

Corporate Governance

Last Update: June 25, 2025
Isetan Mitsukoshi Holdings Ltd.
Toshiyuki Hosoya, Director, President and CEO
(Representative Executive Officer)
Contact: General Affairs Department,
General Affairs Planning Division
Securities Code: 3099
<https://www.imhds.co.jp/en/index.html>

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

1. Basic Views

Please refer to the Corporate Governance 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>): Section titled Corporate Governance

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

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]

[Principle 1-3]

Basic Principles of Capital Policy

The Company aims to return profits to shareholders while endeavoring to increase corporate value in the long term. Under Phase I of the Medium-Term Management Plan (FY2025 - 2027), while comprehensively considering the management environment, business performance, and the soundness of the Group’s financial position, the Company’s policy is to provide a total return that combines dividends and share buybacks for a total return ratio at the level of 70% or higher (cumulative total for Phase I).

The Company will implement progressive dividends with the annual dividend for the fiscal year ended March 31, 2025 set as the minimum level. The Company will determine and implement share buybacks, including the amount and timing of such buybacks, in a flexible manner.

[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.

The number of shares held by Isetan Mitsukoshi Ltd., the largest shareholder of cross-shareholdings, was 28 as of March 31, 2024. In FY2024, it sold 4 shares and holds 24 shares as of March 31, 2025.

(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 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 material transaction, conflict of interest transaction, or competitive transaction is entered into between the Company's officers themselves such as Directors and Executive Officers or their specified relatives and the Company, or between a company or organization where officers themselves or their specified relatives 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 the Board of Directors to reach a decision on approval after due deliberation of the transaction. The regulations also stipulate that, when such transactions are carried out, the important facts of the transactions are to be reported to the Board of Directors without delay. This rule is disseminated throughout the Company.

In addition, the Regulations of the Board of Directors stipulate that, in the event that a material transaction, conflict of interest transaction, or competitive transaction is entered into between the Company's major shareholders (shareholders who hold 10% or more of the Company's voting rights) and the Company, similar procedures are to be followed. This rule is also disseminated throughout the Company.

[Principle 2-4(i)]

Ensuring Diversity within the Organization, Including Active Participation of Women

(1) Ensuring diversity

The Group believes that incorporating various perspectives and values inside the organization will lead to sustainable growth and innovation of the company. Based on this recognition, the Group works to construct a foundation on which all employees can be active and creates an environment where various human resources can fully demonstrate their capabilities regardless of gender or employment arrangements.

In addition, the Group conducts a development program called the business leader program for human resources of Stage A status (general manager class) in the fourth year onwards to create a pool of human resources who may become future board members, thereby systematically ensuring diversity within the organization.

*Managerial positions Stage A status: general manager class, Stage B status: section manager/sub-section manager class

<Promoting female employees to managerial positions>

We have built various institutional frameworks to promote the career advancement of women and create an environment that enables them to continue working.

(FY2024: 31.2% FY2025: 30.9% *Group total including overseas)

As for targets, the Group plans to gradually increase the ratio to 34% by the end of FY2027 (as of April 1, 2028) and 37% by the end of FY2030 (as of April 1, 2031).

<Promoting foreign nationals to managerial positions>

The Group hires foreign nationals in line with its ideal candidate profiles regardless of nationality and has established the same career progression framework as Japanese human resources.

(FY2024: 7.4% FY2025: 8.3% *Group total in Japan)

<Promoting mid-career hires to managerial positions>

The Group will continue to proactively incorporate new ideas, skills, and know-how based on diverse backgrounds as a means to create innovation.

(FY2024: 7.6% FY2025: 7.6% *Group total in Japan)

(2) Human resources management policy to ensure diversity “basic concepts of people and organizations,” etc.

In 2023, the Isetan Mitsukoshi Group established a new corporate philosophy with the mission of “Touching people’s hearts with human-driven experiences.” Recognizing that “maximizing the potential of a diverse range of people” in the Group is necessary for the realization of our vision, we established the “basic concepts of people and organizations” in FY2024 as a “human resources management policy of the Group,” to realize this vision.

In this policy, it sets out the goals for each of the "individual," "organization," and "human resource base," and clarifies the expectations of "employees" and "supervisors and the company" to promote these goals.

As part of these efforts, we have defined our “vision for the organization” as a vision of “improving the potential of the organization through the combination of diverse individuals,” and we expect employees to “respect and co-create with different ‘individuals,’” while also promoting “creativity and innovation by combining diverse individuals” as the responsibility of supervisors and companies.

In our “vision for the human resources base,” we are prioritizing the mental and physical health of employees as a foundation for the potential of people, and in FY2023, we issued a joint declaration from the Company and the labor union, “creating a workplace environment where people can work with peace of mind,” and the Company as a whole is promoting efforts to eliminate harassment and appropriately manage working hours.

We will continue to promote initiatives where employees, their supervisors, and companies work as one to “maximize the potential of a diverse range of people.”

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

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

The Isetan Mitsukoshi Group has set forth our long-term vision to be “a ‘special’ department store-centered retail group that enriches the lives of its customers,” and between FY2022 and FY2024, we achieved significant progress in “business revitalization centered on department stores” while promoting unique strategies, such as the “connecting with individual customers” CRM strategy and the “stronger intra-Group coordination” strategy to solidify a foothold for transformation into an individual customer business. Under the new Medium-Term Management Plan starting from FY2025, we have positioned the next six years (FY2025-2030) as an “Urban community development preparation” phase working toward a “Fruition phase” in the future. During the first three years of Phase I (FY2025-2027), we will primarily transform from a “store business” model into an “individual customer business” model using the “intra-group coordination” strategy to provide diverse value from the perspective of the individual customer that transcends the existing framework of a department store.

In order to transform our Vision into reality, we reorganized and clarified our Mission and Values, and in 2023, we established the “Isetan Mitsukoshi Group Corporate Philosophy” as our new corporate philosophy.

Refer to the Company website for more details.

<https://pdf.irpocket.com/C3099/Bv1s/bVB9/JwsI.pdf>

: Medium-Term Management Plan(2025-2030)

<https://www.imhds.co.jp/corporate/sustainability/governance/corporate-governance.html>

: corporate philosophy

[Principle 3-1(ii)]

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

The Group is overhauling its corporate governance structure by ongoing efforts toward securing the transparency of our corporate activities, speeding up management decision-making, strengthening management oversight mechanisms and enhancing internal control systems.

The Company has adopted a company with a nominating committee, etc. as its organizational design.

To build excellent relationships with customers, business partners, shareholders and investors, and employees, the local and wider communities—our stakeholders—we examine the status of our corporate governance and make necessary improvements.

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

<https://www.imhds.co.jp/corporate/sustainability/governance/corporate-governance.html>

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

Policies and Procedures Regarding Board of Directors' Decisions Concerning Remuneration of Senior Management Executives and Directors

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

In 2020 the Company established the Basic Principles on Officer's Compensation, which is a policy regarding the details of remuneration, etc. for individual Executive Officers and other executives, an outline of which is as shown below.

