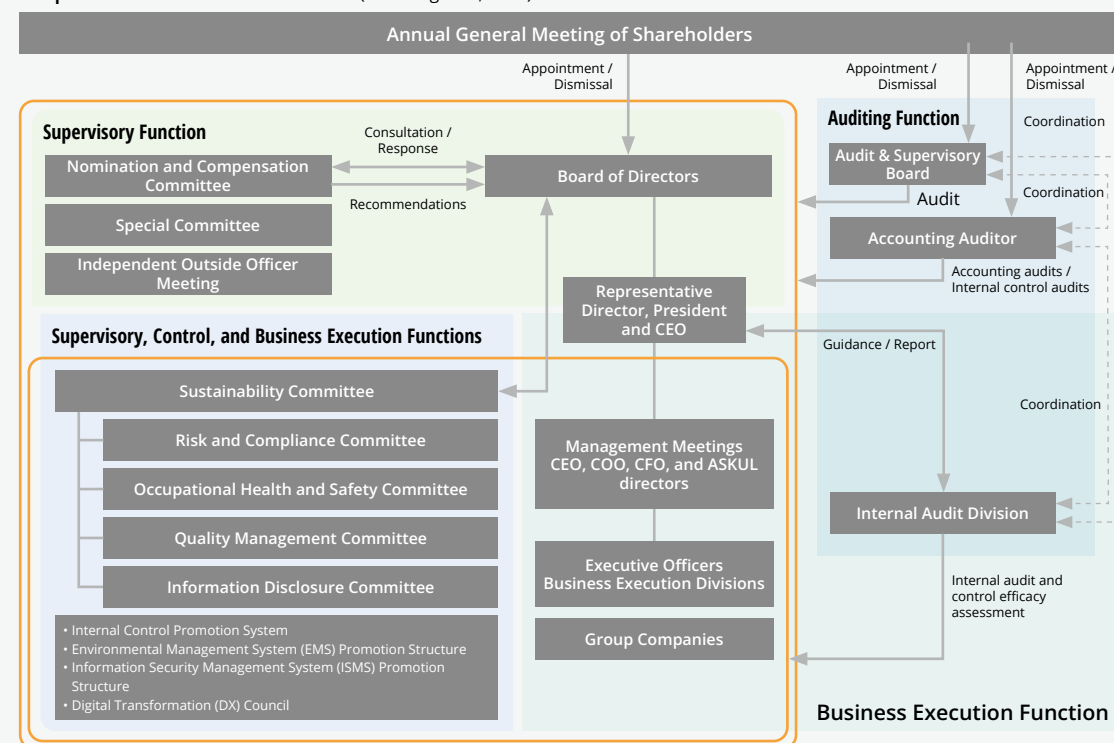
Audit & Supervisory Board Composition and Accounting Auditor

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, 2023)



Corporate Governance

Current Committee Compositions

As of August 4, 2023

Committee name	Directors										Audit & Supervisory Board members			Executive officers and other members	Overview and activities	Number of meetings in FY5/2023
	Akira Yoshioka	Tsuguhiro Tamai	Katsuhiro Kawamura	Shinichi Hokari	Yumiko Ichige	Genri Goto	Kazuo Tsukahara	Neomi Aoyama	Tadahisa Imaizumi	Hironori Koshimizu	Toshio Imamura	Yoshitaka Asaeda	Miyuki Nakagawa			
					Outside Independent	Outside Independent	Outside Independent	Outside Independent	Part-time	Part-time		Outside Independent	Outside Independent			
Supervision	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.)	14
	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)	3
	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)	4
Supervision, control, and execution	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
	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
	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.
Execution	Management Meeting	◎	○	○	○									□	Chaired by the president and CEO, these meetings are held to carefully examine and decide on proposals related to business execution.	36

◎ Chair ○ Member ■ Advisor □ 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, 2023

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.
Katsuhiko 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, CTO			●					●			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).
Yumiko Ichige Outside Director	Outside Independent	●						●	●	●	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	Outside Independent	●	●	●	●			●			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	Outside Independent	●				●			●		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	Outside Independent	●	●	●							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 Part-Time Director	Part-time	●							●		Mr. Imaizumi strives to ensure management stability by strengthening relationships with major shareholders, and 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.
Hironori Koshimizu Part-Time Director	Part-time		●					●			Mr. Koshimizu has been appointed for his potential to create Group synergies owing to his high level of expertise and corporate management experience in the fields of internet business and e-commerce, as well as his past responsibilities at the Company.
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	Outside Independent					●	●				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, has served as an outside director and outside audit & supervisory board member in several companies to date.
Miyuki Nakagawa Outside Audit & Supervisory Board Member	Outside Independent	●								●	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 comprises entirely 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 resolution at the Board of Directors.

