

**Last Update: December 25, 2023****Onward Holdings Co., Ltd.**

Michinobu Yasumoto, President and CEO

Contact: +81-3 -4512-1030

Securities code: 8016

<https://www.onward-hd.co.jp/en>

The corporate governance of Onward Holdings Co., Ltd. (the “Company”) is described below.

## I. Basic Approach to Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information

### 1. Basic Approach

The Onward Group believes that responding promptly to changes in its business environment and ensuring a level of corporate governance that enhances the health, fairness, transparency, and compliance of its management and operations are one of its most important responsibilities and central to increasing corporate and shareholder value.

In its basic management policy, the Onward Group has defined its business domain as “a world of fashion that gives refreshment and beauty to people’s lives.” By offering “fashion” as an integral part of consumer culture, the Group creates new lifestyles and values that contribute to the enrichment of life for all people. Moreover, the Company believes that, in order to exercise this policy and accomplish its objectives, it is vital for it to build and maintain strong networks and relationships with customers and all other stakeholders it connects with in its corporate activities.

### Reasons for Non-compliance with the Principles of the Corporate Governance Code

[Target code]

It is based on the code revised in June 2021.

In addition, we implement all the principles established in the Corporate Governance Code.

### Disclosure Based on the Principles of the Corporate Governance Code **Updated**

The Company has established the “Corporate Governance Policy” (hereinafter referred to as the “Policy”) by a resolution of the Board of Directors to show the basic approach and basic policy regarding corporate governance.

The Policy is posted on the Company’s website.

URL: [https://www.onward-hd.co.jp/en/company/policy\\_en.pdf](https://www.onward-hd.co.jp/en/company/policy_en.pdf)

[Principle 1-4 Cross-shareholdings]

Please refer to Chapter 2, Article 4 (Cross-shareholdings) of the Policy.

[Principle 1-7 Related-party transactions]

Please refer to Chapter 2, Article 5 (Related-party transactions) of the Policy.

[Supplementary Principle 2-4-1 Ensuring diversity in the promotion, etc., of core human resources]

The Company positions evolving into a company where diverse and unique personnel can exhibit their strengths as one of the growth strategies, and is striving to evolve into a company where diverse and unique personnel can exhibit their strengths by training in-house personnel who will spearhead change, or recruiting personnel externally, and promoting organizational and HR platform reform.

Within this movement, regarding the promotion of female managers, we have set a goal of 50% women in leadership positions in fiscal 2030, and as of February 28, 2023, 27.2% of the leadership positions were filled by women. To this end, we have adopted the “Mentor system” to nurture female senior management candidates, and in fiscal 2022, as a trial run, certain executive officers (mentors) were given training including training in interview skills and carried out mentoring of female general managers (the mentees). In fiscal 2023, the Company intends to further expand the mentoring to include more female managers.

A target value for foreign employees has not been set since the Group’s principal business domain is the apparel business and lifestyle business in Japan. However, we will consider this factor along with future reviews of our business portfolio, etc.

As for mid-career employees, we have not set a specific goal regarding their appointment. However, in order to exercise the management strategy, we will continue to recruit highly-skilled professionals and promote them to managers in required business domains.

[Principle 2-6 Roles of corporate pension as asset owner]

- The asset management policy is to strive to secure the expected interest rate on pension financing sufficient enough to maintain a sound pension system in the future.
- The policy asset composition ratio will be formulated from a medium- to long-term perspective after hearing opinions from persons with specialized knowledge and experience in asset management operations, and the ratio will be verified annually, and reviewed as necessary.
- The financial condition of our corporate pension is sound and we do not take excessive risks in asset management.
- All of the outsourced operators for our corporate pension accept Japan’s Stewardship Code. Regarding the outsourced operators, we hold quarterly operation report meetings and carry out quantitative evaluations.
- We allocate personnel with appropriate qualifications to our corporate pension office, while working to improve their qualifications by having them attend external seminars, etc., among others.

[Principle 3-1 Enhancement of information disclosure]

(1) The Company’s goals (management philosophy, etc.), management strategy, management plan

Please refer to Chapter 4, Article 10 (Ensuring appropriate disclosure and transparency) of the Policy.

Please refer to our medium- to long-term management vision “ONWARD VISION 2030” and “Realizing ONWARD VISION 2030” for management strategies and management plans.

“ONWARD VISION 2030” and “Realizing ONWARD VISION 2030” are posted on the Company’s website indicated

below.

URL: [https://www.onward-hd.co.jp/en/ir/management/20210506\\_4.pdf](https://www.onward-hd.co.jp/en/ir/management/20210506_4.pdf)

URL: [https://www.onward-hd.co.jp/en/ir/management/realizing\\_onword\\_vision\\_2030\\_en.pdf](https://www.onward-hd.co.jp/en/ir/management/realizing_onword_vision_2030_en.pdf)

(2) Basic approach and basic policy regarding corporate governance

Please refer to Chapter 1, Article 1 (Basic philosophy on corporate governance) of the Policy.

(3) Policies and procedures for the Board of Directors to determine remuneration for executives and Directors

Please refer to Chapter 5, Article 18 (Remuneration of corporate officers) of the Policy.

(4) Policies and procedures for the Board of Directors to elect and dismiss management executives and nominate candidates for Directors and Audit & Supervisory Board Members

Please refer to Chapter 4, Article 12 (Policy and procedures for nominating director candidates) and Article 13 (Policy and procedures for nominating candidates for Audit & Supervisory Board Members) of the Policy.

