

ZOZO, Inc.

Our Initiatives in Relation to the Corporate Governance Code

Section 1:

Ensuring the Rights and Equal Treatment of Shareholders

【General Principle 1】

The listed companies should take appropriate measures to fully ensure shareholder rights and develop an environment that enables shareholders to exercise their rights effectively. Additionally, listed companies should ensure the effective and equal treatment of their shareholders. Given its sensitivities, adequate consideration should be given to the rights of minority and foreign shareholders to ensure the actual rights of all shareholders, the environment in which they can exercise these rights, and equal treatment.

The Group provides information to all stakeholders in a timely, accurate, fair, and continuous manner in compliance with the Financial Instruments and Exchange Law and other relevant laws and regulations, as well as the rules on timely disclosure, etc. established by the Tokyo Stock Exchange (hereinafter referred to as the "Regulations for Timely Disclosure"). The Company also has a policy of disclosing other information not covered by the Regulations for Timely Disclosure in a prompt, accurate, and fair manner by appropriate means, taking into account the purpose of timely disclosure.

【Principle 1-1 Ensuring the Rights of Shareholders】

The listed companies should take appropriate measures to fully ensure shareholder rights, including voting rights at the General Meeting of Shareholders.

The Company provides an environment that enables proactive information disclosure and facilitates the exercise of voting rights to ensure shareholder rights.

<Supplementary Principle>

1-1 ① When the Board of Directors recognizes that a considerable number of votes have been cast against a proposal by the Company and the proposal was approved, the Board of Directors should analyze the reasons behind the opposing votes and why many shareholders opposed and should consider the necessity of the dialogue with shareholders and other measures.

The Company conducts analysis and considers counterplans to the causes of opposition to all resolutions at the General Meeting of Shareholders, led by All Directors, to get a concrete understanding of our shareholders' opinions.

1-1 ② When proposing to shareholders that certain powers of the General Meeting of Shareholders be delegated to the Board of Directors, the listed companies should consider whether the Board of Directors is adequately constituted to fulfill its corporate governance roles and responsibilities. If those companies determine that the Board of Directors is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

The Company establishes the provision in the Articles of Incorporation that it may determine dividends from surplus upon a resolution adopted by the Board of Directors as one of the matters subject to a resolution at the General Meeting of Shareholders that is to be entrusted to the Board of Directors (based on the provision of Article 459, Paragraph 1, of the Companies Act). The current Board of Directors consists of eleven members in total, including three Executive Directors and eight non-executive Directors (six of whom are Outside Directors). All three Audit and Supervisory Committee Members are appointed as Outside Directors, and all Outside Directors are registered as Independent Officers with the Tokyo Stock Exchange. Outside Directors continue to perform their roles and execute their duties in corporate governance by exchanging opinions with management from external perspectives and expressing their opinions appropriately.

1-1 ③ Given the importance of shareholder rights, the listed companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to those listed companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tends to be prone to issues and concerns.

The Company ensures the minority rights of shareholders recognized under the Companies Act, by stipulating procedures for exercising rights and methods to confirm shareholders based on the Stock Handling Guidelines.

**【Principle 1-2 Exercise of Shareholder Rights at the General Meeting of Shareholders】
The listed companies should recognize that the General Meeting of Shareholders is an opportunity for constructive dialogue with shareholders, and should take appropriate measures to ensure the exercise of shareholder rights at such meetings.**

The Company acknowledges the General Meeting of Shareholders as an opportunity for constructive dialogue with shareholders. Therefore, we started to hold the virtual-only General Meeting of Shareholders in June 2023 so that more shareholders could participate in the General Meeting of Shareholders. We make the environment more accessible for shareholders to exercise their voting rights by adopting a method that facilitates easy voting, which includes posting a voting rights exercise form and a web-based electronic platform for exercising voting rights. Additionally, the Q&A, brought up during the General Meeting of Shareholders, is disclosed. The Company continuously provides information from shareholders' viewpoints.

<Supplementary Principle>

1-2 ① The listed companies should provide accurate information to shareholders as necessary in order to facilitate an appropriate decision-making process at the General Meeting of Shareholders.

The Company believes that it should provide accurate information to shareholders as necessary to facilitate appropriate decision-making processes at the General Meeting of Shareholders. For proposals submitted at the General Meeting of Shareholders, the Company will promptly disclose them through its website and the TD-net's Timely Disclosure and Viewing Service, as managed by the Tokyo Stock Exchange.

1-2 ② While ensuring the accuracy of content, the listed companies should strive to send the notice of convocation of the General Meeting of Shareholders early enough to provide shareholders with sufficient time to consider the agenda. During the period between the resolution of the convocation of the General Meeting of Shareholders by the Board Meeting and the dispatch of the notice of convocation, information, including the notice of convocation, should be disclosed by electronic means such as TD-net or on the Company's website.

The Company conducts the early disclosure of materials for the General Meeting of Shareholders to ensure that shareholders have sufficient time to consider the proposals for the General Meeting. The materials are available on the Company's website and on the website of the Tokyo Stock Exchange, "TSE Listed Company Information Service," after completion of the procedures, which include resolutions of the Board of Directors, at least three weeks prior to the General Meeting of Shareholders.

1-2 ③ The determination of the date of the General Meeting of Shareholders and any associated dates should consider facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

The Company believes that the General Meeting of Shareholders is an opportunity for dialogue with shareholders; therefore, it is essential to consider a schedule that enables as many shareholders as possible to attend. Therefore, the Company has been making efforts to schedule the General Meeting of Shareholders on dates that do not coincide with those of many other companies' General Meetings.

1-2 ④ Given the number of institutional and foreign shareholders, the listed companies should create an infrastructure that enables electronic voting, including the use of the Electronic Voting Platform and the provision of English translations of the notice of convocation of the General Meeting of Shareholders. In particular, the listed companies on the Prime Market of the Tokyo Stock Exchange (TSE) should, at least, make the Electronic Voting Platform available to institutional investors.

Considering shareholder composition, the Company is disclosing English translations of the notice of convocation on its website for overseas institutional investors. To facilitate an easy voting environment for shareholders, the Company has implemented a digital platform for exercising voting rights.

1-2 ⑤ In order to allow institutional investors that hold shares in the name of trust banks to exercise their voting rights on behalf of the trust banks at the General Meeting of Shareholders, the listed companies should consult with trust banks to consider this matter.

The Company acknowledges that institutional investors recorded on the Shareholders' List as shareholders on the record date are entitled to exercise their voting rights. If beneficial shareholders wish to attend the General Meeting of Shareholders, the Company will consider permitting their attendance.

【Principle 1-3 Basic Plan for Capital Policy】

The listed companies should explain their basic plan regarding their capital policy, since this may significantly impact shareholder returns.

The Company believes that if profitability exceeds the actual cost of equity, corporate value increases, which ultimately satisfies both shareholders and stakeholders. We understand the importance of providing shareholders with a fair and equitable profit-sharing arrangement, based on a sound financial foundation and investment plans. To realize this, we have introduced Return on Equity (ROE) as a management indicator for efficient management. Specifically, we will strive to strengthen profitability and efficiently utilize net assets, aiming to achieve 30 % of ROE, while taking into consideration the level of similar companies from a global perspective.

【Principle 1-4 Cross-Shareholdings】

When listed companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to cross-shareholdings, including their policy and views on reducing cross-shareholdings. Additionally, the Board of Directors should carefully examine individual cross-shareholdings annually with respect to the appropriateness of the purpose for holding shares and the adequacy of benefits and risks against the capital cost and verify the appropriateness of holding shares. Details of this verification should also be disclosed. The listed companies should establish and disclose concrete standards for ensuring appropriate responses to the exercise of voting rights with respect to cross-shareholdings and respond accordingly.

Currently, the Company does not hold any cross-shareholdings, nor does it have any concrete plans to do so. If the necessity for cross-shareholdings arises in the future, the Company will explain how it will contribute to enhancing corporate value through maximized synergies. At the same time, we will establish specific standards to ensure appropriate responses to the policy on cross-shareholdings and the exercise of voting rights regarding such shares and take action in accordance with the standards.

When the Company makes investments other than pure financial investments, its basic policy is that these investments should create a synergistic effect for both existing and new businesses through business partnerships and information sharing with investee companies. The Company has internal regulations governing these investments to ensure speedy and proper decision-making in accordance with its basic policy, and shall act in compliance with these regulations.

<Supplementary Principle>

1-4 ① The Listed companies, when their shares are held as cross-shareholding and the cross-shareholder expresses its intention to sell the shares, should not prevent the sale by suggesting a reduction in transactions.

The Company will not prevent the sale of shares even when the cross-shareholder expresses its intention to sell. Currently, there is no cross-shareholder recognized by the Company.

1-4 ② The listed companies should not engage in transactions with cross-shareholders that would damage their benefits and the common benefits of the shareholders, including continuing transactions without sufficiently verifying the economic rationality of the transaction.

When a transaction occurs with a company holding our shares as a cross-shareholding, the Company shall adequately verify the fairness and economic rationality of the transaction and refrain from making any transaction that damages our benefits and the common benefits of our shareholders.

【Principle 1-5 Anti-Takeover Measures】

Anti-takeover measures must not have any objective associated with the entrenchment of the Management or the Board of Directors. With respect to the adoption or implementation of anti-takeover measures, the Board of Directors and Audit and Supervisory Board Members should carefully examine the necessity and rationality in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

The Company believes that continuing sustainable growth and improving corporate values are among its most important policies, and it has no plans to introduce anti-takeover measures.

<Supplementary Principle>

1-5 ① In the case of a tender offer, the listed companies should clearly explain the stance of the Board of Directors, including any counteroffers, and should not take any measures that unreasonably interfere with the right of shareholders to accept the tender offer and relinquish their shares.

In the event of a tender offer for the Company's shares, the Company will promptly disclose the stance of the Company's Board of Directors because such offers could have an impact on the shareholder composition and affect the interests of shareholders. In addition, the Company will respect the rights of shareholders and refrain from interfering with their responses to a tender offer.

【Principle 1-6 Capital Policy that May Harm Shareholders' Interests】

With respect to the Company's capital policy that results in the change of control or significant dilution, including share offerings and management buyouts, the Board of Directors and Audit and Supervisory Board Members should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationality from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

When implementing a capital policy that affects the interests of shareholders, the Company will promptly disclose information on the process of consideration, the purpose of implementation, etc., while considering the opinions of Outside Directors and shall work to provide sufficient explanations to shareholders through measures such as the General Meeting of Shareholders, financial results briefings, etc.

【Principle 1-7 Related Party Transactions】

When the listed company engages in transactions with its Directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the companies or the common interests of its shareholders and prevent any concerns with respect to such harm, the Board of Directors should establish and disclose appropriate procedures beforehand in accordance with the importance and characteristics of the transaction. In addition, the Board of Directors should monitor (including approving transactions) based on its procedures.

For transactions between related parties, the Board of Directors shall make the final decision, and the Company shall exclude the eligible officers, treating them as if they were absent due to a conflict of interest. Additionally, we offer the Company's and our subsidiaries' Directors a survey regarding interactions between

these related parties to ensure control over these transactions.

The Company has established the “Guideline to ensure the fairness of transactions with the parent company Group” to regulate transactions with major shareholders, and it operates in accordance with these guidelines. The Company complies with all applicable laws and regulations when conducting transactions with major shareholders. The terms and conditions of such transactions must not be unfairly advantageous or disadvantageous to the group when compared to similar transactions with third parties. The Company's policy is to determine the terms and conditions of transactions rationally, considering contract terms and market prices, in a manner similar to other companies.

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

【General Principle 2】

The listed companies should fully recognize that their sustainable growth and creation of medium- to long-term corporate value are brought about by the provision of resources and contributions made by a wide range of stakeholders, including employees, customers, business partners, creditors, and local communities. As such, companies should strive to cooperate effectively with these stakeholders. The Board of Directors and management should exercise leadership in establishing a corporate culture where the rights and interests of stakeholders are respected and sound business ethics are upheld.

The Company fully recognizes that its sustainable growth and the creation of medium- to long-term corporate value are brought about by the provision of resources and contributions made by a wide range of stakeholders. Setting “Inspire the world. Deliver joy every day” as our corporate philosophy, the Company aims to realize a better future by connecting fashion with respect for individuality worldwide.

