[Translation for Reference and Convenience Purposes Only]

Last Updated: September 9, 2025

and ST HD Co., Ltd.

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This document provides an overview of and ST HD Co., Ltd. corporate governance.

I. Corporate Governance Philosophy, Capital Structure, Corporate Attributes, Other Basic Information

1. Basic Philosophy

Guided by our corporate philosophy that says, "Be a person needed, Be a company needed," and ST HD Co., Ltd. (hereinafter "the Company") pursues the mission of *Play fashion!*, endeavoring to enrich lives and create happiness through fashion. To respond flexibly to the needs of our customers and changes in the environment, as well as to contribute to the enrichment of lives and diverse values around the world, we strive for excellence in corporate governance capable of quick decision-making.
The Company transitioned to a company with an Audit and Supervisory Committee to improve corporate governance further by delegating authority for important business decisions from the Board of Directors to individual directors, speeding the pace of decision-making and strengthening the supervisory function of the Board of Directors. The transition in question was approved at the 74th Ordinary General Meeting of Shareholders held on May 23, 2024.

[Reasons for not implementing the principles in the Corporate Governance Code]

(Supplementary Principle 4-1-3)

The Company recognizes that succession planning for representative directors, etc., is one of the most important management issues. We held repeated discussions regarding succession planning during normal times and emergency situations in the Nomination and Compensation Advisory Committee, an advisory body to the Board of Directors. Discussions also took place in other forums, including free dialogues held after Board of Director meetings. As a result of these discussions, in 2020, the Company put into place a process for the selection and dismissal of representative directors, etc. Succession planning for representative directors and other directors was also discussed, and the Company selected one new representative director in May 2022. We will discuss this matter in the future and provide appropriate supervision for the development of successors.

(Supplementary Principle 4-3-2)

We consider the selection and dismissal of representative directors to be one of the most important strategic decisions made by the Company. Therefore, we follow the process established for the selection and dismissal of representative directors in which the board of directors makes a decision regarding representative director(s) after a review and deliberations in the Nomination and Compensation Advisory Committee. The Company will develop a succession plan to ensure that sufficient time and resources are devoted to the selection of representative directors.

(Supplementary Principle 4-8-2)

The Company has not designated a lead independent outside director. However, independent outside directors exchange views with management as appropriate, and when necessary, the Company provides a forum to exchange opinions between the independent outside directors and management to facilitate cooperation. Each independent outside director possesses a wealth of experience and a wide range of insights, offering freely spoken opinions from a variety of individual perspectives that lead to active discussions and exchanges of opinions in Board of Director meetings without the need for a hierarchy, such as appointing a lead independent outside director.

[Disclosure based on corresponding principles in the Corporate Governance Code] Updated

(Principle 1-4 Cross-Shareholdings)

1. Basic Policy
The Company engages in cross-shareholding when such is deemed beneficial for maintaining and strengthening business relationships over the long term and contributing to improved corporate value. Each year, the Board of Directors confirms the necessity of holding shares by examining the medium- to long-term economic rationality and future prospects of said shares held in accordance with the policy on cross-shareholdings, taking into account returns and risks. As a result of these reviews, the Company sells stock for which the rationality of such holdings is no longer deemed valid. As of the end of the 75th fiscal period (ended February 2025), the Company has only one cross-shareholding, excluding shares held in affiliates.

2. Policy on the Exercise of Voting Rights
The Company confirms the details of resolution agenda items and exercises voting rights reflecting the relationship with the company in which the Company holds shares, etc., as well as the perspectives of enhancing the Company's medium- to long-term shareholder interests and improving the corporate value of the company in question. Our comprehensive considerations include whether resolutions strengthen corporate governance structures, contribute to the enhancement of shareholder value, and whether the resolution presents any risk of conflicts of interest with the Company.

3. Policy in the Event a Cross-Shareholdings Entity Indicates an Intention to Sell Cross-Held Shares
In the event a company that holds Company shares as cross-shareholdings indicates its intention to sell Company's shares, the Company will take appropriate action to the extent such action does not hindering the sale (e.g., suggesting such trade would results in a retaliatory reduction in business transactions, etc.).

(Principle 1.7 Related-Party Transactions)

In the event that the Company engages in competitive transactions or transactions involving conflicts of interest with directors or major shareholders, etc., the Company shall obtain the approval of the Board of Directors and Audit and Supervisory Committee in accordance with laws and regulations and the Board of Directors Rules and Regulations so as not to harm the common interests of the Company and our shareholders. The Company shall report material facts appropriately to the Board of Directors when such transactions are conducted.

In accordance with the provisions of the Auditing Standards for the Audit and Supervisory Committee, the Audit and Supervisory Committee shall monitor and confirm the presence of any facts that violate the duties of directors involved in such transactions.

(Supplementary Principle 2-4-1)

One of our key values regarding sustainability is empowering people. and ST HD Group (hereinafter "the Group") place great importance on respecting and recognizing diversity and individuality, regardless of age, gender, nationality, disability, sexual orientation, etc.
We believe in the importance of increasing the diversity of our organization to gain an accurate understanding of the diversifying needs of our customers, to create new value, to improve product development, and to step up service quality. Further, the Group has incorporated organizational diversification into our management strategies, and we pursue initiatives to create an environment and structures that support employee careers and allow employees to fully express their talents, adopting work-style reform and improving internal systems to facilitate balance in work and child-rearing.

We also consider the empowerment of women, who account for 75% of our full-time employees, as a priority issue in our diversity management. To this end, we have formulated specific goals and a roadmap under the commitment of top management. Beginning in the fiscal year ended February 2023, female employees began to participate in management meetings such as the Board of Executives, which had consisted entirely of male employees to that point. In this way, the Group plans to foster female executive candidates, encourage discussion, and change the mindset of management. In the fiscal year ending February 2026, we appointed three women were appointed to the Board of Directors, and for the first time, we appointed one woman as an Executive Officer. We intend to reestablish the target for the ratio of women in management positions and foster a workplace environment and climate in which everyone, regardless of gender, easily balances work and child-rearing, creating an environment in which women can contribute over the long term without career interruptions.

Ratio of women in management positions	Target: 45.0% by February 2026	Actual: 36.2% (as of February 2025)
Ratio of women in senior management positions (general managers and above)	Target: 30.0% by February 2026	Actual: 19.8% (as of February 2025)

We appoint persons to management positions according to their abilities and achievements. We do not discriminate based on nationality or seniority. At present, we do not set or disclose targets for appointing mid-career hires or non-Japanese employees to management positions. However, a significant number of mid-career hires serve in important positions, including directors, executive officers, general managers, and department managers. In addition, several non-Japanese nationals serve as Executive Officers or in management positions, and locally hired employees hold many important posts in overseas subsidiaries, including positions as general managers. The central human resources of the Group, including management, consist of a variety of individuals, including mid-career hires and non-Japanese nationals. This structure fosters active discussions from diverse viewpoints and decision-making based on such discussions. Meetings of the Human Resources Development Committee and other meetings regularly address the development and promotion of female directors and management candidates. In this way, we strive to create a pool of human resources in a strategic manner. At Board meetings and Sustainability Committee meetings attended by directors, deliberations are conducted as appropriate and reports are submitted.
Our achievements in diversity have been included in the Ministry of Health, Labour and Welfare's database of companies promoting career advancement for women. For details of the main Group initiatives in the pursuit of diversity, see *III. Measures for Shareholders and Other Stakeholders - 3. Respecting the Position of Stakeholders* in this report.
See disclosures on the Company's corporate website, in the integrated report, and in the annual securities report for information on other sustainability initiatives.

Ministry of Health, Labour and Welfare The Database on Promotion of Women's Participation and Advancement in the Workplace: https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=7193 (Japanese Only)

Corporate Website (Sustainability): https://www.andst-hd.co.jp/english/sustainability/

Integrated Report: https://www.andst-hd.co.jp/english/sustainability/reports/

Securities Report: https://www.andst-hd.co.jp//ir/library/secuity/ (Japanese Only)

(Principle 2-6 Functions as a Corporate Pension Asset Owner)

The Company does not have a corporate pension plan, and therefore we do not manage the invest of reserves for corporate pensions.

(Principle 3.1 Full Disclosure)

(1) Corporate goals (management philosophy, etc.), management strategies, and management plans
The Company strives for full disclosure, and we disclose our corporate philosophy, mission, vision, values, medium-term management plan, etc., through our corporate website, in materials used for financial results presentations, in annual reports, etc.

Corporate website: https://www.andst-hd.co.jp/english/

Financial Results Presentation Materials: https://www.andst-hd.co.jp/english/ir/library/presentation/

Annual Report: https://www.andst-hd.co.jp/ir/library/annual_reports/ (Japanese Only)

Integrated Report: https://www.andst-hd.co.jp/english/sustainability/reports/

(2) Basic stance and basic policy on corporate governance based on the principles of the Corporate Governance Code
The Company formulated Corporate Governance Guidelines, which we disclose on our corporate website.

Corporate Governance website: https://www.andst-hd.co.jp/english/ir/governance/

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

The Company's Board of Directors follows the policies and procedures below when determining director compensation.

■ Policy

- Compensation packages shall be linked to short-, medium-, and long-term business performance and shall be commensurate with the creation of corporate value.
  Given their roles and standpoint of independence, outside directors and directors who are members of the Audit and Supervisory Committee receive only basic compensation (fixed compensation).
- Compensation packages shall be designed to secure outstanding management personnel and contribute to sustainable development.
- Compensation levels shall be appropriate in light of other companies in the same industry, other companies of the same size in other industries, and economic and social conditions.

