

TRANSLATION FOR REFERENCE PURPOSE ONLY

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

Corporate Governance Report

Last Update: June 27th, 2024

UNITED ARROWS LTD.

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Securities Code: 7606

<http://www.united-arrows.co.jp/en/>

The corporate governance of UNITED ARROWS LTD. (the “Company” or “we”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

At the time of its founding in October 1989, UNITED ARROWS LTD. defined its founding spirit as "contributing to society by setting new standards of Japanese lifestyle." The essence of this spirit has been maintained and its expressions updated to better match the times so that it can continue to function as the basis for the actions of all directors and employees as our Company Policy. In addition, we have defined our promise to society and the creation of value for five distinct stakeholders as key features of our Policy Structure. The five distinct stakeholders for which value is to be created are customers, employees, business partners, society, and shareholders. 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, fulfill our promise to society, and create value for five distinct stakeholders. Through these means, we are working to enhance our corporate value on a long-term and continuous basis.

To enhance corporate governance continuously, the Company develops and discloses its corporate governance policy.

<https://www.united-arrows.co.jp/ir/governance/> (in Japanese)

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

The Company complies with all principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

[Principle 1.3 Basic Strategy for Capital Policy]

Sustainable growth and improving business results are our top priority toward realization of Our Promise—Our Five Core Values stated in our Company Policy. The Company will use cash generated from earnings growth to invest for medium- to long-term growth, while at the same time improving its capital policy by paying robust dividends and carrying out share buybacks. We aim to support business activities by implementing a flexible financial/capital policy, while at the same time creating value for all stakeholders in “Our Five Values” by increasing capital efficiency.

[Principle 1.4 Cross-Shareholdings]

The Company sold all shares it held as cross-shareholdings in 2015 when Japan’s Corporate Governance Code was enacted and currently does not hold any such shares.

Going forward, if we decide to hold shares in another company as cross-shareholding, judging that the cross-shareholding is appropriate after considering its purpose, benefits (e.g., dividends, benefits from associated transactions), capital cost and other factors comprehensively, the Company will develop and disclose specific standards for exercising voting rights for the cross-shareholding.

In the case where the company holding the Company’s shares as a cross-shareholding (cross-shareholding shareholder) shows an intention to sell the shares, the Company will not disturb such sales.

The Company will not engage in transactions that lack economic rationale with the company holding the Company’s shares as a cross-shareholding (cross-shareholding shareholder).

[Principle 1.7 Related Party Transactions]

If the Company engages in any transaction with its related party (director or major shareholder of the Company), the Company will obtain prior approval of its Board of Directors for the transaction so as not to harm the interests of the Company or the common interests of its shareholders.

The Company will disclose related party transactions in accordance with the Companies Act, Accounting Standard for Related Party Disclosures, and other related provisions.

[Supplementary Principles 2.4.1]

■View on ensuring diversity in hiring, etc. of core resources

The Company is working to increase productivity while ensuring job satisfaction for each employee, recognize diversity and establish an organizational culture and labor environment that respect individuals.

- Diversity on employment category

More than 70% of the employees are mid-career employees, and the percentage of mid-career employees in the core resources is also at the same level. The diversity of new graduates and

mid-career employees for positions from store sales to store managers, managers and officers is sufficiently ensured, and the Company will maintain the current level going forward.

- Gender diversity

The ratio of female employees that are in a section head or higher was 18% as of April 2021. The Company has established a goal by manager hierarchy to raise the percentage to 30% as of the end of March 2026. The Company confirms the number of managers by gender at the annual manager appointment, and advocates achieving the goal for appointed managers in five years. As of the end of March 2024, the ratio of female employees at the section head and above is 26.9%. The appointment goal and the actual results of annual appointment of female managers have been disclosed on the ESG Data Book (Renewed annually in August).

ESG Data Book

<https://www.united-arrows.co.jp/en/sustainability/management/>

- Diversity on nationality

Since the Company's current major market is within Japan, all core resources are Japanese. Therefore, the Company does not set a goal of appointing, etc. foreign employees to core resources. However, UNITED ARROWS TAIWAN LTD., an overseas subsidiary of the Company, works to ensure there is management other than the President with locally hired employees. Going forward, together with the overseas expansion scenario, the Company will consider appointing, etc. locally hired employees to core resources.

■Policies on resource development and internal environment establishment

Policies on resource development and internal environment establishment as well as their implementation statuses at the Company are disclosed on the Company website.

The Company website

<https://www.united-arrows.co.jp/en/about/our-values/>

[Principle 2.6 Demonstrating the Function as Asset Owner of Corporate Pension]

The Company has a defined contribution pension system. For employees to create stable assets, the Human Resources Department engages in educational activities regarding the system.

[Principle 3.1 Full Disclosure]

(1) Company objectives (e.g., company policy), business strategies and business plans

Company policy: our "Policy Structure" is posted on the Company website.

Business strategy: UNITED ARROWS Group's Medium-Term Vision and business strategies/measures to achieve the Vision are published on the Company website and in documents such as financial results, and securities report.

Business plan: information such as management policy and performance targets are published in financial results, presentation materials of earnings announcements and other documents.

(2) Basic views and guidelines on corporate governance based on each of the principles of the Code (original)

At the time of its founding in October 1989, UNITED ARROWS LTD. defined its founding spirit as "contributing to society by setting new standards of Japanese lifestyle." The essence of this spirit has been maintained and its expressions updated to better match the times so that it can continue to function as the basis for the actions of all directors and employees as our Company Policy. In addition, we have defined our promise to society and the creation of value for five distinct stakeholders as key features of our Policy Structure. The five distinct stakeholders for which value is to be created are customers, employees, business partners, society, and shareholders. 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, fulfill our promise to society, and create value for five distinct stakeholders. Through these means, we are working to enhance our corporate value on a long-term and continuous basis.

To enhance corporate governance continuously, the Company develops and discloses its corporate governance policy.

<https://www.united-arrows.co.jp/ir/governance/> (in Japanese)

(3) Board policies and procedures in determining the remuneration of the senior management and directors;

The Company policy regarding director remuneration is to contribute to sustainable growth by improving business performance and increasing corporate value over the medium to long term, and the remuneration standards and structure are designed to match roles, duties and positions.

Remuneration for executive directors consists of fixed compensation set based on the remuneration standards for their roles, duties and positions, executive bonuses reflecting short-term business performance such as the level of achievement of the Company's business performance in each fiscal year and the business objectives set by each executive director, and stock-based compensation reflecting medium- to long-term performance (Board Benefit Trust (BBT)).

Base compensation is fixed monthly and determined based on remuneration standards for roles, duties and positions, taking into account remuneration levels of other companies in the same industry or other companies of a similar size, the Company's business performance and employee pay levels, based on a third-party survey of remuneration for corporate managers.

The amount of executive bonuses is calculated by multiplying the amount of basic bonuses set forth in the director remuneration table by the degree to which consolidated operating income for the target fiscal year meets the initial plan, and is determined by taking into account the individual evaluations of each executive director. Allocations to individual executive directors are determined in such a way that a higher-ranking director in the director remuneration table will have a higher bonus coefficient (i.e., the ratio of bonuses to the sum of base compensation and bonuses). The objective of this is to further strengthen their commitment to achieving management targets over any given single fiscal year. In principle, no bonus will be paid if consolidated operating income is below a certain level against the initial earnings forecast. The proposed amount of executive bonuses to be paid will be determined by the Board of Directors after consultation by the Nomination and Compensation Committee and will be paid within a certain period from the end of the fiscal year.