【Principle 2-1 Corporate Philosophy as the Foundation of Corporate Value Creation Over the Medium- to long-term】

Given the social responsibility the listed companies take, the listed companies need to create value for all stakeholders while increasing corporate value over the medium- to long-term. Also, the listed companies should establish a corporate philosophy that will become the basis for such activities.

The Company strives to increase corporate value over the medium- to long-term periods, keeping in mind the social responsibility that we take upon ourselves. In line with our corporate philosophy, “Inspire the World. Deliver joy every day,” and management strategy, “MORE FASHION X FASHION TECH, Explore your style. Make you delighted.”, we combine fashion and technology and will continue to lead the front line with all stakeholders. In addition, we will be the only entity supporting everyone who enjoys fashion in creating a future that makes everyone smile.

【Principle 2-2 Code of Conduct】

The listed companies should draft and implement a code of conduct for employees to express the values the companies hold regarding appropriate cooperation, respect for stakeholder interests, and sound and ethical business practices. The Board of Directors should be responsible for drafting and revising the code of conduct and ensure its compliance across the organization, including the frontline of domestic and global operations.

The Company believes that it is essential to draft and implement a code of conduct to express the Company's values regarding appropriately cooperating with and serving the interests of stakeholders and carrying out sound and ethical business activities. The Company believes it is necessary to increase the number of people who share its values and connect with even more stakeholders, including customers, clients, and shareholders, through its business activities.

<Supplementary Principle>

2-2 ① The Board of Directors should review regularly whether the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the listed company's corporate culture truly embodies the purpose and spirit of the code of conduct, rather than solely on the form of implementation and compliance.

The Company believes that it should aim to conduct its business activities in line with its corporate philosophy, which is shared with all employees as appropriate. The Company's code of conduct in accordance with its corporate philosophy has been widely practiced, and a unique corporate culture has been fostered. Additionally, the Management presents it directly at the monthly morning assembly and the semiannual meeting of the entire Company to facilitate penetration among all employees.

【Principle 2-3 Sustainability Issues, Including Social and Environmental Matters】
The listed companies should take appropriate measures to address sustainability issues, including social and environmental matters.

We believe that proactively addressing ESG (Environment, Society, Governance) issues will lead to sustainable coexistence and co-prosperity with our stakeholders and society. After identifying 19 materialities with internal/ external stakeholders, we have established “Four Key Actions” and KPIs in line with our Sustainability Statement, “Fashion Connects and Leads us to a Sustainable Future”, based on the result. We aim to empower people to realize their potential through the power of fashion and technology, and we are committed to achieving both sustainable growth as a company and addressing social issues, while fulfilling our social responsibilities.

1. Sustainability Statement

Under our Sustainability Statement “Fashion Connects and Leads Us to a Sustainable Future,” the Company aims to create a new fashion world that connects fashion and technology, solve global issues in an innovative way with all related people, and improve the environment and society.

2. Four Key Actions

The Company has established the following Four Key Actions to realize the Sustainability Statement, and a sustainable society and environment:

① Providing the sustainable and unexplored services created together with our business partners
We aim to address environmental and social issues by delivering safe, secure, sustainable, and exciting services through the use of technology and by collaborating and co-creating with all stakeholders, including business partners.

② Realization of workplaces and communities where everyone can live their lives with a smile by promoting DE&I

We aim to realize a fair and just world where everyone can live with respect and smiles in their own way by promoting a work environment that values diversity and contributing to the revitalization of local communities and supporting the next generation of people collaborating with stakeholders, especially in industry, government, and academia.

③ Contributing to a prosperous planet by reducing environmental impact

We aim to realize a sustainable environment on Earth by working with our stakeholders to solve natural environmental issues and reduce environmental impact.

④ Maintain and improve correct management and a strong management system by strengthening governance

We will maintain and improve a sound and flexible management system, aiming for highly transparent, effective, and prompt management by strengthening corporate governance, risk management, and privacy security, among other areas.

3. Sustainability Management Structure

The company group has established the SDGs Promotion Committee, chaired by the Representative Director, President & CEO, to promote SDGs management across the Company. The committee works closely with each business department and reports to the Board of Directors to achieve the Four Key Actions and KPIs. (<https://corp.zozo.com/en/sustainability/policy/>)

4. Environmental Policy

Our group supports the Paris Agreement and is committed to actively disclosing relevant information and achieving our greenhouse gas (GHG) reduction targets to mitigate the impacts of climate change. Through our business activities, we also actively engage in environmental preservation and conservation efforts, contributing to the realization of a sustainable society.

5. Human Rights Policy

The company group endeavors to maintain a safe working environment and promote initiatives that respect the human rights and individuality of each employee. (<https://corp.zozo.com/en/sustainability/policy/>)

6. ZOZO Anti-Corruption Initiatives

The Company is committed to preventing corruption through the practice of ethical and honest activities and the establishment of a system to combat corruption. (<https://corp.zozo.com/en/sustainability/governance/>)

7. ZOZO Sustainability Procurement Policy

The company group has established a procurement policy for suppliers in order to conduct business, giving full consideration to the impact on the environment and society through co-creation and collaboration with the brands that open stores on ZOZOTOWN and the suppliers that make up our supply chain.

(<https://corp.zozo.com/en/sustainability/governance/>)

8. Code of Conduct

We have established a code of conduct that all officers and employees of the ZOZO group are required to comply with.

(<https://corp.zozo.com/en/sustainability/policy/>)

9. Communication with Stakeholders

The Company aims to enhance its corporate value by promoting the Four Key Actions through communication with our stakeholders, addressing corporate issues, and integrating them into our business operations.

(<https://corp.zozo.com/en/sustainability/policy/>)

<Supplementary Principle>

2-3 ① The Board of Directors should recognize that addressing sustainability-related issues, such as considering global environmental problems, including climate change, respect for human rights, consideration for employees' health and their working environment, fair and appropriate treatment for them, fair and appropriate transactions with business partners, and risk management for natural disasters, is an important management challenge that would create earnings opportunities as well as risk reduction. The Board of Directors should further consider addressing these matters positively and proactively from the perspective of improving corporate value over the medium- to long-term.

The Company recognizes that working on sustainability issues is an important management challenge, as described in Principle 2-3. ZOZOTOWN, the online shopping website that primarily operates consignment sales of fashion merchandise, accounts for 70% or more of the total distribution (Gross Merchandise Value) of the Company, resulting in a lower environmental burden compared to general manufacturers. However, the company will proactively address ESG issues that require action across the entire fashion industry, given its role as a member of the industry.

Furthermore, through communication with stakeholders, including customers, business partners, and employees, we aim to identify key challenges that need to be addressed and reflect them in our business activities. By connecting fashion, technology, and people, we strive to create a new fashion ecosystem that contributes to a better environment and a more sustainable society. Through this, we aim to achieve sustainable growth by generating a good cycle of increased profitability and sustainability.

• Relationship with customers

The number of ZOZOTOWN users is approximately 12.2 million per year. The Company focuses on proactively incorporating daily opinions from customers into operating services. Its Customer Support Center has a philosophy of "Be friends with customers" and strives to support and make our customers smile, just as if helping friends in need.

• Relationship with business partners (brands)

The Company fairly evaluates conditions such as the brand image, product lineup, and sales volume before selecting business partners. At the start of transactions, the store opening agreement is signed with the brands, which includes a representation and warranty that the supplied goods are manufactured in compliance with relevant laws and regulations and pose no risk of unreasonably impairing the rights of third parties. Additionally, the brands confirm that they have no connection with antisocial forces. In addition, it is prohibited to sell "those potentially violating human rights", those potentially disrupting social order, and "those potentially using the name, pictures, images, trademarks, and copyrighted materials of others without permission."

- Efforts to address climate change

Our group is actively addressing climate change through various initiatives, including the introduction of renewable energy at our headquarters and logistics centers, the planning and sales of sustainable fashion products, the dissemination of sustainability-related information, and services utilizing measurement technologies.

① Introduction of renewable energy at our facilities

Under our “2030 Carbon Neutrality Declaration,” we aim to achieve 100% renewable energy usage for electricity at our facilities by 2030. As of now, over 90% of electricity consumption at our facilities, including our headquarters, logistics centers, and data centers, comes from renewable energy sources.

② Sustainable content: elove by ZOZO

We have launched “elove by ZOZO,” a permanent section on ZOZOTOWN dedicated to sustainability-related information. This content aims to offer a customer experience that empowers users to make sustainable fashion choices. It features initiatives by fashion brands, introductions to sustainable products, as well as useful information, including fashion-related tips and insights on environmental and social issues.

③ Measurement technology initiatives

To eliminate sizing concerns in online shopping, we provide a range of body measurement tools, including the “ZOZOSUIT” for 3D body measurement, the “ZOZOMAT” for 3D foot measurement, and the “ZOZOGLASS” for face skin tone analysis. These tools help reduce size-related product returns, thereby lowering CO2 emissions generated from return shipping and contributing to reduced environmental impact.

④ Made-to-Order Production via “Made by ZOZO”

To address the fashion industry’s challenges of overproduction and waste, we developed and offer the “Made by ZOZO” production support platform to our partner brands. This platform enables made-to-order production based on customer purchases, allowing for appropriate production volumes that match actual demand. As a result, it minimizes the environmental burden caused by excess use of raw materials and eliminates waste from unsold inventory.

- Actions in logistics

In order to realize a sustainable society, we are implementing various initiatives at our logistics center, “ZOZOBASE”. We are working to conserve energy and reduce CO2 emissions by adopting 100% renewable energy for all electricity used at all locations, LED lighting, and introducing “EMS-AI,” which automatically optimizes temperature control in the warehouse.

In addition, we use FSC-certified cardboard and biomass bags as packing materials when delivering items to customers and recycled paper as cushioning materials to protect items in an effort to be environmentally friendly.

At ZOZO Research, our R&D division, we are conducting studies on optimal inventory allocation to minimize inter-base transportation between our logistics centers, ZOZOBASE. These efforts aim to reduce CO2 emissions associated with inter-base transportation.

In addition, we are implementing various initiatives to achieve more sustainable logistics, including improving load efficiency in trunk line transportation, promoting contactless delivery service (Package-drop Service), introducing features such as “Order Bundling” and “Slow-Delivery” (slower shipping options), and using environmentally friendly packaging materials.

- Relationship with the local community and society

The Company has been located in Chiba-city, Chiba-Prefecture, for many years and has taken various actions with residents to contribute to the local community’s development under the idea of “Develop the city where we work by ourselves.” The Company aims to realize a new fashion world that enhances the environment and society, collaborating with everyone involved in the process.

- Consideration of employees’ health and working environment

The Company promotes diversity management, recognizing that employees are essential for future growth and that employees’ diverse skills and personalities contribute to corporate value growth and development. We believe that in order to realize our corporate philosophy, it is essential to achieve a state of “work with fun.” Based on this belief, we promote the concept of EFM (Employee Friendship Management) and implement initiatives that foster cross-functional connections among employees. Additionally, we centrally manage employee information through an integrated HR database, which enables us to assign the right people to the

right positions, allowing each individual to fully demonstrate their capabilities. The Company builds a system that supports various working styles and optimizes individual lifestyles based on a mutual understanding of diversity in sexual orientation, gender identity, nationality, and values. The company encourages everyone to address their work in their preferred manner.

【Principle 2-4 Ensuring Diversity, Including Active Participation of Women】

The listed companies should recognize that diverse perspectives and values reflecting a variety of experiences, skills, and characteristics are a strength that supports the company's sustainable growth. Therefore, the listed companies should promote diversity of personnel, including the active participation of women.

We are fully aware that the existence of a variety of values is a strength in ensuring the Company's sustainable growth. The Company actively hires people with disabilities and concentrates on operational support after hiring. The Company also promotes the active participation of female employees and provides an environment in which all employees can continue to work actively, balancing their diverse lifestyles, such as balancing work and childcare.

<Supplementary Principle>

2-4 ① The listed companies should express their commitment to promoting diversity by ensuring equal opportunities for women, foreigners, and mid-career workers to assume managerial and core human resource positions. They should also set voluntary and measurable goals to achieve this and report on their progress in ensuring diversity. Additionally, they should disclose their policies for human resource development and establish an internal environment that fosters diversity, recognizing the importance of a human resource strategy in driving long-term corporate value.

