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Roundtable Discussion with Independent Outside Directors

Successfully Completing and Aiming for Growth Beyond the Medium-Term Management Plan



Naomi Aoyama
Outside Director,
Independent Officer

Kazuo Tsukahara
Outside Director,
Independent Officer

Yumiko Ichige
Outside Director,
Independent Officer

Genri Goto
Outside Director,
Independent Officer

Rina Akimoto
Outside Director,
Independent Officer

Starting Under a New Director Structure

Ichige: Having decided to have independent outside directors account for half of all directors, the Nomination and Compensation Committee selected Rina Akimoto as a new director, who was appointed at the general meeting of shareholders. The Nomination and Compensation Committee has long aimed to have a majority of independent outside directors and arrived at this decision after continued discussions with internal and external stakeholders, including management and major shareholders.

When selecting the new director, we considered a number of factors, including the need for a younger director to ensure diversity, as well as someone with management experience. We also discussed the need for a director who could contribute to enhancing the Company's corporate value. After interviewing multiple candidates based on these discussions, we decided on Ms. Akimoto.

Akimoto: I was appointed as an outside director of ASKUL in August 2024. I have long been a user of LOHACO and an admirer of ASKUL's, so it is a great honor for me to be selected as an outside director and be involved in the management of the Company.

In 2017, I launched an online sales platform that allows consumers to purchase agricultural products directly from producers. The platform now has approximately 10,000 registered producers and is used by one million consumers. I hope to fulfill the role expected of me by encouraging ASKUL to be bold and quick to act when taking the necessary risks for its growth.

Tsukahara: As a business owner, Ms. Akimoto's ability to seize opportunities and make quick, appropriate decisions is evident from the speed at which her company has grown. I believe her expertise will be crucial to ASKUL's future growth, so I would like her to share her thoughts at Board meetings without hesitation.

To date, the Nomination and Compensation Committee has been working to develop a unique candidate nomination system for ASKUL, including the systemization of qualification requirements, the appointment process, and evaluation and

Roundtable Discussion with Independent Outside Directors

training methods. Candidates are nominated through a combination of various evaluation methods and interviews with committee members. As a result of adopting this system, the number of executive officers in their 30s and 40s has increased, and the percentage of female directors and executive officers is rising.

To continue this rejuvenation of ASKUL's management, it is important that the Company continues to grow and does not allow its human resource efforts to stagnate.

Goto: Having worked to design a system for executive officers, the next step is to discuss the CEO succession plan in more concrete terms. For a certain period after its founding, ASKUL was able to achieve growth in a top-down manner, but CEO Akira Yoshioka has brought in and headed a structure that has supported ASKUL's growth by bringing the whole company together as a team and managing it in that way. I think that developing leaders who can further develop this kind of system will help in the formulation of succession plans in the future.

The Medium-Term Management Plan and Growth Beyond Its Completion

Ichige: One year remains of the current Medium-Term Management Plan. ASKUL has achieved great results so far, with LOHACO, which was previously a concern in terms of performance, turning a profit and the EC Business seeing increased profitability.

However, I believe that more fundamental discussions are needed when drawing up the next medium-term management plan. The current Medium-Term Management Plan was aimed at business growth over the foreseeable future at the time the plan was formulated. In reality, the external business environment



changed more quickly than we had anticipated, and there were times when we were slow to respond to changes that differed from the assumptions underlying our plans. I think that if we had a longer-term vision, we would have been able to discuss and sow the seeds for the next stage of growth sooner.

The EC Business, which is at ASKUL's core, will be key in achieving a full-scale, timely transformation from an office supplies mail-order company. I believe that it is necessary to firmly increase the EC Business's profits and then to develop new areas based on the Company's long-cultivated strengths.

Aoyama: Based on my experience, I was somewhat skeptical about the effectiveness of medium-term management plans.

In this case, however, I believe the plan has served as an effective guide to raise vantage points toward growth. Setting modest targets and working steadily to achieve them contributed to the Company's growth.

In the future, I think the Company needs to present a clear vision for its next stage of growth and communicate its offensive stance both internally and externally, rather than setting modest targets as it did in the previous plan.

Tsukahara: Speaking from a slightly different standpoint, I believe that the formulation of the Medium-Term Management Plan was significant from a corporate governance perspective.

Several years ago, ASKUL was at the forefront of an issue that arose regarding parent-subsidiary listings, and I think that one of the factors behind this was a lack of communication. By clearly demonstrating its management policy both internally and externally through the plan, the Company was able to ensure its management independence while aligning its growth-oriented

thinking with that of its stakeholders and to operate with their understanding and cooperation.

Goto: As the Company has achieved a certain level of strong growth during the period of the Medium-Term Management Plan, it will be important to see how consistently it can increase its figures to achieve performance targets over the remaining year, and we will be monitoring this closely.

In addition, I have some concerns when looking at ASKUL's growth after the period of the Medium-Term Management Plan. The EC Business is profitable and has too strong a presence as a mainstay business, so the Company must avoid falling into a kind of innovation dilemma where there is little incentive to expand into new growth areas.

The development and proliferation of new technologies, including generative AI, are progressing at an unprecedented speed. I believe that the Company should be proactive in leveraging its competitive advantages, such as the volume of data it holds, to take advantage of this wave of change.

Akimoto: Since my appointment, I have had the opportunity to attend various meetings, and I feel that ASKUL has a very conscientious corporate culture.

There are positive aspects to this, but it is also a barrier that must be broken down to drive innovation. This can be said for any company, but if a board of directors must unanimously agree on something based on carefully prepared evidence and materials, it may already be too late to seize the opportunity.



Roundtable Discussion with Independent Outside Directors

I believe that to bring about future change, it is necessary for management to consciously lead the way in reforming the corporate culture, and I am determined to play my part in this.

How Outside Directors Can Leverage Their Unique Position to Help the Company Grow

Goto: Looking in detail at ASKUL's performance for the fiscal year ended May 20, 2024, I would like to start by commending the LOHACO Business for giving priority to maintaining profitability over top-line growth. Going forward, it will be necessary to use the effort that has gone into rebuilding the LOHACO Business to nurture the seeds of new businesses and build a new business portfolio.

To this end, I would like to encourage the Company to move toward a mindset of "medium risk, medium return" as a way of approaching new business.

Tsukahara: In terms of the approach to building a portfolio, I think there should also be discussion about how to divide up business segments in the future.

At present, the Company is mainly divided into the B-to-B and B-to-C businesses, but in order to take on new challenges and achieve growth, it is necessary to think carefully about what the optimal business unit would look like. This may lead to changes in the way we look at things, such as dividing business segments by region or product. We believe that such discussions are necessary to clearly understand the capital efficiency of each business and ensure that it is managed appropriately.



Aoyama: When it comes to innovation, our own attitude toward how much failure is acceptable is also called into question. If employees are to be able to take on challenges with peace of mind, the Company must adjust its criteria for what constitutes a success or failure, rather than making decisions and evaluations based on conventional thinking.

Tsukahara: Another important element for growth is the design of the compensation scheme. In the fiscal year ended May 20, 2024, the Company introduced an ESG-linked compensation scheme. One of the outcomes of this was the creation of a new scheme that incorporates the degree of achievement of ESG indicators, in addition to financial performance, to promote ethical e-commerce. It is important when designing a compensation scheme to not focus on monetary amounts but instead ensure that it serves as an incentive to help ASKUL achieve its growth potential. For this reason, we will continue to review the compensation scheme.

Consideration of Group Governance from the Perspective of Both the Parent and Subsidiary Company in the Parent-Subsidiary Listing

Ichige: Regarding the parent-subsidiary listing of ASKUL Corporation and LY Corporation, from the perspective of protecting minority shareholders, we have established a governance system that involves monitoring for conflicts of interest and strengthening the authority of the Nomination and Compensation Committee and Special Committee. In line with what was expressed in *ASKUL Report 2023*—"building relationships of trust with a sense of urgency"—the Company has held regular meetings



between the LY Corporation's management and ASKUL's outside directors, as well as between ASKUL's outside directors and LY Corporation's outside directors, in order to avoid friction caused by a lack of communication and to engage in constructive dialogue based on the common goal of improving corporate value.

Furthermore, we have also been in extensive discussions with LY Corporation regarding the benefits (synergies) of parent-subsidiary listings from the perspective of the subsidiary, which is not often discussed in general terms, such as the ability to utilize the parent company's management resources (support in

terms of technology and use of platforms), as well as the benefits for the Company in terms of improving its corporate value. We are also moving forward with communicating the results of these discussions to all of our stakeholders.

Goto: In making the LOHACO Business profitable, the effectiveness of attracting customers and promoting sales with Yahoo! Shopping can be seen as a good example of the synergy between the Company and LY Corporation. As both are B-to-C businesses, the Company was able to hold events and promotional activities while avoiding double investment within Group companies and keeping costs down.

There were also benefits seen in the construction of the New ASKUL Website. Upgrading a large-scale system like this requires a great deal of technical know-how and human resources, and LY Corporation was able to provide the Company not only with this know-how, which it has in abundance, but also human resources to support the development of the website.

Roundtable Discussion with Independent Outside Directors

Tsukahara: The key to communication in a parent–subsidiary listing is to open up multiple channels for dialogue. In addition to the channels for discussion through the CEO and CFO, there are also multiple other channels for engaging in dialogue and discussing issues from a variety of angles, including with us outside directors. Doing so means that even if there is miscommunication at any point, there will be a way to fix it, which I think is important.

I think that can also be said of the relationship between the Company and AlphaPurchase. We must bear in mind that AlphaPurchase is thinking in the same way as we are when we are in discussions with LY Corporation, with consideration for the protection of minority shareholders.

Aoyama: In addition to the exchange of personnel between Group companies, the ideal situation would be for AlphaPurchase and other group companies to make effective use of ASKUL's management resources, thereby improving capital efficiency across the Group as a whole and creating a path for growth by combining capital.

Directors' Ambitions to Support the Company's Growth

Akimoto: I feel that I am witnessing a moment of great responsibility, but also an interesting one that will generate future growth for ASKUL.

I believe that one of my roles as an outside director is to encourage bold but not overly reckless decision-making while maintaining this sense of responsibility. I would like to encourage the Company to go ahead and take the first step when tackling new challenges, even if preparation is only 60% to 70% complete, and to keep going.

Tsukahara: In the fiscal year ended May 20, 2024, we had an opportunity for dialogue

between investors and outside directors. In addition to explaining the Company's policies, such as protecting minority shareholders and monitoring of conflicts of interest, this was a good opportunity to see how the Company is viewed by the market and deepen mutual understanding.

I will continue to work hard to ensure that ASKUL's employees and shareholders can take pride in the Company.

Aoyama: I will continue to focus on the customer perspective, which is my strength, and proactively express my opinions so that ASKUL can provide services and products that exceed customers' expectations. In the fiscal year ending May 20, 2025, the Company also announced its plan to invest ¥100 billion, so I would like to help to create an environment in which employees can take on challenges that will ramp up the Company's offensive stance.

Goto: For ASKUL to continue to exist, it must achieve nonlinear growth, and I believe that the time to do so is now. We will keep a close eye on world-changing technologies such as generative AI and will move forward while maintaining communication with companies throughout the Group.

Ichige: Ensuring strong corporate governance is a never-ending endeavor, and in that sense, the Company can only ever be halfway to achieving it, so I believe constant effort is necessary. In the fiscal year ending May 20, 2025, we are moving forward with discussions on the next medium-term management plan. As outside directors, we encourage the Company not only to step on the brakes but also step on the gas when necessary, from the perspective of appropriate risk taking and risk management. I hope that ASKUL's stakeholders will look forward to the Company's growth after its transformation from an office supplies mail-order company.



Comment from President Yoshioka Following the Roundtable aDiscussion

Discussions and Proposals for Growth Based on a Stronger Sense of Ownership



After a dispute with a major shareholder in 2019, we were able to reform our structure, which had been under close scrutiny in terms of corporate governance, and enjoy the benefits of a parent–subsidiary listing thanks to the efforts of our outside directors.