With respect to stock-based compensation, a higher-ranking director in the director remuneration table will have a higher share of total remuneration. The aim of this is to further promote value-sharing with shareholders and build a remuneration structure that contributes to medium- to long-term enhancement of corporate value. The stock-based compensation consists of restricted stock compensation, which is subject to transfer restrictions until the retirement of a director and executive officer of the Company and the Group companies, and performance-linked stock compensation, which is paid according to the degree of achievement of the medium-term management plan. The aim is to strengthen commitment to achieving the plan.

Bonuses and stock-based compensation will not be paid to non-executive directors. Only base compensation will be paid to them according to their individual roles and responsibilities.

The remuneration of each director who is not an Audit and Supervisory Committee member is determined in accordance with the policy described above by resolution of the Board of Directors within a range set by approval of a Shareholders Meeting. The Nomination and Compensation Committee is consulted before determining the remuneration.

The remuneration of each director who is an Audit and Supervisory Committee member is determined in accordance with the policy described above by unanimous resolution of the Audit and Supervisory Committee within a range set by approval of a Shareholders Meeting.

In addition to the above, the Nomination and Compensation Committee examines the appropriateness of the policy, structure, and remuneration table and calculation rules on director remuneration and puts forward revision proposals.

(4) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of candidates for directors and audit and supervisory board members

Our policy on the nomination of director candidates (excluding outside directors) is to nominate those who are committed to achieving goals and highly competent in making management decisions based on their experience, insight and expertise to contribute to sustainable growth

and higher corporate value over the medium to long term in line with the Company Policy (hereinafter “Nomination Policy 1”).

Our policy on the nomination of outside director candidates is to nominate those who have abundant experience, deep insight and a high level of expertise to fulfill the function of control and oversight over management from independent standpoints while contributing to sustainable growth and higher corporate value over the medium to long term in line with the Company Policy (hereinafter “Nomination Policy 2”).

As for nomination procedures, the nomination of candidates for directors who are not Audit and Supervisory Committee members is determined by resolution of the Board of Directors in accordance with Nomination Policies 1 and 2. The Nomination and Compensation Committee is consulted in making the decision. Gender, nationality and other such factors of candidates are not considered.

The nomination of candidates for directors who are Audit and Supervisory Committee members is determined by resolution of the Board of Directors with consent of the Audit and Supervisory Committee in accordance with the policy described in (3) above as well as Nomination Policies 1 and 2. Gender, nationality and other such factors of candidates are not considered.

In case of circumstances that warrant dismissal of a senior management member such as significantly lacking management capability or engaging in a serious wrongdoing, the Board of Directors or the chair of the Board (or a person acting in his or her place according to the predetermined order if the chair is the subject person) will consult the Nomination and Compensation Committee. Fully respecting recommendations by the Committee, the Board of Directors will determine whether the dismissal is necessary.

(5) Explanations with respect to the individual appointments/dismissals and nominations in the Board’s appointment/dismissal of the senior management and the nomination of candidates for directors and audit and supervisory board members based on (4)

Explanations on appointments/dismissals and nominations of directors (6 inside directors and 4outside directors) are provided in the documents attached to Corporate Governance Policy of the Company.

The following is the link to the Corporate Governance Policy.

<https://www.united-arrows.co.jp/ir/governance/> (in Japanese)

[Principles 3.1.3]

- Initiatives on sustainability

The Company establishes a Sustainability site within its corporate website. The website posts numerical sustainability targets and management information including sustainability statements and materiality. By posting this information, with a sense of consistency with our business strategy and business challenges, the Company discloses and provides information in an easy to understand, specific manner.

Sustainability site

<https://www.united-arrows.co.jp/en/sustainability/>

- Climate-related risks and earning opportunities and their potential impacts on the Company's business activities, revenue and others

The Company recognizes that climate change is an important management issue in its business activities. We intend to reinforce our governance system and ramp up efforts to analyze the impact of climate change on our business, develop appropriate measures and capture more growth opportunities, thereby applying such efforts to corporate strategy. Amidst this background, the Company endorsed the Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), established by the Financial Stability Board (FSB). We will actively disclose activities to combat climate change and related information toward the realization of a sustainable society and environment as well as sustainable corporate growth.

For details, please see our website.

<https://www.united-arrows.co.jp/en/sustainability/management/>

- Investment, etc. in human capital

As one of the Company Policy Structures, the Company has made a promise to society and pledged to create value for five distinct stakeholders. These are customers, employees, business partners, society and shareholders. In this regard, the Company's mission is to increase value for all stakeholders.

The concept below for creating value for employees is included in the disclosed Code of Conduct. The Company is making investments in human capital based on this code.

■Concept of creating employee value in the Code of Conduct (excerpt)

As our employees are associates who agree to our corporate philosophy and work with us to realize it, we call them “members.” Our group’s corporate name, UNITED ARROWS, embodies arrows that fly straight toward the same target together. UNITED ARROWS represents a group of individual members with different personalities working together to realize the same corporate philosophy (goal). With this policy in mind, we aim to manage our human resources well. For our group, creating value for employees means to make sure that our employees improve their abilities, reach their full potential, and feel happy in their work at our group. To achieve this goal, we believe that it is important to provide our members, who value their community and enhance productivity, with opportunities to upgrade their abilities and to reward our members according to their performance. We have established specific guidelines for the creation of value for employees, such as the Handbook for a Management System for Human Resources and Compliance Manual.

■Details of the investment in human capital are described in the Company Sustainability site “Code of Conduct for Creating Value for Employees”

<https://www.united-arrows.co.jp/en/about/our-values/>

- Investment, etc. in intellectual property

The Company sets out below in its website to protect intellectual property rights. In addition to complying with the below, continuous investments in human capital and management resources are made in order to develop and maintain an appropriate management system.

■Protection of intellectual property rights (excerpt)

“Many of the products and services that we handle are associated with intellectual property rights such as trademark rights and copyrights. With internal regulations for management put in place to control and protect our rights appropriately, we are striving to prevent the infringement of rights of third parties through measures including advancing internal education and stepping up a check system. By correctly understanding and respecting creativity, we at the Company are promoting initiatives to provide products and services to our customers.”

<https://www.united-arrows.co.jp/en/about/our-values/>

<Supplementary Principles 4.1.1>

Scope of Matters Delegated to the Management

In addition to what is provided for by laws and regulations and the Articles of Incorporation, resolution by the Board of Directors is required for deciding/revising its Policy Structure, as well as for material management matters with quantitative thresholds set especially for matters that may have a significant impact on earnings results, such as investments and loans. Matters to be judged/decided by the Management Committee and other approvers are stipulated in the “list of approvers,” thereby setting them out and clarifying the scope of matters delegated to the management.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

The Company sets forth the Independence Determination Standards for Independent Officers as follows and deems that any independent officers who do not fall under any of the items below are sufficiently independent from the Company.

1. A major shareholder of the Company (Note 1) or an executive thereof
2. A party whose major client or supplier is the Company (Note 2) or an executive thereof
3. A major client or supplier of the Company (Note 3) or an executive thereof
4. A major lender of the Company (Note 4) or an executive thereof
5. A consultant, accounting professional or legal professional who receives a large amount of money or other properties (Note 5) from the Company or its subsidiaries other than executive remuneration (if the recipient is a corporation, partnership or any other type of organization, any person who belongs to that organization)
6. A person who received from the Company or its subsidiaries more than 10 million yen in donations in the most recent fiscal year of the Company (if the recipient is a corporation, partnership or any other type of organization, any person who belongs to that organization)
7. An executive of a company in which an executive of the Company or its subsidiaries is currently appointed as outside director or outside audit and supervisory board member, or an executive of a parent or subsidiary of such a company
8. A person who fell under any of items 1 through 7 above in the past three years.

