

Corporate Governance

Message from an Outside Director



Maintaining an awareness toward medium- and long-term challenges while responding appropriately to a new business environment is becoming increasingly important against the backdrop of an operating environment that is undergoing dramatic change.

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Features of the Company's corporate governance structure and systems, their performance, and pending issues

One feature of the Company's Board of Directors is its size. UNITED ARROWS LTD. maintains fewer directors compared with other publicly listed companies. Maintaining smaller numbers in relative terms is believed to enhance the Company's ability to make important management decisions in a timely manner. The chairman of the Board has created an atmosphere in which all members are free to express their opinions. Directors who do not hold an executive portfolio are also encouraged to offer their comments and advice. The manner in which meetings are conducted in a vigorous and lively manner is most impressive. In this sense, the responsibility of outside directors to oversee the operations of the Board of Directors is functioning properly. I am confident that all appropriate steps have been taken to ensure that the Board operates effectively in overall terms.

Meanwhile, operating conditions have undergone considerable change in recent years. It has become increasingly important for companies to engage in management that has a clearly defined storyline over the medium to long term. In this context, I see the pressing need to actively deliberate on medium- and long-term issues. UNITED ARROWS LTD. is itself experiencing significant change. The reins of the Company are being passed down from the founder to the next generation. Steps are also being taken to expand the scope of business as it transitions from individual-based management to management that is driven by the organization. Under these circumstances, it is vital that the Company puts in place and executes the necessary medium- and long-term strategies as well as the proper blueprint and business plan that will carry it forward into the future. It is here that I believe there is room for improvement.

Responding to the Corporate Governance Code and transition to a company with an Audit and Supervisory Committee structure

UNITED ARROWS LTD. has continued to strengthen its corporate governance structure and systems over recent years. While I am confident that the Company has taken appropriate measures to address the introduction of the Corporate Governance Code in Japan, I still see the need to make further improvements going forward. For example, steps should be taken to reconsider the process for determining directors' compensation, the compensation framework, and the manner in which directors are nominated. In addition, more thought should be given to how the Company can better achieve its business strategies.

After receiving the approval of shareholders at the Company's General Meeting of Shareholders held in June 2016, UNITED ARROWS LTD. transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. In this manner, and in order to increase the pace at which management is conducted, the Company has further clarified the division between the executive and supervisory functions while reinforcing the monitoring function of the Board of Directors. The Board of Directors is now better positioned to formulate medium- and long-term management strategies and business plans and monitor efforts to achieve the required level of performance.

Operating results for the fiscal year ended March 31, 2016 and the withdrawal of quantitative targets put forward under the Long-Term Vision

Ordinary income declined on a year-on-year basis for a second consecutive business term in the fiscal year ended March 31, 2016. This downturn in earnings is largely attributable to customers' spending trends, the substantial change in our operating environment, and the hint of a shift in the Company's business structure. In order to return to a growth trajectory, it is critical that we accurately grasp these changes from a medium-to-long-term perspective and to put in place and execute strategies that address the new environment in a flexible manner.

Taking into consideration these changes in our operating environment and business structure, we believe that it is prudent to temporarily withdraw current quantitative targets. Under the current circumstances, we recognize that putting forward quantitative estimates is riddled with difficulty. The decision has therefore been made to temporarily withdraw quantitative targets so as not to confuse and mislead investors or run the risk of losing credibility. Despite this decision, we still recognize the importance of periodically setting management targets based on our understanding of prevailing operating conditions. With this knowledge, we are therefore cognizant of the need to consider how appropriate management targets can be set.

As an outside director, I see my roles as a bridge that connects shareholders with management. It is also my duty to oversee management as it carries out various tasks. I will do my utmost to support management in its efforts to undertake proactive and bold measures while properly managing risk. Cognizant of my role, I plan to help the Company enhance its medium- and long-term corporate value and to maximize the return of profits to shareholders.

1. Basic Stance

UNITED ARROWS LTD. has positioned efforts to create globally recognizable and accepted values that set new standards of Japanese lifestyle as its overarching Company Policy. In addition, we have identified the creation of value for five distinct stakeholders—customers, employees, business partners, society, and shareholders—as one element of our overall Policy Structure and a key feature of our promise to society. In this regard, the Company’s mission is to increase value for all stakeholders.

In order to maintain the proper mindset that will allow us to realize our Company Policy, we put in place the Code of Conduct. This code expresses how we should think and act to achieve our stated goals.

