

[This document has been translated from the Japanese original (as submitted to the Tokyo Stock Exchange) for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. FRANCE BED HOLDINGS CO., LTD. assumes no responsibility for this translation or for direct, indirect, or any other forms of damages arising from the translation.]

Last Updated: December 26, 2023

**FRANCE BED HOLDINGS CO., LTD.**

Shigeru Ikeda, Representative Director, Chairman and President  
Contact: Accounting/General Affairs Group TEL: +81-3-6741-5501  
Securities Code: 7840 <https://www.francebed-hd.co.jp/>

The corporate governance of FRANCE BED HOLDINGS CO., LTD. (the “Company”) is described below.

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

**1. Basic Views**

The Company acknowledges that corporate governance is the basic framework of corporate management in relation to various stakeholders, such as shareholders, customers, employees, business partners, and local communities, and that it consists of the following elements: management supervisory functions, establishment of corporate ethics, risk management, compliance, accountability (fulfillment of accountability), and improvement of management efficiency. Based on this basic framework, we believe that our greatest responsibility is to strive to advance shareholders’ interests.

In order to enhance and strengthen corporate governance, the Company has identified four issues to be addressed: strengthening the auditing function, thorough legal compliance, enhancement of IR functions, and organic revitalization of subsidiaries’ businesses.

As part of our efforts to address these issues, we will clarify and strengthen the functions of each group, etc. (Audit Group, Corporate Planning Group, Accounting/General Affairs Group, Secretarial Group, and Personnel Department) as well as the Company’s Board of Directors and Audit and Supervisory Committee, in order to improve the transparency of our management.

**[Reasons for Non-compliance With the Principles of Japan’s Corporate Governance Code]**

**[Principle 5-2 Establishing and Disclosing Management Strategies and Business Plans]**

**[Supplementary Principle 5-2-1]**

The Company formulates its management strategies and medium-term management plan, and discloses specific measures and numerical revenue targets on its website. In addition, the Company endeavors to promote the understanding of shareholders and investors through IR activities including financial results briefings and meetings for individual investors. We will provide comprehensive explanations with respect to targets for capital efficiency, etc., allocation of management resources, policy regarding the business portfolio, and other information by presenting them on our website, etc.

**[Disclosure Based on the Principles of Japan’s Corporate Governance Code] [Updated]**

**[Principle 1-4 Shares Held as Cross-Shareholdings]**

The Group holds cross-shareholdings for the purpose of sustainable growth and enhancement of corporate value.

The Company will periodically and continuously compare returns on individual cross-shareholdings, such as conditions of transactions and dividends received, with risk and cost of capital, and examine their reasonableness from a medium to long term perspective each year. If this verification does not demonstrate the reasonableness of holding such shares, we will proceed to reduce the number of such shares.

With respect to the exercise of voting rights pertaining to cross-shareholdings, we make decisions from the perspective of improving the medium to long term corporate value of both the Group and the issuing company for each proposal at the General Meeting of Shareholders. We will oppose any proposals that we believe will damage corporate value, and we will carefully examine the content of proposals and exercise voting rights with respect to companies that have posted losses for a certain consecutive period or have been involved in serious scandals.

**[Principle 1-7 Related Party Transactions]**

The Company’s “Regulations for Directors and Officers” stipulates that any transaction between related parties, such as competitive transactions and conflict-of-interest transactions, must be discussed and resolved at a meeting of the Board of Directors, and we have ensured that all Directors are fully aware of the details of such regulations.

In addition, all Directors are required to submit a “Related Party Transaction Confirmation Form” at the end of each fiscal year so that the existence of related party transactions can be checked on an ongoing basis after the fact, to ensure that no omissions occur.

### **[Supplementary Principle 2-4-1 Ensuring Diversity in Companies, Including Active Participation of Women]**

The Company is taking measures, such as increasing the ratio of new graduates and mid-career employees, introducing a job return system, and establishing a department specializing in diversity promotion, in order to promote the activities of female employees within the Company, particularly at its operating company, FRANCE BED CO., LTD.

The Group has formulated a “Human Rights Policy” and a “Health and Safety Policy,” and regards its employees as human capital and respects their diversity, and in particular, the Group is committed to recruiting and supporting the careers of women, which is essential for business growth, and to developing and actively employing disabled and elderly people in the work sector. The Company will aim to achieve its Group-wide goals of having “35% or more female employees and 15% or more female managers by 2030,” and “3% or more employees with disabilities and 50% or more male employees taking childcare leave (maintaining 100% for female employees) by 2030.”

### **[Principle 2-6 Functioning as Asset Owner of Corporate Pension Funds]**

The Company’s corporate pension fund is managed by the Corporate Pension Fund Asset Management Committee, which is composed of the Directors in charge of the Accounting/General Affairs Group and the persons in charge of the finance division. The Corporate Pension Fund Asset Management Committee regularly obtains information on the investment progress from the trust banks and life insurance companies that are the investment institutions, and reports the information to the Board of Directors on a quarterly basis to ensure proper management of the investment progress.

### **[Principle 3-1 Enhancement of Information Disclosure]**

The Company acknowledges that information disclosure is one of the most important management issues and that it is essential to disclose appropriate information to gain the understanding of our stakeholders, including our shareholders. To fulfill this obligation, in addition to disclosures required by laws and regulations, the Company discloses information to the public through its website and shareholder newsletters, including non-financial information that is deemed important to stakeholders.

- (i) Company objectives (e.g., corporate philosophy), management strategies and business plans;  
The Company discloses its corporate philosophy, management strategies, and medium-term management plan on its website, in shareholder newsletters, and in financial results briefing materials.
- (ii) Basic views and policies on corporate governance  
The Company’s basic views and policies on corporate governance are described in this report.
- (iii) Policies and procedures of the Board of Directors in determining the remuneration of the senior management and Directors  
Described in this report under “II 1. [Director Remuneration] Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof.”
- (iv) Policies and procedures of the Board of Directors in the appointment/removal of the senior management and nominations of Director candidates  
Nominations of candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are deliberated on by the Nomination and Compensation Committee in consultation with the Board of Directors, which provides advice and recommendations to the Board of Directors, followed by deliberation by the Audit and Supervisory Committee, and approval by the Board of Directors. In appointing candidates for Independent External Directors, nominations will be those who can fulfill their roles and responsibilities from a professional and objective perspective, including management experience at other companies, such as providing advice on improving corporate value over the medium to long term and supervising management, based on the Nomination and Compensation Committee’s selection criteria and independence standards.  
Removal of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be decided when there is any fraud or unjust action as Directors or when they are found to be unqualified, upon consultation with the Board of Directors, by the Nomination and Compensation Committee, which shall provide advice and recommendations to the Board of Directors, followed by deliberation by the Audit and Supervisory Committee, and approval by the Board of Directors.
- (v) Explanations with respect to individual appointments and removals of the senior management and nominations of Director candidates  
The reasons for the nomination of each candidate for Director are disclosed in the Notice of the General Meeting of Shareholders. In the event of removal, an explanation will be provided through disclosure in a timely manner.

### **[Principle 3-1-3 Initiatives for Sustainability, etc.]**

In our medium-term management plan, we have set forth the “Promotion of the ESG management” and have identified five themes as important issues (material issues) for society and that could have an impact on our Group’s value over the medium to long term: (1) Efficient use of resources, (2) CO2 emission reduction and energy conversion, (3) Provision of more secure, safer and more highly valued products and services, (4) Development of human resources, and (5) Promotion of diversity and work-life balance, and also the foundations that support our business: (i) Governance, (ii) Compliance, and (iii) Sound finances.

In addition to introducing the relationship with the SDGs, the CSR information page of the Company’s website includes a message from the top management, basic policies such as the “Environmental Management Policy,” “Human Rights Policy,” and “Health and Safety Policy,” as well as initiatives on ESG issues.

The Company will also disclose information on our response to climate change in accordance with TCFD recommendations, including quantitative disclosure of risks and opportunities, progress of governance structure, indicators and targets for greenhouse gas emissions, and others.

#### **[Supplementary Principle 4-1-1 Roles and Responsibilities of the Board of Directors (1)]**

The Company's Board of Directors, as a pure holding company, has the important responsibility to supervise the business execution of subsidiaries and to unify the Company's intentions as a corporate group.

The Company's Board of Directors then defines the areas of responsibility of each Director and delegates the authority to make decisions on business execution to each Director in accordance with the "Regulations on Division of Duties" and "Regulations on Administrative Authority," etc., and each Director strives to achieve the Group's management targets through the achievement of business targets in their area of responsibility.

#### **[Principle 4-9 Independence Standards and Qualifications for Independent External Directors]**

The Company selects candidates for Independent External Directors based on the criteria set forth in the Companies Act and the Tokyo Stock Exchange, after the Nomination and Compensation Committee deliberates on the candidates in consultation with the Board of Directors, provides advice and recommendations to the Board of Directors, and the Board of Directors deliberates on the candidates.

#### **[Supplementary Principle 4-10-1 Use of Optional Approaches]**

The Company has established a Nomination and Compensation Committee under the Board of Directors, consisting of six Directors, including four External Directors, in order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the nomination and remuneration of senior management and Directors. The Nomination and Compensation Committee shall provide advice and recommendations on matters concerning the election and removal of Directors (excluding Directors who are Audit and Supervisory Committee Members) and succession planning (including training), which are matters to be resolved at the General Meeting of Shareholders, as its nomination function, and shall deliberate and report on matters ensuring transparency and fairness in determining Directors' remuneration as its remuneration function, in an effort to obtain appropriate involvement and advice when considering particularly important matters.

