

## Corporate Governance

Last Update: June 15, 2020  
Isetan Mitsukoshi Holdings Ltd.  
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Securities Code: 3099  
<https://imhds.disclosure.site/en/themes/132#1071>

The current corporate governance measures at Isetan Mitsukoshi Holdings Ltd. (the “Company”) are as follows.

### I Basic Views on Corporate Governance, and Basic Information on Capital Structure, Corporate Attributes, and Other Matters

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#### 1. Basic Views **Updated**

Please refer to the Corporate Governance Guidelines section of the Company website regarding basic views and policy for corporate governance at Isetan Mitsukoshi Holdings.

(URL: <https://imhds.disclosure.site/en/themes/132#1071>): Section titled Corporate Governance

#### [Reasons for non-compliance with each of the principles of Japan’s Corporate Governance Code] **Updated**

The Company complies with all principles of Japan’s Corporate Governance Code.

#### [Disclosure based on each of the principles of Japan’s Corporate Governance Code] **Updated**

[Principle 1-4, Supplementary Principles 1-4 (1)(2)]

Cross-shareholdings

##### (1) Policy on cross-shareholdings

The basic policy of the Group is to not acquire or hold cross-shareholdings in principle, except when cross-shareholdings are deemed conducive to sustainable growth and enhancement of corporate value of the Group over the medium- to long- term. With regard to the cross-shareholdings the Company currently holds, every year at the Board of Directors, the Company comprehensively verifies whether it is rational to continue holding such cross-shareholdings from quantitative and qualitative aspects including the purpose of holding, transaction status, and dividend earnings. Regardless, the Company will proceed with phased sales in consideration of factors such as the market environment and status of shares held with the aim of reducing cross-shareholdings.

##### (2) Standards for exercising voting rights in relation to cross-shareholdings

Regarding the exercise of voting rights for cross-shareholdings, an overall judgment is made as to whether or not exercise of such rights would spur sustainable corporate value of said company or contribute to sustainable growth and enhancement of corporate value of the Group over the mid- to long-term. Such voting rights are duly exercised for each agenda item.

(3) Policy in the case that cross-shareholders indicate their intention to sell shares

When shareholders who hold the Company's shares for the purpose of cross-shareholding (cross-shareholders) indicate their intention to sell their shares, the Company will not hinder the sale of the shares by, for instance, implying a possible reduction of business transactions.

[Principle 1-7, 4-3]

Transactions between Related Parties

Regulations on officers including the Regulations of the Board of Directors and Regulations of Executive Officers stipulate that, in the event that a conflict of interest transaction or competitive transaction is entered into between officers themselves such as Directors and Executive Officers or their specified family members and the Company, or between a company or organization where officers themselves or their specified family members hold a position as officers and the Company, the important facts of such transactions are to be disclosed to the Board of Directors in advance for its approval. This rule is disseminated throughout the Company. The Board of Directors reaches a decision on approval after due deliberation of the transaction.

[Principle 2-6]

Functional Roles as Corporate Pension Fund Asset Owners

The Company's retirement pension plan has transitioned to a defined contribution corporate pension plan. Although the defined benefit corporate pension plan is still available for some retired employees, its influence on the Company's financial position is extremely limited. For pension investment management, qualified persons suitable for such duties are placed in relevant departments, and we receive periodic reports on investment status from financial institutions for monitoring.

[Principles 3-1(i), 2-1]

Purpose of the Company (Management Philosophy, etc.), and Management Strategies and Management Plans

To achieve sustainable growth as a company in an age of rapid change, the Group will seek to continue a drastic reform of the entire Group. In 2018, we compiled a credo "Our philosophy," which is the *raison d'être* of the Isetan Mitsukoshi Group and the way we want to be.

The Group utilizes its in-house media, such as company newsletters and intranet, to disseminate within the Group the meaning of "Our philosophy" and expected behaviors, while holding lectures as part of the training session for new hires with the aim of creating an ever-evolving corporate culture. We strive to thoroughly familiarize the entire Group with the credo such as by having all of our officers attend the annually held "Our philosophy" Promotion Meetings to introduce initiatives including best dialogue-based practices contributing to changes in corporate culture.

In addition, the Company has established the "Isetan Mitsukoshi Group Standards of Corporate Ethical Behavior" as the foundation for putting "Our philosophy" into practice, and demonstrates to all of its employees including officers its approach to stakeholders along with the group-wide ethics and guidelines for daily conducts of the group employees.

Refer to the Company website for details of management philosophy and management plans:

<https://www.imhds.co.jp/en/company/philosophy.html>: "Our philosophy"

<https://imhds.disclosure.site/en/themes/168>: Initiatives for disseminating "Our philosophy" across the Company

<https://www.imhds.co.jp/en/ir/plan.html>: The Isetan Mitsukoshi Group's Medium-term Management Plan (Three-year Plan) (FY2019 to FY2021)

[Principle 3-1(ii)]

Basic Views and Policy Regarding Corporate Governance Based on Each of the Principles in Japan's Corporate Governance Code

In combination with measures to build excellent relationships with customers, employees, shareholders, business partners and local communities—our stakeholders—the Group is overhauling its corporate governance structure, along with management reform. This entails the establishment and strengthening of legal frameworks for the general meeting of shareholders, the Board of Directors and the accounting auditors.

As part of these efforts, for the purpose of further advancing corporate governance, the Company decided on the transition of its organizational design to a company with a nominating committee, etc. effective June 2020.

With the transition to a company with a nominating committee, etc. as a turning point, the Group will work to further increase the transparency of our corporate activities and ensure thorough compliance in our management, while taking measures to create and deliver value in various forms for all stakeholders associated with the Group. Aiming to become a corporate Group that is deeply trusted by all of its various stakeholders, the Group will continue taking a range of measures including speeding up management decision-making, strengthening management oversight mechanisms and enhancing internal control systems.

Refer to the Corporate Governance Guidelines on the Company website for more details.

<https://imhds.disclosure.site/en/themes/132#1071>

[Principles 3-1(iii), 4-2, Supplementary Principle 4-2(1)]

Policies and Procedures with Regard to Board of Directors' Decisions Concerning Remuneration of Senior Management Executives and Directors

(1) Policy regarding the remuneration, etc. of officers

The Company has established the following four basic principles regarding executive remuneration (excluding Outside Directors).

- 1) Promotion of common interests between shareholders and officers
- 2) Expansion of incentive effects to improve financial results and shareholder value
- 3) Provision of remuneration at a level by no means inferior to competing companies (upon achieving goals)
- 4) Ensuring objectivity and transparency in methods of evaluation and remuneration decision

These basic principles have been formulated as "Director Remuneration Principles" in the "Director Remuneration Guidelines."

Based on these basic principles, the Nomination and Remuneration Committee, a voluntary advisory body, has actively discussed ways for linking to the short-term performance and the medium- to long-term performance in the entire remuneration and approach to the share-based remuneration system. After the transition to a company with a nominating committee, etc., the Compensation Committee, comprising a majority of Outside Directors, will be led by Outside Directors in discussing and deciding on the policy of remuneration and individual amounts of remuneration, and continue its deliberations and initiatives so that the executive remuneration system functions better as a healthy incentive towards the sustainable growth of the Company.

(2) Matters concerning the process for determining executive remuneration

Under the above Director Remuneration Principles, the objectivity and transparency of the entire process of determining executive remuneration are ensured through the effective deliberation at the Compensation Committee, a statutory committee that is comprised of a majority of Outside Directors and chaired by one of them.

(3) Types of remuneration, etc. of officers and the method by which they are determined

Under the Director remuneration system of the Company, executive remuneration is composed of three elements: monthly "basic remuneration" along with "bonuses" and "share-based remuneration" which are paid or granted annually. For Executive Officers, including the President and CEO (Representative Executive Officer), bonuses that are paid as a form of performance-linked remuneration shall account for 25% of the total annual remuneration for each individual, with the aim of clarifying their responsibilities for business execution.

Meanwhile, share-based remuneration shall account for 15% of the total annual remuneration for each individual, with a view toward promoting shareholdings by officers and their common interests with the shareholders. (Bonuses shall not be paid to internal Directors except for those who concurrently serve as Executive Officer, and Outside Directors.)

Specific amounts of remuneration are determined at the Compensation Committee, which is comprised of a majority of Outside Directors and chaired by one of them.

The Company is currently conducting fundamental considerations on ways for linking to the short-term performance and the medium- to long-term performance in the entire remuneration and approach to the share-

based remuneration system that has replaced the remuneration-type stock options scheme, so that the officer remuneration system functions better as a healthy incentive towards the sustainable growth of the Company. In FY2020 and onwards after the transition to a company with a nominating committee, etc., the Compensation Committee will continue such considerations and work to bring discussion results into shape.

#### <Bonuses>

For Executive Officers including President and CEO (Representative Executive Officer), performance-linked bonus as described hereunder has been introduced as a strong motivation towards the achievement of goals based on the Director Remuneration Principles.

Base amount of bonus = Basic remuneration x 5 (months)

Amount of bonus to be paid = Base amount of bonus x [1] Payout ratio (degree of achievement against the corporate performance goal) x [3] Allocation ratio (weight) + Base amount of bonus x [2] Payout ratio (personal qualitative evaluation) x [3] Allocation ratio (weight)

#### 1) Payout ratio (degree of achievement against the corporate performance goal)

Since the Company's foundation in FY2008, the Group has adopted consolidated operating income as its indicator to strongly motivate officers to achieve annual goals, with a view toward quickly establishing a sound operational base for the Group and launching its management on a growth track into the future.