As was mentioned in the roundtable discussion, in the fiscal year ending May 20, 2025, we have welcomed on board Ms. Akimoto as a new outside director, meaning that half of our directors are now independent outside directors. Ms. Akimoto is a bold person who not only points out issues facing the Company but also clearly states her ideas and guides us in making proposals for improvement. Above all, she has a strong interest in ASKUL, so we believe she will be able to successfully fulfill her role as an outside director.

Going forward, ASKUL must grow in a way that is not just an extension of its past. To this end, I ask that the outside directors continue to point out the issues that the company faces without deferring to the executive team, and that they bring life to discussions and make proposals based on a strong sense of ownership regarding the improvement of corporate value.

Messages from Independent Outside Audit & Supervisory Board Members



Yoshitaka Asaeda

Outside Audit & Supervisory Board
Member, Independent Officer

ASKUL has a very diligent corporate culture, and we take a steady approach to getting the job done one step at a time. The way corporate governance is handled by a board of directors varies from company to company, but in our case, I feel that it would be good to make use of this culture and shift the focus to monitoring in order to make executive decisions quickly. More specifically, I think the role of the Board of Directors is to look at the current and future business environment; discuss, decide, and communicate whether the Company's purpose, strategy, and direction are correct; and

then monitor whether management is being carried out in line with these and whether the Company is heading in the right direction.

However, a diligent corporate culture can be both a strength and a weakness. While we must continue to build on our existing businesses and steadily improve our performance, we must also take risks and sow the seeds of future businesses and nurture the buds of future growth. One of the important roles of the Board of Directors is to determine business strategies based on innovative ideas and a medium- to long-term perspective.

In addition to auditing and supervising financial and internal controls, I believe it is important for the Audit & Supervisory Board to monitor in a timely manner whether the Board of Directors is taking appropriate risks when making strategic decisions and whether those risks are being appropriately controlled in the execution of those decisions.

As a result, this will benefit all stakeholders, including customers, agents, suppliers, employees, and shareholders and will improve overall corporate value.



Miyuki Nakagawa

Outside Audit & Supervisory Board
Member, Independent Officer

To ensure the sound and sustainable growth of the Company and to establish a corporate governance system that meets social expectations, Audit & Supervisory Board members are required to monitor the execution of duties by directors while collaborating with the accounting auditor and Internal Audit Division, and to monitor whether the Company is appropriately responding to business issues and risks that may affect Company management. Above all, outside auditors are expected to express their opinions from a fair and appropriate perspective on matters that are difficult to discuss internally.

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.

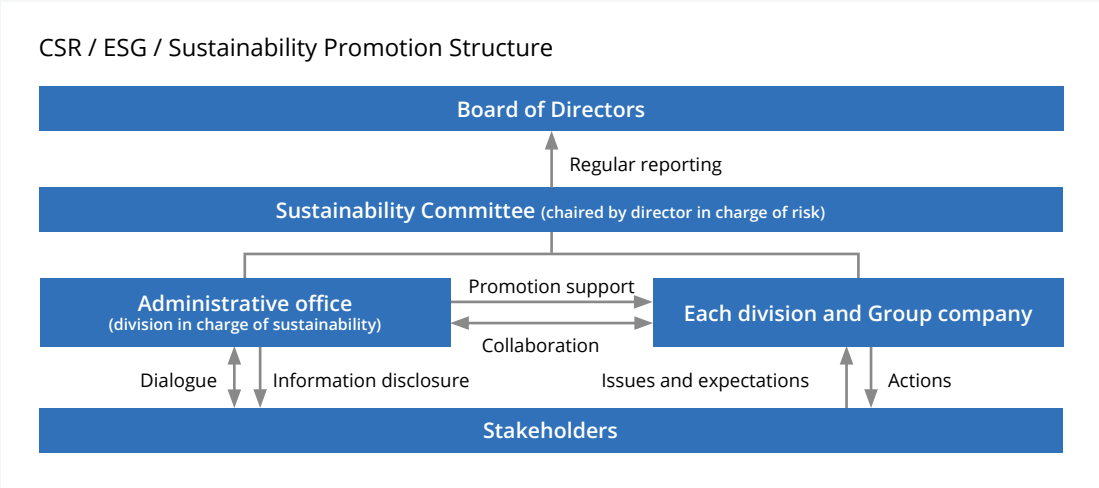
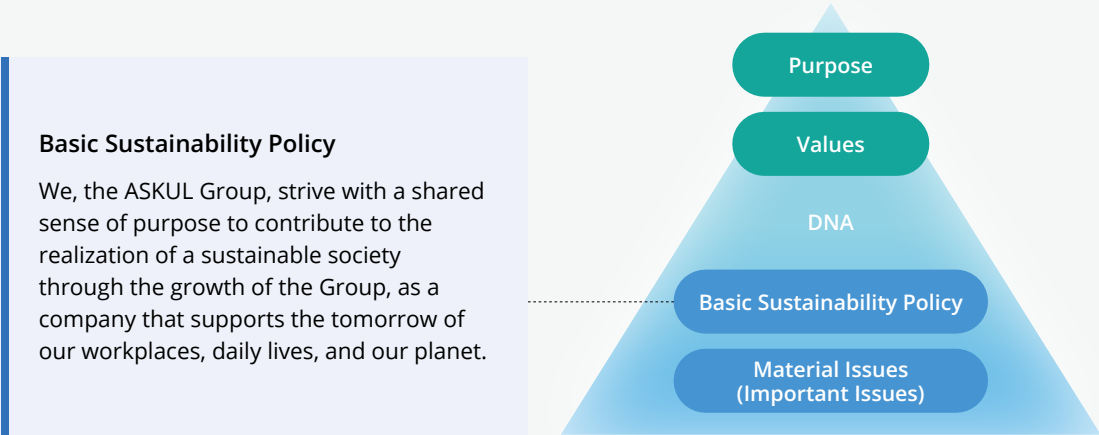
The Audit & Supervisory Board conducts interviews with executive officers to identify the issues facing each division and exchange opinions on how to resolve them. In addition, we collaborate closely with the Internal Audit Division to promptly and accurately respond to issues discovered during audits.

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. To this end, the entire ASKUL Group needs to further strengthen its corporate governance functions and auditing systems by improving the internal systems and management structures of each Group company.

In the fiscal year ending May 20, 2025, I will continue to work to expand and strengthen the auditing system for the entire ASKUL Group.

Promotion of Sustainability Management as a Unified Initiative with Our Businesses

In December 2020, ASKUL formulated the Basic Sustainability Policy as a guideline for activities to realize a sustainable society and identified material issues (important issues). We are fulfilling our responsibilities for a sustainable society and for sustaining growth as a corporation by constantly evolving and undertaking initiatives to solve social issues through business activities.



Material Issues (Important Issues) Identification Process

We identified and categorized key issues while referring to international guidelines, internal policies, and the ASKUL WAY. Moreover, through interviews, ASKUL organized and evaluated issues along two axes, “importance for stakeholders” and “importance for ASKUL,” and identified and decided material issues (important issues) in a resolution passed by the Board of Directors.

Identification Process

- STEP 1

Identify and evaluate social issues and hypothesize stakeholder demands
- We identified social issues that should be examined, including items outlined in the 17 SDGs, GRI, ISO 26000, SASB, IIRC, and other international frameworks, as well as ESG evaluation criteria. In addition, we listed hypothetical demands from each type of stakeholder.
- STEP 2

Dialogue with stakeholders
- Based on the identified social issues and determined hypotheses, we conducted a survey of employees and interviewed customers, suppliers, investors, and officers inside and outside the Company about stakeholder expectations and demands of ASKUL, as well as the priority issues that we should address.
- STEP 3

Align internal and external assessments and identify candidate key issues
- We selected candidate material issues (important issues) along the two axes of importance based on stakeholder expectations and external viewpoints and the importance and impact for the ASKUL Group.
- STEP 4

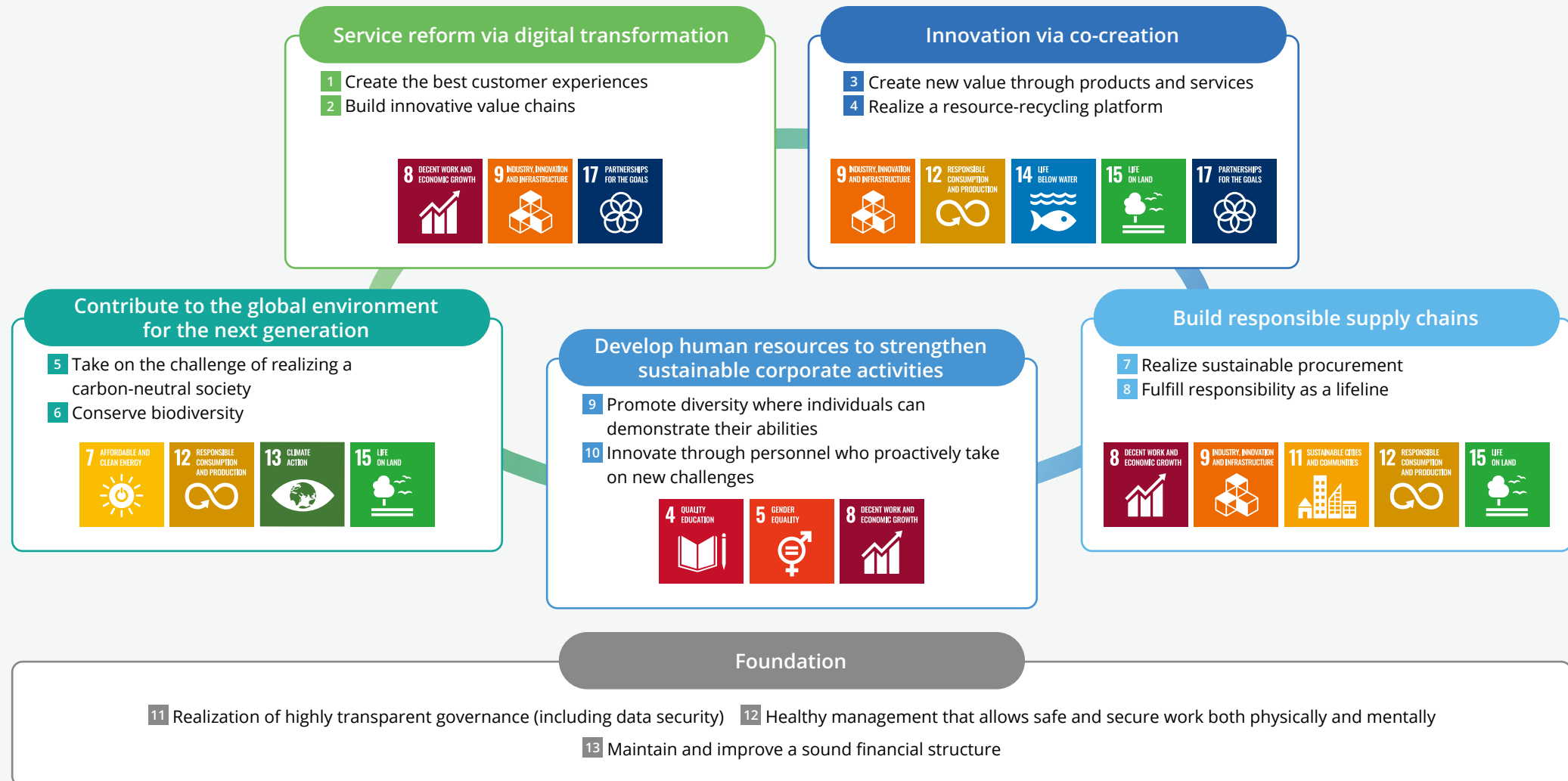
Discuss and evaluate at management level and identify material issues (important issues)
- We identified and disclosed ASKUL's material issues (important issues) following deliberations by the Board of Directors and having ascertained their appropriateness through the CSR Committee in December 2020 (currently the Sustainability Committee), after receiving and evaluating opinions of all officers, including outside directors, and discussions by the Management Meeting.
- STEP 5

Review material issues (important issues)
- We implement each initiative and periodically review material issues (important issues), targets, and KPIs in light of changes in the business environment, social trends, and KPI attainment.

