

Corporate Governance Report

Last Update: June 28, 2022

ZOZO, Inc.

Representative Director, President & CEO:

Kotaro Sawada

Securities Code: 3092 <https://corp.zozo.com/en/>

Corporate governance at ZOZO, Inc. (hereinafter, referred to as “the Company” or “we”) is as follows.

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

1. Basic View

The Company Group's basic management policy is to continuously enhance corporate value and build smooth relationships with all stakeholders, including shareholders, by the consciousness of soundness, transparency, efficiency, and speed of the management.

We will enhance corporate governance centered on the Board of Directors and the Audit and Supervisory Board to achieve this policy.

【Reasons for Non-Compliance with the Principles of the Corporate Governance Code】

The Company executes all principles of the Corporate Governance Code. (Revised on June 28, 2021)

【Disclosure Based on the Principles of the Corporate Governance Code】

Principles of the Corporate Governance Code are disclosed in the “Governance” section on the “Sustainability” page of the Company’s website.

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

- Descriptions are based on the Corporate Governance Code revised in June 2021.
- Regarding the revised Corporate Governance Code, which includes the contents for the Prime Market, we will sequentially describe the items that are ready to be disclosed.

2. Capital Structure

Foreign Shareholding Ratio

More than 20%, less than 30%

【Status of Major Shareholders】 UPDATE

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
Z Intermediate Holdings Corporation	152,952,900	51.01
Yusaku Maezawa	33,734,300	11.25
THE MASTER TRUST BANK OF JAPAN, Ltd. (Trust Account)	20,902,600	6.97
Custody Bank of Japan, Ltd. (Trust Account)	6,374,300	2.12
STATE STREET BANK AND TRUST COMPANY 505001	4,741,279	1.58
STATE STREET BANK AND TRUST COMPANY 505223	2,825,846	0.94
JP MORGAN CHASE BANK 385632	2,646,947	0.88
BNYM AS AGT/CLTS NON TREATY JASDEC	2,515,757	0.83
CEP LUX-ORBIS SICAV	2,333,800	0.77

STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02505002	2,150,772	0.71
--	-----------	------

Controlling Shareholder (Excluding Parent Company)	----
Parent Company	Z Holdings Corporation (TSE Securities Code:4689)

Supplementary Explanation **UPDATE**

- The Status of Major Shareholders is as of March 31, 2022.
- The parent company is Z Intermediate Holdings Corporation, which holds 152,952,900 shares of the Company.

3. Corporate Attributes

Name of Stock Exchange and Market Segment UPDATE	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	End of March
Type of Business	Retail Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than 100 billion yen, less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

The Company established “the regulation to ensure the fairness of transactions with the parent company group” as a guideline for the measures to protect minority shareholders in transactions with the controlling shareholders. And the Company operates business following the rule above. In that regulation, the Company sets the policy that transactions with the controlling shareholders shall comply with laws and regulations and should not be subject to terms unreasonably advantageous or disadvantageous to the Company Group over similar transactions conducted with a third party. Likewise, the transactions shall be reasonably determined considering the terms of contracts and market prices in transactions with other companies. And those are executed after careful deliberation on the feasibility or terms of transactions not to violate the right of minority shareholders. Additionally, the Company established the “Intergroup Transaction Review Committee” to deliberate and review important transactions and actions with controlling shareholders. The committee determines whether important transactions with controlling shareholders are disadvantageous to minority shareholders, and it submits a report to the Board of Directors. The committee members are Independent Officers (Independent Outside Directors

and Outside Audit and Supervisory Board Members). The Company believes that we have sufficient independence from the controlling shareholder through the initiatives above.

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

The Company invited 2 Directors from the parent company, Z Holdings Corporation, to obtain advice and proposals on business operation from the wide range of perspectives they acquired in the internet service industry. To ensure independence from the parent company, the following are definitively stipulated: there are no restrictions on business from the parent company and the Company is in a position to make its own management decisions; the parent company respects the Company’s management judgments on matters related to employees, including employment, appointment, and working conditions of employees; the persons from the parent company with a special interest in a resolution of the Board of Directors may not participate in the resolution of the relevant agenda. Therefore, the Company believes that a certain level of independence from the parent company is ensured.

II. Business Management and Other Corporate Governance Structure regarding Decision-making, Execution of Business, and Supervision of Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Board
-----------------------------	--

【Directors】

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company										
		a	b	c	d	e	f	g	h	i	j	k
Koji Ono	From another company											
Kazunori Hotta	From another company											
Taro Saito	From another company											

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category; "△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category; "▲" when a close relative of the Director fell under the category in the past

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

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Koji Ono	○	----	Mr. Ono monitors the management of the Company. He strengthens corporate governance based on his wealth of experience and broad knowledge and perspectives cultivated through his career in art direction focused on the

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
			<p>fashion industry and branding activities for companies and products. In addition, the Company assumes that he is a person who has no personal, capital, or business relationship with the Company and has no other interests, and he can fulfill his duties as an Outside Director from an independent and objective standpoint. Therefore, the Company designates him as an Independent Director of the Company.</p>
Kazunori Hotta	○	----	<p>Mr. Hotta contributes to enhancing corporate governance by supervising the Company's management based on his wealth of experience and broad insight cultivated in the wedding industry and the hotel industry and providing advice to the Company's overall management. The Company assumed that there was no risk of conflict of interest with general shareholders since he did not fall under any of the items a~i above, so he is designated as an Independent Director.</p>
Taro Saito	○	----	<p>Mr. Saito has a wealth of experience and broad insight into branding and communication design. The Company would like to ask for advice from a high-level perspective on the Group's branding strategy. In addition, the Company assumes that he is a person who has no personal, capital, or business relationship with the Company and has no</p>

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
			other interests, and can fulfill his duties as an Outside Director from an independent and objective standpoint. Therefore, the Company designated him as an Independent Director of the Company.

Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee

Established

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

	Committee's Name	Total number of Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Nomination Committee	Nomination and Remuneration Committee	5	0	1	3	0	1	Outside Director
Remuneration Committee	Nomination and Remuneration Committee	5	0	1	3	0	1	Outside Director

Supplementary Explanation **UPDATE**

The Nomination and Remuneration Consultatory Committee, an advisory body under the Board of Directors and chaired by the Independent Outside Director, is established. The committee's purpose is to strengthen the independence, objectivity, and accountability of the Board of Directors' function to determine the nomination and remuneration of Directors.

• Structure of Nomination and Remuneration Consultatory Committee

The committee consists of 5 members: all Independent Outside Directors, one Director and one Executive Director dispatched from the parent company, and the Independent Outside Director

chairs it.

The Nomination Committee and Remuneration Committee is composed as follows:

Koji Ono, Outside Director (Chairperson)

Kazunori Hotta, Outside Director

Taro Saito, Outside Director

Kotaro Sawada, Representative Director, President & CEO

Kentaro Kawabe, Director (Non-executive)

[Remuneration Committee]

(1) Activity status: The Remuneration Committee held no meeting for the fiscal year ended March 2021.

[Nomination committee]

(1) Activity status: The Nomination Committee held 6 meetings for the fiscal year ended March 2021, and all committee members attended each meeting.

(2) Major items discussed

- Determination of the nomination criteria and evaluation method for Executive Directors
- Interviews with Executive Directors and Director candidates
- Review and finalization of evaluation feedback to all Directors
- Determination of the draft report on Director candidates

【Audit and Supervisory Board Members】

Establishment of Audit and Supervisory Board	Established
Maximum Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audits and Supervisory Board Members	3

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

Audit and Supervisory Board Members audit compliance with the internal regulations and laws and regulations and the appropriateness of business operations following the basic audit plan. The audit is conducted by inspecting various minutes, approval documents, contracts, records of various transactions, interviewing related parties, and attending audits with the Accounting Auditor. In addition, all Audit and Supervisory Board Members participate in monthly Board Meeting of the Company and express opinions as needed. The full-time members participate in important conferences to audit the execution of the Directors' duties. They also request business reports from subsidiaries to understand

the status of their operations and assets. Internal audits are conducted by the Internal Audit Office (6 members including the office manager), which directly reports to the President and Representative Director; the Internal Audit Office investigates the execution of operations and the management system of the Company and its subsidiaries and affiliates according to the “Guideline for Internal Audit ” established by the Company and confirms compliance with laws and regulations, articles of incorporation, and internal regulations to enhance appropriate business execution, rationalization, and efficiency of operations. As for mutual cooperation between internal audits, audits by Audit and Supervisory Board Members and accounting audits, and the relationship between audits and the Internal Control Division, the Internal Audit Office, Audit and Supervisory Board, and Accounting Auditor share the information on their audit plans and the progress of audits, and exchange ideas so that they can cooperate to increase the effectiveness and efficiency of audits.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3
Number of Independent Audit and Supervisory Board Members	3

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroko Igarashi	Certified Public Accountant													
Junichi Motai	Certified Public Accountant													
Junko Utsunomiya	Attorney													

*Categories for “Relationship with the Company”

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

- a. Person who executes business of the Company or a subsidiary
- b. A non-executive Director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business or a non-executive Director of a parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business of a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to Director/Audit and Supervisory Board Member compensation from the Company
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)

- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-Directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

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

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroko Igarashi	○	----	Ms. Igarashi is qualified as a certified public accountant and worked as an accounting group manager at other companies. Accordingly, the Company assumes that she has a certain level of knowledge on finance and accounting and can fulfill her duties in the Company's audits. She is also designated as an Independent Audit and Supervisory Board member since the Company assumed there was no risk of conflict of interest with general shareholders.
Junichi Motai	○	----	Mr. Motai has a certain level of knowledge on finance and accounting as a certified public accountant and tax accountant. Based on his high-level perspective and wealth of experience as an expert, he conducts appropriate audits of our business execution from a neutral and fair standpoint. He is also designated as an Independent Audit and Supervisory Board member since the Company assumed that there was no risk of conflict of interest with general shareholders.
Junko Utsunomiya	○	----	Ms. Utsunomiya has a certain level of expertise as an attorney and knowledge in corporate legal affairs, so the Company assumed she could conduct appropriate audits. She is also designated as an Independent Audit and Supervisory Board member since the Company assumed there was no risk of conflict of interest with general shareholders.

【Independent Directors/Audit and Supervisory Board Members】

Number of Independent Directors/ Audit and Supervisory Board Members	6
---	---

Other matters concerning Independent Directors/Audit and Supervisory Board Members

All Outside Directors and Outside Audit and Supervisory Board Members qualified as Independent Directors /Audit and Supervisory Board Members are designated as independent officers.

【Incentives】

Incentive Policies for Directors	Performance-linked Remuneration
----------------------------------	---------------------------------

Supplementary Explanation of applicable matters **UPDATE**

The Nomination and Remuneration Consultatory Committee, an advisory body under the Board of Directors, which mainly consists of Outside Directors, established the remuneration system for Executive Directors among the Board of Directors based on the discussions and the report from the committee. Remuneration is paid for efforts to achieve short, medium- and long-term business results and increases in corporate value. The results are measured based on the Company's management strategy to promote a medium- and long-term sustainable increase in corporate value, and function as a sound incentive.