Specifically, the payout ratio shall be 1.00 (100%) upon the full achievement of the operating income goal, and designed to vary within the range between 0.00 (0%) at minimum and 2.00 (200%) at maximum, in proportion to the degree of achievement. The amounts of consolidated operating income corresponding to such minimum and maximum factors shall be determined for each fiscal year, based on the absolute standards of the targeted amount, with a view toward providing clear and effective incentives.

#### 2) Payout ratio (personal qualitative evaluation)

The payout ratio of qualitative evaluation shall be subject to a five-grade evaluation (between 0.50 (50%) at minimum and 1.50 (150%) at maximum) by President and CEO (Representative Executive Officer) at the end of each fiscal year, based on the assessment of the degree of achievement of the qualitative goals established through the interview with the President and CEO (Representative Executive Officer) at the beginning of each fiscal year.

#### 3) Allocation ratio (weight)

The allocation ratio (weight) between the degree of achievement against the corporate performance goal and the personal qualitative evaluation shall be determined for each fiscal year following a review of its positioning. As for FY2020, the allocation ratio of the degree of achievement against the corporate performance goal is set at 100% for the President and CEO (Representative Executive Officer). For other Executive Officers, such allocation ratio is set at 60% and the allocation ratio of the personal qualitative evaluation is set at 40%.

#### <Remuneration-type stock options>

With regard to share-based remuneration, stock options whose exercise price is set at one yen were granted to Directors (excluding Outside Directors) up until FY2019 as follows, based on the remuneration-type stock options scheme involving an exercise price set at one yen, with a view toward promoting shareholdings by officers and enhancing awareness towards improving shareholder value over the long-term.

Maximum number of stock options to be granted (each stock option being equivalent to 100 shares of the Company) = (Basic remuneration) x 6 (months) / Reference price of a share of the Company (\*)

\*Reference share price = "Average price of share over the three months up to the month prior to the resolution on issuance" or "the price of a share on the day four days prior to the date of the resolution on issuance (if no closing price is quoted on such day, the closing price of the immediately preceding business day)" at the Tokyo Stock Exchange, whichever is higher.

The Company is currently conducting fundamental considerations on the approach to the share-based remuneration system, so that the officer remuneration system functions better as a healthy incentive towards the sustainable growth of the Company.

[Principles 3-1(iv)(v), Supplementary Principles 4-1(3), 4-3(1)(2)(3), Principle 4-11]

Explanation on Policies and Procedures on the Board of Directors' Selection/Dismissal of Management Executives and Nomination of Candidates for Director, and Individual Selection/Dismissal

(1) Policies on selection and dismissal of management executive officers

As a policy of selection and dismissal of senior management Executive Officers, including Representative Executive Officers, the Company stipulates the maximum age and the maximum reappointment term of officers for each position in the Regulations of Age Limits of Executive Officers in Office to promote appropriate rotation. Given this, selection of Executive Officers, including Representative Executive Officers and Executive Officers with special titles, and their reappointment after the expiration of the one-year term of the appointment contract shall be determined by the Nominating Committee by appropriately evaluating quantitative results of respective Executive Officers during their term of appointment contract, along with qualitative aspects, such as contributions in materializing the Group's "Our philosophy." As such, the fairness and transparency of the selection and dismissal of management executives is secured.

<Decision on selection and reappointment of the CEO>

Before the transition to a company with a nominating committee, etc., the Company worked on the following measures to ensure transparency and fairness in deciding on selection and reappointment of the CEO.

(i) Decision on reappointment of the current CEO

With respect to acceptance or non-acceptance of reappointment of the current CEO (reappointment after expiration of the term of the appointment contract), the Nomination and Remuneration Committee undertook the following.

\*At the time of inauguration of the CEO, the CEO submits in person a commitment (goals to be achieved) for the estimated term of office, of which acceptance/non-acceptance is discussed.

\*In the following and subsequent years, the CEO explains progress for the commitment, future earnings forecasts, etc., and after the CEO leaves the meeting, four Outside Directors who are members of the Committee deliberate on the acceptance/non-acceptance of reappointment of the CEO.

(ii) Succession plan of the CEO

The Company actively created opportunities where Outside Directors can monitor candidates after the following contents were periodically reported and shared at the Nomination and Remuneration Committee.

\*Listing of candidates for a CEO successor (for emergencies, at the time of change before expiration of term, and the maximum term of office)

\*Clarification of requirement for the CEO

\*Training plans for each candidate and plans for relocation to sectors that each candidate should experience in the future

Furthermore, with regard to the development of candidates, the Company has created a reserve group of candidates for the CEO successor by spending adequate time and resources by providing systematic education opportunities such as the "business leader program" which is a selective education program for managerial positions and the "business executive program" after assumption of office as executive officer.

As described above, the Company has worked on the decision on reappointment of CEO and the succession plan while ensuring transparency and fairness. After the transition to a company with a nominating committee, etc., the Company will position the decision on selection and reappointment of CEO as one of the most important tasks of the Nominating Committee, and the Committee will actively discuss its approach to the matter in order to further enhance the initiatives that have been implemented.

(2) Policy on nomination of candidates for Director

With regard to nomination of candidates for Director, the policy of the Company is to look for candidates from a diverse range of people with broad and highly specialized knowledge and skills, as well as high ethical standards. For Outside Directors in particular, the Company invites people from different fields and industries, primarily those with practical business-world experience, in order to actively take in a wide range of opinions from objective and specialist perspectives and ensure well-balanced management.

Candidates for Director are determined at the Nominating Committee, which is comprised of a majority of Outside Directors and chaired by one of them, and the proposal is submitted to the general meeting of shareholders. Regarding senior management Executive Officers, the Board of Directors shall determine candidates after the deliberation by the Nominating Committee.

The reasons for nomination of each candidate for Director are described in the “Notice of the Convocation of the Ordinary General Meeting of Shareholders” (Reference Documents for the General Meeting of Shareholders). As described above, Outside Directors lead the deliberation and decision-making regarding the nomination, which is important in terms of corporate governance, in order to improve the objectivity and transparency. The Nominating Committee will work to further clarify the officer selection standards of the Company.

<https://www.imhds.co.jp/en/ir/stockholder/meeting.html>: Section titled General Meeting of Shareholders

[Principles 4, 4-1, Supplementary Principle 4-1(1)]

Responsibilities of the Board of Directors

As part of efforts to promote the Group’s sustainable growth and the enhancement of corporate value over mid- to long-term, and sufficiently fulfil its fiduciary responsibility to shareholders, the Company worked to further clarify the separation of “execution” and “oversight” and strengthen decision-making functions and oversight functions to be fulfilled by the Board of Directors, through the review of criteria for making proposals to be decided upon by the Board of Directors and the delegation of authority to the execution side where necessary within a range of a company with the Audit & Supervisory Board. Under this environment, the Company’s Board of Directors actively engaged in discussions on important managerial issues from a wide perspective, utilized such discussions for preparing the mid- to long-term management plan, and, through the monitoring of the progress of the plan, worked to establish the management PDCA cycle with the Board of Directors as the starting point.

The Board of Directors after the transition to a company with a nominating company, etc. will further accelerate the move, and limit matters requiring a resolution by the Board of Directors to those set forth in laws and regulations, in principle, whereby it will primarily discuss management from a wide perspective and specialize in overseeing and monitoring the execution of business operations.

[Supplementary Principle 4-1(2)]

Administrative Management of the Medium-term Management Plan

For the purpose of developing and strengthening the PDCA cycle for management, the Company holds at the Board of Directors multiple step-by-step exchanges of opinions as part of the process to formulate a medium- to long-term management plan while fully reflecting the opinions of outside officers. Progress reports and discussions at the Board of Directors during the term of the plan serve as the basis for amendments to the plan. In addition, in order to fulfil adequate accountability, the Company discloses materials regarding management plans and progress to stakeholders, including shareholders and investors, at the general meeting of shareholders and semi-annual financial results briefings, as well as on the Company website, etc.

[Principles 4-6, 4-7, 4-8, 4-11, Supplementary Principle 4-11(1)(2)]

Composition of the Board of Directors

The Company’s Articles of Incorporation stipulates that the number of Directors shall not exceed 15, and currently there are 13 members in the Board of Directors. In light of strengthening corporate governance, Outside Directors are in the majority in the Board of Directors (seven Outside Directors and six internal Directors).

Furthermore, the policy of the Company for the Board of Directors is to appoint a diverse range of people with broad and highly specialized knowledge and skills, as well as high ethical standards. For Outside Directors in particular, the Company invites people from different fields and industries, primarily those with practical business-world experience, in order to actively take in a wide range of opinions from objective and specialist perspectives and ensure well-balanced management. All Outside Directors satisfy the Independence Standards of the Company. Furthermore, the Regulations of the Board of Directors set out that the Board of Directors shall be chaired by a non-executive Director. The Company has made it clear from FY2020 that the current Chairman, who will continue presiding over the Board of Directors, is non-executive.

[Principle 4-9]

#### Independence Standards and Qualifications for Independent Outside Officers

In designating Outside Directors and as independent officers, the Company has compiled its proprietary “Independence Standards for Independent Directors and Independent Auditors of Isetan Mitsukoshi Holdings Ltd.,” for assessing their independence and outside officers who do not come under any of the following categories are nominated as independent officers.