The Company is committed to creating a future where fashion connects people from all over the world and brings them joy, in line with its corporate philosophy, "Inspire the world. Deliver joy every day." To achieve this vision, the Company practices diversity management and encourages all employees to pursue their work in ways that best suit them.

Given the nature of the fashion business, many employees are passionate about fashion, and the Company has developed a unique corporate culture that allows everyone to express their individuality through fashion and respects each other's diversity.

The Company has established the mindset of ZOZO staff, "Imagine the unexpected. Chart the unexplored.", "Make a difference every day" and "With love". This is the philosophy of our working style (ZOZO WORKSTYLE). Additionally, to support flexible work styles tailored to the diverse career perspectives and lifestyles of each employee, we have established HR systems, benefit programs, and working arrangements, and we also disclose related key performance indicators (KPIs) and their results.

This approach promotes diversity in managers and core human resource positions, encompassing differences beyond those of gender, nationality, and career stage. By fostering an environment that supports human resource development, the Company expects to achieve growth in both its business operations and its employees' capabilities.

• Focus on the diversity

The Company places great emphasis on diversity, as evidenced by the statement in its basic human rights policy (<https://corp.zozo.com/en/sustainability/policy/>) which declares that "all individuals are respected, discrimination and unfair treatment will not be tolerated, and equal opportunities for employment, evaluation, development, deployment, salary increases and promotions, and promotion to positions are given regardless of political views, beliefs, religion, sex, gender identity, sexual orientation, physical attributes, health status, age, nationality, race, or ethnicity. The Company strives to create a workplace where a diverse range of human resources can work actively and productively."

• Internal policy on developing a diverse and inclusive workplace environment

The Company promotes diversity management and builds a structure that enables employees to mutually understand diversity in terms of gender, sexual orientation, gender identity, nationality, and values, and supports a variety of work styles that suit individual lifestyles. The definition of spouse, as outlined in the Company's internal regulations, includes same-sex partners. This enables our employees to enjoy the benefit of the Company's welfare programs, such as monetary rewards and holidays for congratulations and condolences, regardless of the gender of the partner. To promote accurate awareness and understanding of

LGBTQ+ issues among ZOZO Group employees, we have been conducting e-learning programs. In June 2024, during Pride Month, we made donations to organizations supporting the LGBTQ+ community and expressed our endorsement of a campaign advocating for marriage equality (legalization of same-sex marriage) in Japan. These workplace initiatives for LGBTQ+ inclusion have been recognized, and we were awarded the highest "Gold" rating as well as the "Rainbow" certification under the PRIDE Index 2024. The initiatives also include foreign nationals and religions. When the Company needs to take action regarding nationality and religion, such as accommodating prayer space requests from employees, it examines the response and considers the appropriate course of action in each case. The acquisition rate of childcare leave stood at 100% for female employees and 70.5% for full-time male employees (as of March 2025). The percentage of women returning to work after maternity and childcare leave is extremely high, at 100% (as of March 2025). We are committed to creating a comfortable work environment for employees working while raising children, regardless of gender.

- Human resource development policy for advancing diversity and inclusion

To enhance the internal environment for human resource development, the Company offers various training opportunities for all employees, including non-management staff and managers, thereby improving the learning environment and promoting diversity. Training is provided to acquire the basic knowledge necessary for business operations. Periodic feedback is conducted for managers according to the criteria for assuming the position, aiming to enhance both vertical and horizontal cooperation among managers. Additionally, the Company supports employees in work styles that suit their family background or life stages and plans to further improve the human resource strategy and human capital system to increase medium- to long-term corporate value.

- Initiatives for the promotion of women's participation and advancement

To further promote the participation and advancement of female employees, the Company established and is implementing a general employer action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. The Company's employee gender ratio is 42.0% female employees and 58.0% male employees (as of March 2025). The ratio of female managers equivalent to or higher than managers is 24.2% (as of March 2024), which is significantly higher than the national average of 12.7%.* We will further promote this action following a general employer action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

*The national average of the ratio of female managers is based on the "FY 2022 Basic Survey on Equal Employment" by the Ministry of Health, Labor and Welfare.

- Initiatives for the employment of people with disabilities

We have employees with disabilities at a rate of 3.35% (as of March 2025), which is higher than the legally mandated rate. They belong to various departments, including administration, customer support, and development. By considering each individual's unique disabilities, we aim to be a company where people with and without disabilities can express their individuality and participate in their way.

- Promotion of foreign nationals to core human resources:

The Company has group companies in the United States, New Zealand, Vietnam, China, the United Kingdom, and other countries, and appoints foreign nationals as Directors of each group company. We promote the appropriate use of human resources with respect for diversity, regardless of their nationality, when business strategies require individuals with experience in overseas business.

- Promotion of mid-career workers to core human resources:

In FY 2024, the Company hired 65 mid-career workers (42 males and 23 females). Most of the Executive Directors and Officers are mid-career professionals, and many mid-career workers are appointed to core managerial positions. The Company promotes the appropriate and effective use of human resources while respecting diversity, regardless of whether they are new graduates or mid-career professionals.

【Principle 2-5 Whistleblowing System】

The listed companies should establish a framework for whistleblowing to allow employees to report illegal or inappropriate behaviors, disclosures, or any other serious concerns without fear of retaliation. The framework should include an objective assessment process and an appropriate response to the reported issues. The Board of Directors should be responsible for both establishing the framework and ensuring its enforcement.

The company has developed internal guidelines that include a whistleblowing system (helpline) and created a contact point within the Compliance Committee. In the event of a whistleblowing incident, the Compliance Committee instructs the related departments to conduct surveys and develop plans for implementing countermeasures. The committee also reports on the response and confirms remediation with the whistleblower.

<Supplementary Principle>

2-5 ① To establish a whistleblowing framework, the listed companies should create an independent point of contact for whistleblowers, such as a panel composed of Outside Directors and Outside Audit and Supervisory Board Members. Confidentiality rules should also be established to protect whistleblowers from any adverse consequences.

The Company has established a system to protect whistleblowers in accordance with internal guidelines on whistleblowing. In addition to an internal whistleblowing contact point, the Company has established an external whistleblowing contact point with an external lawyer's office and the parent company. The Audit and Supervisory Committee, an independent organization, has also been established as a contact point for whistleblowing.

【Principle 2-6 Performing a function as an asset owner of the corporate pension】

As investments in corporate pension reserves can impact the stable asset formation of employees and the financial status of the listed companies, it's important for these companies to make efforts in personnel affairs and operations. This includes the systematic appointment and deployment of human resources with the appropriate capabilities engaged in investments, so that the corporate pension can function as an asset owner and strengthen its expertise in investment. This includes stewardship activities, such as monitoring of investment managers. Additionally, the listed companies should disclose the details of these efforts and ensure appropriate management of any conflict of interest between them and the beneficiaries of corporate pensions.

The Company has established a plan to participate in a defined-benefit corporate pension fund as a defined-benefit plan. The fund in which our group's employees participate is a multi-employer EPF operated by a conference of representatives organized by participating companies. Therefore, the asset owners are the Company and all participating companies. Currently, all assets are managed in a general account where life insurance companies guarantee the principal and minimum rate of return. As a result, the Company does not need to function as an asset owner of a corporate pension.

Section 3: Ensuring Appropriate Information Disclosure and Transparency

【General Principle 3】

The listed companies should comply with relevant laws and regulations when making information disclosures, but they should also strive to proactively provide information beyond what is required by laws and regulations. This includes financial information, such as their financial position and business results, as well as non-financial information, including business strategies, issues, risks, and governance. The Board of Directors should recognize that the disclosed information will form the basis for constructive dialogue with shareholders. Therefore, the information, particularly non-financial information, should be accurate, clear, and useful for information users.

The Company recognizes that information disclosure is one of the most important management issues and that it's essential to disclose appropriate information to gain understanding from our stakeholders. To put these views into practice, the Company provides various information sources such as the Company's website and the integrated report, actively disclosing not only the required disclosures based on laws and regulations but also other information (including non-financial information) deemed important for shareholders and other stakeholders. Additionally, the Company actively discloses further information on its website to provide stakeholders with a better understanding.

【Principle 3-1 Improvement in Information Disclosure】

In addition to complying with relevant laws and regulations, the listed companies should proactively disclose the following information (along with the disclosure matters specified by the principles of the Code) to enhance transparency, fairness in decision-making, and ensure effective corporate governance:

- (i) Company objectives (e.g., business principles), business strategies, and business plans;**
- (ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;**
- (iii) Policy and procedures for the Board of Directors to determine remuneration for the Management and Directors;**
- (iv) Board of Directors' policies and procedures in the appointment and dismissal of the Management, and nomination of Director and auditor candidates;**
- (v) Explanation of individual appointments and dismissals of the Management and individual nominations of Director and auditor candidates conducted by the Board of Directors in light of the above-mentioned (iv).**

(i) The Company's corporate philosophy and business strategies are stated on its corporate website. We are committed to providing clear and thorough explanations of our management strategies and business plans to our stakeholders, including shareholders.

As part of our medium-term growth vision, we aim to achieve 800 billion yen in Gross Merchandise Value and 15 million annual buyers in Japan. To this end, we are actively implementing a variety of strategic initiatives.

Our specific growth initiatives in the domestic market focus on the following four areas:

- ① Attracting a broader range of customers
- ② Improvement of the frequency of purchase per customer
- ③ Production support
- ④ Expansion of the cosmetics category and its next step

In the global market, we will pursue the monetization of our proprietary measurement technologies, one of our key strengths, and promote the global expansion of our fashion e-commerce business, leveraging the operations of LYST, which became a consolidated subsidiary in April 2025.
<https://corp.zozo.com/en/ir-info/management-policy/growth-strategy/>

(ii) The basic policy on corporate governance is disclosed through the Company's website on materials such as the corporate governance report, securities report, etc.

(iii) The maximum amount of remuneration for the Company's Directors (excluding Directors who are members of the Audit Committee) is determined by a resolution of the General Meeting of Shareholders. With respect to

the specific form of the remuneration/ compensation system, based on the results of deliberations by the Nomination and Remuneration Consultatory Committee, which is mainly composed of Outside Directors, and its report, the Company has established a remuneration/ compensation system for Executive Directors with the aim of promoting and achieving sustainable, medium- to long-term improvement of the Company's corporate value and functioning as a sound incentive for such Directors. Remuneration/ compensation for the eligible Directors consists of fixed and performance-linked remuneration/ compensation. Fixed remuneration consists solely of cash, and performance-linked compensation comprises two types of compensation: a cash bonus and stock compensation. Regarding the percentage of each remuneration/ compensation, the percentage of Performance-linked compensation will exceed the percentage of fixed remuneration. Among performance-linked compensation, the percentage of stock compensation exceeds that of cash bonuses. The following table shows the types, purposes, and outlines of each type of remuneration and compensation.

Types of Remuneration/Compensation		Objectives and Overview
Fixed	Cash remuneration	Fixed remuneration for the performance of duties in accordance with the position and its responsibilities, etc., shall be determined and paid during the term of office.
Performance-linked	Cash bonus (Short-term incentive compensation)	Performance-linked compensation for the achievement of short-term performance targets for each fiscal year <ul style="list-style-type: none"> • The specific amount to be paid is determined in accordance with the degree of achievement of the performance targets set in a fiscal year, the position and its responsibilities, etc., and is paid periodically during the term of office. • The amount of GMV as the growth potential of the business and the consolidated operating profit as the profitability will be set as the criteria for determining the payment of compensation.
	Stock compensation (Medium- to long-term incentive compensation)	Performance-linked compensation to promote management that emphasizes medium- to long-term improvement in corporate value and shareholder value. <ul style="list-style-type: none"> • Compensation is in the form of restricted stock, and the percentage of the release of the restriction is determined in accordance with the continuous service on the Company's Board of Directors, the Company's stock price growth rate for the latest three fiscal years, the consolidated operating profit and the valuation score granted by the ESG rating provider that the Company determines. (The stock price growth rate is compared with that of about 27 benchmark companies.) • In principle, it will be issued once for the first year according to the position and responsibilities of the Director.