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 members to dedicate sufficient time to fulfilling their responsibilities as an ASKUL Audit & Supervisory Board members.

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, its parent company, or subsidiary executive officers, directors, or Audit & Supervisory Board members
- E Major ASKUL shareholders
- F ①Close relatives of persons described in A-E, ②ASKUL, its 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 has formulated the 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.

Corporate Governance Report: Policy on Ensuring Shareholder Rights and Equality

Stocks Held for Strategic Purposes

ASKUL has formulated and manages the Policy on Ensuring Shareholder Rights and Equality, and as of May 20, 2023, 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.

Basic Policy on Information Disclosure and Dialogue with Shareholders

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
 - Comprises 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 the 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 September 2023)

Corporate Governance

Evaluating the 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 annually since 2015, targeting all directors and Audit & Supervisory Board members.

▶ Evaluation Method and Process

The latest evaluation was conducted by questionnaire in April 2023 and, based on the results of questionnaire analysis and other factors, we evaluated the overall effectiveness of the Board of Directors.

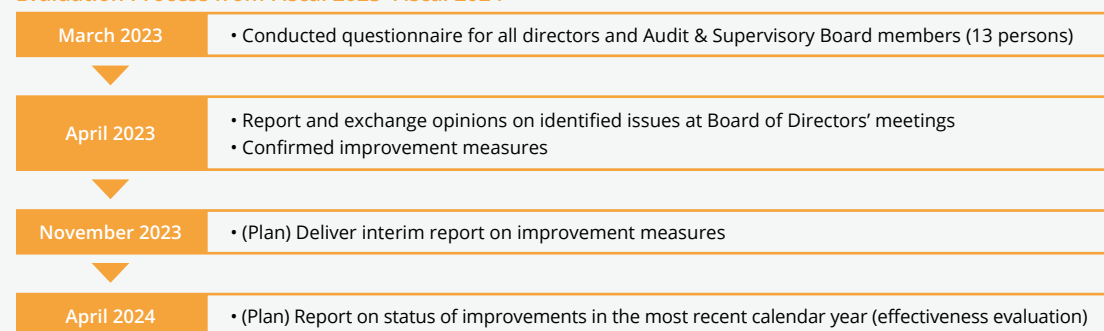
The questionnaire includes multiple questions on each of the following items to assess the effectiveness of the Board of Directors, with responses rated on a five-point scale. Multiple-choice answers and space for free comment is provided for each item.

By having directors include their names on the questionnaire, the Company aims to stimulate discussions at Board meetings and conducts analysis and evaluation according to the attributes of the Board members (inside and outside directors and Audit & Supervisory Board members).

Main Questionnaire Items (approximately 40 questions)

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

Evaluation Process from Fiscal 2023–Fiscal 2024



▶ Issues identified in the previous evaluation and progress of measures taken

- 1) The Board expressed a desire for feedback on the opinions and issues raised by outside directors. The list of issues addressed is updated at the end of each Board of Directors' meeting, and internal measures are being promoted in cooperation with relevant departments.
- 2) The Board expressed its wish to promote the distribution of materials prior to meetings to enable sufficient discussion of particularly important issues. Measures have been taken to expedite the advance distribution

of materials, including the simplification of the materials themselves. The sharing of meeting minutes has been brought forward to enable Board members to review the details and results of discussions.

- 3) The Board expressed its desire to conduct observation visits to the Company's distribution centers to promote understanding of the logistics business.

Visits were made to ALP Yokohama and AVC Kansai in 2021 and 2022, respectively, and visits to ALP Fukuoka and Tokyo DC are planned in the fiscal year ending May 20, 2024.

▶ Results of the effectiveness evaluation

In the latest evaluation (April 2023), the Board of Directors was found to be effectively fulfilling its responsibilities and roles in light of the following: 1) the Board comprises diverse members and is capable of ensuring effective and appropriate management oversight functions with checks from independent outside officers; and 2) the Board engages in dynamic and constructive deliberations by utilizing the knowledge and experience of each Board member.

▶ Issues identified and measures for improvement

Opinions and issues extracted from the questionnaire results, as well as initiatives and policies for addressing and improving upon each issue, are listed below.