- 1) Business executives of the Group
- 2) A person for whom the Group is a major business partner, or an executive director, executive or manager thereof
- 3) A major business partner of the Group, or an executive director, executive, manager or other employee thereof
- 4) An executive officer of a principal lender of the Group
- 5) A consultant or accounting or legal expert who has received financial or other economic benefits from the Group exceeding a certain sum, other than remuneration of Directors or Audit & Supervisory Board Members
- 6) A shareholder or an executive officer thereof who holds at least 5% of the total issued shares of the Company
- 7) Any person who has come under categories 1) to 5) above in the last three years
- 8) Spouses or relatives within the second degree of kinship of anybody coming under categories 1) to 5) above

A “major business partner” in 2) and 3) above means “any business partner for whom the annual transaction amount with the Company, on a consolidated basis, exceeds 1% of the total annual transaction amount of either party, over the preceding three years, even if this occurs on only one occasion,” a “principal lender” in 4) above means “any lender from whom the Group’s balance of borrowings exceeds 2% of the consolidated total assets of the Company as of the end of the fiscal year,” and a “certain sum” in 5) above means “a sum of at least 10 million yen in any of the preceding three fiscal years.”

[Principle 4-10, Supplementary Principle 4-10(1)]

#### Systems to Enhance Governance Functions of the Company

The Company made a transition to a company with a nominating committee, etc. in June 2020, and set up the Nominating Committee, the Compensation Committee, and the Audit Committee, three statutory committees that are comprised of a majority of Outside Directors.

The Nominating Committee and the Compensation Committee strive to enable independent judgments by Outside Directors concerning discussions and decision-making related to the “nomination” and “remuneration.” To this end, the committees will take various measures, such as increasing contact with prospective nominees and utilizing personnel evaluations and other objective indicators. The Audit Committee will endeavor to build and operate a system that ensures both the effectiveness and independence so as to sufficiently exercise its audit functions.

[Supplementary Principle 4-11(3)]

#### Effectiveness Evaluation of the Board of Directors

The Company has conducted the annual analysis and evaluation of the Board of Directors since FY2016. In FY2019, an individual questionnaire to all Directors and Audit & Supervisory Board Members inside and outside the Company was conducted, to evaluate the Board of Directors both from quantitative and qualitative aspects, such as the composition of the Board, details of deliberations, operations including support from the secretariat, and processes for determining the nomination and remuneration of officers.

The evaluation results for FY2019 have shown that the average score of all quantitative questions has exceeded a “standard level” to a certain degree, confirming that the overall effectiveness of the Company’s Board of Directors is ensured. On the other hand, room for improvement was revealed, including the setting of an agenda, proceedings of meetings, and the provision of information to outside officers in advance. Accordingly, these improvements were reflected in the consideration of the transition to a company with a nominating committee, etc., which was undertaken simultaneously, and the Company will strive for fundamental improvements with the structural transition as a turning point.

[Supplementary Principle 4-14(2)]

#### Training Opportunities for Directors

The Company continuously provides to Outside Directors explanation on the environment surrounding the Group and its business, financial position, and organizational structure when assuming their position and during their service so that they are able to fully recognize the Group's important management issues and make best decisions based on their beliefs at the Board of Directors and other committee meetings.

Meanwhile, for internal officers, on the assumption of giving them options for updating their knowledge even during their services, the Company believes that the most important matter is to provide opportunities to develop self-awareness and recognition as leaders who steer management for Executive Officers and presidents and executive officers of Group companies who will be candidates for Directors and top management in the future.

Based on these views, the Company offers opportunities to acquire knowledge necessary as officers and develop self-awareness as officers for new executive officers and presidents of Group companies when they are newly appointed and systematically carries out an annual "Business Executive Program," which meets attributes of each target officer, in the second year and onward. In addition, the Company arranges external seminars as needed.

[Principle 5-1, Supplementary Principle 5-1(1)(2)]

#### Policy for Dialogue with Shareholders and Investors

The Company recognizes that dialogue with shareholders and investors is important for realizing sustainable growth and enhancing corporate value over mid- to long-term. We make efforts to improve information disclosure with regard to strengthening of corporate governance and progress of the mid- to long-term strategies in order to promote constructive dialogue with shareholders.

The Company practices timely and accurate disclosure by establishing Timely Disclosure Regulations and other regulations and policies about information disclosure. Furthermore, based on its IR Policy, the Company provides opportunities for dialogue through interviews and briefing sessions, such as results briefings by top management, small meetings for analysts, face-to-face meetings for individual domestic and overseas institutional investors, in addition to the general meeting of shareholders, in a proactive and continuous manner to the extent reasonable. Opinions gathered from such activities will be reflected in management.

#### Specific Systems and Measures to Encourage Constructive Dialogue with Shareholders and Investors

1) To promote constructive dialogue with shareholders, the President and CEO (Representative Executive Officer), Managing Executive Officer and CFO, Managing Executive Officer and General Manager of Group Corporate Strategy Office and other senior management cooperate to develop a platform, with Public Relations/Investor Relations Department of the Group Corporate Strategy Office serving as a liaison office.

2) The Group Corporate Strategy Office and General Affairs Department cooperate organically as a platform for supporting constructive dialogue with shareholders to provide information to responsible officers, etc.

3) The Company promptly provides information subject to disclosure to media organizations, and carries such information on its website. In addition, shareholder newsletters and other notifications are prepared using easy-to-understand terms. Furthermore, the Company organizes dialogues including dedicated meetings held by persons in charge of investor relations with institutional investors, securities analysts, etc.

4) Opinions provided by shareholders and investors are reflected in the improvement of corporate value by broadly sharing such information in-house and providing feedback to the management.

5) Based on the IR Policy, the Company observes a "Quiet IR Period," during which it desists from investor relations activities. During this period, officers and other employees of the Company desist from commenting to external parties on earnings results and targets, as well as other information relating to financial accounts. In addition to the "Quiet IR Period," pursuant to the Insider Trading Regulations, the Company never refers to significant matters, etc., that have not yet been publicly disclosed.

## 2. Capital Structure

Ratio of shares held by overseas shareholders <b>Updated</b>	From 10% to less than 20%
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### [Current Major Shareholders] **Updated**

Name / Company name	Number of shares owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	37,642,200	9.90
Japan Trustee Services Bank, Ltd. (Trust account)	24,242,400	6.38
The Mitsukoshi Health and Welfare Foundation	13,667,832	3.60
Isetan Mitsukoshi Group's partner holding companies	8,169,378	2.15
Japan Trustee Services Bank, Ltd. (Trust account 5)	7,022,900	1.85
SHIMIZU CORPORATION	6,200,000	1.63
JP MORGAN CHASE BANK 385151	6,141,025	1.62
Meiji Yasuda Life Insurance Company	5,697,279	1.50
Japan Trustee Services Bank, Ltd. (Trust account 9)	5,383,600	1.42
STATE STREET BANK WEST CLIENT-TREATY 505234	4,797,868	1.26

Controlling shareholders (excluding parent company) <b>Updated</b>	-
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Parent company <b>Updated</b>	None
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Supplementary explanation	-
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## 3. Corporate Attributes

Listed stock exchange and market section <b>Updated</b>	Tokyo Stock Exchange, First Section; Fukuoka Stock Exchange
Fiscal year-end <b>Updated</b>	March
Type of business <b>Updated</b>	Retailing
Number of employees (consolidated basis) as of the end of the previous fiscal year <b>Updated</b>	More than 1,000
Net sales (consolidated basis) as of the end of the previous fiscal year <b>Updated</b>	Over ¥1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year <b>Updated</b>	From 10 to less than 50

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

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

Isetan (Singapore) Ltd., a subsidiary of the Company in which Isetan Mitsukoshi Ltd. holds shares, is listed on the Singapore Exchange. Negotiations regarding major policies take place as and when required among the Company, Isetan Mitsukoshi Ltd. and the subsidiary in question. However, the independence of the Board of Directors of the subsidiary will be respected. The Company holds 52.7% of the voting rights in Isetan (Singapore) Ltd.

## II

### Business Management Organizations and Other Corporate Governance Systems regarding Management Decision-Making, Execution of Business and Oversight in Management

#### 1. Organizational Composition and Operation

Organizational form

Company with a nominating committee, etc.

