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The status of corporate governance at MARUI GROUP CO., LTD., is as follows.

I. Basic Policy on Corporate Governance, Capital Structure, Company Details, and Other Basic Information

1. Basic Policy on Corporate Governance Updated

The mission of MARUI GROUP CO., LTD., based on its corporate philosophy, which calls on it to “continue evolving to better aid our customers” and “equate the development of our people with the development of our company,” is to co-create a flourishing and inclusive society that offers happiness to all together with stakeholders. MARUI GROUP aims to promote harmony and the expansion of the intersection between the interests and happiness of six groups of stakeholders, namely customers, investors, communities and society, business partners, employees, and future generations. Moreover, the Company practices co-creation sustainability management, which entails creating shared value through action based on the perspectives of all stakeholders and thereby improving corporate value. Accordingly, the Company positions strengthening corporate governance among its top management priorities and is promoting management that is sound, highly transparent, and capable of efficiently generating profits.

【Reasons for Not Adopting the Principles of Japan’s Corporate Governance Code】 Updated

Applicable Version of Japan’s Corporate Governance Code

This document has been prepared based on the latest version of Japan’s Corporate Governance Code following the June 2021 revision.

Principle 1.4: Cross-Shareholdings (Disclosure of Results of Assessments)

The Company verifies the rationality of cross-shareholdings at meetings of the Board of Directors held in either July or August of each year with consideration paid to the status of collaboration with the counterparty, the impact on the Company’s business, and dividend yield and other forms of returns.

The Company does not disclose the results of assessments on the rationality of individual cross-shareholdings due to the confidentiality of transactions with counterparties.

Policies regarding cross-shareholdings and the progress of cross-shareholding reduction can be found in “Principle 1.4: Cross-Shareholdings” under “ **【Disclosure based on the principles of Japan’s Corporate Governance Code】** .”

【Disclosure based on the principles of Japan’s Corporate Governance Code】 Updated

The Company observes the principles of Japan’s Corporate Governance Code. Information on the Company’s corporate

governance systems and initiatives can be found in the MARUI GROUP Corporate Governance Guidelines. In addition, details on compliance with the principles of Japan's Corporate Governance Code can be found in the table at the end of this report (Japanese version only).

The MARUI GROUP Corporate Governance Guidelines are available on the Company's corporate website. (https://www.0101maruigroup.co.jp/pdf/cgg_20210805_en.pdf)

Principle 1.3: Basic Strategy for Capital Policy

The Company implements appropriate capital measures based on changes in its business structure and an accurate understanding of the Company's capital costs (shareholders' equity costs and weighted average cost of capital). The Company is to conduct appropriate capital measures based on changes in its business structure and on capital costs (shareholders' equity costs and weighted average cost of capital). In the pursuit of improvements in corporate value, core operating cash flow is to be allocated in a balanced manner to growth investments and shareholder returns. Return on equity is to be positioned as an important management indicator for which targets will be set. At the same time, the Company shall endeavor to improve return on invested capital through earnings growth while developing a capital structure in which return on invested capital consistently exceeds capital costs (weighted average cost of capital) by transitioning to the optimal capital structure based on its business structure. Prior to enacting capital measures that result in changes in controlling interests or significant dilution of the stock base, the Board of Directors must first fully evaluate the necessity and rationale of these measures. After this evaluation, the shareholders are to be provided with full explanations of these measures in accordance with the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as the regulations of the Tokyo Stock Exchange, and related procedures are to be conducted appropriately and through suitable means.

The Company will target high growth coupled with high returns by pursuing ongoing increases in dividends through long-term growth in earnings per share.

The Company will target a consolidated payout ratio of 55% after the fiscal year ending March 31, 2024, as it institutes ongoing increases in dividend payments over the long term.

After considering a comprehensive range of factors including cash flows, treasury stock acquisitions are conducted when the timing has been deemed appropriate for improving capital efficiency and increasing shareholder value as the Company targets a total return ratio of approximately 70%. Acquired shares of treasury stock are, in principle, to be canceled. During the period of the medium-term management plan scheduled to conclude with the fiscal year ending March 31, 2026, the Company plans to acquire ¥50.0 billion worth of treasury stock for the purpose of optimizing capital. Acquired shares of treasury stock are, in principle, to be canceled.

The target level for the consolidated payout ratio and the total return ratio will be reassessed regularly and revised as necessary.

Principle 1.4: Cross-Shareholdings

In principle, the Company will not engage in cross-shareholdings except for cases in which such holdings are deemed necessary for maintaining or building upon collaborative or transactional relationships that are strategically critical for improving corporate value. Shares for which the meaning of holding has been diminished may be sold in a phased manner after considering the circumstances surrounding the counterparty. MARUI GROUP practices co-creative investment through which it invests in venture and other companies with which it can generate synergies as a partner in co-creating future happiness. As co-creative investments are increased for the purpose of developing a business model merging

retailing, fintech, and co-creative investment, it is possible that the numbers and amounts of cross-shareholdings may also increase. Co-creative investments will be undertaken based on assessments of individual investment candidates considering factors such as progress in collaborative ventures, performance, and market conditions.

On March 31, 2021, the Company held shares of the stock in seven companies as cross-shareholdings (11 companies fewer than on December 31, 2015), and the total value of these shares on the consolidated balance sheets was ¥24.6 billion (up ¥0.1 billion from December 31, 2015).

Note: Comparisons are made with December 31, 2015, as the MARUI GROUP Corporate Governance Guidelines were established on November 11, 2015.

One cross-shareholding was sold in the fiscal year ended March 31, 2021, out of consideration for factors such as stock prices and relationships with counterparties. The total value of cross-shareholdings recorded on the consolidated balance sheets on March 31, 2021, was up from March 31, 2020, due to increases in the market value of the associated shares.

Voting rights attached to shares held through cross-shareholdings will be exercised based on thorough evaluation of each proposal and whether or not the proposal will contribute to improvements in the medium-to-long-term corporate value of the Company. Consideration will also be paid to the management policies of the counterparty.

Supplementary Principles 1.4.1 and 1.4.2: Cross-Shareholding Transactions and Sales

The Company will not engage in transactions with companies that hold shares of its stock if these transactions lack sufficient economic rationale. Should a company holding shares of stock in the Company express intent to sell these shares, the Company will not impede those sales.

Principle 1.7: Related Party Transactions

With regard to related party transactions, the Company has defined the following measures as means of preventing damage to corporate value and the common interests of the shareholders of the Company.

If a director plans to conduct a transaction that competes with the Company or represents a conflict of interests, approval must be received from the Board of Directors in advance and a report is to be issued to the Board of Directors immediately upon conclusion of the transaction.

For other related party transactions, the appropriateness of conditions and decision-making procedures for important transactions will be determined through discussion by the Board of Directors.

Principle 2.2: Code of Conduct

Supplementary Principle 2.2.1: Regular Review of Code of Conduct by Board of Directors

The Company recognizes that the exercise of the MARUI GROUP Code of Conduct is the responsibility of all employees and officers. Accordingly, consistent adherence to this code is promoted while efforts are taken to spread awareness among all Group members.

The Board of Directors is to examine the degree to which this code has been entrenched and is being practiced when necessary.

Changes to the code of conduct are only to be instituted after sufficient discussion among the Board of Directors. The most recent last revision of the MARUI GROUP Code of Conduct was implemented in July 2020.

Key Points of July 2020 Revision to MARUI GROUP Code of Conduct

- Inclusion of items pertaining to the new stakeholder group of future generations to further promote co-creation sustainability management
- Revision of existing principles to clarify intent to strengthen partnerships with stakeholders
- Revision of text in “Environmental Preservation” section to reflect the revised MARUI GROUP Environmental Policy

Detailed information on the corporate governance guidelines of the Company can be found in MARUI GROUP Corporate Governance Guidelines, which is available on the Company’s corporate website.