Recognizing the critical need to build a transparent and fair management framework, along with a structure under which we are capable of making timely and bold decisions, we are committed to continuously strengthening and expanding our corporate governance capabilities and functions in order to realize our Company Policy and fulfill our promise to society. Through these means, we are working to enhance our corporate value on a long-term and continuous basis.

(Reference) Major Initiatives to Strengthen Corporate Governance Undertaken over Recent Years

UNITED ARROWS LTD. is working to enhance both stakeholder and corporate value by continuously upgrading and expanding its corporate governance structure and systems. In recent years, the Company has paid particular attention to further strengthening its corporate governance with the aims of accelerating the pace of its decision making, increasing the transparency and soundness of its management, and bolstering the oversight function.

2008	Adopted an executive officer system
2009	Put in place the disclosure policy
2013	Appointed a director from outside the Company
2014	Announced details of the Company’s policy to institutional investors that have expressed their acceptance of the Stewardship Code
2015	Increased the number of outside directors from one to two Put in place the Corporate Governance Policy Transitioned to a Company with an Audit and Supervisory Committee structure and appointed three outside directors
2016	(Audit and Supervisory Committee members) Established the Nomination and Compensation Committee Undertook an evaluation of the effectiveness of the Board of Directors

2. Corporate Governance Framework

Guided by the aforementioned basic stance, UNITED ARROWS LTD. decided to adopt an Audit and Supervisory Committee structure as its corporate governance framework. The purposes for adopting this structure is to bolster the monitoring function of the Board of Directors and to accelerate the pace of decision making by utilizing outside directors, who do not directly engage in the execution of business, and properly delegating authority.

In addition, the Company established the Nomination and Compensation Committee, which is mainly comprised of independent outside directors. This structure is designed to reinforce the independence, objectivity, and accountability of the Board of Directors by ensuring the integrity of the nominating process and compensation paid.

Board of Directors

The Board of Directors is comprised of seven directors (three of whom are independent outside directors) who in principle meet once a month. Meetings of the Board of Directors are attended by directors who are not Audit and Supervisory Committee members as well as directors who are Audit and Supervisory Committee members. The Board makes decisions on legal and regulatory matters as well as important matters set forth in the bylaws governing the Board of Directors. The Board of Directors is also responsible for supervising and overseeing business execution. UNITED ARROWS LTD. has developed a framework conducive to efficient business execution, with the Board of Directors holding extraordinary meetings whenever necessary and directors meeting individually to discuss matters when required.

Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of three directors who are Audit and Supervisory Committee members. The Committee determines policies relating to audits and related activities in accordance with the regulations of the Audit and Supervisory Committee. Moreover, the Audit and Supervisory Committee prepares audit reports based on explanations provided by each Audit and Supervisory Committee member, directors who are not members of the Audit and Supervisory Committee, and the accounting auditor. By ensuring that all three Audit and Supervisory Committee members are outside directors, positive steps are being taken to secure the transparency of management and to ensure that a proper structure is in place to oversee and audit the Company as a whole. As of March 31, 2016, Audit and Supervisory Committee members did not hold shares in the Company. Accordingly, UNITED ARROWS LTD. is confident that there are no conflicts of interest from a personal, business, or any other perspective.

Executive Officer System

UNITED ARROWS LTD. adopted an executive officer system in July 2008. To allow the Board of Directors to concentrate on decision making with respect to important matters relating to business operations and to supervise and oversee the execution of business activities, executive officers are appointed to assume responsibility for the executive function. Substantial authority is delegated by the Board of Directors to allow executive officers to carry out their duties in a timely fashion. At the same time, steps are being taken to bolster the decision making and supervisory functions of the Board of Directors.

Nomination and Compensation Committee

UNITED ARROWS LTD. has established the Nomination and Compensation Committee. In order to reinforce the independence, objectivity, and accountability of the Board of Directors and to ensure the integrity of the nominating process and compensation paid, the Nomination and Compensation Committee is comprised of three independent outside directors and one representative director.

Outline of the Corporate Governance Framework

Organizational format	Company with an Audit and Supervisory Committee*1
Chairman of the Board of Directors	Representative Director, President and CEO
Directors (excluding directors who are Audit and Supervisory Committee members)	Four (none of whom are outside directors)
Directors who are Audit and Supervisory Committee members	Three (all of whom are outside directors)
Independent officers*2	Three outside directors
Average age	50.4 years
Number of Board of Directors’ meetings held during the fiscal year ended March 31, 2016	17
Number of Audit and Supervisory Board meetings held during the fiscal year ended March 31, 2016*1	14

*1 UNITED ARROWS LTD. transitioned to a Company with an Audit and Supervisory Committee in accordance with a resolution at the Company’s 27th Ordinary General Meeting of Shareholders held on June 23, 2016.