#### [Directors]

Maximum number of Directors stipulated in the Articles of Incorporation <b>Updated</b>	15
Terms of office of Directors stipulated in the Articles of Incorporation <b>Updated</b>	1 year
Chair of the Board of Directors <b>Updated</b>	Chairman (except where the post is concurrently held by the President)
Number of Directors <b>Updated</b>	13

#### [Outside Directors]

Number of Outside Directors <b>Updated</b>	7
Number of Outside Directors designated as independent officers <b>Updated</b>	7

Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Michiko Kuboyama	Joined the Company from another company											
Masami Iijima	Joined the Company from another company											
Miwako Doi	Joined the Company from another company											
Takashi Oyamada	Joined the Company from another company								△			
Takeo Hirata	Academic											
Hidetoshi Furukawa	Joined the Company from another company								△			
Fukutaka Hashimoto	Attorney											

\* Categories for “Relationship with the Company”

\* “○” when the director presently falls or has recently fallen under the category;

“△” when the director fell under the category in the past

\* “●” when a close relative of the director presently falls or has recently fallen under the category;

“▲” when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Executive or non-executive director of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A 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, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director/Audit & Supervisory Board Member

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

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

i. Executive of a company, between which and the Company’s outside Directors/Audit & Supervisory Board Members are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

Relationship with the Company (2) **Updated**

Name	Committee			Independent Director	Supplementary explanation of the relationship	Reasons for appointment
	Nominating	Compensation	Audit			
Michiko Kuboyama			○	○	Communication Fellow, Ordinary Citizens Research Department of Kao Corporation Outside Director of Sumitomo Mitsui Banking Corporation	<p>Michiko Kuboyama has served as General Manager of the Products Public Relations Center and other positions at Kao Corporation, engaging mainly in product development and marketing departments. Currently, her activities span diverse fields including serving as Communication Fellow of the Ordinary Citizens Research Department at Kao Corporation and sharing her abundant experience in marketing as Visiting Professor at TAMA GRADUATE SCHOOL OF BUSINESS.</p> <p>She took office as the Company's Outside Director in 2018 and has provided valuable advice from a wide range of perspectives including that of the consumer based on her abundant experience. As we believe her giving appropriate advice and oversight over business execution from an independent standpoint will significantly contribute to the improvement of the Company's governance, she was reappointed as Outside Director.</p> <p>As a result of rigorous screening in light of the in-house independence standards for independent officers, it was judged that there is no risk of conflict of interest with general shareholders. Accordingly, she was appointed as an independent Director.</p>
Masami Iijima	○	○		○	Representative Director, Chairman of the Board of Directors of MITSUI & CO., LTD. Outside Director of Ricoh Company, Ltd. External Board Director of SoftBank Group Corp. Counsellor of Bank of Japan	<p>Masami Iijima has served in management at MITSUI &amp; CO., LTD., one of the largest general trading companies in Japan, with superior achievements in achieving growth. Currently he serves as Chairman of the Board of Directors of MITSUI &amp; CO. as Representative Director and Chairman of the Board of Directors, promoting corporate governance as the supervisor for management.</p> <p>At the Company's Board of Directors, he has provided valuable advice based on his abundant experience in corporate management. As we believe his giving appropriate advice and oversight over business execution from an independent standpoint will significantly contribute to the improvement of the Company's governance, he was reappointed as Outside Director.</p> <p>As a result of rigorous screening in light of the in-house independence standards for independent officers, it was judged that there is no risk of conflict of interest with general shareholders. Accordingly, he was appointed as an independent Director.</p>
Miwako Doi	○	○		○	Auditor of National Institute of Information and Communications Technology Executive Director of	<p>Miwako Doi has worked as a researcher and manager in the information technology field at TOSHIBA CORPORATION with significant expert achievements in the field. Currently, she serves as Auditor of the National Institute of Information and</p>

Name	Committee			Independent Director	Supplementary explanation of the relationship	Reasons for appointment
	Nominating	Compensation	Audit			
					Nara Institute of Science and Technology Vice President of TOHOKU UNIVERSITY	<p>Communications Technology in addition to Executive Director of the Nara Institute of Science and Technology and Vice President of TOHOKU UNIVERSITY.</p> <p>Based on her abundant experience in the information technology field, she has provided valuable advice to the Board of Directors of the Company, which aims to become a platformer for a new era. As we believe her giving appropriate advice and oversight over business execution from an independent standpoint will significantly contribute to the improvement of the Company's governance, she was reappointed as Outside Director.</p> <p>As a result of rigorous screening in light of the in-house independence standards for independent officers, it was judged that there is no risk of conflict of interest with general shareholders. Accordingly, she was appointed as an independent Director.</p>
Takashi Oyamada	○		○	○	<p>Special Advisor of MUFG Bank, Ltd. Representative Director &amp; Vice Chair of The Japan Institute of International Affairs Outside Director of Mitsubishi Research Institute DCS Co., Ltd Outside Director of Mitsubishi Electric Corporation</p>	<p>Takashi Oyamada has served in management of the former The Bank of Tokyo-Mitsubishi UFJ, Ltd., a leading mega bank in Japan with superior achievements. He possesses deep knowledge in finance gained over years of experience at a financial institution. Since taking office as Outside Director of the Company, he has provided valuable advice at the Board of Directors based on his specialized knowledge in finance and high expertise in management. As we believe his giving appropriate advice and oversight over business execution from an independent standpoint will significantly contribute to the improvement of the Company's governance, he was reappointed as Outside Director.</p> <p>As a result of rigorous screening in light of the in-house independence standards for independent officers, it was judged that there is no risk of conflict of interest with general shareholders. Accordingly, he was appointed as an independent Director.</p>
Takeo Hirata		○		○	<p>Professor at Graduate School of Sport Sciences, Waseda University Outside Company Auditor of Rakuten, Inc. Special Advisor to the Cabinet Chairman of the Japan Society of Sports Industry</p>	<p>Takeo Hirata has significantly contributed to the promotion of sports business in Japan, having been involved in the initiation of J. League and the invitation of the 2002 FIFA World Cup to Japan. Currently, he teaches as a Professor at the Graduate School of Sport Sciences at Waseda University in addition to playing an active part as Special Advisor to the Cabinet.</p> <p>He has provided appropriate advice and recommendations as Outside Corporate Auditor of the Company based on his abundant insight on diverse subjects. As we believe his giving appropriate advice and oversight from an independent standpoint at the Company's Board of Directors after its transition into a company with a nominating committee, etc., will significantly contribute to the improvement of the Company's governance, he was appointed as Outside Director.</p>

Name	Committee			Independent Director	Supplementary explanation of the relationship	Reasons for appointment
	Nominating	Compensation	Audit			
						As a result of rigorous screening in light of the in-house independence standards for independent officers, it was judged that there is no risk of conflict of interest with general shareholders. Accordingly, he was appointed as an independent Director.
Hidetoshi Furukawa	○		○	○	Chairperson of SMBC Trust Bank Ltd.	<p>Hidetoshi Furukawa has accumulated years of experience at Sumitomo Mitsui Banking Corporation, one of the largest mega banks in Japan. After serving as Deputy President, etc., at Sumitomo Mitsui Banking Corporation, he took office as Representative Director, President and Chief Executive Officer of SMBC Trust Bank Ltd. in 2015. In this capacity, he significantly contributed to providing revolutionary and high quality services, such as by launching a new brand through the integration of domestic individual-oriented businesses of foreign-owned financial institutions. He was appointed Chairperson of SMBC Trust Bank Ltd. in 2018. As we believe his giving appropriate advice and oversight based on his abundant experience in management of financial institutions as well as his specialized knowledge in finance from an independent standpoint at the Company's Board of Directors will significantly contribute to the improvement of the Company's governance, he was appointed as Outside Director.</p> <p>As a result of rigorous screening in light of the in-house independence standards for independent officers, it was judged that there is no risk of conflict of interest with general shareholders. Accordingly, he was appointed as an independent Director.</p>
Fukutaka Hashimoto			○	○	<p>Representative Partner Attorney and Director of Tokyo Hatchobori Law Office</p> <p>Outside Audit &amp; Supervisory Board Member of Sampo Japan Insurance Inc.</p>	<p>Fukutaka Hashimoto has played a leading role as an attorney-at-law for many years and was appointed Representative Partner Attorney and Director of Tokyo Hatchobori Law Office in 2008. In addition to serving as Outside Corporate Auditor of several companies while working as an attorney, he has strived to solve national issues such as by serving as a committee member for a third-party committee on the pension records issue and a special committee member for the Deliberation Committee on Disputes for Compensation of Damages on Nuclear Power.</p> <p>We believe his giving appropriate advice and oversight based on his wide range of advanced specialized knowledge primarily in corporate legal affairs from an independent standpoint at the Company's Board of Directors will significantly contribute to the improvement of the Company's governance. Accordingly, he was appointed as Outside Director.</p> <p>As a result of rigorous screening in light of the in-house independence standards for independent officers, it was judged that there is no risk of conflict of interest with general shareholders. Accordingly, he was appointed as an independent Director.</p>

## [Committees]

Composition and attributes of chair(s) at each committee **Updated**

	Total of members	Full-time members	Internal Directors	Outside Directors	Chair
Nominating Committee	5	0	1	4	Outside Director
Remuneration Committee	4	0	1	3	Outside Director
Audit Committee	5	1	1	4	Outside Director

## [Executive Officers]

Number of Executive Officers **Updated** 7

Concurrent service **Updated**

Name	Company Representation	Concurrent service as Director	Concurrent service as Director		Concurrent service as employee
			Nominating Committee member	Remuneration Committee member	
Toshihiko Sugie	Yes	Yes	○	×	None
Toru Takeuchi	Yes	Yes	×	×	None
Takuya Matsuo	No	No	×	×	None
Hidehiko Igura	No	Yes	×	×	None
Shigeru Nishiyama	No	Yes	×	○	None
Hideki Katagiri	No	No	×	×	None
Akira Kimbara	No	No	×	×	None

## [Audit Framework]

Directors and employees to assist the Audit Committee with its duties **Updated**

Available

Matters related to the independence of these Directors and employees from the Executive Officers **Updated**

The Company established and adequately staffed an organizational unit dedicated to the role of assisting the Audit Committee under the instruction thereof. Personnel matter (appointment and change) of the staff in the unit shall require the consent of the Audit Committee.

Cooperation between the Audit Committee, the accounting auditors and the Internal Audit Division **Updated**

The Audit Committee of the Company will monitor the legality and appropriateness of the execution of duties by Executive Officers and Directors, and strengthen oversight functions through audits. In addition, the Audit Committee will work to enhance the audits of the Group as a whole by coordinating with the Internal Audit Division and Audit & Supervisory Board Members at each Group company, and further enhance the audit system encompassing the entire group with the organizational transition as a turning point.