The Company has established the following four basic principles regarding executive remuneration (excluding External Directors) to provide incentives for demonstrating sound entrepreneurship:

- 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 the standards of overall industry (upon achieving goals)
- 4) Ensuring objectivity and transparency in methods of evaluation and remuneration decision

Based on the aforementioned Basic Principles on Officers' Compensation, the Compensation Committee, which is a statutory committee consisting solely of External Directors, determines the policy regarding compensation, and deliberates and determines the amounts of individual compensation. The Committee is continuing to consider making the executive compensation system even more functional as a sound incentive for 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 are ensured throughout the entire compensation decision-making process by having the statutory Compensation Committee conduct effective deliberations.

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

From the perspective of further improving the effectiveness of governance related to remuneration, the Company spent approximately 18 months discussing and examining the ideal form for an executive remuneration system linked to the Medium-Term Management Plan. The meeting of the Compensation Committee held on May 13, 2025 passed a resolution to revise the executive remuneration system for Executive Officers and other executives to be applied from FY2025.

The executive remuneration system of the Company is composed of three elements: "basic remuneration" as fixed remuneration, "bonuses (STI)" as short-term incentive (single year), and "share-based remuneration (LTI)" as a medium- and long-term incentive. From FY2025, we will further increase the percentage of incentive-type

remuneration and set the remuneration mix by position in the total annual remuneration according to roles and responsibilities as follows. * Figures in parentheses show comparisons with FY2024.

- President and CEO (Representative Executive Officer) Basic remuneration 33% (-21%) : Bonus (STI) 33% (+11%) : Share-based remuneration (LTI) 33% (+11%)

- Executive Officers Basic remuneration 40% (-15%) : Bonus (STI) 30% (+7%) : Share-based remuneration (LTI) 30% (+7%)

*Totals may not add up to 100% as the proportion of each type of remuneration has been rounded to the nearest whole number.

The percentage of each type of remuneration for Directors who do not concurrently serve as Executive Officer has been set as follows. *There are no changes from FY2024.

- Non-Executive Directors Basic remuneration 86% : Bonus (STI) None : Share-based remuneration (LTI) 14%

The Compensation Committee will continue to monitor and determine the ideal system, balance, and level for remuneration that will encourage a healthy entrepreneurial spirit and further increase motivation to achieve the Medium-Term Management Plan.

The total amount of remuneration and the details of each type of incentive remuneration (bonus (STI) and share-based remuneration (LTI)) are described in [Incentives] and [Remuneration for Directors and Executive Officers] in II-1 below.

[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

The Company has established objective, timely, and transparent procedures with regard to policies for the appointment and dismissal of senior management, decisions on the appointment and reappointment of the CEO, as well as succession plans, and policies for nominating candidates for Director, and implements them appropriately.

Details are disclosed on the website below.

<https://www.imhds.co.jp/corporate/sustainability/governance/corporate-governance.html>

: Corporate Governance (Policy on the nomination of officers)

The reasons for nomination of each candidate for Director are described on pages 8 through 16 in the "Notice of the Convocation of the Ordinary General Meeting of Shareholders".

https://www.imhds.co.jp/content/dam/imhds/corporate/pdf/2025_convocation-en.pdf

: Notice of the Convocation of the Ordinary General Meeting of Shareholders

[Supplementary Principle 3-1(3)]

Disclosure of Sustainability Initiatives

The Group has positioned the promotion of sustainability as the foundation for its management strategy, and under priority efforts (material issues), we consider initiatives from the perspective of risk and opportunity regarding investments in human capital and intellectual property, responses to climate change issues, and management of the entire supply chain, including business partners, and disclose our targets and progress.

<https://www.imhds.co.jp/corporate/sustainability/sustainability-report/index.html>

: Isetan Mitsukoshi Group's sustainability promotion

<https://pdf.irpocket.com/C3099/vAfC/SYCc/mKZu.pdf>

: Isetan Mitsukoshi Group Financial Results Fiscal Year Ended March 31, 2025 Explanation Meeting (p.38)

<Investments in human capital and intellectual properties>

The Group considers people as the most important factor in achieving its management plans. Therefore, the Group aims to enhance various systems to make employees feel greatly satisfied and comfortable with their jobs and create a workplace environment where people can work with peace of mind, and thus sustainably improve employee engagement. The Group also promotes initiatives for employees to create their own “autonomous career development,” and fosters a culture that facilitates such efforts.

The Company plans to invest approximately 30.0 billion yen in human capital from FY2025 to FY2030. To achieve both “employee growth” and “realization of corporate strategy,” we will make well-balanced investments in areas such as improving working conditions, human resource development, improving the working environment, promoting health and productivity management, and HR digital transformation.

Furthermore, the appeal of department store goodwill and knowledge of sales and store development the Group has accumulated over the years, the know-how on building individual relationships with customers, and investments in new digital businesses are important intellectual properties that are essential to the value creation process of the Group.

The Board of Directors will periodically and continuously monitor these investments in human capital and intellectual properties, in addition to following up on the progress of the Medium-term Management Plan.

<Response to the Task Force on Climate-related Financial Disclosures (TCFD)>

The Group has positioned addressing climate change as an important issue in conducting corporate activities to promote responses more actively to climate change as a group. In recognition of the importance of climate-related financial disclosure, we have also endorsed the TCFD recommendations, and we disclose information based on the TCFD framework. The Company promotes initiatives to address climate change by identifying and assessing the risks and opportunities associated with climate change through scenario analysis and then formulating, managing, and implementing countermeasures to address such risks and opportunities.

<https://www.imhds.co.jp/corporate/sustainability/environment/tcf.html>

: Isetan Mitsukoshi Group's sustainability promotion

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

Responsibilities of the Board of Directors

In light of the Company’s fiduciary responsibilities and accountability to shareholders, the Board of Directors will aim to promote the Group’s sustainable growth and enhancement of corporate value over mid- to long-term by focusing on the establishment of general direction of the Group and the oversight/monitoring of business execution. The Company clearly separates the roles between “execution” and “oversight” and has selected a company with a nominating committee, etc. as its organizational design in order to enhance the oversight and monitoring function of the Board of Directors and achieve rapid business execution.

The Company has built a highly objective and transparent oversight system, led by External Directors by having Independent External Directors comprise a majority of the Board of Directors as well as establishing a statutory Nominating Committee, Compensation Committee, and Audit Committee, whose majority members are External Directors.

The Company has clearly set forth criteria for making proposals to be decided upon by the Board of Directors in the Articles of Incorporation and the Regulations of the Board of Directors and other internal regulations in addition to those stipulated by laws and regulations. As for other important matters, the Company has delegated authority to deliberate and make decisions to Executive Officers in order to enhance the maneuverability of management.

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

Composition of the Board of Directors

The Board of Directors shall be comprised of a diverse range of people with broad and highly specialized knowledge, knowledge in specified business fields, and skills based on experience in corporate management, etc. as well as high ethical standards. For External Directors in particular, the Company will invite people from different fields and industries, primarily those with sufficient management and executive experience in the business world and select people with due consideration to ensure diversity of the Board of Directors.