(5) Explanation of individual selection, dismissal, and nomination when the Board of Directors elects and dismisses management executives and nominates candidates for Directors and Audit & Supervisory Board Members

Please refer to the Reference Document for the General Meeting of Shareholders in “Notice of Convocation of the 76th Annual General Meeting of Shareholders” for the reasons for the election of individual candidates for Directors and Audit & Supervisory Board Members.

“Notice of Convocation of the 76th Annual General Meeting of Shareholders” is posted on the Company’s website.

URL: <https://www.onward-hd.co.jp/en/ir/stocks/Notice%20of%20Convocation%20of%20the%2076th%20Annual%20General%20Meeting%20of%20Shareholders%20.pdf>

[Supplementary Principle 3-1-3 Initiatives, etc., for sustainability]

The Company views the promotion of sustainable management as a vital theme constituting the core of corporate activities. Accordingly, we will promote sustainable management that pursues coexistence with the global environment based on our mission statement of “enriching and adding color to people’s lives while caring for the planet.” In August 2022, the Company announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and we have been disclosing information based on the TCFD framework. For details, please refer to “Onward Group Disclosure of information in line with TCFD recommendations.”

“Onward Group Disclosure of information in line with TCFD recommendations” is posted on the Company’s website.

URL: [https://www.onward-hd.co.jp/en/sustainability/environment/tcf2022\\_en.pdf](https://www.onward-hd.co.jp/en/sustainability/environment/tcf2022_en.pdf)

In addition, regarding human capital, we are enhancing training and education for employees to promote the Group evolving into a “customer-centric company, making the best use of employees’ diverse strengths.” We will continue to actively carry out investments in career advancement and upskilling of employees, including position-specific training for strengthening management ability, profession-specific training such as merchandiser education on material and quality control, and practical training and distance-learning for personal development. On the work environment side, we have been promoting workstyle reform through the Work Style Design Project since 2019. We are also working to enhance operational efficiency and productivity and to achieve work-life balance through initiatives such as operational digital transformation (DX) through the introduction of electronic and online tools, the new system for taking leave and childcare leave, and the promotion of bottom-up type management.

As for investments in intellectual property rights, etc., we consider intellectual property rights, including underlying trademark rights and patents for product design and manufacturing technology, as one of the most important assets for the Company, which

operates the brand business, and therefore, we are actively investing in these areas through the development of new brands and new businesses. A management policy for the handling of trademark and other intellectual property rights held by the Company was set out in the Compliance Manual which outlines ways of conducting compliance activities and ethical standards to be followed as defined in Article 6 (Formulation and implementation of code of conduct) of the Corporate Governance Policy. Also, we continuously promote educational enlightenment activities, including disseminating information through our internal intranet and in-house training. Furthermore, the Legal Affairs Division acts as a contact point to consult outside professionals such as lawyers and patent attorneys as necessary, and the Company has established a system for responding to infringement of its intellectual property rights by a third party appropriately.

[Supplementary Principle 4-1-1 Scope of delegation to management]

Please refer to Chapter 5, Article 15 (Roles and responsibilities of the Board of Directors) of the Policy.

[Principle 4-9 Independence criteria and qualities of Independent Outside Directors]

Please refer to Chapter 4, Article 12 (Policy and procedures for nominating director candidates) of the Policy and (Attachment) “Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members.”

[Principle 4-10-1 Establishment of the Nomination Committee and the Compensation Committee]

To enhance the independence and objectivity of the functions of the Board of Directors regarding the nomination and compensation of Directors, and aiming to further enhance the corporate governance system, the Company has established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors.

(Authority and Roles of the Nomination and Compensation Committee)

The following matters on which the Board of Directors consulted the committee will be discussed and reported to the Board of Directors.

- (1) Approach to the composition of the Board of Directors
- (2) Policy and criteria for the appointment and dismissal of Directors
- (3) Matters concerning the appointment and dismissal of Directors
- (4) Criteria for the appointment of Outside Directors (independence criteria, term of office, qualification conditions, etc.)
- (5) Policy and criteria for the selection and dismissal of Representative Directors
- (6) Matters concerning the selection and dismissal of Representative Directors
- (7) Policy and criteria for the selection and dismissal of Directors with Titles
- (8) Matters concerning the selection and dismissal of Directors with Titles
- (9) Matters concerning the selection and dismissal of members of the Nomination and Compensation Committee
- (10) Compensation system for Directors and policy for determining compensation
- (11) Details of individual Directors' compensation
- (12) Matters concerning the formulation and operation of successor plans
- (13) Proposals for General Meetings of Shareholders (proposals for the appointment and dismissal, proposals for compensation)
- (14) Other matters that the Board of Directors deems necessary

Furthermore, the Nomination and Compensation Committee has the authority to have persons other than the members attend its meetings and request their reports and opinions as necessary.

(Approach to the independence of the Committee structure)

The committee consists of three or more members who are Directors, selected by a resolution of the Board of Directors, and the majority of them are selected from among Independent Outside Directors to ensure independence and objectivity.

[Supplementary Principle 4-11-1 Approach to balance, diversity, and size of the Board of Directors]

Please refer to Chapter 4, Article 12 (Policy and procedures for nominating director candidates) and Article 13 (Policy and procedures for nominating candidates for Audit & Supervisory Board Members) of the Policy.

In addition, please refer to “Notice of Convocation of the 76th Annual General Meeting of Shareholders” for the reasons for the election of the current Directors and Audit & Supervisory Board Members and their skills matrix.

“Notice of Convocation of the 76th Annual General Meeting of Shareholders” is posted on the Company’s website.