■ Procedures

- The Company shall establish a voluntary Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors to ensure fairness, appropriateness, and transparency in determining director compensation. ・The Committee shall be chaired by an outside director and consist mainly of outside directors to ensure independence and objectivity.
  Full-time directors who are members of the Audit and Supervisory Committee shall participate as observers to ensure the effective right of the Audit and Supervisory Committee to express its opinion on the compensation of directors who are not members of the Audit and Supervisory Committee.
- Total compensation for directors who are not members of the Audit and Supervisory Committee shall be subject to a resolution of the general meeting of shareholders. The amount of individual director compensation shall be subject to a resolution of the Board of Directors after deliberations have been conducted by the Nomination and Compensation Advisory Committee. Individual director compensation shall be based on the general framework of basic compensation, performance-linked compensation, and performance-linked stock compensation.
- Total compensation for directors who are members of the Audit and Supervisory Committee shall be subject to a resolution of the general meeting of shareholders. The amount of individual director compensation shall consist solely of basic compensation, determined by discussions among members of the Audit and Supervisory Committee based on details of deliberations by the Nomination and Compensation Advisory Committee.

(4) Board policies and procedures in the appointment and termination of the senior management and the nomination of director candidates:
The Company's Board of Directors follows the policies and procedures below when determining and dismissing candidates for directors.

■ Policy

- The Company shall appoint a diverse pool of directors with differing backgrounds of expertise and experience, including persons who are familiar with and have deep knowledge of the Company's businesses, persons who have international experience, such as extensive experience in global companies and overseas operations, and persons who have a wealth of insight as corporate managers.
- The Company shall appoint directors who are members of the Audit and Supervisory Committee who are qualified, independent, and capable of fulfilling the term of office.
- By appointing a multiple number of outside directors, the Company strengthens its supervisory function and accomplishes management transparency by incorporating the viewpoints of people outside the Company who are independent of management.
- The Company shall appoint outside directors who have no material interest in the Group and who are capable of maintaining their independence.
- When circumstances require dismissal (as a lack of qualifications for the execution of duties, etc.), said dismissal shall be based on a comprehensive judgment of relevant factors.

■ Procedures

- The Company shall establish a voluntary Nomination and Compensation Advisory Committee as an advisory body to the Board of directors to ensure fairness, appropriateness, and transparency in determining director nominations and compensation.
  The Committee shall be chaired by an outside director and consist mainly of outside directors to ensure independence and objectivity.
  Directors who are members of the Audit and Supervisory Committee shall participate as observers to ensure the effective right of the Audit and Supervisory Committee to express its opinion on the appointment of directors who are not members of the Audit and Supervisory Committee.
- The representative director shall submit a list of candidates for directors who are not members of the Audit and Supervisory Committee. The Nomination and Compensation Advisory Committee shall deliberate the list, after which the Board of Directors shall make decisions on candidates.
- The representative director shall submit a list of candidates for director who are members of the Audit and Supervisory Committee. The Nomination and Compensation Advisory Committee shall deliberate on the list, after which the Board of Directors shall make decisions on candidates with the agreement of the Audit and Supervisory Committee.
- After deliberations by the Nomination and Compensation Advisory Committee, the Board of Directors make decisions regarding the dismissal of directors which are then submitted to the general meeting of shareholders.

(5) When the Board of Directors provides explanations or make decisions regarding individual dismissals or appointments for director candidates when making appointments or dismissals of candidates for senior management, and director candidates based on (4), above

The reasons for individual appointments and nominations shall be disclosed in the reference materials of the convocation notice of the general meeting of shareholders.
The dismissal of senior managers has not disclosed as no such dismissals have taken place.

(Supplementary Principle 3-1-3)

We recognize the importance of identifying risks and opportunities that could affect our business activities, such as the occurrence of extreme weather events, believed to be caused by climate change, or supply chain disruptions due to natural disasters, and formulating response measures to said risks and opportunities. This response is an important strategy toward sustainable management as we strive to improve the resilience of our business base. At the same time, we project the impact of global warming, fluctuations in resource procurement, water risk, and other environmental factors on our businesses, and we will conduct management that balances business growth with environmental considerations, disclosing information to stakeholders appropriately.

■ Reducing CO_2 emissions

In terms of the environment, we aim to achieve carbon neutrality by 2050, and we follow GHG protocols to monitor CO_2 emissions in our supply chain. In addition to replacing lights with LEDs, switching to/installing energy-conserving equipment in distribution centers, and engaging in other concrete measures to reduce CO_2 emissions, we also optimize transportation routes and collaborate with delivery companies. Beyond these equipment-related measures, we engage in services-related measures that include developing and using materials with low environmental impact, reducing the use of shopping bags, continuing zero incineration of clothing inventory, and expanding the number of stores where we collect clothing donations. We disclose group-wide energy consumption and CO_2 emissions at all major locations in Japan and overseas in our sustainability report.

■ Responding to climate change
In September 2022, the Group expressed support for the Task Force on Climate-related Financial Disclosures (TCFD). Based on the TCFD Guidelines, we strive to identify climate change-related risks and understand climate change-related opportunities throughout the supply chain, making appropriate disclosures. Since climate change entails a high degree of uncertainty, we continue to update related information on a regular basis.

■ Governance structure for addressing environmental and social issues
The Group established the Sustainability Management Office as a department dedicated to promoting sustainability across the group. In this way, we pursue sustainable management that balances considerations of the environment and society. and ST HD established a Sustainability Committee aiming to further strengthen our group-wide pursuit of strategies in non-financial areas. The Sustainability Committee sets group sustainability policy and medium- to long-term goals and manages progress on identified materialities. Additionally, the committee regularly reports to and advises the Board of Directors and the Executive Committee, thereby continuing to enhance corporate value.

■ Promoting sustainability in the fashion industry
The Group has joined forces with Japanese textile companies, retailers, and recyclers to create the Japan Sustainable Fashion Alliance (JSFA). The aim of the JSFA is to transition to a sustainable fashion industry. To achieve the JSFA goals of carbon neutrality by 2050 and zero fashion loss, we discuss issues that are difficult for individual companies to resolve on their own. In this way and others, we continue to promote sustainability in the fashion industry in cooperation with industry and government.

For information on the Company's other initiatives related to sustainability and investments in human capital and intellectual property, see *iii. Measures for Shareholders and Other Stakeholders 3*. Respecting the Position of Stakeholders in this report. We also disclose information on our corporate website, integrated report, and annual securities report.

Corporate Website (Sustainability): https://www.andst-hd.co.jp/english/sustainability/

Integrated Report: https://www.andst-hd.co.jp/english/sustainability/reports/

Securities Report: https://www.andst-hd.co.jp/ir/library/security/ (Japanese Only)

(Supplementary Principle 4-1-1)

The Company stipulates those matters to be resolved by the Board of Directors in the Board of Directors Rules and Regulations. The board makes decisions on basic management policies and important matters, in addition to those matters stipulated in the Articles of Incorporation and laws and regulations. At the same time, the Company shall establish a system to ensure prompt business execution by delegating authority to representative directors under certain criteria, subject to a basic framework that certain important executive decisions shall be subject to prior deliberation by the Executive Council as described below.
Further, the Executive Council, which is attended by all internal directors, full-time members of the Audit and Supervisory Committee and outside directors who are members of the Audit and Supervisory Committee, makes decisions on and executes important matters other than those required to be resolved by the Board of Directors under the Board of Directors Rules and Regulations. Matters decided by the Executive Council, matters delegated to representative directors, and the status of the execution of said decisions are reported to the Board of Directors as necessary.

(Principle 4.9 Independence Standards and Qualification for Independent Outside Directors)

The Company has established standards for defining the independence of outside directors within our Corporate Governance Guidelines, which is disclosed on our corporate website.

Corporate Governance: https://www.andst-hd.co.jp/english/ir/governance/

(Supplementary Principle 4-10-1)

The Company shall establish a voluntary Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors to ensure fairness, appropriateness, and transparency in nominating directors and determining director compensation. The Nomination and Compensation Advisory Committee is chaired by an outside director and consists of four outside directors who are not members of the Audit and Supervisory Committee and a representative director. Outside directors form the main constituency of the committee to ensure independence and objectivity. One director who is a full-time member of the Audit and Supervisory Committee shall participate as an observer to ensure the effective right of the Audit and Supervisory Committee to express its opinion on the appointment of and compensation for directors who are not members of the Audit and Supervisory Committee. The purpose of the committee is to improve the fairness, appropriateness, and transparency in the selection director candidates, as well as the dismissal of directors and selection and dismissal of representative directors, and executive directors. The committee is also responsible for policies and procedures for fostering successors of representative directors and the compensation of directors. The committee deliberates on these matters and reports the results to the Board of Directors.

(Supplementary Principle 4-11-1)

The Company has appointed three internal directors and four outside directors who are not members of the Audit and Supervisory Committee, one internal director who is a full-time member of the Audit and Supervisory Committee, and two outside directors who are members of the Audit and Supervisory Committee. Of the 10 directors, three directors are female.
The Company believes that we have appointed a diverse pool of directors with differing backgrounds of expertise and experience, including persons who are familiar with and have deep knowledge of the Company's businesses, persons who have international experience, such as extensive experience in global companies and overseas operations, and persons who have a wealth of insight as corporate managers. Further, directors' range in age from forty to seventy years.
We have appointed directors who are members of the Audit and Supervisory Committee who have sufficient knowledge of finance, accounting, and legal affairs, including one individual with corporate management experience, one individual with experience working in financial institutions, and one attorney.
Accordingly, we believe that the Board of Directors as a whole is balanced and appropriately diverse. However, we will continue to strive to ensure and improve diversity, including diversity in terms of gender and internationality. The Company has prepared a skills matrix describing the knowledge, experience, and abilities of each director. This skills matrix is disclosed in the reference materials for the 75th Ordinary General Meeting of Shareholders and at the end of this report.

(Supplementary Principle 4-11-2)

On an annual basis, the Company discloses the status of important concurrent positions held by directors in this report, in our annual securities report, and in the convocation notice of the general meeting of shareholders.