The Company's Articles of Incorporation stipulate that the number of Directors shall not exceed 15, as several Directors that ensures the functions of the Board of Directors can be effectively and efficiently demonstrated. Under this stipulation, the Board of Directors is composed of a majority of External Directors, in order to exercise its supervisory function with a high level of objectivity and transparency.

All External Directors satisfy the Independence Standards of the Company. (Please refer to Principle 4-9 below.) Furthermore, the Regulations of the Board of Directors set out that the Board of Directors shall be chaired by a non-executive Director, and the Board of Directors has been chaired by an External Director since April 2021.

When selecting candidates for Director, the Nominating Committee, which is composed of a majority of External Directors and chaired by one of them, makes decisions. In addition, when selecting candidates for Director, the Nominating Committee, which is composed of a majority of External Directors and chaired by one of them, makes decisions based on the above policy on the composition of the Board of Directors and the selection standards, the details of which are provided on the Company's website under "Corporate Governance (Policy on the Nomination of Officers)," and the proposal is submitted to the general meeting of shareholders.

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

: Corporate Governance (Policy on the nomination of officers)

The Company identifies required skills, etc. for the Company's Board of Directors and discloses them on pp.19 in the "Notice of the Convocation of the Ordinary General Meeting of Shareholders."

"In addition, our company's philosophy, the important concurrent positions held by directors, and their attendance at board of directors' meetings are also disclosed on pp. 8-16, 38, 39, and 56 in the 'Notice of the Ordinary General Meeting of Shareholders.'"

https://www.imhds.co.jp/content/dam/imhds/corporate/pdf/2025_convocation-en.pdf

: Notice of the Convocation of the Ordinary General Meeting of Shareholders

[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 4-3,4-7,4-10, Supplementary Principle 4-3(1),4-10(1)]

Systems to Enhance Governance Functions of the Company

The Company currently adopts a company with a nominating committee, etc. as its organizational design.

[Supplementary Principle 4-11(3)]

Disclosure of analysis and evaluation of the effectiveness of the Board of Directors

As set forth in the “Corporate Governance Policy,” the Company is conducting the analysis and evaluation of the effectiveness of the Board of Directors and the three statutory committees on an ongoing basis through self-evaluation questionnaires, interviews, etc. with Directors including External Directors, also considering the perspectives of third-party agencies. Furthermore, the Board of Directors discusses how to enhance its effectiveness and that of the three statutory committees based on the analysis and evaluation and strives to make improvements through formulation and implementation of action plans. When reviewing the effectiveness of the Board of Directors, the process is designed under the leadership of the Board Chairperson, who is an independent outside director, based on the Board's fiduciary responsibility and accountability to shareholders.

The Company previously utilized a third-party organization in effectiveness evaluations and the Board of Directors has discussed its necessity every year. For FY2024, it was decided to obtain the support of a third-party organization for setting hypotheses and conducting analysis in order to enhance the effectiveness of Directors, given that FY2024 was the final year of the Medium-Term Management Plan (2022-2024) and the following year will be the first year of a new Medium-Term Management Plan that will change and evolve our strategies with the focus on the “individual customer business.”

A summary of initiatives for evaluating the effectiveness of the Board of Directors and the three statutory committees in FY2024 (process, analysis and evaluation results, next fiscal year's action plan) is provided on pp.57-59 in the "Notice of the Ordinary General Meeting of Shareholders." below.

https://www.imhds.co.jp/content/dam/imhds/corporate/pdf/2025_convocation-en.pdf

: Notice of the Convocation of the Ordinary General Meeting of Shareholders

In fiscal 2025, the Company will continue to steadily implement the action plans formulated and periodically check the progress and status of improvements on the issues at Board of Directors meetings, in an effort to further enhance the effectiveness of the Board of Directors.

[Supplementary Principle 4-14(2)]

Training Opportunities for Directors

The Company continuously provides Directors and Executive Officers with training to enable them to acquire knowledge and improve their skills in accordance with their required roles and responsibilities.

In particular, in order to promote understanding of the current status of the Company and awareness of issues prior to their appointment, the Company provides External Directors with explanations of the Company's outline and strategy, as well as explanations on the contents of discussions at previous meetings of the Board of Directors and statutory committees to which they belong. In addition, in order to ensure information is continuously updated after their appointment, the Company ensures that they have opportunities to visit important business sites.

The Company also secures regular opportunities for sharing required knowledge in line with the environment surrounding the Group and the strategies and plans it is promoting, to enable External Directors to develop a deep understanding of the Group's important management issues and make correct decisions based on their own beliefs at the meetings of the Board of Directors, committees, etc.

Meanwhile, the Company continuously provides internal Directors and Executive Officers with opportunities to enhance their skills, such as external seminars, in-house discussion sessions on corporate management, and online learning systems. In addition, the Company believes that the most important matter is to provide opportunities to develop self-awareness and recognition as leaders who steer management for Operating Officers and presidents of Group companies who will be candidates for Directors and top management in the future. 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 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, recognizing that dialogue with shareholders and investors is important for realizing sustainable growth and enhancing corporate value over mid- to long-term, has formulated and disclosed a “Stakeholder Engagement” that sets out our policies for dialogue with stakeholders.

Moreover, a liaison office for dialogue with shareholders has been established, and opportunities are provided for dialogue through face-to-face meetings for individual domestic and overseas institutional investors as well as interviews and briefing sessions, in a proactive and continuous manner to the extent reasonable. Opinions gathered from such activities will be reflected in management.

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, business briefings, sustainability briefing, 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.

In addition, Directors including External Directors appropriately respond to the extent reasonable from the position of providing oversight (monitoring). We will continue holding dialogue with shareholders and investors.

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 (Corporate Finance and IR) Managing Executive Officer and other senior management cooperate to develop a platform, with SR • IR Department serving as a liaison office.

2) As a department that assists dialogue with shareholders, SR • IR Department prepares disclosure materials and shares information, as well as providing 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 Prevention Regulations, the Company never refers to significant matters, etc., that have not yet been publicly disclosed.

The implementation status of dialogues is described in the “2. IR Activities” of this report (status as of March 2025).

[Principle 5-2]

Formulating and Publishing Management Strategies and Management Plans: “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” (status as of June 24, 2025).

1) Capturing the cost of capital

The Company calculates its cost of equity at regular intervals using the capital asset pricing model (CAPM) and works out the weighted average cost of capital (WACC) based on the weighted costs of equity and debt. The Company is also aware of the need to capture its cost of capital through dialogue with investors.

2) Generating ROE in excess of the cost of equity

The Company will strive to improve capital efficiency by increasing both profit and shareholder returns based on its business strategies. Under Phase I of the Medium-Term Management Plan (FY2025 - 2027), we plan to

achieve ROE at the level of 10% as a financial KPI. Under our business strategy, we plan further business growth through a transformation from the traditional “store business” model to the “individual customer business” model. In addition, the Company’s shareholder returns policy is to provide a total return that combines dividends and share buybacks for a total return ratio at the level of 70% or higher (cumulative total for Phase I).

