

Stakeholder Engagement

ARATA actively engages in dialogues with stakeholders as part of its efforts to increase corporate value through sustainable growth.

We provide information on our business activities to stakeholders through various means and receive their opinions on the Company, which is relayed back to our senior management team as feedback to help us recognize the issues we must address and strive to achieve better business management and data disclosure.

Major Stakeholder Initiatives



Video streaming of General Shareholders meetings and financial results briefings

ARATA utilizes video streaming to provide information to as many shareholders and investors as possible.



IR for individual investors

ARATA executives speak at IR seminars for individual investors, including online IR, radio, and in-person events held throughout Japan.



Disclosure of information in English

ARATA has launched an English language version of its Japanese website to enhance disclosure of information to institutional investors overseas. Starting from the fiscal year ended March 31, 2022 financial summaries and financial results briefing materials are also released in English.



SR activities

ARATA conducts SR activities to engage in dialogue on ESG issues with institutional investors in charge of exercising voting rights.



Basic ESG Policy: Tough, Right, Active

Guided by our management philosophy, “Continue to serve the world,” we aim for sustainable growth and development together with society.

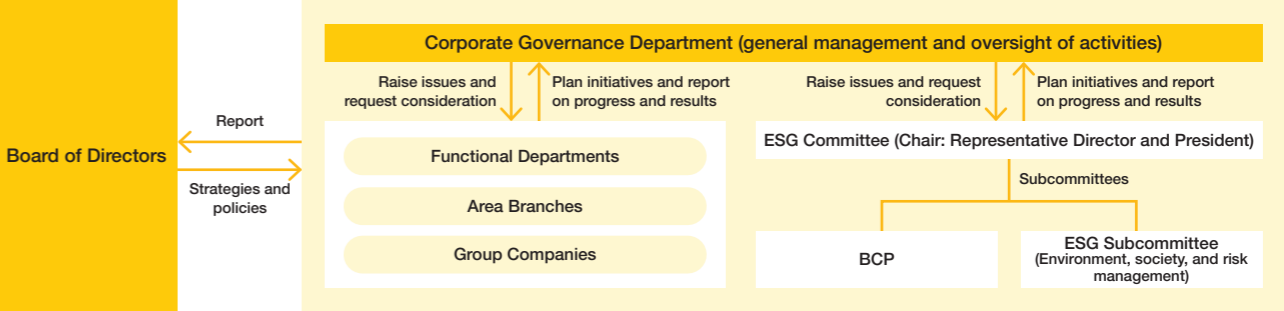
By building a stronger foundation through trust with all of our stakeholders, promoting environmental improvements and streamlining the entire supply chain with integrity, and implementing business strategies that enrich people’s lives, our employees also experience joy in work.

Through these business activities, we will bring about sustainable improvement in our corporate value.

Material Issues in ESG

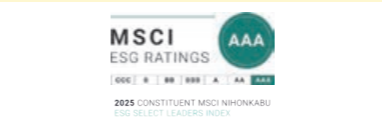
	Material Issues	Our Vision	Main Measures for FY25/03
Environment	Response to climate change Creating a circular economy Energy saving and resource conservation	Fostering a virtuous cycle in the supply chain to contribute to the environment	<ul style="list-style-type: none">Data disclosure based on the TCFD recommendationsCDP Response (2024: Score of B)Energy-saving measures to reduce GHG emissions3R Campaign 2024 joined by approximately 20,000 stores
Human Resources	Supply chain management Promotion of DEI Development and training of human resources Health and productivity management	Being a company worth working for employees	<ul style="list-style-type: none">Measures to ingrain the Sustainability Procurement PolicyInitiatives to promote DEI (Eruboshi (2-Star) and Kurumin Certification acquired)KENKO Investment for Health Certification 2025Enhancement of training programs
Regional Communities	BCP Contribution to regional communities	Providing comfortable living for all	<ul style="list-style-type: none">BCP activitiesPrograms in collaboration with university studentsParticipation in the Children's Food Alliance
Governance	Corporate governance Compliance Risk management	Building a robust governance framework to support sustainable growth	<ul style="list-style-type: none">Disclosure of the Board of Directors skill matrixManagers' group discussions and officers' panel discussions organized by the Nomination & Remuneration CommitteeImprovements based on the assessment of effectiveness of the Board of DirectorsMeasures to increase employee awareness of complianceProtection against data leaks

Promotion Framework



ESG Stock Index Ratings

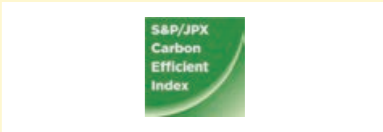
MSCI Japan ESG Select Leaders Index*



FTSE Blossom Japan Sector Relative Index



S&P/JPX Carbon Efficient Index



* Disclaimer: The use of the logo, trademark, service mark of MSCI Inc., or the name of the index on this page is not an indicator of any support, guarantee, or sales promotion by MSCI Inc. or any of its affiliates for ARATA CORPORATION. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index name and logo are trademarks or service marks of MSCI and its affiliates.

Environment



Fostering a virtuous cycle in the supply chain to contribute to the environment

ARATA helps protect the environment through initiatives that harness our capabilities as an intermediary to create a virtuous cycle in the supply chain. We position response to climate change and creation of a circular economy as material environmental issues and are implementing a wide range of initiatives to address these.

ARATA Group Environmental Policy
The ARATA Group has positioned environmental conservation as a key management priority in helping to build a sustainable society. To fulfill our corporate responsibility of addressing climate change, resource depletion, and other global challenges, we have established the ARATA Group Environmental Policy. Under this policy, we will work to reduce our environmental impact throughout all business activities and contribute to a more sustainable society.

ARATA Group Environmental Policy
<https://www.arata-gr.jp/en/csr/environment/>

Response to Climate Change

Data disclosure based on the TCFD recommendations

ARATA recognizes climate change as a critical risk and opportunity in management and aims to balance environmental conservation and economic activities as we work to build a sustainable society. Based on this understanding, we are promoting efforts to reduce GHG emissions and create a virtuous cycle throughout the supply chain. Identifying and responding to climate change-related risks and opportunities is our key management strategy

issue. We conduct our analysis in line with the TCFD recommendations and disclose data in our securities reports based on this framework. We will continue to enhance our data disclosure to fulfill our duty of accountability to our stakeholders.



Governance

ARATA has established the Sustainability Promotion Division as a specialized division promoting ESG initiatives as well as the ESG Committee, whose members include all outside officers. The ESG Committee is chaired by the Representative Director and President and has meetings six

times a year to assess and discuss risks and opportunities related to sustainability. The Board of Directors receives reports on matters judged important by the ESG Committee, then deliberates and makes decisions as necessary to provide overall supervision.

ESG Committee Agenda in FY25/03

- 2024

April

- ESG promotion framework
 - ESG Committee structure
 - Items of consideration for the BCP
 - Health and productivity management
 - Women's health seminars
 - Eruboshi (2-Star) certification acquired
- June

- Ratio of women in management, male childcare leave take-up rates, gender wage gap
 - TCFD disclosure, consideration of risks and opportunities, GHG reduction measures
 - Unconscious bias workshops
 - ESG rating agencies (MSCI rating)
- August

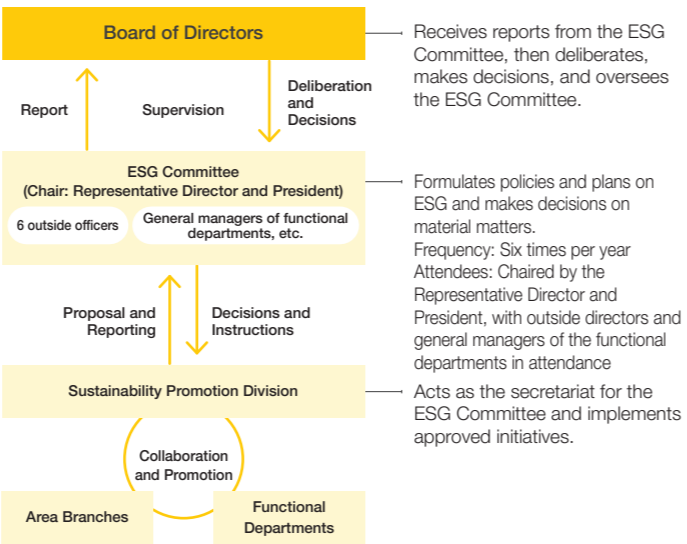
- Formulation of the Environmental Policy
 - Health and productivity management
 - Anti-smoking measures
 - A&J Project report
 - Solaputi Charity Auction
- October

- Reduction of product returns
 - Donation to the Children's Food Alliance
 - On human rights training
 - Health and productivity management
- December

- Overview of ESG efforts
 - Sustainability Procurement Policy
 - Content sharing from the ESG Subcommittee
- 2025

February

- CDP Score of B acquired
 - Kurumin Certification acquired
 - KENKO Investment for Health Certification acquired
 - Internal ESG awareness efforts, ESG news/e-learning



Strategy

ARATA conducts scenario-based analyses to identify and understand the financial and business impacts of future

climate risks and opportunities under different scenarios and evaluate the resilience of our strategies.

Risks and Opportunities

While the impact of climate change poses a major risk to ARATA's business, strategy, and finances, it could also present an opportunity if we leverage our roles as a wholesale trading company to address issues throughout the supply chain, including manufacturers and retailers, due

to changes in consumer needs. While we plan to continue conducting scenario analyses and reviewing risks and opportunities on a regular basis, the following risks and opportunities are considered to have a high-level impact on ARATA at the present time.