*2 Yukari Sakai, Gaku Ishiwata, and Hidehiko Nishikawa satisfy the qualifications for independent officers stipulated by Tokyo Stock Exchange, Inc. as well as the “Independence Determination Standards for Independent Officers” of the Company. Although the Company registered Yukari Sakai and Hidehiko Nishikawa as independent officers with the Tokyo Stock Exchange, Gaku Ishiwata has not been registered as such due to the internal regulations of the law firm to which he belongs.

Please refer to the Company’s Corporate Governance Policy (Japanese only) for details regarding its “Independence Determination Standards for Independent Officers.” www.united-arrows.co.jp/corporate/governance.html

Policy on Determining Directors’ Compensation

UNITED ARROWS LTD. has positioned the payment of compensation to directors as an incentive to help realize sustainable growth and increase corporate value over the medium to long term in accordance with its Company Policy. The compensation paid to executive directors is comprised of a basic fixed monthly component and a bonus that is linked to the Company’s performance over a single fiscal year period.

Basic Compensation

UNITED ARROWS LTD. has put in place a directors’ compensation table based on the position of each director. In putting together this table, the Company also took into consideration industry-wide compensation payment levels as well as the results of executive compensation surveys conducted by external research agencies. Recommendations for the payment of compensation are put forward within the range identified in the table based on the role and responsibilities of each director. In addition, the basic compensation paid to each director by the Company includes an own stock acquisition-type compensation system that entails contributions covering a portion of compensation payable to the stock ownership association. UNITED ARROWS LTD. has positioned this own stock acquisition-type compensation system as an incentive to help realize sustainable growth and increase corporate value over the medium to long term.

Bonuses

After putting forward a proposal for the total bonus amount to be paid, UNITED ARROWS LTD. advances an additional proposal for the allocation of bonuses to each executive director. The Company’s proposal for total bonuses paid is determined following a comprehensive evaluation of such management indicators as consolidated operating cash flow and ROE, in addition to the degree to which initial earnings forecasts in any given fiscal year were achieved, with a particular emphasis on consolidated ordinary income. The amount of bonus allocated and paid to each director is determined on the basis of each director’s managerial rank. It is set up this way so that a higher ranking on the director compensation table receives a higher bonus coefficient (the ratio of bonus paid to the total amount of basic compensation and bonus paid), with the objective of strengthening the commitment of directors to achieving business targets in any given fiscal year. In principle, bonuses are not paid if consolidated ordinary income falls below the initial forecast by a certain amount.

Bonuses are not paid to non-executive directors. Payments made to non-executive directors comprise a basic compensation payment only in line with the role and responsibilities of each non-executive director.

Procedure for Determining Individual Compensation

The procedure for determining the amount of compensation paid to individual directors who are not Audit and Supervisory Committee members is based on the aforementioned policy. Accordingly, each amount is determined based on a resolution of the Board of Directors and falls within an established range authorized by shareholders. As a part of the procedure for determining individual compensation, steps are also taken to obtain the advice of the Nomination and Compensation Committee.

The procedure for determining the amount of compensation paid to individual directors who are Audit and Supervisory Committee members is also based on the aforementioned policy. In this instance, each amount is determined based on a resolution of the Audit and Supervisory Committee and falls within an established range authorized by shareholders.

In addition to the preceding, the Nomination and Compensation Committee verifies the validity of the policies relating to and composition of directors’ compensation as well as the compensation table and associated computation rules. Among other activities, the Nomination and Compensation Committee also puts forward revised proposals.

3. Maintaining an Environment That Facilitates the Proper Taking of Risks

UNITED ARROWS LTD. continues to put in place an environment that enables the Company to properly take risks. In specific terms, we have established an internal control system as well as a risk management structure that allows us to make important decisions regarding a wide range of activities, including the expansion of business into new domains.