List of ASKUL's Material Issues (Important Issues)

Based on the identified material issues (important issues), ASKUL has decided its initiatives and targets through 2030. While reviewing these material issues in the future, we will ascertain progress and regularly reassess each material issue.

List of Material Issues and KPIs → P.99-101



The Ethical E-Commerce ASKUL Aims to Achieve

Ethical E-Commerce

Since its founding, ASKUL has aimed to achieve “social optimization” and has grown by reforming existing distribution models to create new ones while gaining the support of its customers and business partners.

The speed at which changes occur around us has entered an entirely new dimension with the emergence of climate change, labor shortages, human rights issues, and geopolitical risks, as well as the increasing demand to realize a sustainable society.

ASKUL's Purpose is “continuously bringing delight to our workplace, life, the planet and tomorrow.” E-commerce that embodies this purpose, and that strives to provide products and services that will not only benefit customers but also help resolve social issues, is the ethical e-commerce that ASKUL aims to achieve and its mission.

We promote the use of ASKUL and participation in the ASKUL platform as the most convenient ways to make the greatest contribution to resolving social issues. In doing so, we aim to expand support for our services and evolve as a service that brings delight not only to our customers but also to our business partners while positively contributing to the future of the earth.

To this end, it is important that we adopt a “trade-on” perspective and start a movement that engages our stakeholders.

Trade-On

To date, ASKUL has strived to provide products and services that contribute to resolving social issues—with particular regard to the environment—while responding to customer feedback. On the other hand, the high social value of said products and services does not necessarily translate to economic value. As such, there were times when we proceeded with initiatives while accepting that it was inevitable that they would not be profitable.

One of the key elements in realizing ethical e-commerce is the achievement of a so-called trade-on. In other words, it is necessary to strike a balance between the social value of products and services that lead to the resolution of social issues and economic value. As one facet of this trade-on perspective, we believe it is important to change the way we view economic value. We must not only consider the conventional short-term economic value of increasing sales volumes by refining and adding value to our products and services and reducing costs by scaling production. From now on, we will continuously take on new challenges, focusing also on the long-term economic value of increasing the number of customers and business partners who choose ASKUL because they agree with our corporate stance and values and who will use our services over the long term, while striving to increase loyalty among our employees and business partners, which will, in turn, spread to all stakeholders.

New Value Being Created by ASKUL

[P.65](#) Visualization of the Product Environmental Score

[P.66](#) Resource-Recycling Initiatives

[P.67](#) Elimination of Unnecessary Waste from the World

The Ethical E-Commerce ASKUL Aims to Achieve

1

Visualization of the Product Environmental Score

Since 2010, we have been using the ASKUL Environmental Perspective, a set of 10 qualitative items regarding the environment-friendliness of our products, as our standard.

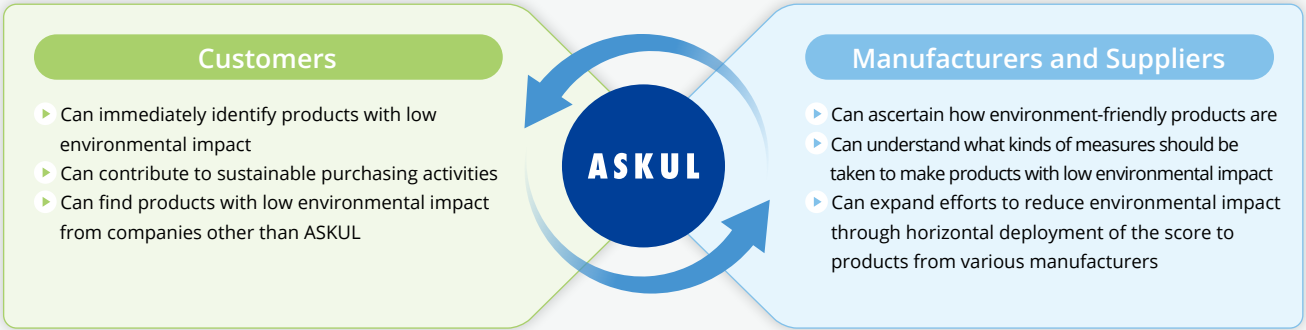
In the ten years that followed, social issues such as climate change, resource depletion, marine and forest conservation, and waste management materialized and attracted attention.

Accordingly, in 2020, we began reviewing our product environmental standards, and in 2021, we identified our areas for contribution as decarbonization, resource conservation and resource recycling, and biodiversity conservation, for which we set 30 quantitative criteria items.



These standards have made it possible to determine what measures should be taken in product development to manufacture products with low environmental impact. We gave each product an environment-friendliness score based on the standards and posted it on our website. As a result, it became easier for customers to select products with low environmental impact and meant that both individuals and corporations could play a part in preserving the environment.

We hope to evolve the way the environmental score is displayed so that it becomes a guidepost for delivering products that are better for the environment, and we also aim to evolve the criteria to align with the demands of society. We will continue in our aim to be one step ahead of the industry.



Development of Environment-Friendly Products

In 2022, we formulated and announced the ASKUL Product Environmental Standards. The evaluation criteria are divided into the categories of containers and packaging, products, and mechanisms, and all products are scored according to the same criteria. As such, there is no concept of a perfect score. While some product groups are difficult to score, manufacturers and product merchandisers are sharing their know-how in an effort to raise their scores.

In May 2024, three years after their establishment, we reviewed the standards in light of changes in social demands. We have added an item for Science Based Targets initiative (SBTi) approval in the mechanism section and have increased the weighting of the points allocated to it, with the aim of promoting SBTi certification among our business partners.

P.70 ASKUL's Greenhouse Gas Emissions Reduction Targets

Large category	Medium / small categories		Evaluation criteria example (30 items total)
Containers and packaging	Raw materials	Paper, plastic, certification, and printing	Recycled used paper and other materials and FSC-certified products
	Design	Lightweight, resource-saving, and disposable	Degree of improvements and ease of sorting
Products	Raw materials	Forest products, plastic, and certification	Materials with low environmental impact and certified products
	Design	Lightweight, resource-saving, and disposable	Degree of improvements and ease of sorting
Mechanisms	Reuse	Collection and recycling	Independent collection and use of recycled materials
	Initiatives	Setting of greenhouse gas emission reduction targets	Acquisition of SBTi certification and setting of SBTi-compliant targets

Increased Ease for Customers to Choose Environment-Friendly Products

In May 2024, we updated our product page display to show not only the products' environmental scores but also key points regarding their environment-friendliness and detailed information on how products earn points. This data is based on the 30-items of the ASKUL Product Environmental Standards, which are grouped into nine categories.

We have approximately 6,400 private brand products and approximately 800 national brand products displaying scores thanks to the cooperation of 25 of our business partners. We will continue to work to increase the number of products with scores displayed.

ASKUL Product Environmental Score 60			
Containers and packaging	Uses environment-friendly materials	Resource saving and packaging-free	Designed to be easy to separate and recycle
Product	Uses environment-friendly materials	Resource-saving, energy-saving, and dehydrated	Designed to be easy to separate and recycle
Mechanisms	Has its own collection scheme	Resources recycled by ASKUL	Reduces greenhouse gas emissions

Note: Examples of display on actual product page

The Ethical E-Commerce ASKUL Aims to Achieve

2

Resource-Recycling Initiatives

ASKUL Resource-Recycling Platform
<https://www.askul.co.jp/kaisya/shigen/>
(Japanese only)

Resource-Recycling Platform (Clear Plastic Folders)

#recycle

Why?

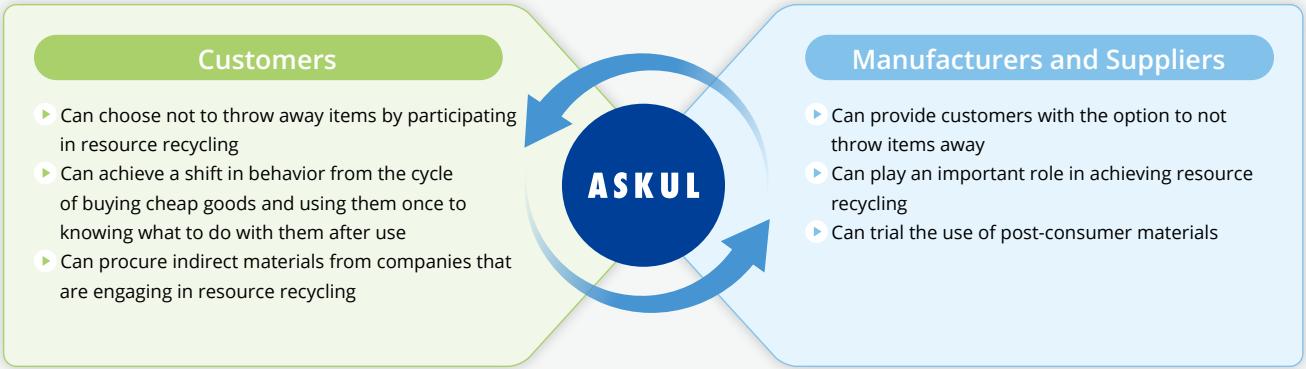
In recent years, plastics have been attracting attention not only from the standpoint of effective use of resources and waste reduction but also from the perspective of climate change countermeasures, and there is a need to build a value chain that achieves all the three Rs plus renewability.

ASKUL started as a mail-order business for office supplies and has sold a large volume of plastic products since its founding. From this standpoint, we considered how the supply chain, including ASKUL, should change in order to shift from a linear economy that leads from the sourcing of raw materials to disposal to a circular economy that avoids waste where possible.

Role

To develop our resource-recycling initiatives and think about how to apply them in the supply chain, we need concrete actions, not just a concept. In April 2022, we launched the ASKUL Resource-Recycling Platform with the aim of collaborating with various businesses to promote a shift to a value chain that achieves resource recycling throughout the product life cycle, from product planning and design to manufacturing, sales, and recycling for use in future products.

Through our activities to collect and recycle used clear plastic folders, we would like to foster ideas for reusing resources that are easy for various entities to participate in.



Platform Results (January 2021 to September 2024)

Collection

Amount of clear plastic folders collected	Cumulative total: 233.7 tons
Recycle rate*	98.1%
Providers	Cumulative total: 2,658

* Recycle rate = Weight of recycled pellets / Weight of provided clear plastic folders

Manufacture, Sale, and Use

Recycled pellets manufactured	Cumulative total: 192.1 tons
Recycled pellets sold and used	Cumulative total: 44.8 tons

Examples of Commercialization

There are now more products that use recycled polypropylene made from used clear plastic folders.

ASKUL's Original Products



Matakul wastebasket (8 liter)
Contains 50% recycled materials from used clear plastic folders



Matakul A4 clear plastic folder
Contains 20% recycled materials from used clear plastic folders

We are expanding our initiatives with daily goods manufacturers.