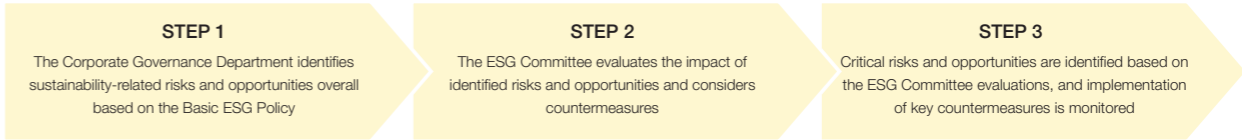
Category	Type	Level of Impact		Description	Occurrence	Measures
		1.5°C/2°C	4°C			
Transition risks	Policies and regulations	Medium	Minor	Increase in costs due to carbon taxes and emissions trading, etc.	Short to medium term	• Install energy-saving equipment and promote the use of renewable energy to reduce GHG emissions
	Technology	Major	Medium	Increase in investment costs accompanying the introduction of equipment that addresses decarbonization	Short to medium term	• Develop and execute long-term capital investment plans for decarbonization
	Reputation	Medium	Minor	Lower sales due to a decline in reputation if measures to address climate change are inadequate	Medium to long term	• Better data disclosure on climate change measures
Physical risks	Acute	Medium	Major	Damage caused by suspension of business operations and interruptions to logistics operations at distribution centers with high risk of typhoons and storm surges	Short to medium term	• Decentralization of logistics centers
	Chronic	Minor	Medium	Increase in energy costs due to rising temperatures and increased procurement costs for renewable energy	Short to medium term	• Build alternative logistics BCP
Opportunities	Resource efficiency	Medium	Minor	Improvement in delivery efficiency as well as lower costs due to energy-saving measures	Short to medium term	• Adopt renewable energy
	Products and services	Medium	Minor	Increase in sales due to increased volume of environmentally-friendly products handled	Short to medium term	• Install highly energy efficient equipment
	Products and services	Medium	Minor	Improvement in productivity as well as lower costs from reducing CO ₂ emissions in the supply chain	Short to medium term	• Optimize delivery routes
	Market	Minor	Medium	Improvement in reputation and acquisition of new business opportunities through actively promoting measures to address climate change	Medium to long term	• Promote joint deliveries
	Resilience	Minor	Medium	Increase in transactions through enhancing logistics resilience in times of disaster	Medium to long term	• Bolster our range of environmentally-friendly products

Level of Impact Major: Significant impact on business and finance; Medium: Some impact on business and finance; Minor: Minor impact on business and finance
Occurrence Short term: -2026; Medium term: -2030; Long term: 2050

Risk management

The Corporate Governance Department identifies Company-wide risks and opportunities related to sustainability. The ESG Committee and Board of Directors then comprehensively assess the magnitude of impact of such risks on management and consider appropriate countermeasures.

The Corporate Governance Department serves as a contact point for risk measures that have been decided and implements initiatives in cooperation with other departments to reduce risks.

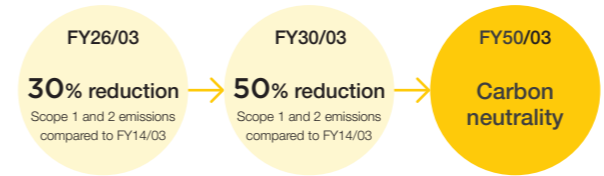


Metrics and targets

We have set the following numerical targets for climate change mitigation. In the future, we will calculate the Scope 1 and 2 GHG emissions of the Group on a consolidated basis and formulate extensive energy-saving measures from a long-term perspective (such as upgrading to high-

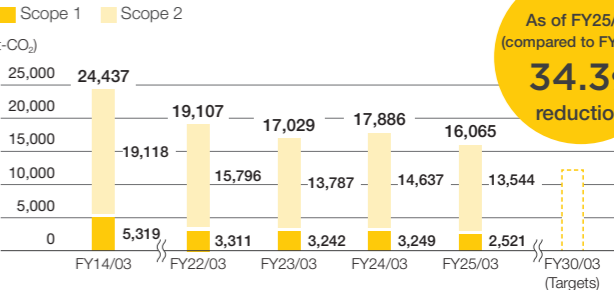
efficiency equipment at logistics centers and other bases) and plans to reduce GHG emissions through the use of renewable energy, then implement these as we work to achieve our targets.

GHG Emissions Reduction Targets



Note: As of the fiscal year ended March 31, 2025, Scope 1 and 2 emissions are non-consolidated; however, in the future, we will calculate emissions on a consolidated basis and examine our targets as needed.

GHG Emissions (Scope 1 and 2; non-consolidated)



Initiatives to address Scope 3 emissions

We began calculating Scope 3 emissions in FY2022 to help create a sustainable supply chain and are working to visualize these emissions. In the future, we will implement initiatives to calculate and reduce the Group's Scope 3 emissions on a consolidated basis.

Scope 3 emissions (non-consolidated)

		Emissions (t-CO ₂)		
Category		FY23/03	FY24/03	FY25/03
Total		3,497,208	3,565,897	3,621,690
Category 1	Purchased products and services	2,707,967	2,805,197	2,944,479
Category 2	Capital goods	7,747	11,628	14,698
Category 3	Fuel- and energy activities	2,907	2,909	2,966
Category 4	Transportation and distribution (upstream)	24,913	23,103	18,558
Category 5	Waste generated by operations	663	1,368	738
Category 6	Business travel	260	255	255
Category 7	Employee commutes	2,423	2,370	2,358
Category 11	Use of sold products	212,010	193,248	113,909
Category 12	End-of-life treatment of sold products	538,318	525,819	523,729

Initiatives to reduce GHG emissions

Energy conservation

To conserve energy, we are systematically implementing a range of measures to reduce CO₂ emissions, including the introduction of a demand monitoring system to reduce maximum power consumption, the transition to LED lighting, and the replacement of air conditioners with more efficient equipment. Individual bases have implemented independent measures to conserve energy, helping to reduce their environmental impact.



* The SMARTMETER ERIA demand sensor from NIHON TECHNO CO., LTD.

Energy creation

We have currently installed solar panels on the roofs of three logistics centers in Izumi, Saitama, and Kanagawa and are helping reduce CO₂ emissions by generating renewable energy. To procure electricity generated from renewable energy, an on-site power purchase agreement (PPA) has been signed utilizing the roof of the Kanto Logistics Center, which was relocated last year.



Switch to CO₂-free electricity

To reduce GHG emissions even faster, we are progressively switching electricity at our bases to CO₂-free electricity. In August 2025, we switched all of the electricity over which ARATA has authority to switch, excluding leased properties, to CO₂-free electricity.



Electricity supply certificate at the Kanagawa Center, Capital Area Branch

Improved data disclosure through CDP reporting

ARATA began responding to the CDP (Carbon Disclosure Project), the global standard for corporate environmental disclosure, starting in FY2023. While we received a C rating in the first year, our ongoing efforts to reduce our environmental impact and improve the quality of our data disclosure led to an improved score of B in FY2024.

Going forward, ARATA will continue to proactively disclose environmental data through CDP reporting, integrated reports, and a diverse range of other media. ARATA will further contribute to building a sustainable society by reducing environmental impact through our business activities and maintaining highly transparent data disclosure.



TOPICS

Shifting to consolidated Group GHG emissions calculations

We began calculating GHG emissions for JAPPELL starting in the fiscal year ended March 31, 2024. With the second-largest sales volume after ARATA (non-consolidated), JAPPELL significantly impacts the overall emissions of the Group, which is why this company was prioritized for calculation as our first step toward calculating consolidated GHG emissions.

We will continue considering ways to disclose emissions and set reduction targets for the consolidated Group, including our subsidiaries overseas.

		Emissions (t-CO ₂)	
		FY24/03	FY25/03
Scope 1 (JAPPELL)		469	447
Scope 2 (JAPPELL)		1,011	149
Total		1,480	596

Creating a Circular Economy

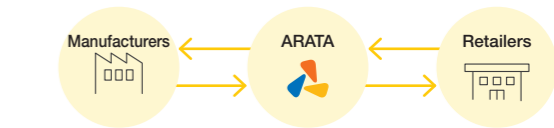
Efforts for the 3Rs

As part of our role connecting retailers and manufacturers with the Ministry of the Environment, we conduct the annual 3R Campaign, aimed at increasing understanding and support for the 3Rs. Through increased sales of refillable and environmentally-friendly products, we are helping reduce plastic.



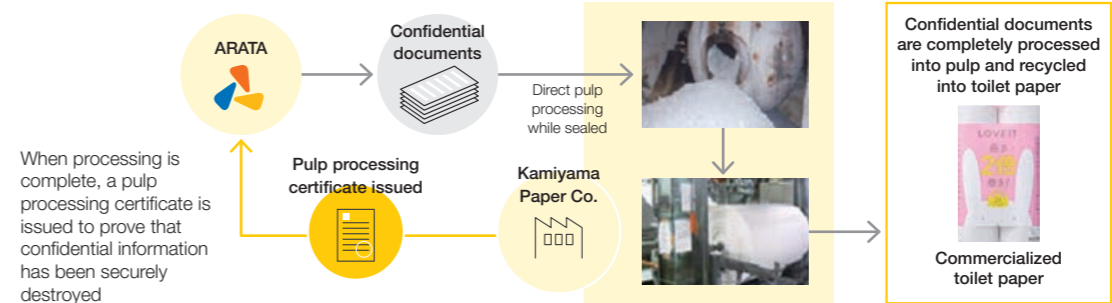
Reduce returns

The daily necessities industry is prone to returns due to frequent replacement of new products and seasonal items. These returns create hassle and costs related to product removal and returns for retailers, manufacturers, and wholesalers such as ARATA. The environmental impact from transportation and disposal is also a major challenge. In response to this challenge, ARATA is working with retailers and manufacturers to promote efforts to reduce returns that involve the entire industry. This is a crucial initiative that both streamlines the supply chain overall and creates shared value through economic benefits and environmental contribution.



Recycling confidential documents into toilet paper

As part of our resource recycling initiatives, ARATA is promoting efforts to regenerate waste documents as toilet paper. At the Tohoku Branch, we process an average of 17 tons of confidential documents into pulp annually through collaboration with Kamiyama Paper Co., then commercialize this as toilet paper.

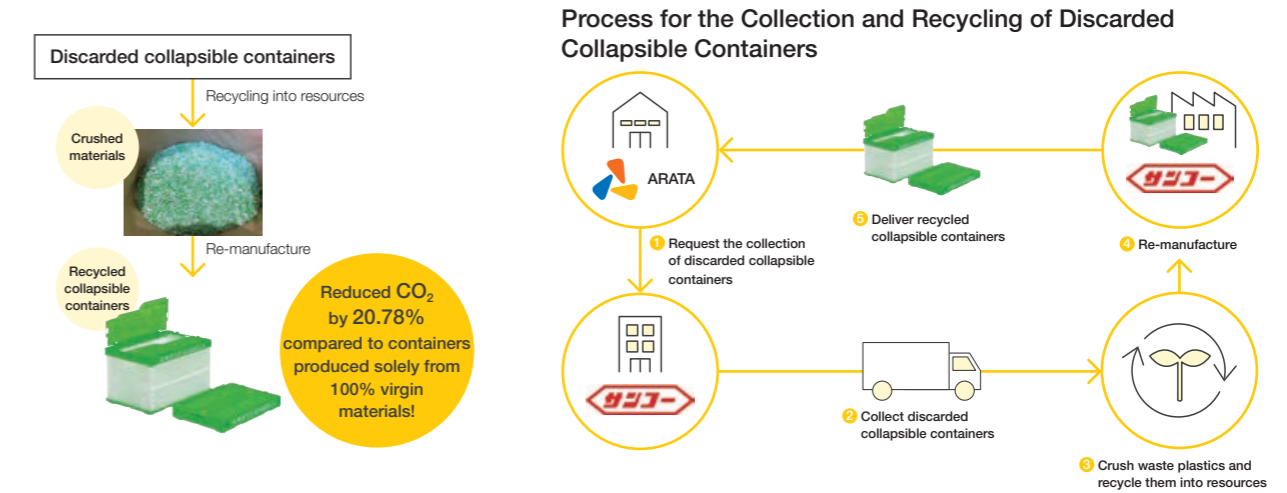


paper. This achieves effective use of paper resources while eliminating the risk of information leaks. Approximately 30 tons of waste documents are recycled into toilet paper annually across ARATA through these efforts and others, contributing significantly to waste reduction and resource recycling.