MARUI GROUP Corporate Governance Guidelines

https://www.0101maruigroup.co.jp/pdf/cgg_20210805_en.pdf

Principle 2.3: Sustainability Issues, Including Social and Environmental Matters

Supplementary Principle 2.3.1: Initiatives for Addressing Sustainability Issues

Supplementary Principle 3.1.3: Disclosure Regarding Sustainability Initiatives and Investments in Human Capital and Intellectual Properties

In 2016, MARUI GROUP embarked on its journey of practicing co-creation sustainability management—a forward-looking management approach that merges business, environmental, social issue response, and governance initiatives in an integrated manner. In conjunction with the adoption of this new approach, we also redefined the focus of our business from serving all customers to promoting inclusion. This redefinition was accompanied by the establishment of core themes. Going forward, MARUI GROUP will continue to dedicate its efforts to contributing to the accomplishment of the United Nations Sustainable Development Goals (SDGs).

Later, in 2019, MARUI GROUP’s 2050 Vision was established as a long-term vision leading up to 2050. Based on the principle of harnessing the power of business to build a world that transcends dichotomies, this vision was meant to guide the full-fledged implementation of our co-creation sustainability management approach.

The Sustainability Committee, an advisory body to the Board of Directors, was established in May 2019 to act as a proponent of co-creation sustainability management, and the Environment and CSR Committee was established under the Sustainability Committee to carry out duties pertaining to the management of relevant risks and other matters based on its instructions. (The Environment and CSR Committee was renamed the ESG and Disclosure Subcommittee in April 2021.)

In the fiscal year ended March 31, 2021, meetings of the Sustainability Committee were held in August 2020 and March 2021. Topics of discussion at the March meeting included green businesses and sustainability governance measures that are distinctively MARUI GROUP. A report on these discussions was submitted to the Board of Directors. Going forward, the Sustainability Committee will continue to regularly provide the Board of Directors with reports and advice regarding Groupwide sustainability strategies and initiatives.

Members of the Sustainability Committee comprise executive officers selected by the Board of Directors and other individuals deemed appropriate to serve as members by the Board of Directors based on the goals of the committee. The committee was further enhanced in June 2021 when Peter David Pedersen, a leading global authority on sustainability management, was appointed as an external director and subsequently a member of the Sustainability Committee.

Under this framework, decisions regarding business strategies, investments and loans, and other subjects are made through comprehensive assessments based on policies such as the MARUI GROUP Code of Conduct and the MARUI

GROUP Environmental Policy as well as on important matters related to social and environmental issues. Through this process, we are reinforcing governance regarding social and environmental issues.

In 2021, a five-year medium-term management plan slated to conclude with the fiscal year ending March 31, 2026 was established, and MARUI GROUP defined impact targets regarding sustainability and well-being based on its 2050 Vision. Meant to update the initiatives described in the 2050 Vision, the formulation of impact targets entailed the definition of three co-creation approaches—creating a future for future generations together, creating happiness for individuals, and creating platforms for co-creation—and the establishment of priority matters, initiative approaches, and numerical targets for each of these approaches. The medium-term management plan defines key performance indicators for priority initiatives related to these impact targets.

Climate change should be considered as a climate crisis today. Recognizing climate change as one of its most important management priorities, MARUI GROUP aims to limit the rise in the global temperature to below 1.5°C above pre-industrial levels as described in the Paris Agreement. MARUI GROUP has continued to strengthen its corporate governance system to make proactive contributions to a low-carbon society based on the long-term targets of the Paris Agreement in accordance with the MARUI GROUP Environmental Policy, which was revised in April 2020. At the same time, the Company analyzes the potential impact of climate change on its business and advances initiatives for taking advantage of opportunities for growth and for addressing risks resulting from climate change. Furthermore, MARUI GROUP has endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board, and disclosed information based on these recommendations in its annual securities report for the fiscal year ended March 31, 2019. Following repeated analyses, disclosure based on TCFD recommendations was enhanced for the annual securities report for the fiscal year ended March 31, 2020, to include additional information on opportunities and physical risks related to climate change. As we continue to focus on enhancing our information disclosure in the future, we will benchmark the appropriateness of our responses to climate change using the TCFD recommendations to promote co-creation sustainability management. MARUI GROUP's corporate website contains additional information, including ESG DATA BOOKs that provide data and reviews on environmental, social, and governance (ESG) topics as well as information on the progress of the initiatives described in MARUI GROUP's 2050 Vision. For more information on MARUI GROUP's sustainability management, the MARUI GROUP Code of Conduct, and the Company's various policies, please refer to the Company's *Co-Creation Management Report 2020* and *VISION BOOK 2050* as well as the “MARUI GROUP Policies” and “Progress toward Long-Term Targets” sections of the Company's corporate website.

In addition, MARUI GROUP's FACT BOOKs provide information on investments in human capital and other intangible assets. (Information on investments in intellectual properties is not disclosed as it is not applicable.)

Co-Creation Management Report 2020

<https://www.0101maruigroup.co.jp/en/ir/lib/i-report.html>

VISION BOOK 2050

http://www.0101maruigroup.co.jp/en/sustainability/pdf/s_report/2018/s_report2018_a3.pdf

“MARUI GROUP Policies” section

<https://www.0101maruigroup.co.jp/en/sustainability/theme04/risk.html>

“Progress toward Long-Term Targets” section

(https://www.0101maruigroup.co.jp/en/sustainability/vision2050/progress_01.html)

Annual securities report for the fiscal year ended March 31, 2021

(https://www.0101maruigroup.co.jp/pdf/settlement/0200gfe0_en.pdf)

ESG DATA BOOKs

(<https://www.0101maruigroup.co.jp/en/sustainability/lib/databook.html>)

FACT BOOK for the fiscal year ended March 31, 2021

(https://www.0101maruigroup.co.jp/pdf/settlement/factbook_2021g.pdf)

Principle 2.4: Ensuring Diversity, Including Active Participation of Women

MARUI GROUP believes that, when its approximately 4,900 unique employees are accepting toward one another and able to merge their values while focusing on social change and the needs of society, the resulting marriage of differing insights will no doubt generate innovation. MARUI GROUP is thus pursuing diversity with regard to individual talents, gender, and age.

In addition, three themes for promoting diversity have been established to guide initiatives for creating an environment in which every employee is able to exercise their individuality and feel empowered in their work.

- Corporate culture encouraging acceptance and respect toward individuality
- Systems supporting individual achievements
- Management reforms for leveraging the promotion of diversity

In the fiscal year ended March 31, 2014, MARUI GROUP defined women’s empowerment indexes to serve as key performance indicators for measuring progress in empowering female employees. Targets to be achieved by the fiscal year ended March 31, 2021, were set from the perspectives of awareness and corporate culture reforms as well as empowerment of female employees.

Women’s Empowerment Indexes (for up until FY2021)

■ Awareness and Corporate Culture Reforms

	Recognition of contributions of female employees*	Ratio of female employees pursuing upper-level positions	Ratio of applicable male employees taking childcare leave
FY2014	37%	41%	14%
FY2021	99%	70%	100%
FY2021 (Targets)	100%	80%	100%

* Ratio of employees responding to survey questions by stating that they understand the purpose and necessity of empowering female employees and promoting diversity

■ Empowerment of Female Employees

	Ratio of female employees returning to work full time after taking childcare leave	Number of female leaders	Number of female managers	Ratio of female managers
FY2014	36%	545	24	7%
FY2021	59%	668	50	14%
FY2021 (Targets)	90%	900	55	17%

Note: Female leaders refer to leaders in section manager, supervisor, or equivalent positions.

MARUI GROUP is fostering a workplace environment that is conducive to the contributions by female employees from the perspective of both corporate culture and internal systems. For example, the Company has continued to advance Groupwide project team activities for this purpose while also arranging discussion forums for female employees led by female managers and unconscious bias training for all employees. In addition, a time period-limited full-time work system was introduced in 2015 to help women work while raising children. As a result of these efforts, massive improvements have been seen with regard to the Company's women's empowerment indexes since March 2014, with recognition of contributions of female employees climbing to 99% and 100% of applicable male employees taking childcare leave for three consecutive years. Conversely, the number of female leaders has been slow to grow, and our targets for the number and ratio of female managers, which are calculated using the number of female leaders, remained unmet.