The remuneration consists of fixed and performance-linked remuneration. Fixed remuneration consists of cash only, while performance-linked remuneration consists of a cash bonus and stock remuneration. The ratio of performance-linked remuneration exceeds the percentage of fixed remuneration, and among the performance-linked remuneration, the proportion of a cash bonus and stock remuneration shall be at 50:50.

Recipients of Stock Options	Directors of subsidiaries
-----------------------------	---------------------------

Supplementary Explanation of applicable matters

The Company grants stock options to increase corporate value. By linking business performance and shareholder value of the Company Group with the remuneration for the officers of subsidiaries, the Company not only shares the mindset to earn profit between the officers of subsidiaries and shareholders but also strengthens the organizational cohesiveness among the Group, performance of the officers of the subsidiaries as well as their motivation and morale.

【 Director Remuneration】

Status of Disclosure of remuneration of respective Directors	No Disclosure of remuneration of respective Directors
--	---

Supplementary Explanation of applicable matters **UPDATE**

- Total remuneration paid to Directors (amount paid to Outside Directors): 269 million yen (21 million yen)
- Total remuneration by type
 - Basic remuneration: Fixed remuneration: 165 million yen (21 million yen)
 - Performance-linked remuneration: Stock options: —
Bonus: 54 million yen (-)
 - Non-monetary remuneration: Restricted stock: 50 million yen (-)
- Number of Directors to be paid: 7 (including 3 Outside Directors)
- As of the end of the fiscal year, the Company has 8 Directors (including 3 Outside Directors) and 3 Audit and Supervisory Board members (including 3 Outside Audit and Supervisory Board members). The difference from the above figures is due to the inclusion of a Director who retired on June 25, 2021 and two non-remuneration Directors.
- Stock options represent those for which the allottees waived their rights.
- Bonuses represents the amount of provision for bonuses to the Directors in the current fiscal year. The performance indicators used to calculate bonuses include the Gross Merchandise Value and consolidated operating profit. The reason for using these performance indicators is that Gross Merchandise Value and consolidated operating profit imply growth potential and profitability of the Group's business.
- Performance-linked restricted stock is granted to Directors as non-monetary remuneration.

Policy on Determining Remuneration Amounts and Calculation Methods Thereof	Established
--	-------------

Disclosure of Policy on Deciding Remuneration Amounts and Calculation Methods

Matters concerning the policy to determine the details of respective remuneration for Directors

i. Purposes of remuneration

Remuneration for Directors consists of fixed remuneration (cash remuneration) and performance-linked remuneration (cash bonus/stock remuneration). They are paid for efforts to achieve short, medium- and long-term business results and increases in corporate value. The results are measured based on the Company's management strategy to promote a medium- and long-term sustainable increase in corporate value, and function as a sound incentive.

ii. Level of remunerations

After establishing a group of companies as a benchmark for remuneration, a certain level and composition of remuneration are prepared so that the Company can ensure and retain excellent human

resources over competitors in terms of business and recruiting under the assumption that the remuneration is attractive for current and prospective officers and their candidates.

iii. Composition of remuneration

The ratio of performance-linked remuneration exceeds the percentage of fixed remuneration, and among the performance-linked remuneration, the proportion of a cash bonus and stock remuneration shall be at 50:50.

a. Cash remunerations

Fixed remuneration is determined according to the title and duty of the eligible persons and paid during their term of office.

b. Cash bonus (short-term incentive remuneration)

Cash bonus represents the performance-linked remuneration based on the achievement of the short-term performance goal for each fiscal year, and Gross Merchandise Value, an indicator for potential business growth, and consolidated operating profit, an indicator for profitability, are designated as criteria for the payment of remuneration. A specific payment amount is determined based on the achievement of a performance goal set out in the single-year plan and title and duty of the eligible persons and periodically paid during the term of office.

c. Stock remuneration (medium- and long-term incentive remuneration)

Stock remuneration represents performance-linked remuneration for promoting the management that focuses on medium- and long-term increases in corporate value/shareholder value and stock with restrictions on transfer is granted to the eligible persons. The ratio to release the restrictions on transfer is determined based on the Company's stock price growth rate for three fiscal years (compared with those of a group of about 36 benchmark companies) and consolidated operating profit. Fundamentally, the stock is annually granted to the eligible persons according to their title and duties.

iv. Matters concerning the determination of the details of remunerations for respective Directors

The Nomination and Remuneration Consultatory Committee examines the draft and its consistency with the policy for the determination from various perspectives. The Board of Directors also believes that the draft complies with the policy for determination and fundamentally respects a report from the committee.

v. Other significant matters concerning the determination of the remuneration of respective Directors

For stock remuneration, the provision is established that the Company acquires all or a part of the stocks allocated to the eligible Directors without charge in the event the relevant Directors resigns before the expiration of the period of transfer restriction for reasons other than reasons the Board of Directors thinks due and other cases that the relevant Directors commit events, such as specific illegal activities. In addition, the provision is established for making the applicable Directors return all or a part of stocks with restrictions on transfer or cash equivalent to them to the Company without charge when certain events are identified, including errors in the figures providing a basis for calculating the ratio of releasing the restrictions on transfer, and the Company considers the above return due.

【Supporting System for Outside Directors and/or Audit and Supervisory Board Members】

The Business Administration Division supports Outside Directors and Outside Audit and Supervisory Board Members. In addition, full-time Audit and Supervisory Board members timely exchange information

with part-time Audit and Supervisory Board members.