9. An immediate family member (spouse or a relative within the second degree of kinship) of any of the persons listed in 1) through 3) below. However, persons who are not important are excluded.

1) Persons listed in items 1 through 8 above.

2) An executive of a subsidiary of the Company

3) A person who fell under 2) or was an executive of the Company in the past three years.

Note 1: A “major shareholder” means a shareholder who directly or indirectly holds 10% or more of the total voting rights on shares of the Company.

Note 2: A “party whose major client or supplier is the Company” means a client or supplier that received payments from the Company or its subsidiaries totaling over 100 million yen or 2% of consolidated net sales of the client or supplier group, whichever is higher, in the most recent fiscal year of the client or supplier.

Note 3: A “major client or supplier of the Company” means a client or supplier that made payments to the Company or its subsidiaries totaling over 2% of consolidated net sales of the Company group in the Company’s most recent fiscal year.

Note 4: A “major lender of the Company” means a lender whose loans to the Company or its subsidiaries amounted to over 2% of consolidated assets of the Company group as of the last day of the Company’s most recent fiscal year.

Note 5: A “large amount of money or other properties” means those whose average total amount exceeds 10 million yen in the Company’s most recent three fiscal years.

[Supplementary Principles 4.10.1]

Appropriate involvement and advice of independent outside directors by establishment of independent Nomination Committee and Compensation Committee

- The Nomination and Compensation Committee composed of all independent outside directors and the Representative Director (President and CEO) is established to strengthen the independence/objectivity and accountability of Board functions related to appointment and compensation of directors. The majority of the Nomination and Compensation Committee members are independent outside directors. The Nomination and Compensation Committee provides advice including viewpoints on diversity such as gender and skills.

- An outside director will become the chairperson of the Nomination and Compensation Committee (in case of multiple outside directors, the chairperson will be determined upon mutual discussion).

- The Nomination and Compensation Committee is held quarterly in principle, and is to be convened by the chairperson as necessary.

- The Nomination and Compensation Committee provides opinions to the Board of Directors on the matters below.

<Matters on nomination>

- Appointment of each director candidate and his/her dismissal

- Appointment/dismissal (election or removal) of senior management (refers to executive directors including the Representative Director (President and CEO); the same applies hereinafter)
 - Whether or not to individually appoint or transfer candidates for executive officers and directors of affiliated companies
- <Matters on compensation>
- Matters on compensation, etc. of directors (excluding those who are Audit and Supervisory Committee members)
- <Other matters>
- Matters on successor plan of Chief Executive Officer (CEO)
 - Other matters that the Board of Directors individually consults to the Committee

<Supplementary Principles 4.11.1>

View on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size

The Company chooses the corporate governance structure of the Company with the Audit and Supervisory Committee with the aim of strengthening the Board's monitoring function and expediting decision-making through appointment of outside directors who do not execute business and appropriate delegation of authority.

Our policy is to keep the number of Board members to the minimum required for ensuring Board functions— no more than six directors who are Audit and Supervisory Committee members, and no more than eight directors who are not members of the Audit and Supervisory Committee members.

Our policy on the nomination of outside directors is to appoint people with abundant experience, deep insight and a high level of expertise and ensure that outside directors make up at least 1/3 of the total number of directors, and to appoint at least one outside director who has management experience at another company.

In order to effectively fulfill their delegated responsibilities, some executive directors are appointed as “Chief X Officers” to clarify their areas of responsibility and roles.

It is our basic policy that the Board of Directors should be composed in ways to achieve a balance between diversity, including aspects of gender, internationality, work history, age and appropriate size. Internationality considered by the Company not only refers to differences in nationality but also covers persons with abundant international business experience.

The composition of the Board of Directors of the Company and the requirements and skills of the executive directors and executive officers are explained in the supplementary materials of the Corporate Governance Policy of the Company.

The following is the link to the Corporate Governance Policy.

<https://www.united-arrows.co.jp/ir/governance/> (in Japanese)

<Supplementary Principles 4.11.2>

Positions at other listed companies served by directors

The Company has confirmed that the additional positions held by our outside directors at other companies are to the extent that allows them to devote sufficient time and effort to appropriately fulfilling their roles and responsibilities at the Company.

Any director positions at other listed companies served by our directors are disclosed as “significant concurrent positions outside the Company” in the Notice of Ordinary General Meeting of Shareholders each year.

<https://www.united-arrows.co.jp/en/ir/stockinfo/notification/>

<Supplementary Principles 4.11.3>

Analysis and evaluation on the effectiveness of the board as a whole

The Company annually conducts a questionnaire on the effectiveness of the Board of Directors that includes the composition of the Board, deliberations, the quality of the information provided to the Board, and other aspects. Through this self-evaluation by directors, the Company periodically verifies the effectiveness of the Board and take measures to improve issues and reinforce the operation. An overview of the results is disclosed.

In the questionnaire conducted in the fiscal year ended March 2023, opinions were expressed on the skills to be satisfied in implementing the new medium-term management plan to be announced in May 2023, how to satisfy them, and the necessity of developing and recruiting members who will take charge of next-generation management to achieve the long-term management plan.

In response, the Board of Directors meeting for the fiscal year ended March 2024 provided an opportunity to periodically review the progress of the Medium-term Management Plan, review the progress of each measure, and discuss important issues, such as the need for financial, human, and organizational support. In addition, we analyzed the opinions received from investors regarding the Medium-term Management Plan, the Company’s stock price, investment policy, etc., and published “Management with an awareness of capital costs and stock prices” in February this year. Furthermore, in April 2024, we appointed a new executive officer to fulfill the skills of management through a review of important issues necessary for business operations, such as a contract to upgrade the core product management system that has been under way since the fiscal year ended March 2023 and medium- to long-term logistics strategies. In addition, in order to realize our medium- to long-term management strategy, we have started concrete initiatives concerning the succession of senior management members, and a progress report was presented at the Nomination and Compensation Committee.

Following this, in the questionnaire for the fiscal year ended March 2024 conducted in April of this year, there was no indication of any issue, etc. regarding the operation and effectiveness of the Board of Directors, as was the case last year. However, someone had the opinion that the Board of Directors should concretely continue to discuss the succession plan of senior management led by the CEO, the skills required in the execution phase of the medium- to long-term management plan, and the requirements and positioning, etc. of outside directors by

enhancing the agenda items to be deliberated set aside from the time of the Board of Directors meetings. We will continue to hold discussions based on the opinions submitted.

<Supplementary Principles 4.14.2>

Training policies for directors

Our training policies for directors are as follows.

(1) Training programs by experts on economy, finance, legal and other areas necessary for business operation of the Company are provided as necessary.

(2) Separately from the above, explanations are provided on the Company's philosophy, business strategy, and business activities and there is a tour of major facilities at the time a person assumes the office of director.

(3) Full-time Audit and Supervisory Committee members obtain the necessary information by regularly attending multiple expert committees and share to other Audit and Supervisory Committee members as necessary.

In addition, directors are able to receive external training at the expense of the Company to acquire the knowledge needed for fulfilling their roles and responsibilities.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders] and [Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans]

The Company aims to improve the soundness of corporate management and create shareholder value by increasing the transparency of its management through active IR operations and driving communication with its shareholders and investors. In addition, the Company works to enhance information disclosure by disclosing its medium-term management plan that shows its strategies as well as quantitative targets for profitability and capital efficiency (ROE), while striving to maintain and boost profitability by establishing investment/exit standards based on capital cost.