URL: <https://www.onward-hd.co.jp/en/ir/stocks/Notice%20of%20Convocation%20of%20the%2076th%20Annual%20General%20Meeting%20of%20Shareholders%20.pdf>

[Supplementary Principle 4-11-2 Status of concurrent positions of Directors and Audit & Supervisory Board Members with officers of other listed companies]

Please refer to Chapter 5, Article 20 (Concurrent positions as corporate officers of other listed companies) of the Policy.

[Supplementary Principle 4-11-3 Evaluation of the effectiveness of the Board of Directors]

Please refer to Chapter 5, Article 21 (Ensuring the effectiveness of the Board of Directors) of the Policy.

(Summary of the Board of Directors Evaluation and Results)

1. Scope of evaluations

- All Directors and Audit & Supervisory Board Members

2. Procedures for evaluations

- Self-evaluation via questionnaire
- Support for evaluations provided by external advisor

3. Overview of results of analysis and evaluation of Board of Directors’ effectiveness in fiscal 2022

- We have judged that the Board of Directors sufficiently exercised its functions for formulating management strategies and targets, resolving management issues, and overseeing persons responsible for business execution in accordance with Onward’s Corporate Governance Basic Policy.
- It has been judged that the current composition, discussion quality, operations, etc. of the Board of Directors are generally appropriate.
- In particular, “diversity of the Board of Directors,” “monitoring of the status of business execution,” and “number of agenda items and materials for the Board of Directors’ meetings” will continue to be considered in the next fiscal year, in addition to its efficient operation, in order to further improve the effectiveness of the Board of Directors.

[Supplementary Principle 4-14-2 Training of Directors and Audit & Supervisory Board Members]

Please refer to Chapter 5, Article 22 (Training for Directors and Audit & Supervisory Board Members) of the Policy.

[Principle 5-1 Policy on constructive dialogue with shareholders]

Please refer to Chapter 6, Article 23 (Policy on constructive dialogue with shareholders) of the Policy.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price (under consideration)]

In order to sustainably improve corporate value, we aim to understand the cost of capital and achieve returns (profits) that exceed it. We plan to disclose and implement the specific measures along with the updated version of “ONWARD VISION 2030” and the three-year medium-term management plan, which are scheduled to be announced at the time when the full-year financial results for FY2023 will be released in April 2024.

## 2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
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### Status of Major Shareholders **Updated**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	14,435,000	10.63
Kashiyama Scholarship Foundation	8,710,970	6.41
Custody Bank of Japan, Ltd. (Trust account)	5,751,500	4.23
Onward Holdings Business Partners' Shareholdings Association	5,162,400	3.80
Nippon Life Insurance Company	4,671,441	3.44
The Dai-ichi Life Insurance Company, Limited	3,360,051	2.47
Sumitomo Mitsui Banking Corporation	2,931,589	2.16
SMBC Nikko Securities Inc.	2,640,300	1.94
Isetan Mitsukoshi Ltd.	2,301,829	1.69
DAIDOH LIMITED	2,149,509	1.58

Name of Controlling Shareholder, if applicable (excluding Parent Company)	----
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Name of Parent Company, if applicable	None
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Supplementary Explanation

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## 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
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Fiscal Year-End	February
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Business Sector	Textiles & Apparels
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances which May have Material Impact on Corporate Governance**

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Corporate Governance System

Company with Audit & Supervisory Board\*

\*Referred to in the Corporate Governance Code reference translation as “Company with *Kansayaku* Board”

#### Directors

Number of Directors Stipulated in Articles of Incorporation	7
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	6
Election of Outside Directors	Elected
Number of Outside Directors	2
Number of Independent Directors	2

#### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Akira Kawamoto	From another company											
Yoshie Komuro (Name in family register: Yoshie Ishikawa)	From another company											

\*Categories for “Relationship with the Company”.

(Use “○” when the Director presently falls or has recently fallen under the category; “△” when the Director fell under the category in the past; “●” when a close relative of the Director presently falls or has recently fallen under the category; and “▲” when a close relative of the Director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive Director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to Director/Audit & Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other



Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Akira Kawamoto	○	----	We have elected him as an Outside Director because we are expecting him to use his extensive experience gained while working for the government for many years and diverse knowledge and insight from his academic experience to enhance the Company's management. In addition, since we have determined that there is no risk of conflict of interest with general shareholders, we have also registered Director Kawamoto as an Independent Director based on the request of the stock exchange.
Yoshie Komuro (Name in family register: Yoshie Ishikawa)	○	----	We have elected her as an Outside Director because we are expecting her to use her expertise as a corporate manager and experience and insight developed through serving as an expert sitting in various government affiliated councils to enhance the Company's management. Since we have determined that there is no risk of conflict of interest with general shareholders, we have also registered Director Komuro as an Independent Director based on the request of the stock exchange.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Compensation Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Inside Director
Voluntarily Established Committee Equivalent to Compensation Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Inside Director

Supplementary Explanation

The “Nomination and Compensation Committee” was established as an advisory body to the Board of Directors on February 26, 2021, for the purpose of contributing to strengthening the oversight function of the Board of Directors and enhancing the Company’s corporate governance structure, by ensuring the transparency and objectivity of evaluation and decision-making processes related to Director nomination and compensation. The “Nomination and Compensation Committee” functions as both a nomination committee and a compensation committee.