#### **[Supplementary Principle 4-11-1 Preconditions for Ensuring Effectiveness of the Board of Directors and Board of Auditors]**

The Company, as the holding company responsible for the Group's strategic functions, shall have the basic role of ensuring the efficient management of the entire Group through the development of a management vision, the planning of management strategies, and the optimal allocation of management resources, and manage its subsidiaries as a unified Group with shared business strategies, while taking into account the business characteristics of each subsidiary company.

Each Director that comprises the Board of Directors shall be expected to be familiar with the business of the segment for which he/she is responsible, as well as to have advanced business management skills, extensive knowledge necessary for the management of a pure holding company, and strong leadership. The Independent External Directors shall be expected to participate as members of the Board of Directors with a high degree of independence as well as proven records of performance as corporate managers, in-depth knowledge in specific fields of expertise, high levels of insight on legal compliance, and a considerable degree of knowledge on finance and accounting in order to incorporate the perspectives of diverse stakeholders into management oversight, thereby ensuring transparency and enhancing corporate value.

Nominations of candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are deliberated on by the Nomination and Compensation Committee in consultation with the Board of Directors, which provides advice and recommendations to the Board of Directors, followed by deliberation by the Audit and Supervisory Committee, and approval by the Board of Directors. In appointing candidates for Independent External Directors, nominations will be those who can fulfill their roles and responsibilities from a professional and objective perspective, including management experience at other companies, such as providing advice on improving corporate value over the medium to long term and supervising management, based on the Nomination and Compensation Committee's selection criteria and independence standards.

Based on these considerations, the Company's Board of Directors is limited to 15 members to enable prompt management decisions, and currently consists of ten Directors, including four External Directors.

In addition, a skills matrix listing the knowledge, experience, abilities, etc. of each Director has been prepared and is included on the last page of this report.

#### **[Supplementary Principle 4-11-2 Preconditions for Ensuring Effectiveness of the Board of Directors and Board of Auditors]**

The Company discloses the status of concurrent positions of its External Directors with other companies every year through the Notice of the General Meeting of Shareholders, Annual Securities Report, and Report on Corporate Governance, etc. One of our Directors, including an External Director, is concurrently serving as a Director of a listed company as of June 28, 2023.

#### **[Supplementary Principle 4-11-3 Preconditions for Ensuring Effectiveness of the Board of Directors and Board of Auditors]**

The Company's Board of Directors employs an outside consultant to conduct a survey of Directors, including the External Directors, in March and April each year to evaluate the effectiveness of the entire Board of Directors. It was conducted over the period from March 28 to April 11, 2023 this fiscal year, and the results of the analysis and evaluation were reported at the Board of Directors' meeting held in May 2023.

Based on the results of the analysis, the Company evaluates that the effectiveness of the Board of Directors is generally ensured in each of the following areas: the structure of the Board of Directors, deliberation agendas and operations, and provision of information to members of the Board of Directors.

In addition, we invited outside lecturers to provide necessary knowledge for Directors, etc., and continued to hold study sessions in November 2022 and February 2023. We will continue to make improvements to enhance the effectiveness of the Board of Directors through discussion at the Board of Directors meetings.

#### **[Supplementary Principle 4-14-2 Training for Directors and Auditors]**

The Company provides opportunities for Directors to acquire necessary information and knowledge on business and management at the time of their appointment and from time to time after their appointment in order for them to effectively fulfill their roles and responsibilities, and also conducts internal study sessions on compliance and other related matters.

#### **[Principle 5-1 Policy for Constructive Dialogue With Shareholders]**

The Company appoints a Director in charge of IR and designates the Corporate Planning Department as the IR department. The Company holds semi-annual financial results meetings for shareholders and investors, at which the Representative Director, Chairman and President directly explains management policies and financial conditions, etc., and also distributes the information on the company's website.

The Company also holds small meetings for institutional investors and company information sessions for individual investors several times a year, and our Representative Directors participate in these meetings to the extent possible to provide explanations.

#### **[Measures to Promote Management With an Awareness of Cost of Capital and Share Price (Under Review)]**

Through the businesses of the Group, the Company provides products and services useful to people's daily lives while embracing the challenge of creating new value. By continuing such action, we aim to be a company that is expected by society to exist for over 100 years. In addition, we promote management that places emphasis on ESG principles while also creating social value. In doing all this, we aim to be a company that "is of use to society and contributes to society."

In the fiscal year ending March 31, 2024, the final year of our medium-term management plan, we are working under our aforementioned goals to achieve net sales of ¥60,500 million, operating profit of ¥4,850 million, ordinary profit of ¥4,850 million and ROE of 8.0%. In terms of capital efficiency, we have steadily improved ROE to achieve 7.1% in the fiscal year ended March 31, 2023 through such measures as implementing business portfolio management to improve return on sales in business operations, and improving the turnover of total assets. As for evaluation of our share price, through implementing the management measures of "promotion of ESG management," "continual improvement of ROE," "strengthening of shareholder returns," and "revision of officer remuneration system," our PBR, which had previously hovered just under 1.0 times, has, as of now, improved to a level fluctuating around 1.20 times.

We will continue to make it a basic policy to achieve improvement in shareholder value through investment for sustainable growth and continuous and stable shareholder returns, and in order to maintain our PBR at a level exceeding 1.0 times, we will prioritize efforts aim at realizing stable and continuous improvement of ROE and PBR on optimizing capital cost while maintaining financial soundness. In the new medium-term management plan, we will enhance the plan for "measures to promote management with an awareness of cost of capital and share price" and plan to announce this on the release date of the financial results for the fiscal year ending March 31, 2024, which is scheduled for May 2024.

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
----------------------------	---------------

### [Status of Major Shareholders] [Updated]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Shigeru Ikeda	5,522,990	15.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,030,200	8.40
Shigeru Real Estate	2,110,000	5.85
Shizuko Hayasaki	1,535,520	4.26
Emiko Watabe	1,510,120	4.19
Miyoko Nagai	1,366,320	3.79
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,078,370	2.99
Custody Bank of Japan, Ltd. (Trust Account)	800,400	2.22
France Bed Trading Partner Shareholding Association	788,840	2.18
Kazumi Ikeda	562,400	1.56

Controlling Shareholder (except for Parent)	—
---	---

Parent (Listed Stock Market)	None
------------------------------	------

### Supplementary Explanation [Updated]

The status of major shareholders is current as of September 30, 2023. The shareholding ratios that are presented were calculated by excluding treasury shares owned by the Company of 2,361,510 shares.

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Prime Market
Fiscal Year-End	March
Type of Business	Other products
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	More than ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	Less than 10

## 4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions With Controlling Shareholder

—

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

None that should be noted.

## II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Supervision in Management

### 1. Organizational Composition and Operation

Organization Form	Company with audit and supervisory committee
-------------------	--

#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Appointment of External Directors	Appointed
Number of External Directors	4
Number of Independent Officers Designated From Among External Directors	4

#### External Directors' Relationship With the Company (1)

Name	Attribute	Relationship With the Company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Shuichi Nakamura	Scholar												
Satoshi Watanabe	Attorney at law												
Shigeo Yamashita	From another company					△							
Noriko Otsuka	Certified public accountant						△						

#### \* Categories for "Relationship with the Company"

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

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

a Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b Non-executive Director or executive of the parent of the Company

c Executive of a fellow subsidiary of the Company

d Party whose major client or supplier is the Company or an executive thereof

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

f Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director

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

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

i Executive of a corporation to which outside officers are mutually appointed (the Director himself/herself only)

j Executive of a corporation that receives a donation from the Company (the Director himself/herself only)

k Other

Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Shuichi Nakamura	○	○	<p>He does not belong to any of the following categories: business partners of the Company or a person from such business partners, a person from a company with which the Company has a relationship of mutual appointment of external officers, or a person from an organization to which the Company has made donations or a person from such a company.</p> <p>“Significant concurrent positions outside the Company” as defined in the Companies Act and its enforcement regulations are as follows.</p> <ul style="list-style-type: none"> <li>• Chairman, General Incorporated Association Forum for Social Security Policy (There is no special interest.)</li> <li>• Professor, International University of Health and Welfare Graduate School (There is no special interest.)</li> <li>• Director, Medical System Network Co., Ltd. (There is no special interest.)</li> </ul>	<p>This External Director has been appointed as an Audit and Supervisory Committee Member based on his extensive experience and wide-ranging insight gained through his many years of experience in welfare and labor administration related to medical care, long-term care, welfare, etc., and we believe that he will bring his expertise in the Medical Services Business in particular to the Company’s audits and supervision.</p> <p>In addition, this External Director is designated as an independent officer because there is no risk of a conflict of interest with general shareholders at present or in the past, he maintains a position that enables him to monitor whether the Company’s business operations are properly executed without bias toward the interests of management or specific stakeholders, and he meets the requirements for independent officers as stipulated by the Tokyo Stock Exchange.</p>
Satoshi Watanabe	○	○	<p>He does not belong to any of the following categories: business partners of the Company or a person from such business partners, a person from a company with which the Company has a relationship of mutual appointment of external officers, or a person from an organization to which the Company has made donations or a person from such a company.</p> <p>“Significant concurrent positions outside the Company” as defined in the Companies Act and its enforcement regulations are as follows.</p> <ul style="list-style-type: none"> <li>• Head, Watanabe Patent Attorney’s Office (There is no special interest.)</li> <li>• Executive Board Member, Tama Art University (There is no special interest.)</li> </ul>	<p>This External Director has been appointed as an Audit and Supervisory Committee Member based on his extensive experience and insight as an attorney-at-law over many years, and we believe that he will strengthen our compliance system and supervise management fairly and objectively.</p> <p>In addition, this External Director is designated as an independent officer because there is no risk of a conflict of interest with general shareholders at present or in the past, he maintains a position that enables him to monitor whether the company’s business operations are properly executed without bias toward the interests of management or specific stakeholders, and he meets the requirements for independent officers as stipulated by the Tokyo Stock Exchange.</p>

Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Shigeo Yamashita	○	○	<p>He served as Representative Director and President of SHIMACHU CO., LTD., a business partner of the Company's subsidiary, but resigned in November 2017 and has had no relationship with this business partner since that time. He does not belong to any of the following categories: a person from a company with which the Company has a relationship of mutual appointment of external officers, or a person from an organization to which the Company has made donations or a person from such a company.</p> <p>“Significant concurrent positions outside the Company” as defined in the Companies Act and its enforcement regulations are as follows.</p> <ul style="list-style-type: none"> <li>• Auditor, FRANCE BED CO., LTD. (Company's subsidiary)</li> </ul>	<p>This External Director has been appointed as an Audit and Supervisory Committee Member based on his extensive experience and wide-ranging knowledge gained through his many years of experience in the management of listed companies, and we believe that he will provide fair and objective supervision of the Company from a professional perspective, particularly with respect to the Home Furnishings and Health Business.</p> <p>In addition, this External Director is designated as an independent officer because, although he falls under the above items, he is not currently in a position to be influenced by his former company and is independent from the management team that conducts business operations, and therefore, we judge that there is no risk of a conflict of interest with general shareholders, and he meets the requirements for independent officers as stipulated by the Tokyo Stock Exchange.</p>



Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Noriko Otsuka	○	○	<p>She used to work for Deloitte Touche Tohmatsu LLC, the Accounting Auditor of the Company, but resigned in December 2013 and has had no relationship with this Accounting Auditor since that time. She does not belong to any of the following categories: a person from a company with which the Company has a relationship of mutual appointment of external officers, or a person from an organization to which the Company has made donations or a person from such a company.</p> <p>“Significant concurrent positions outside the Company” as defined in the Companies Act and its enforcement regulations are as follows.</p> <ul style="list-style-type: none"> <li>• Director, Noriko Otsuka Certified Public Accountant Office (There is no special interest.)</li> <li>• Auditor, Musashi Paint Co., Ltd. (There is no special interest.)</li> <li>• Partner, Frontier Partner Crowd Audit Corporation (There is no special interest.)</li> <li>• Audit &amp; Supervisory Board Member, Sports Human Capital PIIF (There is no special interest.)</li> <li>• Representative Director and President, Noll Research Laboratory, LLC (There is no special interest.)</li> <li>• Audit &amp; Supervisory Board Member, Japan Association for University Athletics and Sports (There is no special interest.)</li> <li>• Audit &amp; Supervisory Board Member, Japan Women’s Empowerment Professional Football League (There is no special interest.)</li> <li>• Council Member, Nippon Badminton Association (There is no special interest.)</li> </ul>	<p>This External Director has been appointed as an Audit and Supervisory Committee Member based on the high level of expertise in finance and accounting gained through her many years of experience, having been active as a certified public accountant, having been engaged in the auditing of companies, and having held positions as both Audit &amp; Supervisory Board Member and Auditor at a wide variety of companies, and we believe that she will enhance the Company’s governance system and provide fair and objective supervision of the overall management of the Company.</p> <p>In addition, this External Director is designated as an independent officer because, although she falls under the above items, she is not currently in a position to be influenced by the auditing firm she belonged to and is independent from the management team that conducts business operations, and therefore, we judge that there is no risk of a conflict of interest with general shareholders, and she meets the requirements for independent officers as stipulated by the Tokyo Stock Exchange.</p>

**[Audit and Supervisory Committee]**

Committee’s Composition and Chairperson’s Attributes

	Total Committee Members	Full-time Members	Inside Directors	External Directors	Chairperson
Audit and Supervisory Committee	5	1	1	4	External Director

Appointment of Directors and/or Employees to Support Duties of the Audit and Supervisory Committee Yes

Matters Related to the Independence of Such Directors and/or Employees From Executive Directors

- With respect to employees to assist the duties of the Audit and Supervisory Committee, the Director in charge of the Corporate Planning Group shall determine the assignment of such employees upon consultation with the Audit and Supervisory Committee.
- Those who assist the Audit and Supervisory Committee in its duties shall consult with the Audit and Supervisory Committee in advance to ensure their independence from Directors who are not Audit and Supervisory Committee Members with respect to their line of command, position, treatment, and other relevant matters.
- Employees assisting with the duties of the Company’s Audit and Supervisory Committee shall not be subject to the direction or orders of Directors or the superior of the organization to which such employees belong with respect to the duties assigned by the Audit and Supervisory Committee, but shall solely follow the instructions and orders of the Audit and Supervisory Committee.

Cooperation Among Audit and Supervisory Committee, Accounting Auditor and Internal Audit Division

As an internal audit organization, the Audit Office (seven members) has been established under the direct control of the Representative Director, Chairman and President. The Audit Office, in cooperation with the Audit and Supervisory Committee, conducts internal audits of the Company’s divisions and subsidiaries to ensure compliance with laws and regulations and the efficiency of business activities, and provides specific advice and recommendations for operational improvements.

In order to ensure that audits by the Audit and Supervisory Committee are conducted effectively, the Audit and Supervisory Committee works closely with the Audit Office, including obtaining explanations from the Audit Office regarding the details of internal audits concerning each division of the Company and its subsidiaries. In addition, the Audit and Supervisory Committee reviews the annual audit plan and meets regularly with the Accounting Auditor to obtain reports on the results of quarterly reviews and year-end audits, and when necessary, the Audit and Supervisory Committee attends the mid-term and year-end audits to obtain reports and explanations on each occasion, thereby promoting mutual cooperation.

In addition, the Company strives to ensure and stipulate that Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees have a better understanding of audits by the Audit and Supervisory Committee, and to create an environment conducive to audits by the Audit and Supervisory Committee, and shall report to the Audit and Supervisory Committee on the execution of their duties through meetings of the Board of Directors and other important meetings, report the results of audits conducted by the internal audit division, and provide the Audit and Supervisory Committee with access to approval documents and other important documents related to business execution upon request by the Audit and Supervisory Committee, and must report to the Audit and Supervisory Committee any occurrence or threat of occurrence of matters that may cause material losses to the Group, or any discovery of illegal or improper acts by Directors (excluding Directors who are Audit and Supervisory Committee Members) or employees. Furthermore, in addition to the aforementioned reporting requirements, the Company stipulates that Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees must report to the Audit and Supervisory Committee on matters that the Audit and Supervisory Committee determines should be reported.

In addition, in regard to the relationship with the internal control division is as described in “IV Matters Related to Internal Control System 1. Basic Views on Internal Control System and Progress of System Development,” the Audit and Supervisory Committee works closely with the accounting and general affairs, corporate planning, and secretarial divisions involved in internal control, receiving reports and explanations from them as necessary and attends every meeting of the Information Management Committee, which examines matters related to the Group’s internal controls, as a member of the committee.

[Voluntary Committees]

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee Yes

Committee’s Name, Composition, and Chairperson’s Attributes

	Committee’s Name	Total Committee Members	Full-time Members	Inside Director	External Directors	Outside Experts	Other	Chairperson
Committee Equivalent to Nominating Committee	Nomination and Compensation Committee	6	0	2	4	0	0	Inside Director
Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	6	0	2	4	0	0	Inside Director

---

#### Supplementary Explanation

---

In strengthening the governance of decision-making regarding nomination and remuneration decisions for Directors and other officers, the Company has established the Nomination and Compensation Committee, consisting of a majority of External Directors, as an advisory body for the Board of Directors.

#### [Independent Officers]

Number of Independent Officers	4
--------------------------------	---

---

#### Matters relating to Independent Officers

---

None that should be noted.

#### [Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-based compensation
---	--------------------------------

---

#### Supplementary Explanation

---

The Company has introduced restricted stock-based remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members). Such restricted stock-based remuneration will be paid within the range of the remuneration limit (up to ¥100 million per year) for the grant of restricted stocks, with the aim of providing an incentive to continuously improve the Company's corporate value and promoting further value sharing between eligible Directors and shareholders. Remuneration shall be in the form of monetary claims, with the total amount not exceeding ¥100 million, and its specific allocation, etc. shall be decided by the Board of Directors after deliberation by the Nomination and Compensation Committee, which is composed of a majority of External Directors.