The process for determining the remuneration/ compensation of Executive Directors is established under the Nomination and Remuneration Consultatory Committee. After deliberation by the Committee, the remuneration/ compensation for each Executive Director is determined by a resolution adopted by the Board of Directors, considering business performance, management details, and economic conditions based on the Committee's report. Only fixed remuneration is paid to non-executive Directors, which includes Outside Directors, according to the established policy. The Company does not have a retirement allowance system for Directors, except for payments that were determined prior to the abolition of such a program. Regarding stock-based compensation, the Company will include a provision in the restricted stock allotment agreement, which is concluded between the eligible Directors and the Company, stating that the Company shall acquire all or part of the Allotted Shares without any consideration if an eligible Director resigns from their position as a Director of the Company before the transfer restriction term expires, for reasons other than those recognized as legitimate by the Company's Board of Directors or certain other reasons such as misconduct. Additionally, the Company will include a clause that permits eligible Directors to return all or part of the restricted stock, or its cash equivalent, to the Company without any consideration if certain events occur, such as errors in the figures used to calculate the rate of release of the transfer restriction, and the Company deems it appropriate. The maximum remuneration paid to Audit and Supervisory Committee Members shall be set after a resolution is adopted at the General Meeting of Shareholders. The remuneration paid to each Audit and Supervisory Committee Member shall be determined through discussions among the Directors who are also Audit and Supervisory Committee Members.

(iv) The policy and procedures for designating candidates as Directors are implemented comprehensively, and the following items: (1)-(3) are taken into consideration. The Nomination and Remuneration Consultatory Committee deliberates on the designation of candidates for Directors (who are not the Audit and Supervisory

Committee Members) and submits a report to the Board of Directors. The Company considers Outside Directors to be independent because they should have no special personal relationship, capital ties, or other interests between them and the Company, as required by the Tokyo Stock Exchange. The reasons for appointing candidates as Directors are stated in the notice of convocation of the Ordinary General Meeting of Shareholders and the securities report. The dismissal of Directors is resolved at the General Meeting of Shareholders, following approval by the Board of Directors, as an agenda item of the General Meeting of Shareholders, when there are material violations of laws and regulations/articles of incorporation in the execution of duties and significant damage to the corporate value of the company group.

- (1) Selecting a Director who is not an Audit and Supervisory Committee Member:
In accordance with our corporate philosophy and business strategies, we seek a candidate who can contribute to the Company's growth and the whole fashion industry. The ideal candidate should possess the ability to lead their divisions while collaborating with other officers, comply with all applicable laws and regulations, and uphold corporate ethics. We select and appoint Directors based on comprehensive criteria that include the qualifications mentioned above.
- (2) Selecting a Director who is an Audit and Supervisory Committee Member
To ensure the Company's growth and uphold our corporate philosophy and business strategies, we seek a candidate who can execute and supervise the Director's duties, prevent internal violations of laws and regulations, enhance our Company's credibility by managing a sound business, and maintain an objective and neutral standpoint. Additionally, the ideal candidate should have the ability to manage the Company's soundness and improve our corporate value.
- (3) Selecting an Outside Director
To ensure the independence of our Outside Directors, we adhere to the independence requirements established by the Tokyo Stock Exchange. We also seek a candidate with a wealth of knowledge and experience who can serve as a leader in various fields, including law, finance, accounting, and the technology sector. The ideal candidate should be capable of assessing the reality of the issues we face, providing advice and supervising abilities, and sharing their opinions with management. Based on our comprehensive criteria for the nomination, including the qualifications mentioned above, we select and appoint the independent Directors.

(v) In the nomination of new candidates for Directors and the dismissal of these positions, we will provide a detailed explanation of the reasons in the reference material of the General Meeting of the Shareholders.

<Supplementary Principle>

3-1 ① These disclosures (including disclosures based on laws and regulations) should be valuable for investors, and the Board of Directors should ensure that information is not boilerplate or lacking in detail.

We strive to disclose information in a manner that is easy to understand, promptly and accurately, and in a variety of ways that are easily accessible to the public.

3-1 ② In consideration of the increasing number of overseas shareholders, companies should provide disclosure information in English to the extent possible. In particular, the listed companies on the Prime Market of the TSE should disclose and provide all required information in English among their disclosure documents.

Considering the proportion of foreign investors among all investors of the Company, we provide financial results briefing materials, notice of convocation of the General Meeting of Shareholders, and related materials in English. Additionally, we offer live streaming of the financial results briefing on our website and conduct conference calls in both English and Japanese to provide information to our international stakeholders.

3-1 ③ The listed companies should disclose their sustainability initiatives when disclosing their management strategy. They should also provide clear and specific information on human capital and intellectual property, considering the alignment of these with their management strategy and management issues. In particular, companies listed on the Prime Market of the TSE should collect and analyze data related to the impact of climate change on their business activities, earnings

opportunities, and losses, enhance the quality and quantity of disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) or equivalent systems.

The Company's Sustainability Statement is "Fashion Connects and Leads Us to a Sustainable Future," and specific initiatives are outlined in Principle 2-3. The growth strategy aims to establish a profit structure that does not rely solely on the total amount of Gross Merchandise Value but multiplies profit drivers for sustainable growth. The Company aims to create a new fashion world that integrates fashion, technology, and people, while improving the environment and society.

• Investment in human capital

We believe that a workforce comprising individuals with diverse skills, abilities, and personalities forms the foundation of our growth. By investing in human capital, we aim to enhance employee well-being and strengthen internal cohesion, ultimately contributing to the enhancement of our corporate value and sustainable growth. In terms of talent development and training, we offer company-wide programs that focus on compliance, diversity promotion, and other key topics. We also offer skill development training for technical professionals such as engineers and designers, with a tiered structure that supports employees at all levels, from entry-level to highly skilled talent.

Additionally, as part of our commitment to realizing one of ZOZO's core values, "Make a difference every day," we emphasize creating an environment where every employee can grow with a sense of security. To support this, we offer a "Daily Progress Allowance," which encourages employees to pursue certifications and engage in self-directed learning by providing financial support for their efforts.

The Company also considers benefit programs as part of the important investment in human capital, and its acquisition rate of paid leaves stood at 79.1%.

To further support the success of each employee with diverse lifestyles, we have introduced flexible work styles tailored to different functions. For business departments, we have adopted a hybrid work model with two days in the office and three days of remote work per week. For development teams, we have implemented a fully remote work system that allows employees to work from anywhere in Japan. Going forward, we will continue to enhance and refine our work style systems, taking into account the unique characteristics of each department and role, to ensure that both individuals and teams can perform at their best.

• Investment in intangible assets

The Company considers investment in intangible assets, including intellectual properties, as a key business strategy for enhancing corporate value. To realize our management strategy, we have established the following growth initiatives and will continue to actively invest in and leverage intangible assets as part of our strategic efforts.

① Attracting a broader range of customers

To capture a broader customer base, we are investing in marketing strategies based on market research and data analysis to understand the needs of new customer segments better. We are also diversifying the brand image of our platform, ZOZOTOWN, to appeal to a wider range of consumers.

In line with this effort, we actively file and acquire trademark rights for new services, logos, and marketing campaigns that resonate with increasingly diverse customer segments, thereby strengthening protection against counterfeiting and unauthorized use.

Furthermore, we are proactively investing in AI and other technologies to collect and analyze vast volumes of data related to customer purchasing behavior, preferences, and lifestyles. These initiatives enable us to deliver personalized experiences tailored to a wide variety of customer segments and expand our reach to new users. To secure our technological advantage, we are also obtaining patents for our proprietary algorithms and systems related to customer segmentation and personalization based on data analysis.

② Improvement of the frequency of purchase per customer

We are investing in the development of technologies that integrate and analyze data obtained from our AI-powered recommendation engine, as well as the "ZOZOSUIT" 3D body measurement tool, the "ZOZOMAT" 3D foot measurement tool, and the "ZOZOGLASS" face skin tone measurement tool. These efforts aim to deliver personalized product and styling recommendations tailored to each customer.

In particular, we are strategically filing patents for our proprietary AI recommendation algorithms, which directly contribute to increased purchase frequency, as well as technologies that utilize body measurement data and

analytical methods that uncover deeper customer insights. Through these initiatives, we aim to build competitive barriers and maintain technological superiority.

③ Production support

We are investing in technologies such as AI, data analytics, and supply chain management (SCM) to enhance our production support platform, Made by ZOZO, which enables efficient made-to-order manufacturing while reducing inventory risks for fashion brands.

To drive digital transformation in the apparel production process, we are also developing technologies for digital pattern creation, 3D modeling, and virtual fitting. These initiatives contribute to reducing the number of prototyping cycles and shortening lead times, thereby improving overall production efficiency.

Furthermore, to secure our technological advantage in the digital transformation of the fashion industry, we are strategically acquiring intellectual property rights, including patents, related to our proprietary AI-driven production planning systems, automatic digital pattern generation, and 3D modeling technologies, all of which support efficient made-to-order manufacturing.

④ Expansion of the cosmetics category and its next step

Building on the expertise gained through the category expansion of cosmetics via ZOZOCOSME, our dedicated beauty mall on ZOZOTOWN, we are actively investing in the development of systems and infrastructure to support the smooth integration of new product categories into the ZOZOTOWN platform.

Additionally, for each new category expansion, we conduct prior research and proactively file trademark applications for related service names, brand logos, and other relevant assets. This ensures both flexibility and exclusivity in our brand development strategies.

⑤ Monetization of technologies (≒ overseas market)

In April 2025, we acquired 100% of the shares of LYST LTD ("LYST"), the operator of Lyst, a global fashion shopping platform with a strong presence particularly in Europe and North America, making it a wholly owned subsidiary.

Our goal is to leverage the core technologies we have developed, such as AI, data analytics, and measurement solutions, within LYST's platform to enhance the user experience and support service growth, thereby accelerating the global expansion of our business with LYST at its core.

By combining LYST's extensive brand network with our technological capabilities, we aim to strengthen our presence in the global fashion-tech market and create new revenue opportunities.

Furthermore, to facilitate future business expansion and monetization, we are building a patent portfolio around our proprietary technologies and actively pursuing intellectual property rights in both Japan and overseas. In particular, we are strategically filing and acquiring patents related to technologies applied to the LYST platform, with the aim of securing a competitive advantage in this domain.

• Impact of risk and earnings opportunities related to climate change on business activities and earnings of the Company

In February 2022, our group agreed with the TCFD (Task Force on Climate-related Financial Disclosures) to collect and analyze data on the impact of climate-related risks and earnings opportunities on its business activities and earnings. As a result, the group discloses its governance, strategies, risk management, and indicators and goals related to climate-related risks and opportunities, based on the TCFD proposals.

(<https://corp.zozo.com/en/sustainability/environment/>)

Additionally, the Company is engaged in implementing the 2030 Carbon Neutrality Declaration (*1), which is designed to reduce greenhouse gas emissions from the Company's business activities (scope 1 and 2) to net zero by 2030, and Net Zero (*2), which is designed to reduce greenhouse gas emissions from the entire supply chain, including those from counterparties (scope 3), to net zero by 2050.

In addition, in March 2023, we submitted a commitment letter to the SBT Initiative, an organization that certifies "Science Based Targets", which are greenhouse gas emission reduction targets that are scientifically consistent with the targets set by the Paris Agreement. The company has set a target to achieve the "1.5°C target" of the Paris Agreement and applied for SBT accreditation.

Scope 1: Direct greenhouse gas emissions from an operator (fuel burning and industry process)

Scope 2: Indirect greenhouse gas emissions resulting from the use of electricity, heat, and steam supplied by other companies

Scope 3: Indirect greenhouse gas emissions other than scope 1 and scope 2 (greenhouse gas emissions from other companies related to activities of the operator)

*1 2030 Carbon Neutrality Declaration was announced in February 2022.

*2 Net Zero was announced in January 2023.

【Principle 3-2 External Auditors】

External Accounting Auditors and listed companies should recognize the responsibility they owe to shareholders and investors and take appropriate steps to ensure the proper execution of audits.

The Company coordinates with related Divisions, such as the Audit and Supervisory Committee, the Finance and Accounting Division, the Corporate Planning Office, and the Internal Audit Office, to ensure an audit schedule and audit system that facilitates proper audits by the external Accounting Auditor.