### Audit & Supervisory Board Member\*

\*Referred to in Corporate Governance Code reference translation as “kansayaku”

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

#### Cooperation among Audit & Supervisory Board Members, Accounting Auditors, and Internal Audit Department

Audit & Supervisory Board Members confirm the annual audit plan with the Accounting Auditor. We also hold debriefing sessions on the summary of audit results at the end of the quarter and year end, and exchange opinions as necessary.

In addition, we hold meetings with the internal audit department at least once a quarter and conduct regular monitoring to ensure that an efficient and legal corporate structure is established.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

#### Outside Audit & Supervisory Board Members’ Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Ryu Umezu	Attorney													
Mitsuyo Kusano	From another company													

\*Categories for “Relationship with the Company”.

(Use “○” when the Director presently falls or has recently fallen under the category; “△” when the Director fell under the category in the past; “●” when a close relative of the Director presently falls or has recently fallen under the category; and “▲” when a close relative of the Director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- A non-executive Director or an accounting advisor of the Company or its subsidiaries
- Person who executes business or a non-executive director of a parent company
- An Audit & Supervisory Board Member of a parent company of the Company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity

- g. Major client of the Company or a person who executes business for such client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to Director/Audit & Supervisory Board Member compensation from the Company
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Ryu Umezu	○	----	We have elected him as an Outside Audit & Supervisory Board Member because we are expecting him to use his extensive knowledge, insight, and expertise from his experience as an attorney, particularly his extensive insight and experience pertaining to capital market transactions and financial transactions in audits of the Company. In addition, since we have determined that there is no risk of conflict of interest with general shareholders, we have also registered Outside Audit & Supervisory Board Member Umezu as an Independent Audit & Supervisory Board Member based on the request of the stock exchange.
Mitsuyo Kusano	○	----	We have elected her as an Outside Audit & Supervisory Board Member because we are expecting her to use her wide-ranging experience and extensive knowledge based on her achievements in the media industry over many years and her service as an expert sitting in various affiliated councils in audits of the Company. In addition, since we have determined that there is no risk of conflict of interest with general shareholders, we have also registered Outside Audit & Supervisory Board Member Kusano as an Independent Audit & Supervisory Board Member based on the request of the stock exchange.

## Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members

Number of Independent Directors and Independent Audit & Supervisory Board Members	4
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### Other Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members

The Company has designated all Outside Directors and Outside Audit & Supervisory Board Members as Independent Directors and Independent Audit & Supervisory Board Members stipulated by the Tokyo Stock Exchange and has registered them with the exchange.

## Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Compensation System
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### Supplementary Explanation for Applicable Items

Regarding compensation (bonuses) for Directors, we have adopted a performance-linked bonus determination method based on standards including the consolidated performance of the Group.

Persons Eligible for Stock Options	
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### Supplementary Explanation for Applicable Items

## Director Compensation **Updated**

Status of Disclosure of Individual Directors' Compensation	Disclosure for Selected Directors
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### Supplementary Explanation for Applicable Items **Updated**

The compensation of the seven Directors of the Company (including three Outside Directors) for fiscal 2022 is as follows.

- i. Basic compensation                      ¥165 million (including ¥27 million for Outside Directors)
- ii. Compensation for the purpose of acquiring company stock ¥47 million (for Directors excluding Outside Directors)
- iii. Bonuses                                  ¥86 million (for Directors excluding Outside Directors)

The above compensation amount includes compensation for the term of office of the relevant Director until his or her retirement.

Furthermore, the Company discloses individual compensation of persons receiving total consolidated compensation of ¥100 million or more, as follows.

- a. Michinobu Yasumoto, President and CEO - Total payment: ¥108 million  
(Breakdown: Basic compensation ¥50 million, bonus ¥33 million, and compensation for the purpose of acquiring company stock ¥24 million)

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**Disclosure of Policy on Determining Compensation Amounts and the Calculation Methods Thereof**

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Policies for determining the amounts of and calculation methods for the compensation for Directors and Audit & Supervisory Board Members are as follows.

1. Policies for determining the amounts of the compensation for Directors and Audit & Supervisory Board Members

Compensation paid to Directors and Audit & Supervisory Board Members comprises fixed basic compensation, compensation for the purpose of acquiring Company stock, and performance-linked bonuses.

i. Basic compensation

Basic compensation paid to Directors and Audit & Supervisory Board Members is determined based on predefined standards that take into account factors such as full-time or part-time status, roles, ranks, years of service, and individual performance evaluations. The amounts of compensation paid to Directors are determined by the Board of Directors while the amounts of compensation paid to Audit & Supervisory Board Members are determined through discussions among Audit & Supervisory Board Members.

ii. Compensation for the purpose of acquiring company stock

In June 2015, the Company replaced the previous stock compensation-type stock options with compensation for the purpose of acquiring Company stock, with the aim of improving the motivation and morale of Directors to raise stock price and improve business performance. Compensation for the purpose of acquiring Company stock is paid to Directors (excluding Outside Directors).

iii. Bonuses

Performance-linked bonuses are paid to Directors (excluding Outside Directors) based on the Company's consolidated performance, etc., for the relevant fiscal year.

2. Resolutions by the General Meeting of Shareholders with regard to compensation for Directors and Audit & Supervisory Board Members

The amount of compensation paid to the Directors of the Company was set at "¥500 million or less per year (¥30 million or less for Outside Directors)" by the resolution of the 60th Annual General Meeting of Shareholders held on May 24, 2007. Compensation amounts are determined by the resolution of the Board of Directors within this limit.

In addition, at the 74th Annual General Meeting of Shareholders held on May 27, 2021, it was resolved to revise only the amount of compensation for Outside Directors from "¥30 million or less per year" to "¥50 million or less per year."