Recipients of Share Options	
-----------------------------	--

---

#### Supplementary Explanation

---

—

#### [Director Remuneration]

Disclosure of (Individual Directors' Remuneration)	Individual remuneration is not disclosed.
--	---

---

#### Supplementary Explanation

---

#### Details of Remuneration, etc. for Officers

The amount of remuneration, etc. for the Company's Directors for the fiscal year ended March 31, 2023 was ¥248,987 thousand, consisting of ¥212,987 thousand for five Directors who are not Audit and Supervisory Committee Members and ¥36,000 thousand for four Directors who are Audit and Supervisory Committee Members (including ¥25,800 thousand for three External Directors). As the Company has no Directors who concurrently serve as employees, the amount of remuneration, etc. of Directors also does not include the amount of employee salaries of Directors who concurrently serve as employees.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Yes
--	-----

The remuneration for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be linked to shareholders' interests to fully function as an incentive to continuously improve the Company's corporate value, and shall be highly linked to the Company's business performance, reflecting the individual contribution to the Company's business performance according to not only the position but also the nature of the duties, and in determining the remuneration for individual executive Directors, the Company's basic policy is to set the remuneration at an appropriate level that enables Directors to maximize their abilities to enhance the Company's corporate value over the medium to long term. The Company's Board of Directors, at its meeting held on February 25, 2021, resolved that this basic policy shall be the policy for determining the details of remuneration, etc. for each individual Director (excluding Directors who are Audit and Supervisory Committee Members).

In determining the details of individual remuneration for Directors who are not Audit and Supervisory Committee Members, the Nomination and Compensation Committee, which consists of six Directors including four External Directors, deliberates and reports to the Board of Directors on the content of the consultation, ensuring transparency and fairness in the determination of remuneration in accordance with the above decision-making policy. The Board of Directors decides the details of individual remuneration, etc., respecting the report of the Nomination and Compensation Committee, which is based on this deliberation, and the Board of Directors believes that the details of such decisions are consistent with the above decision-making policy.

The remuneration for Directors who are Audit and Supervisory Committee Members is decided based on discussions involving the Audit and Supervisory Committee.

The amount of base remuneration for each individual Director of the Company (excluding Directors who are Audit and Supervisory Committee Members) and the evaluation and allocation of performance-based monetary remuneration are delegated to Representative Director, Chairman and President Shigeru Ikeda, based on a resolution of the Board of Directors. The reason for delegation is that the Company has determined that the Representative Director, Chairman and President is the most appropriate person to evaluate the division for which each Director (excluding Directors who are Audit and Supervisory Committee Members) is responsible, taking into consideration the Company's overall business performance and other factors. As of the day on which the decision on such delegation for the current fiscal year was made, Representative Director, Chairman and President Shigeru Ikeda was in charge of the overall management, audit, and secretarial duties.

The Board of Directors shall consult the Nomination and Compensation Committee on drafts and receive advice and recommendations to ensure that such authority is properly exercised by the Representative Director, Chairman and President, and the Representative Director, Chairman and President, who is delegated, shall respect the advice and recommendations of the Nomination and Compensation Committee to the Board of Directors and make decisions. The number of shares for share-based remuneration will be determined by the Board of Directors based on the advice and recommendations of the Nomination and Compensation Committee and the number of shares to be allotted to each individual executive Director.

The Company's executive remuneration consists of base remuneration (fixed remuneration), performance-based monetary remuneration (short-term incentive), medium-term performance-based share-based remuneration (medium-term incentive), and long-term performance-based share-based remuneration (long-term incentive) as non-monetary remuneration and others. However, for External Directors and Directors who are Audit and Supervisory Committee Members, who are in a position independent of business execution, variable remuneration such as performance-based remuneration is not appropriate, and therefore only base remuneration (fixed remuneration) is paid.

Basic remuneration (fixed remuneration) is based on two to five grades for each position, and the base amount is determined according to the grade based on the performance in the subject fiscal year. The grade for each position is verified and determined by the Nomination and Compensation Committee every year.

Performance-based monetary remuneration is a cash remuneration that is designed to enhance awareness towards improving performance for each fiscal year and to appropriately reflect the contribution of each executive Director to the performance of the Company. It is linked closely to the Company's performance and reflects the performance indicators (KPIs). The total amount of performance-based monetary remuneration to be paid is determined by taking into consideration such factors as year-on-year increase/decrease of consolidated ordinary profit, and year-on-year increase/decrease of dividends and other shareholder returns in accordance, and the amount for each Director is determined based on the level of individual contribution to the performance. The total amount of payment based on performance, etc. for the current fiscal year increased approximately 10% compared to the previous fiscal year, and the plan achievement rate which provides a basis for determining the level of individual contribution to the performance is approximately 101%.

Share-based remunerations (non-monetary remunerations) aim to promote profit sharing among executive Directors and shareholders, and to strengthen the incentive to improve medium- to long-term corporate value, and are provided in the form of restricted shares of the Company (new shares or treasury shares). There are two types of share-based remunerations: the "long-term performance-based share-based remuneration," which is subject to continuous service as executive Director of the Company for a specified period of time; and the "medium-term performance-based share-based remuneration," which, in addition to the condition above, is subject to the level of achievement of consolidated returns on equity (consolidated ROE) that are linked closely to the stock prices set forth in the medium-term management plan, and other performance targets set in advance by the Company's Board of Directors. For the grant of restricted shares, the Company will pay to eligible executive Directors in the first fiscal year, a lump sum in the form of monetary remuneration claims equivalent to the consideration for execution of duties depending on the position, etc. of each director over the transfer restriction period (three to six years, to be set in advance by the Board of Directors), and the Directors will pay in all of such remuneration as property contributed in kind.

The price per share to be paid in this case shall be based on the closing price per share for the Company's common shares on the Tokyo Stock Exchange as of the business day immediately before the date of resolution by the Board of Directors, and shall be determined by the Board of Directors within a range that is not particularly favorable to the Directors eligible for allotment of such common shares.

### [Supporting System for External Directors]

Handled by the relevant department as appropriate.

## 2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

Since the Company has transitioned to a company with an Audit and Supervisory Committee, the Board of Directors, Audit and Supervisory Committee, and Accounting Auditor have been established as the main organs of the corporate governance system, and the Nomination and Compensation Committee, Audit Office (Audit Group), Information Management Committee, and Sustainability Committee have been established as supplementary organs.

The corporate governance structure of our Group is as shown in the "Corporate Governance Structure" in the reference material.

### A. Board of Directors

To enable prompt management decisions, the Board of Directors is chaired by Representative Director, Chairman and President Shigeru Ikeda and consists of ten Directors: Representative Director and Vice President Kazumi Ikeda, Directors Tatsuhiro Kuwata, Yoshiro Yoshino, and Akihiko Osada, and Director who is an Audit and Supervisory Committee Member Akihito Kimura, External Directors who are Audit and Supervisory Committee Members Shuichi Nakamura, Satoshi Watanabe, Shigeo Yamashita, and Noriko Otsuka. The Board of Directors makes decisions on important business operations and other legally stipulated matters every month. In addition, the Representative Directors of the subsidiaries are invited to attend the Board of Directors meetings to report on their monthly business performance and supervise the execution of business operations by the subsidiaries, thereby ensuring the unity of intent of the corporate group as a whole. In the 20th term, Board of Directors meetings were held 18 times to make decisions on important business operations and deliberate and report on important management matters, including reports on the monthly consolidated earnings and progress of the medium-term management plan, approval of planned budgets and financial results, and approval of purchases of assets and implementation of loans.

### B. Audit and Supervisory Committee

The Audit and Supervisory Committee is chaired by External Director Shuichi Nakamura and consists of five Audit and Supervisory Committee Members: External Directors Satoshi Watanabe, Shigeo Yamashita, and Noriko Otsuka, and Director Akihito Kimura, and meets regularly once a month under the chairmanship of the committee chairperson, as well as on an as needed basis. In the 20th term, Audit and Supervisory Committee meetings were held 14 times.

Each Audit and Supervisory Committee Member conducts audits utilizing the internal control system, requests necessary reports and investigations from Directors, etc., and inspects important approval documents, etc., in accordance with the policies, etc., established by the Audit and Supervisory Committee.

They also attend important meetings of the Board of Directors, the Information Management Committee, and the Internal Control Committee, and work with the Internal Audit Office, the Accounting Auditor, and the Corporate Planning Department to strengthen the auditing and supervisory functions of management. The four External Directors have no business relationships or other interests with the Company, and all of them satisfy the requirements for independence as required of independent officers.

### C. Nomination and Compensation Committee

The Nomination and Compensation Committee is chaired by Representative Director, Chairman and President Shigeru Ikeda and consists of six Directors: Representative Director and Vice President Kazumi Ikeda, External Directors Shuichi Nakamura, Satoshi Watanabe, Shigeo Yamashita, and Noriko Otsuka, and is established as an advisory body to the Board of Directors. The authority and function of the Nomination and Compensation Committee is to deliberate on the following matters and to provide advice and recommendations to the Company's Board of Directors: (1) With respect to remuneration, etc. for Directors who are not Audit and Supervisory Committee Members of the Company and its Group companies (hereinafter referred to as the "Subject Companies") that have adopted a restricted stock-based remuneration system, (i) Policies concerning decisions regarding the details of individual remuneration, etc. for Directors who are not Audit and Supervisory Committee Members, (ii) Details of individual remuneration, etc. for each individual Director who is not an Audit and Supervisory Committee Member, etc., and (2) With respect to the nomination, etc. of Directors of the Company, etc., (i) Matters relating to the composition of the Board of Directors, (ii) Matters relating to the election and removal of Directors (excluding Directors who are Audit and Supervisory Committee Members), which are matters to be resolved at the General Meeting of Shareholders, (iii) Matters relating to the selection and removal of Representative Directors and Directors with special titles, (iv) Criteria for selecting Representative Directors, (v) Matters relating to the criteria for determining the independence of External Directors, (vi) Matters relating to succession planning (including training), and (vii) Matters concerning the appointment and dismissal of Directors of specified subsidiaries of the Company, etc. This Committee discusses the nomination of Directors of the Subject Companies and the remuneration system in general, prepares drafts of basic policy, and consults with the Board of Directors of the Subject Companies, and the Board of Directors of the Subject Companies references the consultation to determine the amount of remuneration including individual remuneration and other policies such as the selection of Directors. In the 20th term, three meetings were held.