Securities Report: https://www.andst-hd.co.jp/ir/library/security (Japanese Only)

Convocation Notice of the General Meeting of Shareholders: https://www.andst-hd.co.jp/english/ir/stock/general_meeting_of_shareholders/

(Supplementary Principle 4-11-3)

The Company conducts a self-assessment of the effectiveness of the Board of Directors to identify current issues and improve the function of the board. This self-assessment is conducted by means of anonymous questionnaires for directors, and the Board of Directors analyzes and evaluates the results. Beginning in the fiscal year ended February 2020, the Company has outsourced the review of the questionnaire questions and the tabulation and analysis of results to an external organization. This method ensures objectivity and transparency of evaluation results and allows the Company to utilize information from other companies and knowledge from outside sources.

The Company believes that the Board of Directors consists of an appropriately balanced and diverse membership, and that the board fosters a culture of vigorous discussion among members, including independent outside directors. Accordingly, we believe we have ensured sufficient effectiveness in decision-making and supervision of business execution by the Board of Directors. We received high scores, in particular, for board meeting agenda and time set aside for deliberation, effective supervision of nominations and compensation, and communication with shareholders. The Board made significant improvement in the prior distribution of meeting materials and explanations in advance of Board meetings, which was an issue in the previous fiscal year. At the same time, we identified issues continuing from the previous year, including (1) issues related to diversity, (2) the optimization of our business portfolio and appropriate allocation of management resources, and (3) supervision over succession planning.

In terms of (1) issues related to diversity, we now have three women in director positions as of the fiscal year ending February 2026, increasing the number of women in director positions by one. We also appointed one woman as an executive officer for the first time to encourage discussions and decision-making from diverse perspectives. More details regarding Company initiatives in the pursuit of diversity are described in *III. Measures for Shareholders and Other Stakeholders 3. Respecting the Position of Stakeholders* in this report.

In terms of (2) optimizing our business portfolio and the appropriate allocation of management resources, the Board of Directors continues to discuss our business portfolio and allocation of management resources based on our medium-term management plan, announced on April 4, 2025.

We recognize (3) supervision over CEO succession planning to be one of the most important management issues, and we will continue to discuss succession planning within the Nomination and Compensation Advisory Committee and in Board of Directors meetings in light of our transition to a holding company structure.

We will continue to improve the effectiveness of the Board of Directors throughout the 76th fiscal period (ending February 2026), giving consideration to these issues.

(Supplementary Principle 4-14-2)

The Company provides the training and information necessary for directors to fulfill their roles and responsibilities properly and in accordance with the following policies.

■ Training Policy

- Directors (including outside directors) shall endeavor to collect information and acquire knowledge, as appropriate, regarding the environment surrounding the Company's businesses, the details of laws and regulations related to the Company's businesses, the Company's state of affairs, issues, etc., for the purpose of making appropriate decisions on various issues. The Company shall bear the costs of such training and education, including participation in external seminars, after following the prescribed procedures.
- The Company shall provide opportunities for newly appointed Directors (including outside directors) to acquire knowledge of the Company's management strategies, financial position, and other important matters.

(Principle 5.1 Policy for Constructive Dialogue with Shareholders)

The Company strives to obtain an understanding of management strategies, etc., via dialogue with shareholders. The Company also strives to consider the interests, opinions, and concerns of shareholders obtained through dialogue in the management of the Company.

1. IR Organization

The Senior Managing Director has been appointed as the IR Executive responsible for constructive dialogue with shareholders. The Corporate Planning Office plays a central role in the dialogue with shareholders. The office endeavors to engage in meaningful dialogue by providing opportunities to communicate information on a daily basis with departments that assist in dialogue, including accounting, finance, legal, other administrative departments, and the sales department.

Corporate Governance: https://www.andst-hd.co.jp/english/ir/governance/

2. Method of dialogue

In addition to telephone interviews, small meetings, and other IR interviews with shareholders and investors, the Company holds financial results presentations four times yearly for analysts and institutional investors. The Company also holds a shareholder gathering for individual investors after the General Meeting of Shareholders. The representative director and other directors explain the details of financial results, business forecasts, management strategies, etc., at financial results presentations and shareholder gatherings. We also issue an integrated report for the purpose of disclosing information, including non-financial information, to ensure shareholders have a better understanding of and ST HD corporate value.

Integrated Report: https://www.andst-hd.co.jp/english/ir/library/integrated_report/

3. Feedback to the Board of Directors

Opinions and concerns raised by major shareholders and investors at these meetings are reported to the Board of Directors and the Executive Council to ensure information is shared with directors and executive officers.

4. Insider Information Management

The Company strives to disclose information in a fair and timely manner. When engaging in dialogues with shareholders, we endeavor to manage information in accordance with Insider Information Management Rules to prevent the leakage of undisclosed important internal information to outside parties.

The Company has established a Basic Policy on Constructive Dialogue with Shareholders within our Corporate Governance Guidelines, which is disclosed on our corporate website.

4. Status of Shareholder Dialogue

The status of our dialogue with shareholders is disclosed on our corporate website.

Status of Shareholder Dialogue: https://www.andst-hd.co.jp/english/library/coverage/

[Action to Implement Management That Is Conscious of Cost of Capital and Stock Price]

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	04/04/2025

Explanation of Action Updated

To achieve long-term growth and increase corporate value, the Company formulated and disclosed a plan reflecting our awareness of the capital market by clearly stating guidelines for ROE, PER, and shareholder return. This plan is included in the and ST HD Medium-Term Management Plan 2030. The main details are as follows.

・In addition to improving profitability, the Company will seek to improve capital efficiency by expanding businesses that do not have physical locations or inventories.

・In addition to earnings per share growth, we aim to answer expectations for performance growth through a platform business and M&A. We will make the results of each business over the medium to long term more visible through a transition to a holding company structure.

・We intend to enhance shareholder returns by returning the benefits of our growth to shareholders.

・In addition to an existing policy call for a dividend payout ratio of 30%, the Company plans to adopt a DOE standard for dividends. As a basic policy, we aim to achieve ROE of 15% or higher on a consistent basis. We intend to maintain dividend stability, even considering temporary variances in return on capital.

We provide more details under *Cash Allocation* and *Management Conscious of the Cost of Capital* in Medium-Term Management Plan 2030 (pp. 12-13).

Medium-Term Management Plan 2030: https://www.andst-hd.co.jp/english/ir/library/management_plan/

2. Capital Structure

Percentage of Shares Held by Foreign Nationals	Between 10% and 20%

[Major Shareholders] Updated

Name of Individual or Company	No. of Shares Held (Shares)	No. of Shares Held (%)
Fukuzo Co., Ltd.	17,132,486	36.62
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,687,500	7.88
TOYOSHIMA & Co., Ltd.	2,000,000	4.27
Custody Bank of Japan, Ltd. (Trust Account)	1,552,800	3.32
Michio Fukuda	922,040	1.97
and ST HD Employee Shareholding Association	645,773	1.38
JP Morgan Securities Co., Ltd.	544,985	1.16
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	470,100	1.00
STATE STREET BANK AND TRUST COMPANY 505103	464,982	0.99
The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account, 75954)	444,189	0.95

Majority Shareholders (Excluding Parent Company)	―――
Parent Company	None

Supplementary Explanation

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3. Corporate Overview

Stock Exchange Listing and Section	Tokyo Stock Exchange, Prime Market
Fiscal Year End	February

Industry Sector	Retail
Number of Employees at End of Previous Fiscal Year (Consolidated)	More than 1,000
Net Sales in the Previous Fiscal Year (Consolidated)	Between ¥100 billion and ¥999 billion
Number of Consolidated Subsidiaries at the End of Previous Fiscal Year	Between 10 and 49

4. Guidelines on Measures to Protect Minority Shareholders During Dealings with Majority Shareholders

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5. Other Special Conditions That May Have a Major Influence on Corporate Governance

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II Administrative Organizational Structure Covering Decision-Making, Execution, and Supervision in Management Activities, and Other Corporate Governance Systems

1. Matters Related to Institutional Structure and Organizational Operations

Organizational Form	Company With an Audit and Supervisory Committee

[Director Relationships]

Number of Directors Under Articles of Incorporation	17
Director Term of Service Under Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors Updated	10
Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Outside Directors Designated as Independent Directors	6

Relationships to the Company (1)

Name	Category	Relationship to the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Koichi Mizutome	Member of another company											
Tatsuhiro Matsuoka	Member of another company											
Etsuko Shakespeare	Member of another company											
Xiqiao Liu	Member of another company											
Kazuhiko Ebihara	Member of another company											
Kyoko Mogi	Attorney											

*** Categories of Relationships to the Company**
*** A ○ icon indicates a category applicable to said person currently or recently. A △ icon indicates a category applicable to said person in the past.**
*** A ● icon indicates a category applicable to a close family member currently or recently. A ▲ icon indicates a category applicable to a close family member in the past.**

a Executive of a listed company or its subsidiary
b Executive or non-executive director of the parent company of a listed company
c Executive of a fellow subsidiary of a listed company
d Person of a listed company considered major client, or an executive of said company
e Major client of a listed company or an executive of said company
f Consultant, accounting expert, or legal expert receiving a large monetary sum or other property other than corporate officer compensation
g Major shareholder of a listed company (if the major shareholder is a corporation, an executive of said corporation)
h Executive (said person only) of a client (not covered by items d or e) of a listed company
i Previously said executive (said person only) with connection to the mutual appointment of an outside corporate officer
j Previously said executive (said person only) of a listed company making donations
k Other

Relationships to the Company (2)