Lion Corporation



Acron Smart Care refillable empty bottle with nozzle cap (LOHACO exclusive)

Kao Corporation



Bioré UV Aqua Rich with convenient hook (LOHACO exclusive)

The Ethical E-Commerce ASKUL Aims to Achieve

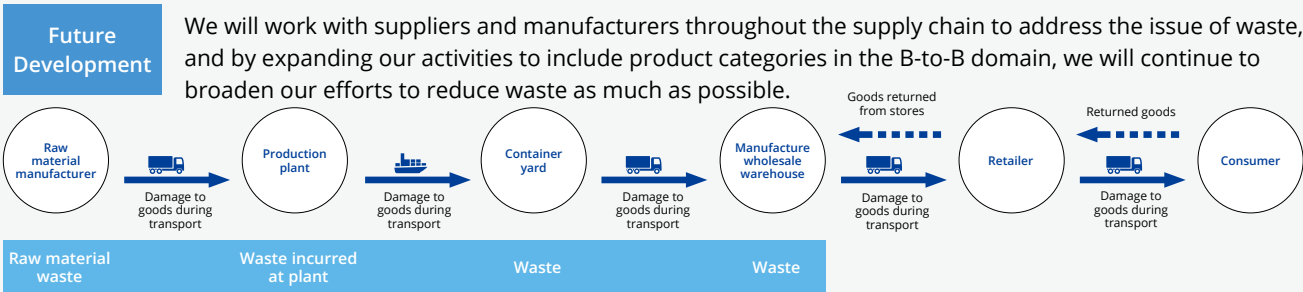
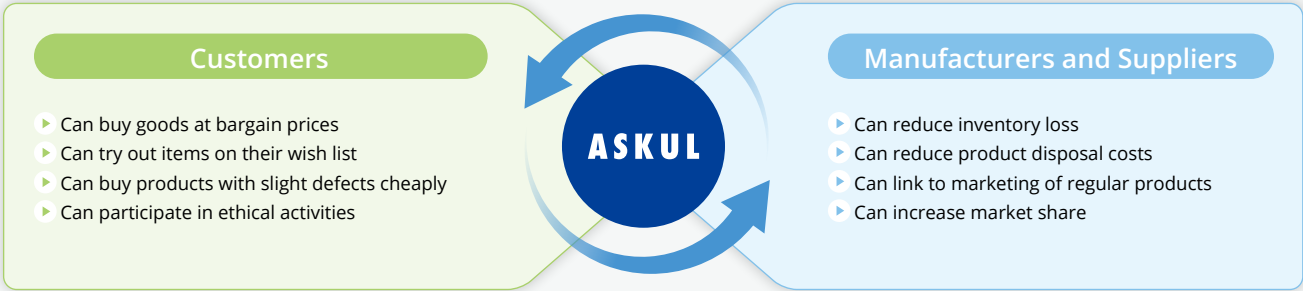
3

▶▶▶ Elimination of Unnecessary Waste from the World

Go Ethical (Initiative to Reduce Product Loss and Waste) #reduce

Go Ethical is an initiative to sell products that have been discarded by manufacturers for various reasons, such as returned goods from stores and defective packaging, even though there are no issues with the quality of the item itself. The products are sold via our regular sales channels to shed light on the issue of reducing product waste rather than just offering discounted prices as is common in outlet sales. The initiative also allows retailers to display in-store the reasons why an item is being sold as a Go Ethical product, therefore ensuring that no brands are harmed and clarifying the situation to customers before they make their purchase.

ASKUL, in its pursuit of ethical e-commerce, promotes its own initiatives based on the SDGs while co-creating with manufacturers, who are the creators of the products.



Message ASKUL's Sustainability Advisor



Creating a Long-Term Value Improvement Story

Peter David Pedersen
Executive Director of NELIS,
Sustainability Advisor, ASKUL Corporation

I think that one of the ways in which ASKUL provides value to society is functioning as a hub that connects customers and suppliers. As featured in this report, ASKUL's sustainable and progressive initiatives, such as decarbonization, resource recycling, and waste reduction, are steadily progressing based on its function as a hub.

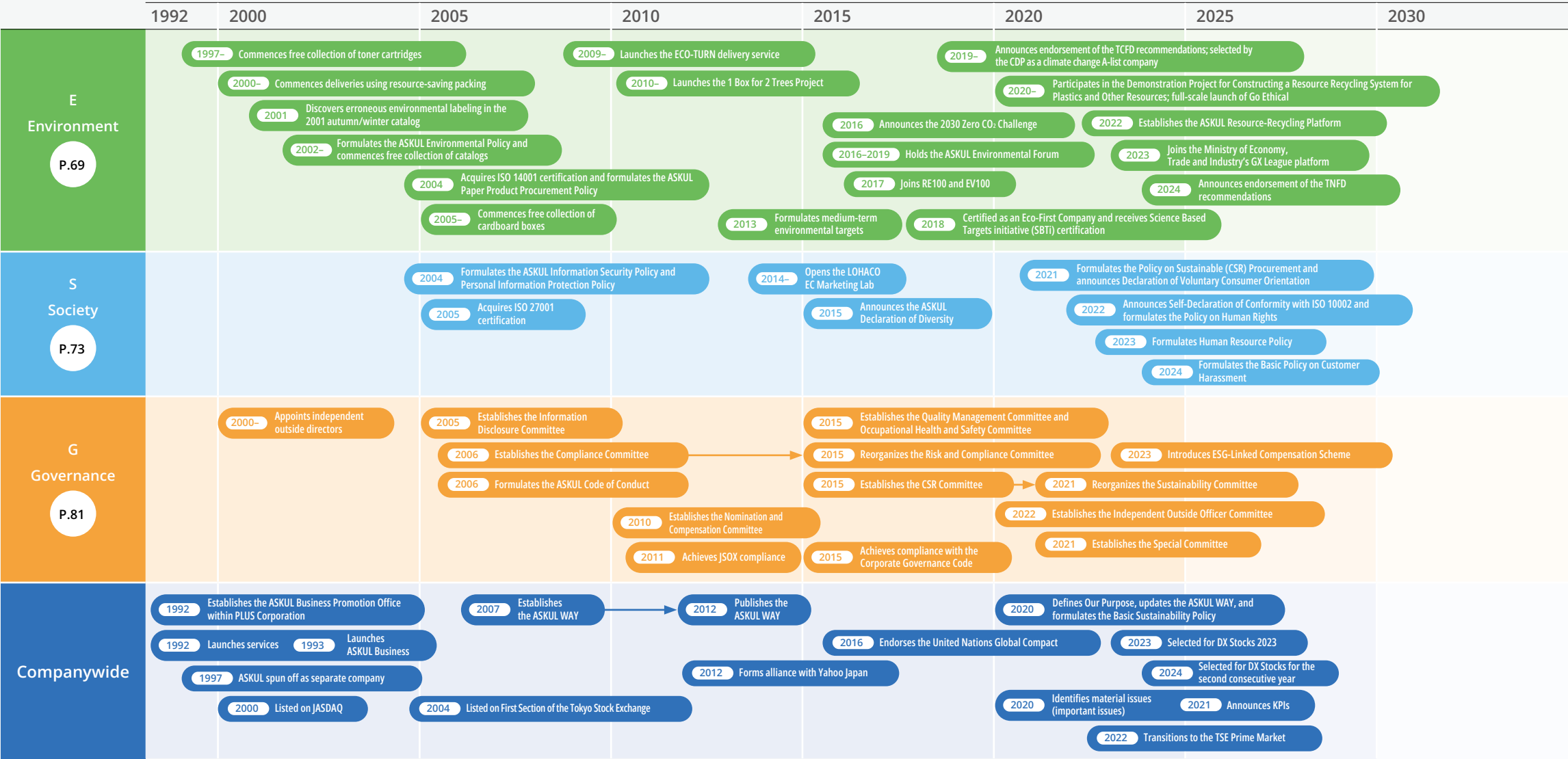
On the other hand, the merits of taking on challenges, including the calculation of the CO₂ emissions of products, are often difficult to translate into corporate value in the short term. I hope that ASKUL will continue to tackle these challenges with confidence, knowing that they will contribute to corporate value in the long term, such as strengthening brands and building customer and employee loyalty.

Furthermore, I would like to encourage the Company to adopt a mindset in which it sees its own activities as capable of creating environmental value so that it can act as a hub for driving sustainable initiatives in the future. Pursuing this approach will lead to long-term growth and ultimately improve ASKUL's value. Creating a compelling story to support this approach will become increasingly important for ASKUL going forward.

Recently, there has been a lot of discussion about the need for a nature-positive approach. While the methodology for decarbonization is well established, for companies that make and sell products, taking action to protect ecosystems may be the main issue. I think it's time for ASKUL to expand its activities beyond decarbonization and resource recycling to include a circular, nature-positive approach. I would also like to see ASKUL take on some globally minded challenges.

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

The discovery of 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 to increase the 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	• Achieve 2030 Zero CO ₂ Challenge	2030
	• Aim to achieve net-zero GHG emissions by 2050	2050
	• Advance reforestation and other CO ₂ absorption efforts	Plan preparation in progress
	• Provide environment-friendly delivery methods to customers	Plan preparation in progress
Realize a resource-recycling platform	• SBTi target: Improve supplier engagement and reduce Scope 3 CO ₂ emissions by 25% (compared with 2021 levels)	2030
	• Complete visualization of product CO ₂ and reduction contribution calculations	2025
Conserve biodiversity	• Create, launch, and expand resource-recycling services	2025
	• Achieve zero product waste 2030	2030
	• Achieve 100% recycled packing materials*	2030
	• Increase in number of certified products handled	Plan preparation in progress
	• Implementation of ocean plastic pollution issue countermeasures	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.99-101](#)

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.

Net-Zero Greenhouse Gas Emissions by 2050

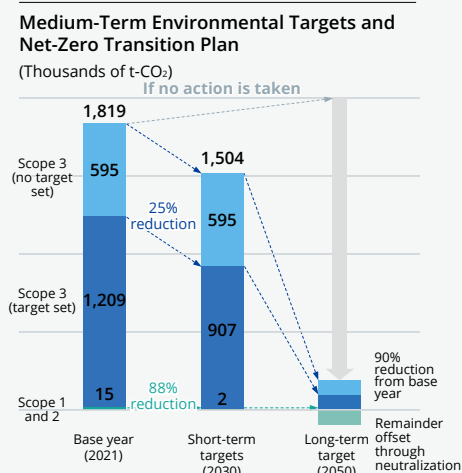
In March 2024, we received approval from the internationally recognized Science Based Targets initiative (SBTi) for our net-zero greenhouse gas emissions targets. We aim to achieve effectively net-zero greenhouse gas emissions throughout our entire supply chain by 2050.



ASKUL's Greenhouse Gas Emissions Reduction Targets

- ▶ **Long-term SBTi target (by 2050)**
 - Aim to achieve net-zero* greenhouse gas emissions throughout the entire supply chain
- ▶ **Short-term SBTi targets (by 2030)**
 - **Scope 1 and 2:** 88% decrease from 2021 levels
 - **Scope 3:** 25% decrease from 2021 levels
 - **Supplier engagement:** Ask suppliers to set SBTi-compliant targets
 - **Renewable energy:** Raise to 100% by fiscal 2030

* 90% through reduction and the remainder through neutralization



Initiatives to Reduce Greenhouse Gas Emissions throughout the Entire Supply Chain

To reduce greenhouse gas emissions throughout the entire supply chain, we have started calculating emissions from purchased products, focusing on Scope 3 Category 1 emissions, which make up approximately 70% of all emissions from the supply chain. We use primary data collected from suppliers and utilize tools to calculate greenhouse gas emissions generated within the supply chain. By visualizing CO₂ emissions from our products, ASKUL and its suppliers can examine in detail the CO₂ emissions generated from each product and support customers in selecting environment-friendly products.

2030 Zero CO₂ Challenge

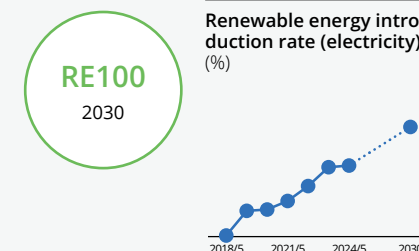
In July 2016, we announced the 2030 Zero CO₂ Challenge at ASKUL Environmental Forum 2016. In November 2017, we joined the RE100*¹ and EV100*² initiatives to promote a transition to 100% renewable energy and 100% electric vehicle (EV) use.

*1 RE100: An international business initiative that brings together companies that have set a goal of procuring 100% of their energy needs for business operations from renewable energy sources.

*2 EV100: An international business initiative that brings together companies that have set a goal of converting all vehicles related to their business operations to EVs.

Introduction of Renewable Energy

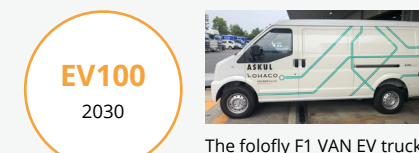
After joining the RE100 initiative, ASKUL began introducing renewable energy in distribution centers in 2018. As of the end of May 2024, 10 distribution centers and the Toyosu Headquarters had converted to renewable energy, bringing the Group's overall renewable energy usage rate to 64.8%. Our goal is to utilize renewable energy at all ASKUL Group business sites and distribution centers by 2030.