Total amount of compensation and other benefits paid to directors and Audit and Supervisory Board members for the fiscal year ended March 31, 2016

Officer category	Number of officers to whom compensation and other benefits were paid	Total amount of compensation and other benefits paid (millions of yen)	Total amount of compensation and other benefits paid by type of payment (millions of yen)			
			Basic compensation	Stock options	Bonus	Retirement benefit allowance
Directors (excluding outside directors)	4	151	151	—	—	—
Independent officers	5	36	36	—	—	—

Corporate Governance

Internal Control System

UNITED ARROWS LTD. has put in place an appropriate internal control system in an effort to ensure that directors and employees perform their duties in accordance with laws, regulations, and the Articles of Incorporation and that directors carry out their duties in an efficient manner and maintain risk management systems for the Group as a whole. Through its internal control system, the Company maintains a framework that enables all directors and employees to consistently carry out their duties with a strong sense of ambition and the desire to improve themselves in order for them to realize the Company Policy.

Internal Whistleblower System

UNITED ARROWS LTD. has an internal whistleblower system whereby employees can anonymously contact an external organization if they discover suspect behavior from a compliance standpoint. Law offices and other external organizations serve as the contact point for the system and designate an individual who is responsible for the investigation depending on the particulars of each case and performs any necessary investigations. The whistleblower is treated anonymously to preclude any repercussions.

(Reference) Enlightened Compliance

Along with the expansion of business scope in recent years, the number of brands handled and suppliers has been on the rise, leading to an increase in the frequency of inquiries made from each department to the General Affairs & Legal Department for advice about trademarks and other aspects of intellectual property law.

We have therefore been holding study sessions on topics of interest, including the Act against Unjustifiable Premiums and Misleading Representations, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, Intellectual Property Law, and Product Liability Law. Moreover, the Customer Service Center and the Quality Control Department take the lead in efforts to reduce the number of defective products by providing feedback to upstream manufacturers about the opinions and complaints received concerning merchandise. Training is also given to staff responsible for products to enlighten them of the situation.

Sharing specific examples of how staff at the Customer Service Center interact with customers also helps improve awareness of quality issues that can arise.

Risk Management

UNITED ARROWS LTD. has established the Risk Management and Compliance Committee, chaired by the President, as an organization that is charged with deliberating on the risks and important compliance issues faced by the Company and considers appropriate countermeasures based on information compiled on the status of activities of each division. The Risk Management and Compliance Committee conducts an annual risk survey targeting employees who are department managers or above with supervisory responsibilities, and survey results concerning risks deemed to be highly important are analyzed and then reflected in the formulation of next year's management policy (key initiatives/issues) as well as in the business and other risks sections of disclosed documents. In addition, the Risk and Compliance Committee regularly reports on its activities to the Audit and Supervisory Committee. Of note, the Company establishes an emergency headquarters to respond to a crisis situation by gathering and managing information.

4. Corporate Governance Policy Formulation and Corporate Governance Code Compliance

Corporate Governance Policy Formulation

UNITED ARROWS LTD. formulated and disclosed the Corporate Governance Policy in November 2015 based on the Corporate Governance Code. The Corporate Governance Policy outlines policies on such matters as the Company's basic approach to corporate governance, measures for ensuring shareholder rights and equality, appropriate cooperation with stakeholders, and the corporate governance framework in order to improve the transparency of management and organizational operations.

The Company works to continuously enhance its corporate governance in a bid to improve both stakeholder and corporate value.

www.united-arrows.co.jp/corporate/governance.html (Japanese only)

Corporate Governance Code Compliance

The status of the Company's compliance with each of the Corporate Governance Code's fundamental principles is as follows.

Fundamental Principle 1: Securing the Rights and Equal Treatment of Shareholders

The Company will take appropriate measures to fully secure shareholder rights, including the effective exercise of voting rights at shareholders' meetings.

To ensure that shareholders have sufficient time to review shareholder meeting agenda items, convocation notices are announced to the Tokyo Stock Exchange and on the official Company website four weeks prior as well as mailed out three weeks prior to the shareholders' meeting. In addition, an abridged English-language convocation notice is released to the Tokyo Stock Exchange and on the official Company website. The Company works to enhance constructive dialog with shareholders by avoiding holding shareholders' meetings on days when many other companies are also holding shareholders' meetings and by selecting times and venues that facilitate shareholder participation. The Company engages in optimal information disclosure aimed at ensuring that shareholders are treated equally by establishing an IR website for individual shareholders and investors, broadcasting videos of earnings results briefings, and promptly posting Q&A sessions related to earnings results briefings and the status of monthly sales.