The Company establishes and discloses Disclosure Policies for "constructive dialogue with shareholders and investors, and full disclosure."

Policies, establishment of systems and other matters on timely disclosure under the Companies Act, the Financial Instruments and Exchange Act and other laws and regulations are described in "Information Disclosure Criteria and Methods," "Timely Information Disclosure Structure and Systems," "Quiet Period," and "Precautionary Notes Regarding Statements with Respect to Future Forecasts" in the Disclosure Policies.

Policies, establishment of systems and other matters for constructive dialogue with shareholders and investors are described in "Comprehensive Communication," "Pertinent Feedback on the Company's IR Activities" and "Constructive Dialog with Shareholders and Investors" in the Disclosure Policies.

The Company establishes and discloses its medium-term management plan (Medium-Term Vision) every three years. We strive for full disclosure by stating quantitative targets for profitability and capital efficiency (ROE), in addition to strategies, in the medium-term management plan. We set the ROE target at a value higher than capital cost recognized internally to increase corporate value over the medium to long term.

To use cash from operating activities beneficially, the Company calculates, when making new investments in sales facilities or undertaking large-scale renovations, the number of years until investment recovery taking into account capital cost, the net present value (NPV) and internal rate of return (IRR). Investment decisions are made on condition that hurdle rates set by the Company are exceeded. If it is expected to be impossible for a new business to post a single fiscal year profit in three years and cover cumulative losses in five years, we will provide company-wide backup to the business to improve profitability and, if there is no possibility of improvement, consider exiting.

The following is the link to the Disclosures Policies.

<https://www.united-arrows.co.jp/en/ir/disclosure/>

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

The action to implement management that is conscious of cost of capital and stock price is disclosed on the Company's website.

https://www.united-arrows.co.jp/wp-content/uploads/2024/02/e_presentation_hosoku_2024_3.pdf

[Status of Dialogue with Shareholders]

The status of dialogue with shareholders is disclosed on the Company's website.

https://www.united-arrows.co.jp/wp-content/uploads/2023/11/presentation_hosoku_2024_2.pdf
(in Japanese)

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%
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[Status of Major Shareholders] **Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
Custody Bank of Japan, Ltd. (Trust Account)	4,580,500	16.51
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,262,000	11.76
Osamu Shigematsu	2,488,400	8.97
ADS Co., Ltd.	2,000,000	7.21
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM Standing proxy: Tokyo Branch, The	796,800	2.87

Hongkong and Shanghai Banking Corporation Limited (HSBC)		
NORTHERN TRUST CO. (AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited (HSBC)	559,000	2.01
STATE STREET BANK AND TRUST COMPANY 505001 Standing proxy: Mizuho Bank, Ltd.	475,732	1.71
Mitsubishi UFJ Trust and Banking Corporation	428,000	1.54
TAKISADA-NAGOYA CO., LTD.	428,000	1.54
JP MORGAN CHASE BANK 385781 Standing proxy: Mizuho Bank, Ltd.	325,625	1.17

Controlling Shareholder (except for Parent Company)	---
Parent Company	None

Supplementary Explanation Updated

1. In addition to the above, there are 2,475,428 shares of treasury stock owned by the Company. The number of shares of such treasury stock does not include 142,158 shares of the Company held by the Board Benefit Trust-Restricted Stock (BBT-RS).

2. The Change Report of Large-Volume Holdings made available for public inspection on March 19, 2024 states that Sumitomo Mitsui Trust Bank, Limited and its joint holders Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. owned the following shares as of March 13, 2024. However, the Company is unable to confirm the actual number of shares owned as of March 31, 2024, and therefore these firms are not included in the above status of major shareholders.

The content of the Report of Large-Volume Holdings is as follows.

Name or Company Name / Address / Number of Shares Owned / Percentage (%)

Sumitomo Mitsui Trust Asset Management Co., Ltd. / 1-1-1 Shibakoen, Minato-ku, Tokyo / 1,028,400 shares / 3.40%

Nikko Asset Management Co., Ltd. / 9-7-1 Akasaka, Minato-ku, Tokyo / 2,771,700 shares / 9.17%

3. Corporate Attributes

Listed Stock Market and Market Section	The Prime Market of the Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Retail Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

None

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

None

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	14
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	7
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1) **Updated**

Name	Attribute	Outside Directors' Relationship with the Company*										
		a	b	c	d	e	f	g	h	I.	j	k
Toru Nishiwaki	Certified public accountant											
Yusaku Kurahashi	Lawyer											
Shiho Takano	From another company											

* Categories for "Relationship with the Company"

* "○" 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; "▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit and supervisory board member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company in which the same outside directors/audit and supervisory board members are also appointed at the Company (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Other

Outside Directors' Relationship with the Company (2) **Updated**

Name	Audit and Supervisory Committee member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Toru Nishiwaki	○	○	---	<p>Mr. Nishiwaki has been in charge of accounting and auditing for several listed companies as a certified public accountant and has experience in being seconded to the Ministry of Finance, and being involved in a listing examination and finance practices at a securities company, and two stock exchange listings at an operating company. The Company nominated Mr. Nishiwaki as outside director (Audit and Supervisory Committee Member) as it believed he would help further strengthen the sound and effective management of the Company based on his deep knowledge in the areas of accounting and finance, legal affairs and compliance, human resources, etc., and he was elected at the 35th Ordinary General Meeting of Shareholders. Mr. Nishiwaki satisfies the Independence Determination Standards for Independent Officers set forth by Tokyo Stock Exchange, Inc. and the Company.</p>

Name	Audit and Supervisory Committee member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yusaku Kurahashi	○	○	---	<p>Mr. Kurahashi has established Kurahashi Law Office and, as its representative partner, has engaged in litigation and other disputes, M&A, corporate restructuring, and corporate legal affairs, and has experience in participating in third-party committees for corporate misconduct cases, and other events. The Company nominated Mr. Kurahashi as outside director (Audit and Supervisory Committee Member) as it believed he would apply his deep specialized knowledge to strengthen the corporate governance, etc. of the Company, and he was elected at the 35th Ordinary General Meeting of Shareholders.</p> <p>Mr. Kurahashi satisfies the Independence Determination Standards for Independent Officers set forth by Tokyo Stock Exchange, Inc. and the Company.</p>

Name	Audit and Supervisory Committee member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shiho Takano	○	○	---	<p>Ms. Takano has a wealth of experience in marketing, branding, new product development and others, and extensive knowledge as a management executive for many years, acquired through her tenure in several operating companies in the food and cosmetics industries. The Company appointed her as outside director (Audit and Supervisory Committee member) in the belief that she would leverage her extensive experience and knowledge to offer objective and neutral advice, etc. on overall corporate management from a broad range of viewpoints that are not bound by the industry in which the Company operates and that she would help further strengthen the sound and effective management of the Company. Subsequently, she was elected in the 35th Ordinary General Meeting of Shareholders. Ms. Takano satisfies the Independence Determination Standards for Independent Officers set forth by Tokyo Stock Exchange, Inc. and the Company.</p>

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

The Company has employees who concurrently serve as staff to support the Audit and Supervisory Committee. The appointment, transfer, evaluation and the like of the staff are determined upon consultation with the Audit and Supervisory Committee to ensure independence from directors who are not Audit and Supervisory Committee members.