Introduction of Electric Vehicles

We joined the EV100 initiative in November 2017 and are working to convert 100% of the delivery vehicles used by ASKUL LOGIST Corporation, a Group company responsible for distribution center operations and deliveries, to EVs by 2030. So far, we have introduced the Nissan e-NV200, the Mitsubishi Minicab-MiEV, the folofly F1 VAN, the Mitsubishi Fuso Truck and Bus Corporation's eCanter, the Hino Dutro Z EV, and more.


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 EVs.



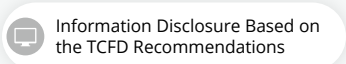
Response to TCFD and TNFD Recommendations



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



Taskforce on Nature-related Financial Disclosures



ASKUL views environmental issues such as climate change and biodiversity as important issues affecting business and incorporates them into its management strategies.

Following our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in March 2019, we announced our endorsement of the Taskforce on Nature-related Financial Disclosures (TNFD) in January 2024.

Governance

The Environmental Management System (EMS) Manager Meeting, which comprises the president and CEO, inside directors, executive officers, and division heads from each business, is held quarterly to discuss environmental issues and implement countermeasures. Important matters reported on and discussed at these 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 the CEO, internal 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.

Strategy

We have analyzed and evaluated climate-related and nature-related issues as follows and have formulated policies for responding to risks and opportunities that have a high degree of dependency on or impact on nature and a high degree of impact on our business.

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

▶ Climate Change

We conducted scenario analyses assuming the two global warming scenarios of below 2°C and 4°C, and analyzed and evaluated the business impact of each scenario. We also identified business opportunities and accurately ascertained physical and transition risks related to climate change in our main business, the e-commerce business.

Risks and opportunities				Assumed annual impact	
				4°C	Under 2°C
Transition risks	Policies and regulations	Taxation	• CO ₂ emissions tax	-	○
	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

▶ Nature

In the area of nature-related products, we conducted an analysis and evaluation of paper products, centered on copy paper, and beverages, based on the LEAP* approach set forth in the TNFD recommendations, after scoping the ASKUL original products that are particularly key among the products we handle, as shown on the right.

* An integrated approach for evaluating nature-related issues, consisting of four stages: Locate, Evaluate, Assess, and Prepare

Risk Management

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


Indicators and Targets

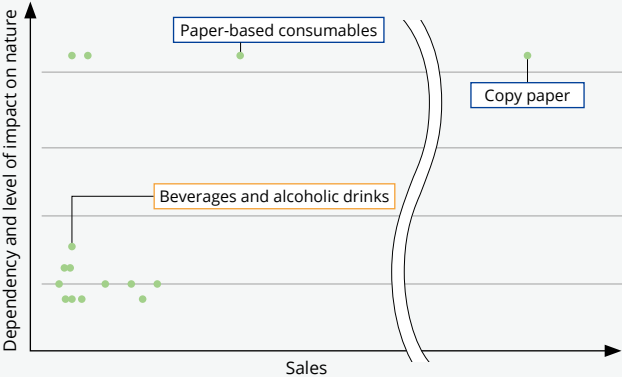
- 1 Disclosure of Climate-Related Risk and Opportunity Assessment Indicators and Management Targets

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 Greenhouse Gas Emissions

Please refer to the ESG Data Collection below for details on the ASKUL Group's Scope 1, Scope 2, and Scope 3 greenhouse gas emissions.

Note: Indicators and targets are currently being formulated for nature-related risks and opportunities.

 ESG Data Collection



Initiatives to Promote Coexistence with Nature and Environment-Friendly Products

Initiatives Promoting Coexistence with Nature

▶ Launch of the Tsumagoi Green Project Forest Maintenance Initiative

In May 2024, based on the forest maintenance partnership agreement signed in August 2023, ASKUL and TSUMAGOI MEISUI CORPORATION, together with Tsumagoi Village, Gunma Prefecture, carried out the first tree planting at the ASKUL TSUMAGOI MEISUI Forest as the first step in the Tsumagoi Green Project, a forest maintenance initiative in Tsumagoi Village.

ASKUL and TSUMAGOI MEISUI jointly decided to participate in forest maintenance activities in Tsumagoi Village, as we manufacture and sell mineral water made from groundwater drawn from wells in Tsumagoi Village. Through this initiative, we hope to contribute to the improvement of watershed cultivation, as well as the conservation and restoration of natural resources in Tsumagoi Village.



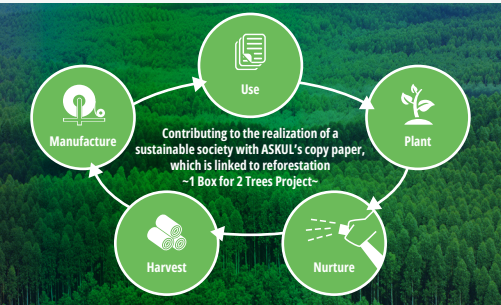
▶ Environmental Measures That Begin with Original Copy Paper

An entire eucalyptus tree is required to make one box (5,000 sheets) of ASKUL original copy paper, which is manufactured in Indonesia. Since its launch in 2010, the 1 Box for 2 Trees Project has been working to ensure that for every box of copy paper purchased by a customer, two trees are planted. By planting, growing, and harvesting trees in tree farms to make our copy paper, we are working together with our customers to achieve the sustainable procurement of raw materials.

In 2024, we began supporting activities to regenerate the forests of Indonesia, a country that produces copy paper.

Under the leadership of the Belantara Foundation, we aim to plant 100 hectares of trees over a two-year period.

We will work to solve issues for the future to fulfill our responsibilities as a business that depends and has an impact on forest resources.



Number of trees planted under the 1 Box for 2 Trees Project
Approximately 239.78 million trees
 October 2010–October 2024



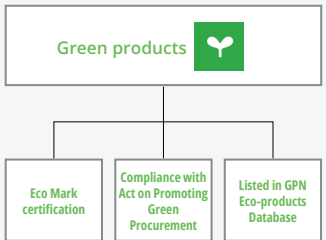
Industrial Reforestation Report
 The Industrial Reforestation Report is issued in accordance with customer purchase volumes.

Environment-Friendly Products

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 2024*, 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. We hope that by encouraging customers to choose and purchase forest-certified products, we can help to protect forest biodiversity and support activities that protect the rights of local communities, indigenous peoples, and indigenous workers.



* Chain of custody certification is a 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.

CHO Message



Tamami Ito
CHO,* Executive Officer,
Human Relations & General Affairs Unit
* Chief human relations & healthcare officer

Developing the Next Generation of Innovative Leaders from a Companywide Perspective to Continue Evolving

A Year of Focusing on Human Capital

More than a year has passed since my appointment as CHO in March 2023. In recent years, the term “human capital” has become more frequently used, prompting us to think about how we can enhance the strength of our human capital and link it to value creation. With this in mind, we have been promoting three key measures that serve as our human resource strategy with the aim of achieving our goal of transforming from an office supplies mail-order company.

Effective Strategies to Develop Digitally Literate Personnel

To raise the standard of our digitalization-related measures, including the digital transformation of our value chain, it is essential that we increase our number of digitally literate personnel. As

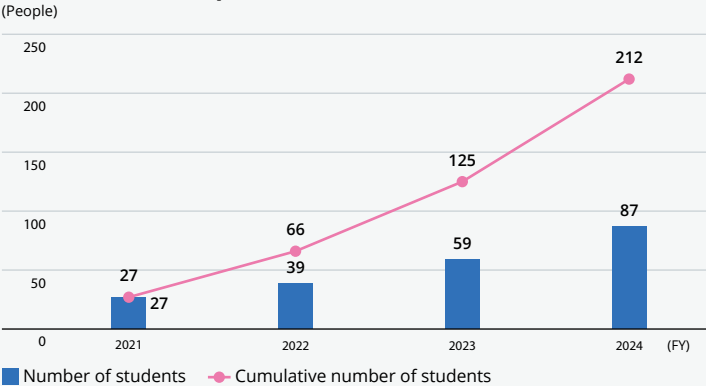
such, we have made major revisions to our approach to the process, from recruitment to training.

In terms of development, we currently have our own training program for digitally literate human resources, which includes the Data Science Course, new graduate data training, a beginner’s structured query language course, a beginner’s Tableau course, and an advanced course. As of May 20, 2024, 25% percent of all employees have participated in the Data Science Course, which is the most comprehensive. ASKUL is shifting toward a data-driven approach to management, and in doing so, it must increase the number of people throughout the Company who can leverage data to contribute to business. To this end, we aim to increase the number of employees attending the course to 60% over the next two to three years.

It is vital that we build an environment in which employees can apply the skills they have learned in their work, rather than the training being an end in itself. We are also working on the allocation of employees who have completed the Data Science Course, including efforts to create an environment in which they can improve their skills by doing practical work under management with DX expertise and be evaluated appropriately.

The recruitment of highly skilled IT personnel will be crucial in further sharpening our competitive edge in the area of DX. However, as competition for securing IT personnel intensifies, in addition to presenting candidates with tasks that match their skills and desired career paths after joining the Company, we are also working to improve conditions by reviewing and clarifying the

Number of Participants in the Data Science Course



CHO Message

skills and experience required for each job type and determining appropriate compensation based on market value.

▶ Taking the Initiative to Promote E-Commerce

As an incentive to promote ethical e-commerce, the Company introduced an ESG-linked compensation scheme in August 2023 for employees at the general manager level or above. We believe that having managers working toward the same goals will be effective in promoting ethical e-commerce

➔ P.89 ESG Indicator Conditions

In addition, we have also worked to enhance our training programs for all employees in order to increase awareness of

ethical e-commerce. This is because it is important to not only look at things from our own perspective but also actively send employees outside of the Company to recognize social issues as their own concern and gain experience in developing business perspectives. To this end, we have been working with the Company's Sustainability Promotion Team to

send staff to attend co-creation programs at the Global Compact Network Japan, a local network of the United



On-site training in Tsushima City

Nations Global Compact, and other companies such as 4Revs. We also conducted on-site training in Tsushima City in Nagasaki Prefecture. Although we used to mainly send mid-career employees to attend the training in Tsushima City, we have now incorporated it into our new graduate training program.

▶ Developing the Next Generation of Innovative Leaders Across the Company

We have also put a lot of effort into developing the next generation of leaders in order to continue evolving without slowing down the pace of change.

To shift our mindset to one of nurturing talent who can drive change throughout the Company, we have begun holding regular Companywide human resource development meetings, with all executive officers as members. This was a new initiative for the Company, and I felt that the results were positive as we were able to discuss how to develop human resources and what kind of experience members should gain in order to achieve business growth, raising the discussion from a departmental level to a Companywide level, and to allocate human resources across departmental boundaries.

Working Side by Side with All Divisions to Promote the Human Resource Strategy throughout the Company

To support the achievement of divisional goals from a personnel-oriented perspective, we appointed a human resource business partner (HRBP) to each business unit in May 2024. Specifically, HRBPs work alongside division heads to coordinate and promote

The Medium-Term Management Plan (Fiscal Year Ended May 20, 2022–Fiscal Year Ending May 20, 2025)

Transformation from an office supplies mail-order company into an infrastructure company that supports all workplaces and lifestyles



Human Resource Strategy for Realizing the Medium-Term Management Plan

Three Key Measures

1. Secure digitally literate personnel

- Ramp up external recruitment of digitally literate personnel and specialists*
- Raise digital literacy levels Companywide through reskilling

2. Develop personnel who can contribute to ethical e-commerce

- Incorporate ESG into evaluations and introduce medium-term incentives

3. Nurture the next generation of senior management

- Conduct multifaceted evaluations and make ambitious personnel allocations
- Nurture personnel who can drive change and formulate succession plans

* IT engineers, data scientists, logistics engineers, etc.

CHO Message

the human resource strategy throughout the Company, with a focus on recruitment planning and personnel allocation.

In the first year of the initiative, we focused on gaining an understanding of the issues facing each division through regular one-on-one meetings between the executive officer of each unit and the HRBPs. With these steps in place, our goal is to raise the level of our activities in the future, including clarifying the human resource requirements for each business unit and building an organization that will enable us to implement our strategies. We also want to make sure that, through these activities, each employee is not only looked after by their superiors but also by the human resource department.