The Company is striving to establish a framework for providing appropriate information as required through the cooperation between the Board of Directors Office and the Internal Audit Division, with a view to presenting accurate information concerning the Company on a timely basis under the instruction of Outside Directors, while effectively ensuring the cooperation between the Internal Audit Division, Directors and the Audit Committee pursuant to various internal regulations.

The Company has entered into an audit contract with Ernst & Young ShinNihon LLC, which conducts the accounting audits pursuant to the provisions of applicable laws and regulations. Three certified public accountants, namely Mr. Kazuhiko Umemura, Ms. Eri Sekiguchi and Mr. Kiyotaka Kinugawa, executed the accounting audit of the Company. The team of staff members that assisted the accounting audit of the Company is comprised of 31 certified public accountants, along with 41 others (including those who passed the certified public accountant examination). Ernst & Young ShinNihon LLC has been in charge of the accounting audit of the Company since our foundation in 2008.

Recognizing that accounting auditors assume accountability to shareholders and investors, the Company takes appropriate measures to ensure appropriate audits. Specifically, the following structures are set in place so as to ensure effectiveness of audits by accounting auditors.

- 1) The Company understands the status of audit implementations by accounting auditors and confirms the validity of labor allocation in consideration of the audit scope and maintenance of quality.
- 2) The Company holds periodical discussions between accounting auditors and the Representative Executive Officers and other Executive Officers.
- 3) The Audit Committee receives explanations from the accounting auditors on their audit plan and audit results and holds periodical meetings to ensure adequate cooperation. In addition, the Internal Audit Division carries out audits in cooperation with the accounting auditors by sharing audit plans, audit results, and risk information.
- 4) If the accounting auditors submit a report on misconduct regarding execution of duties by Executive Officers or Directors, or on material facts regarding laws and regulations or the Articles of Incorporation (including facts that may impact ensuring adequacy of documents on financial calculation), a necessary investigation will be made after deliberation at the Audit Committee and necessary and timely measures will be taken such as reporting to the Board of Directors or providing advice or recommendations to Executive Officers.

Also, the Audit Committee has adopted a system where the Audit Committee understands the status of audits of accounting auditors through their audit reports and periodical meetings with them, and periodically evaluates their audit activities, to decide their reappointment for each term based on the results of such evaluations, etc.

**[Independent Officers]**

Number of Independent Officers <span style="border: 1px solid green; padding: 2px;">Updated</span>	7
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Matters relating to Independent Officers
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The Company designates all outside officers qualifying as independent officers as independent officers.

**[Incentives]**

Implementation status of incentive policies for Directors and Executive Officers <span style="border: 1px solid green; padding: 2px;">Updated</span>	Performance-Linked Remuneration
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Supplementary explanation <span style="border: 1px solid green; padding: 2px;">Updated</span>
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Under the Director remuneration system of the Company, executive remuneration is composed of three elements: monthly “basic remuneration” along with “bonuses” and “share-based remuneration” which are paid or granted annually. For Executive Officers, including the President and CEO (Representative Executive Officer), bonuses that are paid as a form of performance-linked remuneration shall account for 25% of the total annual remuneration for each individual, with the aim of clarifying their responsibilities for business execution. Meanwhile, share-based remuneration shall account for 15% of the total annual remuneration for each individual, with a view toward promoting shareholdings by officers and their common interests with the shareholders. (Bonuses shall not be paid to internal Directors except for those who concurrently serve as Executive Officer, and Outside Directors.)

The Company is currently conducting fundamental considerations on ways for linking to the short-term performance and the medium- to long-term performance in the entire remuneration and approach to the share-based remuneration system that has replaced the remuneration-type stock options scheme, so that the officer remuneration system functions better as a healthy incentive towards the sustainable growth of the Company. In FY2020 and onwards after the transition to a company with a nominating committee, etc., the Compensation Committee will continue such considerations and work to bring discussion results into shape.

Recipients of stock options	
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Supplementary explanation
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## [Remuneration for Directors and Executive Officers]

Disclosure (of individual Director's remuneration) <b>Updated</b>	No disclosure of individual remuneration
Disclosure (of individual Executive Officer's remuneration) <b>Updated</b>	No disclosure of individual remuneration

Supplementary explanation <b>Updated</b>
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The following has been disclosed in the FY2019 Annual Securities Report, business report and notice of the convocation of General Meeting of Shareholders.

Director remuneration

Fixed remuneration: 13 Directors, ¥227 million (including 7 Outside Directors, ¥48 million)

Stock options: 5 Directors, ¥66 million (including 0 Outside Directors)

Audit & Supervisory Board Member remuneration

Fixed remuneration: 6 Audit & Supervisory Board Members, ¥80 million (including 3 Outside Audit & Supervisory Board Members, ¥30 million)

Note: Directors with simultaneous posts as executive officers do not receive remuneration, etc. for their position as executive officer.

Policy on determining remuneration amounts and calculation methods <b>Updated</b>	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
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Details are described in [Disclosure based on each of the principles of Japan's Corporate Governance Code].

## [System for Supporting Outside Directors] **Updated**

The Company provides the following support for Directors and Audit Committee members inside and outside the Company such that they may sufficiently fulfil their roles.

(1) Information Provision to Outside Directors

The Company has established a system to provide Outside Directors with prior explanation before the Board of Directors meetings so that they are able to ask for information as necessary, and the Company can additionally provide appropriate information where necessary.

(2) Opinion Exchange Meeting for Outside Directors, Audit Committee Members and Representative Executive Officers

The Company periodically holds meetings for exchanging opinions between the Audit Committee and other Outside Directors, as well as between all Outside Directors and the President and CEO (Representative Executive Officer) and other management, as part of measures to increase opportunity for Outside Directors to obtain information about the Group and exchange opinions.

(3) Training Opportunities for Outside Directors

The Company continuously provides to Outside Directors explanation on the environment surrounding the Group and its business, financial position, and organizational structure when assuming their position and during

their service so that they are able to fully recognize the Group's important management issues and make best decisions based on their beliefs at the Board of Directors and other committee meetings.

(4) Expenses for Receiving Advice Deemed by Directors to Be Necessary

The Company has regulations in place stipulating that, if Directors deem it necessary to receive advice from consultants, lawyers and other external experts, they may do so at the expense of the Company, and established such system.

**[Former Representative Director and President, etc.]**

Names, etc. of consultants and advisers, etc. who are former Representative Director and President, etc.  
Updated

Name	Titles and positions	Duty	Arrangements and conditions (Full-time/part-time; with/without remuneration, etc.)	Date of retirement as President, etc.	Term of office
Kunio Ishizuka	Senior Advisor	Engaged in activities as a Vice Chair of the KEIDANREN (Japan Business Federation) and other officer positions of industry groups, etc., that the Company has membership or affiliation, based on delegation by the Board of Directors and Representative Executive Officers of the Company.	Part-time With remuneration  The Company appoints a former Representative Director to the position of Senior Advisor after retirement only when such person acts as an officer of an important external organization (business association and industry group) designated by the Company. These persons are not involved in any management decision-making of the Company.	June 21, 2017	He retired as Vice Chair of the KEIDANREN (Japan Business Federation) on June 2, 2020 following the expiration of term of office, while he is scheduled to retire as Senior Advisor of the Company at the end of June 2020.

Total number of consultants and advisers, etc. who are former Representative Director and President, etc. <span style="border: 1px solid black; padding: 2px;">Updated</span>	1
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Other matters Updated

1. After having retired as President and CEO of the Company on February 1, 2012, the above Senior Advisor assumed office of Chairman, Representative Director and Executive Officer, and then left office on June 21, 2017.
2. Appointment and remuneration, etc. of Senior Advisors were deliberated upon by the Nomination and Remuneration Committee chaired by an Outside Director when the Company was a company with the Audit & Supervisory Board, and determined by the Board of Directors.
3. Since its establishment in 2008, the Company has not appointed any consultants, and abolished its consultant system (Consultant Regulations) on April 1, 2018. For advisors, their purpose and duties, etc. have been stipulated in internal regulations, but currently we have no other advisors other than the above Senior Advisor.

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

The goals the Company hopes to achieve through the transition to a company with a nominating committee, etc. are as follows:

- Clear delineation of the roles of “execution” and “oversight,” establishing a general direction of the Group by the Board of Directors, and specialization of oversight and monitoring of business execution. We believe that this will enhance the oversight function of the Board of Directors, while enabling swift execution of business.
- Establishment of a statutory Nominating Committee, Remuneration Committee, and Audit Committee, and implementing such important governance measures as selection and dismissal of top management, in a highly objective and transparent manner, led by Outside Directors.

[Business execution]

Roles and Responsibilities of the Board of Directors

As part of efforts to promote the Group’s sustainable growth and the enhancement of corporate value over mid- to long-term, and sufficiently fulfil its fiduciary responsibility to shareholders, the Company worked to further clarify the separation of “execution” and “oversight” and strengthen decision-making functions and oversight functions to be fulfilled by the Board of Directors, through the review of criteria for making proposals to be decided upon by the Board of Directors and the delegation of authority to the execution side where necessary within a range of a company with the Audit & Supervisory Board. Under this environment, the Company’s Board of the Directors actively engaged in discussions on important managerial issues from a wide perspective, utilized such discussions for preparing the mid- to long-term management plan, and, through the monitoring of the progress of the plan, worked to establish the management PDCA cycle with the Board of Directors as the starting point.