Cooperation among Audit and Supervisory Committee, Accounting Auditors and Internal Audit Departments

The Audit and Supervisory Committee is composed of three directors who are Audit and Supervisory Committee members (all of whom are outside directors). The Committee determines policies on audits and other related matters in accordance with the regulations of the Audit and Supervisory Committee, and prepares audit reports upon receiving reports from Audit and Supervisory Committee members, directors who are not Audit and Supervisory Committee members, and the accounting auditor.

As for internal audits, the Internal Auditing Office, which is placed directly under the president and composed of five members, conducts store and department audits focusing on operational efficiency/appropriateness and risk management. The results of these audits are shared with the Audit and Supervisory Committee to recognize issues. Internal audits are also conducted on subsidiaries.

[Establishment of Optional Nomination/Remuneration Committee]

Establishment of Optional Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Appointed
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Committee's Name, Composition, and Attributes of Chairperson
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	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Optional Committee Corresponding to Nomination Committee	Nomination and Compensation Committee	4	2	1	3	0	0	Outside Director
Optional Committee Corresponding to Remuneration Committee	Nomination and Compensation Committee	4	2	1	3	0	0	Outside Director

Supplementary Explanation

The Nomination and Compensation Committee composed of all independent outside directors and the Representative Director (President and CEO) is established to strengthen the independence/objectivity and accountability of Board functions related to appointment and remuneration of directors. The Company's Nomination and Compensation Committee serves as both a nomination committee and a compensation committee. The Committee is held quarterly in principle, and is to be convened by the chair as necessary. Specific matters to be deliberated at the Nomination and Compensation Committee are described in the Corporate Governance Policy of the Company.
<https://www.united-arrows.co.jp/ir/governance/> (in Japanese)

[Independent Directors]

Number of Independent Directors	3
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Matters relating to Independent Directors

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration, other
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Supplementary Explanation

For directors who are not Audit and Supervisory Committee members, with the aim of further promoting value-sharing with shareholders and building a remuneration structure that contributes to medium- to long-term enhancement of corporate value, the Company introduced restricted stock compensation, which is subject to transfer restrictions until the retirement of a director and executive officer of the Company and the Group companies, and a system to grant performance-linked stock compensation (Board Benefit Trust (BBT)), which is paid according to the degree of achievement of the medium-term management plan, for the purpose of strengthening commitment to achieve the plan.

Recipients of Stock Options	
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Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

Total amounts of remuneration by director category are disclosed in securities reports and other documents.

Policy on Determining Remuneration Amounts and Calculation Methods	Appointed
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
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The Company policy regarding director remuneration is to contribute to sustainable growth by improving business performance and increasing corporate value over the medium to long term, and the remuneration standards and structure are designed to match roles, duties and positions.

Remuneration for executive directors consists of fixed compensation set based on the remuneration standards for their roles, duties and positions, executive bonuses reflecting short-term business performance such as the level of achievement of the Company's business performance in each fiscal year and the business objectives set by each executive director, and stock-based compensation reflecting medium- to long-term performance (Board Benefit Trust (BBT)).

Base compensation is fixed monthly and determined based on remuneration standards for roles, duties and positions, taking into account remuneration levels of other companies in the same industry or other companies of a similar size, the Company's business performance and employee pay levels, based on a third-party survey of remuneration for corporate managers.

The amount of executive bonuses is calculated by multiplying the amount of basic bonuses set forth in the director remuneration table by the degree to which consolidated operating income for the target fiscal year meets the initial plan, and is determined by taking into account the individual evaluations of each executive director. Allocations to individual executive directors are determined in such a way that a higher-ranking director in the director remuneration table will have a higher bonus coefficient (i.e., the ratio of bonuses to the sum of base compensation and bonuses). The objective of this is to further strengthen their commitment to achieving management targets over any given single fiscal year. In principle, no bonus will be paid if consolidated operating income is below a certain level against the initial earnings forecast. The proposed amount of executive bonuses to be paid will be determined by the Board of Directors after consultation by the Nomination and Compensation Committee and will be paid within a certain period from the end of the fiscal year.

With respect to stock-based compensation, a higher-ranking director in the director remuneration table will have a higher share of total remuneration. The aim of this is to further promote value-sharing with shareholders and build a remuneration structure that contributes to medium- to long-term enhancement of corporate value. The stock-based compensation consists of restricted stock compensation, which is subject to transfer restrictions until the retirement of a director and executive officer of the Company and the Group companies, and performance-linked stock compensation, which is paid according to the degree of achievement of the medium-term management plan. The aim is to strengthen commitment to achieving the plan.

Bonuses and stock-based compensation will not be paid to non-executive directors. Only base compensation will be paid to them according to their individual roles and responsibilities.

The remuneration of each director who is not an Audit and Supervisory Committee member is determined in accordance with the policy described above by resolution of the Board of Directors within a range set by approval of a Shareholders Meeting. The Nomination and Compensation Committee is consulted before determining the remuneration.

The remuneration of each director who is an Audit and Supervisory Committee member is determined in accordance with the policy described above by resolution of the Audit and Supervisory Committee within a range set by approval of a Shareholders Meeting.

In addition to the above, the Nomination and Compensation Committee examines the appropriateness of the policy, structure, and remuneration table and calculation rules on director remuneration and puts forward revision proposals.

[Support System for Outside Directors]

The Company has employees who concurrently serve as staff to support the Audit and Supervisory Committee that is mainly composed of outside directors. To ensure effectiveness of instructions given to the aforementioned staff by Audit and Supervisory Committee members,

we give the necessary investigation authority to the staff and put in place a system of cooperation by departments.

Board of Directors meeting materials are sent to outside directors by the day before each meeting. In addition, outside directors check sufficient information other than Board materials by referring to meeting minutes provided by secretariats of key meeting bodies.

[Status of Persons Retired from Office of Representative Director and President or the Like]

Names and other details of counselor, advisor or the like who are former representative directors and presidents or the like

Name	Position/ title	Description of duties	Working arrangements/ conditions (e.g., full-time/ part-time, paid/ unpaid)	Date of retirement as president, etc.	Term of office
Osamu Shigematsu	Chairman	1. Providing various types of advice to directors of the Company (not involved in management) 2. Providing advice on improving corporate culture, corporate loyalty, and creativity	Part-time, paid	March 31, 2012	1 year

Total number of counselors,
advisors or the like who are former
representative directors and
presidents or the like

1

Other Matters

The Board of Directors deliberates on and decides any new appointment of a person who has retired from the office of representative director and president or the like to the position of advisor and other. Upon expiration of the term, we will renew the term as necessary.

2. Matters Related to Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

With approval by the 27th Ordinary General Meeting of Shareholders held on June 23, 2016 for amendments to the Articles of Incorporation associated with transition to a Company with an Audit and Supervisory Committee, the Company transitioned to a Company with an Audit and Supervisory Committee.

(1) Board of Directors

The Board of Directors is composed of seven directors (including three outside directors) and in principle meets once a month. Board meetings are attended by directors who are not Audit and Supervisory Committee members and directors who are Audit and Supervisory Committee members. The Board of Directors makes decisions on matters prescribed by laws and regulations as well as important matters set forth by internal rules such as the Board of Directors regulations. It also monitors and supervises the status of business execution. In addition, extraordinary Board meetings are held on an as-needed basis, and directors also have discussions with each other whenever necessary. As such, we have a framework in place for enabling efficient business execution.

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of three directors who are Audit and Supervisory Committee members. The Committee determines policies on audits and other related matters in accordance with the regulations of the Audit and Supervisory Committee, and prepares audit reports upon receiving reports from Audit and Supervisory Committee members, directors who are not Audit and Supervisory Committee members, and the accounting auditor. The Audit and Supervisory Committee, all three members of which are outside directors, ensures transparency of management and assumes the roles of monitoring and auditing the Company as a whole. The holding of Company shares by Audit and Supervisory Committee members is described in “number of Company shares owned” in the “status of officers” of securities reports. They do not have any personnel, transactional and other interests in the Company.