Fundamental Principle 2: Ensuring Appropriate Cooperation with Stakeholders Other Than Shareholders

In its Company Policy, UNITED ARROWS LTD. has made a promise to society to create value for its customers, its employees, its business partners, society, and its shareholders. Moreover, the Company formulates and discloses a code of conduct that illustrates what types of attitudes and actions must be taken in order to realize the Company Policy.

The Company continuously revises this code of conduct to reflect social changes and needs as well as takes action based on this code with the aim of remaining an organization that contributes to society.

Furthermore, UNITED ARROWS LTD. maintains an internal whistleblower system whereby employees can anonymously contact an external organization if they discover suspect behavior from a compliance standpoint.

Fundamental Principle 3: Ensuring Appropriate Information Disclosure and Transparency

The Company aims to increase management transparency by proactively promoting IR activities, improve corporate management soundness by engaging in communications with shareholders and investors, and create shareholder value. The Company formulates and makes available its disclosure policy in order to enhance constructive dialog with shareholders and investors as well as information disclosure. This disclosure policy lists policies on timely disclosure prescribed in the Companies Act, the Financial Instruments and Exchange Act, and other legal regulations as well as policies intended to facilitate constructive dialog with shareholders and investors.

Fundamental Principle 4: Responsibilities of the Board of Directors

Established as an organization entrusted by shareholders to manage the Company, the Board of Directors undertakes management decisions always aimed at realizing the Company Policy and Our Promise—Our Five Core Values. The Board also sets the medium-to-long-term direction of the Company and is responsible for maintaining sustainable growth and improving corporate value by following this direction.

Based on the Board's roles and responsibilities listed above, the Company takes steps to strengthen Board of Director monitoring functions and accelerate decision making by utilizing and delegating appropriate authority to outside directors who are not involved in business execution. To this end, the Company has adopted an audit and other committee governance structure to serve as its corporate governance system. Limiting the number of directors not serving as corporate audit committee members to eight and the number of directors who do to six, it is the policy of the Company to maintain the minimum number of directors necessary to preserve the functions of the Board.

Furthermore, the Company has established the Nomination and Compensation Committee consisting mainly of independent outside directors to enhance the independence and objectivity of the Board of Directors' functions as well as accountability with regard to director nominations and compensation.

Fundamental Principle 5: Dialog with Shareholders

Recognizing that investor relations (IR) activities are an important management initiative, the Company has established regulations for IR activities overseen by the President. In addition, the director in charge of administration has been made responsible for IR in order to ensure enhanced IR activities and strict internal information control as well as maintain organic links between financial and capital measures. The President and the director in charge of IR attend earnings results briefings held quarterly to explain the medium-to-long-term direction of the Company and the progress of management policies and key initiatives for each fiscal year and to hold Q&A sessions.

The Company established an IR department under the direction of the director in charge of IR to enhance information disclosure as well as maintain systems to facilitate constructive dialog with shareholders and investors. In addition, the President and the director in charge of IR attend small meetings and individual interviews as needed in an effort to engage in constructive dialog with shareholders and investors. The Company aims to improve corporate value by providing feedback to management and throughout the Company about opinions, requests, and concerns received through IR activities based on the amount of information available.

5. Management Control System

Clarification of Revenue Responsibility and Key Performance Indicator Management

The Company conducts the profit and loss management of all its directly operated stores on an individual basis and clarifies the revenue responsibility of each business. The latter is undertaken by controlling the actual profit and loss that each business (store brand) has built up against forecasts. The Company sets numerical targets for such key performance indicators (KPIs) as net sales, product sales rate, product ROI, and purchase rate; numerical targets are also set for divisions and stores as well as for employees to achieve the KPI targets. In addition, the Company undertakes progress management on a daily, weekly, monthly, seasonal, and annual basis against achievement status and other benchmarks. UNITED ARROWS LTD. is building a framework to achieve Companywide business targets by having individuals, stores, and divisions achieve their respective targets.

Clarification of Investment Criteria, Store Closure Criteria

When making new investments in sales facilities or undertaking large-scale renovations with a view to beneficially utilizing the cash obtained as a result of its business activities, the Company calculates the return of investment fiscal year, which takes into account the capital cost set by the Company, the net present value (NPV) of expected net cash flows, and the internal rate of return (IRR). The Company makes its investment decisions on the condition that Company-set hurdle rates are exceeded.