#### D. Audit Office (Audit Group)

The Audit Office is directly supervised by the Representative Director, Chairman and President to ensure sufficient checks and balances on the audited departments, etc., and its seven members, including Manager of the Audit Office Takashi Yamaga, conduct internal audits of the Company's divisions and subsidiaries to ensure compliance with laws and regulations and the efficiency of business activities, etc., in cooperation with the Audit and Supervisory Committee, and provide specific advice and recommendations for business improvement. Internal audits are also conducted from the perspective of efficiency, and necessary measures are taken based on the results of such internal audits to ensure the efficiency of the execution of duties.

#### E. Information Management Committee

Since the Company is a holding company, its objective is to control and manage the business activities of its subsidiaries. In order to fulfill this objective, it is necessary to establish a centralized information management system for the Company and the Group, and the Information Management Committee has been established as an organization to collect, manage, and control corporate information (including that of subsidiaries). Director Akihiko Osada (concurrently serves as the person responsible for the handling of information for the Stock Exchange) currently serves as Chairman of the Committee, which is composed of 12 members as follows: Director who is an Audit and Supervisory Committee Member Akihito Kimura, Manager of the Audit Office Takashi Yamaga, General Manager of the Corporate Planning Department Keisuke Tahara, Deputy General Manager of the Administrative Department Tadanori Ojima, General Manager of the Human Resource Department Kenji Kitamura, General Manager of the General Affairs Department of the Company and a subsidiary Tomomori Satou, General Manager of the Administrative Department of a subsidiary Kenji Gotoh, Director and Manager of SCM Headquarters of a subsidiary Yasuo Oyagi, General Manager of the Administrative Department of a subsidiary Takenori Morita, Section Manager of the Administrative Section of a subsidiary Shinya Seki, Manager of the Administrative Department of a subsidiary Youichi Higuchi, and Deputy Manager of General Affairs of the Administrative Headquarters of a subsidiary Akihiro Iseya. This Committee holds regular meetings (once a month) to discuss predetermined agenda items and special meetings to address urgent or unexpected events, and its activities include the collection, management, and control of corporate information, as well as consideration of internal control matters such as risk management and compliance, in order to promote the integration of timely disclosure systems and corporate governance in a cross-sectional and efficient manner among Group companies. Activities of the Committee are reported at monthly meetings of the Board of Directors, which were held 12 times during the 20th term.

#### F. Sustainability Committee

The Company established the Sustainability Committee on May 1, 2023 as an organization to promote sustainability management and realization of two goals of "resolving social issues" and "achieving corporate growth" through its business activities. In order to practice sustainable management, this Committee will identify priority issues (materiality) related to sustainability, set goals, formulate overall plans, monitor progress, and evaluate achievements, and will report to the Board of Directors on a regular basis.

The Sustainability Committee is led by Representative Director, Chairman and President Shigeru Ikeda and chaired by Representative Director and Vice President Kazumi Ikeda, and is composed of seven committee members including: Directors Tatsuhiro Kuwata, Yoshiro Yoshino, and Akihiko Osada, and Executive Officers Keisuke Tahara and Masaaki Oyama. This Committee holds regular meetings in May to review the reports on activity results of the previous year and to approve the activity plans for the current fiscal year, and in November to conduct interim monitoring, and also holds work sessions on individual topics as necessary.

#### G. Accounting Auditor

Deloitte Touche Tohmatsu LLC is responsible for the accounting audit based on the Companies Act and the accounting audit based on the Financial Instruments and Exchange Act. There are no special interests between the said audit firm and the managing partners of the said firm who are engaged in the audit of the Company. In addition to regular accounting audits, the Company consults with the Accounting Auditor from time to time to discuss and review important accounting issues.

#### H. Status of attorneys and other third parties

For important legal issues and compliance-related events, the Company consults with its corporate lawyer and other attorneys and conducts necessary reviews.

#### I. System and organization for business execution

##### • Executive Officer System

The Company has introduced an Executive Officer System to strengthen the business execution functions. Under this system, Executive Officers who are appointed by the Board of Directors reinforce and expand the operations under their control in accordance with the decisions of the Board of Directors, with the aim of building a management structure that can respond promptly and accurately to changes in the business environment.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company has transitioned to a company with an Audit and Supervisory Committee, in which the Audit and Supervisory Committee consists of five members, including four External Directors who are Audit and Supervisory Committee Members with secured independence, for the purpose of continuous improvement of corporate value.

This is intended to ensure that the Board of Directors' auditing and supervisory functions will be reinforced and the corporate governance system will be further enhanced through the exercise of voting rights at Board of Directors meetings by Directors who are Audit and Supervisory Committee Members and the establishment of an Audit and Supervisory Committee consisting of a majority of External Directors.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Energize General Meetings of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The Company is making efforts to send out the Notice of the General Meeting of Shareholders as early as possible.
Scheduling AGMs Avoiding the Peak Day	The 20th Annual General Meeting of Shareholders was held on June 23, 2023.
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company has allowed exercising voting rights via the Internet, etc.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English (Translated Fully or Partially)	A portion of the convocation notice has been translated into English and posted on the Company's website and on the Tokyo Stock Exchange's Listed Company Information Service.
Other	The Company has made its General Meeting of Shareholders more visualized, and strives to make them easier to understand for the shareholders who attend the meetings.

#### 2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	These matters are published on the Company's website as the "Basic IR Policy."	
Holding Regular Investor Briefings for Analysts and Institutional Investors	The Company holds investor briefings for analysts and institutional investors twice a year.	Yes
Posting IR Materials on Website	Annual Securities Reports, Quarterly Reports, Extraordinary Reports, Financial Statements (year-end and quarterly), Corporate Governance Reports Shareholder newsletter "Good Morning Newsletter" Company presentation materials for analysts	
Establishment of Department and/or Manager in Charge of IR	Corporate Planning Department	

#### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The FRANCE BED HOLDINGS Group Corporate Code of Ethics stipulates respect for the position of stakeholders.
Formulation of Policies for Information Provision to Stakeholders	The Company has established the following Disclosure Policy. 1. Basic Policy The Company discloses information in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange and the Financial Instruments and Exchange Act. In addition, the Basic Policy is to disclose information not covered by the Timely Disclosure Rules, etc., to investors and the general public as promptly and fairly as possible by appropriate means, if the Company judges that such disclosure is beneficial to them.

The Company has established an Information Management Committee to ensure the effectiveness of this Basic Policy. The Information Management Committee serves the purpose of managing and controlling corporate information and determining information to be disclosed (including information on subsidiaries), and is chaired by a Director of the Company (concurrently serves as the person responsible for the handling of information), and the General Managers of each department of the Company and the General Managers of the General Affairs and Administrative Departments of subsidiaries are appointed as members of the Committee.

## 2. Method of Information Disclosure

Information subject to the Securities Listing Regulations shall be disclosed through the Timely Disclosure Network (TDnet) after prior explanation to the Tokyo Stock Exchange in accordance with the Regulations. Information published on TDnet shall be promptly posted on the Company's website. Please note that there might be a slight delay in the posting of this information on our website compared to the time of publication on TDnet due to the preparation of PDF files and other tools. In disclosing information that does not fall under the scope of the Securities Listing Regulations, we make every effort to ensure that such information is communicated to the general investing public as accurately and fairly as possible in an appropriate manner, taking into account the purpose of timely disclosure. Therefore, if you wish to check the information disclosed by the Company, please refer to the Company's website as well as other information, such as TDnet.

## 3. Future Projection

The information on our website contains future projections regarding the business performance of FRANCE BED HOLDINGS CO., LTD. and its Group companies. Such statements do not guarantee future performance and involve risks and uncertainties. Please note that future performance might differ from the targets due to changes in the business environment and other factors.

## 4. The Company's Website

The Company's website is designed to facilitate convenience for those who wish to search online for information regarding the Company. In order to ensure the disclosure of fair and accurate information, the Company posts said information on its website as soon as possible after disclosure. However, it regards the disclosure of information on its website solely as a secondary information source because such posting could be delayed due to information technology-related failures, among other issues.

In addition, not all information disclosed by the Company is posted on its website. Information made available on the website may be modified to a different format from that disclosed by other means.

Please keep these points in mind when using the Company's website.

## 5. Investment Decisions

Information posted on the Company's website is provided for the purpose of giving shareholders and investors the opportunity to understand its management policies, business activities, financial position and other aspects of the Company. No information is posted for the purpose of offering advice on investment decisions or soliciting investment. All investment decisions should be made at your own discretion.