2. Matters concerning Functions for Business Execution, Auditing, Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance Structure) UPDATE

(a) Structure of the Board of Directors

The Board of Directors of the Company makes decisions on important management issues related to the business execution, supervises the execution of Directors' duties, and strives to ensure the transparency, efficiency, and fairness of the decision-making process. The total number of Directors is 8 (including 3 Outside Directors). The Board of Directors holds a regular meeting once a month and an extraordinary meeting as needed. The meetings were held 27 times in the fiscal year ended March 2020 and 26 times in the fiscal year ended March 2021. Based on the provisions of Paragraph 1 of Article 427 of the Companies Act, the Company agreed with 3 Outside Directors to limit their liabilities for compensation under Paragraph 1 of Article 423 of the Companies Act, to the extent provided by laws and regulations if they act in good faith and are not grossly negligent.

To enhance business execution and supervisory structure, the Company established the Nomination and Remuneration Consultatory Committee, an advisory body under the Board of Directors chaired by an Independent Outside Director. The committee's purpose is to strengthen the independence, objectivity, and accountability of the Board of Directors' function to determine the nomination and remuneration of Directors.

(b) Audit and Supervisory Board and Audit and Supervisory Board Members

The Company is a company with Audit and Supervisory Board based on relevant laws and regulations of the Companies Act. The Audit and Supervisory Board monitors the operation of the Board of Directors and conducts audits of day-to-day activities, including the execution of Directors' duties. The number of Audit and Supervisory Board Members is 3. All Audit and Supervisory Board Members are Outside Audit and Supervisory Board Members. Outside Audit and Supervisory Board Members, who are an attorney or certified public accountants, use their experiences and accomplishments to monitor the management. In principle, the Audit and Supervisory Board meets once a month, and meetings were held 19 times in the fiscal year ended March 2020 and 18 times in the fiscal year ended March 2021.

Audit and Supervisory Board Members attend the General Meeting of Shareholders and the Board Meeting and exercise legal rights, such as receiving reports from Directors, Executive Officers, employees, and the Accounting Auditor. In addition, full-time Audit and Supervisory Board Members attend the Management Meeting and the Compliance Committee, which are regarded as important congressional bodies, conduct audits through interviews with each department and on-site inspections of subsidiaries. The members offer opinions that contribute to improving the soundness of the Company's management through daily auditing work. Furthermore, the members actively exchange views with the Accounting Auditor, the Internal Audit Office, Directors of subsidiaries and share information with the auditor of our parent company, SoftBank Group Corp.. As a result of the efforts mentioned above, effective and efficient auditing operations have been realized. Based on the

provisions of Paragraph 1 of Article 427 of the Companies Act, the Company agreed with each Audit and Supervisory board member to limit liability for compensation under Paragraph 1 of Article 423 of the Companies Act to the extent provided by laws and regulations if the member acts in good faith and is not grossly negligent.

(c) Management Meeting

The Management Meeting consists of Directors and Executive Officers, and as observers, Outside Directors, General Managers, full-time Audit and Supervisory Board members, and Representative Director of subsidiaries, also as needed, persons in charge of matters to be discussed. In principle, the Management Meeting is held twice a month to make resolutions, deliberations, and reports based on the authority approval standards. In addition, the Management Meeting members discuss business reports based on the management policy, information gathering/analysis on that, information sharing between departments, business plans and directions related to the entire business, and issues each business is working on. They also make decisions on matters above which require cross-organizational discussion, and Management Meeting is held to help the decision-making process by the Representative Director and other decision-makers based on the authority approval standards.

(d) Nomination and Remuneration Consultatory Committee

The Company established the Nomination and Remuneration Consultatory Committee to express opinions to the Board of Directors on the nomination and remuneration of Directors. The Nomination and Remuneration Consultatory Committee consists of 5 members, all Independent Outside Directors, one Director and one Executive Director dispatched from the parent company and is chaired by an Outside Director. By the Nomination and Remuneration Consultatory Committee regulations established by the Board of Directors, the Nomination and Remuneration Consultatory Committee proposes its opinions to the Board Meeting as agenda related to the appointment and dismissal of Directors at the General Meeting of shareholders, the appointment and dismissal of the Representative Director, President & CEO, succession plans for the Representative Director, President & CEO, and remuneration and bonuses of Directors (excluding Non-executive Directors and Outside Directors) after deliberations based on the business performance of each fiscal year and the contribution to the business performance, and all matters related to the information mentioned above.

(e) Internal Audit Office

In cooperation with Audit and Supervisory Board Members and the Accounting Auditor, the Internal Audit Office strives to improve the effectiveness and efficiency of internal controls and compliance by conducting interviews and on-site surveys of each business division based on the annual internal audit plan.

(f) Auditing Firms

a. Name of the auditing firm

Deloitte Touche Tohmatsu Limited.

b. Certified Public Accountants who conducted the audit

Tsutomu Hirose

Yusuke Kumei

c. Composition of assistants relevant to audit activities

Audit assistants engaged in accounting audits consist of 5 certified public accountants and 15 others.

3. Reasons for Adoption of Current Corporate Governance System

The Company Group's basic management policy is to continuously enhance corporate value and build smooth relationships with all stakeholders, including shareholders, by the consciousness of soundness, transparency, efficiency, and speed of the management.

The Group adopted the corporate governance structure centered on the Board of Directors and Audit and Supervisory Board to achieve the policy. At present, the total number of Directors is 8, and Non-executive Directors is 5 (including 3 Outside Directors). They appropriately express opinions to the management members from an external viewpoint while objectively supervising the management members and directors. From a view to enhance the functions of the Board of Directors, the Nomination and Remuneration Consultatory Committee, an advisory body under the Board of Directors and chaired by the Independent Outside Director, is established. The committee's purpose is to strengthen the independence, objectivity, and accountability of the Board of Directors' function to determine the nomination and remuneration of Directors.