The Company establishes independence standards for outside officers and deems that any independent officers who satisfy the standards are sufficiently independent from the Company. The independence standards are described in the Corporate Governance Policy disclosed on the Company website.

<https://www.united-arrows.co.jp/ir/governance/> (in Japanese)

All of the three outside directors of the Company satisfy the aforementioned independence standards.

In addition, pursuant to Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement that limits liability for damages under Article 423, paragraph 1 of the same Act with each Audit and Supervisory Committee member who is a non-executive director. The maximum amount of the liability for damages under the agreement is the amount prescribed by laws and regulations.

(3) Nomination and Compensation Committee

Details of the Nomination and Compensation Committee are described in the Supplementary Explanation in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" - "1. Organizational Composition and Operation" - [Establishment of Optional Nomination/Remuneration Committee].

(4) Executive Officer System

The Company adopted an executive officer system on July 1, 2008, with the aim of ensuring the prompt execution of operations and enhancing the decision-making and supervisory functions of the Board of Directors. On April 1, 2021, in order to operate this system more effectively, the Company redefined the role of executive officers and changed the contract form between the Company and executive officers from the previous so-called employment-type to delegation-type contracts.

(5) Internal Audit Departments

As for internal audits, the Internal Auditing Office, which is placed directly under the president and composed of five members, conducts store and department audits focusing on operational efficiency/appropriateness and risk management. The results of these audits are shared with the Audit and Supervisory Committee to recognize issues. Internal audits are also conducted on subsidiaries.

(6) Status of Accounting Audit

(i) Name of audit corporation

Deloitte Touche Tohmatsu LLC

(ii) Continuous audit period

17 years

(iii) Names of certified public accountants who executed the services

Mr. Tsutomu Hirose, Designated Limited Liability Partner, Engagement Partner and Certified Public Accountant

Mr. Hayato Otsuji, Designated Limited Liability Partner, Engagement Partner and Certified Public Accountant

(iv) Composition of assistants related to audit services

The composition of assistants related to the audit services comprises five certified public accountants, three persons who passed the CPA examination, and sixteen others.

3. Reasons for Adoption of Current Corporate Governance System

As described above, the Company is a Company with an Audit and Supervisory Committee. We believe that this corporate structure with an Audit and Supervisory Committee is an appropriate corporate governance system that will help to enhance the Company's corporate value over the medium to long term. We believe it will do this by strengthening the Board's

monitoring function and expediting decision-making through appointment of outside directors who do not execute business and appropriate delegation of authority.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Ensure Smooth Exercise of Voting Rights **Updated**

	Supplementary Explanation
Early Notification of General Shareholder Meeting	We dispatch the notice of a shareholders meeting about three weeks before the date of the meeting. For the 35 th Ordinary General Meeting of Shareholders held on June 26, 2024, the notification was sent out on June 3, about three weeks before the date of the meeting.
Scheduling AGMs Avoiding the Peak Day	The Company strives to make shareholder meetings more open by scheduling shareholder meetings avoiding the peak days and selecting times that facilitate participation by individual shareholders, as well as holding friendly meetings for shareholders and directors to get to know each other.
Allowing Electronic Exercise of Voting Rights	Shareholders may exercise their voting rights via the Internet.
Participation in Electronic Voting Platform and Other Measures to Improve Voting Rights Environment for Institutional Investors	The Company participates in the Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ, Inc.
Providing Convocation Notice in English	The Company provides convocation notices in English summary version on the Company website and “Listed Company Search” of the Tokyo Stock Exchange website. The Company website https://www.united-arrows.co.jp/en/ir/stockinfo/notification/
Other	Convocation notices, results of resolutions, and extraordinary reports are posted on the Company website. https://www.united-arrows.co.jp/en/ir/stockinfo/notification/ The convocation notice is posted on the Company website and the “Listed Company Search” of the Tokyo Stock Exchange website on May 27, about one week before sending the notice by mail. In addition, at the 35 th Ordinary General Meeting of Shareholders,

	Supplementary Explanation
	the Company held a live streaming event (participatory) via the Internet so that the proceedings of the General Meeting of Shareholders could be viewed from remote locations using the computers and smartphones.

2. IR Activities Updated

	Supplementary Explanation	Briefing by the Representative
Preparation and Publication of Disclosure Policies	Posted on an IR website of the Company. https://www.united-arrows.co.jp/en/ir/disclosure/	
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds quarterly earnings results briefings (in principle on the day following an earnings release) where its representative director explains earnings results, as well as the fiscal year policy and progress compared with the policy. Also, directors in charge or other relevant persons explain the progress of measures in separate programs on the same day as the earnings results briefings. In the fiscal year ended March 2024, we held a total of 116 individual IR meetings and small meetings with analysts and institutional investors in Japan.	Yes
Regular Investor Briefings for Overseas Investors	We actively participate in IR conferences held by securities firms in and outside Japan for overseas investors. We held 28 individual IR meetings with overseas investor in the fiscal year ended March 2024.	None

	Supplementary Explanation	Briefing by the Representative
Posting of IR Materials on Website	<p>In addition to monthly sales reports (updated after 3 p.m. on the second business day of each month), the following earnings materials are posted on the website.</p> <ul style="list-style-type: none"> • Financial Results (Japanese, English) • Securities reports, quarterly reports (Japanese) • Data Book (Japanese, English) • Presentation Material of Earnings Announcements (Japanese, English), Earnings Announcement Meetings Q&A (Japanese, English) • Shareholders news (Japanese) <p>Monthly sales reports https://www.united-arrows.co.jp/en/ir/monthly/</p> <p>Earnings materials https://www.united-arrows.co.jp/en/ir/library/</p>	
Establishment of Department and/or Manager in Charge of IR	<p>Three persons are assigned in the department in charge of IR and the officer in charge of IR is appointed to push forward with fair and timely information disclosure and actively carry out IR operations.</p> <p>Officer in charge of IR: Satoshi Tan, Executive Officer CSO, General Manager of Corporate Strategy Division</p> <p>Department in charge of IR: IR Department (Responsible person: Toshiharu Mii, Department Manager of IR Department)</p>	

	Supplementary Explanation	Briefing by the Representative
Other	<p>In addition to the forgoing, our activities include the following.</p> <ul style="list-style-type: none"> • Distribute IR e-mail newsletters to analysts, institutional investors and individual investors. • Hold store tours and small meetings involving business managers for institutional investors on an ad-hoc basis. • Hold company briefing sessions for individual investors on an ad-hoc basis. • Annually conduct a shareholders survey using shareholders news. Shareholders' opinions on management, IR activities and other matters of the Company are collected and analyzed as reference materials to improve measures for shareholders such as by making changes to shareholders' special benefit programs and reviewing the dividend policy. 	

3. Measures to Ensure Due Respect for Stakeholder Updated

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Our management policy is to realize the Company Policy and maximize corporate value by continuously creating value for our five stakeholders—customers, employees, business partners, society and shareholders.