In cases where it is expected to be impossible for a new business to turn a single fiscal year profit in three years and cover all accumulated losses in five years, Companywide backup is provided toward an improvement in profitability. Should there be no possibility of an improvement, an assessment is made regarding withdrawal from that business. The Company has worked to improve its profitability by withdrawing 10 underperforming brands out of the 22 brands deployed over a four-year period that began from the fiscal year ended March 31, 2008.

6. Investor Relations

Proactive Approach to Investor Relations

Since its founding, UNITED ARROWS LTD. has aimed to be a publicly held company that is open to society. Since the time of its initial public offering to today, the Company has proactively engaged in investor relations activities for shareholders and investors inside and outside of Japan. UNITED ARROWS LTD. holds earnings announcement meetings every quarter for analysts and institutional investors, holds an average of 300 or so separate investor meetings each year for investors in Japan and overseas, arranges around 10 small meetings with the President, and gives tours of its facilities.

UNITED ARROWS LTD. makes concerted efforts to ensure management transparency by setting a disclosure policy and maintaining a framework for the timely disclosure of information.

Disclosure Policy
www.united-arrows.co.jp/en/ir/strategy/disclosure.html

Open-Ended Shareholders' Meetings

UNITED ARROWS LTD. strives to send out convocation notices as quickly as possible for the purpose of having livelier shareholders' meetings. For the 27th Ordinary General Meeting of Shareholders, held on June 23, 2016, convocation notices were mailed on June 1, approximately three weeks before the meeting was held. Moreover, a convocation notice was posted on the Company's IR and the Tokyo Stock Exchange websites approximately four weeks prior to the meeting with the aim of making this information available as early as possible.

The times and dates of shareholders' meetings are purposely set to avoid coinciding with days that have a concentration of other meetings and held during the evening hours on weekdays to be more accessible to individual shareholders. Social gatherings are also organized to facilitate interaction between shareholders and the Company's directors as a part of efforts to hold open-ended shareholders' meetings. This year's meeting was attended by 407 people and lasted 65 minutes, and six individuals asked a total of seven questions.

External Appraisal of Our Investor Relations Activities

To fulfill one of its promises to create value for shareholders, one aspect of its Company Policy structure, UNITED ARROWS LTD. has established an information disclosure policy of constantly and freely providing information in a fair and timely fashion. As a result of proactively engaging in investment relations activities as a leading aspect of its management approach based on this policy, the Company has received various commendations from external evaluation agencies.

Going forward, the Company will work to continuously evolve and improve its investor relations activities to realize the Company Policy while receiving the enduring trust of capital markets.

2002	Awarded the IR Grand Prix Award by the Japan Investor Relations Association (JIRA)
2003	Awarded the Best IR Award by the Japan Investor Relations Association (JIRA)
2005	Awarded the Best IR Award by the Japan Investor Relations Association (JIRA)
	Awarded the Nikkei Annual Report Special Award for its abridged version
2012	Awarded the Tokyo Stock Exchange's Corporate Value Improvement Award, Grand Prize
	Awarded the Porter Prize, Hitotsubashi University's Graduate School of International Corporate Strategy (ICS)
2013	Awarded the Nikkei Annual Report Special Award for its abridged version Awarded the IR Special Award by the Japan Investor Relations Association (JIRA)
2014	Awarded the IR Grand Prix Award by the Japan Investor Relations Association (JIRA)

7. Measures to Prevent a Hostile Takeover

UNITED ARROWS LTD. has adopted measures to prevent hostile takeovers for the dual purpose of protecting and enhancing corporate value as well as returns to shareholders. Under the plan adopted, entities seeking to acquire 20% or more of the Company's issued and outstanding stock are required to provide certain information in advance and to follow a defined set of prerequisite procedures to ensure the protection outlined above. After completing all appropriate and necessary steps, the entity seeking to acquire the Company's shares may proceed only when the Company's Board of Directors decides not to invoke the plan. To avoid the possibility of an arbitrary decision by the Board of Directors to put in place countermeasures to prevent an entity from acquiring the Company's shares, the Independent Committee, comprised solely of outside Audit and Supervisory Committee members and other independent parties, is established to examine the decision from an objective perspective.

The purpose and role of the Independent Committee is not to impair profits attributable to shareholders or to protect the status and standing of directors. Its sole function is to ensure the fairness and integrity of decisions and by extension to protect the Company's corporate value and returns to shareholders.



Awards ceremony for the Tokyo Stock Exchange's Corporate Value Improvement Award (2012)