New women's empowerment indexes have been defined with medium-term targets to be accomplished by March 2026. These indexes have been defined to track progress in specific initiatives for reforming awareness among both men and women with regard to the gender preconceptions, which are the greatest obstacle to empowering female employees. These initiatives will be advanced from April 2021 for the purpose of further evolving MARUI GROUP's corporate culture to better empower female employees.

Going forward, various initiatives will be advanced toward the accomplishment of these targets in order to foster a corporate culture that is conducive to the empowerment of female employees and to thereby increase female representation in decision-making.

Women's Empowerment Indexes (for up until FY2026)

■ Awareness and Corporate Culture Reforms

	Rate of elimination of gender preconceptions*	Ratio of applicable male employees taking childcare leave	Ratio of applicable male employees taking childcare leave within eight weeks of childbirth by partner	Ratio of applicable male employees taking childcare leave for one month or more	Rate of household chore and child-rearing participation by male employees
FY2021	37%	100%	36%	9%	30%
FY2026 (Targets)	50%	100%	80%	20%	35%

* Ratio of employees rejecting preconceptions about gender roles

■ Empowerment of Female Employees

	Ratio of female employees pursuing upper-level positions	Ratio of female leaders	Ratio of female managers	Ratio of female officers
FY2021	70%	31%	15%	22%
FY2026 (Targets)	75%	40%	20%	30%

Notes:

1. Ratio of female managers is calculated including external directors. Accordingly, the above figure for the fiscal year ended March 31, 2021, differs from the previously released figure.
2. The figure for the ratio of female employees pursuing upper-level positions has been calculated based on figures for the fiscal year ended March 31, 2021, that have been adjusted to reflect recent trends.

The differing levels of desire to pursue upper-level positions between men and women have long been an issue impeding the promotion of female employees to management positions. Accordingly, MARUI GROUP has positioned the ratio of female employees pursuing upper-level positions as a women's empowerment index and has been advancing initiatives pursuing improvements with regard to this index. Conversely, the Company has found no disparity with regard to promotion to management positions based on nationality or timing of recruitment. Accordingly, the Company has not set or disclosed targets regarding the promotion of non-Japanese employees and mid-career hires to management positions.

Principle 2.6: Roles of Corporate Pension Funds as Asset Owners

The Company does not have a corporate pension fund.

Note: To assist stable asset building by employees, the Company has introduced a defined contribution corporate pension plan (life planning system).

Principle 3.1: Full Disclosure

i) Corporate philosophy and management plans

The Company's corporate philosophy calls for it to "continue evolving to better aid our customers" and "equate the development of our people with the development of our company." Based on this philosophy, our mission is to maintain ties with our customers to co-create new customer happiness. It is this drive that has fueled our transformation and evolution in recent years. Always striving to attend to the needs of our customers and bring them joy, we treasure our interactions with customers and accordingly base all our actions from their perspective. This sentiment is not only imprinted in MARUI GROUP's corporate DNA; it is also the point of origin for the co-creation management we envision.

The Company has established a five-year medium-term management plan with the fiscal year ending March 31, 2026, as its final year.

ii) Basic policies related to Corporate Governance

The Company's basic policy on corporate governance can be found in section I-1. (Basic Policy on Corporate Governance) of this report. In addition, the Company has compiled other basic policies for corporate governance in the

MARUI GROUP Corporate Governance Guidelines, which are available on the Company's website.

MARUI GROUP Corporate Governance Guidelines

(https://www.0101maruigroup.co.jp/pdf/cgg_20210805_en.pdf)

iii) Policies and procedures for use by the Board of Directors in deciding compensation of senior management members, directors, and Audit & Supervisory Board members

The amount of compensation paid to individual directors is decided by the Nominating and Compensation Committee and set within the limit approved at the ordinary general meeting of shareholders. The amount of compensation paid to individual executive officers is decided by the Nominating and Compensation Committee.

The Nominating and Compensation Committee has been established to improve the transparency and objectivity of the deliberation process related to compensation systems for directors and executive officers.

Director compensation is set at a level that will serve as an adequate motivation for directors to properly perform their duties of making management decisions and providing supervisory functions.

Compensation for directors includes fixed basic compensation, performance-linked bonuses based on the performance of the Company in a given fiscal year meant to serve as short-term incentives, and performance-linked stock-based compensation based on the medium-to-long-term performance of the Company designed to provide medium-to-long-term incentives. The portion of compensation linked to performance is meant to provide incentive for pursuing sustainable growth for the Company. However, external directors will only receive fixed basic compensation based on their position to ensure that they maintain an independent standpoint.

Compensation for Audit & Supervisory Board members consist only of fixed basic compensation and is decided through discussion among the Audit & Supervisory Board and set within the limit approved at the ordinary general meeting of shareholders.

Information regarding the policies for deciding compensation paid to individual directors can be found under the Board of Directors heading of section II-1 of this report.

iv) Policies and procedures for appointment and nomination of directors and Audit & Supervisory Board members by the Board of Directors

Director candidates are selected regardless of gender, age, or nationality, with selection decisions based on consideration of the personalities and views of potential candidates. In this manner, the Company selects individuals that are capable of fulfilling the duties and responsibilities of directors and thereby contributing to medium-to-long-term improvements in the corporate value of the Company. Similarly, Audit & Supervisory Board member candidates are selected regardless of gender, age, or nationality, with selection decisions based on consideration of the personalities and views of potential candidates. In this manner, the Company selects individuals that are capable of fulfilling the duties and responsibilities of Audit & Supervisory Board members and thereby contributing to the establishment of an impartial system for supervising the Company's management. Candidates for positions as external directors and external Audit & Supervisory Board members must fulfill the requirements set forth by the Companies Act of Japan as well as the Company's own Criteria for Independence of External Directors and Audit & Supervisory Board Members.

Candidates for positions as internal directors and internal Audit & Supervisory Board members are selected after discussion by the Management Committee and the Board of Directors based on recommendations by directors and personal and human resources evaluations by the Nominating and Compensation Committee.

Candidates for positions as external directors and external Audit & Supervisory Board members are chosen for

having the necessary insight, skills, and experience required by the Company's Board of Directors, and selection decisions are only made after discussion by the Management Committee and the Board of Directors. Prior to the selection of director candidates, the candidates must be discussed by the Nominating and Compensation Committee. Audit & Supervisory Board member candidates must be approved by the Audit & Supervisory Board.

v) Explanations with respect to the appointment and nomination of individual senior management members, directors, and Audit & Supervisory Board members by the Board of Directors

Reasons for nomination of directors and Audit & Supervisory Board members

[Directors]

Hiroshi Aoi

Hiroshi Aoi has properly overseen the Board of Directors as the chairman and duly performed his supervisory functions with regard to important management decision making and operational execution as the president and representative director of the Company since 2005. He has ample business experience and knowledge as a corporate manager and has overseen the overall operation of the Group and performed his duties properly as the Group representative executive officer. Based on the above reasons, the Company believes that he can fully perform his functions for facilitating the medium-to-long-term improvement of the corporate value of the Company. Therefore, the Company has nominated him as a director candidate.

Hirotsugu Kato

Hirotsugu Kato has business experience in corporate planning, finance, and investor relations divisions, and has performed his supervisory functions properly with regard to important management decision making and operational execution as a director of the Company since 2016. He has overseen finance, investment research, sustainability, and ESG divisions and performed his duties properly as a managing executive officer of the Company. Based on the above reasons, the Company believes that he can fully perform his functions for facilitating the medium-to-long-term improvement of the corporate value of the Company. Therefore, the Company has nominated him as a director candidate.

Reiko Kojima

Reiko Kojima has robust experience as a general physician, a Doctor of Medicine, and a company physician and has properly performed her duties in overseeing Groupwide well-being divisions as an executive officer. Based on the above reasons, the Company believes that she can fully perform her functions for facilitating the medium-to-long-term improvement of the corporate value of the Company, and she has therefore been nominated as a director candidate.