The Board of Directors after the transition to a company with a nominating company, etc. will further accelerate the move, and limit matters requiring a resolution by the Board of Directors to those set forth in laws and regulations, in principle, whereby it will primarily discuss management from a wide perspective and specialize in overseeing and monitoring the execution of business operations.

Composition of the Board of Directors

The Company’s Articles of Incorporation stipulates that the number of Directors shall not exceed 15, and currently there are 13 members in the Board of Directors. In light of strengthening corporate governance, Outside Directors are in the majority in the Board of Directors (seven Outside Directors and six internal Directors).

Furthermore, the policy of the Company for the Board of Directors is to appoint a diverse range of people with broad and highly specialized knowledge and skills, as well as high ethical standards. For Outside Directors in particular, the Company invites people from different fields and industries, primarily those with practical business-world experience, in order to actively take in a wide range of opinions from objective and specialist perspectives and ensure well-balanced management. All Outside Directors satisfy the Independence Standards of the Company. Furthermore, the Regulations of the Board of Directors set out that the Board of Directors shall be chaired by a non-executive Director. The Company has made it clear from FY2020 that the current Chairman, who will continue presiding over the Board of Directors, is non-executive.

Executive Systems and Organs

After appointing Chief Officers and persons responsible for the execution of business operations at key divisions as “Executive Officers,” a “Board of Executive Officers” will be established as an organ for executive decision-making and discussion, and it will discuss and make decisions concerning important Group issues, including matters over which authority has been delegated by the Board of Directors.

[Matters concerning decisions on auditing and oversight, nomination, and remuneration]

1) The Nominating Committee will engage in discussion and make decisions related to the “nomination” of officers with a high degree of objectivity and transparency, under the leadership of Outside Directors. In order to do so, the Nominating Committee will clarify officer selection standards and focus on enabling independent judgments by Outside Directors, by measures including the utilization of personnel evaluations and other objective indicators and increased contact with prospective nominees. The Nominating Committee is comprised of a majority of Outside Directors and chaired by an Outside Director. The President and CEO (Representative Executive Officer), who is also one of the members to improve the effectiveness of the succession plan, shall

leave the meeting as in the operations by the Nomination and Remuneration Committee when making a decision on reappointment of the current President and CEO (Representative Executive Officer), which is important in terms of corporate governance, in order to improve the effectiveness.

2) Like the Nominating Committee, the Compensation Committee will engage in discussion and make decisions related to “remuneration” of officers and take steps to further enhance corporate governance, under the leadership of an Outside Director. The committee will discuss issues and policy related to officer remuneration plans, including the Company’s approach to incentives for officers to enhance corporate value, and it will utilize various objective indicators such as personnel evaluation, and participate in third-party surveys on remuneration to enable independent judgments by Outside Directors concerning the appropriateness of individual remuneration proposals. The Compensation Committee is comprised of a majority of Outside Directors and chaired by an Outside Director. The President and CEO (Representative Executive Officer) shall not be included in the members to eliminate arbitrariness.

3) The Audit Committee will monitor the legality and appropriateness of the execution of duties by Executive Officers and Directors, and strengthen oversight functions through audits. In addition, the Audit Committee will work to enhance the audits of the Group as a whole by coordinating with the Internal Audit Division and Audit & Supervisory Board Members at each Group company, and further enhance the audit system encompassing the entire group with the organizational transition as a turning point. While the Company’s policy sets out that the Audit Committee shall be chaired by an Outside Director who has served as Audit Committee member for at least one term, with a view to enhancing the committee’s independence and ensuring its effectiveness, the position of chairman is currently served by an internal Director concurrently serving as full-time Audit Committee member during the initial period after the transition to a company with a nominating committee, etc., in order to facilitate smooth transition from the Audit & Supervisory Board.

### **3. Reasons for Adopting the Current Corporate Governance System Updated**

In light of the impact of corporate activities on society, the Company decided on the transition of its organizational design to a company with a nominating committee, etc. effective June 2020, aiming for further advancing corporate governance. Specifically, Outside Directors shall represent a majority in each of the Board of Directors, Nominating Committee, Remuneration Committee and Audit Committee. Doing so will help clarify the separation of the roles between “execution” and “oversight,” thus further enhancing the transparency of corporate activities in pursuit of compliance-based management.

The Group’s goal is to become a corporate group that earns more trust from all stakeholders through efforts to create diversified value to be presented to all stakeholders touched by the Group. To this end, the Group will continuously endeavor to accelerate management decision-making, strengthen management oversight mechanisms and enhance internal control systems. For this reason, the Company has adopted the current corporate governance system.

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

#### 1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights Updated

	Supplementary explanation
Early sending of Notice of Convocation of the General Meeting of Shareholders	The Company usually sends the notice of the convocation of the General Meeting of Shareholders three weeks before the day of the meeting so that shareholders have sufficient time for examining the agenda of the meeting. The novel coronavirus pandemic of this year, however, delayed the delivery of the notice despite the Company's effort to send it early, resulting in sending the notice two weeks before the deadline for the exercise of voting rights. The information on the notice is disclosed on the Company website and Tokyo Stock Exchange's TDnet approximately one month prior to the day of the meeting.
Scheduling of general meeting of shareholders avoiding the peak day	Since the Company's first Ordinary General Meeting of Shareholders in 2009, it has taken into account shareholder convenience and has held such meetings on non-peak days.
Allowing electronic exercise of voting rights	The Company has adopted these measures since its first Ordinary General Meeting of Shareholders in 2009.
Participation in the electronic voting platform and other efforts to enhance the environment for the exercise of voting rights by institutional investors	Since the Company's first Ordinary General Meeting of Shareholders in 2009, it has participated in the platform for the electronic exercise of voting rights operated by ICJ, Inc.
Provision of the convocation notice (summary) in English	Since the Company's first Ordinary General Meeting of Shareholders in 2009, it has used the platform for the electronic exercise of voting rights operated by ICJ, Inc. to offer English-language notices of convocation. Additionally, beginning in 2010, it has published English-language notices of convocation and other documents on the Tokyo Stock Exchange's website. These documents are also published on the Company website.

## 2. IR Activities Updated

	Supplementary explanation	Presentation by Representatives
Preparation and publication of disclosure policies	The Company impartially dispatches timely and appropriate information about daily IR and public relations activities, and creates and adheres to a disclosure policy (IR policy) to gain the trust and empathy of shareholders and investors. Furthermore, this policy is published on the Company website. <a href="https://www.imhds.co.jp/en/ir/policy/ir_policy.html">https://www.imhds.co.jp/en/ir/policy/ir_policy.html</a> : IR Policy	
Regular briefings for private investors	Shareholder questionnaire survey is conducted every year.	Not available
Regular investor briefings for analysts and institutional investors	Twice a year (Q2, Q4) after earnings releases, the Company holds briefings for analysts. Additionally, the Company holds small meetings and holds individual face-face meetings on a regular basis for domestic major shareholders and institutional investors.	Available
Regular investor briefings for foreign investors	The Company participates in overseas conferences hosted by securities companies several times a year, and holds regular face-face meetings with major shareholders.	Available
Posting of IR materials on the website	Earnings releases, monthly sales reports, news releases, Integrated Reports, and more are published on the website in Japanese and English. <a href="https://www.imhds.co.jp/en/index.html">https://www.imhds.co.jp/en/index.html</a>	
Establishment of division and/or manager in charge of IR	Public Relations/Investor Relations Department, Group Corporate Strategy Office	

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

Supplementary explanation	
<p>Rules based on internal regulations to ensure due respect for stakeholders</p>	<p>The Company stipulates in its Corporate Governance Guidelines, “In combination with measures to build excellent relationships with customers, employees, shareholders, business partners and local communities—our stakeholders—the Group is overhauling its corporate governance structure, along with management reform. This entails the establishment and strengthening of legal frameworks for the general meeting of shareholders, the Board of Directors and the accounting auditors. As part of these efforts, for the purpose of further advancing corporate governance, the Company decided on the transition of its organizational design to a company with a nominating committee, etc. effective June 2020.</p> <p>The Company stipulates that “With the transition to a company with a nominating committee, etc. as a turning point, the Group will work to further increase the transparency of our corporate activities and ensure thorough compliance in our management, while taking measures to create and deliver value in various forms for all stakeholders associated with the Group. Aiming to become a corporate Group that is deeply trusted by all of its various stakeholders, the Group will continue taking a range of measures including speeding up management decision-making, strengthening management oversight mechanisms and enhancing internal control systems,” and is working to ensure that all employees understand and comply with the stipulation.</p>
<p>Implementation of environmental activities and CSR activities, etc.</p>	<p>Under the Group’s “Basic Policy on Sustainability,” the Company will fulfill its corporate social responsibility by addressing various social issues from ESG and SDGs perspectives and contributing to solving them through its corporate activities, and play its role in realizing both prosperous future for all the surrounding people and a sustainable society.</p> <p>We have designated priority sustainability efforts by identifying social issues and environmental changes that would influence the Group’s challenge towards sustainable growth and classifying initiatives that are most important in terms of risk and opportunity into three groups. Going forward, we will decide and promote specific initiatives by “connecting people and local communities,” “connecting sustainable societies and times,” and “improving the satisfaction of employees” as a corporate group that connects people and bridges times.</p> <p>Meanwhile, we conduct a questionnaire survey of our WEB members every year regarding our sustainability activities, and the opinions received through the survey are utilized in our sustainability initiatives.</p> <p><a href="https://imhds.disclosure.site/ja/themes/116">https://imhds.disclosure.site/ja/themes/116</a> (available in Japanese only): Questionnaire survey of our customers concerning sustainability</p>
<p>Development of policies on information provision to stakeholders</p>	<p>Regarding the Group’s corporate activities, the Group discloses to all stakeholders business-related information about products, services, and so on, as well as financial information in a timely and appropriate manner. Additionally, in order to build irreplaceable relationships of trust with stakeholders going into the future, it both offers information on its website out of regard for simultaneity and fairness while also creating an</p>