Closed-loop recycling of collapsible containers

In a new plastics recycling initiative, we began closed-loop recycling of collapsible containers, which are indispensable in the delivery of products in our logistics operations, with SANKO Co., Ltd., a manufacturer of logistical materials. Damaged and discarded collapsible containers are recycled into new collapsible containers, resulting in CO₂ emissions

that are 20.78% lower than containers produced solely from virgin materials. These recycled collapsible containers are used in-house, creating closed-loop resource recycling. This initiative was first started in the Metropolitan area but will be expanded into other areas as part of an ongoing initiative.



Human Rights and Supply Chain


Human Rights

The ARATA Group is committed to respecting the fundamental human rights and diversity of employees, business partners, and all stakeholders involved in our business. As a policy for this, we established the ARATA Group Human Rights Policy in December 2022.

ARATA also clearly outlines its human rights policies for employees in the ARATA Corporate Code of Conduct within the ARATA Policies booklet and works to ingrain these through training and other initiatives.

ARATA Group Human Rights Policy
<https://www.arata-gr.jp/en/csr/social/>

From “5. Our Stance” in the ARATA Corporate Code of Conduct”

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4 We shall respect each other's human rights, character, and individuality as partners and create work environments that allow everyone to realize their full potential.

7 We shall not allow discrimination or harassment based on factors such as nationality, religion, race, gender, educational background, and age, and shall respect fundamental human rights.

Supply Chain Management

The ARATA Group develops businesses with many business partners. We recognize that addressing human rights and environmental issues is essential not only at ARATA but throughout the entire supply chain. We have established a Sustainability Procurement Policy in the Supply Chain centered on the supply chain we have formed with our suppliers to help build a sustainable society.

Sustainability Procurement Policy in the Supply Chain
<https://www.arata-gr.jp/en/csr/social/>

Procurement policy: In-house briefing

To ingrain the Sustainability Procurement Policy in the Supply Chain, we held briefing sessions for employees in the procurement division on the content of the policy as well as relevant human rights and environmental issues. This helps employees think about sustainability in routine procurement work and creates stronger collaboration with suppliers.

Procurement policy: Adding wording to contracts

To clarify our commitment to sustainability with suppliers, we added wording to our master transaction contracts regarding consent to the Sustainability Procurement Policy in the Supply Chain. This is an important step toward building strong partnerships with suppliers and helping build a more sustainable world.

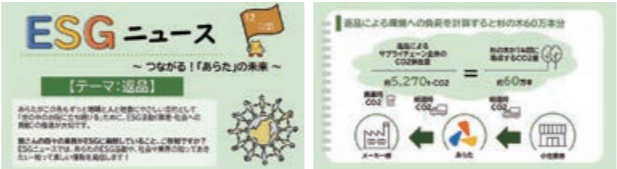
Raising Employee Awareness of ESG

ARATA aims to help create a sustainable society and improve corporate value over the medium to long term, which is why we work to raise awareness so that all employees share a common understanding of ESG and apply it to their everyday work.

As a specific initiative, ARATA uses the ARATA Internal Web Bulletin Board: ARATAN to share timely updates on developments related to ESG as well as Group initiatives as “ESG News.” Ael E-Training Navigation on the Company intranet also provides content on everything from basic ESG knowledge to specific initiatives at ARATA, giving employees opportunities to learn more about ESG.

Through this ongoing information sharing, ARATA is working to boost employee understanding and interest in ESG and foster awareness of ESG as something personally relevant, encouraging action that will help create a sustainable society and improve corporate value.

ESG News



Ael E-Training Navigation



Human Resources



Being a company worth working for employees

ARATA considers employees to be partners who share the same goal, and based on the idea that we cannot grow unless our individual employees grow, we respect the diversity of thought, values, and perspectives among employees and focus on free exchange of opinions to create a better environment.

We are investing in human resources, enhancing our personnel schemes, and building a system that enables diverse working styles, to become a company that employees can feel motivated to work for over the long term.

Promotion of DEI

Sustainable corporate growth requires recruiting diverse human resources regardless of nationality, gender, or age to generate innovation, and with labor shortages worsening due to population decline, we view creating an environment where diverse human resources can work long-term as a key priority. An issue at ARATA is the low ratio of women in management, and we believe that building systems and structures to create a workplace environment where all employees can thrive will also lead to the outcome of a higher ratio of female managers.

We are also working to expand opportunities for elder employees to thrive through our retiree re-employment system. Creating an environment where diverse human

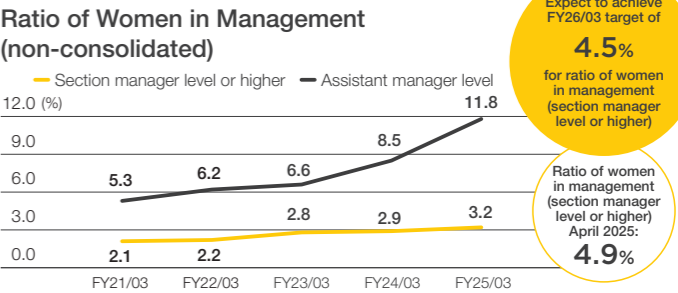
resources can thrive will lead to Company growth and higher corporate value.



■ Priority: Promoting women's advancement in the workplace

ARATA is aware that the low ratio of women in management is an issue and has made promoting women's advancement a priority in its DEI efforts. ARATA has set a goal of 4.5% for the ratio of women in management (section manager level or higher) by the fiscal year ending March 31, 2026, the final fiscal year of the Medium-Term Management Plan 2026, and through continuous and proactive efforts, expects to achieve

this goal. The number of women at the assistant manager level, who serve as candidates for section manager level positions, has increased, and proactive hiring has also increased the number of women in career track positions.



Proposed by the A&J Project

■ The A&J Project

In July 2023, female employees from the ARATA Group company JAPPELL and from ARATA, launched the A&J Project for advancing diversity, equity, and inclusion (DEI) in the ARATA Group. To help ARATA be a company where all employees can thrive, this project makes proposals to management and ties these into concrete initiatives. It also helps participating employees build their careers independently.

■ Unconscious bias training

Awareness of individual internal biases helps increase the soundness of communication and revitalize the workplace environment. In 2024, unconscious bias training was held, featuring different content for managers and general employees. Training to help foster a DEI corporate culture is also planned for October 2025 in this ongoing initiative.

Initiatives for Work-Life Balance

Childcare leave system briefings and exchange meetings

Proposed by the A&J Project

To foster deeper internal understanding of childcare leave, this briefing aimed at all employees presents the system, specific responses by supervisors and colleagues, and examples of words and actions that can lead to harassment. We also held a networking session with childcare leave takers and junior employees in March 2024 and held an exchange meeting for employees on childcare leave aimed at alleviating anxiety about returning to work in March 2025 as part of this ongoing initiative.



- Content of the briefing on systems
- Government and Company systems
 - Measures by supervisors and colleagues regarding employees taking childcare leave
 - Preparations for employees taking childcare leave

Promoting childcare leave among men

To foster a culture where male employees can easily take childcare leave, we have set a goal of 100% male childcare leave uptake for the fiscal year ending March 31, 2026 and promote childcare leave for men through initiatives such as featuring stories from men who have taken childcare leave in our internal newsletter.



- Content of the internal newsletter
- Explanation of Company systems
 - Firsthand accounts from childcare leave takers and supervisors
 - What employees expect from the Company in the future, etc.



In recognition of our initiatives on flexible work styles, creating a workplace environment that actually allows workers to take childcare leave, and more, we received our first Kurumin Certification from the Minister of Health, Labour and Welfare in January 2025 as a company that supports parenting under the Act on Advancement of Measures to Support Raising Next-Generation Children.

Enhanced Systems to Achieve Diverse Work Styles

To support employees through life stage changes and improve work-life balance, the ARATA Group works to achieve diverse work styles and create an environment where employees can continue working long-term. We distribute the Procedure Guidebook organized by life event (transfers, marriage, childbirth, caregiving, etc.) so that employees and departments can quickly access necessary information during these life events.

Support for changes in life stage

- Prenatal and postnatal leave, childcare leave (up to age 2)
- Reduced work hours for childcare (until the child graduates from elementary school)
- Nursing care leave to care for sick children or family members (up to 15 days)
- Job return (re-employment) system

Diverse work styles

- Work from home
- Staggered work hours
- Hourly paid leave
- Management of attendance via smartphone

Human Resource Data (All figures non-consolidated, excluding temporary and part-time employees)

Basic Data		FY23/03 FY24/03 FY25/03		
		Total		
Number of employees	Male	1,998	1,965	1,960
	Female	1,476	1,427	1,398
Number of new graduates hired	Male	522	538	562
	Female	17	23	29
Number of mid-career hires	Male	16	30	31
	Female	13	27	33
Average years of service	Male	8	21	16
	Female	20.3	20.4	20.3
Ratio of women in management (section manager level or higher) (%)	Male	14.8	14.9	14.7
	Female	2.8	2.9	3.2
Ratio of women in management (assistant manager level) (%)	Male	6.6	8.5	11.8
	Female	16.1	17.9	20.6
Ratio of women in career track positions or higher (%)	Male	28	21	23
	Female	2.58	2.70	2.70
Number of non-Japanese employees	Male			
	Female			
Ratio of employees with disabilities (%)	Male			
	Female			

Degree of Utilization		FY23/03 FY24/03 FY25/03		
Paid leave take-up rate (%)		52	63	68
Number of days of paid leave taken		10.0	12.7	12.8
Number of employees taking childcare leave (For men, users of the spouse childbirth leave system)	Male	36	33	37
	Female	48	20	20
Male childcare leave take-up rate (%)		83.7	84.6	94.8
Ratio of employees returning to work after childcare leave (%)		93.8	100	100
Number of employees on reduced work hours		55	76	77
Number of employees on leave to provide nursing care for children		82	110	125
Number of employees on nursing care leave		23	28	39

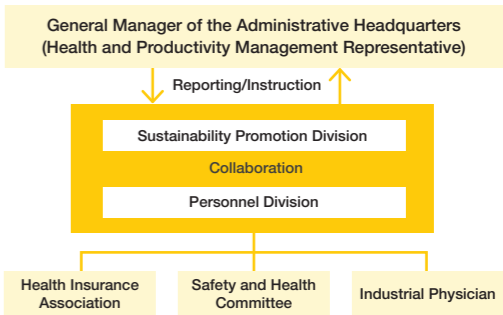
Promoting Health and Productivity Management

We have announced and declared both inside and outside the Company that ARATA will support the health of its employees and strive to create a vibrant workplace environment. We will

hold seminars to help improve employee health literacy and otherwise implement efforts to continuously improve and promote health and productivity management initiatives.