[Audit & Supervisory Board members]

Hitoshi Kawai

Hitoshi Kawai has held important positions at MUFG Bank, Ltd., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., through which he has accumulated extensive experience and a wealth of insight into finance, accounting, and corporate governance backed by this experience. The Company has nominated him as an Audit & Supervisory Board member candidate with the expectation that he will be able to utilize his insight to perform impartial audits of the

Company.

Nariaki Fuse

Nariaki Fuse has accumulated a breadth of experience in the Group's information system operations and has acquired management experience as a senior executive officer of the Company, and he is therefore highly knowledgeable on the Group's various businesses. Based on the above reasons, the Company believes that he can contribute to impartial audits as an Audit & Supervisory Board member. Therefore, the Company has nominated him as an Audit & Supervisory Board member candidate.

Information on the reasons for appointment of external directors Etsuko Okajima, Yasunori Nakagami, and Peter David Pedersen and external Audit & Supervisory Board members Takehiko Takagi and Yoko Suzuki can be found under Relationship between External Directors and the Company (2) and Relationship between External Audit & Supervisory Board Members and the Company (2) in section II-1. (System of Business Management Organization for Management Decision Making, Operational Execution, and Auditing and Other Corporate Governance Systems) of this report.

Supplementary Principle 4.1.1: Scope of Delegation of Authority to Management from the Board of Directors

The Board of Directors is to work toward sustainable improvements in corporate value. To this end, it shall exert its supervisory function by realizing highly effective corporate governance and appropriately exercise its authority by making the most ideal decisions based on impartial judgment.

The Board of Directors shall make important management decisions and supervise operational execution in accordance with relevant laws, the articles of incorporation, and internal regulations.

The Board of Directors shall formulate management strategies and plans based on the corporate philosophy and an accurate understanding of the Company's capital costs (shareholders' equity costs and weighted average cost of capital) and disclose related information. The progress of these management strategies and plans is to be confirmed and analyzed annually. When deemed necessary, revisions shall be instituted with regard to areas such as business structures or plans for allocating management resources to new business investments, capital investments, or investments in human resource development.

For operational execution decisions not requiring the judgment of the Board of Directors based on relevant laws, the articles of incorporation, and internal regulations, the Board of Directors shall delegate decision-making authority to the Management Committee and executive officers.

The Company shall take steps to ensure that the rate of attendance by directors and Audit & Supervisory Board members at meetings of the Board of Directors is over 80%.

Supplementary Principle 4.1.3: Succession Plans

The Board of Directors shall be involved in the formulation and implementation of programs for discovering and cultivating future leaders to fill senior management positions such as president and representative director as one facet of developing succession plans for the president and representative director. Based on the corporate philosophy and management strategies, the Board of Directors shall oversee the content of such programs as well as plans for future cultivation of participants through assignments and promotions after completion of the program.

[Future Leader Development Program]

Since the fiscal year ended March 31, 2018, MARUI GROUP has been implementing a future leader development program, the Co-Creation Management Academy (CMA), to discover and cultivate future leaders with the potential to support MARUI GROUP's management a decade from now and to foster approximately 200 leader candidates, including a successor to the president.

To date, a total of 63 individuals have participated in this open application program. Those selected are submitted to a one-year training curriculum developed under the guidance of external directors to instill in them a management perspective. This curriculum includes programs to facilitate the acquisition of crucial insight as well as discussions with members of Company management, managers of other companies, and external experts. After the curriculum has been completed, participants continue to be monitored and nurtured into future leaders through secondment to affiliates or assignment to strategic or corporate planning posts. In the fiscal year ended March 31, 2021, the fourth year of the program, the curriculum was revised with the aim of cultivating human resources that are able to undertake co-creative businesses with start-up companies and targeting future generations. This curriculum involved conventional learning as well as hands-on and experience-oriented programs. Examples of these programs included discussions with entrepreneurs at the front lines of business and exchanges with members of younger generations. Moreover, we introduced a mentorship program in which individuals that had participated in previous programs mentor current participants to stimulate mutual growth. Through the CMA program, we aim to continue identifying and cultivating junior and female employees with the potential to become future leaders.

Supplementary Principle 4.2.1: Roles and Duties of the Board of Directors (Compensation of Management)

The amount of compensation paid to individual directors is to be decided by the Nominating and Compensation Committee and set within the limit approved at the ordinary general meeting of shareholders. These amounts are to be determined based on a comprehensive evaluation of factors including the responsibility of each director for the management and the progress of the Company's medium-term management plan. The amount of compensation paid to individual executive officers is to be decided by the Nominating and Compensation Committee.

Director compensation is to be set at a level that will serve as an adequate motivation for directors to properly perform their duties of making management decisions and providing supervisory functions.

Compensation for directors and executive officers includes fixed basic compensation as well as performance-linked bonuses, which are based on the performance of the Company in a given fiscal year to function as a short-term incentive, and performance-linked stock-based compensation, which is based on the medium-to-long-term performance of the Company to function as a medium-to-long-term incentive. The portion of compensation linked to performance is meant to provide incentive for pursuing sustainable growth for the Company. However, external directors will only receive fixed basic compensation based on their position to ensure that they maintain an independent standpoint.

Compensation for Audit & Supervisory Board members will consist only of fixed basic compensation and is to be decided through discussion among the Audit & Supervisory Board and set within the limit approved at the ordinary general meeting of shareholders.

Information regarding the policies for deciding compensation paid to individual directors can be found under the Board of Directors heading of section II-1 of this report.

Supplementary Principles 4.3.2 and 4.3.3: Selection of Candidates for Positions as Managers Ranked Lower than President and Representative Director, and Dismissal of Individuals in these Positions

The Board of Directors shall flexibly make decisions regarding the selection of candidates for positions as directors,

Audit & Supervisory Board members, and managers ranked lower than president and representative director, and the dismissal of individuals in these positions based on transparent and impartial discussions by the Nominating and Compensation Committee members, who comprise a majority of external directors, and on the performance of the Company. The Board of Directors shall select candidate directors, Audit & Supervisory Board members, and managers ranked lower than president and representative director that are capable of fulfilling the duties and responsibilities of their positions. These candidates are to be selected regardless of gender, age, or nationality, with selection decisions based on consideration of the personalities and views of potential candidates. Candidates for positions as directors and managers ranked lower than president and representative director shall be selected based on their potential to contribute to medium-to-long-term improvements in the corporate value of the Company. Audit & Supervisory Board member candidates shall be selected based on their potential to contribute to the establishment of an impartial system for supervising the Company's management.

Principle 4.8: Effective Use of External Directors (Independent Directors)

In principle, one-third of directors should be external directors that have been designated as independent directors, as stipulated by the Tokyo Stock Exchange in order to incorporate a wealth of outside experience and specialized insight into management, strengthen supervisory functions for the Board of Directors, and improve the transparency of management.

Supplementary Principle 4.8.1: Venues for Exchanging Information and Developing a Shared Awareness Among External Directors (Independent Directors)

Meetings between external directors (independent directors) and Audit & Supervisory Board members are held periodically with the aim of strengthening the supervisory function for management. In the fiscal year ended March 31, 2021, two such meetings were held, in September 2020 and March 2021, for the purpose of exchanging information and developing a shared awareness.

Principle 4.9: Independence Standards and Qualifications for External Directors (Independent Directors)

The Company aims to ensure the appropriate levels of objectivity and transparency necessary for effective corporate governance. For this reason, it has established criteria for determining the independence of external directors, external Audit & Supervisory Board members, and candidates for these two positions. For details, please refer to the "Other Matters regarding Independent Directors and Auditors" section of this report.

Supplementary Principle 4.10.1: Utilization of Voluntarily Established Organizations

The Nominating and Compensation Committee will be put in place to improve the transparency and objectivity of the deliberation process related to the nomination of directors and executive officers bearing special titles and to compensation systems for directors and executive officers.

The Nominating and Compensation Committee is to consist of at least three members, two or more of whom should, in principle, be external directors.