	Supplementary explanation
	<p>engagement form to receive thoughts and opinions from various stakeholders, attempting to optimize its activities while making communication more two-sided.</p>
Other	<p>[Sustainability philosophy at Isetan Mitsukoshi Group]  Isetan Mitsukoshi Group would like to move forward together with the communities, society and the world, through building up, maintaining and improving a solid relationship of mutual trust with all concerned parties surrounding the Group, such as customers, employees, shareholders and business partners, which shall serve as the basis of a virtuous cycle to be formed in cooperation with business partners, giving rise to customer satisfaction leading to shareholder satisfaction, hence employee satisfactions.</p> <p>Isetan Mitsukoshi Group’s “Basic Policy on Sustainability,” “Isetan Mitsukoshi Group Human Rights Policy,” “Isetan Mitsukoshi Group Procurement Policy” and “Isetan Mitsukoshi Group Environmental Policy” are disclosed on the Company website and disseminated to all employees through training and other opportunities for enlightenment.  <a href="https://imhds.disclosure.site/en/themes/86">https://imhds.disclosure.site/en/themes/86</a>: Policies on Sustainability</p> <p>[Promoting active roles for female employees including managerial appointment]  The Group is engaged in the initiatives for better work-life balance that support active female participation, such as improvements in various institutional framework and working form, along with review of personnel systems and its operation. Currently 5 female officers (2 Outside Directors, 2 executive officers and 1 President of a Group subsidiary) serve within the Group. Female employees hold key managerial posts in the areas such as merchandising, sales, branch general affairs, and back office departments, and further efforts will be made along these lines.</p>

## IV Matters Related to the Internal Control System

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### 1. Basic Approaches to the Internal Control System and the Progress of System Development Updated

Isetan Mitsukoshi Holdings Ltd. (hereinafter the “Company”) develops the system below (hereinafter the “Internal Control System”) to ensure the compliance of its business operations as part of its attempts to conduct healthy and transparent group management and maximize corporate value.

#### 1. Compliance Systems

“Systems to ensure that business duties as executed by Executive Officers and employees of the Company are in compliance with laws, regulations, and the Articles of Incorporation” (Article 416, Paragraph 1, Item 1-v of the Companies Act and Article 112, Paragraph 2, Item 4 of the Companies Act Enforcement Regulations)

- (1) The Board of Directors shall convene on a regular basis pursuant to the Regulations of the Board of Directors, to resolve mainly on matters required to be deliberated at the Board of Directors by laws and regulations (hereinafter the “Statutory Board Matters”), while overseeing business execution by Executive Officers and preventing violations of laws, regulations, and the Articles of Incorporation.
- (2) The General Affairs Department shall establish sections and individuals with jurisdiction over compliance-related matters, maintaining and improving systems for compliance with internal control and laws and regulations.
- (3) In order to increase the legal compliance, efficiency, and legitimacy of the decision-making and oversight by the Board of Directors, there shall be a majority of Outside Directors among Directors.
- (4) An independent, specialized Internal Audit Division shall be created. Internal audits will be in accordance with the “Regulations of Internal Audits” and be implemented as each division works with the Internal Audit Division to audit the legal compliance and legitimacy of business affairs.
- (5) In the case that the Company or the Group commits an act of wrongdoing, the Company shall confirm the nature of the situation in a timely manner and form the “Isetan Mitsukoshi Group Hotline” as a point of contact for internal reports from employees for self-betterment.

#### 2. Risk Management Systems

“Regulations and other systems involving management of risks of loss to the Company” (Article 112, Paragraph 2, Item 2 of the Companies Act Enforcement Regulations)

- (1) Risks shall be prevented from occurring by identifying, evaluating, and analyzing risks that may occur in the course of business operations and using this information to select risks that require prioritized response.
- (2) In the case that a risk does occur, company-wide internal management systems that allow for rapid response shall be organized through methods such as the establishment of a countermeasures headquarters and the managing of information.
- (3) Relevant regulations shall be established with regards to risk recognition, evaluation, and response and be made well-known and thoroughly understood.
- (4) Audits by the Internal Audit Division will attempt to detect risks facing the Company at an early stage and settle them.
- (5) Involvement with anti-social forces shall be eliminated and any unjust demands shall be rejected to prevent related damages.

#### 3. Internal Control Systems Regarding Financial Reporting

“Systems to ensure the appropriateness of financial reporting” (Article 24-4-4 of the Financial Instruments and Exchange Act)

- (1) Company-wide policies and procedures shall be indicated to ensure appropriate financial reporting and conduct that are adequately built and operated.
- (2) Appropriate evaluation and response shall be taken regarding the risk of misstatements made on items of

- importance in financial reports, and systems shall be adequately built and operated to reduce such risk.
- (3) The Company shall build and operate methods to identify, understand, and process truthful and impartial information that is then communicated to the appropriate parties in a timely manner.
  - (4) A financial reporting-related monitoring system shall be built and appropriately operated.
  - (5) A system shall be built to report internal control issues (deficiencies) understood through the course of monitoring in a timely and appropriate manner.
  - (6) Adequate support shall be given to information technologies relating to internal controls involved in financial reporting.
4. Information Storage Management Systems  
 “Systems regarding the storage and management of information relating to the execution of business duties of Executive Officers at the Company” (Article 112, Paragraph 2, Item 1 of the Companies Act Enforcement Regulations)
- (1) The following documents related to the execution of business duties by Executive Officers shall be recorded, stored, and managed together with related materials for a prescribed period according to the “Document Retention Policies”:
- (i) Minutes of the general meeting of shareholders
  - (ii) Minutes of the meetings of the Board of Directors
  - (iii) Minutes of the meetings of the Board of Executive Officers
  - (iv) Financial statements
  - (v) Copies of documents submitted to government administrative offices, other public agencies, and markets for financial instruments
  - (vi) Other documents as determined by the Board of Directors
- (2) Protection and management systems and other methodologies shall be used to create regulations such as the “Information Retention Policies” for management information, trade secrets, and personal information of customers, etc. that should be kept confidential according to laws and regulations including the Companies Act and the Financial Instruments and Exchange Act, and the compliance of related Directors, Executive Officers and employees shall result in its safe storage.
5. Systems for the Efficient Execution of Duties  
 “Systems to ensure the efficient performance of Executive Officers’ professional duties at the Company” (Article 112, Paragraph 2, Item 3 of the Companies Act Enforcement Regulations)
- (1) Division of duties to be executed by Executive Officers as well as the relevant chain of command shall be decided by the Board of Directors.
  - (2) The Board of Directors shall resolve primarily on the Statutory Board Matters, delegating decision-making authority on other important matters to Executive Officers. Such other important matters shall be deliberated and decided by resolution at the Board of Executive Officers consisting primarily of Executive Officers.
  - (3) The Company shall adopt an executive officer system to streamline the business execution through clarification of the executive duties of executive officers.
  - (4) The Company shall adopt a chief officer system, whereby the Chief Officer assigned by the President and CEO (Representative Executive Officer) to be in charge of important areas of operation shall promote cross-departmental control of issues facing the entire Group.
  - (5) The Company shall define details of duties, responsibilities and procedures in “Regulations of Duties and Authority,” “Regulations of the Conduct of the Business,” and “Regulations of Decision Making Process for the Group” for execution of duties.
6. Group Company Management Systems  
 “Systems to ensure the compliance of the business conducted by the corporate groups consisting of the Company and its subsidiaries” (Article 112, Paragraph 2, Item 5 of the Companies Act Enforcement Regulations)
- The Company shall develop a system to ensure the compliance of the business conducted by each company in the Group, as described below.
1. “Systems relating to reports by the Company on items relating to the execution of business duties by the Directors of the Company’s subsidiaries” (Article 112, Paragraph 2, Item 5-i of the Companies Act

Enforcement Regulations)

With regards to business management, in addition to the introduction of integrated accounting systems and efforts toward uniform management through the widening of target scope, approval and reporting systems shall be managed and monitored as necessary. Additionally, the “Regulations on Group Company Management” shall be used as a base for reporting by Group companies to the Company regarding matters of importance and for establishing rules regarding discussion in pursuit of improved risk management and efficiency across the entire Group.

2. “Regulations regarding the management or risk of loss to subsidiaries of the Company and other systems” (Article 112, Paragraph 2, Item 5-ii of the Companies Act Enforcement Regulations)

(1) Regarding risk management for the Group, needed items shall be established in the “Basic Regulations on Risk Management,” and a specialized independent division as a division responsible for matters related to risk management shall be created within the General Affairs Department. The said division shall work with companies in the Group as it promotes risk management.

(2) In order to realize comprehensive risk management across the entire Group, a Compliance and Risk Management Promotion Committee shall be created consisting of the Company’s President and CEO (Representative Executive Officer) as the chairman as well as members selected by said chairman.

3. “Systems to ensure the efficient execution of business duties by Directors, etc. of subsidiaries of the Company” (Article 112, Paragraph 2, Item 5-iii of the Companies Act Enforcement Regulations)

(1) The Company shall optimize its business operations by respecting the independence of the Group companies while also managing their managerial affairs and providing advice and guidance, as well as by dispatching Directors and Audit & Supervisory Board Members as necessary to understand the state of their management.