<Supplementary Principle>

3-2 ① The Audit and Supervisory Board should ensure, at a minimum, the following:

- (i) Establish standards for the appropriate selection of Outside Auditors and the proper evaluation of Outside Auditors**
- (ii) Verify whether the Outside Auditors possess the required independence and expertise to fulfill their responsibilities.**

(i) The Audit and Supervisory Committee has established the "Standard on the Evaluation of Accounting Auditors," which is used to assess and evaluate the execution of duties by the Accounting Auditor through the progress of the audit and audit report. When determining the details of the proposal for the appointment and reappointment of an Accounting Auditor, the Audit and Supervisory Committee comprehensively assesses the expertise, independence, quality management system, and depth of understanding of business activities. This is done through discussions with the executive department and by referencing the operating guidelines for corporate auditors on establishing the criteria for evaluating and appointing an Accounting Auditor, published by the Japan Audit and Supervisory Board Members Association. If the Company deems it necessary to dismiss or not reappoint an Accounting Auditor due to problems in the execution of duties by an audit firm, this is set as a subject of the General Meeting of Shareholders by a resolution adopted by the Audit and Supervisory Committee, in accordance with Article 399-2, Paragraph 3, Item 2 of the Companies Act.

(ii) Based on the operating guidelines for corporate auditors on establishing the criteria for evaluating and appointing an Accounting Auditor, the Audit and Supervisory Committee Members receive timely reports from the Accounting Auditor on audit planning, the progress of audits, the system to ensure the appropriateness of the execution of duties, and the criteria for quality management of audits. The Audit and Supervisory Committee then examines these reports for a comprehensive evaluation.

3-2 ② The Board of Directors and the Audit and Supervisory Board should, at a minimum, ensure the following:

- (i) Provide adequate time for high-quality audits;**
- (ii) Ensure that external Accounting Auditors have access, such as interviews, to the Management, including the CEO and the CFO;**
- (iii) Ensure adequate coordination between external Accounting Auditors and Audit and Supervisory Board Members (including attendance at the Audit and Supervisory Board Meeting), the Internal Audit Office, and Outside Directors;**
- (iv) Ensure the structure of the company in the event that an external Accounting Auditor discovers fraud and requires an appropriate response, or points out deficiencies or problems.**

(i) The Company ensures that sufficient time is allocated for audits by consulting with the external Accounting Auditor prior to the audit.

(ii) The Company provides opportunities for external Accounting Auditors to interview management members, including the CEO and CFO, regardless of whether such requests are made.

(iii) The Company promotes the cooperation between external Accounting Auditors and Audit and Supervisory Committee Members through accounting audits and quarterly reviews. Additionally, the Full-time Audit and Supervisory Committee Member collaborates with the Internal Auditing Office to exchange information as needed. The external Accounting Auditors are able to work directly with the Internal Audit Office, which enables them to access any information they require at any time.

(iv) In the event that the external Accounting Auditors discover any fraud and request appropriate action, or point out deficiencies or problems, the system is designed so that each Director in charge, under the direction of the Representative Director, takes the lead in investigating and correcting the situation and reports the results of the investigation. Additionally, the Audit and Supervisory Committee, led by a full-time member, collaborates with the Internal Audit Office and other relevant departments to investigate and rectify the situation.

Section 4: Responsibilities of the Board of Directors

【General Principle 4】

To promote sustainable corporate growth and increase corporate value in the medium- to long-term, enhance profitability, and improve capital efficiency while fulfilling its fiduciary responsibilities and accountability to shareholders, the Board of Directors should effectively fulfill its roles and responsibilities. These include:

- (1) Showing the big picture of the corporate strategy
- (2) Establishing an environment that supports appropriate risk-taking by the Management
- (3) Carrying out effective oversight of Directors and the Management members, including Executive Officers, from an independent and objective standpoint. These roles and responsibilities should be fulfilled equally and appropriately regardless of the form of corporate organization, whether it's a company with an Audit and Supervisory Board (where some of these duties are performed by Audit and Supervisory Board Members), a company with Nomination and Remuneration Consultatory Committee or a company with Audit and Supervisory Committee, or any other form of corporate organization.

The Company's Board of Directors deliberates as necessary for the purpose of achieving the sustainable growth of the Company and medium- to long-term increases in corporate value. Given its fiduciary responsibility and accountability to shareholders, the Management shares information on the direction of corporate strategies, the medium- to long-term vision, and strategies through timely disclosure on the Company's corporate website, as well as quarterly financial results briefings broadcast live via streaming (in Japanese and English).

Rules, including Board of Directors Guideline, Executive Officers Guideline, Organizational Guideline, Guideline on Division of Responsibilities, and Job Authority Guideline, are established to support appropriate risk-taking by the Management. Additionally, management and execution, as well as duties and responsibilities, are separated clearly.

Regarding the framework for overseeing the Management members and Directors, the Company has eleven Directors in total, eight of whom are non-executive Directors (of whom six are Outside Directors). They provide opinions as appropriate to the Management from external perspectives and oversee the Management and Directors from objective points of view.

All three Audit and Supervisory Committee Members are appointed as Outside Directors, and all Outside Directors are registered as Independent Officers with the Tokyo Stock Exchange. Outside Directors continue to exchange opinions with the Management and appropriately express their views from external perspectives to fulfill their roles and duties in corporate governance.

【Principle 4-1 Roles and Responsibilities of the Board of Directors (1) 】

The Board of Directors should establish corporate goals (business principles, etc.) and outline the strategic direction as a key aspect of its roles and responsibilities. It should also engage in constructive discussions with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the Company's strategic direction.

The Company's Board of Directors deliberates as appropriate on specific management strategies and plans to realize the corporate and management philosophy, "Inspire the world. Deliver joy every day". The Company aims to realize a better future by connecting fashion with respect for individuality around the world.

<Supplementary Principle>

4-1 ① The Board of Directors should clearly specify its own decisions as well as both the scope and content of the matters delegated to the Management and disclose a summary thereof.

The Company has a fundamental principle regarding the allocation of authority between the Board of Directors and the Management. It states that matters to be judged and determined by the Board of Directors shall be matters exclusively determined by the Board based on the laws and regulations and their interpretation.

Other matters shall be delegated to the Management's decision-making process, with the assumption of reporting to the Board of Directors. Additionally, according to Article 399-13, Paragraph 6 of the Companies Act, all or part of the important duties may be delegated to the Directors after the Board of Directors adopts a

resolution. Specifically, it determines the authority granted by the resolution, deliberation, and approval to decision-making bodies and decision-makers, such as the Board of Directors, Management Meetings, Representative Director, President, Executive Officers, and General Managers, based on the authority approval standards.

4-1 ② The Board of Directors and the Management members should strive to achieve the mid-term business plan, recognizing it as a commitment to shareholders. If the Company fails to achieve the plan, it is important to thoroughly analyze the reasons for the failure and the actions taken by the Company. Shareholders should be provided with a clear and appropriate explanation, and the findings should be reflected in a plan for the following years.

While we do not disclose a medium-term management plan that includes numerical commitments, our medium-term growth vision focuses on achieving 800 billion yen in Gross Merchandise Value and 15 million annual buyers in the domestic market. To that end, we are actively implementing various strategic initiatives. In overseas markets, we aim to drive global expansion in the fashion e-commerce domain by monetizing our proprietary technologies and leveraging LYST, which became our wholly owned subsidiary in April 2025, as a central pillar of our international strategy.

Additionally, we regularly analyze the factors behind the variances between full-year forecasts and actual results. We provide appropriate disclosure and detailed explanations of these results and related measures to shareholders and other stakeholders through financial results briefing meetings and other communication channels.

4-1 ③ The Board of Directors should proactively engage in setting up and operating a succession planning process for the CEO and other key executives, based on the company's objectives, management philosophy, and specific business strategies. They should also provide appropriate oversight to ensure that potential candidates for successors are systematically trained with sufficient time and resources.

The development of potential successors to manage the Company is crucial for ensuring its sustained growth in the future. To cultivate individuals with the necessary values, abilities, and behavioral characteristics, the company group will formulate and implement a vision, plans, and procedures for the next generation of leadership personnel, as well as a selection process for successors. These plans and procedures will be based on discussions held at the Nomination and Remuneration Consultatory Committee.

【Principle 4-2 Roles and Responsibilities of the Board of Directors (2) 】

The Board of Directors has a responsibility to create a culture that encourages the Management to take appropriate risks. To fulfill this responsibility, the Board should actively solicit proposals from the Management that promote healthy entrepreneurship. The Board of Directors should carefully evaluate these proposals in an independent and objective manner to ensure accountability and facilitate timely decision-making by the Management once the plans are approved. Additionally, the Board of Directors should ensure that the remuneration of the Management includes incentives that reflect medium- to long-term business results and potential risks, as well as encourage healthy entrepreneurship.

The Company, as the Board of Directors, considers it essential to provide an environment that supports appropriate risk-taking by the Management. We have encouraged the creation of new business ideas that are not typically seen in the fashion e-commerce industry, such as the introduction of innovative technology devices like ZOZOSUIT, ZOZOMAT, and ZOZOGLASS, which allow for advanced body, foot, and face measurements. The Board of Directors welcomes such challenges and supports the Management's business execution based on a sound entrepreneurial spirit. We conduct thorough and objective deliberation and analysis of such proposals before making swift decisions. This approach helps us build a supportive structure for the Management to encourage and promote healthy entrepreneurship.

The Company has established a remuneration/compensation system for the Management to promote sustainable growth and serve as a healthy incentive. This system will pay remuneration/ compensation based on the achievement of short-term and medium- to long-term business results and efforts, and results in increasing corporate value. This system also includes fixed and performance-linked compensation. (For more details, see Principle 3-1, "Improvement in Information Disclosure (iii) Policy and procedures for the Board of Directors to determine remunerations for the Management and Directors.")

<Supplementary Principle>

4-2 ① In order to ensure that the Management's remuneration serves as a healthy incentive for sustainable growth, the Board of Directors should establish a remuneration plan based on objective and transparent procedures for determining specific remuneration. This plan should take into account the proportion of remuneration linked to medium- to long-term business results and the ratio of remuneration in cash and company stock.

When it comes to remuneration/ compensation for the Management of the Company, the Board of Directors determines the remuneration/ compensation for Directors individually within the limits of the total remuneration/ compensation for Directors that are agreed upon at the General Meeting of Shareholders. The decision is made after the Nomination and Remuneration Consultatory Committee holds discussions and conducts a comprehensive examination of business results, management details, and economic conditions. Additionally, to promote sustainable growth and serve as a healthy incentive, the Company has designed a remuneration and compensation system for Directors to achieve those points. This system will pay remuneration/ compensation for achieving business results in the short-term, medium- to long-term based on the Company's business strategy, efforts, and the increase in corporate value, including both fixed and performance-linked compensation. (For more details, see Principle 3-1, "Improvement in Information Disclosure (iii) Policy and procedures for the Board of Directors to determine remunerations for the Management and Directors.")

4-2 ② To ensure the company's long-term sustainability and increase its corporate value, the Board of Directors should establish a fundamental policy for sustainability initiatives. This policy should take into account investments in human capital and intellectual property, enabling companies to effectively oversee the allocation of management resources, including human capital and intellectual property. Additionally, the Board of Directors should supervise the execution of the company's business portfolio strategy to ensure that it contributes to the company's sustainable growth.

As outlined in Principle 2-3, the Company has established a Sustainability Statement as its fundamental policy for sustainability initiatives. We are committed to addressing our own and the fashion industry's challenges by combining fashion with technology. The allocation of management resources and execution of business portfolio strategies are regularly reported at Board Meetings, allowing for prompt adjustments to the strategic action plan. An operational structure has been established to ensure effective supervision by the Board of Directors.

【Principle 4-3 Roles and Responsibilities of the Board of Directors (3) 】

As an essential aspect of its duties and responsibilities, the Board of Directors must exercise effective oversight of the Management and Directors in an independent and objective manner. Additionally, the Board of Directors should conduct regular assessments of the company's performance and reflect them in the appointment of management members. Furthermore, the Board of Directors must engage in oversight of activities to ensure the timely and accurate disclosure of information, establish appropriate internal control and risk management systems, and address any potential conflicts of interest that may arise between the Company and its related parties, including management and controlling shareholders.