Supplementary Explanation	
Implementation of Environmental Activities, CSR Activities etc.	<p>The Company incorporates its commitment to “Creating Five Values” in the corporate philosophy. The five values are: value for customers, value for employees, value for business partners, value for society, and value for shareholders, and the Company considers it its mission to increase value for all stakeholders. The Company's basic management policy is to make every effort to create these five values while at the same time helping to improve Japanese lifestyles and culture as a public entity of society.</p> <p>Furthermore, in recent years, corporate management that emphasizes the environment, society, and governance to realize a sustainable society has become increasingly important. We aim to proactively take initiatives in our sustainability issues. Therefore, in 2020 we set out five themes of supply chains, resources, communities, human resources and governance, based on Creating Five Values. In 2022, we established three categories which we need to prioritize, namely, “Circularity,” “Carbon Neutrality” and “Humanity,” and seven quantitative targets associated with each category. By actively promoting sustainability activities to achieve the five themes and seven quantitative targets, we will contribute to solving social issues and to society through our business activities.</p> <p>Specific activities are disclosed on our Company’s Sustainability site. https://www.united-arrows.co.jp/en/sustainability/</p>
Development of Policies on Information Provision to Stakeholders	<p>The Company establishes the Disclosure Policies and discloses them on the Company website. https://www.united-arrows.co.jp/en/ir/disclosure/</p>

	Supplementary Explanation
Other	<p>The Company works to create a comfortable work environment focusing on women who account for about 60% of its employees so that they can continue working through various life events such as marriage, childbirth and family care. We facilitate balancing work and family for employees who have children such as by offering maternity leave, childcare leave, child nursing leave and a shorter work hour system. In 2018, the Company received accreditation for the third time by the Ministry of Health, Labor and Welfare as a company actively supporting child rearing. As a result of these efforts, the ratio of returning to work after taking childcare leave stood at 96.8% as of the end of March 2024. The Company also has leave, time off and shorter work hour systems for caring for the family.</p> <p>For the status of employees such as the number of female employees and the ratio of women in managerial positions—store manager and higher—as well as data on the use of childbirth and child rearing support systems have been disclosed on the ESG Data Book (Renewed annually in August)..</p> <p>https://www.united-arrows.co.jp/en/sustainability/management/</p>

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development Updated

Basic Management Policy

At the time of its founding in October 1989, the Company defined its founding spirit as "contributing to society by setting new standards of Japanese lifestyle." The essence of this spirit has been maintained and its expressions updated to better match the times so that it can continue to function as the basis for the actions of all directors and employees as our Company Policy.

In addition, we have defined our promise to society and the creation of value for five distinct stakeholders as key features of our Policy Structure. The five distinct stakeholders for which value is to be created are customers, employees, business partners, society, and shareholders. In this regard, the Company's mission is to increase value for all stakeholders.

We establish the internal control system as an operational framework necessary for achieving the Company Policy. With an awareness that building the internal control system requires an open corporate culture where anyone regardless of his or her duties or roles can provide the right opinions and such opinions are reflected, all directors and employees will look for improvements at all times in executing their duties.

1. Compliance System

(a) The Company has established the UNITED ARROWS Group's Code of Conduct, which describes how we should think and act to realize our corporate philosophy.

Under the UNITED ARROWS Group's Code of Conduct, the Compliance Regulations are established as specific procedures to ensure the social trust of the Group by establishing a compliance system and ensuring the soundness of its operations, thereby contributing to the realization of its corporate philosophy. They also promote various initiatives to secure public trust in the Group in response to changes in society, business activities, and other factors, and seek to realize the Company Policy.

(b) We establish a Compliance Committee to promote compliance in a company-wide and effective manner. The Committee examines and approves compliance policies, activity plans, and training plans, and examines issues that may impact compliance.

(c) We put in place an internal reporting system that enables directors and employees to report anonymously to external organization in accordance with the internal reporting regulations any behavior that would be suspected of constituting compliance issue if such behavior arose or came to light. We work to foster a corporate culture that does not overlook any wrongdoings or irregularities, however small they may be. The Company will keep reported information secret and will not treat persons who reported disadvantageously.

(d) For execution of duties, we put in place a system for proper checks and balances and reporting to function by clarifying the scope of duties and approval authority by department and responsibility in accordance with the rules for divisions of duties and the rules for delegation of authority.

(e) The Internal Auditing Office placed directly under the president confirms the status of compliance with laws, regulations and the Articles of Incorporation as well as the status of execution of duties by conducting regular internal audits of stores and departments.

2. Information Retention and Management System

(a) The Document Management Rules stipulate that the minutes of the Board of Directors meetings shall be kept properly at the Head Office for a long period of time. In addition, the Rules categorize information that is important and highly confidential in the Company's management, specify a retention period according to the type of information, manage it, and establish a system in which documents deemed necessary for the execution of duties by directors can be viewed as appropriate.

(b) To prevent unauthorized access and information leakage by setting viewing permissions for information stored in the system based on internal rules and guidelines for the information system and by ensuring the storage and management of important management information.

3. Risk Management System

(a) We establish risk management regulations with the aim of developing a risk management system and preventing the occurrence of risks or minimizing losses in the event of the occurrence of risks. In this way, it will help to realize the Company Policy. In order to practice risk management autonomously, officers and employees make efforts to identify and address risks that may impede the realization of the Company Policy when executing their duties.

(b) We establish a Risk Management Committee to promote risk management in a company-wide and effective manner. The Committee examines and approves risk management policies, activity plans, and training plans; evaluates and selects critical risks based on changes in the business environment, and examines and approves measures to deal with such risks; and examines issues that may impact risk management.

(c) In the event of a crisis, the Company will set up a Task Force to centrally manage information and take action.

(d) Amid changing environments that surround the Company, each department always reviews risk factors. At the same time internal rules and various manuals are established on an ongoing basis. Through these activities, the Company establishes systems for both risk prevention and appropriate response in the event of a crisis.

4. System for Efficient Execution of Duties

(a) In executing their duties, directors are to make decisions in accordance with laws and regulations, as well as internal rules such as the Board of Directors regulations and the rules for delegation of authority.

(b) Regular Board of Directors meetings are in principle held monthly and in them the Board deliberates resolution items and receives reports on the status of business execution and business performance. In addition, extraordinary meetings of the Board of Directors are held on an as needed basis, and directors also have discussions with each other whenever necessary. Furthermore, a system is in place for executive directors to discuss and resolve important matters at the Management Committee that meets weekly in order to ensure opportunity for full discussion and enhance speed of management.

(c) By adopting an executive officer system, we have accelerated business execution and strengthened the Board's decision-making and oversight functions.

5. Group Management System

(a) We have established a subsidiary management system under which important business matters are decided and reported as necessary by setting forth basic policies and frameworks for managing subsidiaries in accordance with the rules on managing subsidiaries and associates, while emphasizing autonomous operation of each company. In addition, the Company sends directors and audit and supervisory board members to its subsidiaries depending on the circumstances to optimize business. This also enhances business efficiency with a framework put in place for identifying operational situations through reporting at the board of directors of each subsidiary.

(b) The Company works to establish the internal control system for the Group. This is done with relevant divisions of the Company, in coordination with each other, by providing guidance and support as necessary for the establishment of control (e.g., internal rules, delegation of authority), compliance and risk management systems at its subsidiaries, while such frameworks as internal reporting are expanded to subsidiaries.

(c) The Internal Auditing Office of the Company conducts internal audits also covering its subsidiaries to confirm their compliance with laws, regulations and articles of incorporation as well as their status of executing duties under internal rules.

(d) We ensure and continue to improve the reliability of financial reporting and, in turn, public credibility by establishing the necessary systems covering subsidiaries for internal control over financial reporting.

6. Audits by the Audit and Supervisory Committee

(a) The Company has employees who concurrently serve as staff to support the Audit and Supervisory Committee. To ensure their independence from directors (excluding those who are Audit and Supervisory Committee members), the appointment, transfer, evaluation, disciplinary action and the like of the staff are determined upon consultation with the Audit and Supervisory Committee.