Members of the Nominating and Compensation Committee are to be appointed through resolution by the Board of Directors.

The Nominating and Compensation Committee shall discuss the following matters regarding the nomination of directors and executive officers based on consultations by the Board of Directors.

1. Matters related to the selection of director candidates to be presented at the ordinary general meeting of shareholders
2. Matters related to the selection of executive officers bearing special titles

3. Other matters for which the Board of Directors may seek counsel

The Nominating and Compensation Committee shall be delegated authority from the Board of Directors to discuss the following matters and make decisions regarding the compensation paid to directors and executive officers, with compensation of directors being contained within the confines of the compensation systems and limits approved at the ordinary general meeting of shareholders.

1. Matters related to the compensation of individual directors and executive officers
2. Matters related to changes in compensation systems for directors and executive officers
3. Other matters for which the Board of Directors may seek counsel or delegate authority

Internal regulations specify that the Nominating and Compensation Committee is to consist of at least three members, two or more of whom should, in principle, be external directors. Moreover, the only member appointed internally should be the representative director for the purpose of ensuring independence from the Company. The Nominating and Compensation Committee currently comprises the representative director and two external directors, and is thus composed of a majority of external directors.

Supplementary Principle 4.11.1: Policies Regarding the Composition of the Board of Directors and the Audit & Supervisory Board

The Board of Directors is to be composed of directors from a diverse range of backgrounds with differing specialties and experience and of various genders, nationalities, and ages. Based on the number of directors pursuant to the articles of incorporation, an optimal number of directors is to be maintained to ensure that the Board of Directors is able to function with the highest possible level of effectiveness and efficiency from the following perspectives.

1. Securing a level of diversity necessary to guarantee appropriate management decision making and supervision
2. Facilitating lively discussions at meetings of the Board of Directors centered on external directors (independent directors)

In principle, one-third of directors should be external directors (independent directors) in order to incorporate a wealth of outside experience and specialized insight into management, strengthen supervisory functions for the Board of Directors, and improve the transparency of management.

Audit & Supervisory Board members to be appointed shall possess the prerequisite experience and skills and have insight with regard to areas such as finance, accounting, and legal affairs. At least one Audit & Supervisory Board member shall possess specialties related to finance and accounting. Based on the number of Audit & Supervisory Board members pursuant to the articles of incorporation, the Audit & Supervisory Board is to be composed of a majority of external Audit & Supervisory Board members.

Since 2019, MARUI GROUP has been utilizing objective surveys by third-party institutions while taking steps to ensure that management is fully able to capitalize on the unique characteristics and diversity of directors, Audit & Supervisory Board members, and executive officers. Information on this matter is disclosed in the Company's co-creation management reports. The Company will continue to examine the skills and qualities required of management and will provide timely disclosure on this matter.

As stated under the Board of Directors heading of section II-1 of this report, some of MARUI GROUP's external directors possess experience in the management of other companies.

Co-Creation Management Report 2020

https://www.0101maruigroup.co.jp/en/ir/pdf/i_report/2020/i_report2020_ena3.pdf

Supplementary Principle 4.11.2: Concurrent Positions Held by Directors and Audit & Supervisory Board Members

Directors and Audit & Supervisory Board members are not to allow concurrent positions as officers at other companies to interfere with the performance of their duties at the Company, and all major concurrent positions are to be disclosed each year.

Supplementary Principle 4.11.3: Analyses and Evaluations of Effectiveness of the Board of Directors

The *MARUI GROUP Corporate Governance Guidelines* stipulate that, in order to improve the functionality of the Board of Directors, the Board's effectiveness is to be analyzed and evaluated once a year, in principle. Accordingly, the effectiveness of the Board of Directors was evaluated in the fiscal year ended March 31, 2021.

Evaluation Process

All directors and Audit & Supervisory Board members completed a self-evaluation survey of the effectiveness of the Board of Directors that comprised 42 questions in the following six categories. Based on the results of this survey, information on the current evaluation of the Board of Directors, the areas requiring improvement, and future initiatives was shared and confirmed at a meeting of the Board of Directors.

- I. Size and composition of the Board of Directors
- II. Proceedings of meetings of the Board of Directors
- III. Support systems for directors and Audit & Supervisory Board members
- IV. Decision-making process of the Board of Directors
- V. Nominating and Compensation Committee and officer compensation
- VI. Role and duties of the Board of Directors

The possibility of acquiring third-party verification for the results of the evaluation of effectiveness of the Board of Directors was examined. However, opinions were received, including from external directors, stating that the current self-evaluation methodology was sufficiently effective.

Overview of Results

By steadily advancing initiatives based on the results of annual evaluations of the effectiveness of the Board of Directors, the Board of Directors of MARUI GROUP has maintained the same high level of effectiveness seen in the previous fiscal year.

Meanwhile, several suggestions were received on adjusting the scale and composition of the Board of Directors in order to improve its diversity and thereby accelerate sustainability management to drive further improvements in corporate value. Specific examples for suggested improvements included increasing the ratio of external directors and female officers and improving age diversity.

In addition, it was suggested that more time at meetings of the Board of Directors should be devoted to discussion of important themes pertaining to medium-to-long-term business strategies, such as directives for future business strategies and sustainability initiatives.

[Future Initiatives]

To address the identified need to improve the diversity of the Board of Directors, the Company appointed three new directors in the fiscal year ending March 31, 2022: Yasunori Nakagami, CEO of Misaki Capital Inc., an investment fund manager that is a shareholder of MARUI GROUP, and a proponent of improving medium-to-long-term corporate value

via management practices in which managers, employees, and shareholders work together; Peter David Pedersen, environmental specialist and MARUI GROUP sustainability advisor; and Reiko Kojima, MARUI GROUP company physician and CWO (Chief Wellbeing Officer) responsible for promoting well-being management. The inclusion of these three individuals on the Board of Directors will raise the ratio of external directors to 50% and the ratio of female directors to 33% while enabling for more multifaceted discussions from the perspectives of a wider range of stakeholders. In addition, the Company will continue to cultivate junior female employees and identify and foster officer candidates from a long-term perspective through the future leader development program.

In addition, steps were taken to bolster discussions at the meetings of the Board of Directors by devoting more time to discussions of important themes in order to facilitate the establishment of the new medium-term management plan launched in the fiscal year ending March 31, 2022, and to ensure the steady progress of the plan's initiatives. In this manner, the process for important decision making was enhanced.

Going forward, the Company will keep enhancing its corporate governance systems to further improve the effectiveness of the Board of Directors.

Supplementary Principle 4.14.2: Policies for Training Directors and Audit & Supervisory Board members

The Board of Directors has established internal systems for providing directors, Audit & Supervisory Board members, and executive officers with the training and information necessary for properly fulfilling their roles and performing their duties.

Upon being appointed to their position, new directors, Audit & Supervisory Board members, and executive officers undergo training on laws, finances, corporate governance, risk management, and other matters.

Upon being appointed to their position, new external directors and external Audit & Supervisory Board members are provided with opportunities to receive information related to the Company, such as that regarding its corporate philosophy, corporate culture, business activities, finances, organizational characteristics, and other matters.

After being appointed to their position, directors, Audit & Supervisory Board members, and executive officers are provided with ongoing training opportunities based on their duties, skills, and experience, and the Company makes necessary arrangements for the pursuit of education opportunities outside the Company and covers any necessary expenses.

Principle 5.1: Policies for Constructive Dialogue with Shareholders

Supplementary Principle 5.1.1: Company Representatives Responsible for Dialogue (Meetings) with Shareholders

The Company practices constructive communication with shareholders in order to realize medium-to-long-term improvements in corporate value.

The Company actively improves upon its investor relations activities in order to facilitate understanding with regard to its corporate philosophy, management strategies, business performance, and other matters.

Communications with shareholders are advanced through effective coordination between the CFO and the executive officer in charge of investor relations and overseen by the president and representative director.