Health and Productivity Management Declaration

One of our key ESG issues is “to be a company worth working for.” We recognize that maintaining and improving the health of our employees is an important management issue so that they can continue to work enthusiastically for the long term. To ensure that each and every one of our employees can lead a fulfilling and healthy life, both physically and mentally, we, as a company, will support our employees in maintaining and improving their health and strive to create an energetic work environment.



Priority initiatives for health and productivity management

- Have 100% employees undergo regular general health checks
- Conduct stress checks to create a stress-free work environment
- Encourage take-up of annual paid leave to achieve an annual average of at least 12 days
- Reduce the smoking rate

Enhancing systems for health promotion

- Free screening for the top three cancers
- Special leave for employees undergoing treatment for any of the top three diseases
- Free influenza vaccination program

Initiatives on women's health issues

With many women workers, including at our logistics centers, and also as a company that handles femcare products, ARATA

views women's health as a critical issue to continuously address in order to create a workplace where anyone can thrive.

Women's health seminar

Proposed by the A&J Project

ARATA and Group company JAPPELL held a joint seminar led by an external instructor.

Many employees, from general employees to officers, viewed this, helping foster a culture where people are mindful of those around them regardless of gender or age, understand the issues that can arise, and show consideration. This can be viewed by anyone any time on Ael E-Training Navigation on the Company intranet.



Virtual menstrual pain seminar

Participants used the VR device Perionoid to realistically simulate the pain of menstrual cramps, gaining a deeper understanding of women's health issues. In workshops that transcended the boundaries of gender and department, participants had lively discussions on what would make a better workplace environment and exchanged concrete ideas such as leave system take-up, improving work styles, and better communication. Many participants recognized the importance of understanding these issues correctly, and so we will continue this initiative.



The KENKO Investment for Health Certification, jointly run by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, recognizes organizations that practice particularly excellent health and productivity management. ARATA has stepped up efforts to maintain and improve employee health since the Health and Productivity Management Declaration in August 2023 and received certification in the large enterprise category for the first time in March 2025. We received recognition for our digitalization of health check results, Company-subsidized programs, seminars, initiatives to reduce smoking rates, and more.

Development and Training of Human Resources

The ARATA Group aims to be a company where all employees experience job satisfaction and wish to work for the long term. To have each and every employee work to achieve challenging and ambitious goals, we have built an environment where, through fair and impartial evaluations,

employees who produce results can thrive in high-ranking positions at an early stage, regardless of age. We have also established a wide variety of training programs to support skills at every career stage, from new employees to managers.

Main training & development programs

In-person training

- Basic training for new employees
- Business operation skills training I and II
- Target setting and PDCA training
- Training for newly appointed operating managers
- Training for newly appointed operating officers
- Corporate rating executive employee training
- Training for creating a better workplace

Online training

- Basic training for new mid-career employees
- Logistics mid-career employee follow-up training
- Logistics operation skills training
- Training for core employees
- Training for evaluators
- Generative AI training

Self-development training

- Recommended qualifications
 - Retail marketing skills test
 - Cosmetics Skill Certification
 - Logistics skills test
 - IT passport
 - Information Security Management Examination
 - MOS etc.

E-learning

Arata e-learning library

Ael E研修ナビ

～あなたの知識、学びに出会える(Ael)場～

191 courses (175 courses developed in-house)

Application-based training

- Company-wide IT skills training - Workflow creation

OJT

- OJT trainer program

Selective training

- Upper management development training for logistics
- Entry level management development training for logistics
- Numerical analysis training for logistics
- Generalist training for logistics
- Corporate rating promoter training

ARATA's original Ael E-Training Navigation e-learning system

Ael E-Training Navigation is an e-learning system that provides all employees, regardless of department or position, with high-quality learning whenever needed. We currently have 191 courses, 175 of which were developed in-house, and will continue to provide opportunities for employees to learn proactively.

E-learning on common courses121 courses available

- Diversity course
- Anti-harassment training
- Childcare leave exchange meetings (system briefing)
- Basic knowledge on financial affairs and accounting
- Basic knowledge on Subcontract Act etc.

E-learning on sales courses55 courses available

- Data analysis
- Presentations
- SWOT/current status analysis and discovering opportunities
- How to sell: skills for business negotiations
- Handling of pharmaceuticals under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices etc.

E-learning on logistics courses15 courses available

- Creation of harassment-free workplaces
- Part-time employee labor management
- Commentary on warehouse management check sheets
- Explanation of inventory variance tables
- Guide to inventory inspections etc.

Company-wide IT Skills Education

To improve productivity through digitalization, have employees acquire the necessary IT skills, and boost IT literacy to adapt to environmental changes, we provided a

variety of content in the fiscal year ended March 31, 2024 under the theme of Company-wide IT skills education, with many employees participating proactively.

E-learning

- IT literacy
- Computers and programs
- Basic internet skills
- System development
- Information security
- Pivot tables in Microsoft Excel

Application-based online training

- Training on workflow creation
 - 1 E-learning, pre-work assignments
 - 2 Online training
 - 3 Improving productivity by digitalizing trainees' tasks and organizing and reviewing tasks through visualization

Qualifications recommended

- IT passport
- Information Security Management Examination

A total of 31 employees applied

Employee comments

Working for a department involved in risk management, I felt I needed knowledge about information security management and submitted an application when the qualification was recommended. With the help of the Training Division, I passed the qualification exam and am now confident enough in my knowledge to leverage it in my work.

Regional Community

Provide comfortable living for all

With many bases nationwide, ARATA would like to build relationships of coexistence and mutual support with local communities, which is why we aim to strengthen ties with these communities through active participation in local activities. As a company that handles daily necessities, we have also designated business continuity planning (BCP) as a key priority.

Priority areas

Protecting local communities (BCP)

Enriching life in local communities (Support for women and the next generation)

Collaboration Event with Students at Professor Hondo's Seminar at Tokyo Keizai University

On August 4, 2025, we held a joint marketing proposal meeting focused on the body care segment with students in Professor Takayasu Hondo's seminar at Tokyo Keizai University. ARATA and Tokyo Keizai University have worked on this collaborative project since April 2021, using our expertise to provide advice on proposals created based on student analysis. The students were split into four teams, then analyzed the current state, surveyed market needs, and selected targets based on their points of focus to create effective marketing promotion proposals, such as the creation of sales spaces and POP displays, from a practical perspective.

President Kochiya and General Manager of Product Merchandising Department Hatanaka expressed astonishment and praise for the sophisticated proposals made by each team. This was a beneficial opportunity for us as well.

Participation in the Children's Food Alliance

ARATA supports the Children's Food Alliance, an initiative by NPO Florence, Inc. and NIPPON ACCESS, INC., and has been donating products since 2023. This initiative gathers food and daily necessities provided by multiple manufacturers mainly in the food industry as well as ARATA as a wholesaler of daily necessities, then distributes these to aid groups for children across Japan through Kodomo Takushoku Oendan, a general incorporated association in the Florence Group. Over the past four years, this initiative has supported over 106,000 households with children, and as of the end of FY2024, we delivered a cumulative total of approximately 760,000 food items and daily necessities to families with children at risk of social isolation in cooperation with Kodomo Takushoku organizations nationwide. Since FY2024, we have been delivering donated items three times a year on a regular basis to help create opportunities for stable bonds.

Participation in Solaputi Kids' Camp

ARATA has continuously supported the efforts of the Solaputi Kids' Camp Foundation as a special supporting member since 2020. Solaputi kids' camp is a nature camp operated in the city of Takikawa, Hokkaido, that is equipped with medical and nursing support created so that children battling illness can create irreplaceable memories in nature with their families. ARATA has also donated items to a charity auction held at the JAPAN Drugstore Show since 2024.

Solaputi Kids' Camp Foundation

53

54

Governance

Board of Directors (As of June 24, 2025)

Directors



12/12

Hiroaki Suzuki
Chairman of the Board
of Directors

Mr. Hiroaki Suzuki has worked in the sales and product divisions, and has extensive business experience and knowledge in the Company. He has been in office as Representative Director and President since 2017 and has led the Company's management since then. He has steadily built excellent business records and successful results. He is currently showing the right direction for the Group as Chairman of the Board of Directors while leading deliberations informed by the opinions of Outside Directors as Chair of the voluntarily established Nomination & Remuneration Committee.



12/12

Seiichi Kochiya
Representative Director
and President
General Manager of
Corporate Strategy
Planning Department

Mr. Seiichi Kochiya has worked in the logistics and sales divisions, and has expertise in the field of distribution. In 2018, he assumed the office of Executive Officer and President of Capital Area Branch. Since April 2024, he served as Director and Executive Vice President and General Manager of Sales & Sales Planning Department and has played a part in expanding the Company's business and profits through strengthening its sales capabilities. He is currently leading the Company's management in his role as Representative Director and President and General Manager of Corporate Strategy Planning Department.



12/12

Yoshiro Uryu
Director and Executive Vice
President
General Manager of
Administrative Headquarters
and General Manager of IT
Innovation DX Promotion
Department

Mr. Yoshiro Uryu has worked in the sales and business planning divisions, and has extensive business experience and knowledge in the Company. Since 2021, he has been working on development of human resources who will lead the Company in the future as Director and Managing Executive Officer and General Manager of Personnel Department. In his current role as Director and Executive Vice President, General Manager of Administrative Headquarters, and General Manager of the IT Innovation DX Promotion Department, he has been working on the promotion of growth strategies and enhancement of infrastructure for achieving Medium-Term Management Plan 2026.



12/12

Hidetaka Hatanaka
Director and Senior Managing
Executive Officer
General Manager of Product
Merchandising Department, Manager of
Product Merchandising Division, and
Representative Director and President
of D-Nee Cosmetic Co., Ltd.

Mr. Hidetaka Hatanaka has worked in the sales and product divisions, and has extensive business experience and knowledge in the Company. Since 2016, he has played a part as Executive Officer and President of Kansai Branch in strengthening the Company's sales activities and in achieving growth of its business. In 2018, he served as Executive Officer and General Manager of Product Merchandising Department, and from 2021 as Director and Managing Executive Officer, General Manager of Product Merchandising Department, and Manager of Product Merchandising Division, he has worked on enhancing the handling of attractive products which are at the core of the Company.