- 1) Members requested that sufficient time be set aside for deliberations, and that time be allocated for discussions on growth strategies and other issues. In response, the following improvements will be made.
 - (i) A regular pre-briefing time will be scheduled, and separate discussions held depending on the topic at hand.
 - (ii) Opportunities will continue to be provided for the Board of Directors to deliberate on strategic matters without the need to reach conclusions.
 - (iii) Time will be allocated to agenda items according to their importance to ensure that sufficient time is available for discussion.
- 2) While some Board members commented that the ratio of independent outside directors to directors is well-balanced, others said that a majority of the Board should comprise outside directors. At the Board of Directors' meeting where the results of the effectiveness evaluation were reported, opinions were exchanged from the perspective of controlling conflicts of interest in listed subsidiaries and making appropriate decisions on investment criteria and investment strategies for investors, and discussions will continue at Nomination and Compensation Committee meetings and the Independent Outside Officer Meeting.
- 3) A forum will be provided for the Board to discuss other matters related to the nomination and compensation of officers as reports are received from the Nomination and Compensation Committee, thereby enhancing discussions on such matters at Board meetings.

▶ Future measures and schedule

Going forward, an interim report will be delivered at the Board of Directors' meeting in November 2023 to confirm and discuss progress made in regard to the abovementioned improvement policies in the first half of the fiscal year and outline plans for measures to be taken in the second half of the fiscal year.

For the next effectiveness evaluation, scheduled to take place in spring of 2024, we will consider evaluation methods that involve independent officers and the enlisting of a third-party organization to establish a system that can guarantee greater objectivity. We plan to report on this at the Board of Directors' meeting in April 2024, along with a summary of the current fiscal year's effectiveness evaluation.

Corporate Governance

Topic

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

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

Monetary Compensation

Comprises basic compensation as fixed-portion (monthly compensation) and performance-linked compensation as follows:

- 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 (with 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 the sustainable enhancement of the Group's corporate value, ASKUL makes the achievement of certain performance conditions a requirement for the lifting of transfer restrictions. From the fiscal year ending May 20, 2024, in addition to the previous restricted stock compensation (with performance provisos), additional restricted stock compensation (with ESG provisos) will be granted in order to further ensure the effective achievement of ESG goals.

Introduction of an ESG-Linked Compensation Scheme

ESG-Linked Compensation Scheme for ASKUL Directors and Managers

In August 2023, ASKUL introduced a stock compensation scheme that makes the achievement of ESG indicators a requirement for the lifting of transfer restrictions for managers and other employees at the level of general manager or above, including ASKUL directors and executive officers, to increase the effectiveness of efforts to address ESG issues.

The Company has adopted four criteria (five, including governance, for directors) related to its material issues (important issues) for ESG indicators.

▶ 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"> • Medium- to long-term incentive • Share value with shareholders • Motivation to achieve loftier goals 	<div style="border: 1px solid black; padding: 5px;"> Provisos for the lifting of transfer restrictions Performance provisos: Achievement of either consolidated net sales or consolidated operating profit targets ESG provisos: Achievement of the ESG indicators set by the Company </div>	3 (3.3%)
Monetary Compensation	② Performance-linked compensation (Variable portion) (Remitted as an executive bonus)	A Annual performance target achievement level × B Individual evaluation	<ul style="list-style-type: none"> • Performance-linked compensation varies in accordance with the rate of achievement for consolidated EBITDA target • Reason for adopting this indicator: To secure profits while actively executing the necessary investments 		24 (22.7%)
	① Basic compensation (Fixed portion) (Remitted as monthly compensation)	Determined individually based on market levels and expected role			79 (74.0%)

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

▶ Outside Director and Outside Audit & Supervisory Board Member Compensation

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

Corporate Governance

Group Governance

▶ Approach and Policy on Group Management

The Company has a listed subsidiary, and the Group's basic policy regarding group management is to strengthen group strategies with federal management to solve social issues, and in accordance with this basic policy, the Group will ensure that individual corporate entities have freedom in their management, share a mission to solve social issues, and moreover, will build a governance structure to achieve this goal and provide the highest value to various stakeholders through the collective strength of the Group.

▶ Measures to Ensure the Effectiveness of Governance Systems of Listed Subsidiaries

The Company recognized that it is important for the listed subsidiary to enhance its corporate value over the medium to long term and to maximize the common interests of all shareholders, including minority shareholders and the Company, and with this perspective in mind, the Company decides to exercise voting rights for each proposal of the listed subsidiary.