## 6. 12-Hour Rule

Public announcement for the purpose of insider trading regulations is deemed final when corporate information is published through the Timely Disclosure Browsing Service on Tokyo Stock Exchange's website in accordance with Article 30 of Order for Enforcement of the Financial Instruments and Exchange Act (12-Hour Rule), a requirement for fulfilling public announcements for the purpose of insider trading regulations.

Therefore, the Company discloses information under the Timely Disclosure Rules or important corporate information that the Company believes will affect investment decisions through TDnet in a timely and appropriate manner, and it posts such information on its website as swiftly as possible thereafter.

## 7. Quiet Period

In order to prevent information leaks regarding the Company's financial results and ensure fairness in the disclosure of information, the Company observes a quiet period of two weeks prior to the announcement of financial results. During this period, the Company shall refrain from making comments or answering inquiries regarding the settlement of accounts.

However, in the event that results significantly differ from the Company's forecasts, the Company will appropriately disclose information during the quiet period in accordance with the Timely Disclosure Rules. Public announcement for the purpose of insider trading regulations will be deemed final.



## **IV. Matters Related to Internal Control System**

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

#### i) Progress of development on internal control system

##### a. Basic policy for business operation

The Company's corporate philosophy, which forms the basis of our management activities, is as follows.

[Corporate philosophy]

- France Bed aims to be an affectionate company that helps people live affluent, relaxing lives through creation and innovation.
- We will achieve the greatest possible value for our shareholders. We will create new and highly valuable products and services.
- We will strengthen the group's overall power by making effective use of its business resources.

##### b. Details of the basic internal control policy resolution

#### A. System to ensure that execution of duties of the Directors and employees of the Group complies with laws and regulations, and the Articles of Incorporation of the Company

- The Directors of the Group have the authority and responsibility to establish a system for compliance with laws, the Articles of Incorporation, and other internal rules and regulations (hereinafter referred to as "laws and regulations, etc.") in the areas of duties entrusted to them.
- The Company's Board of Directors has established the "FRANCE BED HOLDINGS Group Basic Compliance Policy," a corporate guideline that specifies the basic standards of conduct to compliance that all Directors and employees of the Group should be familiar with, guidelines for the development of systems and promotion activities, and a basic code of conduct for all employees regarding compliance. The Company's Board of Directors has also established the "FRANCE BED HOLDINGS Group Corporate Code of Ethics," a basic code of corporate ethics, and the "FRANCE BED HOLDINGS Group Code of Conduct," a set of standards that should serve as a model for conduct. In particular, they clearly state that antisocial forces that pose a threat to social order and sound corporate activities are to be eliminated.
- Matters related to compliance with laws and regulations, etc. are mainly managed by the Accounting/General Affairs Group of the Company, and the Information Management Committee has been established to promote cross-functional and efficient promotion among the Group companies.
- The Group conducts training and other activities to promote compliance with laws and regulations, etc., and strives to cultivate an awareness of compliance among Directors and employees.
- The Group has established the FRANCE BED HOLDINGS Group Internal Whistleblowing Protection Regulations and has set up internal and external (lawyer's office) consultation and reporting contact points for internal whistleblowing.
- Employees are required to report (anonymous reporting is acceptable) to this contact when they find out that a violation of compliance has occurred or is about to occur inside the Company.
- The Group is prohibited from disclosing the content of a whistleblower's report or personal information obtained in an investigation without justifiable reason, and shall not treat a whistleblower in a disadvantageous manner because of such fact.
- We acknowledge that the proper protection of personal information is a social responsibility of the Group, and have established a basic policy regarding the protection of personal information, and strive to strengthen information security and protect personal information.
- The Company has established an Audit Office as its internal audit organization. The Audit Office, which is directly supervised by the Representative Director, Chairman and President to ensure sufficient checks and balances on audited departments, etc., conducts internal audits of the Group with respect to compliance with laws and regulations, etc., efficiency of business activities, etc., in cooperation with the Audit and Supervisory Committee, and provides specific advice and recommendations for improvement of business operations.
- Important legal issues and compliance-related events in our Group shall be discussed with our corporate lawyer and other attorneys for review as necessary.
- In addition to regular accounting audits, they consult and review important accounting issues with the Accounting Auditor from time to time.

#### B. System for the preservation and management of information concerning the execution of duties of the Company's Directors

- The system for the preservation and management of information concerning the execution of duties of the Company's Directors is subject to the "Document Control Regulations" which stipulate the regulations for creation, preservation, and destruction of documents, and shall be submitted immediately upon request from Directors or Audit and Supervisory Committee Members for inspection of these documents.
- Information management by the Company's Directors and employees in the course of their duties is addressed through the establishment of regulations related to information security, as well as a basic policy regarding the protection of personal information.

#### C. System to ensure efficient execution of duties by the Directors of the Group

- The Board of Directors of the Group delegates the authority to make decisions on business operations to the Directors, after clarifying the areas for which each Director is responsible. Each Director strives to achieve the management objectives of the Group as a whole through the achievement of business objectives related to their area of responsibility.
- The Company has introduced an Executive Officer system to complement and strengthen the business execution

functions of Directors, who are members of the Board of Directors that are responsible for management decision-making and supervision and also have business execution functions. This system is intended to build a management structure that can respond promptly and accurately to changes in the business environment through the proactive efforts made by Executive Officers appointed by the Board of Directors to enhance and strengthen the business operations under their jurisdiction in accordance with the resolutions of the Board of Directors.

- The Board of Directors of the Company makes monthly decisions on important business operations and other legally stipulated matters of the Company, and supervises the execution of business operations of the subsidiaries through reports on the status of business operations by Representative Directors of the subsidiaries at the Board of Directors meetings, etc., in order to ensure consistency of intent as a corporate group.
  - Authority and approval procedures for the execution of duties of the Group are stipulated in the “Organization Regulations,” “Regulations on Division of Duties,” and “Regulations on Administrative Authority.” With these regulations, the Company aims to speed up decision-making and implementation of the Group’s management activities and clarify the system of responsibility, and those who are delegated decision-making authority under the “Regulations on Administrative Authority” obtain sufficient information on the purpose, implementation method, costs, effects, and risks of projects, examine them with the duty of care as good managers, and make decisions that are reasonably considered to be the most appropriate for the Group. Each regulation shall be reviewed as necessary in the event of the amendment or abolishment of laws and regulations or changes in the execution of duties.
  - Internal audits are also conducted from the perspective of efficiency, and necessary measures are taken based on the results of such internal audits to ensure the efficiency of the execution of duties.
- D. Matters concerning employees to assist duties of Audit and Supervisory Committee
- The Company shall assign the employees assisting with the duties of the Audit and Supervisory Committee from among its employees, and make them dedicated members attached to the Audit and Supervisory Committee whenever possible.
- E. Matters concerning the independence of the employee in the previous item from Directors (excluding Directors who are Audit and Supervisory Committee Members) and ensuring the effectiveness of requests issued by the Audit and Supervisory Committee to the employee.
- Employees who are assisting the Audit and Supervisory Committee in the performance of its duties are subject to prior consultation with the Audit and Supervisory Committee in order to ensure their independence from Directors who are not Audit and Supervisory Committee Members, in terms of their line of command, position, treatment, and other matters.
  - Employees who are assigned to assist the duties of the Audit and Supervisory Committee of the Company are not subject to the direction or orders of Directors or the superiors of the departments to which such employees belong with respect to the duties assigned by the Audit and Supervisory Committee, and must exclusively follow the instructions and orders of the Audit and Supervisory Committee.
- F. System for reporting to the Company’s Audit and Supervisory Committee by the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees, and Directors, Auditors and employees of the Company’s subsidiaries, or persons who receive reports from them, and other systems related to reporting to the Audit and Supervisory Committee of the Company
- The Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees shall report to the Audit and Supervisory Committee on the status of execution of their duties through the Board of Directors meetings and other important meetings, as well as the results of audits conducted by the internal audit division.
  - Upon request of the Audit and Supervisory Committee, they shall make available for inspection approval documents and other important documents related to the execution of business operations.
  - The Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees, as well as Directors, Auditors, and employees of the Company’s subsidiaries, or persons who receive reports from them, are obliged to report to the Company’s Audit and Supervisory Committee any occurrence or potential occurrence of matters that would cause significant losses to the Group, or any illegal or improper acts by Directors or employees. In addition to the aforementioned reporting matters, these persons are obliged to report to the Company’s Audit and Supervisory Committee on matters that the Audit and Supervisory Committee of the Company has determined should be reported.
- G. System to ensure that a person who has reported to the Company’s Audit and Supervisory Committee are not treated adversely based on the fact such a report has been made by the person
- The Group shall not treat any person who reports to the Company’s Audit and Supervisory Committee in accordance with the regulations concerning the internal information provision system in any adverse manner because of such report, and the related Directors, Executive Officers, and employees shall comply with this regulation.
- H. Policies regarding procedures for advance payment or reimbursement of expenses arising in conjunction with the execution of duties by the Company’s Audit and Supervisory Committee Members and other policies for processing expenses and obligations arising with respect to execution of such duties
- If an Audit and Supervisory Committee Member requests prepayment or reimbursement of expenses incurred in the performance of their duties, the Company shall promptly dispose of such expenses or obligations, unless such expenses or obligations are not necessary for the Audit and Supervisory Committee Members to execute their duties.
- I. Other systems to ensure effective audits by Audit and Supervisory Committee Members
- The Company strives to enhance the understanding of Directors (excluding Directors who are Audit and Supervisory

Committee Members) and employees regarding Audit and Supervisory Committee audits, and to create an environment conducive to Audit and Supervisory Committee audits.