The amount of compensation paid to Audit & Supervisory Board Members was set at "¥60 million or less per year" by the resolution of the 48th Annual General Meeting of Shareholders held on May 25, 1995. Compensation amounts are determined through discussions among the Audit & Supervisory Board Members within this limit.

The number of Directors and that of Audit & Supervisory Board Members at the time of the respective resolution was seven (7) and four (4), respectively.

### 3. Performance indicators and method for determining the amount of performance-linked compensation

Bonuses are paid as performance-linked compensation. The purpose of this compensation is to reflect single-year business performance in compensation, raise motivation for improving business performance, enhance awareness towards achieving management targets, and clarify merits evaluation compared to performance results.

The amount of bonuses is based on the amounts derived on the basis of companywide performance in accordance with the same standards used to calculate the bonuses of general employees, and the amount is determined based on performance evaluations that comprehensively take into account the degree of achievement compared to target indicators for management accounting, including net sales and profit and loss in the areas of responsibility assigned to each Director as set at the beginning of each fiscal year.

Performance evaluations are determined at financial account settlement meetings attended by Directors, Audit & Supervisory Board Members, and Executive Officers.

## Support System for Outside Directors and/or Outside Audit & Supervisory Board Members

Although full-time staff is not assigned for Outside Directors and Outside Audit & Supervisory Board Members, the President's Office is in charge of supporting information transmission and other duties.

For Outside Audit & Supervisory Board Members, in addition to the President's Office, the staff of Audit & Supervisory Board Members is also in charge of supporting them.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System) **Updated**

### (a) Directors and the Board of Directors

In order to further clarify the management responsibilities of Directors, to increase opportunities to gain the confidence of shareholders, and to put in place an optimal and flexible management framework that is capable of responding to changes in the business environment in a timely manner, the Company has set the term of Directors at one year. In addition, two of the six members of the Board of Directors (five men and one woman) are appointed from outside the Company and selected on the basis of their high level of independence. This initiative is aimed at reinforcing the supervisory function of the Board.

In fiscal 2022, the Board of Directors met 13 times (four separate meetings were held in the form of document correspondence).

### (b) Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company has adopted an Audit & Supervisory Board structure, under which the Company has appointed four Audit & Supervisory Board Members (three men and one woman), two of whom are Outside Audit & Supervisory Board Members. Staff has also been assigned to assist Audit & Supervisory Board Members in carrying out their duties and to strengthen their supervisory function. Each Member audits and monitors the performance of Directors. Responsibilities include reviewing the documentation of important decisions and attending important meetings, such as Board of Directors' meetings, Group financial account settlement meetings, and budget committee meetings, in accordance with audit policies and the roles established by the Audit & Supervisory Board. In addition, the Internal Control Office and business departments conduct periodic monitoring in an effort to establish an effective and lawful corporate structure.

The Audit & Supervisory Board meets with the Representative Directors and the Accounting Auditor on a regular basis to share and exchange information and opinions. This initiative is also designed to ensure a structure is in place that is capable of

conducting audits in an effective manner. Moreover, the Audit & Supervisory Board receives reports from each Member in accordance with audit policies and the roles. Deliberations are undertaken and resolutions are made based on this information as required.

In fiscal 2022, the Audit & Supervisory Board met 16 times.

(c) Nomination and Compensation Committee

The Company established the Nomination and Compensation Committee as an advisory body to the Board of Directors on February 26, 2021, for the purpose of contributing to strengthening the oversight function of the Board of Directors and enhancing the Company's corporate governance structure, by ensuring the transparency and objectivity of evaluation and decision-making processes related to Director nomination and compensation.

The Nomination and Compensation Committee functions as both a nominating committee and a compensation committee.

(d) Onward Group Compliance Committee

The Board of Directors has established the Onward Group Compliance Committee as an organization for overseeing the Company's compliance structure.

Together with the Compliance Division, the Onward Group Compliance Committee conducts effective training and awareness raising activities, takes steps to spread understanding of the Compliance Manual, enhances the Company's compliance structure to ensure functionality, and performs compliance-related checks.

(e) Business Execution Structure

The Onward Group has adopted a holding company structure that allows the Company's Board of Directors to engage in strategic decision-making and supervise operating companies. At the same time, the Group has separated the supervisory and execution functions in order to clarify the responsibilities and authority of each operating company and to facilitate accelerated strategic decision making.

When matters that require urgent attention arise, the Board of Directors convenes as necessary. In this manner, the Onward Group has a system in place that ensures a swift and appropriate response to rapid changes in the business environment.

Moreover, the Group has introduced an executive officer system (five male executive officers but no female representation at this time) with the aim of clarifying management decision-making and business execution functions. In order to facilitate flexible decision making on a Groupwide basis, the Onward Group Strategy Meeting, which primarily comprises Directors and operating officers from Group companies, is in place to review the management strategies and important management matters of operating companies and confirm the status of operations.

The Onward Group also has advisory contracts with a number of attorneys to receive legal advice.

(f) Accounting audit status

The Company has entered into an audit contract with Ernst & Young ShinNihon LLC., and conducts audits as appropriate. The names of certified public accountants who executed business in the fiscal year ended February 28, 2023 are as follows.

Michiyo Hirose, Designated Limited Liability Partner and Engagement Partner

Hayato Kobayashi, Designated Limited Liability Partner and Engagement Partner

Taku Inoue, Designated Limited Liability Partner and Engagement Partner

The number of years of continuous audit is omitted because all three are within seven years.