HRBPs also play a role in helping the ASKUL WAY take root in each division. The results of the engagement survey conducted in the fiscal year ended May 20, 2024 for all employees showed that there was room for improvement in the “career” category, including the feasibility of career development and the lack of role models. These issues were discussed at the Management Meeting, and after discussions with executive officers and other higher-level

employees, it was decided that, in the fiscal year ending May 20, 2025, we would consider the introduction of a multiple career path system that would allow us to present career paths to employees who want to contribute to the Company by improving their skills in specialist fields. In addition, HRBPs will work alongside executive officers to address organizational issues and help each employee incorporate Our Purpose into their work.

Organizational and Personnel Reforms Aimed at Long-Term Growth

Until we started hiring new graduates 12 years ago, we had been recruiting mid-career employees for each job category. The Company used to be made up of teams of specialists in each area, which worked efficiently, but now that the number of employees has increased, some issues have started to emerge, such as approaches becoming rigid and change occurring at a slower pace.

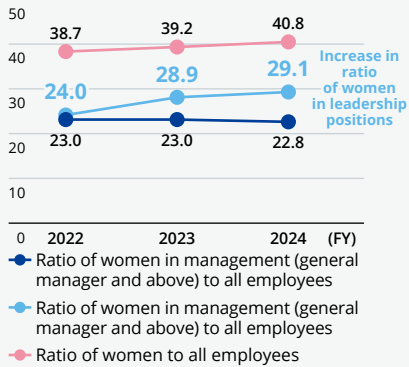
If we are to aim for long-term growth in the future, I believe there is a need to create completely new things without being constrained by precedent. In other words, we must transform into an organization that can create new systems and products one after another to bring delight to our customers.

As such, we would like to focus on developing two types of creative human resources in particular: people who can create something out of nothing and people who can develop ideas to completion. In order to transform our organization into one that can fully leverage such talent and is more likely to foster innovation, we would also like to update our personnel system to one that encourages autonomy and teamwork and rewards long-term perspectives and new endeavors.

In addition, we are also working to increase the feasibility of achieving our goal of bringing the ratio of women in management to 30% by December 2025. To increase the ratio of female general managers and above, we are strengthening our efforts to promote and

train women for managerial positions one step below such positions. Currently, the ratio of managerial positions held by women to all managerial positions at the Company is 39.5%, which is the same as the ratio of women to all employees, and the ratio of women in leadership positions is 29.1%, a figure that is improving year by year. We will continue to identify and systematically train candidates for management positions to increase the number of women in management.

Ratio of Women in Management



My Mission as CHO

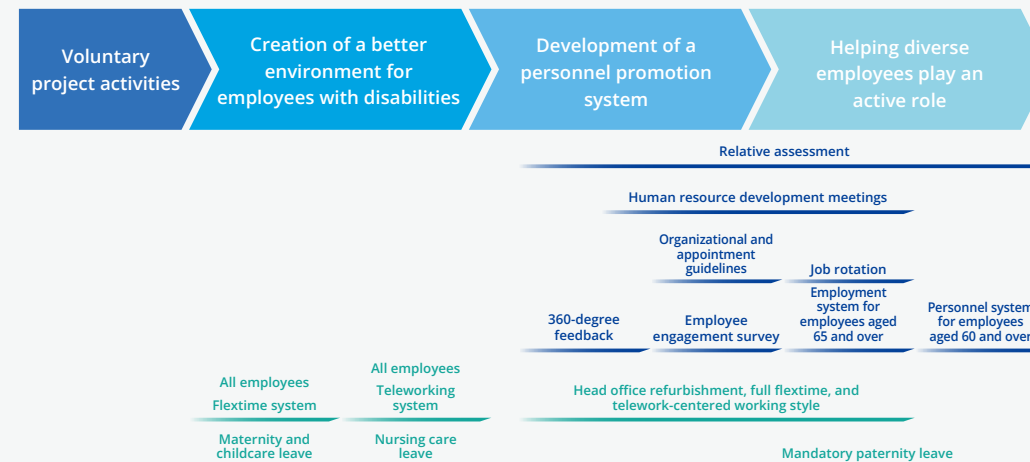
Since joining the Company, I have been involved in various departmental operations, including merchandising, customer service, and logistics, and I now hold the position of CHO. My experience on both the front lines and in management is my greatest strength, and my mission is to serve as a bridge between the two and implement an appropriate human resource strategy. In order to continue to evolve at a rapid pace, we will develop the next generation of leaders by creating an environment where every employee can maximize their abilities and skills through the implementation of our human resource strategy.

Tamami Ito

CHO, Executive Officer, Human Relations & General Affairs Unit

Appointment of HRBP (Human Resource Business Partner)

- Objective** To improve divisional performance
- Role** To contribute to the achievement of each division's goals from a personnel-oriented perspective with division heads
- Activities**
 - Engaging in workforce planning
 - Attending regular meetings with executive officers of each unit
 - Participating in unit meetings
 - Addressing inquiries and consultations from unit members
 - Supporting promotion of the ASKUL WAY, etc.
 - Attending final recruitment interviews
 - Attending evaluations and personnel development meetings



Strengthening of 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.

We provide a system that allows employees to pursue learning and growth in order to increase their motivation to learn independently and achieve their career goals.

▶ Learning Support System

Under this system, the Company subsidizes part or all of the costs of learning programs and qualifications chosen by employees. In the fiscal year ended May 20, 2024, a combined total of 131 employees applied for and received support from the Company for their studies, either on their own initiative or through company-provided programs.

Message from an Employee Who Used the Learning Support System

I was given the opportunity to propose solutions to issues in the region that I was most interested in with a group of members from different industries. It was a challenge, but I was also able to gain new insights and build new networks.



▶ The ASKUL WAY AWARD (In-House Award System)

This is a system in which all employees participate in praising and awarding projects that embody the ASKUL WAY, and for the fiscal year ended May 20, 2024 there were entries from a total of 400 employees across 54 teams.

This has led to further learning opportunities through the sharing of knowledge related to taking on challenges and innovating.



The ASKUL WAY AWARD Ceremony (July 2024)



→ P.53 → P.73 Development of Digitally Literate Personnel



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.

Wellness Performance Score

79.6% (down 1.3 points from last year)

- Average performance when assumed that 100% represents the level of performance that can be achieved in a healthy state
- Specific initiatives: implementation of various seminars on health-related topics such as women's health issues and improving dietary habits, provision of breakfast, vaccinations, subsidies for medical checkups, etc.

Target for the fiscal year ending May 20, 2025: 83.0%

Employee Engagement Score

65.4 points (down 0.2 points from last year)

- An indicator of engagement (the two-way relationship and connection between employees and the Company) expressed as a numerical value out of 100 points
- We use the score to identify issues that need to be resolved as a priority, implement countermeasures, and verify the results.

Target for the fiscal year ending May 20, 2025: 70 points

Note: Results for the fiscal year ended May 20, 2024

▶ Club Activities

ASKUL supports club activities that bring people with similar interests and hobbies together. As of September 2024, 331 employees were participating in over 30 clubs, helping to revitalize internal communication across generations and departments.

▶ Analysis and Utilization of the Employee Engagement Score

We organize our tasks based on our analysis of the score. We hold repeated discussions with senior management and then develop specific measures and action plans based on the knowledge gained.

For details and data on initiatives related to human capital, please follow the links below.

Together with Our Coworkers ESG Data Collection



Senior management engaging in dialogue

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.



Stakeholders	Examples of communication and measures
Customers	<ul style="list-style-type: none">▶ Customer inquiries and interaction through social media networking▶ Furniture showroom tours▶ The Better Tomorrow Exhibition by ASKUL and LOHACO <div>P.80P.19</div>
Shareholders and investors	<ul style="list-style-type: none">▶ Annual General Meeting of Shareholders▶ Earnings announcements and retail investor briefings
Partner companies (business partners)	<div>Suppliers</div> <ul style="list-style-type: none">▶ Product quality improvement efforts▶ Promotion of sustainable procurement, conducting of CSR procurement, and auditing▶ ASKUL EC Marketing Lab <div>P.79</div>
	<div>Agents (sales agencies)</div> <ul style="list-style-type: none">▶ Agent conferences▶ ASKUL Agent Awards
	<div>Delivery partners</div> <ul style="list-style-type: none">▶ White Logistics* initiative
Employees	<ul style="list-style-type: none">▶ Employee engagement survey and Labor Management Committee▶ Employee evaluations, interviews, and career self-assessments▶ Various levels of engagement (CEO town hall meetings, etc.) <div>P.73-77P.5</div>
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 <div>P.79</div>

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

Human Rights, Supply Chain Initiatives, and Social Contributions

Human Rights

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

P.80 Basic Policy on Customer Harassment

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

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 affected prefectures of the Tohoku region. Since 2021, we have continued to provide support through the East Japan Recovery and Business Support Project, which assists 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 ocean plastic countermeasures in Tsushima, Nagasaki Prefecture, and we are also working with the city on initiatives such as study tours and product development through a partnership agreement.



East Japan Recovery and Business Support Project



Plastic Shopping Bags That Protect the Ocean

Sustainable Procurement

▶ ASKUL Sustainable Procurement Policy

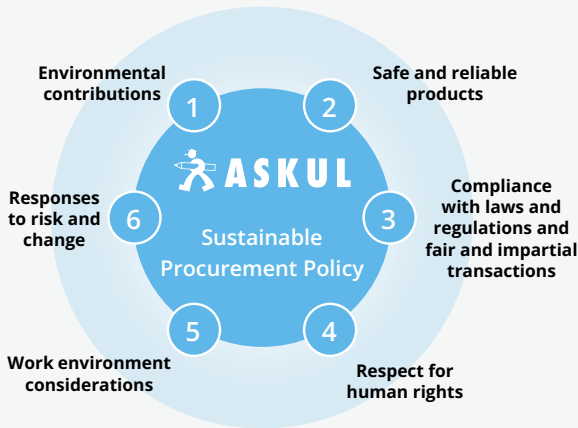
The ASKUL Sustainable Procurement Policy was formulated in April 2021 as part of efforts to build a responsible supply chain.

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 products on a contractual basis.

Conduct CSR Surveys of Suppliers



▶ 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 distribution centers, we reexamined the role distribution centers should play in local communities. Based on our desire to earn the trust of local residents through safe and secure operation 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 2024)

Municipalities	Main bases and areas	Overview
Edogawa Ward, Tokyo	ASKUL Tokyo DC and other locations	<ul style="list-style-type: none"> • Cooperation with provision of relief materials (fee-based) • Procurement of relief materials (ASKUL)
City of Chiba	Citywide	<ul style="list-style-type: none"> • Transport of relief materials (ASKUL LOGIST)
Tokyo Metropolitan Government	Tokyo metropolitan area	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Cooperation with provision of relief materials (fee-based)
City of Suita	ASKUL Value Center Kansai	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Cooperation with provision of relief materials (fee-based)

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?

Basic Policy on Customer Harassment

We believe that maintaining good relationships with our valued customers and creating a workplace environment where employees can work with vitality and peace of mind are both essential in providing better services to our customers. With this in mind, we established our Basic Policy on Customer Harassment in August 2024.

The ASKUL Group Basic Policy on Customer Harassment

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.

To ensure that we continue to implement the PDCA cycle in our customer service processes, we have positioned the improvement of customer service as a key management indicator. Every month, we hold a Quality Management Committee meeting attended by members of senior management to discuss quality improvements.

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.

In the fiscal year ended May 20, 2024, we made efforts to improve quality, focusing mainly on logistics issues, working to reduce product damage and improve the convenience of unattended delivery service.

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 in a timely manner. ASKUL also created the VOC Portal website to post customer feedback on issues in various areas. In the fiscal year ended May 20, 2024, we designated November as a month focused on customer orientation and held events to help each of our employees focus on feedback from our customers to improve and evolve our products and services.