Requests for individual meetings by shareholders are catered to as appropriate and as rationally feasible based on the details of the request and the purpose of the meeting, with the Investor Relations Division serving as the primary venue for issuing such requests and members of management, internal and external directors, and Audit & Supervisory Board members meeting with shareholders based on the request.

In order to facilitate constructive communication with shareholders, the Investor Relations Division and other

relevant divisions coordinate their efforts, periodically exchanging information and sharing opinions based on specialized insight.

The invaluable opinions and requests received from shareholders through communication activities are reflected in meetings of the Board of Directors when appropriate.

The Company will periodically research the distribution of its shareholder base. The findings will be used to enhance communication with shareholders by utilizing the communication method that is most ideal for each different shareholder type.

In communicating with shareholders, the Company will comply with relevant laws and regulations and manage insider information in an appropriate manner.

Principle 5.2: Establishing and Disclosing Business Strategies and Business Plans

The Company shall formulate management strategies and plans based on the corporate philosophy and an accurate understanding of the Company's capital costs (shareholders' equity costs and weighted average cost of capital) and disclose related information. The progress of these management strategies and plans is to be confirmed and analyzed annually. When deemed necessary, revisions shall be instituted with regard to areas such as business structures or plans for allocating management resources to new business investments, capital investments, or investments in human resource development.

2. Capital Structure

Ratio of shares held by foreign institutions and individuals **Updated**

More than 30%

【Major Shareholders】 **Updated**

Name	Number of shares	Percent of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	35,329,500	16.44
Japan Trustee Services Bank, Ltd. (Trust Account)	17,443,800	8.11
Misaki Engagement Master Fund	6,911,300	3.22
Aoi Real Estate Co., Ltd.	6,019,606	2.80
MUFG Bank, Ltd.	5,808,184	2.70
Trust & Custody Services Bank, Ltd. (Trust Account 7)	4,955,000	2.31
TOHO CO., LTD.	3,779,300	1.76
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,404,700	1.58
AOI SCHOLARSHIP FOUNDATION	3,247,735	1.51
JP MORGAN CHASE BANK 385781Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,095,719	1.44

Has controlling shareholders (excluding parent company)	-----
Has parent company	No

Supplementary Information **Updated**

1. The Company holds 8,704,000 shares of treasury stock. Percentage of total shares issued is calculated excluding treasury stock.
2. Percentage of total shares issued is calculated excluding treasury stock and including 545,000 shares held under the Board Incentive Plan Trust scheme and the Employee Stock Ownership Plan Trust scheme.

3. Company Details

Stock exchange, section	Tokyo Stock Exchange, First Section
Fiscal year-end	March 31
Industry	Retail
Number of employees at end of previous fiscal year (consolidated)	More than 1,000
Net sales in previous fiscal year (consolidated)	More than ¥100 billion, less than ¥1 trillion
Number of consolidated subsidiaries at end of previous fiscal year	Less than 10

4. Guidelines for Measures to Protect Minority Shareholders in the Event of Transactions with Controlling Shareholders

5. Other Conditions That May Materially Affect Corporate Governance

N/A

II. System of Business Management Organization for Management Decision Making, Operational Execution, and Auditing and Other Corporate Governance Systems

1. Organizational Structures and Operation

Organizational structure	Company with Company Auditors
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【Board of Directors】

Number of directors pursuant to articles of incorporation	15
Term of directors pursuant to articles of incorporation	1 year
Chairman of Board of Directors	President
Number of directors Updated	6
Has external directors	Yes
Number of external directors	3
Number of external directors who are also independent directors	3

Relationship between External Directors and the Company (1) **Updated**

Name	Association	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Etsuko Okajima	Comes from other company								△			
Yasunori Nakagami	Comes from other company											
Peter David Pedersen	Comes from other company							○				

* Multiple choice items regarding relationship with the Company

*○ indicates that the individual is now or was recently applicable under the item.

△ indicates that the individual was applicable under the item in the past.

*● indicates that a close relative of the individual is now or was recently applicable under the item.

▲ indicates that a close relative of the individual was applicable under the item in the past.

a. A person involved in operation of the Company, its subsidiaries, or its affiliates

b. A person involved in operation or a non-executive director of the parent company of the Company

c. A person involved in operation of a subsidiary of the parent company of the Company

d. An entity or a person involved in operation of an entity that has a significant business relationship with the Company

e. An entity or a person involved in operation of an entity with which the Company has a significant business relationship

- f. A consultant, an accounting specialist, or a legal specialist receiving large amounts of monetary payments or other financial assets from the Company, its subsidiaries, or its affiliates that are separate from the compensation paid for services as a director or an Audit & Supervisory Board member
- g. A major shareholder of the Company or a person involved in operation of an entity that is a major shareholder of the Company
- h. A person involved in operation of an entity with which the Company has a significant business relationship who does not qualify under d., e., or f. above (only applies to individual in question)
- i. A person involved in operation of an entity at which a person involved in operation of the Company, its subsidiaries, or its affiliates serves as an external director or an Audit & Supervisory Board member (only applies to individual in question)
- j. A person involved in operation of an entity that receives large amounts of donations from the Company, its subsidiaries, or its affiliates (only applies to individual in question)
- k. Other

Relationship between External Directors and the Company (2) Updated

Name	Independent director	Supplementary information regarding status of independence	Reason for appointment
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<p>Etsuko Okajima</p>	<p>○</p>	<p>Ms. Etsuko Okajima is also president & CEO of ProNova Inc. This company was contracted by the Company to provide assistance with training on supporting the contributions of female employees in the fiscal years ended March 31, 2015 and 2016. In both of these years, the amounts paid to ProNova for this purpose did not exceed ¥4 million. Regardless of this past transactional relationship, Ms. Okajima meets the Company's Criteria for Independence of External Directors and Audit & Supervisory Board Members, and this past relationship has no impact on her actual independence from the Company's management.</p> <ul style="list-style-type: none"> • Career history, positions, responsibilities, and major concurrent positions <p>Apr. 1989 Joined Mitsubishi Corporation</p> <p>Jan. 2001 Joined McKinsey & Company</p> <p>Jul. 2005 Representative and CEO, GLOBIS Management Bank</p> <p>Jun. 2007 President & CEO, ProNova Inc. (Incumbent)</p> <p>Jun. 2014 External Director (Incumbent)</p> <p>Dec. 2020 Director, euglena Co., Ltd. (Incumbent)</p>	<p>Ms. Etsuko Okajima has experience and extensive knowledge related to corporate management, diversity, and the cultivation of future leaders. She has performed her duties as an external director of the Company properly by voicing questions and opinions from an objective, independent position. As the Company believes that she can continue to contribute to the reinforcement of the supervisory function for the management of the Company, the Company has appointed her as an external director. It was also judged that she has an objective standpoint as an external director of the Company who does not present the risk of conflicts of interest with general shareholders. Notification has therefore been submitted to the Tokyo Stock Exchange designating her as an independent director.</p>
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<p>Yasunori Nakagami</p>	<p>○</p>	<p>• Career history, positions, responsibilities, and major concurrent positions</p> <p>Apr. 1986 Joined Andersen Consulting (currently Accenture plc)</p> <p>Jul. 1991 Joined Corporate Directions, Inc.</p> <p>Mar. 2005 Representative Director and CEO, Asuka Corporate Advisory Co., Ltd.</p> <p>Oct. 2013 Representative Director and CEO, Misaki Capital Inc. (Incumbent)</p> <p>Jun. 2021 External Director (Incumbent)</p>	<p>Mr. Yasunori Nakagami has accumulated a wealth of experience at management consulting firms and investment management companies through which he has amassed exceptional insight regarding corporate management that emphasizes capital markets. The Company has appointed him as an external director as it was judged that he would be able to contribute to the supervision of overall management from an independent and objective standpoint. In addition, Mr. Nakagami is the CEO of Misaki Capital Inc., a company that operates Misaki Engagement Master Fund, a major shareholder of the Company. Nonetheless, the Company has judged that Mr. Nakagami fulfills the Criteria for Independence of External Directors and Audit & Supervisory Board Members described under “Other Matters regarding Independent Directors and Auditors” below. It was thus judged that he has an objective standpoint as an external director of the Company who does not present the risk of conflicts of interest with general shareholders. Notification has therefore been submitted to the Tokyo Stock Exchange designating him as an independent director.</p>
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Peter David Pedersen	○	<p>Mr. Peter David Pedersen has served as an advisor of MARUI GROUP since January 2019, and he has provided advice on sustainability management in this role. He is also representative director of Next Leaders' Initiative for Sustainability (NELIS). MARUI GROUP participates in activities sponsored by NELIS. In the fiscal year ended March 31, 2021, advisor fees and activity participation fees paid to Mr. Pedersen and NELIS totaled ¥4 million. Accordingly, Mr. Pedersen meets the Company's Criteria for Independence of External Directors and Audit & Supervisory Board Members regardless of this transactional relationship, and this relationship has no impact on his actual independence from the Company's management.</p> <p>• Career history, positions, responsibilities, and major concurrent positions</p> <p>Sep. 2000 CEO, E-Square Inc.</p> <p>Jan. 2015 Representative Director, Next Leaders' Initiative for Sustainability (Incumbent)</p> <p>Feb. 2020 Professor, Graduate School of Leadership and Innovation, Shizenkan University (Incumbent)</p> <p>Jun. 2021 External Director (Incumbent)</p>	<p>Mr. Peter David Pedersen has accumulated a wealth of experience at environmental and CSR consulting firms through which he has amassed exceptional insight regarding global-level sustainability management. The Company has appointed him as an external director as it was judged that he would be able to contribute to the supervision of overall management from an independent and objective standpoint. It was also judged that he has an objective standpoint as an external director of the Company who does not present the risk of conflicts of interest with general shareholders. Notification has therefore been submitted to the Tokyo Stock Exchange designating him as an independent director.</p>
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Has committees equivalent to nominating committee or compensation committee