- The Company's Audit and Supervisory Committee collaborates with the Audit Office by receiving explanations from the Audit Office on the details of internal audits concerning each division of the Company and its subsidiaries.
- The Company's Audit and Supervisory Committee holds regular meetings with the Accounting Auditor to confirm the annual audit plan and to receive quarterly reports on the results of the accounting audit. In addition, they attend the mid-term and year-end audits as necessary and obtain reports and explanations on each occasion, thereby ensuring mutual cooperation.

ii) Progress of risk management system

- The Directors of the Group have the authority and responsibility to establish and maintain the necessary systems for the management of risks that may cause losses to the Group in the areas of duties entrusted to them.
- The Accounting/General Affairs Group of the Company is in charge of managing cross-organizational risks, and the Information Management Committee was established to ensure efficient implementation of such risks, meeting 12 times in the 20th term.
- Risk management associated with operations under the responsibility of each division is managed by the department in charge, which develops individual regulations, guidelines, and manuals, and conducts training programs.
- Important matters concerning the entire Group or fundamental management issues are decided on after deliberation by the Company's Board of Directors.
- The Company has established a manual that defines the organization, line of command, etc. to ensure the business continuity of the entire Group in the event of a catastrophic disaster, etc. In the event of an emergency situation, an emergency task force shall be established as necessary to address the situation.

iii) Status of systems to ensure the properness of operations of subsidiaries

- The Company, as the holding company responsible for the Group's strategic functions, has the basic role of ensuring the efficient management of the entire Group through the development of a management vision, the planning of management strategies, and the optimal allocation of management resources, and manages its subsidiaries as a unified Group with shared business strategies, while taking into account the business characteristics of each subsidiary company. The Information Management Committee has been established to build this management control system with a Group-wide perspective.
- In an effort to strengthen the supervisory function over the business execution of the subsidiaries, the Company requires the Representative Directors of subsidiaries to report the status of business execution, including business performance, at the Board of Directors meetings. In addition, important matters that affect the entire Group or the foundation of management are deliberated on by the Board of Directors prior to decision making, in order to ensure unity of intent as a corporate group. Matters concerning the management and administration of these subsidiaries are mainly managed by the Corporate Planning Group of the Company, and the standards and procedures for their management and administration are stipulated in the "Regulations for Management of Subsidiaries and Associates."

## 2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

The "FRANCE BED HOLDINGS Group Corporate Code of Ethics," established for the purpose of establishing corporate ethics and earning the trust of society, clearly stipulates the exclusion of antisocial forces.

In addition, we are a member of the Federation for the Prevention of Special Violence, a public interest incorporated association that provides guidance and information sharing to prevent victimization by anti-social forces such as organized crime groups and general assemblymen, and collect information on antisocial forces.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
------------------------------------	-------------

### Supplementary Explanation

None to be noted.

### 2. Other Matters Concerning Corporate Governance System

Overview of Timely Disclosure System

#### 1. Basic stance on timely disclosure of corporate information

##### (1) Establishment of "FRANCE BED HOLDINGS Group Corporate Code of Ethics"

Given the recent trend toward cultivating compliance awareness and a growing interest in corporate social responsibility, companies are required to develop higher codes of conduct and compliance systems with corporate ethics at their core, beyond the minimum required legal compliance, as a means of promoting medium to long term

growth in corporate value. In light of this situation, the Company has established its basic regulations, the “FRANCE BED HOLDINGS Group Corporate Code of Ethics,” in order to build a compliance system.

The “FRANCE BED HOLDINGS Group Corporate Code of Ethics” is intended to establish the Company’s standards of conduct, to establish corporate ethics, and to earn the trust of society, and it stipulates that officers and executives must acknowledge that it is their role to realize the spirit of this Code, and must take the initiative to ensure that all concerned parties are fully informed.

This Code stipulates that “the Company shall provide corporate information to its stakeholders, including business partners, consumers, shareholders, and investors, in a timely and appropriate manner” as one of the standards of conduct, and clearly states that the Company respects the position of stakeholders. It also stipulates that in the event of a violation of the Code of Ethics, the Company shall promptly and accurately disclose information internally and externally to fulfill its accountability responsibilities.

## 2. Practice of basic stance on timely disclosure of corporate information

### (1) Information management system

#### a. Establishment of internal rules and regulations for timely disclosure of corporate information

The Company has established the following internal rules and regulations concerning the timely disclosure of corporate information.

#### a-A. Establishment of “Insider Information Management Regulations”

The Insider Information Management Regulations stipulate the basic matters to be observed by the Company’s officers and employees in managing inside information obtained in the course of their duties and in trading the Company’s and other companies’ shares, etc., in order to contribute to the fairness and soundness of securities transactions and to ensure the Company’s credibility in the securities market, and are intended to promote timely disclosure and to prevent insider trading.

#### a-B. Establishment of “Disclosure Policy”

The Disclosure Policy has been established as a policy regarding the provision of information to stakeholders. The details of the Disclosure Policy are as described in “III 3. Formulation of Policies for Information Provision to Stakeholders.”

#### a-C. Establishment of “Regulations for Management of Subsidiaries and Associates”

As a holding company, the Company’s purpose is to control and manage the business activities of its subsidiaries. In order to fulfill this purpose, the Company has established “Regulations for Management of Subsidiaries and Associates” for management control of its subsidiaries, and collects management information other than business performance, and responds to requests for and provides instruction on the handling of such information.

#### b. Internal system for timely disclosure of corporate information

The Company and its Group have established the following system for the timely disclosure of corporate information to ensure the accuracy, comprehensiveness, and promptness of information.

#### b-A. Monthly performance report by Representative Directors of subsidiaries at Board of Directors meetings

The Company requires reporting of business performance and other business execution by Representative Directors of subsidiaries at the Company’s Board of Directors meetings. Through these reports, the Company collects business performance and other management information, and supervises and provides guidance on the execution of operations by its subsidiaries in a manner that ensures uniformity of intent as a corporate group.

#### b-B. Establishment of “Information Management Committee”

In order to establish a centralized information management system for the Company and its Group, and to make the aforementioned “Regulations for Management of Subsidiaries and Associates” effective, the Information Management Committee has been established to collect, manage, and control corporate information (including that of subsidiaries). A Director of the Company (concurrently serves as the person responsible for the handling of information for the Stock Exchange) is appointed as the Chairman of the Committee, and a full-time Audit and Supervisory Committee member, the General Manager of each department of the Company, and the General Managers of the administrative divisions of subsidiaries are appointed as members of the Committee. This Committee holds regular meetings (once a month) to discuss predetermined agenda items and special meetings to address urgent or unexpected events, and its activities include the collection, management, and control of corporate information, as well as consideration of internal control matters such as risk management and compliance, in order to promote the integration of timely disclosure systems and corporate governance in a cross-sectional and efficient manner among Group companies.

The activities of the Committee are reported at monthly meetings of the Board of Directors.

### (2) Timely disclosures

The information collected by the aforementioned information management system is, in general, basic information related to timely disclosure, and the selection of information that satisfies the requirements for timely disclosure as stipulated by the Tokyo Stock Exchange is made under the direction and supervision of the person responsible for the handling of information (who also serves as the chairman of the Information Management Committee), with the involvement of the executives of the relevant departments according to the type of information to be disclosed (information on decisions, information on occurrences, and information on financial results), and are committed to the timely and accurate disclosure of information. In particular, events and matters that are expected to have a significant impact on financial information and

business results are disclosed with reference to highly important financial details, and the Accounting/General Affairs Group plays a central role in ensuring legitimacy and accuracy by referring to the opinions of outside accounting experts. We also proactively disclose other important information that should be disclosed by our Group.

The Accounting/General Affairs Group is in charge of timely disclosure, which is disclosed via the Timely Disclosure Network (TDnet), and thereafter, as necessary, announcements are made to the press without delay (press conferences, posting of materials to press clubs, etc.) and other disclosure procedures prescribed by laws and regulations, and rules. All disclosed information is also posted on our website.

(3) Monitoring function for timely disclosure

a. Monitoring by the internal audit division

The Company has established the Audit Office, an internal audit division under the direct control of the Representative Director, Chairman and President to oversee internal audits to improve the internal audit system of the entire Group.

The Audit Office conducts rigorous internal audits of the business execution of the Company and each division of the subsidiaries to ensure and improve the fairness and transparency of corporate management.