12/12

Akihito Mizuno
Director
Representative Director and
President of Japell Co., Ltd.

Since 2016, Mr. Akihito Mizuno has served as Representative Director and President of Japell Co., Ltd., the leading specialist wholesaler of pet products and a subsidiary of the Company, and has been instrumental in driving the company's business growth and raising its position in the industry under his strong leadership. He has served as Director of the Company since 2020.



12/12

Yuji Nasu
Outside Director

Mr. Yuji Nasu has a high level of expertise and experience in overall corporate management, including serving as President and Representative Director of Sumitomo Corporation Group company. He provides appropriate supervision and advice on the execution of operations from an objective perspective regarding the Company's management. He has served as Outside Director of the Company since June 2022.



12/12

Noriko Yao
Outside Director

Ms. Noriko Yao draws on her extensive experience, expertise, and high-level insight as an international lawyer to provide appropriate advice on management and business execution and to oversee and audit the Company's management from an independent standpoint. She has served as Outside Director of the Company since June 2023.



10/10

Norio Konishi
Outside Director

Mr. Norio Konishi has experience in overall corporate management as President and Representative Director of Yamaboshiya Co., Ltd. He has many years of experience with logistics in the food industry, which is different from the Company, and utilizes his knowhow and experience not found in the daily necessities and cosmetics wholesale business to make appropriate judgments and remarks on business execution from an objective perspective. He has served as Outside Director of the Company since June 2024.

● Status of Attendance at Board of Directors' Meetings (FY25/03)

● Status of Attendance at Audit & Supervisory Committee Meetings (FY25/03)

Directors Who Are Audit & Supervisory Committee Members



12/12

12/12

Tomoko Sakamoto
Outside Director
Member of Audit &
Supervisory Committee

Ms. Tomoko Sakamoto has abundant experience and high-level specialized knowledge concerning corporate legal affairs as an attorney at law. Using her specialized knowledge in compliance and governance in particular, she provides supervision and advice from the perspective of strengthening governance, which requires organizational management, and observing compliance. She has served as Outside Corporate Auditor of the Company since 2020 and as Outside Director who is an Audit & Supervisory Committee member since June 2021.



New
election

Emiko Murei
Outside Director
Member of Audit &
Supervisory Committee

Ms. Emiko Murei has a high level of specialized knowledge as a Certified Public Accountant and knowledge concerning sustainability. Using her specialized knowledge in accounting in particular, she provides supervision and advice concerning the numerical plan of business strategies from the perspective of a Certified Public Accountant. She has served as Outside Director who is an Audit & Supervisory Committee member since June 2025.



New
election

Masatoshi Muto
Outside Director
Member of Audit &
Supervisory Committee

Mr. Masatoshi Muto has abundant experience at financial institutions and asset management firms in Japan and overseas, a high level of specialized knowledge and many years of experience in top management, and provides appropriate supervision and advice on the execution of operations from an objective perspective regarding the Company's management. He has served as Outside Director who is an Audit & Supervisory Committee member since June 2025.

Executive Officers

Hitoshi Takiguchi

Senior Managing Executive Officer
Corporate Strategy Planning
Department
Stationed in Hokkaido

Masayoshi Nishio

Managing Executive Officer
General Manager of Sales &
Sales Planning Department

Hironori Maekawa

Senior Executive Officer
General Manager of Logistics
Department

Futoshi Imazu

Senior Executive Officer
President of Chushikoku Branch

Nakaba Nebashi

Senior Executive Officer
General Manager of
Administration Department

Nobutaka Tsuchiya

Senior Executive Officer
General Manager of Corporate Governance
Department, Manager of Legal Division,
Manager of General Affairs Division,
Manager of Sustainability Promotion
Division, and Manager of PR/IR Division

Shichiro Izaki

Executive Officer
Manager of Logistics Operations
Division of Kansai Branch

Koki Nakagawa

Executive Officer
Manager of IT Innovation DX
Promotion Department

Takuya Chiba

Executive Officer
President of Tohoku Branch

Masayuki Shimizu

Executive Officer
President of Kansai Branch

Koichi Kuroda

Executive Officer
International Business Department
Chairperson and General Manager
of XIN LE HUA (GUANGZHOU)
INTERNATIONAL TRADING CO.,
LTD. (temporary assignment)

Katsunori Takase

Executive Officer
President of Capital Area Branch

Atsushi Kitayachi

Executive Officer
President of Chubu Branch

Shinji Miyazaki

Executive Officer
General Manager of IT Planning
Department

Yasuo Tanaka

Executive Officer
Manager of Corporate
Strategy Planning Division,
Corporate Strategy Planning
Department

Hiroyuki Kawano

Executive Officer
General Manager of Personnel
Department and Manager of
Personnel Division

Hiroyuki Miyakawa

Executive Officer
Manager of National Chain
Stores Division, Sales & Sales
Planning Department

Naoki Yamamoto

Executive Officer
Manager of National Chain
Stores Division, Sales & Sales
Planning Department

Daigo Yamaguchi

Executive Officer
President of Hokkaido Branch

Katsuaki Yuri

Executive Officer
President of Kyushu Branch

Corporate governance

Basic Approach

The ARATA CORPORATION Group consolidates the long histories and traditions of a number of powerful wholesalers from across Japan into a single entity that strives to contribute to Japanese industry and the regional communities where we operate as a wholesale trading company as part of the logistics economy. That is why we approach matters with a strong frontier spirit passed down since our foundation, always making cooperation, mutual trust, and humility our guiding principles as we continue contributing to society and proactively develop businesses by serving as a company with outstanding, irreplaceable wholesaling functions under our management philosophy of “continuing to serve the world” and a management vision of “creating beautiful, healthy, clean, and comfortable lifestyles.”

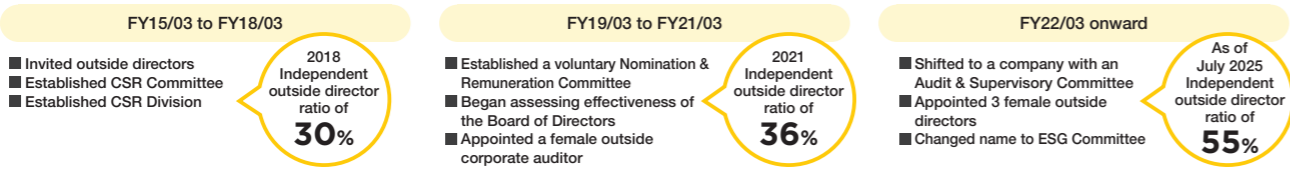
We believe that increasing corporate value means improving performance through ongoing business efforts, and that doing this requires us to fulfill a variety of responsibilities to stakeholders. As a company, it is especially important that ARATA quickly discloses information on

activities to investors, employees, business partners, and others, and enhances the transparency of management. Based on this approach, we have shifted from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee in June 2021.

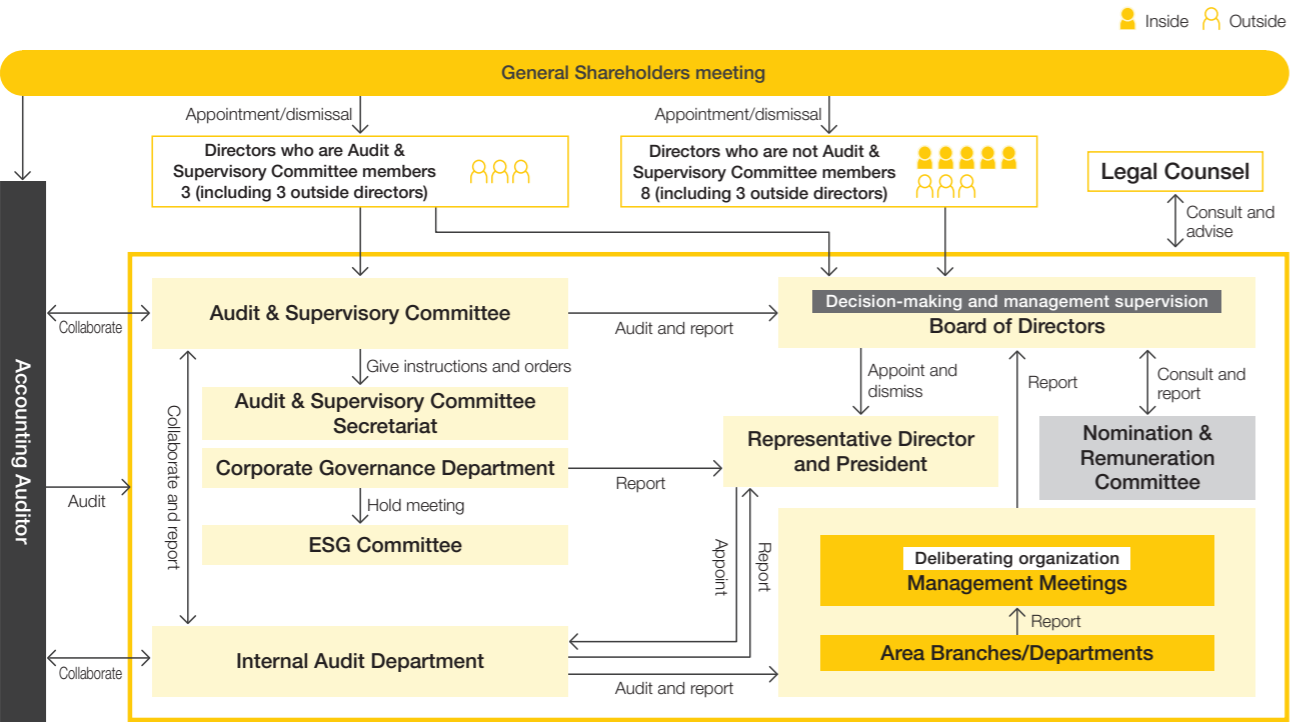
We recognize that in conducting business activities, fulfilling corporate social responsibility (CSR) such as compliance, environmental measures, and respect for human rights is as important as improving performance and believe the Board of Directors and Audit & Supervisory Committee serve as our Group management oversight for these stakeholders.

We believe that the role of directors who are members of the Audit & Supervisory Committee is to ensure sound and sustainable corporate growth and will build a system to further strengthen its supervisory function as we aim to establish a high-quality corporate governance system that will live up to the trust society has placed in us.