Voluntary Consumer-Orientation Declaration

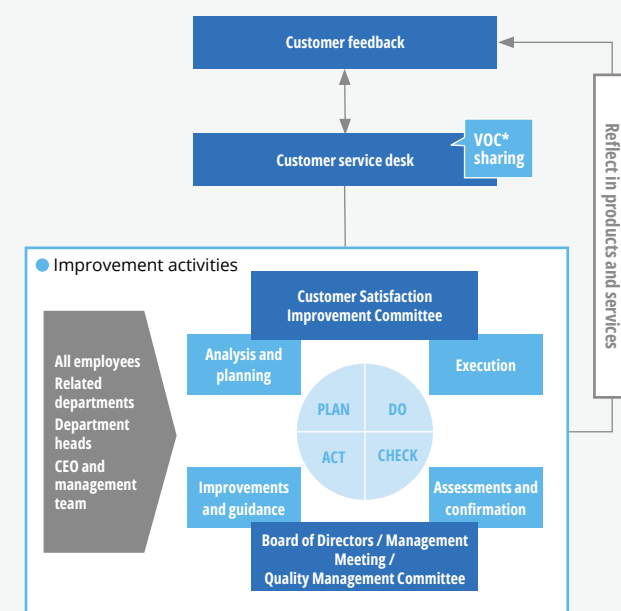
Having endorsed the Consumer-Oriented Management initiative promoted by the Consumer Affairs Agency, we formulated and promoted efforts under the ASKUL Voluntary Consumer-Orientation Declaration. Through this declaration, we have made clear our intention to incorporate customer feedback in our products,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

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

Received the Director-General Prize (Special Category) at the Consumer Affairs Agency's Consumer-Oriented Business Excellence Awards 2020

Received the Director-General Prize at the Consumer Affairs Agency's Consumer-Oriented Business Excellence Awards 2022

PDCA Cycle Based on Customer Feedback



* VOC: Voice of customer



Directors and Audit & Supervisory Board Members

(as of October 31, 2024)



Yoshitaka Asaeda*

Genri Goto*

Shinichi Hokari

Akira Yoshioka

Hironori Koshimizu

Miyuki Nakagawa*

Toshio Imamura

Rina Akimoto*

Naomi Aoyama*

Tsuguhiro Tamai

Katsuhiro Kawamura

Yumiko Ichige*

Kazuo Tsukahara*

* Independent outside officer

Directors and Audit & Supervisory Board Members (as of October 31, 2024)

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 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.



Rina Akimoto
Outside Director, Independent Officer
Important Concurrent Positions
• CEO and Representative Director, vivid garden Inc.



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 work-place, life, the planet and tomorrow,” Our Values, and Our DNA, we listen carefully to customers, share-holders, 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.

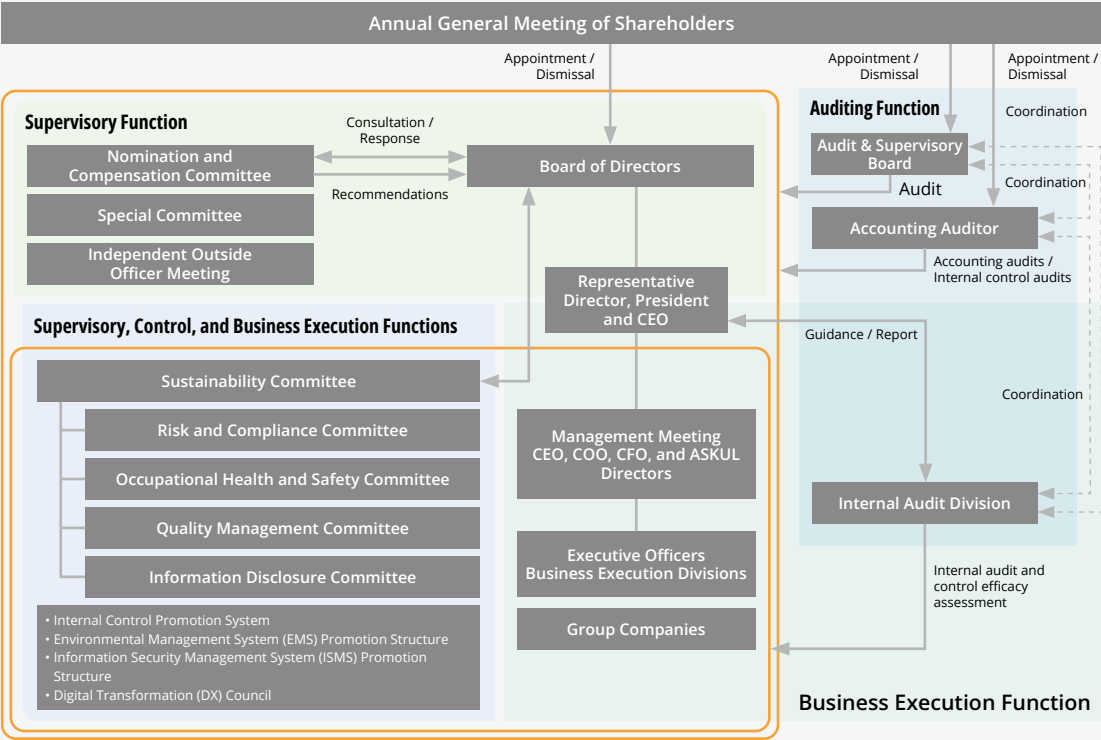
Audit & Supervisory Board Composition and Accounting Auditor

ASKUL's 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 8, 2024)



Corporate Governance

Current Committee Compositions

As of August 8, 2024

Committee name	Directors										Audit & Supervisory Board members			Executive officers and other members	Overview and activities	Number of meetings in FY2024
	Akira Yoshioka	Tsuguhiro Tamai	Katsuhiro Kawamura	Shinichi Hokari	Yumiko Ichige	Genri Goto	Kazuo Tsukahara	Naomi Aoyama	Rina Akimoto	Hironori Koshimizu	Toshio Imamura	Yoshitaka Asaeda	Miyuki Nakagawa			
					Outside Independent	Outside Independent	Outside Independent	Outside Independent	Outside Independent	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.)	18
	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)	2
	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)	3
Supervision, control, and business 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.	36
Business execution	Management Meeting	◎	○	○	○									□	Chaired by the president and CEO, these meetings are held to carefully examine and decide on proposals related to business execution.	37

◎ 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 8, 2024

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.
Tsuguhiro 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 COO.
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.
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.
Rina Akimoto Outside Director Outside Independent	●	●	●								Ms. Akimoto has been appointed due to her experience and track record in launching an innovative business that solves distribution challenges in the agricultural sector, her activities in various organizations that tackle social issues, and her ability to offer oversight and advice that make use of her experience in the fast-paced, innovative environment of venture companies.
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, as well as ambition, leadership, and other management qualities and capabilities
- Ability to formulate visions, implement change, be customer-oriented, and have high ethical standards as set forth in the ASKUL WAY

In selecting candidates, ASKUL takes the 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's 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 of 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 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 that have worked directly with ASKUL within the past five years.
- 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 or ②ASKUL, its parent company, or subsidiary accounting advisors



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 continues to manage the Policy on Ensuring Shareholder Rights and Equality and, as of May 20, 2024, 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 bodies determine whether to continue holding or dispose of strategic shareholdings after examining the appropriateness of said holdings.

Corporate Governance Report: Principle 1-4: Stocks Held for Strategic Purposes

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) 7/13 (53.8%) (as of September 2024)

Corporate Governance

Evaluation of 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. In the 2024 effectiveness evaluation, the Company implemented an assessment through a third-party organization to incorporate a more objective perspective.

Evaluation Method and Process

Based on the analysis of the survey conducted in February 2024, a third-party organization carried out individual interviews with all directors and Audit & Supervisory Board members in April of the same year to evaluate the overall effectiveness of the Board of Directors. The survey included multiple questions for each of the following items, with responses rated on a five-point scale, multiple choice answers, and a free comment section for each item to assess the effectiveness of the Board.

Major Items of the Survey (approximately 40 questions)

1

Role of the Board of Directors

2

Composition of the Board of Directors

3

Operation of the Board of Directors

4

Discussions of the Board of Directors

5

Monitoring functions of the Board of Directors

6

Performance of inside and outside directors

7

Support system for directors and Audit & Supervisory Board members

8

Training

9

Dialogue with Shareholders

10

Personal initiatives

11

Operation of the Nomination and Compensation Committee

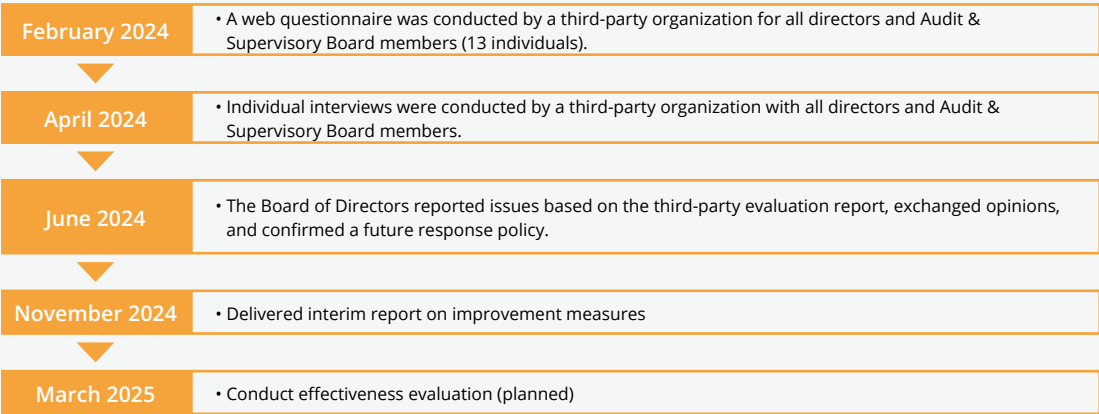
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Nomination and Compensation Committee

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Summary

Evaluation process for the fiscal year ended May 20, 2024 and the fiscal year ending May 20, 2025



Issues Identified in the Previous Evaluation and Responses to Date

1.

Implementation of prebriefings
- For important agendas, such as large-scale system investments and distribution center investments, prebriefings were held, which deepened the understanding of Board members and extended the time for questions, leading to more in-depth discussions.
2.

Early distribution of materials
- Materials related to resolutions were distributed at least three business days in advance, and documents related to reports were sent in draft form, ensuring time for prior review.

Main Themes for Discussion at the Board of Directors' Meetings Suggested during the Previous Evaluation and Their Progress

The main themes proposed in the questionnaire during the previous evaluation are as follows:

- ASKUL's growth strategies and next-generation business models

• Human capital investment

• Setting of medium-term goals based on long-term growth strategies

• Framework and culture required to continuously drive innovation

• B-to-B management vision

Etc.
- Evaluation Results
- In the evaluation conducted in May 2024, the Board of Directors was generally assessed as functioning effectively. There were particularly positive opinions regarding the diversity of the Board, the operation of Board meetings, internal control and risk management, the performance of inside and outside directors, and the various themes discussed by the Nomination and Compensation Committee. Additionally, the above themes proposed during the previous evaluation will continue to be recognized as challenges this term, and further consideration will be given to them during the planning process of the next medium-term management plan.
- 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.
- | Identified issues | Initiatives and improvement measures | |
|---|---|--|
| 1. Role and composition of the Board of Directors | 1) Insufficient discussions on the role and institutional design of the Board of Directors and the fact that independent outside directors do not constitute a majority | Continuously discuss these issues in the Nomination and Compensation Committee and the Independent Outside Officer Meeting |
| | 2) The need to reassess the skills and experience required of directors, as well as diversity in terms of gender and age. | The Nomination and Compensation Committee will reorganize the skill matrix. |
| 2. Operation of the Board of Directors | 1) Insufficient time for discussion | Make improvements by organizing matters to be reported, securing time for preparation, and providing materials early |
| | 2) Content and volume of materials | Create materials that highlight key points |
| | 3) Enhance information sharing with outside directors | Continue to share information at Management Committee meetings and hold prebriefings, etc. |
| 3. Discussions by the Board of Directors | 1) Insufficient discussion of medium- to long-term strategies, business plans, business portfolios, human capital and human resources strategies, etc. | Engage in discussion based on a systematically set agenda |
| | 2) Follow-ups on progress of the formulation of medium-term management plans are necessary | Schedule follow-up discussions |
| 4. Support for directors | Request for opportunities to learn about the Company's initiatives and the external business environment | Provide explanations of the various businesses and external environment upon request |
| 5. Nomination and Compensation Committee | Request for more comprehensive reporting to the Board of Directors | Report summaries of discussions on key issues to the Board of Directors twice a year |
- Evaluation of the Effectiveness of the Board of Directors and the Progress and Details of Discussions at the Board of Directors Meetings

Corporate Governance

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

Monetary Compensation

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

Basic Compensation (Fixed Portion):

Basic Compensation (Fixed Portion).
Individually determined as fixed monthly remuneration reflecting market levels and expected roles

Performance-Linked Compensation (Variable Portion)

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

- Granted to eligible directors and employees
- Provisos for lifting the restriction on transfer
 - 1) Continuous employment conditions: Must be in the position of officer or employee throughout the restricted transfer period
 - 2) ESG indicator conditions: Achievement of ESG indicators aimed at increasing the effectiveness of measures to resolve ESG-related issues
- The amount of each remuneration is decided by the Board of Directors after deliberation by the Nomination and Compensation Committee, taking into account the position, expected role, and stock price trends.
- To ensure the soundness of the compensation system for directors and prevent misconduct, a so-called malus clause has been established that stipulates that in the event of certain circumstances, all or part of the stock-based compensation granted before the restriction on transfer is lifted will be forfeited or canceled.