In addition, the Company has established the Affiliated Companies Management Regulations for the purpose of management of investees, etc., and requires prior approval or reporting to the Company regarding important decisions made by subsidiaries, including affiliated companies, etc. However, the Company does not require prior approval of listed subsidiaries that would affect the independence of such listed subsidiaries, and makes effort to ensure that it does not unfairly restrict the decision-making of each company.

In the unlikely event that a difference of opinion arises between the two companies with respect to any proposals, the Company will promptly cooperate with independent officers of listed subsidiary AlphaPurchase Co., Ltd., and make the final exercise of voting rights from the perspective of protecting minority shareholders. The Company believes that communication between the two companies is extremely significant in order to prevent differences in policies and views and conflicts of opinion. In addition to nominating one officer or employee of ASKUL as a candidate for director, the Company will promote regular dialogue between the two CEOs, communication between senior management, and close communication with each other down to the administrative level in the Corporate Planning Division, aiming at maximizing synergies.

▶ Significance of Having Listed Subsidiaries

The significance of the Company having listed subsidiaries is as follows. The Company believes that the listed subsidiaries, while being evaluated in the stock market, should be able to maintain good relationships with their customers, business partners, employees, and other stakeholders and engage in their businesses, and that autonomous management taking into consideration the interests of minority shareholders will contribute to the growth of each company's business and enhancement of its corporate value, and ultimately to the enhancement of the overall corporate value of the Group.

AlphaPurchase Co., Ltd.: Engages mainly in the MRO business for B-to-B business and facility management (FM) business. As the use of internet mail-order sales has been expanding in Japan, the Company believes that while maintaining the independence and autonomy of the company as a listed company, collaborating with other Group companies as a member will contribute to the enhancement of the overall corporate value of the Group.

▶ LY Corporation, the Company's Other Affiliated Company

LY Corporation, the Company's other affiliated company, holds 45.0% of the voting rights of the Company; however, the company respects the fact that the Company operates as an independent listed company maintaining independence in its business operations, and although there are some concurrent director positions and acceptance of dispatched directors from the company as described below, the number of such positions is small. Since LY Corporation holds 45.0% of the voting rights of the Company's shares, the Company is included in the scope of consolidation of the company under International Financial Reporting Standards (IFRS). The Company has approved such a situation on the premise of enhancing value for all stakeholders (customers, shareholders, business partners, and employees) and maintaining independence of business operations as a listed company.

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, and is 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.

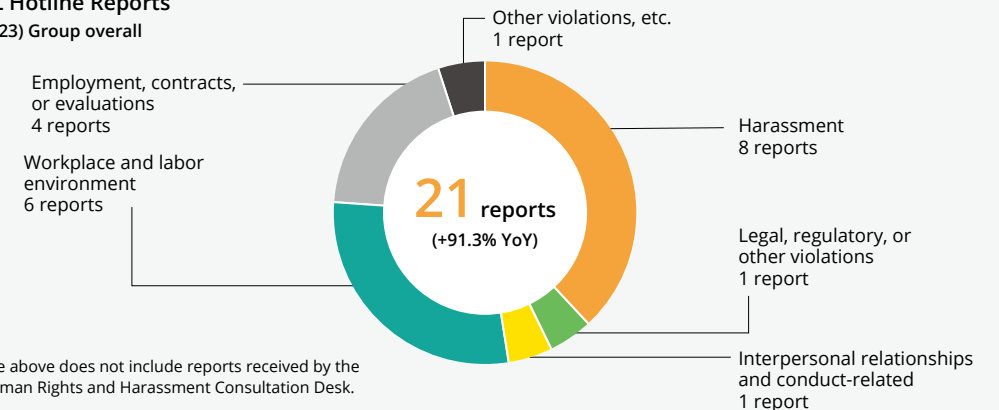
ASKUL employees can use the ASKUL Hotline, which is separate from regular business lines, to report or inform in the event they discover inappropriate conduct, such as violations of laws and regulations, as well as violations of the duty of confidentiality or unfavorable investigation or treatment of 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 resources, 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 (FY5/2023) Group overall



Note: The above does not include reports received by the Human Rights and Harassment Consultation Desk.