Changes to strengthen governance



Corporate Governance Framework

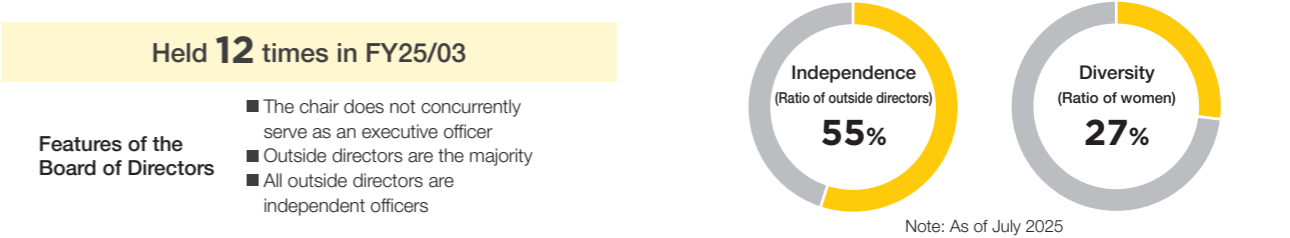


Corporate Governance Structure

Board of Directors

The Board of Directors generally meets once a month. It makes decisions on matters prescribed by laws and regulations as well as other important management matters and supervises business execution.

The following skills matrix shows the expertise and experience that each director in the Board of Directors is expected to have.



Skills matrix

Skills	Details on Skills & Reason for Selection	Skills	Details on Skills & Reason for Selection
Management	It is necessary to be well-versed in business and industry trends, and have experience and achievements from being involved in management of a company in order to formulate and execute strategies for sustainable growth.	Compliance/ Legal Affairs	It is necessary to have directors who possess abundant knowledge related to risk management and corporate governance as well as the skills to supervise management from a legal perspective in order to establish the strong governance structure that will become the foundation for sustainable growth.
Financial Accounting	It is necessary to have abundant knowledge and experience in the field of finance and accounting from a management perspective in order to formulate financial strategies to enhance corporate value. Furthermore, the Company believes that persons who possess experience in financial companies and are qualified as a certified public accountant have knowledge and skills in finance and accounting.	Business Strategy	It is necessary to have directors who possess advanced knowledge and abundant experience related to marketing, logistics, and IT & systems for everything from wholesale purchasing to sale, and who can comprehensively make proposals for and promote business strategies from a medium- to long-term perspective for sustainable growth.
Personnel/ Labor Management	It is necessary to have directors who possess solid insight and experience related to personnel, organization, and internal controls, as the Company believes that human resources are the most important asset for achieving Long-Term Management Vision 2030 and enhancing sustained corporate value.	Global	It is necessary to have directors who have a global perspective and possess experience and skills from being involved in international business management in order to expand international businesses, which is an important matter in the Long-Term Management Vision 2030.
Sustainability	It is necessary to have abundant knowledge in the field of sustainability in order to achieve the sustainability-related targets in the Long-Term Management Vision 2030 and reform ESG management.	Logistics/DX	Amid soaring logistics costs due to the 2024 Logistics Problem and rising human resource costs, it is necessary to have directors who possess knowledge of logistics and DX to boost productivity by reforming logistics, a core function of the wholesale business, and promoting DX through IT and digitalization throughout our businesses.

Name	Independent Outside	Gender	Position	Skills							
				Management	Financial Accounting	Personnel/Labor Management	Sustainability	Compliance/Legal Affairs	Business Strategy	Global	Logistics/DX
Hiroaki Suzuki		Male	Chairman of the Board of Directors	●			●		●		
Seiichi Kochiya		Male	Representative Director and President	●			●		●		◎
Yoshiro Uryu		Male	Director and Executive Vice President		●	●			●		◎
Hidetaka Hatanaka		Male	Director and Senior Managing Executive Officer		●		●		●	◎	
Akihito Mizuno		Male	Director	●		●			●	◎	
Yuji Nasu	👤	Male	Outside Director	●			●			●	
Noriko Yao	👤	Female	Outside Director			●		●		●	
Norio Konishi	👤	Male	Outside Director	●					●		●
Masatoshi Muto	👤	Male	Outside Director, Member of Audit & Supervisory Committee	●	●					●	
Tomoko Sakamoto	👤	Female	Outside Director, Member of Audit & Supervisory Committee			●	●	●			
Emiko Murei	👤	Female	Outside Director, Member of Audit & Supervisory Committee		●		●				

● Skills & experience possessed ○ Skills anticipated in the future

Discussions by the Board of Directors

We are working to distribute meeting materials as early as possible to encourage active discussions at the Board of Directors meetings. We also ensure that outside directors attend Management Meetings as appropriate to increase

Major Board of Directors agenda items

Medium- to long-term plans	Capital cost management, progress and issues in international business and manufacturer business, subsidiaries
Sustainability	ESG Committee report, environment, A&J Project Phase 2 report
Officers	Reports from the Nomination & Remuneration Committee, matters related to officers, and remuneration
Governance	Board of Directors effectiveness assessments, establishing rules, strengthening governance structure, cross-shareholdings
Human resources	Human capital initiatives, discovery, development, and appointment of human resources

Evaluating the effectiveness of the Board of Directors

Since 2019, ARATA has continuously conducted evaluations of the effectiveness of its Board of Directors to help corporate governance function effectively.

In March 2025, a questionnaire was distributed to the Board of Directors, and responses were collected and analyzed by the Secretariat. Individual directors submitted proposals for improvements (excerpts shown below), which are being considered for implementation.

Enhance materials for important matters submitted to the Board and strengthen monitoring

- Create an annual schedule for monitoring
- Enhance materials through stronger collaboration between divisions that submit proposals and relevant divisions
- Report the content of prior discussions at executive meetings to the Board of Directors before deliberation

Director remuneration (FY25/03)

Remuneration for directors (excluding outside directors) is established under a policy that remuneration should serve as a sound incentive for sustainable growth and is discussed at the Nomination & Remuneration Committee in reference to external circumstances as well as multiple listed companies of similar size in similar industries.

The remuneration system consists of base remuneration,

Officer category	Total amount of remuneration (¥ million)	Amount of remuneration by type (¥ million)			Number of eligible officers
		Base remuneration	Performance-linked bonuses	Provision for BBT	
Directors (excluding Audit & Supervisory Committee members) (of which, outside directors)	295 (25)	204 (25)	- (-)	91 (-)	10 (4)
Directors (Audit and Supervisory Committee members) (of which, outside directors)	24 (24)	24 (24)	-	-	4 (4)
Total (of which, outside directors)	319 (49)	228 (49)	- (-)	91 (-)	14 (8)

Notes: 1. As of the final date of the fiscal year concerned, the Company had 10 directors who are not Audit & Supervisory Committee members and 3 directors who are Audit & Supervisory Committee members. The figures above do not include one director who is not an Audit & Supervisory Committee member because this director does not receive remuneration.

2. The total amount of remuneration for directors does not include employee salaries for the directors who concurrently serve as employees.

their understanding of our businesses, industry trends, strategies, and more. Relevant executive officers or others may explain significant matters to outside directors prior to the Board of Directors meetings.

IT/DX	Grand design for system updates, progress of IT Medium-Term Management Plan, DX Project
Audit	Observations by the Audit & Supervisory Committee
Internal controls	Internal audit reporting (whistleblowing, hotlines)
Financial affairs and accounting	Financial statements, budgeting, capital planning, procurement of funds
Investment projects	Logistics investment, system investment, human capital investment

Cross-shareholdings

Once a year, the Board of Directors reviews policies for individual stocks against the shareholding policies formulated by the finance division and the organization in charge of transactions using transaction volume and business revenue and dividend income as reference indicators as well as criteria such as strategic importance to management, returns appropriate in relation to the cost of holding including capital costs and medium- to long-term improvement in corporate value. If the Board determines that the economic rationale for continuing to hold shares is weak, the shares are sold at an appropriate time after dialogue with the company that issued the stock, taking into account economic conditions and gains or losses on transfer.

Category	FY23/03	FY24/03	FY25/03
Number of shares (stock)	97	91	88
Number of shares (stock) of listed companies	58	54	53
Total consolidated balance sheet amount (¥ million)	8,458	9,383	9,167
Total amount of listed companies (¥ million)	8,280	9,267	9,053
Ratio to consolidated net assets (%)	8.29	8.55	7.87

performance-linked bonuses, and stock remuneration (Board Benefit Trust (BBT)), with a policy of designing base remuneration based on factors such as performance, employee salary increase rates, years of service, management ability, achievements, and contributions, while also taking into account representative authority, responsibilities associated with position, and the degree of impact on management, respectively.

Audit & Supervisory Committee

The Audit & Supervisory Committee generally meets at least once a month, and all of its members attend the Board of Directors meetings and audit the state of management and business execution. We have also put in place a framework that allows Audit & Supervisory Committee members to audit the appropriateness of business execution by attending important meetings such as Management Meetings and

Held 12 times in FY25/03

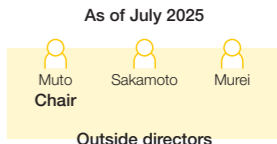
sharing issues based on business audit reports from the Internal Audit Department.

We also have committee members present and discuss management issues as “observations by the Audit & Supervisory Committee” at the Board of Directors meetings to increase effectiveness of the Board of Directors.

Ratio of outside directors



Outside: 3



Voluntary Nomination & Remuneration Committee

The Company established the Nomination & Remuneration Committee as a voluntary advisory body to the Board of Directors to ensure that outside directors have the opportunity to participate in and advise on decision-making

Held 6 times in FY25/03

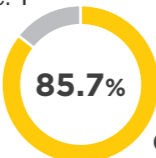
Features of the Nomination & Remuneration Committee

- The chair does not concurrently serve as an executive officer
- Outside director ratio is 85.7%
- All outside directors are independent officers

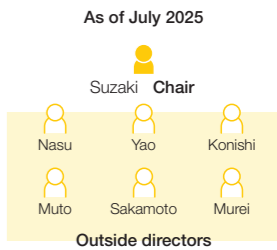
regarding the nomination and remuneration of directors, and to strengthen independence, objectivity, and accountability and further enhance corporate governance framework.

Ratio of Outside Directors

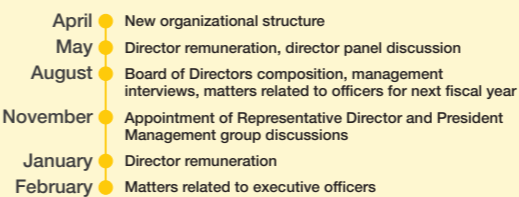
Inside: 1



Outside: 6



Main activities and agenda items discussed by the Nomination & Remuneration Committee (FY25/03)



Management group discussions

Management group discussions have been continuously conducted since 2020 to discover next-generation management talent, which we recognize as one of the most important roles of the Nomination & Remuneration Committee.

Committee members who are outside directors pose questions on social and management issues from a management perspective for group discussions. These employ methods focused on discovering and developing human resources so that we are able to continue growing as a company in the future.



Officer panel discussions P. 63-66 Governance Roundtable

To develop the management group discussions started in 2020, we organized an officer panel discussion for the first time in May 2024.

After five officers discussed the theme, participants asked questions and commented, leading to lively discussions.