The composition of assistants involved in the Company's audit work is as follows.

Certified public accountants	12 persons	Other	30 persons
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(g) Overview of the details of the limited liability contract

In order for the Company to welcome useful human resources as Outside Directors and for Outside Audit & Supervisory Board Members to fulfill the expected roles, the current Articles of Incorporation stipulates that it is possible to conclude a contract with Outside Directors and Outside Audit & Supervisory Board Members to limit their liability for damages to the Company to a certain extent.

The details of the said limited liability contract are as follows.

- If Outside Directors and Outside Audit & Supervisory Board Members become liable for damages to the Company due to failure to perform their duties, they shall be liable for damages up to the minimum liability amount stipulated in Article 423, Paragraph 1 of the Companies Act, based on the provisions of Article 427, Paragraph 1 of the same Act.
- The above liability limitation is permitted only when the relevant Outside Directors and Outside Audit & Supervisory Board Members acted in good faith without gross negligence in performing the duties that caused the liability.

(h) Overview of directors and officers liability insurance

- The Company has entered into a directors and officers liability insurance ("D&O insurance") policy, which covers damage and costs incurred when Directors and officers have become liable for damages arising due to their performance of duties.
- The full amount of the insurance premiums for D&O insurance is borne by the Company.
- If each candidate is elected and assumes the office of Director, the Company plans to include each of the Directors as the insured under the D&O insurance policy.
- The term of the D&O insurance policy is one year, and the Company plans to renew the policy before the expiration of that term by resolution of the Board of Directors.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company deliberates and decides on important management decisions through lively discussions at the Board of Directors meetings, etc., which include multiple highly independent Outside Directors. Outside Directors aim to facilitate appropriate decision making by the Board of Directors and strengthen its management supervision function from a practical, objective, and professional perspective based on extensive experience as academic experts and corporate managers. In addition, the "Nomination and Compensation Committee" has been voluntarily established as an advisory body to the Board of Directors.

The Company has close cooperation between the Audit & Supervisory Board, which includes multiple highly independent Outside Audit & Supervisory Board Members, and the Board of Directors, and aims to further strengthen the supervisory function for management while utilizing the functions of Audit & Supervisory Board Members.

Furthermore, we have built a multifaceted internal control system, including through strengthening the organization and authority of the internal audit department, and coordination between Audit & Supervisory Board Members or the internal audit department and the Accounting Auditor, and we believe that the current system is a highly transparent governance system for domestic and overseas investors.



### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Meetings of Shareholders and Facilitate Exercise of Voting Rights

**Updated**

	Supplementary Explanation
Early Posting of Notice of Convocation of the General Meeting of Shareholders	We sent the notice approximately three weeks before the date of the 76th Annual General Meeting of Shareholders held in May 2023.
Electronic Exercise of Voting Rights	Voting rights can be exercised via the Internet (via a computer or smartphone).
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We have been participating in a platform for the electronic exercise of voting rights since 2008. In addition, we are making efforts to improve the environment for exercising voting rights, such as explaining the agendas to institutional investors as appropriate and posting a notice of resolution in both Japanese and English after the General Meeting.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	An English translation of the notice of convocation (summary) is posted on the platform for the electronic exercise of voting rights and our website.
Other	The notices of convocation (Japanese and English translation [summary]) are posted on our website.

#### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Analysts and Institutional Investors	Held every quarter.	Held
Online Disclosure of IR Information	Mid-to Long-term Management Vision, Summary of Monthly Net Sales, Earnings Releases, Results Presentation Supplement, Securities Report, Notice of Convocation of the General Meeting of Shareholders, Notice of Resolution of the General Meeting of Shareholders, Business Reports, Annual Reports, IR News Release Materials, etc., are posted.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Investor Relations (IR) Division has been established.	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The “Onward Group Compliance Manual” stipulates the basic stance of fulfilling responsibilities to each stakeholder.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>As a lifestyle and culture-related company, the Group contributes to the creation of prosperous human life and regards “conservation of the global environment” as an important management issue, aiming to be a company that is friendly to people and the environment. With “Thinking about this planet. Wearing these clothes.” as an environmental concept, we continue to take on the challenge of “coexistence between the planet and the people of the world” through various corporate activities centered on fashion. For example, we are promoting environmental and social contribution activities through initiatives such as providing high-quality products that can be used habitually for a long time, development of cutting-edge technologies, products, and services that reduce the burden on the environment, implementation of “Onward Green Campaign” aiming to build an apparel circulation system, energy saving within company buildings, and forest conservation initiatives at the Tosayama Onward Rainbow Forest, etc.</p> <p>We are also engaged in social contribution activities in collaboration with the Japanese Red Cross Society. Specifically, we carry out support activities by donating recycled blankets to disaster-stricken areas in Japan and overseas and developing countries, donate a portion of sales of the Group’s official e-commerce site to the Japanese Red Cross Society, and participate in disaster prevention and mitigation projects, etc.</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	The “Onward Group Compliance Manual” stipulates the basic stance and action guidelines for information disclosure to disclose accurate and transparent management information in a timely and appropriate manner and to actively carry out IR activities.
Other	<p>Regarding the active status of women, we believe that it is an important issue for the Company, a fashion company, to utilize women's sensibilities in product and sales measures.</p> <p>The Company is promoting diversity management by electing a female Director and an Audit &amp; Supervisory Board Member and electing female Directors and managers at subsidiaries and associates.</p>

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has stipulated the following policy with respect to “the development of systems necessary to ensure that the execution of the duties by the Directors complies with the laws and regulations and the Articles of Incorporation, and other systems prescribed by Ministry of Justice Order as systems necessary to ensure the properness of operations of a Stock Company and operations of the group of enterprises consisting of the Stock Company and its Subsidiary Companies.” Under this policy, the Company will build an internal control system and an efficient and lawful corporate structure.