Yes

Voluntarily Established Committees, Committee Members, and Position of Committee Chairman

	Committee name	Total members	Full-time members	Internal directors	External directors	External specialists	Other	Committee chairman
Voluntarily established committee equivalent to a nominating committee	Nominating and Compensation Committee	3	0	1	2	0	0	No
Voluntarily established committee equivalent to a compensation committee	Nominating and Compensation Committee	3	0	1	2	0	0	No

Supplementary Information

The Nominating and Compensation Committee will be put in place to improve the transparency and objectivity of the deliberation process related to the nomination of directors and executive officers bearing special titles and to compensation systems for directors and executive officers.

The Nominating and Compensation Committee is to consist of at least three members, two or more of whom should, in principle, be external directors.

Members of the Nominating and Compensation Committee are to be appointed through resolution by the Board of Directors.

The Nominating and Compensation Committee shall discuss the following matters regarding the nomination of directors and executive officers bearing special titles based on consultations by the Board of Directors.

1. Matters related to the selection of director candidates to be presented at the ordinary general meeting of shareholders
2. Matters related to the selection of executive officers bearing special titles
3. Other matters for which the Board of Directors may seek counsel

The Nominating and Compensation Committee shall be delegated authority from the Board of Directors to discuss the following matters and make decisions regarding the compensation paid to directors and executive officers, with compensation of directors being contained within the confines of the compensation systems and limits approved at the ordinary general meeting of shareholders.

1. Matters related to the compensation of individual directors and executive officers
2. Matters related to changes in compensation systems for directors and executive officers
3. Other matters for which the Board of Directors may seek counsel or delegate authority

In the fiscal year ended March 31, 2021, the Nominating and Compensation Committee met five times to discuss and make decisions regarding the following matters.

- MARUI GROUP's executive team for the fiscal year ended March 31, 2021 (meeting held in April 2020)

Takehiko Takagi	Licensed tax accountant																		
Yoko Suzuki	Attorney																		

* Multiple choice items regarding relationship with the Company

*○ indicates that the individual is now or was recently applicable under the item.

△ indicates that the individual was applicable under the item in the past.

*● indicates that a close relative of the individual is now or was recently applicable under the item.

▲ indicates that a close relative of the individual was applicable under the item in the past.

- a. A person involved in operation of the Company, its subsidiaries, or its affiliates
- b. A non-executive director or an accounting advisor of the Company, its subsidiaries, or its affiliates
- c. A person involved in operation or a non-executive director of the parent company of the Company
- d. An Audit & Supervisory Board member of the parent company of the Company
- e. A person involved in operation of a subsidiary of the parent company of the Company
- f. An entity or a person involved in operation of an entity that has a significant business relationship with the Company
- g. An entity or a person involved in operation of an entity with which the Company has a significant business relationship
- h. A consultant, an accounting specialist, or a legal specialist receiving large amounts of monetary payments or other financial assets from the Company, its subsidiaries, or its affiliates that are separate from the compensation paid for services as a director or an Audit & Supervisory Board member
- i. A major shareholder of the Company or a person involved in operation of an entity that is a major shareholder of the Company
- j. A person involved in operation of an entity with which the Company has a significant business relationship who does not qualify under f., g., or h. above (only applies to individual in question)
- k. A person involved in operation of an entity at which a person involved in operation of the Company, its subsidiaries, or its affiliates serves as an external director or an Audit & Supervisory Board member (only applies to individual in question)
- l. A person involved in operation of an entity that receives large amounts of donations from the Company, its subsidiaries, or its affiliates (only applies to individual in question)
- m. Other

Relationship between External Audit & Supervisory Board Members and the Company (2) Updated

Name	Independent auditor	Supplementary information regarding status of independence	Reason for appointment
Takehiko Takagi	○	<ul style="list-style-type: none"> • Career history, positions, responsibilities, and major concurrent positions Jul. 2001 Chief, Kanazawa Regional Taxation Bureau Jul. 2002 President, National Tax College Jul. 2003 Retired from National Tax Administration Agency Aug. 2003 Registered as Certified Public Tax Accountant Jun. 2008 External Audit & Supervisory Board Member (Incumbent) Jun. 2010 External Audit & Supervisory Board Member, KAWADA TECHNOLOGIES, Inc. (Incumbent) 	<p>Mr. Takehiko Takagi possesses the qualifications of a licensed tax accountant and has accumulated a wealth of specialized insight and experience related to accounting. In the past, he has effectively carried out his duties as an external Audit & Supervisory Board member of the Company. Mr. Takagi was therefore appointed as an external Audit & Supervisory Board member so that he may continue these duties. Furthermore, Mr. Takagi was designated as an independent auditor because it was judged that he has an objective standpoint as an external Audit & Supervisory Board member of the Company who does not present the risk of conflicts of interest with general shareholders. Notification has therefore been submitted to the Tokyo Stock Exchange designating him as an independent auditor.</p>

Yoko Suzuki	○	<p>• Career history, positions, responsibilities, and major concurrent positions</p> <p>Apr. 1998 Registered as Attorney Joined Takagi Law Office</p> <p>Nov. 2002 Partner, Suzuki Sogo Law Office (Incumbent)</p> <p>Apr. 2015 Auditor, Research Institute of Economy, Trade and Industry (Incumbent)</p> <p>Mar. 2018 Member of the Board, Bridgestone Corporation (Incumbent)</p> <p>Jun. 2018 Outside Director and Audit & Supervisory Board Member, Nippon Pigment Co., Ltd. (Incumbent)</p> <p>Jun. 2020 External Audit & Supervisory Board Member (Incumbent)</p>	<p>Ms. Yoko Suzuki has accumulated specialized insight during her career as an attorney and a wealth of legal experience and insight gained as an outside director and Audit & Supervisory Board member at another company. She is therefore well versed in performing audits regarding corporate legal affairs and legal compliance. Based on the above reasons, the Company believes that she can contribute to impartial audits as an external Audit & Supervisory Board member. Accordingly, the Company has appointed her as an external Audit & Supervisory Board member.</p>
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【Independent Directors and Auditors】

Number of independent directors and auditors

5

Other Matters regarding Independent Directors and Auditors

MARUI GROUP aims to ensure the appropriate levels of objectivity and transparency necessary for effective corporate governance. For this reason, it has established the following criteria for determining the independence of external directors, external Audit & Supervisory Board members, and candidates for these two positions. Individuals that meet all of these criteria are judged to be sufficiently independent from the Company.