(2) The Group companies shall obtain an approval by the President and CEO (Representative Executive Officer) of the Company or its Board of Directors for important items whose management is deemed to have major effects.

4. “Systems to ensure the compliance of the execution of duties of Directors and employees of subsidiaries of the Company with laws, regulations, and Articles of Incorporation” (Article 112, Paragraph 2, Item 5-iv of the Companies Act Enforcement Regulations)

(1) The Internal Audit Division shall conduct internal audits of Company Group companies, auditing the legal compliance, appropriateness, etc. of executed business duties.

(2) A compliance guidebook and other documents shall be created and thoroughly disseminated throughout the Group while training regarding appropriateness and legal compliances is held to foster an awareness of compliance.

(3) An “Isetan Mitsukoshi Group Hotline” shall be established as a point of contact for internal reports regarding the Group as a whole, and corrective measures and future prevention measures shall be undertaken from a compliance standpoint with regards to these reports from employees, etc.

7. Items Relating to Audit Staff

“Items relating to Directors and employees assigned to assist the Audit Committee in performing its duties, items relating to the independence of such Directors and employees from Executive Officers, and items relating to procedures to ensure effectiveness of the Audit Committee’s instructions to such Directors and employees” (Article 112, Paragraph 1, Items 1 to 3 of the Companies Act Enforcement Regulations)

(1) A unit dedicated to assisting the Audit Committee in performing its duties shall be established with staff (hereinafter the “Audit Committee staff”). The Audit Committee may give instructions to the Audit Committee staff regarding items necessary for auditing duties.

(2) The Audit Committee staff shall report on the matters as required by the Audit Committee, and shall be entitled to gather information necessary for such report.

(3) The Audit Committee staff shall be independent from executive operational systems, be attached to the Audit Committee, and carry out their duties as instructed by the Audit Committee. Personnel changes, evaluation, discipline, and other such treatment pertaining to the staff shall require the consent of the Audit Committee.

(4) The Audit Committee staff shall be seconded to each Group company as part-time Audit & Supervisory Board Member, with a view to reinforcing the audit framework of the entire Group.

8. Systems Relating to Reports to the Audit Committee
  1. “Systems for reports to the Audit Committee of the Company by its Directors (excluding those who are Audit Committee members), Executive Officers and employees as well as systems relating to other reports to the Audit Committee” (Article 112, Paragraph 1, Item 4-i of the Companies Act Enforcement Regulations)
 

“Systems for reporting to the Audit Committee of the Company by Directors, Audit & Supervisory Board Members and employees of the Company’s subsidiaries, or by individuals who have received reports therefrom” (Article 112, Paragraph 1, Item 4-ii of the Companies Act Enforcement Regulations)

    - (1) Matters to be reported to the Audit Committee at its request by Directors, Executive Officers and employees, or the matters to be reported to the Audit Committee without delay as circumstance that warrants such reporting arises, shall be prescribed in the “Regulations of the Audit Committee” formulated by the Board of Directors, whereby Directors, Executive Officers and employees shall make such report as needed. Notwithstanding the foregoing, the Audit Committee may request reports from Directors, Executive Officers and employees at any time if necessary.
    - (2) Directors, Audit & Supervisory Board Members, or employees of a subsidiary, or individuals who have received reports therefrom may report to the Audit Committee of the Company on important matters that may affect the business or performance of such subsidiary.
    - (3) The Isetan Mitsukoshi Group Hotline, an internal hotline system that covers the Group as a whole, shall be adequately maintained, and its operation status, nature of issues reported through this system, and the results of the follow-up investigation shall be reported to the Audit Committee on a regular basis.
  2. “Systems to ensure that individuals who give applicable reports under item 1. are not subject to unfavorable treatment because of such reporting” (Article 112, Paragraph 1, Item 5 of the Companies Act Enforcement Regulations)
 

It shall be forbidden to treat individuals who give reports to the Audit Committee in an unfavorable manner because of the applicable reports.
  
9. Policy for Processing Auditing Fees
 

“Items relating to the advance payment of fees resulting from the execution of duties of the Audit Committee of the Company, fees resulting from the execution of applicable duties including repayment procedures, and policies involved in the processing of obligations” (Article 112, Paragraph 1, Item 6 of the Companies Act Enforcement Regulations)

When Audit Committee members bill for prepayment of fees, etc. for the execution of their duties based on Article 404, Paragraph 4 of the Companies Act, fees and obligations related to those billings must be processed unless it is deemed that they are not necessary for the execution of those Audit Committee members’ duties.
  
10. Systems Relating to the Ensured Efficacy of Audit Committee Audits
 

“Other systems to ensure the efficient operation of Audit Committee members’ audits” (Article 112 Paragraph 1, Item 7 of the Companies Act Enforcement Regulations)

  - (1) The Audit Committee shall have regular meetings for exchanging opinions individually with Representative Executive Officers, the chairman of the Board of Directors, Directors other than those concurrently serving as the Audit Committee members and the accounting auditors.
  - (2) In addition to the Board of Directors, Audit Committee members selected by the Audit Committee may attend important meetings in order to understand the decision-making process for important matters as well as the state of executed duties.
  - (3) The Internal Audit Division shall report to the Audit Committee on the internal audit plan, audit results and the progress of audits across the Group, while coordinating information exchange. The Audit Committee shall, upon receipt of a report on misconduct of Executive Officers in the course of executing their duties, or material facts involving their violation of laws and regulations or the Articles of Incorporation, or otherwise where necessary, may request the Internal Audit Division to conduct investigation, and give concrete instructions thereon. Personnel affairs and disciplinary actions involving the general manager of the Internal Audit Division shall require consent of the Audit Committee.

## **2. Basic Views on Eliminating Anti-Social Forces and Current Implementation Status** Updated

The Group shall eliminate any relationship with anti-social forces that threaten the order or safety of a healthy society, and takes a firm stance against such forces as a group. Also, in addition to avoiding any contact with anti-social forces in advance, the Group shall not submit to any unjust demands made by such forces and will use legal methods to resolve such issues.

As the Group's system to eliminate anti-social forces, customer consulting offices in subsidiary stores shall be used as a primary place of resolution, while the General Administration Departments of subsidiary headquarters shall be used as supervisory places of resolution. When circumstances dictate, the headquarters' General Administration Department shall work together with subsidiaries to resolve issues as an entire group. The police, The National Center for the Elimination of Boryokudan (Anti-Social Forces), attorneys, and other outside expert organizations will be used to exchange information and conduct training with to strengthen this policy through cooperation, and efforts will be made toward internal awareness-raising activities.

**1. Adoption of Anti-Takeover Measures**

Adoption of anti-takeover measures	Updated	Not adopted
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Supplementary explanation	Updated
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The Company does not implement anti-takeover measures. In the case that an acquisition of a large volume of shares may be conducted, the Company will take action through appropriate procedures by examining its necessity and rationale. Also, in the case of a tender offer of the Company’s shares, the Company will express its position and not take unreasonable measures to prevent shareholders from accepting a tender offer.

**2. Other Matters Concerning Corporate Governance System Updated**

**Overview of the Timely Disclosure System**

The Company’s internal system regarding timely disclosure of company information is as follows.

**1. Basic View**

The Company’s goals are to enhance compliance and ensure trust in company information, etc., which is why in addition to establishing the Timely Disclosure Regulations, the Insider Trading Regulations have been established and thoroughly spread to prevent information leaks relating to disclosure process and preventing insider trading. Accordingly, information disclosure is conducted as follows.

**2. Internal Systems Regarding Timely Disclosure**

For “information on determined material facts,” “information on material facts which occurred regardless of the Company’s intent,” and “information relating to financial statements” relating to the Company and/or subsidiaries, in addition to the information for which the Company is obligated to conduct timely disclosure according to public securities exchange regulations, information that do not apply to these regulations but for which the Company deems it necessary to conduct timely disclosure are handled according to the following internal systems.

- (1) Information on determined material facts / information on material facts which occurred regardless of the Company’s intent
  - For information that requires timely disclosure or whose necessity of timely disclosure is unclear, a report is made to the person responsible for the handling of information for timely disclosure, by the General Manager of the division with jurisdiction over the information (hereinafter the “division with jurisdiction”) when the information involves the Company, or by the General Manager of the subsidiary’s division with jurisdiction over the information (hereinafter the “subsidiary division with jurisdiction”) when the information involves the Company’s subsidiary.
  - The person responsible for the handling of information for timely disclosure will disclose information according to public securities exchange regulations. For information that does not correspond to these regulations, the person responsible for the handling of information for timely disclosure will, as necessary, report to the Board of Executive Officers and make disclosure decisions.

- In the case that timely disclosure is deemed appropriate by the Company, the Group Corporate Strategy Office, the division responsible for disclosure, will discuss the disclosed content with the division with jurisdiction or the subsidiary division with jurisdiction and conduct disclosure in a prescribed method.

(2) Information relating to financial statements

The Accounting Division of General Affairs Department will receive approval from the Board of Directors or the Board of Executive Officers and from the person responsible for the handling of information for timely disclosure, and the Group Corporate Strategy Office, the division responsible for disclosure, will disclose the information by the designated methods.

(3) Reports to the Board of Executive Officers

The person responsible for the handling of information for timely disclosure shall report the content, time period, reason, etc. of information, etc. that has been disclosed in a timely manner to the Board of Executive Officers on a regular basis.