3) Earnings management on the business segment level

In order for the Group as a whole to generate earnings that exceeds the cost of capital, the Company is establishing a managerial accounting system to gauge the profitability of each business segment. By setting ROIC targets and hurdle rates for investment that are commensurate with the distinctive features of each business segment, the Company will work to spread the behavioral change toward capital cost consciousness across the entire Group.

*Please refer to the Company website for details of our initiatives.

Integrated Report 2024: <https://imhds.disclosure.site/en/themes/136> (pp.54-55)

Material for the business results explanation meeting for the second quarter of the fiscal year ending March 31, 2025: <https://pdf.irpocket.com/C3099/Bv1s/bVB9/JwsI.pdf> (pp.12, 14, 35, 36)

Material for the financial results explanation meeting for the fiscal year ended March 31, 2025: <https://pdf.irpocket.com/C3099/vAfC/SYCc/mKZu.pdf> (pp.12, 14, 23, 39)

2. Capital Structure

Ratio of shares held by overseas shareholders	From 10% to less than 20%
---	---------------------------

[Current Major Shareholders]

Name / Company name	Number of shares owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	61,080,600	16.72
Custody Bank of Japan, Ltd. (Trust account)	30,429,400	8.33
The Mitsukoshi Health and Welfare Foundation	13,204,832	3.61
JP MORGAN CHASE BANK 385864	9,794,700	2.68
Isetan Mitsukoshi Group’s partner holding companies	7,247,378	1.98
SHIMIZU CORPORATION	6,200,000	1.70
Meiji Yasuda Life Insurance Company	5,697,279	1.56
STATE STREET BANK WEST CLIENT-TREATY 505234	4,154,300	1.14
Isetan Mitsukoshi Group Employees Shareholding Association	3,826,386	1.05
TAIJU LIFE INSURANCE COMPANY LIMITED	3,806,300	1.04

Controlling shareholders (excluding parent company)	-
Parent company	None

Supplementary explanation

3. Corporate Attributes **Updated**

Listed stock exchange and market section	Tokyo Prime Market
Fiscal year-end	March
Type of business	Retailing
Number of employees (consolidated basis) as of the end of the previous fiscal year	More than 1,000
Net sales (consolidated basis) as of the end of the previous fiscal year	From ¥100 billion to less than ¥1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year	From 10 to less than 50

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

-

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

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	15
Terms of office of Directors stipulated in the Articles of Incorporation	1 year
Chair of the Board of Directors	Outside Director
Number of Directors	9

[Outside Directors]

Number of Outside Directors	6
Number of Outside Directors designated as independent officers	6

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Tomoko Ando	Joined the Company from another company											
Hitoshi Ochi	Joined the Company from another company											
Toshio Iwamoto	Joined the Company from another company											
Kenji Sueno	Joined the Company from another company								△			
Chieko Matsuda	Joined the Company from another company											
Naosuke Fujita	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)

Name	Committee			Independent Director	Supplementary explanation of the relationship	Reasons for appointment
	Nominating	Compensation	Audit			
Tomoko Ando		○	○	○	Open the Door Ltd.	<p>Ms. Ando possesses extensive knowledge and experience concerning brand marketing, sales planning, and strategic human resources at top global companies from Japan, the United States and Europe, as well as a high level of insight and experience as a corporate manager. At the Company, she offers the Board of Directors valuable advice based on a range of perspectives. She has contributed to deliberations on the executive compensation system and the determination of individual compensation amounts as the Chairperson of the Compensation Committee. She has also served as a member of the Audit Committee, she has audited the execution of duties by Operating Officers and Directors from an independent standpoint, and contributed to a more enhanced audit system encompassing the entire Group.</p> <p>The Company has reappointed Ms. Ando as External Director because it expects her to appropriately monitor its management from a fair and neutral standpoint, and to contribute to further enhancing the Group's corporate value as a member of the Compensation Committee and a member of the Audit Committee by actively providing comments from the perspective of an expert in corporate management, marketing, and management personnel development.</p>
Hitoshi Ochi	○		○	○	None	<p>Mr. Ochi has been involved in management at Mitsubishi Chemical Holdings Corporation, where he advocated sustainability management, transformed the company's business model, promoted DX (Digital Transformation), and strived to carry out bold business restructuring and strengthen business foundations through M&A. In addition, he changed the organizational structure of the company to one with a nominating committee, etc., and has extensive experience in corporate management and deep insight into IT, DX, and governance, including through the creation of a flexible management system, while ensuring transparency and objectivity.</p> <p>The Nominating Committee has renominated him as a candidate for Director because it expects him to utilize his extensive experience and insight in corporate management in the supervision of the Company's management, and to contribute to revitalizing the Company's Board of Directors and further enhancing the Company's governance going forward as the Chairman of the Board of Directors.</p>
Toshio Iwamoto	○	○		○	Outside Director, Daiwa Securities Group Inc. Outside Director, East Japan Railway Company Outside Director, Sumitomo Forestry Co., Ltd.	<p>Mr. Iwamoto has served in management at NTT DATA Corporation for many years, and has extensive experience in corporate management, including systems development and the establishment of a global brand for the company, as well as deep insight into IT and digital, and global business. He also has deep insight into governance, with experience as Outside Director of one of the foremost listed companies in Japan.</p> <p>The Company has reappointed Mr. Iwamoto as</p>

Name	Committee			Independent Director	Supplementary explanation of the relationship	Reasons for appointment
	Nominating	Compensation	Audit			
						External Director because it expects him to utilize his extensive experience in corporate management and his knowledge and insight in the supervision of the Company's management, and to contribute to further enhancing the Company's governance as Chairperson of the Nominating Committee and a member of the Compensation Committee.
Kenji Sukeno	○		○	○	Chairman and Director, FUJIFILM Holdings Corporation Chairman & Director, FUJIFILM Corporation Director, FUJIFILM Business Innovation Corp. Outside Director, Sumitomo Forestry Co., Ltd.	Mr. Sukeno has engaged in accounting and corporate planning departments at FUJIFILM Group for many years, served as CFO at a U.S. subsidiary and has advanced insight into finance and accounting. After being appointed as President, he actively promoted M&A, accelerated globalization, practiced thoroughly efficient management, made maximum use of personnel resources and strengthened group governance, thereby pushing forward the enhancement of corporate value. As President, Chairman and Board Chairman of the said group, he has led the strengthening of the Board's function (business execution and supervision) and facilitated vigorous discussions, through which he gained extensive experience. The Company has appointed him again as External Director because it expects him to utilize his extensive experience in corporate management, knowledge and insight in the supervision of the Company's management, and to contribute to further enhancing the Company's governance as a member of the Nominating Committee and member of the Audit Committee.
Chieko Matsuda	○	○		○	Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, IHI Corporation Outside Director, Asahi Kasei Corporation Outside Member of the Board, Toyota Tsusho Corporation	Ms. Matsuda has extensive experience and broad knowledge gained through financial and capital market operations and management consulting operations and an extremely high level of expertise as a business management researcher on finance and corporate governance. Leveraging her expertise in corporate strategies and financial strategies, etc. based on her career, she has served as an outside director, a chair of the nominating committee, and a chair of the audit committee at various companies, where she focused efforts on improvement of governance through supervision and monitoring and made numerous achievements. As the Company pursues sustainability management with an emphasis placed on its stakeholders, the company has appointed her again as External Director because it expects her to utilize her expertise in the supervision of the Company's management and to contribute to increase in corporate value through further enhancing the Company's governance as a member of the Nominating Committee and member of the Compensation Committee.
Naosuke Fujita	○		○	○	Attorney-at-Law and Senior Fellow, SHUHEI TAKAHASHI LAW OFFICE Co-Representative Director, Lawyers for LGBTQ & Allies Network	The candidate has engaged in a diverse range of financial areas and international projects facing companies, having served as an attorney-at-law at law offices for many years and as a legal affairs manager at an organization. In addition to transaction law for domestic and foreign companies, he has provided governance advice on matters such as the establishment and