All three Audit and Supervisory Board Members are appointed as Outside Audit and Supervisory Board Members, and all Outside Officers are designated as Independent Officers to the Tokyo Stock Exchange. They exchange opinions with the management members and express their opinions appropriately from an external perspective, thereby fulfilling their roles and responsibilities concerning corporate governance. Based on the above, we believe that the objectivity and neutrality of the management oversight function are sufficiently ensured.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and to Ensure the Smooth Exercise of Voting Rights **UPDATE**

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Notice of Convocation of the 24th Ordinary General Meeting of Shareholders was dispatched on June 9, 2022 Early disclosure was also made on the Company's website on June 3, 2022, prior to the date of dispatch of the Notice of Convocation.
Scheduling of the General Meeting of Shareholders on Off-Peak Days	To allow a greater number of the shareholders to attend, the Company schedules the General Meeting of Shareholders on off-peak days when meetings of many other companies are not concentrated.
Electronic Exercise of Voting Right	Electronic exercise of voting rights is allowed so that more shareholders can exercise their voting rights.

Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform for institutional investors to improve their convenience.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Convocation notices are translated into English to provide the information on the Company's website.
Other	The Company is working to realize early disclosure of financial results (before sending convocation notices at the latest) by accelerating financial closing. In addition, we implemented the hybrid virtual Annual General Meeting so that shareholders can confirm and observe deliberations and other matters even from afar.

2. Status of IR Activities

	Supplementary Explanations	Explanation by the Representative
Provision and Publication of Disclosure Policy	The disclosure policy is available on the Company's website.	
Regular financial results briefing for Analysts and Institutional Investors	The financial results briefing is held quarterly.	Exist
Regular financial results briefing for Overseas Investors	Considering the ratio of overseas investors, the following information is available in English: financial results briefing materials, convocation notices on the General Meeting of Shareholders, quarterly financial statements overview, and other information. Also, we are offering live streaming of the financial results briefing and global conference calls in English through simultaneous interpretation.	Exist
Online Disclosure of IR Information	The following information is available on the Company's website: The financial statements, quarterly financial statements, financial results briefing materials for analysts, securities reports, quarterly reports, and other materials for timely disclosure.	
Department and/or Manager in Charge of IR	Business Administration Division, Strategic Planning and Development Department is in	

charge of IR.

3. Status of Measures to Ensure Due Respect for Stakeholder **UPDATE**

Supplementary Explanations

Implementation of environmental preservation activities, CSR activities, etc.

Our corporate philosophy is “*Inspire the World, Deliver Joy Every Day*”. We support people to fulfill their potential with the power of fashion and technology to solve social and environmental problems. Therefore, the Company reviewed the ESG-related promotion structure and established a promotion committee consisting of Outside Directors and Executive Officers and a related task force in 2020. In April 2021, the Company published the sustainable statement and four prioritized measures and seeks to achieve those measures in 2030.

Additionally, the Company identified materiality items that are highly important in terms of characteristics and contribution to the growth of the Company group. In four key actions for sustainability determined by the Company among these materiality items, the Company sets ten items as the most significant ones and establishes KPIs and action plans to promote the actions. We also strive to achieve sustainable growth as a corporation, resolve social issues and fulfill social responsibility.

(i) Highlight sustainable fashion choices to improve users’ experience

By sharing information, such as the sustainability criteria and production background of a particular garment, the Company will provide its customers with better opportunities to purchase sustainable products that are human-rights and environmentally friendly.

(ii) Create a made-to-order platform for zero waste

The Company will build a made-to-order production platform that dramatically reduces waste by avoiding mass production and mass disposal. This manufacturing system will utilize original measurement technologies and a wide range of data.

(iii) Promote diversity and inclusion for all the people involved in fashion

	<p>The Company will actively disseminate information and take initiatives that contribute to creating a society where all the people involved in “fashion” can fulfill their potential. This includes the Company’s employees, fashion leaders, and next generation of those leaders, minorities, apparel manufacturers, people struggling from pollution, and our customers.</p> <p>(iv) Contribute to sustainable community development With the power of fashion and technology, the Company will work on environmental and social issues in each region and community with its stakeholders, and we aim to contribute to the revitalization and sustainability of the local community.</p> <p>*For more information on sustainability, please see the following website: https://corp.zozo.com/sustainability/</p>
<p>Implementation of Policies on Information Provision to Stakeholders</p>	<p>The Company provides the information with all stakeholders focusing on promptness, accuracy, fairness, and continuity, following related laws and regulations, such as Financial Instruments and Exchange Law and regulations stipulated by the Tokyo Stock Exchange,</p>
<p>Other</p>	<p>The Company believes that our staff is the indispensable foundation for future growth and fulfilling their potential, which includes diverse abilities and personalities, will contribute to the increase, development, and growth of corporate value. Therefore, the Company is promoting actions to enhance diversity and inclusion.</p> <ul style="list-style-type: none"> • Initiatives for women empowerment To further promote the activities of female employees, the Company established and carries out the general employer action plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace. The Company’s female employee ratio is 41% (as of April 2022), and the ratio of female managers equivalent to or higher than section chief is 22% (as of April 2022), which is higher than the national average of 12.4% (as of October 2020). The Company will increase the ratio of female managers by proactively promoting measures for female employees’ participation and advancement. At the same time, we continue to value diversity and encourage appropriate human resources to execute business strategies. <p>※Regarding the national average of the ratio of female managers, please refer to “the Ministry of Health, Labor and Welfare FY2019 Basic Survey of Gender Equality in Employment Management”.</p> <ul style="list-style-type: none"> • Initiatives for employment of the person with disabilities

100 staff with disabilities (as of April 2022) is currently working at the Company. They belong to various departments, including our management division, customer support division, and merchandize control division.