The Company recognizes that one of the key responsibilities of the Board of Directors is to oversee the Management and Directors in an independent and objective manner. To enhance the effectiveness of the Board of Directors and identify any issues, the Company evaluates the performance of each Director annually. During Board Meetings, Executive Directors provide reports on their operations and progress, enabling the Board of Directors to supervise the Management. Remuneration/ compensation for Directors is determined based on advice from the Nomination and Remuneration Consultatory Committee, which considers business results, operations, and economic conditions. The Company has adopted an Executive Officer system, which delegates certain business execution authority to Executive Officers, enabling them to facilitate more dynamic decision-making and allowing the Board to focus on oversight.

A person in charge of information disclosure has been appointed to ensure timely and appropriate disclosure of information, and an appropriate disclosure structure has been established.

To maintain appropriate control over transactions among related parties, the Company surveys all officers of

the Company and its subsidiaries to check for any such transactions. Additionally, the Company appropriately handles potential conflict-of-interest transactions with related parties, including the Management and controlling shareholders, in accordance with the Guideline to ensure the fairness of transactions with the parent company group.

<Supplementary Principle>

4-3 ① The Board of Directors must ensure that the appointment and dismissal of the Management adhere to highly transparent and fair procedures, as well as accurately reflect the evaluation of the Company's performance results

The Company follows the procedures outlined in Principle 3-1 (iv) for appointing and dismissing the Management members, which are the same as those for appointing and dismissing Directors. When appointing Outside Directors, the Company adheres to a fundamental policy that requires the person to have no direct interest in the Company's CEO or Directors and to maintain a degree of independence that ensures no potential conflict of interest in the Company's general shareholders. The Company has established a structure for the appointment and dismissal of the Management members, which involves highly fair and transparent procedures, including seeking advice from the Nomination and Remuneration Consultatory Committee in accordance with its criteria for nominations.

4-3 ② The Board of Directors should allocate adequate time and resources to the appointment of a highly capable CEO through objective, timely, and transparent procedures, recognizing that the CEO's appointment and dismissal are critical and strategic decisions for the company.

The Board of Directors engages in discussions and makes appropriate decisions regarding the appointment of the CEO, recognizing that the CEO must possess the leadership skills necessary to achieve our corporate philosophy, business strategies, and sustainable growth objectives. Additionally, the Nomination and Remuneration Consultatory Committee reviews the appointment to strengthen our governance system further.

4-3 ③ The Board of Directors should establish objective, timely, and transparent procedures for dismissing a CEO in case of inadequate execution of the company's business functions, considering a fair evaluation of the company's business results.

In such cases where it is objectively determined that the CEO has failed to properly execute their duties resulting in significant violations of laws and regulations or a remarkable impairment of the corporate value of the company group, the Board of Directors and the Nomination and Remuneration Consultatory Committee shall thoroughly deliberate and make resolutions regarding the dismissal of the CEO.

4-3 ④ Internal controls and proactive, company-wide risk management systems can ensure compliance and enable well-considered risk-taking. The Board of Directors should establish these systems, including for the entire group, and supervise their operation while utilizing the internal audit department.

The Company has established the Risk Management Guideline, and the ZOZO Group Risk Management Committee in order to manage risks appropriately. We regularly monitor the status of our internal risk management and submit necessary reports to meetings to accurately recognize and identify assumed risks, and then appropriately address them.

The Internal Audit Office collaborates with Audit and Supervisory Committee Members and Accounting Auditors to conduct site surveys and interviews with operational divisions, in accordance with the annual internal audit plan. The Internal Audit Office also periodically reports the results of internal control evaluations to the Board of Directors, which helps to enhance the effectiveness and efficiency of internal control, compliance, and other related components.

【Principle 4-4 Roles and Responsibilities of the Audit and Supervisory Board and Audit and Supervisory Board Members】

The Audit and Supervisory Board and its members have a fiduciary responsibility to act in the best interests of the shareholders and should carry out their roles and responsibilities independently and objectively. This includes auditing the performance of the Directors' duties, appointing and dismissing Audit and Supervisory Board Members and the external Auditors, and determining the remuneration

of the Auditors. While the Audit and Supervisory Board's functions include "defensive functions," such as business and accounting audits, the Audit and Supervisory Board and its members should not interpret their role too narrowly. They should proactively exercise their rights and express their views at Board Meetings and to the Management in order to fully perform their duties.

The Company has nominated all three Audit and Supervisory Committee Members as Outside Directors, appointing them for their wealth of experience and knowledge as a lawyer, certified public accountant, and licensed tax accountant. These members actively participate in Board Meetings and express their views to the Management, fulfilling their fiduciary responsibilities to shareholders from an independent and objective standpoint.

<Supplementary Principle>

4-4 ① The Audit and Supervisory Board is composed of more than 50% Outside Audit and Supervisory Board Members, as required by the Companies Act. At least one full-time Audit and Supervisory Board Member is also appointed. The Audit and Supervisory Board combines the independence of its Outside Audit and Supervisory Board Members with the information-gathering power of the full-time members to increase its effectiveness in fully executing its roles and responsibilities.

Additionally, the Audit and Supervisory Board Members or the Audit and Supervisory Board should ensure cooperation with Outside Directors to strengthen their ability to collect information without compromising their independence.

The Company has appointed all three Audit and Supervisory Committee Members as Outside Directors, and one as a full-time member of the Audit and Supervisory Committee. The full-time Audit and Supervisory Committee Member participates in important meetings, including Management Meetings, and actively expresses their opinions as a member of the Audit and Supervisory Committee, sharing information with other Audit and Supervisory Committee Members. When necessary, they exchange opinions with Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) to promote cooperation.

【Principle 4-5 Fiduciary Responsibilities of Directors and the Audit and Supervisory Board Members】

While fulfilling their fiduciary responsibilities to shareholders, the Directors, the Audit and Supervisory Board Members, and the Management of the company should ensure appropriate cooperation with stakeholders and act in the best interests of the company and the common interests of its shareholders.

The Company ensures that it provides accurate and timely information required by all stakeholders. Moreover, any disclosure of highly important information is discussed at Board Meetings and executed based on the opinions of Outside Directors as well.

【Principle 4-6 Business Execution and Oversight of the Management】

The listed companies should consider appointing independent Directors who are not involved in business execution or closely tied to the Management, in order to ensure effective and objective oversight of the Management by the Board of Directors.

The Company recognizes the importance of effective and objective supervision of the management by the Board of Directors and acknowledges the need to appoint a sufficient number of Outside Directors to obtain advice from various perspectives, especially in the face of evolving business environments and potential expansion into new fields. Currently, the Company has appointed eight non-executive Directors, six of whom are Outside Directors, to fulfill their corporate governance roles and responsibilities through dialogue with the Management and expressing their views as necessary in their capacity as Outside Directors.

【Principle 4-7 Roles and Responsibilities of Independent Directors】

The listed companies are expected to utilize independent Directors effectively, taking into consideration the following expectations regarding their roles and responsibilities:

(i) Providing advice on business policies and improvements based on their knowledge and experience, with the aim of promoting sustainable corporate growth and increasing corporate

value over the medium- to long-term.

(ii) Monitoring the Management through important decision-making procedures at the Board Meeting, including the appointment and dismissal of the Management.

(iii) Monitoring conflict of interest between the Company and the Management or controlling shareholders.

(vi) Appropriately representing the voices of minority shareholders and other stakeholders in the Board Meeting, from a standpoint independent from the Management and controlling shareholders.

The independent Outside Directors of the Company possess extensive knowledge and experience in management, law, accounting, finance, and technology. They offer valuable guidance to foster sustainable corporate growth. They monitor conflicts of interest between the Company, the Management, and controlling shareholders from an independent standpoint and represent the voices of stakeholders in Board Meetings.

【Principle 4-8 Effective Use of Independent Directors】

The aim of independent Outside Directors is to contribute to the sustainable growth of companies and increase corporate value over the medium- to long-term. Therefore, companies listed on the Prime Market of the TSE should appoint at least one-third of independent Outside Directors (or two independent Outside Directors in companies listed on other markets) with the appropriate qualities. However, if a company listed on the Prime Market of the TSE believes that it needs to appoint a majority of Directors as independent Outside Directors (or a company listed on other markets believes it needs to appoint at least one-third Director as independent Outside Directors) based on various factors such as industry, company size, business characteristics, organizational structures, and circumstances surrounding the company, it should appoint a sufficient number of independent Outside Directors.

The Company believes that appointing multiple independent Outside Directors is essential for contributing to sustainable corporate growth and increasing corporate value over the medium- to long-term. The Board of Directors comprises eleven members, which include three Executive Directors and eight non-executive Directors, six of whom are Outside Directors. And Outside Directors constitute a majority of the Board of Directors. The Outside Directors are registered as Independent Officers with the Tokyo Stock Exchange, and the Company believes that they are sufficiently independent.

<Supplementary Principle>

4-8 ① To actively contribute to discussions at the Board Meeting, independent Outside Directors should exchange information and develop a shared awareness among themselves from an independent and objective standpoint. One way to achieve this is by holding regular meetings consisting solely of independent Outside officers.

Independent Outside Directors recognize that actively contributing to discussions at the Board Meeting is essential to the Company's sustainable growth.

To support this, we have established and operate a system, centered around the Board of Directors Administration Office, to provide Outside Directors with timely and sufficient information in advance. This includes the business context, potential risks, and the rationale behind management decisions, enabling them to fully understand the matters under discussion.

We also encourage independent Outside Directors to attend Management Meetings and regular reporting sessions as observers, so they can actively gather relevant information.

Furthermore, in order to facilitate independent and objective discussions, we maintain a flexible framework that allows independent Outside Directors to hold meetings composed solely of independent Directors as necessary.

4-8 ② The independent Outside Directors should aim to establish a communication framework with the Management and the Audit and Supervisory Board Members or the Audit and Supervisory Board by appointing a lead independent Outside Director from among themselves.

All of our Outside Directors currently serve as independent Outside Directors.

While we have not designated a lead independent Outside Director, we have established and operate a

support system, centered around the Board of Directors Administration Office, that facilitates communication and coordination between management members and the Outside Directors.

In addition, as we encourage independent Outside Directors to attend Management Meetings and regular reporting sessions as observers, this structure also allows for ongoing communication and coordination with management in those settings.

Independent Outside Directors who are not Audit and Supervisory Committee Members regularly hold opinion exchange sessions with the Audit and Supervisory Committee and its members. These sessions serve to share perspectives and key points related to the supervision of management, and to promote collaboration among independent Outside Directors.

4-8 ③ Listed companies with controlling shareholders are required to appoint at least one-third of Directors who are independent of the controlling shareholders on the board (or a majority for companies listed on the Prime Market of TSE), or establish a special committee comprising independent individuals, including independent Outside Directors, to examine significant transactions and actions that may present a conflict of interest between the controlling shareholders and minority shareholders.

The Company, which has controlling shareholders, has established guidelines called the "Guideline to ensure the fairness of transactions with the parent company group" to protect minority shareholders in transactions with controlling shareholders, and we operate our business in accordance with the guideline above. The Company has a policy to ensure that transactions with controlling shareholders comply with laws and regulations and are not subject to conditions that are unreasonably advantageous or disadvantageous to its group compared to the same or similar transactions conducted with a third party. These transactions are reasonably determined in light of contract conditions and market prices, as in transactions with other companies, and are executed after a thorough examination to ensure that their execution and conditions do not unreasonably impair the rights of minority shareholders.

The Company's Board of Directors comprises eleven members, including three Executive Directors and eight non-executive Directors, six of whom are Outside Directors, accounting for a majority of the Board members. Additionally, in the case that the Company's Board of Directors does not have a majority of independent Directors, the Company shall endeavor to establish a special committee to deliberate and review important transactions and actions with the controlling shareholder. Such an inter-group special committee is supposed to be composed of independent Directors, and the Company believes that the committee is sufficiently independent of the controlling shareholder.

【Principle 4-9 Standards and Qualifications for Independent Outside Directors' Independence】
The Board of Directors should establish and disclose independence standards to ensure the effective independence of independent Directors, taking into consideration the independence criteria set by the financial instruments exchanges. The Board of Directors should endeavor to select independent Outside Director candidates who are expected to contribute to frank, active, and constructive discussions at the Board Meetings.

The Company selects independent Outside Directors in accordance with Article 2, Item 15, of the Companies Act and the independence criteria established by the Tokyo Stock Exchange. The Board of Directors selects independent Outside Director candidates who, in the Board's opinion, are independent of the Company and possess administrative experience in the industry, with an affinity for our business, and have the knowledge to participate in constructive discussions at Board Meetings.