Name	Committee			Indepen- -dent Director	Supplementary explanation of the relationship	Reasons for appointment
	Nomi- nating	Compen- sation	Audit			
						<p>strengthening of legal function. Having served as an attorney at large-scale organizations active around the globe, he possesses a high level of specialized knowledge and experience in supporting the sustainable growth of companies. Furthermore, he is also engaged in resolving human rights issues both inside and outside of organizations, through means such as participation in an NPO.</p> <p>Although the candidate has not been directly involved in corporate management, the Nominating Committee has newly nominated him as a candidate for Director because it expects him to utilize his extensive corporate legal experience and his objective perspectives based on an understanding of corporate society as a whole, including laws and regulations, in the supervision of the Company's management, and to contribute to further enhancing the Company's governance as a member of the Nominating Committee and the Audit Committee.</p>

[Committees]

Composition and attributes of chair(s) at each committee

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

[Executive Officers]

Number of Executive Officers

4

Concurrent service

Name	Company Representation	Concurrent service as Director			Concurrent service as employee
			Nominating Committee member	Remuneration Committee member	
Toshiyuki Hosoya	Yes	Yes	×	×	None
Yoshinori Makino	No	Yes	×	×	None
Akira Kimbara	No	No	×	×	None
Takuya Yamashita	No	No	×	×	None

[Audit Framework]

Directors and employees to assist the Audit Committee with its duties	Available
---	-----------

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

In accordance with the Basic Policies for Internal Control Systems determined by the Board of Directors, the Company has established and is operating an organizational unit dedicated to the role of assisting the Audit Committee under the instruction thereof. Personnel matters (appointment and transfer, etc.) of its staff shall require the consent of the Audit Committee.

Cooperation between the Audit Committee, the accounting auditors and the Internal Audit Division
--

The Audit Committee and the Internal Audit Division receive explanations from the accounting auditors on their audit plan and audit results and hold periodical meetings, etc. to ensure adequate cooperation.

If the accounting auditors submit a report to the effect that there are misconducts committed regarding execution of duties by Executive Officers or Directors, or material facts regarding laws and regulations or the Articles of Incorporation (including facts that may impact ensuring adequacy of documents on financial calculation), necessary investigations will be conducted after deliberation at the Audit Committee and necessary measures will be taken in a timely manner such as reporting to the Board of Directors or providing advice or recommendations to Executive Officers.

In addition, the Company ensures the cooperation between the Internal Audit Division and the Board of Directors as well as the Audit Committee by stipulating provisions under various internal regulations. The Internal Audit Division reports to the Audit Committee on the internal audit plan, audit results and the progress of audits across the Group, while coordinating information exchange.

[Independent Officers]

Number of Independent Officers	6
--------------------------------	---

Matters relating to Independent Officers
--

The Company designates all outside officers qualifying as independent officers as independent officers.

[Incentives]

Implementation status of incentive policies for Directors and Executive Officers	Performance-Linked Remuneration, Other
--	---

Supplementary explanation

From FY2025, from the perspective of further improving the effectiveness of governance related to remuneration, the Company has revised the executive remuneration system to link it to the Medium-Term Management Plan and expand the provision of incentives by increasing the percentage of performance-linked remuneration.

The bonus system, which is short-term incentive remuneration, is designed to fluctuate within the range of 0 to 150% depending on the degree of achievement of performance targets for a single year, etc., and the evaluation indicators are determined by the Compensation Committee.

In addition, the performance-linked evaluation indicators for the bonus system were set as consolidated operating profit and ESG indicators until FY2024. However, from FY2025, the following indicators have been set from among the key indicators in the Medium-Term Management Plan.

- Financial indicators: Consolidated operating profit and ROE
- Strategy indicators: Ratio of female managers and employee engagement survey

There is no bonus system for Directors who do not concurrently serve as Executive Officer.

As for the share-based remuneration system, which is long-term incentive remuneration, the Company granted restricted share-based (RS) remuneration until FY2024 with the aim of raising awareness of the need to enhance shareholder value. However, starting from FY2025, the Company has introduced a share-based remuneration plan linked to the achievement of the targets set out in the Medium-Term Management Plan in order to further increase motivation to contribute to the achievement of the Group’s medium- to long-term management plan and realize sustainable improvement of corporate value over the medium to long term.

*Please refer to “Notice Concerning Revision of Compensation System for Executive Officers, etc.”

Details: <https://pdf.irpocket.com/C3099/vAfC/i7G9/ThVd.pdf>

The share-based remuneration plan consists of two portions: a fixed RSU (restricted share units) portion and a PSU (performance-linked share units) portion linked to the performance of the Medium-Term Management Plan. The allocation ratio of the fixed RSU portion and the performance-linked PSU portion of the share-based remuneration is set as follows, based on roles and responsibilities.

- President and CEO (Representative Executive Officer)
Fixed RSU portion 33% : Performance-linked PSU portion 67%
- Executive Officers
Fixed RSU portion 44% : Performance-linked PSU portion 56%

*Totals may not add up to 100% as the proportion of each type of remuneration has

been rounded to the nearest whole number.
The fixed RSU portion is the only share-based remuneration for Directors who do not serve concurrently as Executive Officer.

Within the share-based remuneration plan, the performance-linked PSU portion will fluctuate within the range of 0% to 200% depending on the degree of achievement of the performance targets set out in the Medium-Term Management Plan, etc.

The Compensation Committee determines the evaluation indicators for the degree of achievement of performance targets, etc. based on the key indicators for achieving the performance targets set out in the Medium-Term Management Plan. The evaluation indicators for Phase I of the Medium-Term Management Plan (2025-2027) are set as follows.

- Financial indicators: Consolidated operating profit and ROE
- Strategy indicators: Identified customer gross sales, ratio of female managers and employee engagement survey

Recipients of stock options	
Supplementary explanation	

[Remuneration for Directors and Executive Officers]

Disclosure (of individual Director's remuneration)	No disclosure of individual remuneration
Disclosure (of individual Executive Officer's remuneration)	No disclosure of individual remuneration

Supplementary explanation

The following has been disclosed in the FY2025 Annual Securities Report, business report and notice of the convocation of General Meeting of Shareholders.