We aim to be a company where every employee (with or without handicap) can show their capability and individuality by providing appropriate care.

- Initiatives for LGBTQ

The definition of spouse by the Company's internal regulations includes same-sex partners. This enables our employees to enjoy the benefit of company welfare programs like money or holidays for congratulations and condolences, regardless of the gender of the partner.

- Initiatives to support staff in raising children

We will support employees through these activities so that they can balance work and child-raising.

Many female employees continue to work taking advantage of maternity and childcare leave. The rate of return to work after maternity and childcare leave (*) is 98%, which is extremely high, in addition, in the spring when many employees return to work every year, we make a gathering opportunity for those who have just returned to work. We provide opportunities for information sharing and communications.

To support employees' work-life balance, employees can shorten the working time by 30 minutes to 2 hours for "family care," including child-care, elderly-care, pet-care, or care for anybody the employee considers "family."

* : The rate of return to work after maternity and childcare leaves (female) = number of employees who return to work/number of employees who completed childcare leave during the relevant period

We will create a system that everyone mutually understands the diversity, such as gender (including sexual orientation and/or gender identity), nationality, values, and working style suited to individual lifestyle, so that every employee can participate and advance as themselves in the Company.

IV Matters Related to the Internal Control System

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

The Company established the Basic Policy on Internal Control Systems as a system for ensuring the

appropriate business operations following the provisions of the Companies Act and the enforcement regulations thereto and resolved it at the Board Meeting. This policy is outlined below.

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

- ① To ensure that the execution of duties by Directors and employees complies with laws and regulations, conforms to corporate ethics, and fulfills their social responsibilities, the Company established the Compliance Committee, chaired by President and Representative Director, to deliberate on important compliance-related matters. The Company strives to develop and operates the compliance systems to prevent acts in violation of laws, regulations, etc., acts that could constitute violations and inappropriate transactions, and to enhance the system for legal and regulatory compliance of Directors and employees.
- ② An internal whistleblowing system (helpline) is established to enable the Company Directors and employees to report matters such as acts that they suspect may violate laws, regulations, internal rules, etc., to quickly discover and rectify any inappropriate acts. Matters reported to the helpline are investigated by the Compliance Committee. When it is revealed that rectification is necessary, the Compliance Committee swiftly decides on corrective and preventive measures and implements them.
- ③ The Company takes necessary measures to prevent a person from being treated disadvantageously because the person made the whistle blow outlined in the preceding paragraph.
- ④ The Internal Audit Office examines the compliance structure, investigates any issues concerning laws, regulations, or the Articles of Incorporation, and reports the results to the Board of Directors and the Audit and Supervisory Board members.
- ⑤ The Board of Directors reviews the compliance structure periodically to identify issues and make relevant improvements.
- ⑥ Audit and Supervisory Board audits this internal control system in light of its efficacy and functions and strives swiftly to identify and rectify any issues.

2. Systems related to storage and management of information on the execution of Directors' duties

- ① Information on the execution of Directors' duties is managed and saved appropriately by recording it in written documents or electromagnetic media, following laws, regulations, and internal regulations.
- ② Full-time Audit and Supervisory Board members can view such information at any time.

3. Guidelines and other structures related to the management of risks of losses by the Company

- ① The person responsible for supervising risk management in the Company is the Executive Vice President. Accordingly, Directors, Executive Officers, General Managers, and VPs of related departments identify and assess various risks based on the Risk Management Guideline and take necessary measures to avoid, mitigate, or transfer risks.
- ② The Internal Audit Office audits the status of risk management in each organization and reports results to the Board of Directors and Audit and Supervisory Board.
- ③ The Board of Directors reviews the risk management structure periodically to identify issues and make improvements as appropriate.

4. System for ensuring that Directors' duties are executed efficiently

- ① The roles and responsibilities of Directors and individual sections are defined clearly by preparing documents such as the Board of Directors Guideline, Organizational Guideline, Guideline on Division of Responsibilities, and Job Authority Guideline. In addition, the Board of Directors Guideline specifies matters that should be submitted to the Board of Directors and the scope of decisions that each Director may make as a system to ensure that the duties of Directors are executed efficiently.

② The President and Representative Director drafts annual management plans based on the Budget Management Guideline and obtains approval from the Board of Directors. Directors in charge of individual sections make decisions on practical measures and efficient business execution systems for their sections, based on the plans approved.

③ The President and Representative Director reports periodically to the Board of Directors on the progress of the annual management plan. The Board of Directors analyses any impediments to measures implemented and efficient business execution structure and seeks to make necessary improvements.

5. Systems for ensuring the appropriate business operations of the Company Group which consists of the Company and its subsidiaries ("Group" hereinafter)

① One or more of the Directors or Auditors are dispatched from the Company to a subsidiary to monitor, supervise, or audit the execution of duties of subsidiary Directors. The Business Administration Division oversees the subsidiary's business management, compliance structure, risk management structure, and other matters of subsidiary business administration, following the Subsidiary Management Guideline. While respecting the autonomy of subsidiary management, the Company receives periodic reports on the status of the subsidiary business and approves important matters from the subsidiary as appropriate.

② The Internal Audit Office conducts an internal audit on the status of the management of subsidiaries and their business activities.

6. Structures regarding employees assigned to assist the Audit and Supervisory Board members in the execution of their duties, as requested by the members, and matters related to ensuring the efficacy of the execution of duties of such employees and their independence from Directors.