1. Systems necessary to ensure that the execution of the duties by the Directors complies with the laws and regulations and the Articles of Incorporation

i. The Board of Directors regards the Onward Group Compliance Regulations as a basic policy to thoroughly ensure that Directors and employees comply with applicable laws and regulations as well as internal regulations.

ii. The Board of Directors established the Onward Group Compliance Committee as a supervisory organization for the Group's compliance system, and the Representative Director was appointed as chairman of the committee as an officer responsible for the same. The Corporate Planning Division is a unit that oversees compliance, and it promotes efforts to build and develop a compliance system for the Onward Group in accordance with the Compliance Manual under the Onward Group Compliance Regulations.

iii. The Onward Group Compliance Committee works to instill the compliance system.

2. Systems for the storage and management of information on the execution of duties by Directors

i. The Board of Directors stores and manages information appropriately in accordance with the Regulations on Management of Regulations and the Document Management Regulations.

ii. Directors properly store and manage documents on the execution of their duties as well as important information in a manner appropriate for their duties.

iii. The Corporate Planning Division is a unit that oversees information management.

3. Regulations and other systems for managing risk of loss

i. To build a risk management system, the Board of Directors develops and operates a management system conforming to the Onward Group Risk Management Regulations.

ii. The Corporate Planning Division is a unit that oversees the risk management system.

iii. The Corporate Planning Division devises a plan for the development of the risk management system, identification of problems, and the risk management system, reports the plan to the Board of Directors, and develops a system appropriate for natural disaster risks, information system risks, and other risks that affect the continuation of our business in a highly significant manner.

iv. The Board of Directors shall cooperate with outside experts, etc., as necessary and take appropriate risk measures.

4. System to ensure the efficient execution of duties by Directors

i. The Board of Directors strives to raise the efficiency of the execution of duties by Directors, Executive Officers, and

employees in accordance with the Officer Work Regulations and the Duty Authority Regulations.

ii. To execute its duties efficiently, the Board of Directors appoints Executive Officers and performs supervision appropriately in accordance with the Onward Group Ringi Processing Regulations.

iii. In order to reinforce the supervisory function of the Board of Directors and further enhance the corporate governance system, the Company has established the Nomination and Compensation Committee, the majority of which consists of Independent Outside Directors, as an advisory body to the Board of Directors, and ensures the transparency and objectivity of the evaluation and decision process for the nomination and remuneration of Directors.

5. System to ensure that the execution of duties by employees complies with laws and regulations and the Articles of Incorporation

i. The Onward Group Compliance Committee appoints operating company compliance officers.

ii. The Onward Group Compliance Committee engages in appropriate education and awareness raising activities in collaboration with the Corporate Planning Division, works to instill the Compliance Manual, enhances our compliance system so it functions properly, and checks it.

iii. In accordance with the Onward Group Whistleblowing Regulations, the Company has established and operates communication and whistleblowing desks internally and externally (the Onward Group Whistle Line).

iv. The Internal Control Office formulates a plan to build a business execution system so that the business of each division is executed appropriately and efficiently in accordance with laws and regulations, the Articles of Incorporation, regulations, manuals, and internal notices, and reports to the Board of Directors.

6. Systems necessary to ensure the properness of operations of the Company and operations of the group of enterprises consisting of the Company and its Subsidiary Companies

The Board of Directors receives regular reports on the business activities of the Company and Onward Group companies and reviews and deliberates on important matters while respecting the autonomy of their business management for the purpose of ensuring the properness of their business activities.

(1) System for reporting information on the execution of duties by Directors of subsidiaries to the Company

i. If any decision important for our business management is intended to be made, it must be reported to the Company in accordance with the Onward Group Ringi Processing Regulations.

ii. Business performance must be reported to the Company on a regular basis.

iii. In the event of any important matter for our operations, it must be reported to the Company on an ad hoc basis.

(2) Regulations and other systems for managing risk of loss by subsidiaries

i. To build a risk management system, the Board of Directors develops and operates a management system conforming to the Onward Group Risk Management Regulations.

ii. The Corporate Planning Division of the Company is a unit that oversees the risk management systems of subsidiaries.

iii. The Corporate Planning Division of the Company devises a plan for the development of the risk management systems of its subsidiaries, identification of problems, and the risk management systems, reports the plan to the Board of Directors, and develops a system appropriate for natural disaster risks, information system risks, and other risks that affect the continuation of our business in a highly significant manner.

iv. The Board of Directors addresses risks appropriately by working closely with external experts as required.

(3) System to ensure the efficient execution of duties by subsidiary Directors

- i. The Board of Directors strives to raise the efficiency of the execution of duties by Directors, Executive Officers, and employees of subsidiaries in accordance with the Officer Work Regulations and the Duty Authority Regulations for subsidiaries.
- ii. The Board of Directors of each subsidiary appoints Executive Officers and performs supervision appropriately in accordance with the Onward Group Ringi Processing Regulations in order for subsidiary Directors to execute their duties efficiently.