Director remuneration

Total amount of remuneration, etc.: 11 Directors, ¥137 million (including 8 Outside Directors, ¥97 million)

Executive Officer remuneration

Total amount of remuneration, etc.: 4 Executive Officers, ¥337 million

Policy on determining remuneration amounts and calculation methods	Established
--	-------------

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Details are described in the "Notice of the Convocation of the Ordinary General Meeting of Shareholders".

https://www.imhds.co.jp/content/dam/imhds/corporate/pdf/2025_convocation-en.pdf

: Notice of the Convocation of the Ordinary General Meeting of Shareholders

[System for Supporting Outside Directors]

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) Support System for Information Provision

- The Company has put in place dedicated staff members who support the Board of Directors, allowing appropriate information to be provided additionally as necessary.
- We provide regular opportunities for "meetings of External Directors," "meetings of non-executive Directors," and "opinion exchange meetings among External Directors and the President and CEO," and promote understanding of the Company among External Directors while also improving communication between officers through wide-ranging discussions on annual reviews for the Group, management challenges, visions for the future, succession plans, and other matters.

(2) Training Opportunities

In order to promote understanding of the current status of the Company and awareness of issues before their appointment, the Company provides External Directors with explanations of the Company's outline and strategy, as well as explanations on the contents of discussions at previous meetings of the Board of Directors and statutory committees to which they belong. In addition, in order to ensure information is continuously updated after their appointment, the Company ensures that they have opportunities to visit important business sites.

In addition, the Company ensures that they have opportunities to regularly share the necessary knowledge in accordance with the environment surrounding the Group and the strategies and plans being promoted, 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.

[Former Representative Director and President, etc.]

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

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
—	—	—	—	—	—

Total number of consultants and advisers, etc. who are former Representative Director and President, etc.

—

Other matters

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 advisors.

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

【Corporate Governance System】

The Company clearly separates the roles between “execution” and “oversight” and has selected a company with a nominating committee, etc. as its organizational design in order to enhance the oversight and monitoring function of the Board of Directors and achieve rapid business execution.

The Company has built a highly objective and transparent oversight system, led by External Directors by having Independent External Directors comprise a majority of the Board of Directors as well as establishing a statutory Nominating Committee, Compensation Committee, and Audit Committee, whose majority members are External Directors.

The Company has clearly set forth criteria for making proposals to be decided upon by the Board of Directors in the Articles of Incorporation and the “Regulations of the Board of Directors” and other internal regulations in addition to those stipulated by laws and regulations. As for other important matters, the Company has delegated authority to deliberate and make decisions to Executive Officers in order to enhance the maneuverability of management.

【Directors and the Board of Directors】

(1) Roles of the Board of Directors

In light of the Company’s fiduciary responsibilities and accountability to shareholders, the Board of Directors will aim to promote the Group’s sustainable growth and the enhancement of corporate value over mid- to long-term by focusing on the establishment of the general direction of the Group and the oversight/monitoring of business execution.

(2) Composition of the Board of Directors

The Board of Directors shall be comprised of a diverse range of people with broad and highly specialized knowledge, knowledge in specified business fields, and skills based on experience in corporate management, etc. as well as high ethical standards. For External Directors in particular, the Company will invite people from different fields and industries, primarily those with sufficient management and executive experience in the business world and select people with due consideration to ensure diversity of the Board of Directors.

The Company’s Articles of Incorporation stipulate that the number of Directors shall not exceed 15 so that the number of Directors shall be such that the functions of the Board of Directors can be effectively and efficiently demonstrated. In addition, a majority of the Board of Directors shall be Independent External Directors so that a highly objective and transparent oversight functions are demonstrated.

(3) Analysis and evaluation of the effectiveness of the Board of Directors

The Company will continue to conduct an analysis of the effectiveness of the Board of Directors through self-evaluation questionnaires, interviews, etc. with Directors including External Directors, also taking into account the perspectives of third-party agencies. Based on the results of the analysis, the Company will discuss the improvement of the effectiveness at the Board of Directors and strive to make improvements through the formulation and implementation of action plans.

(4) Meetings, etc. led by External Directors

The Company will hold periodical meetings comprised only of External Directors to exchange information and share recognition from an objective standpoint. In addition, President and CEO, internal non-executive Directors, and other officers will participate in such meetings on a regular basis to provide all Directors with opportunities to exchange information.

(5) Training for Directors

The Company will continuously provide Directors and Executive Officers with training to enable them to acquire knowledge and improve their skills in accordance with their required roles and responsibilities. To External Directors in particular, the Company will ensure that they are provided with opportunities to understand the current status of the Company and promote recognition of issues before assumption of office, as well as opportunities to continuously update and exchange information after assumption of office.

【Nominating Committee】

(1) Roles of the Nominating Committee

The Nominating Committee will engage in deliberations and make decisions related to the “nomination” of officers, under the leadership of External Directors.

(2) Composition of the Nominating Committee

The number of Committee members shall be approximately five, majority of which shall be comprised of External Directors (of which at least one member shall concurrently serve as a member of the Audit Committee). The Committee members will be selected by the Board of Directors’ resolutions, and chair will be selected from among External Directors who are members of the Committee.

(3) Deliberations and details of decisions by the Nominating Committee

In addition to providing quantitative information such as performance indicators, qualitative information such as personnel evaluations, and objective evaluations by third-party agencies, the Committee will secure contact between candidates and External Directors such as interviews, make judgment with regard to the reappointment of the CEO, deliberate on succession plan of the CEO, make decisions on proposals for the appointment and dismissal of Directors to be submitted to the General Meeting of Shareholders, and deliberate on proposals of the members of the three statutory committees and proposals for executive appointment of Executive Officers, to be decided by the Board of Directors.

【Compensation Committee】

(1) Roles of the Compensation Committee

The Compensation Committee will engage in deliberations and make decisions related to “remuneration” of officers, under the leadership of External Directors, based on the remuneration plans that lead to incentives for officers to enhance corporate value.

(2) Composition of the Compensation Committee

The number of Committee members shall be not less than three persons and not more than five persons, majority of whom shall be comprised of External Directors. The Committee members will be selected by the Board of Directors’ resolutions, and chair will be selected from among External Directors who are members of the Committee.

(3) Deliberations and details of decisions by the Compensation Committee

The Committee will engage in deliberations on issues and policy of officer remuneration plans that lead to incentives for officers to enhance corporate value, and then utilize objective indicators, including quantitative information such as performance indicators and qualitative information such as personnel evaluation to make judgment and decisions concerning the appropriateness of individual remuneration proposals.

【Audit Committee】

(1) Roles of the Audit Committee

The Audit Committee will audit the execution of duties by Executive Officers and Directors and the status of internal control systems and makes decisions on details of proposals to be submitted to the General Meeting of Shareholders regarding the appointment and dismissal of the Accounting Auditor, performing the oversight function of the Board of Directors through auditing.

In addition, it will build an audit system for the entire Group by coordinating with the accounting auditors, the Internal Audit Division, and Audit & Supervisory Board Members at each Group company.