Theme Transformation of Corporate Culture

Coordinator Chair of the Nomination & Remuneration Committee

Panelists One director and four executive officers

Participants Directors (including outside directors), executive officers, and Associate Directors

Compliance

ARATA has presented its stance on legal compliance in the ARATA Corporate Code of Conduct and is working to enhance compliance.

As a framework for legal compliance, the Legal Division serves as a point of contact regarding legal affairs for the entire Company and promotes awareness of legal compliance through cross-organizational efforts such as contract reviews and consultations on industry regulations.

We have also established an internal hotline and an external compliance counter as a whistleblowing system for compliance issues to quickly detect and correct misconduct through consultation and reporting of organizational or individual violations of laws and regulations.

■ Stance on compliance in the ARATA Corporate Code of Conduct

1	We recognize the importance of corporate ethics and management soundness and will endeavor to disclose a wide range of accurate information promptly to increase management transparency.	5	We will not undertake work in the same industry outside the Company.
2	We will execute our day-to-day business operations in compliance with the Companies Act, the Financial Instruments and Exchange Act, and other relevant laws and regulations and will maintain sound corporate management.	6	We will be resolute in standing against unjust demands by antisocial forces and will have absolutely no dealings or any ties whatsoever with antisocial forces.
3	We will perform accounting procedures in accordance with the law and will not engage in antisocial behavior such as accounting fraud.		
4	We will not participate in improper transactions with the Company for personal gain.		

ARATA Corporate Code of Conduct
(Japanese only)
<https://www.arata-gr.jp/company/philosophy/#guidelines>

■ Whistleblowing system

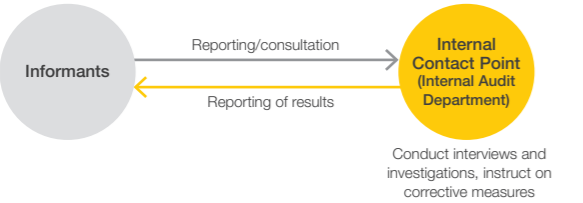
Whistleblowing reports are strictly managed as confidential information based on regulations, and investigations are conducted in a way that protects the personal information of whistleblowers and those being reported. If the investigation confirms any misconduct, we will take strict action against those responsible and swiftly implement corrective measures and recurrence prevention measures.

The Internal Audit Department reports to top management on whistleblower reports as needed, and overall trends such as the number of cases are reported regularly at the Board of Directors meetings and Management Meetings.

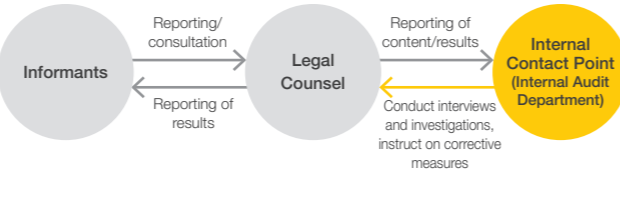
Through these measures, we strive to prevent or catch illegal or dishonest conduct at an early stage.

We have also established a reporting hotline for business partners and other stakeholders working in the supply chain to detect and correct misconduct such as legal violations and corruption at an early stage, and for any human rights violations or similar issues discovered through such reports, we conduct investigations and take remedial measures.

Whistleblowing reports and consultations to internal contact point (Hotline)



Whistleblowing reports and consultations to legal counsel (Compliance counter)



Initiatives to Raise Employee Awareness of Compliance

We conduct continuous in-house training on compliance with laws and regulations relating to business activities, with the Legal Division playing a central role.

We work constantly to improve, instill, and ingrain compliance awareness throughout ARATA by providing explanations at different meetings and distributing materials to all employees whenever laws and regulations are revised.

From 2022

Started the regular distribution of Legal Teacher, which allows employees to enjoy learning the basics of corporate legal affairs.

Examples of Legal Teacher subjects

■ Whistleblower Protection Act and whistleblower reporting system	■ Insider Trading Regulations
■ Confidentiality obligations	■ Product Liability Act
■ Act Against Unjustifiable Premiums and Misleading Representations	and more for a total of 37 subjects

From 2023

Issued the Anti-Harassment Declaration to address discrimination, prejudice, and inequality and foster a healthy workplace environment, while conducting anti-harassment training featuring different content for managers, general employees, and part-time employees at logistics centers to help prevent harassment.

Risk Management

We work to identify risks throughout the Group in conducting business as a corporate entity, in particular those that affect financial standing and social credibility, in order to maintain and enhance corporate value and financial soundness.

At monthly Management Meetings, we review the reports on business execution and performance of our head office and area branches, verify their progress toward goals, and check compliance to prevent fraud and risks.

With regard to risks across the Group, the Corporate Governance Department and Internal Audit Department coordinate with Group companies to manage risks, while directors or executive officers of the Company also serve as directors or corporate auditors of Group companies to gather information at the Board of Directors meetings and other opportunities.

Furthermore, in the event of an emergency, we have established a system to set up a response headquarters headed by the Representative Director to investigate the facts and report to and deliberate with the Board of Directors and Audit & Supervisory Committee in a timely and appropriate manner.

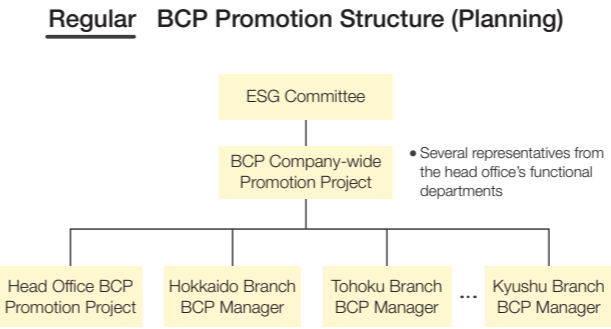
Business Continuity Plan (BCP)

To protect lives and fulfill our social mission as a wholesale trading company when a natural disaster such as an earthquake or typhoon or a devastating crisis such as a pandemic occurs, we formulate a business continuity plan (BCP), which we will strengthen or update every year.

In addition, “ARATA Disaster Prevention Week” is organized every year, and disaster preparedness is implemented at the level of each site.

■ Basic BCP policy

- We will make checking the safety of our employees and their family members and ensuring their safety our top priority.
- We recognize the importance of our social mission as a wholesaler and work to restore the supply chain as quickly as possible as well as on restoration and measures to deliver products.
- We will provide education and training on our BCP to ensure that our organizations conduct activities smoothly.

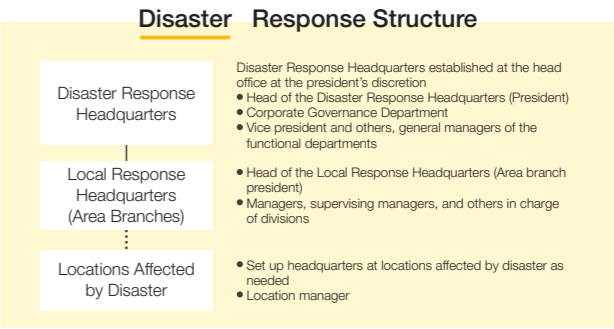


- Responding to natural disasters
- Check hazard maps to evaluate the risk of damage to all centers and offices
 - Prepare action protocols and stockpiles based on disaster risk assessments
 - Consider how to respond in the event of a disaster during ARATA Disaster Prevention Day (part of ARATA's disaster prevention efforts)
 - Distribute the ARATA disaster response handbook to all employees

■ Reviewing our initial response following the Noto Peninsula Earthquake

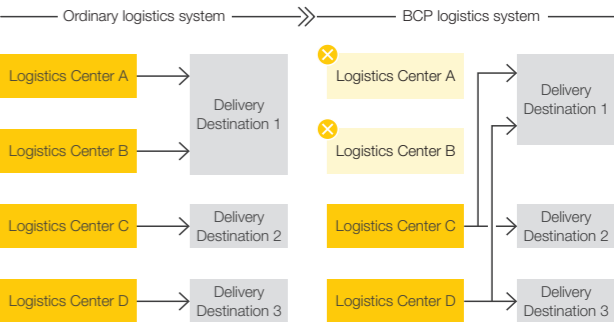
The Noto Peninsula Earthquake on January 1, 2024, damaged our Hokuriku Center, and because it was New Year's Day, many employees were on holiday, meaning that the facility struggled with its initial response.

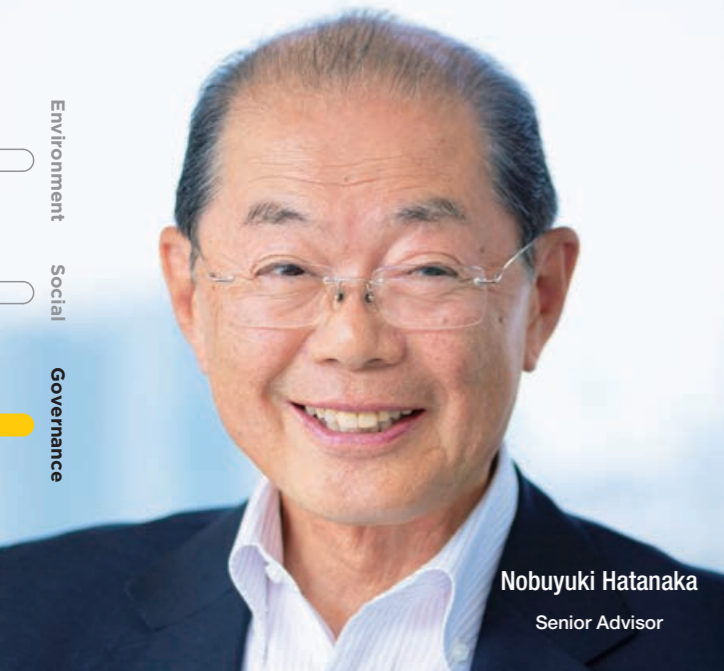
Based on this experience, we have begun documenting initial response to disasters, incorporating the lessons learned from our disaster experience, through the Company-wide BCP Project. By achieving an agile response, ensuring employee safety, and minimizing damage, we aim to restore logistics centers affected by disaster at an early stage to fulfill our social mission.



BCP alternative logistics

ARATA has built an alternative logistics network for all distribution centers as a contingency plan in the event that a center becomes unable to ship products due to a disaster, infectious disease outbreak, etc.