Name	Members of the Audit and Supervisory Committee	Independent Directors	Supplementary Explanations for Applicable Items	Reason for Election
Koichi Mizutome		○	Director, Special Adviser, FOOD & LIFE COMPANIES Ltd.	In our opinion, Mr. Mizutome is capable of providing supervision, advice, etc., with respect to directors and their execution of duties, mainly from the perspective of a manager involved in global and varied businesses, based on his experience in corporate reform at global consulting firms, as well as his wealth of experience and insight cultivated as a manager at major global companies, which we believe will be beneficial in the management of the Company. We have also determined that Mr. Mizutome meets the requirements for impartiality stipulated by the Tokyo Stock Exchange and that he has no potential conflict of interest with general shareholders. Therefore, we have designated him as an independent director and registered with the Tokyo Stock Exchange.
Tatsuhiro Matsuoka		○	President and COO, Rise Consulting Group, Inc.	In our opinion, Mr. Matsuoka is capable of providing supervision, advice, etc., with respect to directors and their execution of duties, mainly from the perspective of an expert in IT, digital, and information security, based on his record of achievements as general manager of services and information security divisions at major companies (IT consulting), in the IT and digital fields, which we believe will be beneficial in the management of the Company. We have also determined that Mr. Matsuoka meets the requirements for impartiality stipulated by the Tokyo Stock Exchange and that he has no potential conflict of interest with general shareholders. Therefore, we have designated him as an independent director and registered with the Tokyo Stock Exchange.
Etsuko Shakespeare		○	Director, Branding & Agency Partnership, Google Japan	In our opinion, Ms. Shakespeare is capable of providing supervision and advice, etc., with respect to directors and their execution of duties, mainly from the perspective of her wealth of experience in global corporations and expertise in digital marketing, based on leading marketing and advertising sales at major global entertainment and IT companies, which we believe will be beneficial to the management of the Company. We have also determined that Ms. Shakespeare meets the requirements for impartiality stipulated by the Tokyo Stock Exchange and that he has no potential conflict of interest with general shareholders. Therefore, we have designated her as an independent director and registered with the Tokyo Stock Exchange.
Xiqiao Liu		○	President, SUNNY SIDE UP, Inc.	In our opinion, Ms. Xiqiao is capable of providing supervision, advice, etc., with respect to directors and their execution of duties, mainly from the perspective of her wealth of experience in marketing and management at numerous companies based on many years of experience as head of marketing at several global companies, in addition to experience and knowledge gained at overseas subsidiaries and with her current company, which we believe will be beneficial in the management of the Company. We have also determined that Ms. Xiqiao meets the requirements for impartiality stipulated by the Tokyo Stock Exchange and that he has no potential conflict of interest with general shareholders. Therefore, we have designated her as an independent director and registered with the Tokyo Stock Exchange.
Kazuhiko Ebihara	○	○	———	In our opinion, Mr. Ebihara is capable of providing supervision, advice, etc., with respect to directors and their execution of duties, mainly from the perspective of an expert in finance and accounting based on his abundant experience and professional knowledge in investment banking company operations, reflecting the same in audits of the Company, which we believe will be beneficial to the management of the Company. We have also determined that Mr. Ebihara meets the requirements for impartiality stipulated by the Tokyo Stock Exchange and that he has no potential conflict of interest with general shareholders. Therefore, we have designated him as an independent director and registered with the Tokyo Stock Exchange.
Kyoko Mogi	○	○	Southgate (registered association), Attorney	In our opinion, Ms. Mogi is capable of providing supervision, advice, etc., with respect to directors and their execution of duties, mainly from the perspective of compliance management, etc., as an attorney, based on her abundant experience and professional knowledge in corporate law as an attorney, reflecting the same in audits of the Company, which we believe will be beneficial in the management of the Company.

				We have also determined that Ms. Mogi meets the requirements for impartiality stipulated by the Tokyo Stock Exchange and that she has no potential conflict of interest with general shareholders. Therefore, we have designated her as an independent director and registered with the Tokyo Stock Exchange.

[Audit and Supervisory Committee]

Member Composition and Chairperson Attributes

	Total Number of Members	Number of Full-time Members	Number of internal directors	Number of Outside Director	Chairperson
Audit and Supervisory Committee	3	1	1	2	Internal Director

Presence of directors and employees to assist the Audit and Supervisory Committee in its duties	Yes

Matters concerning the independence of such directors and employees from executive directors

The Company assigns staff to the Audit and Supervisory Committee. Our basic policy regarding internal controls provides that staff members assigned to the Audit and Supervisory Committee shall assist the Audit and Supervisory Committee in its duties, answerable only to the instructions and requests of the Audit and Supervisory Committee. Any appointment, transfer, evaluation, etc., of such staff shall be approved in advance by the Audit and Supervisory Committee.

Coordination Among Members of the Audit and Supervisory Committee, Financial Statement Auditors, and Internal Audit Department

■Coordination Between Members of the Audit and Supervisory Committee and Financial Statement Auditors
- The Audit and Supervisory Committee and the financial statement auditor hold regular meetings.
- At the beginning of each fiscal year, the audit plan for the fiscal year is discussed and confirmed. The results of the review or audit are reported at the end of each quarter and at the end of the fiscal year.
- At the end of the fiscal year, the Company receives the audit report from the financial statement auditor and conducts a question-and-answer session regarding year-end financial results. The audit report is also presented to the Audit and Supervisory Committee.
- In addition to the meetings above, the Company exchanges opinions with the financial statement auditor as necessary.

■Coordination between the Audit and Supervisory Committee and the Internal Audit Department
- At the beginning of each fiscal year, members of the Audit and Supervisory Committee meet with the Internal Audit Department to discuss audit policies and the audit plan for the current fiscal year.
- The Internal Audit Department conducts internal audits based on audit policies and audit plans as instructed by the Audit and Supervisory Committee. The purpose of these audits is to quickly detect or prevent the recurrence of inappropriate business practices within the Company and its consolidated subsidiaries.
- The internal audits conducted by the Internal Audit Department are attended by directors who are also members of the Audit and Supervisory Committee as necessary, to inspect audit materials and answer questions.
- The Internal Audit Department conducts audits of each store, while members of the Audit and Supervisory Committee read the audit reports and express opinions as necessary.
- The Audit and Supervisory Committee receives reports from time to time on the results of audits by the Internal Audit Department on the appropriateness of business execution and an evaluation of the effectiveness of the internal control system. The Committee makes recommendations for improvement measures as necessary.
- Directors who are members of the Audit and Supervisory Committee attend Internal Audit Department debriefing sessions, receive reports on the progress of internal controls, and make recommendations for improvements as necessary.
- The Audit and Supervisory Committee and Internal Audit Department staff have maintained an environment in which they understand that status of each other's activities and exchange information and opinions when necessary.

[Optional Committees]

Establishment of an optional committee corresponding to a Nominating Committee or Compensation Committee	Yes

Establishment of an optional committee, members of the committee, and attributes of the chairperson of the committee

	Committee Name	Total Number of Members	Number of Full-time Members	Number of internal directors	Number of Outside Director	Number of Outside Experts	Other	Chairperson
Optional Committee Corresponding to the Nominating Committee	Nomination and Compensation Advisory Committee	5	0	1	4	0	0	Outside Director
Optional Committee Corresponding to the Compensation Committee	Nomination and Compensation Advisory Committee	5	0	1	4	0	0	Outside Director

Supplementary Explanation

The Company established the Nomination and Compensation Advisory Committee for the purpose of improving the fairness, appropriateness, and transparency of the selection, dismissal and compensation of directors. The committee is chaired by an outside director and consists of five members: four outside directors, one representative director, and one director who is a full-time member of the Audit and Supervisory Committee and who participates as an observer. As an advisory body to the Board of Directors, the committee deliberates and reports on the selection of director candidates, the design of the director compensation plan, and the amount of director compensation.
The activities of the Nomination and Compensation Advisory Committee for the 75th term (ended February 2025) were as follows:

・Number of meetings:	12
・Attendance (average attendance rate):	98.5%
・Major matters considered:	In addition to deliberations regarding the election of director candidates and individual director compensation, meetings focused on considerations of candidates for new outside directors and revisions to director compensation, etc.

[Independent Director Relationships]

Number of Independent Directors Updated	6

Other Items Related to Independent Directors

The Company created the Criteria for Appointing Independent Directors to prescribe independence standards for outside directors, disclosing said standards in the Corporate Governance Guidelines. The Company's outside directors, Koichi Mizutome, Tatsuhiro Matsuoka, Etsuko Shakespeare, Xiqiao Liu, Kazuhiko Ebihara, and Kyoko Mogi, satisfy the requirements for independent directors as stipulated in the Criteria for Appointing Independent Directors as established by the Company and the Tokyo Stock Exchange. There is no potential conflict of interest between these outside directors and the Company’s general shareholders.
The Company has designated all outside directors as independent directors as provided by the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange to that effect.

Corporate Governance
https://www.andst-hd.co.jp/english/ir/governance/

[Incentives]

Remunerative Incentives for Directors	Performance-Linked Compensation, Other

Supplementary Explanation

The Company pays performance-linked compensation to directors (excluding outside directors; same below) who are not members of the Audit and Supervisory Committee in an amount based on the degree of achievement of the business plan in question.
Further, the Company delivers to directors who are not members of the Audit and Supervisory Committee Company shares as performance-linked stock compensation in an amount equivalent to the standard amount for the individual director and an amount representing the degree of achievement of earnings targets for the fiscal year under review. For details, please refer to 4 Corporate Governance (4) Officer Compensation in the 75th Annual Securities Report for the 75th term (Japanese only).

Persons Eligible for Stock Options	

Supplementary Explanation

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[Matters Related to Director Compensation]

Disclosure of Individual Director Compensation	Only compensation for certain individuals are disclosed

Supplementary Explanation

The total amount of compensation, etc., for directors and the total amount of compensation, etc., for outside directors are as stated in the Company's business report. Individuals whose total amount of consolidated compensation, etc., exceeds 100 million yen are disclosed individually in the annual securities report.

Policy for Determining Compensation Amount and Method of Calculation	Yes

Information Disclosure for Regarding Policy for Determining Compensation Amount and Method of Calculation

The Company adopted a resolution on the policy for determining the details of compensation, etc., of individual directors who are not members of the Audit and Supervisory Committee. The Board of Directors consults with the Nomination and Compensation Advisory Committee on the details of resolutions to be adopted in advance and receives reports from the committee. The details of the policy for determining the compensation, etc., of individual directors who are not members of the Audit and Supervisory Committee are as follows.