(4) System to ensure that the execution of duties by directors and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation

- i. The Onward Group Compliance Committee appoints operating company compliance officers at subsidiaries.
- ii. The Onward Group Compliance Committee engages in appropriate education and awareness raising activities for subsidiaries in collaboration with the Corporate Planning Division, works to instill the Compliance Manual, enhances our compliance system so it functions properly, and checks it.
- iii. In accordance with the Onward Group Whistleblowing Regulations, the Company has established and operates communication and whistleblowing desks internally and externally (the Onward Group Whistle Line).
- iv. The Internal Control Office of the Company formulates a plan to build a business execution system so that the business of the divisions at its subsidiaries is executed appropriately and efficiently in accordance with laws and regulations, the Articles of Incorporation, regulations, manuals, and internal notices, and reports to the Board of Directors.

7. Matters on an employee appointed to assist with the duties of an Audit & Supervisory Board Member when so required by an Audit & Supervisory Board Member.

If needed by an Audit & Supervisory Board Member, an employee required to assist him/her will be appointed as the secretariat of the Audit & Supervisory Board.

8. Matters on the independence from Directors of the employee set forth in the preceding item

- i. Prior approval of the Audit & Supervisory Board Member must be obtained for appointing or transferring an employee required to assist him/her and for deciding matters on the authority to manage personnel affairs.
- ii. A personnel evaluation of an employee required to assist an Audit & Supervisory Board Member is conducted by the Audit & Supervisory Board Member himself/herself.

9. Matters on ensuring the effectiveness of instructions given by Audit & Supervisory Board Members to employees required to assist with their duties

- i. An assistant employee must comply with the instructions and orders of each Audit & Supervisory Board Member.
- ii. Directors and employees must cooperate for developing the audit environment so that the duties of assistant employees are performed smoothly.
- iii. An assistant employee is allowed to obtain advice on audit operations from external experts, as required.

10. System for reporting to Audit & Supervisory Board Members

(1) System for Directors and employees of the Company to report to Audit & Supervisory Board Members

- i. The Representative Director and Directors in charge report on our business execution as well as important issues that affect our business management at important meetings such as a meeting of the Board of Directors.
- ii. Directors, Executive Officers, and employees report to Audit & Supervisory Board Members promptly and appropriately if so requested by them.

(2) System for Directors, Audit & Supervisory Board Members, and employees of a subsidiary and persons who have received a report from them to report to Audit & Supervisory Board Members

Directors, Audit & Supervisory Board Members, and employees of a subsidiary and persons who have received a report from them must report promptly and appropriately on the subsidiary's business execution and important issues that affect the subsidiary's business management.

11. A system to ensure that a person who has made a report as set forth in the preceding item is not treated disadvantageously on account of having made such report

The Company and its subsidiaries prohibit any person who has made a report from being treated disadvantageously on account of having made such report, and make Directors, officers, and employees of the Group fully aware of such prohibition.

12. Matters on policies for procedures for advance payment or reimbursement of expenses arising from the execution of duties by Audit & Supervisory Board Members and for processing expenses or obligations arising from the execution of such duties

When an Audit & Supervisory Board Member requests an advance payment of expenses arising from the execution of his/her duties, reimbursement of expenses paid or payment of an obligation incurred by him/her, the Company complies with the request unless it is proven that such expenses have not been incurred in relation to the execution of his/her duties.

13. System to ensure that audits by Audit & Supervisory Board Members are conducted effectively

- i. The Audit & Supervisory Board has a meeting with the Representative Director regularly and exchanges information and opinions.
- ii. The Audit & Supervisory Board utilizes external experts as required in conducting an audit.

14. System to exclude organized crime groups

The Group refrains from having any relationship, including a business relationship, with organized crime groups (commonly referred to in Japan as "Anti-social Forces"). The entire organization will respond resolutely upon receiving any unreasonable demand from any Anti-social Forces.

15. System to ensure the reliability of financial reporting

Under the direction of the Board of Directors, the Internal Control Office promotes efforts to build and develop an internal control system for financial reporting pursuant to the Financial Instruments and Exchange Act and other applicable laws and regulations in order to ensure the properness of documents and other information on financial accounting.

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

### 1. Basic approach

The “Onward Group Compliance Manual” stipulates basic stances and action guidelines for severing relationships with anti-social forces.

### 2. Status of development

The entire organization will take a resolute response to anti-social forces, and will respond to unreasonable demands in close cooperation with the police, attorneys, and other specialists. In addition, when conducting a new transaction, we will make efforts to collect information on the business partner, confirm whether or not it belongs to any anti-social forces, and if it is found that the business partner is an anti-social force after starting the transaction, we will strive to include an organized crime group exclusion clause in the contract so that we can terminate the transaction immediately.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation for Applicable Items	

### 2. Other Matters Concerning the Corporate Governance System

Status of the internal system related to the timely disclosure of the Company’s corporate information

The Company recognizes that information disclosure is one of the important management issues. We are working to enhance our internal system so that we can accurately and promptly disclose important information that is required to be disclosed by the timely disclosure rules and other information that may affect investment decisions.

As a general rule, corporate information stipulated under the timely disclosure rules of the stock exchanges shall be disclosed upon the approval of the Board of Directors.

At the Company, the Director in charge of finance, accounting, and investor relations is the information manager for timely disclosure. The Accounting Division constantly collects information on laws and regulations, etc., related to timely disclosure, and in addition to understanding the content, checks with the Corporate Planning Division, Legal Affairs Division, IR Division, Internal Control Office, General Affairs Division, President’s Office, and Human Resources Division as needed. In addition to regular audits from Audit & Supervisory Board Members and the Accounting Auditor, we also receive advice and guidance, including from corporate attorneys and managing underwriters.

Our corporate governance system, internal control system, and risk management system are as follows.