▶ **ASKUL Director Compensation**

Type	Compensation details	Compensation calculation methods	Purposes, reasons, and supplemental explanations	Payments	Actual amount (compensation ratio)*1 Unit: millions of yen
Non-Monetary Compensation	Restricted stock compensation	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 Increase effectiveness of measures to resolve ESG-related issues 	<p>Provisos for the lifting of transfer restrictions (for stock granted in FY2025)</p> <p>① Continuous employment provisos (around 15% of basic compensation)</p> <p>② ESG indicator provisos (equivalent to 50% of ① above)</p>	9 (7.1%)
Monetary Compensation	Performance-Linked Compensation (Variable portion) (Remitted as an executive bonus)	A Annual performance target × B Individual evaluation	<ul style="list-style-type: none"> Performance-linked compensation varies in accordance with the rate of achievement for consolidated EBITDA*2 target Reason for adopting this indicator: To secure profits while actively executing the necessary investments 		36 (28.9%)
	Basic compensation (Fixed portion) (Remitted as monthly compensation)	Determined individually based on market levels and expected role			81 (64.0%)

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

*1 Actual performance in FY2024

Outside Director and Outside Audit & Supervisory Board Member Compensation

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

Highlight

ESG Indicator Conditions

The transfer restriction will be lifted when a specified number of the five annual targets related to material issues (important issues) are achieved, subject to the expiration of the transfer restriction period.

Environment	1) Improve delivery efficiency 2) Achieve overall Product Environmental Score targets
Society	3) Employee engagement index 4) Ratio of women in management of 30%
Governance	5) Governance evaluations conducted by external organizations

Note: The four items excluding item 5 apply to employees.

 (Reference) Notice of Disposal of Treasury Stock as Restricted Stock Remuneration

Corporate Governance

Group Governance

1 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. In accordance with this basic policy, the Company will ensure that individual corporate entities have freedom in their management, share a mission to solve social issues, and build a governance structure to achieve this while providing the highest value to various stakeholders through the collective strength of the Group.

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

The Company recognizes 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 makes efforts 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, 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.

3 Significance of Having Listed Subsidiaries

AlphaPurchase Co., Ltd. is a consolidated subsidiary listed on the Tokyo Stock Exchange (Standard Market) and primarily engages in MRO and FM businesses. The businesses of AlphaPurchase Co., Ltd. and the Company have different primary customer bases and sales channels, creating a complementary relationship. Through collaboration and cooperation between the two companies, we believe that each company can enhance its corporate value, thereby significantly contributing to the overall corporate value of the Group. As such, we will ensure that AlphaPurchase Co., Ltd. receives valuation in the stock market while fostering good relationships with stakeholders such as customers, business partners, and employees through business operations, and pursuing autonomous management that considers the interests of minority shareholders. We believe that this approach will contribute to business growth and corporate value enhancement for each company, and ultimately, to the overall corporate value of the Group. Therefore, at this time, we consider it desirable to maintain the listing of AlphaPurchase Co., Ltd.

4 LY Corporation, ASKUL's Other Affiliated Company

1) Relationship with the other affiliated company

LY Corporation, the Company's other affiliated company, holds 45.28% of the Company's voting rights (as of May 20, 2024), and two out of 10 directors of the Company are dispatched from LY Corporation. Since LY Corporation holds 45.28% of the voting rights of the Company's shares, the Company is included in the scope of consolidation of the affiliated 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.

2) Approach to and policy on group management at the other affiliated company

Please refer to the Corporate Governance Report of LY Corporation for their approach and policy on group management. The Company benefits from being part of the LY Group through collaboration in the LOHACO Business, support from technology talent in the operation of the New ASKUL Website, and cooperation in advanced technology areas such as marketing, DX, and AI.

3) Initiatives to ensure independence from the other affiliated company

LY Corporation respects the fact that the Company operates as an independent listed company maintaining independence in its business operations, and although there is acceptance of dispatched directors and employees from the affiliated company, we recognize that the Company's business activities and management decisions are not constrained by LY Corporation, thus ensuring our independence. Additionally, the Company has established the Related-Party Transaction Management Regulations, which clearly prohibit transactions with LY Corporation that are evidently more favorable or unfavorable compared with transactions with third parties or similar transactions, and explicitly forbid transactions aimed at transferring profits, losses, or risks. Furthermore, the Company's Board of Directors Regulations stipulate that any person with a special interest in a resolution of the Board of Directors cannot exercise voting rights on that matter. In determining whether a director corresponds to the person with a special interest, we make efforts to ensure accurate judgment by seeking opinions from external experts as necessary. Moreover, the Company's Board of Directors consists of 10 members, with five of them being independent outside directors, thereby securing its independence. As an advisory body to the Board, we have established a standing Special Committee comprising of independent officers, including two of these independent outside directors. This committee deliberates on important matters related to the governance of the Group, aiming to further protect the interests of minority shareholders, including by as monitoring the decision-making process when conducting transactions with companies such as LY Corporation.

Corporate Governance

Compliance

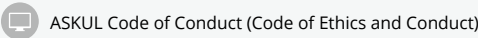
Based on the recognition that compliance is a prerequisite for management, the Company has established, disseminated, and complies with the ASKUL Code of Conduct (Code of Ethics and Conduct), the Compliance Manual, and a variety of other regulations in accordance with the ASKUL WAY. Further, in addition 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) (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 CoWorkers
- VIII ASKUL Code of Conduct Management

▶ ASKUL Hotline (Internal Reporting System)

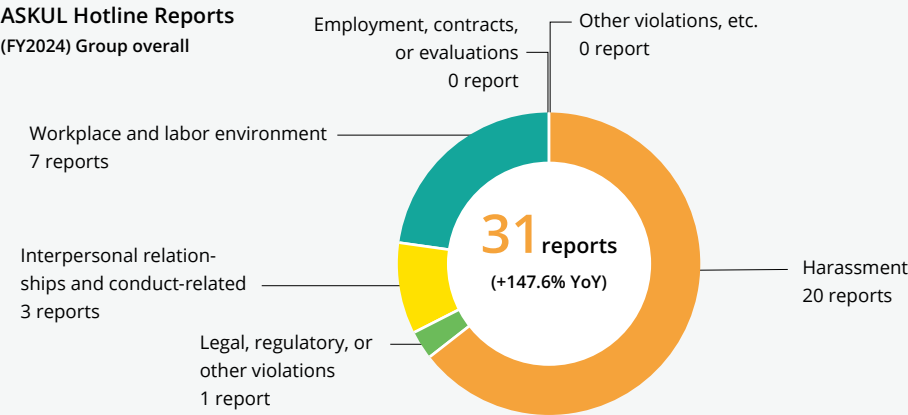
The ASKUL Hotline (internal reporting system) was established as part of the ASKUL Group’s internal control system in order to prevent misconduct and business risks before they occur while invigorating the Group’s self-correcting mechanism.

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.



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

Risk Management

Basic Approach

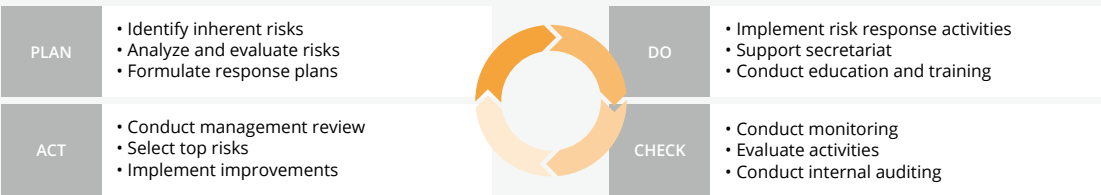
Risk Management Basic Policies and Action Guidelines

- 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 that 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 and 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 cycle 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 Companywide risks), for which the necessary countermeasures are formulated.

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

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 and customer 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, or long working hours Health issues caused by private brand products 	<ul style="list-style-type: none"> Maintain and manage vehicles and other equipment and implement thorough safety training Conduct thorough disaster prevention measures and manage working hours Ensure thorough quality control and aggregate and improve data to raise quality
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.93 .	
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 to improve 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 Delayed business model transformation / failure to adapt to changing business environment	<ul style="list-style-type: none"> Business model obsolescence / advances in competitors' services Delayed response to legal and institutional changes 	<ul style="list-style-type: none"> Develop human resources to promote innovation and transformation and introduce and develop human resource evaluation systems Early detection of and timely response to legal and institutional changes
10 M&A and business collaboration	<ul style="list-style-type: none"> Impairment loss on goodwill due to the discovery of unexpected risks after the acquisition Incurrence of additional costs or investments due to failure to achieve expected synergies 	<ul style="list-style-type: none"> Decision-making based on sufficient prior research and a defined approval process Regular monitoring via key meetings

* Regarding climate change initiatives and responses to the Task Force on Climate-related Financial Disclosure (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations under [2](#) above, please refer to Response to TCFD and TNFD Recommendations in the Environment section

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

Support for Disaster-Stricken Areas Based on Disaster Response Agreements

ASKUL supports disaster-stricken areas in their recovery and reconstruction efforts based on the ASKUL Business Continuity Plan Basic Policy and agreements with various government agencies, local municipalities, and related organizations in the event of a disaster. As we provide relief in the form of daily necessities, food, and other essential items immediately after a disaster, we also strive to be flexible in our response to the changing needs of the disaster-stricken area.



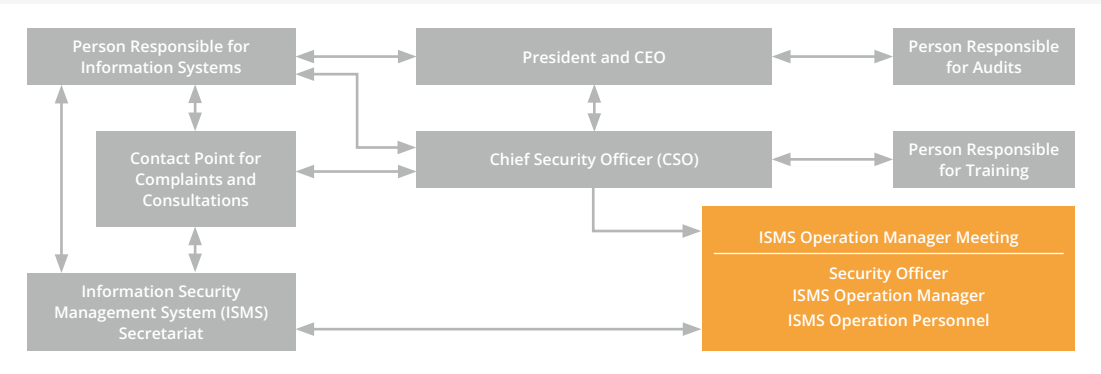
Image source:
Peace Boat Disaster Relief

Highlight

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 to achieve 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 Companywide 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 Customer defection due to decrease in usability 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 Companywide risks) and main responses and countermeasures, please refer to Risk Management [P.92](#).