Nobuyuki Hatanaka
Senior Advisor



Tomoko Sakamoto
Outside Director
Member of Audit &
Supervisory Committee



Yuji Nasu
Outside Director



Satoshi Hiramitsu
Previous Outside Director
Member of Audit &
Supervisory Committee



Norio Konishi
Outside Director

Special Feature

Governance Roundtable

For the Next Generation: The ARATA Succession Plan

Establishing the Nomination & Remuneration Committee in 2019 to Boost Transparency and Discover Human Resources

Hatanaka Previously at ARATA, it was customary for the selection of the next president to be the exclusive prerogative of the outgoing president. However, we felt that this method made it difficult to ensure sound succession and risked skewing values in a single direction as the Company diversified, which is why we decided to establish the Nomination & Remuneration Committee as an independent body in 2019. I understand that some companies form these committees entirely of outside directors, but rather than leaving everything to outside directors, I relinquished my representative authority as Representative Director and Chairman to become committee Chair, while then-President Suzuki participated as an observer when necessary to maintain balance.

The role of the Nomination & Remuneration Committee goes beyond merely selecting the president, encompassing discovery and development of the next president and executives as a major theme, providing candidates with stimulation and opportunities for growth through roundtable discussions and group discussions led by outside directors. Previously, only inside executives conducted human resource evaluations, but we have begun incorporating outside perspectives as well. In women's advancement, we have established venues for group discussions to discover management candidates unconstrained by past customs. Supporting the appointment of women within the Company through both systems and culture is one of the major roles of the Nomination & Remuneration Committee.

Hiramitsu I reread the minutes from the first Nomination & Remuneration Committee meeting as someone who was there at the time. Then-Chair Hatanaka said, "The purpose of this committee is not merely to keep the president in check, but rather to have the president and committee work together as a

family." I feel that this philosophy was reflected in how the committee operated, with its approach of building consensus through repeated discussions from diverse perspectives while respecting the president's ideas and decisions.

Process for Selecting the Next President and the Qualities Required of Executive Management

Hatanaka The next president was selected through interviews between Nomination & Remuneration Committee members and executive management candidates. How was this approach evaluated?

Sakamoto I initially worried that interviews alone would offer limited information and favor strong presenters or highly ambitious candidates, but this was not an issue as we held multiple interviews and had interactions outside the formal sessions. Having all outside directors serve on the Nomination & Remuneration Committee is quite unusual, but this created a fair and transparent process that led to a selection that employees were satisfied with as well.

Nasu Some aspects would have been too demanding for outside directors alone, but having Mr. Hatanaka and Mr. Suzuki join the committee let us hear their perspectives while discussing matters without reservations. Proactive dialogues with candidates outside the formal interviews helped me understand their personality and ideas, which I feel allowed me to express my views candidly.

Hatanaka From the perspective of employees, the fact that leadership is chosen through such a transparent process is itself a major advantage. What qualities do you believe are required of a president or executive management?

Nasu The most important quality for a president or executive manager is the ability to take a bird's-eye view of the company. You cannot chart the next step unless you are able to see the full picture of the business. On top of that, it is vital to determine what milestones you will reach during your tenure. And most important of all affection for the employees. During

the interviews, I asked the candidates, "Who is your most important stakeholder?" and was impressed that they all immediately answered "employees," which made me feel that ARATA has deeply rooted culture of valuing employees.

Konishi While specialized knowledge and skills are crucial for management, I believe that soft skills and EQ (emotional intelligence quotient) are even more important. ARATA in particular is something of a chimera, formed from the merger of several companies, so strong leadership is required to bring together our diverse human resources.

Sakamoto It is vital that strong leadership also includes integrity and consideration for employees. Circling back to working together like family, the ability to lead management forward as a team rather than aim for perfection alone as the top of the company is required.

Hiramitsu To lead an organization this large, communication skills and leadership capability are vital.

Hatanaka The idea of valuing employees is an integral part of ARATA's corporate culture. As we looked ahead to growth over the next decade, I thought that the top leader should take an offensive stance. While there was no significant difference in the overall assessment of candidates, we selected someone skilled at setting clear goals and formulating concrete strategies.

Results of Group Discussions and Panel Discussions

Hatanaka After the executive management interviews, group discussions were held with people in operating officer and higher positions to discover the next-generation of executive candidates and develop the participants themselves, with outside directors serving as moderators. This is an initiative not commonly seen at other companies. What are your impressions of it?

Sakamoto As an attorney, I am unaccustomed to roundtable discussions and am very nervous every time. It serves as valuable opportunity for us to speak directly with employees, and I would imagine that exchanging opinions with outside directors was stimulating for

the participating employees as well. If the insights gained through these discussions are applied to employees' work, that would make this a highly meaningful initiative.

Nasu The venue was very formal, an imposing hotel room with high ceilings that created a distinct tension. Afterward, one participant even told me, "I was extremely nervous." I believe experiencing this question-and-answer session in a tense environment served as an opportunity for growth and self-reflection. Exposure to diverse opinions from people in other departments was also stimulating and served as a good networking opportunity. I've also heard that impressive individuals who stood out in the discussions were later promoted. As of last fiscal year, these are now organized by Personnel Division, so they now serve more as a Company-wide venue for discovery.

Hiramitsu Expanding the scope of the Nomination & Remuneration Committee beyond just candidates for president and directors has created a flexible and unique initiative unparalleled by other companies. This is a valuable opportunity for participants in the discussions to exchange opinions directly with outside directors with whom they rarely speak, while outside directors gain a valuable forum for understanding who the candidates are. The role of a moderator is challenging, and each time I experimented with how to draw out participant comments without speaking too much myself or letting the theme become skewed.

Konishi I began participating when the discussions were being led by Personnel Division. The employees were very nervous, but I was impressed at how outside directors asked careful questions to bring out the strengths of each employee. Typically, outside directors are involved only in the final interviews of the promotion process. It is rare for outside directors to be this deeply involved, making this an extremely meaningful initiative.

Hatanaka The significance of group discussions is not only to discover and develop employees but also to serve as a valuable opportunity for outside directors to understand the Company on a deeper level and

develop affection for it. I hope this creates the sense of unity that is vital in fulfilling the role of outside directors. Having a formal venue effectively helped produce the proper tension to encourage concentration and create a sense of seriousness. To share these meaningful group discussions more broadly, a panel discussion was also held in May 2024. What were your impressions of the executive management and employees at ARATA?

Hiramitsu My impression is that many people express very solid opinions. They approach their work earnestly with a healthy awareness of the issues, and I felt they were serious in a good sense. Ideas and proposals that could only be shared in the closed setting of group discussions have now spread more widely through panel discussions, leading to stimulation and learning across the Company, which is why I think this is a valuable initiative.

Nasu What left an impression on me was how everyone spoke proactively and expressed opinions from different perspectives. Many had constructive opinions they really wished to convey, making the content profoundly significant. I definitely hope this continues in the future.

Discovering and Developing Next-Generation Executive Management Candidates

Hatanaka Can you share your opinions based on your respective positions on discovering and developing next-generation executive management candidates for the future?

Konishi As a member of the Nomination & Remuneration Committee, it is important that I attend Management Meetings and ESG Committee meetings. These meetings give me the chance to observe discussions among the president, executive officers, general managers, and managers, which also provides an opportunity to verify the skills and diversity of director candidates. For information systems and logistics, which require specialized knowledge, I conduct individual interviews whenever possible to gain a deeper

understanding. I feel that, over time, this helps discover and develop executive candidates.

Nasu The executive management candidate interviews led by Personnel Division are an excellent initiative, so I hope we can increase the number of sessions to the extent possible. When developing executive management candidates, hosting training sessions with external lecturers for two days and an overnight stay is also effective. It would be ideal if the executive management candidates there felt free to exchange opinions without reservations and create deeper camaraderie during social gatherings in the evening.

Konishi Deliberately hosting discussions on the Medium-Term Management Plan by executive officers and general managers at a different location strengthens bonds and creates great enthusiasm.

Sakamoto Regarding diversity at the Company, I am particularly focused on women's advancement. This may be a generalization, but I feel that women are still less likely to volunteer themselves as candidates. I hope that by increasing opportunities for women to participate proactively through such venues as group discussions, we can foster their sense of fulfillment and confidence. I believe many will rise to the challenge if they are given roles, experience, and opportunities, so I hope to tie these initiatives into developing more diverse executive talent.

Hiramitsu To be a management executive, one needs to have a vantage point one level higher than their current work, a big-picture view, and broad perspectives. This requires a variety of experiences, so I believe job rotation to provide experience in different departments and duties is needed to cultivate thinking and insights that transcend one's own boundaries.

Hatanaka Looking back over ARATA's history as a merged company, people from different backgrounds have encouraged one another to excel. It's now 23 years since the Company was founded, and the key to the future is to deliberately incorporate outside connections and knowledge. While outside directors have stimulated the Company through their efforts, other forms of outside exchange are also needed to

develop executive management.

The Strengths of New President Kochiya and Expectations for Future Initiatives

Hatanaka Mr. Seiichi Kochiya has been selected as the new president. What are his strengths, and what do you expect from him?

Hiramitsu Mr. Kochiya has a sense of stability as well as strong communication and leadership skills. I hope he fully leverages these strengths and demonstrates his leadership not only in business performance but also in proactively addressing different social issues as a listed company to boost corporate value. From my position as an Audit & Supervisory Committee member, I expect him to strengthen the Group governance structure from a Group management perspective to help make ARATA a more trusted company.

Sakamoto I believe Mr. Kochiya possesses great integrity and the ability to take action. Employees seem positive about Mr. Kochiya as president, and motivation is rising

within the Company. I anticipate that he will continue demonstrating his leadership.

Nasu Mr. Kochiya possesses very strong will. His sense of speed in taking preemptive action before something happens is also a strength. I hope that he will be able to demonstrate his strong leadership and proactively change the path ARATA takes.

Konishi Watching Mr. Kochiya even during his time as Vice President, his growth each time we met at Management Meetings and elsewhere was palpable. Even in just the few months since his appointment, his resolve and stance as a leader have become more profound. He seems highly aware of the importance of improvement and reform to grow the Company further. I hope that, as in the haiku concept of being fluid and transitory, yet eternal and immutable, he will balance innovation with tradition while incorporating AI, DX, and other new technologies proactively to respond flexibly and quickly to the rapidly changing business environment. I also believe he will focus on strengthening governance and promoting human capital management to further increase

ARATA's corporate value.

Hatanaka I believe the best support I can provide is to watch over the Company quietly. Going forward, I intend to solemnly fulfill my role as Senior Advisor.

Expectations and Messages for the Next Chair of the Nomination & Remuneration Committee

Hatanaka Chairman Suzaki will succeed the duties of the Chair of the Nomination & Remuneration Committee. Mr. Suzaki succeeded me as president and fulfilled his duties using a completely different style, so I will deliberately refrain from giving any specific advice. I hope that Mr. Suzaki will sense the tides of the world, respond to the trends of the times, and evolve the Nomination & Remuneration Committee in his own style. If I were to say one thing, it would be that ARATA now needs to be more proactive in maintaining outside connections. If he keeps only that in mind, I believe he will be more than satisfactory in fulfilling his role.

Discussion