(2) Composition of the Audit Committee

The number of Committee members shall be approximately five, majority of which shall be comprised of External Directors (of which at least one member shall concurrently serve as a member of the Nominating Committee) and internal non-executive Directors who are full-time members. In addition, at least one person who has sufficient knowledge of finance and accounting will be selected. The Committee members will be selected by the Board of Directors’ resolutions, and chair will be selected from among Directors who are members of the Committee.

(3) Activities of the Audit Committee

The Committee will set forth audit policies and plans, obtain reports on risk management, reports from the Internal Audit Division, and reports and other information from the accounting auditors, and conducts hearings,

etc. on the status of business execution for the Executive Division.

In addition, in order to improve the quality of audits, the Committee will appropriately coordinate with the accounting auditors and the Internal Audit Division, including exchanging information on audit results and other matters.

【Executive Officers and the Group Executive Committee】

(1) Roles of executive officers

Executive Officers will make decisions on and conduct business execution assigned by the Board of Directors, as an organ in charge of business execution, in accordance with the division of business duties as well as the relevant chain of command defined by the Board of Directors.

(2) Division of business duties

President and CEO will represent the Company as the chief executive officer of the Company's business and supervise the Company's business in accordance with the division of business duties and the relevant chain of command defined by the Board of Directors.

Other Executive Officers will support the President and CEO and serve as Chief Officers responsible for managing core divisions.

(3) The Group Executive Committee

The Board of Executive Officers will approve important matters, etc. related to business execution, deliberate and make decisions on business strategies for the entire Group and Group-wide issues, etc. related to multiple Group companies.

(4) Composition of the Board of Executive Officers

The Group Executive Committee will be comprised of all Executive Officers authorized by the Board of Directors.

[Accounting Auditor]

We have signed an audit contract with Ernst & Young ShinNihon LLC, and the auditing firm conducts accounting audits in accordance with laws and regulations. The three executive members of the auditing firm are Yoshihiro Sugimoto, Kiyotaka Kinugawa, and Masayo Takada. In addition, the assistants involved in the accounting audits of our company are certified public accountants and people who have passed the certified public accountant exam. Since our establishment in 2008, the auditing firm has been conducting accounting audits.

Our company recognizes that the accounting auditor has a responsibility to shareholders and investors, and takes appropriate measures to ensure proper audits. Specifically, we have established the following system to ensure the effectiveness of audits by the accounting auditor.

1) Discussions are held regularly (approximately once or twice a year) between the accounting auditor and the representative executive officer and other executive officers.

2) The Audit Committee checks the appropriateness of the allocation of man-hours, taking into account the scope of the accounting auditor's audit and ensuring quality.

3) The Audit Committee receives explanations of the audit plan and audit results from the accounting auditor and meets regularly to ensure sufficient cooperation. The internal audit department also shares audit plans, audit results, and risk information with the accounting auditor and cooperates in conducting audits.

We also discussed the contents of the "Key Audit Matters" (KAM) in the Financial Instruments and Exchange Act and requested explanations as necessary.

4) If we receive a report from the accounting auditor indicating misconduct by executive officers or directors in the performance of their duties or significant facts regarding laws, regulations, or the Articles of Incorporation

(including facts that may affect the accuracy of financial accounting documents), the Audit Committee will deliberate and conduct any necessary investigations and take necessary measures in a timely manner, such as reporting to the Board of Directors or providing advice or recommendations to executive officers.

3. Reasons for Adopting the Current Corporate Governance System

The Company has clearly separated the roles of "execution" and "supervision," and has chosen to adopt a company with a nominating committee, etc., as its organizational design in order to strengthen the supervisory and monitoring functions of the Board of Directors and realize swift business execution. Based on its fiduciary responsibility and accountability to shareholders, the Board of Directors aims to achieve sustainable growth for the Group and improve its medium- to long-term corporate value by specializing in setting the Group's overall direction and supervising and monitoring business execution.

III Implementation of Measures for Shareholders and Other Stakeholders

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

	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 information on the notice is disclosed on the Company website and the 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. In addition, we will be live streaming the meetings starting from the 16th Ordinary General Meeting of Shareholders to be held in 2024 so that you can watch them in real time.
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

	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. https://www.imhds.co.jp/corporate/ir/ir-policy/index.html : IR Policy	
Regular briefings for private investors	<ul style="list-style-type: none"> - Held briefings for private investors (in Nagoya in December 2024 and in Sapporo in March 2025) - Conducted a shareholder questionnaire survey of the Company's shareholders on record as of September 30, 2024 	Not available
Regular investor briefings for analysts and institutional investors	<ul style="list-style-type: none"> - Briefing for analysts held 4 times a year after earnings releases. - Individual face-to-face meetings with the CEO for major shareholders and domestic institutional investors (held 16 times) and small meetings with analysts (held twice) along with the mid-year and annual earnings releases. - Individual meetings with the manager in charge of IR along with the earnings releases held 4 times a year (a total of approximately 110 times) - Sustainability briefing (held once a year, in December, featuring External Directors as speakers) - Business briefings introducing strategic progress held multiple times a year (held a CRM strategy business briefing in July 2024) <p>[Main topics of dialogues] Business strategies, overview of financial results, shareholder returns, capital policy, etc.</p>	Available
Regular investor briefings for foreign investors	<ul style="list-style-type: none"> - Individual face-to-face meetings with the CEO (held in Europe in March, in North America in August, in Asia in October 2024, and in Europe in March 2025) - Participation in overseas conferences hosted by securities companies (4 times) - Individual meetings with the manager in charge of IR along with the earnings releases held 4 times a year (a total of approximately 130 times) <p>[Main topics of dialogues] Businesses and business strategies, overview of financial results, shareholder returns, capital policy, etc.</p>	Available

	Supplementary explanation	Presentation by Representatives
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. https://www.imhds.co.jp/en/ir/ir_news/index.html	
Establishment of division and/or manager in charge of IR	Corporate Finance and Accounting Department, Corporate Communication and IR Division	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary explanation
Rules based on internal regulations to ensure due respect for stakeholders	<p>With regard to Japan's Corporate Governance Code, in order to build excellent relationships with customers, employees, shareholders and investors, business partners and the local and wider communities—our stakeholders—the Group examines the status of our corporate governance and makes necessary improvements.</p> <p>We have disclosed a “Stakeholder Engagement Policy” which not only sets out how we engage with each of our stakeholders, but also is a source of information for our employees and promotes daily communication.</p>
Implementation of environmental activities and CSR activities, etc.	<p>The Group aims to realize both corporate growth and a sustainable society. In order to achieve these goals, we designated three Isetan Mitsukoshi Group's Priority Initiatives (Materialities) in 2018 by identifying impactful social issues and environmental changes in light of our strategy to fully leverage the Company's strengths.</p> <p>However, recent changes in social conditions have increased stakeholder demands for sustainability initiatives, so the Company reviewed its Priority Initiatives (Materialities) ahead of the new Medium-Term Management plan in light of the reorganization of the corporate philosophy and other factors and designated four new Priority Initiatives in FY2023. Under the new Medium-Term Management Plan started in FY2025, we are reviewing our KPIs and accelerating our initiatives.</p> <p>Priority Effort 1: Connecting people and local communities Priority Effort 2: Connecting sustainable environment and society Priority Effort 3: Maximize the power of people Priority Action 4: Group governance and communication</p> <p>The Group will advance various initiatives for contributing to regional society, achieving a decarbonized society, managing the overall supply chain including partners, facilitating dialogue to encourage internal communication, achieving the proper work-life balance of employees, and strengthening Group governance etc., in accordance with each of the Priority Initiatives (Materialities).</p> <p>In addition, having established the Sustainability Promotion Committee chaired by the CEO under the Board of Executive Officers, the Group is practicing sustainable business management by increasing both social and economic value through business activities under the leadership of senior management.</p> <p>Please refer to the Company website for the latest information on Isetan Mitsukoshi Group's sustainability promotion. https://www.imhds.co.jp/corporate/sustainability/sustainability-report/index.html</p>
Development of policies on information provision to stakeholders	<p>Regarding the Group's corporate activities, the Group discloses information on its website to all stakeholders out of regard for simultaneity and fairness, as well as business-related information about products, services, and so on, as well as financial information in a timely and appropriate manner.</p> <p>Additionally, in order to strengthen compliance and ensure the reliability of company information, we have established various regulations regarding</p>