① When an Audit and Supervisory Board member has requested the assignment of one or more employees to assist in their duties, the Board of Directors may, through consultation with the Audit and Supervisory Board member, appoint such employees to assist the member. Authority to direct such employees shall be delegated to the Audit and Supervisory Board members during the period of such assistance as specified by them and said employees should not be subject to instruction or orders from Directors during the said period.

② The prior consent of the Audit and Supervisory Board shall be required before any personnel transfer, HR evaluation, or disciplinary action regarding an employee assisting an Audit and Supervisory Board member.

7. Structure for reporting by Group Directors and employees to Audit and Supervisory Board members and other systems related to reporting to them.

① Group Directors and employees shall report to Audit and Supervisory Board members, following laws, regulations, and internal rules, on matters that could cause serious harm to the Company; matters recognized to be improper acts or severe violations of laws, regulations, or the Articles of Incorporation; important matters submitted to the Board of Directors and decisions at the Board Meeting; important accounting policies or accounting standards and changes therein; the state of implementation of internal auditing; important monthly reports and other important matters.

② The Company takes necessary measures to prevent Group Directors and employees from being treated disadvantageously because the person made the report outlined in the preceding paragraph.

8. Other structures to ensure the efficacy of auditing by the Statutory Auditors

① To ascertain the status of important decision-making processes and execution of duties, the Audit and Supervisory Board member may attend the Board Meeting, the Management Meeting, and other important meetings, view important documents related to business execution, such as applications for approval, and demand explanation of matters from Directors and employees.

② Audit and Supervisory Board members ensure the efficacy of auditing through autonomy and authority following Audit and Supervisory Board Guideline and the Audit and Supervisory Board Auditing Standards and managing systems for effective audit in close cooperation with the Internal Audit Office and the Accounting Auditor.

③ The President and Representative Director meets periodically with the Audit and Supervisory Board members to exchange opinions and maintain close communication regarding topics that the Company should address, the status of maintenance of the environment for auditing by the Audit and Supervisory Board members, important topics related to auditing, and other matters.

④ Payment is made promptly in response to procedures for advance payment or reimbursement of costs arising from the execution of the duties of the Audit and Supervisory Board members and other demands for payment of costs or obligations arising in the execution of their duties.

9. Structure for exclusion of antisocial forces

The Company eliminates any relations with antisocial forces or groups that pose threats to social order or sound business activities and resists any improper demands or similar matters resolutely and systematically, cooperating with outside experts, including the police and company attorneys.

10. Structure for ensuring the reliability of financial reporting

To ensure the reliability of financial reporting, the internal control system related to the financial reporting is developed, maintained, and operated to ensure it functions effectively.

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

The Company Group's basic policy is to eliminate any transactions with antisocial forces and organizations that threaten the social order and the sound activities of companies and to cooperate with external specialist organizations such as the police and company attorneys while taking a firm stance toward responding to unfair demands in an organized manner. To prevent any relationship with antisocial forces, the Legal Department of the Group conducts surveys before commencing transactions with new suppliers, new subcontractors, etc. We also implemented procedures to conduct another survey by external investigative organizations following the criteria we made. After implementing these procedures, we have accomplished a system to commence transactions. In addition, we conduct surveys of existing business partners at least once a year to ensure that we can collect information on an ongoing basis.

V Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Explanation of applicable matters

2. Other Matters Concerning to Corporate Governance System

Corporate governance structure

- The diagram of the corporate governance structure is attached.

Timely disclosure system

(1) Provision and operation of timely disclosure system:

a. Initiatives for the provision of the timely disclosure system

(Basic Policy)

The Company will comply with the Financial Instruments and Exchange Law, other relevant laws and regulations, and the rules on timely disclosure (hereinafter referred to as the "Rules on Timely Disclosure") stipulated by the Tokyo Stock Exchange while ensuring prompt, accurate, fair and continuous disclosure to all stakeholders. In addition, the Company discloses other information promptly, accurately, and fairly, with an appropriate method, even if the item does not apply to the Rules on Timely Disclosure.

(System for collection of material information)

Regarding the collection of the potential information to be disclosed (such as decisions, facts that occurred, and financial information), the Company Group shares items applicable to important facts to officers and employees based on the Guideline for Insider Trading Management to ensure the comprehensiveness of information gathering. Specifically, if there are any doubts on whether the information that employees obtained during business falls under the category of inside information or not, it needs to be reported immediately to the Director of the division to which the employee belongs or the President and Representative Director of subsidiaries. Directors of each division or the President and Representative Director of subsidiaries who received the notice of important information make a report to the Information Management Supervisor without delay. The Information Management Supervisor obtains information from various reports from the Directors of each division at the Management Meeting, which is fundamentally held twice a month to understand important insider information, including financial information.

(Operation of timely disclosure)

The Information Management Supervisor identifies whether the obtained information falls under the important inside information stipulated in the laws, regulations, and various guidelines. When it falls under the important inside information, the Information Management Supervisor proposes the deliberation and determination on the disclosure to the Board of Directors. The division in charge of information management prepares disclosure materials. The division is supposed to ensure the accuracy, transparency, and legality of the disclosure materials, which need to contain sufficient information to support investment decisions. Although timely disclosure is conducted based on the approval of the Board of Directors, when the Company must disclose the information with high materiality or urgency, the President and Representative Director has the authority to do it immediately.

(The means of timely disclosure)

When the Company makes timely disclosure, decisions to be disclosed are registered and submitted to TDnet (Timely Disclosure network) that the Tokyo Stock Exchange provides, by the division in charge of information management. After being disclosed at TDnet, such matters are uploaded on the Company's website so that the information can be fairly provided to all stakeholders.