1. Basic Policy
 ・Compensation packages shall be linked to short-, medium-, and long-term business performance and shall be commensurate with the creation of corporate value.
 ・Compensation packages shall be designed to secure outstanding management personnel and contribute to sustainable development.
 ・Compensation levels shall be appropriate in light of other companies in the same industry, other companies of the same size in other industries, and economic and social conditions.

2. Matters related to the composition of compensation and the determination of the compensation, etc., for directors who are not members of the Audit and Supervisory Committee and individual director compensation, etc.
 The basic framework of compensation for directors who are not members of the Audit and Supervisory Committee ("Directors," below) consists of basic compensation, performance-linked compensation, and performance-linked stock compensation.
 Outside directors receive only fixed compensation regarded as basic compensation, given the viewpoint of their roles and independence.
 To ensure Director compensation provides incentives for Directors to increase corporate value in consideration of the business environment surrounding the Company, the Company conducts periodic surveys and analyses of compensation levels at industry peer companies and companies of similar size as benchmarks, determining compensation levels and renumeration composition ratios based in line with basic policies regarding Director renumeration (excluding Outside Directors). The ratio of fixed compensation (basic compensation) to performance-linked compensation (performance-linked compensation and performance-linked stock-based compensation) shall be determined for each position. In principle, the higher the position, the higher the ratio of performance-linked compensation.
 Details of compensation, etc., for Directors and individual amounts shall be within the scope approved at general meetings of shareholders. After deliberation by the Nomination and Compensation Advisory Committee (optional committee), said details and amounts shall be determined by the Board of Directors.

3. Policy Regarding the Determination of Basic Compensation (Monetary Compensation) Amounts Paid to Individuals (Including Policy Regarding Determination of the Timing or Conditions for Granting Renumeration, Etc.)
 The amount of basic compensation is determined according to the position and responsibilities, paid at a fixed amount monthly.

4. Policy Regarding for Determining the Details and Method to Calculate Amount and Number of Performance-Linked Renumeration and Non-Monetary Renumeration, Etc. (Including Policy Regarding Determination of the Timing or Conditions of Granting Renumeration, Etc.)
 (1) Performance-linked compensation
  Directors (excluding outside directors) shall receive payment within the range of 0% to 200% of a base amount determined in line with the position and degree of achievement of the Director (excluding Outside Directors) in question.
  The Company's basic policy is to link performance evaluations mainly to short-term business results and the creation of corporate value. Based on this policy, the Company uses the degree of achievement in targets related to year-on-year growth and performance versus plan for consolidated net sales and performance versus plan for consolidated operating income (before amortization of goodwill) for the fiscal year under evaluation to determine the amount payable in a lump sum to be paid in the prescribed month during said year.
 (2) Performance-linked stock compensation (non-monetary compensation, etc.)
  Directors (excluding outside directors) shall receive a number of points determined within a range of 0% to 200% of t
  he base number of shares to be delivered to Directors in line with the position and degree of achievement of the Director in question.
  The Company's basic policy is to link performance evaluations mainly to short-, medium-, and long-term business results and the creation of corporate value. Based on this policy, the Company uses the results of comparing total shareholder return for the fiscal year under evaluation with the benchmark TOPIX growth rate, the degree of achievement toward consolidated ROE targets, the degree of achievement toward employee satisfaction scores, and a year-on-year comparison of the Company's e-commerce gross merchandise value to evaluate performance.

Points shall be calculated as of the end of February of the fiscal year under evaluation and awarded at a certain time in the same year.
Upon retirement, a retiring Director who meets the prescribed requirements for a beneficiary shall be granted shares equivalent to a certain percentage of points. The shares equivalent to any remaining points shall be converted into cash within the trust in accordance with the provisions of the trust agreement and paid in an amount equivalent to the conversion price.

5. Important Matters Concerning the Determination of Details for Individual Director Compensation, Etc.
In the event that a Director violates compliance items or obligations provided by laws, regulations, and Director rules and regulations, the Company may demand the return of money equivalent to shares, etc., delivered and said Director will forfeit the beneficial interest in such shares delivered under the performance-linked stock compensation plan.

[Support System for Outside Directors]

The Legal Affairs Department, the Finance Department, the Corporate Planning Office, the Human Resources Department, other administrative departments, and the Internal Audit Department assist outside directors. The Legal Affairs Department provides information on agenda items for the Board of Director meetings and requests for approval, etc. The Finance Department provides information on financial performance and cash flow, while the Corporate Planning Office provides information on free discussions after Board meetings and management strategy. The Human Resources Department provides information related to the Nomination and Compensation Advisory Committee, and the Internal Audit Department provides information on audit operations. In addition, full-time staff assigned to the Audit and Supervisory Committee provide support to outside members of the Audit and Supervisory Committee.

2. Matters on Functions Related to Business Execution, Auditing and Supervision, Appointments, and Compensation (Overview of Current Corporate Governance System) Updated

1. Overview of the Current Structure

The Company transitioned to a company with an Audit and Supervisory Committee to improve corporate governance further by delegating authority for certain important business decisions from the Board of Directors to individual directors, speeding the pace of decision-making and strengthening the supervisory function of the Board of Directors. This transition was approved at the 74th Ordinary General Meeting of Shareholders held on May 23, 2024. We also changed the trade name to “and ST HD Co., Ltd.” from September 1st, as we transitioned to a pure holding company structure.
In terms of business operations, we will accelerate business speed through swift decision-making and execution by delegating authority to our operating subsidiaries. At the same time, we will ensure proper governance by formulating fundamental management policies, growth strategies, and business portfolio strategies for the entire Group, conducting appropriate monitoring, and making decisions on important matters.
The Board of Directors is chaired by the president and representative director and consists of seven Directors who are not members of the Audit and Supervisory Committee (including four Outside Directors) and three Directors who are members of the Audit and Supervisory Committee (including two Outside Directors). The Board of Directors is the highest management decision-making body for the the Group. The Board deliberates and resolves important matters and monitors and supervises the execution of business operations, holding regular monthly meetings and extraordinary meetings as necessary.
The Audit and Supervisory Committee consists of three Directors as members, one of whom is a full-time member and two of whom are Outside Director members. Directors who are members of the Audit and Supervisory Committee attend Board of Director meetings, Corporate Governance Committee meetings, Executive Council meetings, and other important meetings and view important approval documents to gain an understanding of the state of management in a timely manner and to conduct audits of the legality of the execution of business by Directors who are not members of the Audit and Supervisory Committee.

The activities of the Board of Directors for the 75th fiscal period (ended February 2025) were as follows:

■ Board of Directors

・Number of meetings:	15
・Attendance (average attendance rate):	98.9%
・Main topics of discussion	The Board of Directors reviewed and approved important matters based on the Board of Director Rules and Regulations, including financial results and dividends, appointments and dismissals of directors and executive officers, compensation for directors, establishment of consolidated subsidiaries, absorption-type mergers and absorption-type splits, etc. The Board also discussed the progress of the medium-term management plan, the formulation of a new medium-term management plan, organizational restructuring, evaluation of the effectiveness of the Board of Directors, improvement of internal controls, sustainability, and other issues.

In addition, the Company has established the Corporate Governance Committee, the Nomination and Compensation Advisory Committee, and the Compliance Committee as voluntary committees that serve as advisory bodies to the Board of Directors. The details of the deliberations of each committee are as follows.

■Corporate Governance Committee
Matters related to the establishment of the Group's corporate governance and internal control systems

■Nomination and Compensation Advisory Committee
Policies and procedures for the election and dismissal of directors, representative directors, and executive directors; training of candidates to succeed representative directors; director compensation

■Compliance Committee
Important policies to ensure comprehensive compliance

The Company created an Executive Council attended by internal directors, directors who are members of the Audit and Supervisory Committee, group executive officers, and others. The Council makes decisions on important matters other than those resolved by the Board of Directors, conducts advanced deliberations on matters that the Board of Directors has delegated to the Representative Directors under the Company’s Articles of Incorporation, and shares information on business execution in a timely manner.
The Company has adopted an executive officer system for the purpose of separating management supervision from business execution. Executive officers are appointed by resolution of the Board of Directors and serve for a term of one year. As of the date of submission of this report, the Company has appointed 9 executive officers.
Through these efforts, the Company is building a corporate governance structure that promises transparency, soundness, and efficiency in management to shareholders and other stakeholders.
The Internal Audit Department conducts internal audits based on audit policies and audit plans as instructed by the Audit and Supervisory Committee. The purpose of these audits is to quickly detect or prevent the recurrence of inappropriate business practices within the Company and its consolidated subsidiaries. Audit results regarding the state of business practices and the effectiveness of the internal control system are reported to the representative director and members of the Audit and Supervisory Committee. The results are discussed as necessary in Board of Director meetings, Corporate

Governance Committee meetings, Compliance Committee meetings, and Executive Council meetings. In addition, the Internal Audit Department visits consolidated subsidiaries periodically to inspect various documents and conduct audits.

2. Overview of Limited Liability Agreements

Pursuant to the provisions of Article 427-1 of the Companies Act and the Company's Articles of Incorporation, the Company enters into agreements with individual Outside Directors to limit their liability for damages under Article 423-1 of the Companies Act to the minimum liability as provided in Article 425-1 of the same act.

3. Reasons for Selecting Current Corporate Governance System Updated

The Company considers enhancing corporate governance to be an important management issue. To this end, we develop organizations, systems, and resolution bodies to strengthen our corporate structure and establish a system of management.
The Company transitioned to a company with an Audit and Supervisory Committee to improve corporate governance further by delegating authority for certain important business decisions from the Board of Directors to individual directors, speeding the pace of decision-making and strengthening the supervisory function of the Board of Directors. We appointed six Outside Directors to strengthen the supervisory function of the Board of Directors and the audit function over Director performance.
We believe this structure ensures the transparency, soundness, and efficiency of management for shareholders and other stakeholders.