	Supplementary explanation
	disclosure standards and methods, and have disclosed an "IR Policy" that sets out our PR activities policy for shareholders and investors, leading to the creation of relationships that are based on trust and empathy.
Other	<p>- Diversity in workstyles We have set up—and promote the use of—various systems that support the achievement of work-life balance that allows a greater freedom of workstyles, such as support for balancing work with childcare or nursing care, encouraging men to utilize the childcare leave system, and support for employees in dual employment/working part time, etc.</p> <p>-Initiative to achieve a culture of dialogue We foster unity and increase motivation by holding regular dialogues and discussions in all relationships, that transcend hierarchy and departmental boundaries.</p> <p>- Promoting diversity and inclusivity We are creating an environment in which women in various life stages can play an active role by not only enhancing our systems and support measures, but also fostering organizational culture and raising individual awareness.</p> <p>[Formulation and practice of corporate conduct rules] In 2024, as the foundation of the “Isetan Mitsukoshi Group Corporate Philosophy,” we established the “Isetan Mitsukoshi Group Code of Conduct,” and disclosed ethical standards for how all employees, including officers, of the Isetan Mitsukoshi Group should make decisions and act in their day-to-day operations, both internally and externally. The Board of Directors and the Audit Committee will review the spread of this code as needed.</p>

IV Matters Related to the Internal Control System

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

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. Corporate governance and Group management and control 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)

“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)

(1) In accordance with the provisions of the Companies Act, etc., the Company and its subsidiaries (hereinafter, collectively referred to as the “Group”) endeavor to establish sound and robust management systems by developing and operating internal rules, establishing responsible departments, formulating plans and policies, and developing other systems for ensuring the appropriateness of the Company’s business operations (internal control systems).

(2) The Board of Directors shall convene on a regular basis and as needed, 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.

(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 External Directors among Directors.

(4) The Board of Directors shall resolve primarily the Statutory Board Matters, delegating decision-making authority on other important matters to Executive Officers, in principle. Such other important matters shall be deliberated and decided by resolution at the Group Executive Committee consisting primarily of Executive Officers.

(5) The Company shall optimize its business operations by respecting the independence of the Company’s subsidiaries while also establishing departments with responsibility for those subsidiaries, 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. 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)

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

(1) In order to ensure that all officers and employees of the Group (Directors, Executive Officers, Operating Officers, and employees) perform their duties in compliance with laws and regulations and the Articles of Incorporation, the Company has established the “Isetan Mitsukoshi Group Code of Conduct” and works to spread awareness and ensure compliance with it throughout the Group. In addition, training on legal compliance, etc., is also provided as appropriate, as part of efforts to foster compliance awareness and a sense of ethics.

(2) The Company shall establish officers, sections, and individuals with jurisdiction over compliance, maintaining and improving systems for compliance with internal control and laws and regulations.

(3) The Compliance Committee, chaired by the CAO, will be established in order to comprehensively

examine important compliance issues related to the Group's management and to consider cross-departmental measures.

- (4) In the case that 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.

3. 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)

"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 steps shall be taken to administer and control risk management across the Group through the establishment of officers, sections, and individuals with jurisdiction over risk management. 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 Risk Management Committee shall be created that is chaired by the CRO.
- (3) Risks shall be prevented from occurring by identifying, evaluating, and analyzing risks that may occur in the course of business operations in the Group and using this information to select risks that require prioritized response.
- (4) 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.
- (5) Relevant regulations shall be established with regards to risk recognition, evaluation, and response and be made well-known and thoroughly understood in the Group.
- (6) The Company's subsidiaries will also appropriately manage and control risks associated with the performance of duties as a group by promoting the development of the necessary risk management systems in accordance with the nature and scale of their businesses.

4. Systems to ensure the appropriateness of 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 in the Group.
- (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.

5. 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 documents related to the execution of business duties by Executive Officers and Directors shall be recorded, stored, and managed together with related materials for a prescribed period according to the

“Document Retention Policies”

- (2) In the “Document Retention Policies,” persons responsible for document management are specified, and efforts are made to enforce and appropriately perform methods for managing important documents, after ensuring awareness of them.
- (3) 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.

6. 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)

“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)

“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)

- (1) Division of duties to be executed by Executive Officers as well as the relevant chain of command shall be decided properly by the Board of Directors.
- (2) 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.
- (3) Each Group company determines management targets, establishes management plans, and conducts management based on appropriate methods.
- (4) 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 other duties.
- (5) Basic policies for the management of the Group, etc., and regulations will be established , and management agreements, etc., will be concluded with each of the Company’s subsidiaries. Additionally, the “Regulations of Decision-Making Process for the Group” and “Regulations on Group Company Management” shall be used as a base for reporting by subsidiaries of the Company to the Company regarding matters of importance and for establishing rules regarding discussion in pursuit of improved efficiency across the entire Group.
- (6) With regards to business management in the Group, 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.

7. Internal audit 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)

“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) 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.
- (2) The Internal Audit Division shall conduct internal audits of the Group, auditing the legal compliance, appropriateness, etc. of executed business duties.

- (3) Audits by the Internal Audit Division will attempt to detect risks facing the Company and subsidiaries of the Company at an early stage and settle them.
- (4) The Internal Audit Division establishes cooperative relationships with the Audit Committee (or, in the case of a subsidiary of the Company, with its Audit & Supervisory Board Members) and accounting auditors as necessary as part of its endeavor to ensure the efficient implementation of internal audits.

8. 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.

9. 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 in the Group, 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 our 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.

10. 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.

11. 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

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

Not adopted

Supplementary explanation

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

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 Prevention 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 Corporate Finance and IR Department, 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 Corporate Finance and IR Department will receive resolutions or approval from Executive Officers and the Board of Directors, and will disclose the information by the designated methods as the division responsible for disclosure, with the approval of the person responsible for the handling of information for timely disclosure.

Corporate Governance System