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 significant 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
Common risks Concerns and countermeasures	<ul style="list-style-type: none"> Significant costs or losses incurred due to direct damage, legal liabilities, and other factors Loss of public trust or damage to reputation due to degradation or suspension of business and services 	<ul style="list-style-type: none"> Invest in requisite management resources
1 Employee life, health, and work-related injuries, etc.	<ul style="list-style-type: none"> Loss of human resources, including employee life and health, due to accidents, disasters, and long working hours 	<ul style="list-style-type: none"> Maintain and manage vehicles and other equipment, implement thorough safety training Conduct thorough disaster prevention measures, manage working hours
2 Business continuity and supply chain fragmentation*	<ul style="list-style-type: none"> Occurrence of more widespread and serious natural disasters than anticipated, such as a Nankai Trough earthquake, large-scale outbreak of infectious diseases, damage from fires and other disasters, supply chain fragmentation, etc. Risks related to the business continuity of partner companies 	<ul style="list-style-type: none"> Establish multiple bases handling orders and inquiries and several distribution centers Conduct ongoing review of business continuity plan Conduct periodic inspections of fire prevention equipment and management structure enhancements Maintain good relationships with partner companies
3 Changing global conditions, including wars, economic sanctions, and other threats	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Request that suppliers establish stable product supply systems Implement supply chain revisions, including changes that include transitioning to the manufacture of products within Japan
4 - 6	Note: For information on system failures, personal or confidential information leaks, or related issues, please refer to Information Security P.87 .	
7 Reputation risk associated with violations of laws and regulations and failure to adapt to social demands	<ul style="list-style-type: none"> 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"> Formulate and ensure thorough compliance with the ASKUL Code of Conduct (Code of Ethics and Conduct) Create and manage compliance systems and mechanisms Ensure an appropriate understanding of education and awareness activities, legal reforms, and other issues, implementing necessary measures Promote proactive efforts to resolve global social issues Develop and manage internal controls related to financial reporting based on the Financial Instruments and Exchange Act
8 Inadequate retention or training of human resources	<ul style="list-style-type: none"> Failure to retain human resources, declining retention rate Inability to develop human resources capable of responding to change, value of human labor becoming obsolete 	<ul style="list-style-type: none"> Implement human resource development measures and mechanisms improving employee motivation Improve employee retention by promoting workstyle reforms and improving the working environment Promote diversity, respecting differences that include gender, age, race, and nationality Introduce and develop a human resource evaluation system supporting the taking on of challenges for growth and change
9 Business model obsolescence / failure to adapt to changing business environment	<ul style="list-style-type: none"> Delayed business model transformation, customer defection Delayed response to legal and institutional changes 	<ul style="list-style-type: none"> Develop human resources to promote innovation and transformation, introduce and develop human resource evaluation systems Early detection and timely response to legal and institutional changes

* 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 [P.68](#).

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.

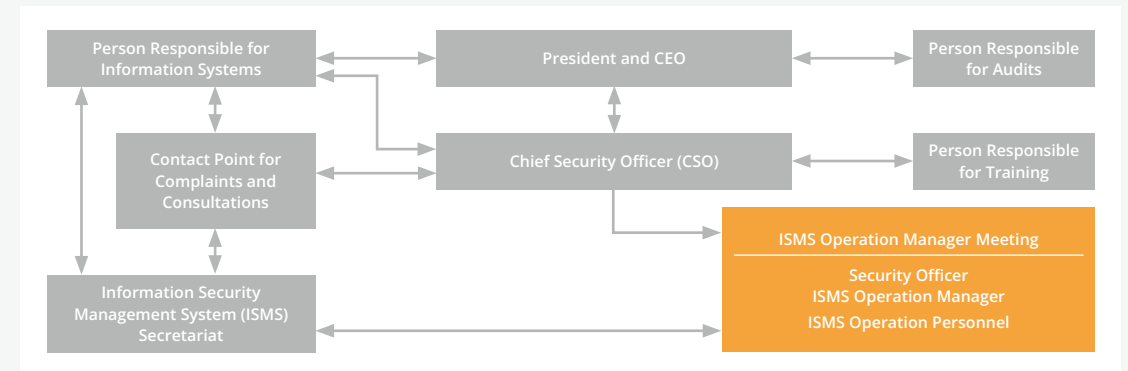
ASKUL Business Continuity Plan Basic Policy

- 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	• 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	• Includes server reinforcement, decentralization and modernization, expanded communication line capacity, core system duplication, backup system maintenance, security enhancements, etc.
5 Large-scale system development, capital expenditures, etc.	• Significant delays or suspension of system releases • System and equipment obsolescence due to IT advances • Insufficient or delayed impact of investments	• Engagement in thorough preparation, meticulous planning and execution, and adequate verification of returns on investments
6 Personal or confidential information leaks	• Personal or confidential information destruction, falsification, leakage, unauthorized provision to competitors, etc.	• Acquired information security management system certification (JIS Q 27001)

For all other critical risks (top risks) and main responses and countermeasures, please refer to Risk Management [P.86](#).