(b) To ensure effectiveness of instructions given to the aforementioned staff by the Audit and Supervisory Committee, we give necessary investigation authority to the staff and put in place a system of cooperation by departments.

(c) Directors and employees of the Group promptly report to the Audit and Supervisory Committee or Audit and Supervisory Committee members any important matter that causes or may potentially cause significant damage to the Company.

(d) We have a system in place for risks identified by internal audits and by the Risk Management Committee to be reported regularly to the Audit and Supervisory Committee.

(e) We have a system in place for ensuring that a person who has reported to the Audit and Supervisory Committee or an Audit and Supervisory Committee member will not be subjected to disadvantageous treatment such as demotion and reduction in salary on the grounds of making that report. We disseminate information on and ensure thorough understanding of this system.

(f) To understand important decision-making processes by the board of directors or other organs as well as the status of business execution in the Group, the Company's Audit and Supervisory Committee or Audit and Supervisory Committee members may attend board of directors, management committee and other important meetings of Group companies, and, if necessary, request their directors, executive officers and employees to provide explanations and inspect the necessary documents.

(g) The Audit and Supervisory Committee of the Company may use external advisers such as accounting auditors and attorneys where necessary.

(h) If an Audit and Supervisory Committee member requests an advance payment of expenses to be incurred, reimbursement of expenses paid, or repayment of a debt assumed for execution of his or her duties, the Company will agree to the request unless such expenses or debt are found to be unnecessary for the execution of duties.

2. Basic Views on Eliminating Anti-Social Forces

(1) The Group's basic policy is to stand firmly against and not to have any relationship whatsoever with anti-social forces/organizations which bring threats to the order and security of the civil society.

(2) The Company establishes internal systems and collects information to eliminate anti-social forces, having the General Affairs and Legal Department as a department in charge

coordinating with legal advisors, the police and external organizations such as the Tokyo Center for Removal of Criminal Organizations as well as regional anti-crime advisers.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
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Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

■ Timely Information Disclosure System

1. Division responsible for timely disclosure

The officer in charge of investor relations is responsible for handling the disclosure of information, and the IR Department is responsible for ensuring the timely disclosure of such information. Collaborating closely with related departments and divisions, steps are taken to identify pertinent information, to prepare all the necessary documents, and to ensure their timely disclosure.

The IR Department is responsible for addressing all inquiries from market-related parties as well as shareholders and other investors.

2. Identification of Information for Timely Disclosure

The officer responsible for handling the disclosure of information and the head of the IR Department attend in-house weekly, monthly, and all other important meetings. At these meetings, efforts are made to gather information on the status of measures implemented by each division.

In the event that any information subject to timely disclosure is anticipated, the department or division that handles the subject information reports all details to the officer responsible for handling the disclosure of information and the head of the IR Department in a timely manner.

3. Preparation of Timely Information Disclosure Documentation and Disclosure

The Finance and Accounting Department is responsible for preparing the Company's accounting-related disclosure materials, including financial results and quarterly reports. Documentation relating to the Company's shares and personnel transfers and assignments is prepared and handled by the General Affairs and Legal Department and the Human Resources Department, respectively. Ultimately final examination of the details of documentation is to be done by the officer responsible for handling the disclosure of information and the head of the IR Department, who ensure the information's timely disclosure.

4. Management of Timely Disclosure Information

The Company has put in place a set of internal rules governing the handling and storage of internal information. The utmost emphasis is placed on ensuring the confidentiality of

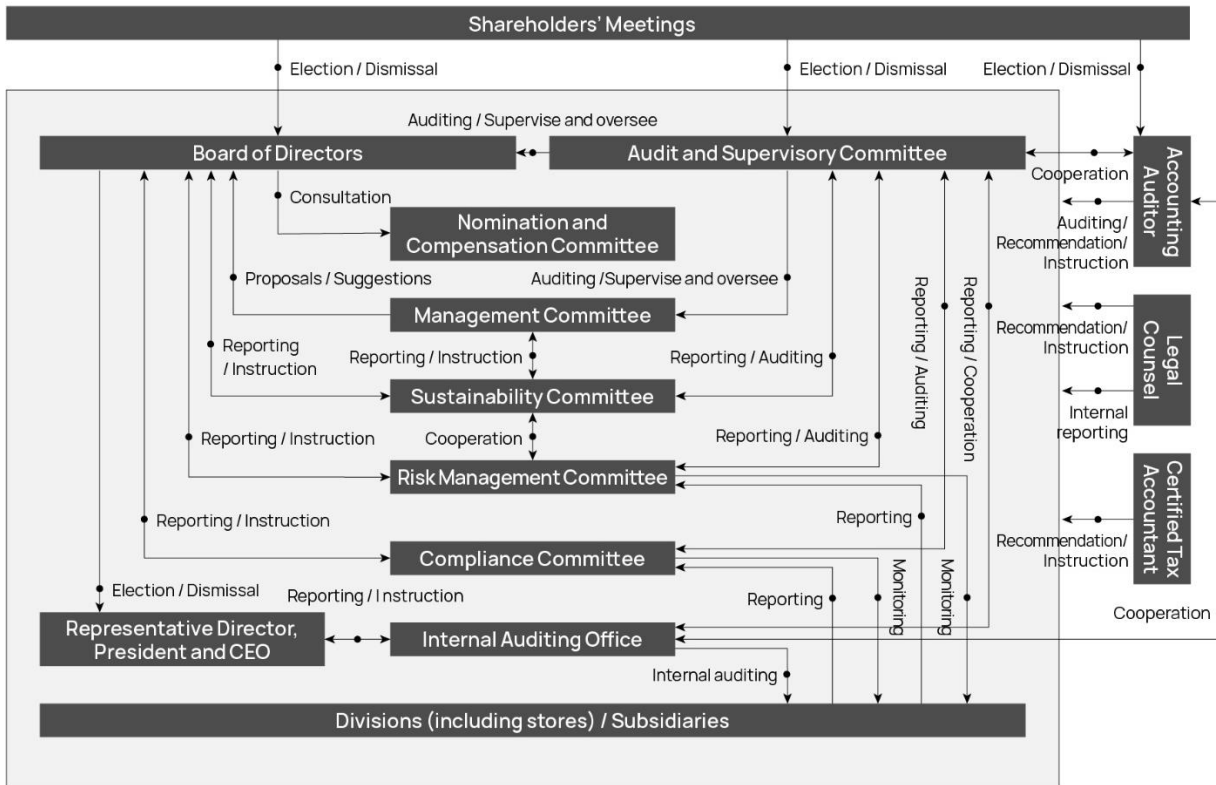
information subject to timely disclosure. The officer responsible for handling the disclosure of information works diligently to prevent any leakage of insider information to external parties and to prevent any incidence of internal insider trading.

5. Quiet Period

The Company has identified the period from the day after each quarterly financial settlement date to each quarterly financial results announcement as a so-called quiet period. This initiative aims to prevent the leakage of financial results information and to ensure equity. During this period, the Company refrains from responding to financial results inquiries and from holding individual IR meetings. In the event, however, that an important incident arises during the quiet period that is subject to timely disclosure, the details are immediately announced in accordance with the timely information disclosure rules and regulations.

The Company aims to disclose monthly sales information on the second business day of each following month. The Company accordingly refrains from commenting on sales data during any relevant applicable month in an effort to ensure the equity of information disclosure.

■ Corporate Governance System



■ Timely Disclosure System