III Measures for Shareholders and Other Stakeholders

1. Efforts to Boost Participation in General Shareholder Meetings and to Facilitate Exercise of Voting Rights

	Supplementary Explanation
Scheduling Meetings to Avoid Peak Meeting Day	The Company schedules ordinary general meetings of shareholders on a Wednesday or Thursday in late May every year. We do not schedule meetings in consideration of peak meeting days.
Electronic Exercise of Voting Rights	The Company adopted the exercise of voting rights via electronic means beginning with the 57th Ordinary General Meeting of Shareholders (2007).
Improve Voting Environment for Institutional Investors (Participation in the Electronic Voting Platform, Etc.)	Beginning with the 57th Ordinary General Meeting of Shareholders (2007), the Company has participated in the ICJ, Inc. electronic voting platform.
Invitations (Overview) Sent in English	The Company has provided an English version of convocation notices (Summary) since the 66th Ordinary General Meeting of Shareholders (2016).
Other	Prior to the sending of convocation notices for general meetings of shareholders, we post the content of said convocation notice on the Company's corporate website.

2. Investor Relations Activities Updated

	Supplementary Explanation	Explanation from Representative
Creation and Announcement of Disclosure Policy	In addition to the basic policy on disclosures, the Company has established disclosure methods, notes on earnings forecasts, etc., and an IR quiet period, the schedule for which is posted on the Company's corporate website. Corporate Website (IR Policy) https://www.andst-hd.co.jp/ir/policy/ (Japanese Only)	
Regular Briefings for Individual Investors	The Company holds shareholder gatherings for individual shareholders and others after the General Meeting of Shareholders.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings and individual meetings after the announcement of quarterly financial results.	Yes
Regular Briefings for Overseas Investors	In principle, Directors and others visit institutional investors in Europe, the U.S., Asia, and other regions at least once per year to explain the Company's financial status, future strategies, and other matters. In addition, we participate in conferences for institutional investors organized by securities firms and provide explanations to overseas investors. We also hold individual meetings with overseas institutional investors in person or online, etc., as needed, and conduct meetings in English as required.	Yes
Posting of IR Materials on Website	In addition to the materials disclosed to the Tokyo Stock Exchange and in our Annual Securities Report, the Company also posts briefings on financial results and other materials related to corporate information on our corporate website. Corporate Website (IR): https://www.andst-hd.co.jp/english/ir/	
Establishment of Investor Relations Department	[Department in charge of IR] IR Executive Director : Senior Managing Director IR Contact : Corporate Planning Office	

3. Respecting the Position of Stakeholders

Updated

	Supplementary Explanation
Respecting the Position of Stakeholders Under Internal Rules and Regulations	Our Group Code of Ethics, Group Procurement Policy, and Group Procurement Guidelines provide and disclose matters related to respect for shareholders. The Company creates systems that encourage employees to use their personalities regardless of their attributes (clear evaluation standards, evaluations conducted by multiple persons) and provides training for evaluators. In this way, we foster understanding and raise awareness among managers, leading to the development of workplace environments that respect diversity and foster improved management. The Company has also established an anonymous whistle-blowing system (*Whistle Line*), anti-harassment training for all domestic group employees, an annual circulation of written pledges to the Group's Code of Ethics for all employees, and a program related to health issues specific to women. In this way, we strive to create workplace environments in which employees can express their individuality. We established a Group Procurement Policy, which aims to ensure fair and ethical transactions in in our business partnerships. We also established the Group Procurement Guidelines, which specify the standards we expect our business partners to observe. In this way, we demonstrate our commitment to conducting business together with our business partners in a manner that respects the position of all stakeholders. Group Code of Ethics https://www.andst-hd.co.jp/english/ir/governance/compliance/ Group Procurement Policy and Group Procurement Guidelines: https://www.andst-hd.co.jp/english/sustainability/theme/community/supply-chain/
Implementation of Environmental Protection Activities and CSR Activities	The and ST HD Group Sustainability Policy is "Taking the Excitement of Fashion Into the Future." The key concepts of protecting the environment, empowering people, and growing with local communities take into account the relevance of social issues in our business. In line with these concepts, we have established a vision and defined issues with which to engage. In addition, we set specific targets for materilities in line with each key concept, pursuing sustainable corporate activities worthy of support from our employees. We understand that sustainability initiatives are an important management issue. We are committed to solving global-scale issues through our business activities, and we conduct sustainability-oriented management toward both economic growth and sustainable societies. As part of these efforts, we established the Sustainability Committee in the 74th fiscal period (ended February 2024). We also established the Sustainability Management Office in the 75th fiscal period (ended February 2025) to strengthen the implementation of strategies in non-financial areas across the Group. We respond to the trust and expectations of our stakeholders faithfully by identifying materialities related to the cornerstones of our medium-term management plan and business policies, as well as through appropriate information disclosures. The Sustainability Committee sets sustainability policy and medium- to long-term goals and manages progress on identified materialities. Additionally, the committee reports to and advises the Board of Directors and the Executive Committee, strengthening the group implementation systems and enhancing corporate value. Information on our sustainability activity policies, the progress of specific sustainability activities, and progress toward goals can be found in our corporate materials, integrated report, and on our corporate website and in other publications. Corporate Website (Sustainability): https://www.andst-hd.co.jp/english/sustainability/ Integrated Report: https://www.andst-hd.co.jp/english/sustainability/reports/
Establishment of Policies, Etc., Related to Providing Information to Stakeholders	Referencing human capital disclosure guidelines of value enhancement, risk management, uniqueness," and comparability, and ST HD and the Group's internal Directors, Executive Officers, and general managers engage in discussions regarding information disclosure metrics and disclosure policies in Board of Executives meetings, Sustainability Committee meetings, and other meetings. Subsequent to these discussions, we engage in a wide range of information disclosures beyond quantitative results tied to enhanced corporate value, including information related to human resources and society that may be an issue in the future.

<table><tr><td>Other</td><td>
Considering the relationship between social issues and our businesses, we identified three key areas of protecting the environment, empowering people, and growing with local communities. Specific initiatives under each key area are as follows

[Protecting the Environment]

To reduce the environmental impact of our businesses and make the world of fashion more sustainable, we established three visions for our activities: (1) Engage in manufacturing that leads to the future; (2) Balance environmental considerations and sales activities; and (3) Create a world without fashion loss.
Our goal is to switch to sustainable raw materials and processing for at least half of all products by the year 2030, engaging in manufacturing that leads to the future. As of the fiscal year ended February 2025, the percentage of products bearing our original sustainable mark was 17.9% and the number of products bearing the mark was 109.7% compared to the previous fiscal year. We aim to achieve this goal in parallel with the development of our proprietary sustainable materials (seven materials as of February 2025).
We have finished identifying the CO_2 emissions for the Company and consolidated subsidiaries (Japan, Overseas: Scope 1-3) toward balancing environmental considerations with business activities.
In addition to developing and disclosing greenhouse gas reduction simulations based on the transition to a decarbonized society, we disclose information in accordance with the TCFD framework and the results of financial impact assessments.
Working toward a world without fashion loss, we set a goal of zero clothing inventory incineration. We have achieved this goal annually since the fiscal year ended February 2020. In addition, the "Play Cycle!" clothing collection program, launched in 2016, collects unwanted clothing from customers through nearly 190 stores nationwide.
In cooperation with business partners, and ST HD has recycled a cumulative 540,000 articles of clothing (169 tons) for reuse or used as raw materials for clothing and automobile interiors. Details of our clothing collection activities are available on Play Cycle!, a special section on our corporate website.

Play Cycle!
https://www.andst-hd.co.jp/playcycle/ (Japanese Only)

[Encourage People to Shine]

We established two visions to create exciting everyday environments for customers, employees, and others: (1) A society in which people enjoy fashion in their own way and (2) An organization that is healthy mentally and physically, encouraging employees in their individuality and ability.
Being an LGBTQ+ ally, we have introduced programs to promote an understanding of sexual minorities. We also pursue inclusive fashion and conduct outreach to educate society, understanding and serving customers of all lifestyles. In these ways and others, we help create a society in which people enjoy fashion in their own way.
We also endeavor to be an organization that is healthy mentally and physically, encouraging employees in their individuality and ability. In this context, we strive to diversify our organization through the empowerment of women, which is one of our priority issues. We also offer store employee career development through a career expansion project and encourage the employment of people with disabilities. In these and other ways, we create environments in which employees exercise their individualities and talents, foster greater job satisfaction, and offer career support.
We aim to contribute to the well-being of society as a whole through our business, promoting health management under the slogan "Play fashion! Play wellness!" In April 2022, we established the Health Management Promotion Office as an entity dedicated to promoting health management. We appointed the president of the Company as Chief Health Promotion Officer as part of a group-wide framework toward health management. Our collaborative healthcare with the and ST HD Health Insurance Association enables us to provide insurance and welfare services tailored to the characteristics of the Company—specifically its nationwide workforce with a high percentage of young people and women and diverse employment formats—to foster a health-conscious culture and create a safe and secure work environment, as well as to practice health management. We intend to strengthen insurance functions by adding more gynecological examination options and expanding the number of eligible medical institutions for regular health checkups. We also strive for employee well-being through health management to ensure employees to feel a sense of personal growth and fulfillment through their work.

【Grow Together With Communities】

We established two visions to coexist with local communities and create new value together: (1) Revitalize the communities surrounding our stores and (2) Foster sustainable development in production areas.
In terms of revitalizing our communities, we will strengthen engagement with the people of our local communities through fashion, while respecting cultures and customs, laws, and regulations. We hold events to deepen ties with customers in the areas where our stores are located. Our activities include collaborations with local artists and sponsorship of sports and cultural activities in Mito, the city where our company was founded. In these ways, we seek regional revitalization through fashion and develop businesses that give back to our communities.
To foster sustainable development in production areas, we established new medium- and long-term goals to expand partnership with suppliers and bring greater visibility to production chains. With the cooperation of suppliers who have helped build the Group value chain, we published a supplier list for the first time aiming to improve the overall transparency of our businesses. We recognize the 47 suppliers who agreed to disclosure on the list as specified partner suppliers, highlighted on our corporate website. We plan to increase the number of partners for disclosure this list and expand list information content, establishing responsible production methods and a positive supply chain for the environment, humankind, and communities to secure the trust of our stakeholders.