(Monitoring of timely disclosure system)

To monitor whether the timely disclosure system appropriately functions within the Company Group, the Internal Audit Office conducts a periodic audit to monitor the compliance with The Guideline for Insider Trading established by employees and appropriate operation of timely disclosure by the division in charge of information management. 3 Audit and Supervisory Board Members (including 2

part-time Audit and Supervisory Board Members) attend the Board Meeting to monitor the execution of Directors' duties, and full-time Audit and Supervisory Board Members attend Management Meeting as observers so that they can comprehensively monitor the series of processes from the collection of the information on timely disclosure to decision-making at the Board Meeting.

(In-house training system for timely disclosure)

To make timely disclosure appropriately, the Company Group is required to maintain the system that aggregates all the important inside information subject to disclosure to the Information Management Supervisor. All officers and employees need to be aware of the importance of timely disclosure and inside information management. The Company Group timely provides officers and employees of the Company Group with training opportunities for the management of important inside information following the Guideline for Insider Trading Management.

b. Organization in charge of timely disclosure (a division in charge and number of staff)

The Director and Executive Vice President is the person in charge of the management of the important inside information within the Company Group, the communication with the stock exchanges, and management of timely disclosure of inside information. The Business Administration Division is responsible for information management under the control of the Information Management Supervisor for the timely disclosure of corporate information.

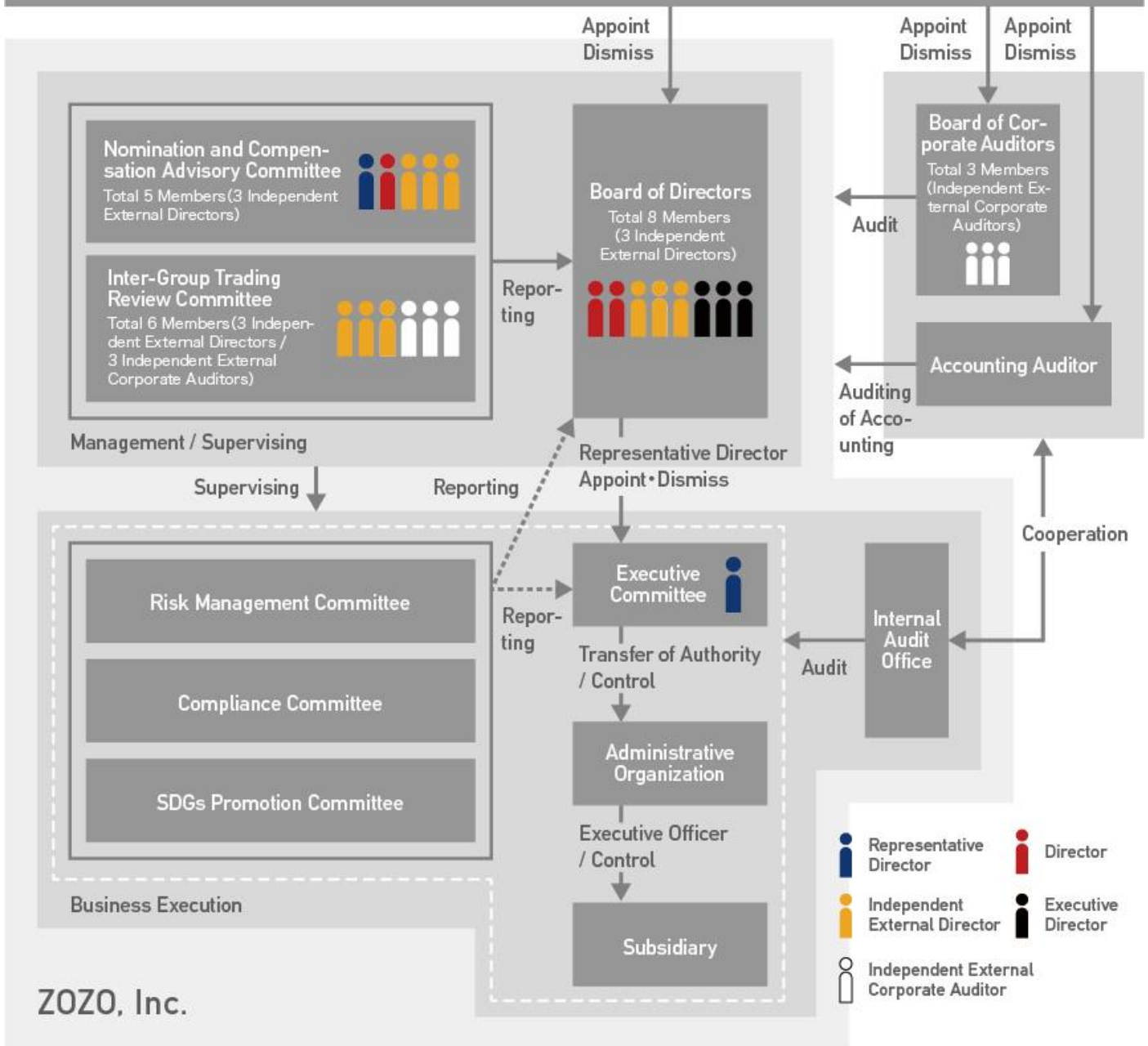
The division in charge: 8 members in the Business Administration Division, Strategic Planning and Development Department

Title and name of the Information Management Supervisor: Koji Yanagisawa, Director, Executive Vice President, and CFO

c. Procedure for timely disclosure

The procedure for timely disclosure mentioned above is visualized and attached.

General Meeting of Shareholders



• Chart of company structure related to timely disclosure