【Principle 4-10 Use of Optional Approach】
In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a Company's specific characteristics, the listed companies should employ optional approaches, as necessary, to further enhance governance functions.

In addition to the statutory bodies, the Company has the Nomination and Remuneration Consultatory Committee as an advisory body to the Board of Directors, chaired by an independent Outside Director. The ZOZO Group Risk Management Committee is also established within the company group to accurately recognize, identify, and manage risks associated with business activities. In addition, the Compliance Committee has been established to strengthen the legal compliance system, and the SDGs Promotion Committee has been established to promote management with an awareness of SDGs across the board. The Company will

establish additional optional bodies as needed to further enhance its governance function.

<Supplementary Principle>

4-10 ① If the listed companies are either a company with an Audit and Supervisory Board or a company with an Audit and Supervisory Committee and independent Outside Directors do not account for the majority of the Board of Directors, the listed company should establish independent Nomination and Remuneration Consultatory committee consisting mainly of independent Outside Directors under the Board of Directors in order to strengthen the independence, objectivity, and accountability of the functions of the Board of the Directors on nominations (including succession plan) and remuneration of the Management members and Directors, and obtain appropriate involvement and advice including viewpoints of the diversity, such as gender, and skills from independent Outside Directors of these committees in the examination of specifically important matters, including nominations and remuneration. In particular, companies listed on the Prime Market of the TSE should ensure that independent Outside Directors account for the majority of the members of these committees and disclose their views on the independence of the committee's composition, authorities, functions, and other relevant information.

Our Board consists of eleven members, including three Executive Directors and eight non-executive Directors (six of whom are independent Outside Directors). The majority of Board members are independent Outside Directors. In addition, the Nomination and Remuneration Consultatory Committee is established as an advisory body to the Board of Directors, which has a role to enhance the independence and objectivity of functions that the Board of Directors performs concerning the nomination and remuneration of Directors and the accountability of the Board of Directors. The committee consists of the majority of independent Outside Directors and is chaired by an independent Outside Director to maintain the independence of its composition. It is also authorized to discuss policies and standards concerning the appointment and dismissal of Directors, the succession plan for the Representative Director, and the remuneration of Directors, as well as to draft proposals submitted to the Board of Directors and to offer advice and recommendations to the Board of Directors. In determining the nomination and remuneration of Directors, including discussions and preparation of the draft for the skill matrix of Directors, the committee considers and gives full attention to the viewpoints regarding diversity, including gender and skills. In addition, information on deliberations is shared with the Audit and Supervisory Committee. We continually improve our corporate governance system by further enhancing the independence, objectivity, and accountability of the Board of Directors' functions, particularly in terms of the nomination and remuneration of Directors.

【Principle 4-11 Prerequisites for Ensuring the Effectiveness of the Board of Directors and Audit and Supervisory Board】

The Board of Directors should strive to achieve a well-balanced composition in terms of knowledge, experience, and skills, in order to fulfill its roles and responsibilities effectively. The composition should also promote diversity in terms of gender, internationality, career, and age while maintaining an appropriate board size. When appointing members to the Audit and Supervisory Board, the company should consider individuals with relevant experience and skills in finance, accounting, and legal matters. Furthermore, at least one member of the Audit and Supervisory Board should possess sufficient expertise in finance and accounting. The Board of Directors should also aim to strengthen its function by regularly analyzing and evaluating the effectiveness of the Board as a whole.

The Company sufficiently acknowledges that diverse values give it the advantage to ensure its sustainable growth. Five female Directors are appointed to the current Board of Directors, which consists of eleven members. An attorney, a certified public accountant, and a licensed tax accountant with appropriate experience and skills in finance, accounting, and law are appointed to the Audit and Supervisory Committee. Recognizing that diverse viewpoints, stemming from gender, race, nationality, as well as knowledge, experience, and ability, contribute to the progress of business, the Company will aim to build a Board of Directors that is both diverse and of an appropriate size. We achieved one of the KPIs within the Four Key Actions toward realizing the Sustainability Statement, "Increase the percentage of female Directors among all members to 30% by 2030," in June 2023.

The Company conducts periodic questionnaires of all Directors to analyze and evaluate the effectiveness of the entire Board of Directors as stated in the Supplemental Principle 4-11③.

<Supplementary Principle>

4-11 ① The Board of Directors should consider the appropriate balance between the knowledge, experience, and skills of the Board of Directors as a whole, diversity, and appropriate Board size based on the skills and other abilities required to achieve business strategies. The company should disclose the skills and other abilities of Directors in a suitable manner, taking into account the business environment and characteristics, such as the skill matrix that outlines the knowledge, experience, and skills of each Director, along with the policies and procedures for nominating Directors. In the nomination process, independent Outside Director candidates should have relevant management experience in other companies.

The Company's view on the appropriate balance between the knowledge, experience, and skills of the Board of Directors as a whole and on diversity, as well as the optimal Board size, is in line with Principle 3-1 (iv). To support this view, the Company has created a skill matrix that shows the knowledge, experience, and skills of each Director, which is disclosed on the Company's website (<https://corp.zozo.com/en/sustainability/governance/>).

In the future, the Company plans to consider adopting internal regulations and enhancing the Board of Directors system to further focus on the balance of knowledge, experience, abilities, diversity, and size of the Board of Directors as a whole. On the skills matrix, the Company lists corporate management and business strategy as important items, especially experiences in management at other companies in selecting independent Outside Directors.

4-11 ② Outside Directors, Outside Audit and Supervisory Board Members, other Directors, and Audit and Supervisory Board Members should devote sufficient time and effort to fulfill their respective roles and responsibilities properly. Therefore, for instance, if a Director or Audit and Supervisory Board Member holds concurrent positions as a Director or Audit and Supervisory Board Member of another listed company, the number of such positions should be limited to a reasonable range. Additionally, the listed companies should annually disclose the status of such concurrent positions.

The Company has established Authority Approval standards that require Directors to seek permission from the Board of Directors before assuming an officer position at another listed company (in case of more than three companies for Executive Directors and six companies for non-executive Directors). Furthermore, we conduct the survey to verify transactions involving related parties and the status of any concurrent positions held by our officers, as part of our system for monitoring transactions among related parties. The outcomes of these checks are included in the annual report materials presented at the General Meeting of Shareholders.

4-11 ③ Each year, the Board of Directors should analyze and evaluate its effectiveness as a whole, considering relevant matters, including each Director's self-evaluation. A summary of the results should be disclosed.

Regarding the effectiveness of the Board of Directors, the Company's Board of Directors annually analyzes and verifies items related to the purposes, agendas, composition, discussions, and operation of the system supporting the Board of Directors. They also examine and address issues based on the results of the analysis and verification. For the fiscal year ended March 31, 2025, third-party evaluations were conducted by the external agency, Board Advisors Japan, Inc., to objectively assess the effectiveness of our board.

1. Methods to evaluate the effectiveness of the Board of Directors

- Questionnaire for all Directors
- Interview with all Directors (for about one hour per Director)
- Meeting with the chair of the Board of Directors
- Meeting with the Board of Directors Administration Office
- Access to minutes of Board Meeting and Nomination and Remuneration Consultatory Committee

2. Summary of the results of the evaluation

The Board of Directors of the Company responds purposively to and makes decisions on recent, rapid changes in the business environment, which require particular attention to securing the effectiveness of corporate governance through collaboration between the executive and supervisory functions. Also, the initiatives to secure independence from the parent company are working well. It is therefore confirmed that the effectiveness of the Board of Directors of the Company was high for the fiscal year ended March 31, 2025.

(1)Strength supporting the effectiveness of the Board of Directors

The strength that serves as the foundation supporting the effectiveness of the Board of Directors is as follows. It is confirmed that the stance of purposively strengthening governance to increase medium- to long-term corporate value, even in the current situation where ZOZOTOWN's business is performing well, is a definitive strength over other companies.

- Constructive discussion at the Board Meetings
- Strong mutual relationship based on trust between the CEO and Outside Directors
- Strong commitment of independent Outside Directors
- Tight PDCA cycle and support system by the Board of Directors Administration Office

(2)Challenges for further enhancing effectiveness

The following three issues were raised to enhance effectiveness further.

(i) Consensus concerning medium- to long-term group strategy

- There is room to further align the understanding between the executive and supervisory sides regarding the ideal form of the Group's medium- to long-term strategy, including the level of clarity and detail required.

(ii) Refinement of monitoring criteria and supervisory framework

- There is room for improvement in how the supervisory function addresses business portfolio reforms led by the executive side.
- There is room to discuss further the fundamental risks associated with periods of weaker performance, enhance preparation, and build a system that enables bold and unified responses in emergency situations.

(iii) Strengthening of the functions of the Nomination and Remuneration Consultatory Committee

- There is room to further improve discussions on the succession plan in connection with the Group's medium- to long-term strategy.

3. For the future

The Board of Directors of the Company understands that it is time to concretely consider the further evolution of the board with an awareness to build a system that is possible to support and appropriately supervise the decision-making and risk-taking process by the executives side, and the Board of Directors will implement the following initiatives for increasing the effectiveness of the Board of Directors to achieve a sustainable increase in corporate value, taking into account the above issues.

(i) Consensus about the medium- to long-term group strategy

To build consensus on the medium- to long-term group strategy between the executive and supervisory sides, the Board of Directors will clarify the executive side's medium- to long-term strategy and deepen the discussion.

(ii) Enhancement of monitoring items and the supervision system

The Board of Directors will further discuss the ideal supervision functions with a view to developing a system that can support and effectively supervise the decision-making and risk-taking process on the executive side, thereby enhancing the effectiveness of the supervision system.

(iii) Strengthening of the functions of the Nomination and Remuneration Consultatory Committee

The Board of Directors will further improve the discussion about the succession plan coupled to the medium- to long-term group strategy, on the assumption of enhanced discussion about the medium- to long-term group strategy, and execute initiatives for strengthening the functions of the Nomination and Remuneration Consultatory Committee.

【Principle 4-12 Active Deliberations by the Board of Directors】

The Board of Directors should promote an atmosphere for open and constructive dialogue to facilitate the exchange of ideas and should welcome the submission of proposals and matters by Outside Directors.

The company actively engages in question-and-answer sessions and encourages the exchange of opinions among Outside Directors regarding all matters to be resolved and reported at Board Meetings. Additionally, all attendees of the Board Meetings actively participate in exchanging opinions on the proposals presented at the meetings.

<Supplementary Principle>

4-12 ① The Board of Directors should ensure the following to enhance the operation of Board Meetings and facilitate active deliberations:

- (i) Sufficient distribution of materials for Board Meetings ahead of the scheduled date;**
- (ii) Provision of information to Directors from the company in addition to the Board Meeting materials (if necessary, it needs to be organized and analyzed in an easily understandable manner;**
- (iii) Determination of the schedule for Board Meetings during the current year and identification of the assumed agenda items in advance;**
- (vi) Appropriate setting of the number of agenda items and the frequency of Board Meetings; and**
- (v) Allocation of sufficient time for deliberations.**

To encourage active discussions on the day of the meeting, the Company distributes meeting materials at least three business days in advance of the meeting. We make an annual schedule of Board Meetings based on dates when all Directors are available to attend. Additionally, the schedule includes a description of the items to be discussed, if any, and the allocated time for discussion. Agenda items deliberated at the Board Meeting are fundamentally those of the Management Meeting, and Directors participate in the Management Meeting (by non-executive Directors voluntarily), and Directors have an opportunity to know the details of the proposals and process of discussions in advance.

【Principle 4-13 Information Gathering and Support Structure】

To fulfill their roles and responsibilities, Directors and Audit and Supervisory Board Members should proactively collect information and, as necessary, request that the company provide them with additional information. Also, the listed companies should establish a supporting structure for Directors and Audit and Supervisory Board Members, including providing sufficient staff. The Board of Directors and the Audit and Supervisory Board members should verify whether the information requested by them is provided smoothly.

The Company confirms the contents of any materials in advance, and if there is insufficient content, the Directors will request additional information as needed. Furthermore, the Company has established a support system for Directors, particularly for newly appointed Outside Directors, to enhance their understanding of the Company's corporate culture and ensure full information is shared within the organization through the Board of Directors Administration Office and the officers in charge of the Board of Directors. Additionally, we have fostered a corporate culture in which Directors regularly exchange information and opinions with one another on a daily basis.