See our corporate website, integrated report, and annual securities report for an overview of our sustainability-related activities and details of our initiatives.

Corporate Website (Sustainability): https://www.andst-hd.co.jp/english/sustainability/

Corporate Website (Health Management): https://www.andst-hd.co.jp/wellness/ (Japanese Only)

Integrated Report: https://www.andst-hd.co.jp/english/sustainability/reports/

Annual Securities Report: https://www.andst-hd.co.jp/ir/library/security/ (Japanese Only)
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IV Matters Related to Internal Control Systems

1. Basic Philosophy and Creation of Internal Control Systems

The Company adopted a resolution as follows regarding the basic policy for a system of internal controls to ensure the appropriateness of Company business operations (internal control system). In accordance with this policy, the Company will develop an internal control system for the corporate group consisting of the Company and subsidiaries ("Group"), striving to build a sound and steady Group management system.

1. Systems for Ensuring that the Execution of Duties by Directors and Employees Complies with Laws, Regulations, and Articles of Incorporation
   (1) To ensure that the execution of duties by directors and employees of each and ST HD Group company complies with laws and regulations and the Articles of Incorporation, and to comply with corporate ethics and fulfill our social responsibilities, the Company shall establish corporate ethics standards for the Group and ensure that such standards understood clearly.
   (2) The Company shall establish a Compliance Committee to deliberate, formulate, and implement important policies regarding compliance with laws, regulations, the Articles of Incorporation, various internal rules, and Group corporate ethics.
   (3) Directors and employees who become aware of violations or potential violations of laws, regulations, rules, or improper acts at Group companies shall report such violations or potential violations to an individual in a position of responsibility.
   (4) At the end of each fiscal year, the directors of each Group company shall submit a signed or sealed written confirmation that the execution of their duties at each location did not violate any laws or regulations, and that said directors fulfilled their duties of care and loyalty. These statements are submitted to the Audit and Supervisory Committee

2. Systems for the Storage and Management of Information Related to the Execution of Duties by Directors
   (1) The Company shall prepare minutes and other information regarding resolutions and reports submitted at board meetings. This information shall be stored and managed appropriately in accordance with laws and regulations.
   (2) Important information related to the execution of duties shall be stored and managed appropriately in accordance with the document management regulations established by the Company.

3. Rules and Systems to Manage the Risk of Loss, Etc.
   The Company shall establish crisis management rules and promptly respond to any risk of loss that has occurred or is likely to occur at any Group companies. The Company shall conduct a cross-organizational response appropriately in the event of an emergency such as a disaster or system failure.

4. Systems to Ensure That Directors Execute Duties Efficiently
   (1) Group companies shall establish various management plans and budgets and clarify the goals to be achieved by the Group, implementing and managing Group business operations to be carried out in an efficient manner.
   (2) Each Group company shall make decisions on important matters at any time via their respective Board of Directors, etc. Group companies must also adopt various regulations and manuals as necessary to ensure prompt and appropriate decision-making.

5. Systems to Ensure Appropriate Financial Reporting
   The Company shall establish and operate a system (internal controls related to financial reporting) to ensure that the financial reporting of Group companies is conducted appropriately and in accordance with laws and regulations.

6. Systems to Ensure Appropriate Business Management for the Group
   (1) To maximize the corporate value of the Group, the Company shall establish a system to ensure appropriate operations from the perspective of the Group as a whole.
   (2) To ensure appropriate operations of Group subsidiaries, Group subsidiaries shall establish regulations for the management of affiliated companies. The Group shall also provide guidance, training, and management over each company.
   (3) To gain a firm understanding of the management situation at subsidiaries within the Group, the Company shall request reports from the directors of Company subsidiaries related to operating results, financial condition, and other important information.
   (4) The Company shall establish a system to manage Group risks in a comprehensive and integrated manner.
   (5) Each Group company shall establish a system to ensure the efficient execution of duties by the directors and other officers of their respective companies based on the size of the company, the nature of its business, the design of its institutions, and other unique characteristics of the company.
   (6) To evaluate and ensure the Group compliance system, the Internal Audit Department shall check the status of each Group company as appropriate. The Internal Audit Department shall report their findings to the Board of Directors of each company or the Company’s Directors and Audit and Supervisory Committee.
   (7) To detect and correct violations of laws and regulations and other compliance issues as early as possible, the Company shall establish an internal reporting system for the Group. In addition to an internal reporting system, the Company shall establish an external reporting system entrusted to an attorney.

7. Matters Related to Employees Who Assist in the Duties of the Audit and Supervisory Committee
   The Company shall respond promptly to requests by the Audit and Supervisory Committee to appoint organizations or employees to assist in duties.

8. Matters Related to the Independence of Employees Who Assist in the Duties of Audit and Supervisory Committee From Directors Who are Not Members of the Audit and Supervisory Committee
   The appointment, transfer, evaluation, etc., of employees assisting in the duties of the Audit and Supervisory Committee shall be approved in advance by the Audit and Supervisory Committee.

9. Matters Related to Ensuring the Practicability of Instructions Given to Employees Assisting the Audit and Supervisory Committee in its Duties
   Employees the Audit and Supervisory Committee in the performance of its duties shall follow only those instructions and orders given by the Audit and Supervisory Committee in the performance of said duties.

10. Structure for Reporting to the Audit and Supervisory Committee
    (1) Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees of each Group company and members of the Audit and Supervisory Board of Company subsidiaries shall report the status of the execution of their respective duties to the Audit and Supervisory Committee as necessary, or in response to a request from the Audit and Supervisory Committee.
    (2) In the event of any of the following events occurring within the and ST HD Group, directors (excluding Directors who are members of the Audit and Supervisory Committee), employees, and auditors of the Company's subsidiaries shall report said event to the Audit and Supervisory Committee without delay.
       1) The discovery of a fact that may cause significant damage to the Group.
       2) An employee report via the internal reporting system of a fact that may impact the survival of the Group or a serious violation of laws or internal rules
       3) A situation with the potential to lead to litigation arises in the course of external or internal negotiations at Group companies.

11. System to Ensure Individuals Reporting to Members of the Audit and Supervisory Committee Are Not Subjected to Disadvantageous Treatment
The Group shall develop a system to ensure Group Directors (excluding Directors who are not members of the Audit and Supervisory Committee) or employees who have submitted a report to the Audit and Supervisory Committee are not subject to disadvantageous treatment or reprisal for submitting said report.

12. Policy on Matters Regarding Expense Prepayments, Redemptions, Other Expenses, or Disposition of Debt Resulting from the Execution of Duties by Directors Who Are Members of the Company's Audit and Supervisory Committee
The Company shall bear all expenses and debts incurred by Directors who are members of the Audit and Supervisory Committee in the performance of their duties, except in cases where such expenses or debts are deemed unnecessary for the performance of said member's duties.

13. Other Systems to Ensure That Internal Audits Performed by the Audit and Supervisory Committee are Performed Effectively
(1) The Company shall appoint attorneys, certified public accountants, consultants, and other external advisors to assist members of the Audit and Supervisory Committee in their audits, when such assistance is required.
(2) The Company shall endeavor to deepen the understanding of Directors (excluding Directors who are not members of the Audit and Supervisory Committee) and employees regarding audits conducted by the Audit and Supervisory Committee and to improve the environment for audits conducted by the Audit and Supervisory Committee.

2. Philosophy and Systems for Dealing with Anti-Social Forces Updated

1. Each Group company rejects any relationships with anti-social forces that may threaten social order and safety. The Group rejects any and all business relationship with such forces or groups, and we take a firm stance against and reject any unreasonable demands.

2. In the event of an unreasonable demand by an anti-social force, the General Affairs Department, as the department in charge of responding to such demands, shall coordinate with the police, the National Center for Removal of Criminal Organizations, legal counsel, and other outside specialized organizations to provide an appropriate response.