The progress of the audit activities by the Audit Office is reported at the Information Management Committee meetings as appropriate.

b. Monitoring by Audit and Supervisory Committee

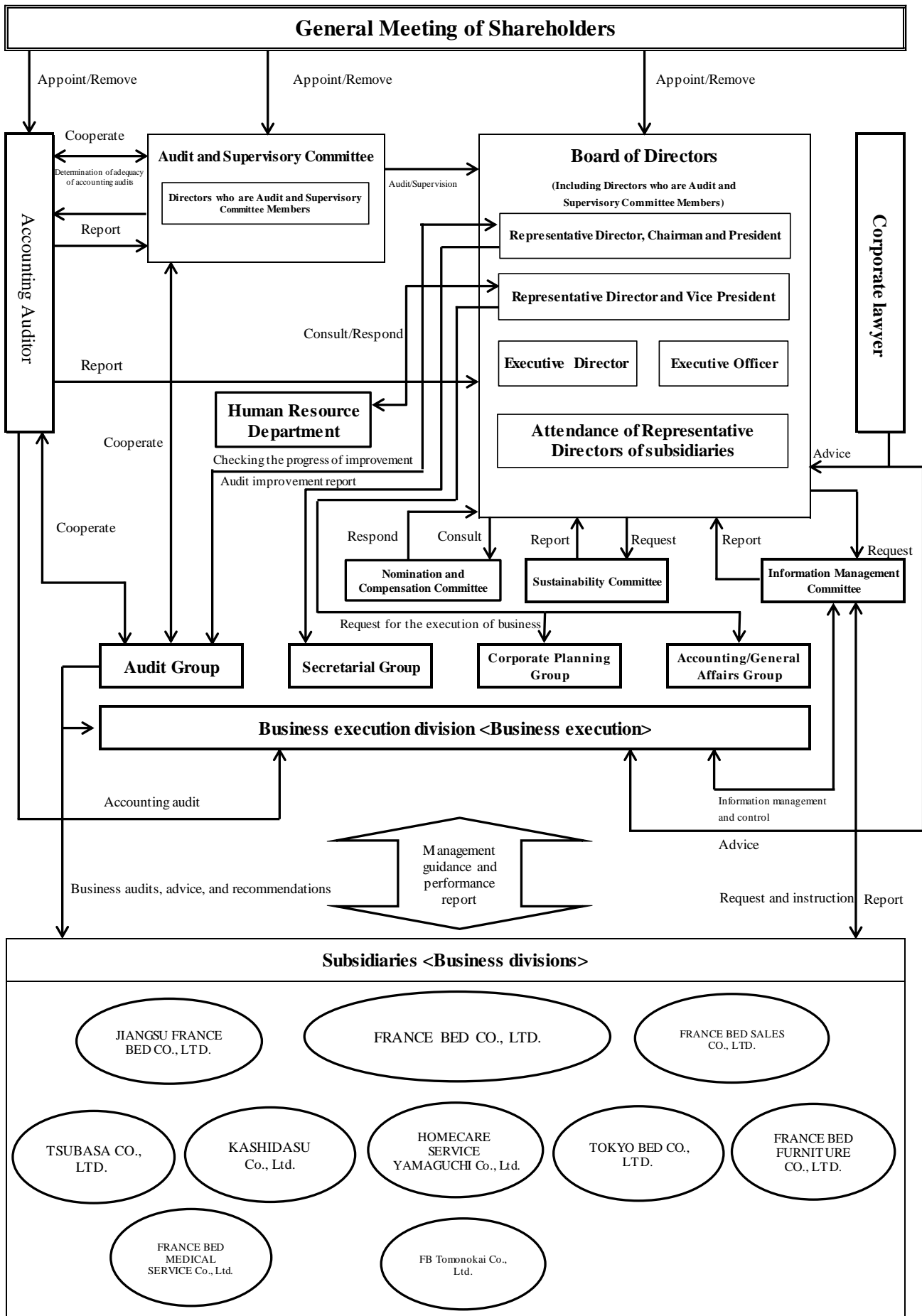
Audit and Supervisory Committee Members conduct audits by attending the Board of Directors meetings and other important meetings, obtaining reports from Directors and others on the progress of their duties, and collecting information from the persons in charge of each division, subsidiary company, and other entities. As part of this audit by the Audit and Supervisory Committee, the Audit and Supervisory Committee Members check the disclosure procedures and their contents prior to disclosure from a viewpoint independent from management. In particular, we seek opinions from Audit and Supervisory Committee Members regarding the adequacy of disclosure materials for financial results.

The Company's External Director is qualified as a certified public accountant, and full-time Audit and Supervisory Committee Members have considerable knowledge of finance and accounting based on their work experience at financial institutions.

(4) Company information flowchart

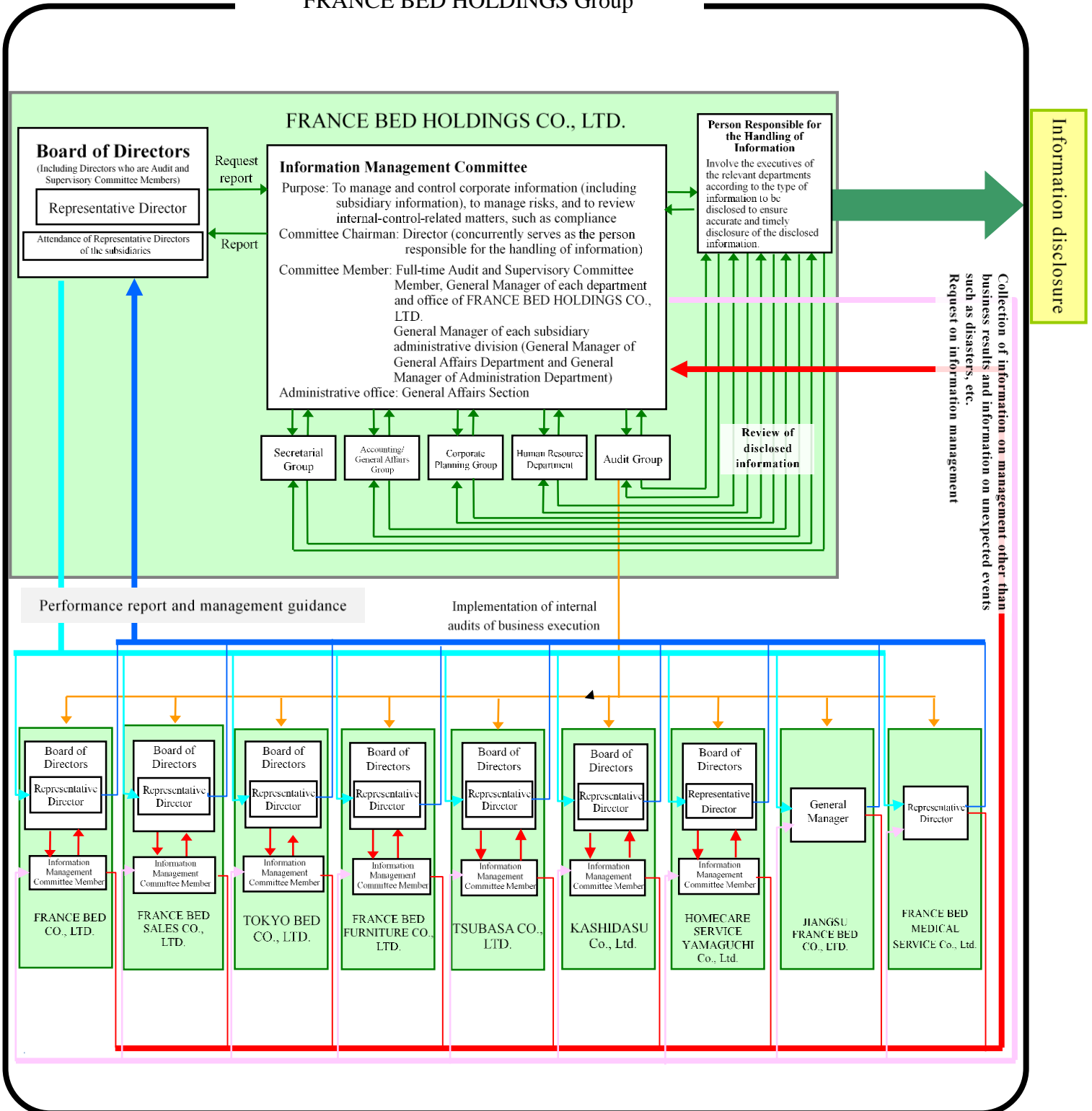
The flow of management information of the Company and the Group is as shown in the reference document "FRANCE BED HOLDINGS Group Information Flowchart."

[Reference: Corporate Governance Structure]



[Reference: FRANCE BED HOLDINGS Group Information Flowchart]

## FRANCE BED HOLDINGS Group



[Reference: Skill Matrix of Directors]

Name	Position in the Company	Corporate management	Technology and R and D	Sales and marketing	Finance and accounting	Legal affairs and compliance	Academics and experts (Fields of expertise)	Personnel, labor, and human resources development
Shigeru Ikeda	Representative Director, Chairman and President	●	●	●				
Kazumi Ikeda	Representative Director and Vice President	●	●	●				●
Tatsuhiko Kuwata	Director	●		●				●
Yoshiro Yoshino	Director	●		●				●
Akihiko Osada	Director	●			●	●		
Akihito Kimura	Director (Audit and Supervisory Committee Member)	●			●	●		
Shuichi Nakamura	External Director (Audit and Supervisory Committee Member)	●					●	
Satoshi Watanabe	External Director (Audit and Supervisory Committee Member)					●		
Shigeo Yamashita	External Director (Audit and Supervisory Committee Member)	●		●				
Noriko Otsuka	External Director (Audit and Supervisory Committee Member)				●	●		