<Supplementary Principle>

4-13 ① Directors, including Outside Directors, should request the company to provide them with any additional information deemed necessary to contribute to transparent, fair, timely, and decisive decision-making. Furthermore, Audit and Supervisory Board Members, including Outside Audit and Supervisory Board Members, should collect information appropriately, utilizing their statutory investigative powers.

The Company's Board of Directors Administration Office confirms the materials for Board Meetings in advance, and Directors can request additional information as necessary if any content is missing.

4-13 ② Directors and members of the Audit and Supervisory Board should consider seeking the advice of external specialists at the company's expense when deemed necessary.

The Company's internal guidelines stipulate that if the Company receives advice from outside experts as necessary, it may charge such expenses to the Company.

4-13 ③ The listed companies should ensure that the Internal Audit Office, Directors, and Audit and Supervisory Board Members cooperate effectively by establishing a reporting structure where the Internal Audit Office reports directly to the Board of Directors and Audit and Supervisory Board to fulfill their functions. Furthermore, these companies should take measures

to provide adequate information to Outside Directors and Outside Audit and Supervisory Board Members. For instance, they could appoint a responsible individual within the company to handle such requests for information and ensure that they are processed appropriately.

The Internal Audit Office conducts periodic and as-needed audits of the Company and its subsidiaries, ensuring fair and objective assessments. The results of these audits, including any identified issues, are reported directly to the Representative Director, Board of Directors, and Audit and Supervisory Committee. Instructions for improvement are given to each department to ensure that appropriate measures are taken. Furthermore, although the Company has not assigned an individual to serve as a liaison and coordinate between Outside Directors, it has established a system that enables the provision of information regarding matters such as business problems to Outside Directors as needed. This is facilitated through a full-time Audit and Supervisory Committee Member, etc.

Principle 4-14 Training for Directors and Audit and Supervisory Board Members]

New and incumbent Directors and Audit and Supervisory Board Members are crucial governance bodies in the listed companies, and they should strive to understand their roles and responsibilities deeply. They should also make efforts to acquire and update the necessary knowledge and skills. In this regard, the listed companies should provide suitable training opportunities to each Director and Audit and Supervisory Board Member, along with financial support to cover associated expenses. The Board of Directors should ensure that these opportunities and support are provided appropriately.

The Company provides a comprehensive range of training opportunities to support all employees, including Directors, in acquiring and maintaining the knowledge required to perform their duties effectively. The Company provides opportunities for Directors to fulfill their roles by providing them with the information and knowledge necessary to supervise management, such as study sessions for Directors and the Management, and confirmation of the execution of duties by the Audit and Supervisory Committee Members to Directors, for which expenses may be billed to the Company.

<Supplementary Principle>

4-14 ① Upon assuming their positions, Directors and Audit and Supervisory Board Members, including Outside Directors and Outside Audit and Supervisory Board Members, should be provided with the opportunity to acquire the necessary knowledge about the Company's business, finances, organization, and other relevant matters, and to fully comprehend their expected roles and responsibilities, including legal liabilities. Additionally, incumbent Directors should have a continuing opportunity to renew and update their knowledge as needed.

Regarding group seminars and study meetings held by the organizations to which our Directors belong, diligent studies, such as acquiring new knowledge and updating existing knowledge, have been conducted at the discretion of each individual. The company will cover any associated expenses.

4-14 ② The listed companies should disclose their training policy for Directors and Audit and Supervisory Committee Members.

Regarding the training policy for Directors in accordance with Principle 4-14, training is provided as needed to enable them to fulfill their duties effectively. The policy ensures that they acquire the necessary knowledge to operate the business and stay informed about changing information over time, with the aim of contributing to the growth of the Company and the fashion industry.

Section 5: Dialogue with Shareholders

【General Principle 5】

The listed companies should engage in constructive dialogue with shareholders, even outside of the General Meeting of Shareholders, to contribute to sustainable growth and increase corporate value over the medium- to long-term. During such dialogue, the Management and Directors, including Outside Directors, should listen to the voices of shareholders and pay attention to their interests and concerns. They should also clearly and understandably explain business policies to gain shareholders' support, and work towards developing a balanced understanding of the positions of shareholders and other stakeholders, acting accordingly.

The Company acknowledges the significance of active dialogue with shareholders to achieve sustainable growth and improve corporate value over a medium- to long-term period. To facilitate a better understanding of our management strategy, the Company has established an IR team under the Director in charge of the IR section. We conduct financial results briefings four times a year, with simultaneous web distribution in English. During these briefings, our Management directly shares information on current situations and strategies for the future. Additionally, we participate in conferences hosted by security companies and accept individual interview requests. Considering our shareholder distribution, we also engage in active dialogue with our overseas investors through the Board member and the Department in charge of IR activities.

【Principle 5-1 Policy for Constructive Dialogue with Shareholders】

To promote sustainable growth and increase corporate value over the medium- to long-term, the listed companies should respond positively and reasonably to requests from shareholders to engage in dialogue (IR Meetings). The Board of Directors should establish, approve, and disclose policies that promote constructive dialogue with shareholders, including measures and organizational structures.

The Company assigns a Director, Executive Vice President, as the Director in charge of IR, and the Strategic Planning and Development Department under the Corporate Planning Office as the section in charge of IR. We conduct financial results briefings every fiscal quarter, offering real-time, simultaneous streaming on the Web in both Japanese and English to ensure fair disclosure for the various investor classes. In addition, we actively engage in constructive communication with shareholders through one-on-one dialogues (meetings) with domestic and overseas investors, holding small meetings, and participation in conferences hosted by security companies, as well as direct visits to North America, Europe, and Asia to connect with investors. The attributes of investors, the number of meetings, the conditions of substantial shareholders, and the opinions and questions raised in the dialogue are periodically reported at the Board Meetings. Furthermore, we examine questions frequently raised in the dialogue and consider adding such discussions to the data disclosed in the next financial results briefing materials, or regarding them as a matter to be explained, in order to reflect the details of the dialogues with shareholders flexibly. We actively engage in constructive dialogues with shareholders to achieve sustainable growth and increase corporate value for the medium- to long-term periods.

<Supplementary Principle>

5-1 ① Management members, Directors (including Outside Directors), and Audit and Supervisory Board Members (including Outside Audit and Supervisory Board Members) should engage in dialogue with shareholders, taking into consideration shareholders' requests and interests to the extent that is reasonable.

Actual dialogues (interviews) with shareholders are conducted through the Strategic Planning and Development Department, under the Corporate Planning Office, with IR personnel serving as the primary point of contact. The Company responds to shareholders and investors when they wish to speak with the CEO or the Director responsible for IR activities as much as possible. Management members, and Directors (including Outside Directors) are allowed to attend meetings as needed.

5-1 ② Policies for promoting constructive dialogue with shareholders should include, at a minimum, the following measures:

- (i) Appointment of a member of the Management or a Director responsible for overseeing and ensuring that constructive dialogue with shareholders, including the matters stated in items (ii) to (v) below;**
- (ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general administration, finance, accounting, and legal affairs, with the aim of supporting dialogue;**
- (iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);**
- (vi) Measures to appropriately and effectively share shareholders' views and concerns learned through dialogue with the Management members and the Board of Directors; and**
- (v) Measures to control insider information when engaging in dialogue**

(i)(ii) The Company designates the Director, Executive Vice President and CFO, as the Director in charge of IR. The IR Section collaborates with other departments to ensure smooth communication and information sharing.

(iii) We hold quarterly financial results briefings for shareholders, investors, and analysts, during which our Representative Director, President and CEO or Director, Executive Vice President and CFO provide a direct explanation. Additionally, considering that our headquarters is distant from the bases of our shareholders and investors, we actively conduct IR activities, including one-on-one meetings using web conferencing systems, participation in small meetings and conferences, and regular overseas IR activities.

(iv) The content and feedback of IR activities and changes in shareholders are reported at monthly Board Meetings, and the information is shared with the Directors.

(v) To manage insider information, the Company focuses on discussing the themes of sustainable growth and improving corporate value over the medium- to long-term during dialogue with investors. We take care to prevent the improper disclosure of confidential information.

5-1 ③ The listed companies should make efforts to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

To ensure transparency and effective communication with shareholders, the Company confirms the shareholders' list and shareholder ownership structure every quarter, in March, June, September, and December. We also investigate shareholders who substantially hold shares to better understand their current situation and interests. This information is then used for our IR activities on a daily basis.

【Principle 5-2 Establishing and Disclosing Business Strategy and Business Plan】

When establishing and publishing business strategies and business plans, the listed companies should show the basic guidelines on their earnings plan and capital policy and present targets for profitability and capital efficiency after accurately understanding their own capital costs. Also, the listed companies should provide clear and logical explanations that are easily understandable for shareholders with respect to reviews of the business portfolio and specific measures on the allocation of management resources, including capital investment, R&D investment, and human capital investment to achieve the targets.

We have adopted Return on Equity (ROE) as a key management indicator to promote efficient management. With due consideration given to maintaining a ROE level of approximately 30%, we closely monitor and forecast key management indicators to ensure sustainable business growth and development. Specific target figures are disclosed in our annual management plans.

In response to the request from the Tokyo Stock Exchange based on the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" announced on March 31, 2023, we periodically analyze the current situation and conduct future projections, and we will continue to allocate management resources appropriately.

- Background, current challenges, response policy, and specific action plan

As for profit return to shareholders, our group has a basic policy for deliberating and implementing profit return by balancing retained earnings through comprehensive consideration of business performance, financial status, future business, and investment plans.

With regard to Return on Equity (ROE), which we regard as one of our key management indicators, we have consistently maintained a level that exceeds the external benchmark of 30%. However, due to the accumulation of retained earnings and the resulting increase in shareholders' equity, we anticipate a gradual decline in this indicator as a measure of capital efficiency. In light of our future business and investment plans, we believe that pursuing further improvements in financial soundness beyond the current level may lead to a deterioration in capital efficiency. Accordingly, we have adopted a policy of proactively returning surplus capital to shareholders. We will continue to repurchase our own shares, taking into consideration share price trends and stock liquidity, with the aim of achieving a total shareholder return ratio of over 80% on a cumulative basis over the medium- to long-term (approximately five-year average).

In addition to increasing dividends and share buybacks, we are conducting fundamental initiatives to ensure sustainable growth. We will continuously review our business portfolio, allocate management resources appropriately, and monitor stock market valuations through the Board of Directors and Management meetings. Furthermore, we will disclose key metrics, such as Gross Merchandise Value by business segment, operating profit, capital investment, and ROE trends, to foster a shared understanding with shareholders and investors regarding the qualitative and quantitative foundations for achieving our management plan.

- Implementation of Initiatives

In response to the current challenges outlined above, we have implemented the following initiatives:

1. Repurchase of shares

Total number of shares to be acquired: Up to 10,000,000 shares

(1.12% of the total number of shares outstanding (excluding treasury shares))

Total amount to be paid for the acquisition: Up to 10 billion yen

Period of acquisition: May 1, 2025, to September 1, 2025 (Plan)

2. Cancellation of treasury shares

Total number of shares to be cancelled: 9,390,171 shares

(1.04% of the total number of shares outstanding before the cancellation)

Scheduled date of the cancellation: May 9, 2025

Moving forward, we will continue to consider and implement initiatives aimed at achieving capital returns that exceed capital costs and ensure sustainable growth.

<Supplementary Principle>

5-2 ① When establishing and publishing business strategies and other information, the listed companies should clearly review their business portfolio and disclose the basic policy determined by the Board of Directors.

In pursuit of sustainable growth, we aim to diversify our profit drivers and build a profit structure that does not rely solely on Gross Merchandise Value. As part of our growth strategy, particularly our medium-term vision, we are targeting Gross Merchandise Value of 800 billion yen and 15 million annual buyers in Japan. For overseas markets, we are promoting global expansion with a focus on monetizing our technology assets. We have clearly defined our priority business areas and regularly analyze the causes of variances between our single-year forecasts and actual performance. Through financial results briefings and other investor relations activities, we appropriately disclose and explain the details of our performance and strategic initiatives to shareholders and other stakeholders..

DISCLAIMER:

This document is a summary translation of the Japanese version. All readers are recommended to refer to the original Japanese version for complete information. The Japanese version shall prevail in case of any discrepancy, errors, and/or omissions.