V. Other Matters

1. Anti-Takeover Measures

Anti-Takeover Measures	None

Supplementary Explanation

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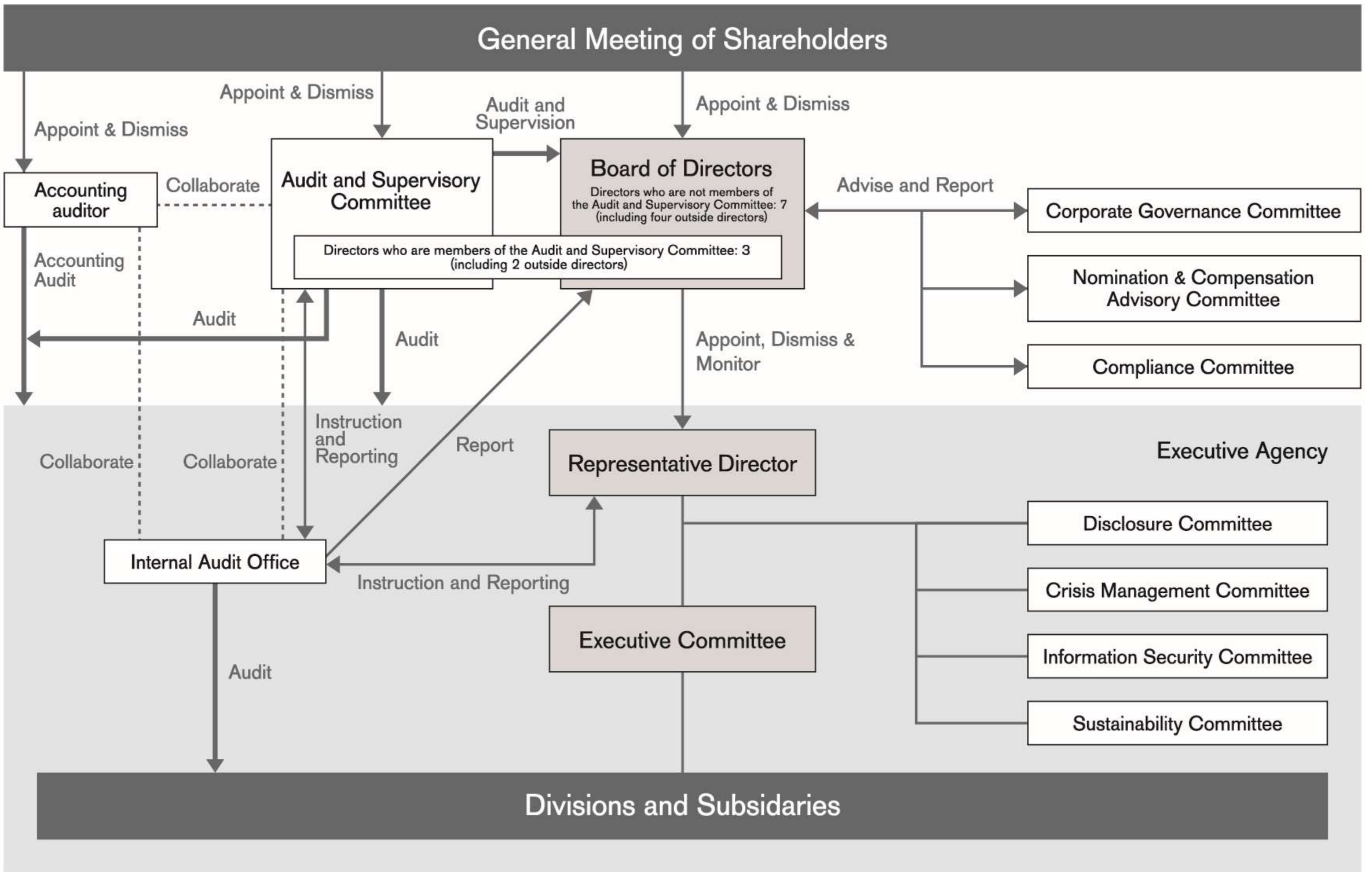
2. Other Matters Related to Corporate Governance System Updated

The following text provides an overview of the Company's timely disclosure system.

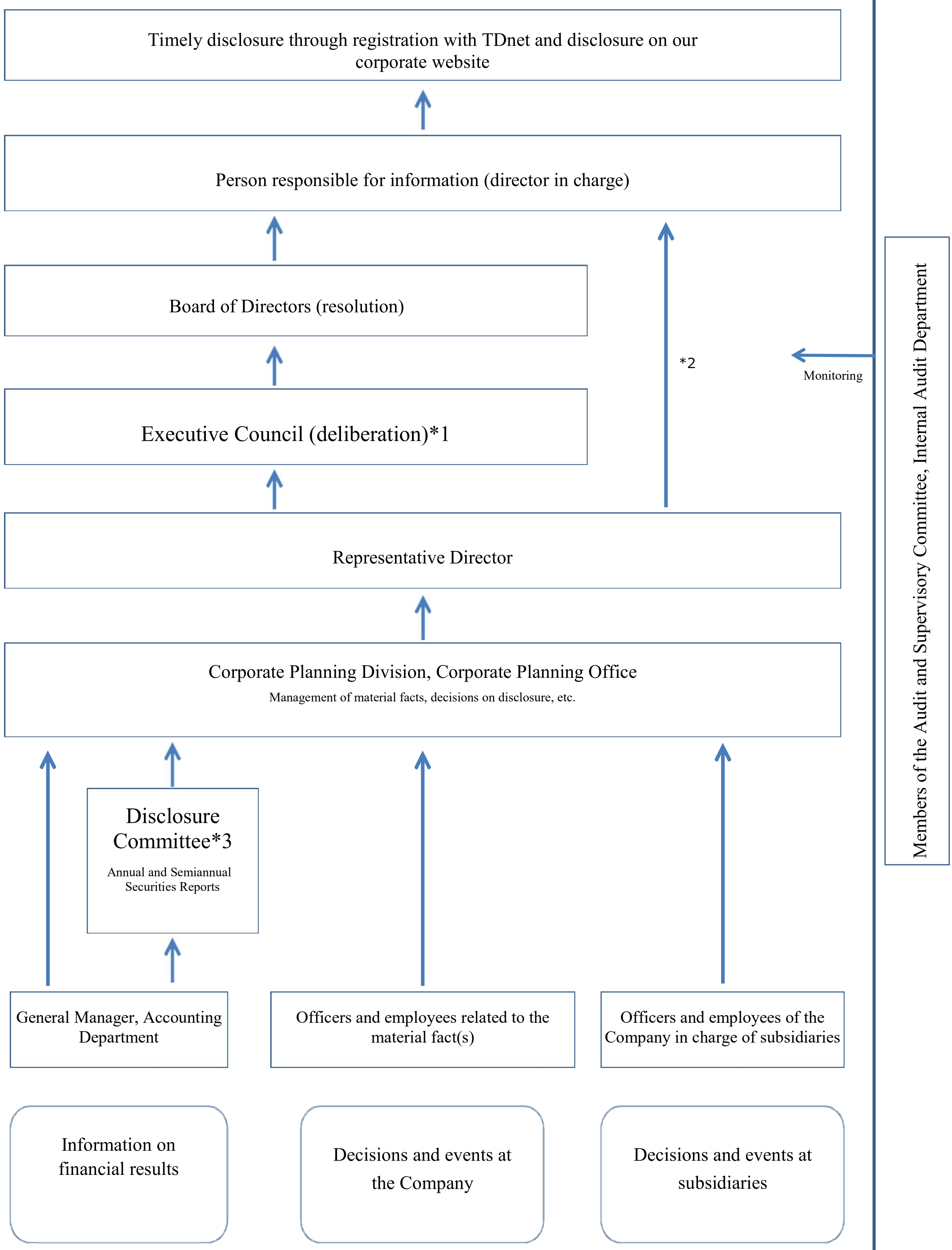
1. Basic Policy on Timely Disclosure
To continue to be a company trusted widely and supported by society, we disclose information in a timely and appropriate manner based on the principles of transparency, fairness, and consistency. We also disclose information that may not fall under the category of timely disclosure, but which may be useful in providing a proper understanding of our company.

2. Internal Systems Related to Timely Disclosure
All important Group corporate information, including decisions, events, and financial results, is collected from directors and employees in charge at the Corporate Planning Division and the Corporate Planning Office, which is the office in charge of corporate IR. The Corporate Planning Office, in cooperation with related departments, makes decisions on the necessity for timely disclosure based on the Securities Listing Regulations of the Tokyo Stock Exchange and related laws and regulations.
The Company discloses information subject to Timely Disclosure Rules promptly on the Timely Information Disclosure System (TDnet) of the Tokyo Stock Exchange after providing prior explanation to the Tokyo Stock Exchange in accordance with the rules of the exchange. We also post the information concurrently on our corporate website, endeavoring to disclose information accurately and fairly to our shareholders, investors, and other stakeholders.
Further, we submit securities reports and semi-annual reports based on the Financial Instruments and Exchange Act after prior deliberation by the Disclosure Committee.

3. Timely Disclosure System Monitoring
The Audit and Supervisory Committee and the Internal Audit Department monitor the effectiveness of internal controls over timely disclosures.


General Meeting of Shareholders
Appoint & Dismiss
Appoint & Dismiss
Audit and Supervision
Appoint & Dismiss
Accounting auditor
Collaborate
Audit and Supervisory Committee
Board of Directors
Directors who are not members of the Audit and Supervisory Committee: 7 (including four outside directors)
Directors who are members of the Audit and Supervisory Committee: 3 (including 2 outside directors)
Advise and Report
Corporate Governance Committee
Nomination & Compensation Advisory Committee
Compliance Committee
Accounting Audit
Audit
Audit
Appoint, Dismiss & Monitor
Instruction and Reporting
Report
Collaborate
Collaborate
Representative Director
Executive Agency
Disclosure Committee
Internal Audit Office
Instruction and Reporting
Crisis Management Committee
Executive Committee
Information Security Committee
Audit
Sustainability Committee
Divisions and Subsidaries

Timely Disclosure System Overview



*1: The Executive Council is a decision-making body for important matters other than those resolved by the Board of Directors

*2: Disclosure of urgent facts (e.g., disasters) and voluntary disclosures may be made at the discretion of the representative director without being submitted to the Board of Directors or Executive Council

*3: The Disclosure Committee is a deliberative body for annual securities reports (including semiannual reports). Committee meetings are attended by the director in charge of the Administration Division, the executive general manager and the deputy executive general manager of the Corporate Planning Division and Corporate Division, the general managers of relevant departments, the general manager of the Internal Audit Department, the Accounting Department, and full-time members of the Audit and Supervisory Board.

Skills Matrix for Directors

			Knowledge, experience, skills, etc., possessed by directors and members of the Audit and Supervisory Board							
			Corporate management	Sales marketing	Product SCM	Global business	IT DX	Legal risk management	Corporate finance, Accounting, Banking and finance	ESG
Directors who are not members of the Audit and Supervisory Committee	Internal	Michio Fukuda	●		●				●	●
		Osamu Kimura	●	●	●					
		Yoshiaki Kitamura	●	●	●	●				
		Taiki Fukuda	●			●				●
	Outside	Koichi Mizutome	●	●	●	●				
		Tatsuhiro Matsuoka	●	●	●		●			
		Etsuko Shakespeare		●		●	●			
		Xiqiao Liu	●	●	●	●				
Directors who are members of the Audit and Supervisory Committee	Internal	Yoichi Endo	●		●					
	Outside	Kazuhiko Ebihara				●			●	
		Kyoko Mogi				●		●		

(Note 1) The list above indicates the areas in which we expect the Company's directors and members of the Audit and Supervisory Board to offer particular expertise. This list is not meant to represent all expertise possessed by the Company's directors and members of the Audit and Supervisory Board.

(Note 2) Matters related to personnel and human resources is included under *corporate management*.

(Note 3) "SCM" refers to supply chain management.