1. The individual must not be a person involved in operation*¹ of the Company, its subsidiaries, or its affiliates and must not have been a person involved in operation during the past 10 years.

2. The individual must not be a major supplier^{*2} of the Company, its subsidiaries, or its affiliates or a person involved in operation of a major supplier.
3. The individual must not be a major customer^{*3} of the Company, its subsidiaries, or its affiliates or a person involved in operation of a major customer.
4. The individual must not be a major shareholder of the Company possessing direct or indirect holdings equating to 10% or more of voting rights or a person involved in operation of a major shareholder.
5. The individual must not be a person involved in operation of an entity that possesses direct or indirect holdings equating to 10% or more of the total voting rights of the Company, its subsidiaries, or its affiliates.
6. The individual must not be a consultant, a certified public accountant or other accounting specialist, or a lawyer or other legal specialist receiving large amounts of monetary payments or other financial assets (more than ¥10 million) from the Company, its subsidiaries, or its affiliates that are separate from the compensation paid for services as a director or Audit & Supervisory Board member. The individual also must not belong to a company or other organization that receives such payments or assets.
7. The individual must not receive large amounts of monetary payments or other financial assets (more than ¥10 million) as donations from the Company, its subsidiaries, or its affiliates and must not belong to a company or other organization that receives such donations.
8. The individual must not be the accounting auditor of the Company. The individual also must not belong to a company or other organization that serves as the accounting auditor of the Company.
9. The individual must not have been applicable under items 2. to 8. during the past five years.
10. The individual must not be a relative (one's spouse or second-degree relatives) of an individual that qualifies under items 2. to 8. (only applicable to relatives of important persons involved in operation^{*4} for all items except items 6. and 8.).
11. The individual must not be a person involved in operation of another company at which a person involved in operation of the Company, its subsidiaries, or its affiliates serves as an external director or Audit & Supervisory Board member.

Notes:

*1 A "person involved in operation" is defined as an executive director, executive officer, or employee with operational execution responsibilities of a stock company; a director of a non-company legal entity or organization; or individuals serving persons in similar positions or at similar companies, non-company legal entities, or organizations.

*2 A "major supplier" is defined as an entity that fulfills one of the following conditions:

1. A supplier group (the corporate group to which the supplier that serves as the direct transaction counterparty belongs) that provides products or services to the Company, its subsidiaries, or its affiliates and for which transactions with the Company, its subsidiaries, and its affiliates equated to more than ¥10 million and represented more than 2% of the total consolidated net sales(consolidated revenue) or transaction revenues of the supplier group in the most recently completed fiscal year.

2. A supplier group with which liabilities of the Company, its subsidiaries, or its affiliates are associated and for which the applicable liabilities equated to more than ¥10 million and represented more than 2% of the consolidated total assets of the supplier group as of the end of the most recently completed fiscal year.

*3 A "major customer" is defined as an entity that fulfills one of the following conditions:

1. A customer group (the corporate group to which the customer that serves as the direct transaction counterparty

belongs) to which the Company, its subsidiaries, or its affiliates provide products or services and for which the total amount of transactions with the customer group equated to more than ¥10 million and represented more than 2% of the consolidated revenues of the Company in the most recently completed fiscal year.

2. A customer group possessing liabilities that are associated with the Company, its subsidiaries, or its affiliates and that equated to more than ¥10 million and represented more than 2% of the consolidated total assets of the Company as of the end of the most recently completed fiscal year.

3. A financial group (the financial group to which the customer that serves as the direct transaction counterparty belongs) from which the Company, its subsidiaries, or its affiliates procure funds through borrowings and from which the total amount of funds borrowed represented more than 2% of the consolidated total assets of the Company as of the end of the most recently completed fiscal year.

*4 “Important persons involved in operation” refers to directors, executive officers, and employees with operational execution responsibilities ranked as division manager or higher or individuals with similar operational execution authority.

【Incentive Systems】

Incentives provided to directors

Performance-linked compensation systems

Supplementary Information

Please refer to the “Disclosed Policies for Deciding Compensation Amounts and Calculation Methods” section of this report.

Individuals able to receive stock options

Supplementary Information

【Director Compensation】

Disclosure of compensation of individual directors

Certain details regarding the compensation of individual directors disclosed

Supplementary Information **Updated**

In the fiscal year ended March 31, 2021, the total amount of compensation paid to directors was ¥186 million and the total amount paid to Audit & Supervisory Board members was ¥51 million, for a combined total of ¥237 million.

■ Officer Compensation in the Fiscal Year Ended March 31, 2021 (Millions of yen)

	Number of recipients	Basic compensation	Performance-linked	Performance-linked stock-	Total compensation

			bonuses	based compensation	
Directors (Of whom, external directors)	8 (3)	178 (37)	0 (—)	7 (—)	186 (37)
Audit & Supervisory Board members (Of whom, external Audit & Supervisory Board members)	6 (3)	51 (16)	— (—)	— (—)	51 (16)
Total	14	230	0	7	237

Notes:

1. On March 31, 2021, the number of directors was eight and the number of Audit & Supervisory Board members was four. However, the above number of recipients includes two Audit & Supervisory Board members that retired following the end of their term upon the conclusion of the Ordinary General Meeting of Shareholders held in June 2020. In addition, one director not included in the number of recipients above received ¥16 million in compensation from a subsidiary.
2. Amounts for performance-linked bonuses and performance-linked stock-based compensation were recorded as expenses in the fiscal year ended March 31, 2021.
3. Ratio from the fiscal year ended March 31, 2020, forward

Basic compensation : Performance-linked bonuses : Performance-linked stock-based compensation = 6 : 1 : 3

■ Target Indicators and Performance-Linked Coefficients and Results in the Fiscal Year Ended March 31, 2021

	Target indicator	Target	Performance
Performance-linked bonuses	EPS	¥130	¥10.86
Performance-linked stock-based compensation	Financial indicators	EPS	¥130 or more
		ROE	10.0% or more
	ROIC	4.0% or more	1.4%
	Non-financial indicators	ESG indicators	Inclusion in DJSI World
			Included

■ Performance-Linked Stock-Based Compensation in the Fiscal Year Ending March 31, 2022, and Beyond

· Over the three-year period beginning with the fiscal year ending March 31, 2022, and ending with the fiscal year ending March 31, 2024, directors will be awarded points based on their rank at a set time each year. These points will then be adjusted via a performance-linked coefficient within the range of 0% to 110% determined based on the degree of accomplishment of targets for performance indicators (earnings per share, return on equity, and return on invested capital as well as ESG indicators defined to facilitate the promotion of co-creation sustainability management) in the fiscal year ending March 31, 2024. Shares of the Company's stock will then be allocated to each director in reflection of their aggregate total of points post-adjustment.

Calculation Method for Allocation of Shares

Shares allocated = Aggregate points awarded based on rank × (Financial performance-linked coefficient + Non-financial performance-linked coefficient)

■ Target Indicators and Performance-Linked Coefficients

	Target indicator	Target	Performance	Performance-linked coefficient
Fiscal year ending March 31, 2024	EPS	¥140	—	0%–110% Adjusted based on degree of accomplishment of target for each indicator
	ROE	10.0%		
	ROIC	3.8%		
	ESG indicators related to CO ₂ emissions reductions, etc.			

■ Matters Regarding Compensation of Directors and Audit & Supervisory Board Members Decided by the Ordinary General Meeting of Shareholders

Fixed Compensation for Directors

At the Ordinary General Meeting of Shareholders held on June 27, 2012, the upper limit for basic compensation (excluding salaries paid to directors that are also employees of the Company or Group companies) to directors (excluding external directors) was set at ¥300 million a year. The number of directors at the time of the conclusion of the aforementioned Ordinary General Meeting of Shareholders was seven (of whom one was an external director). At the Ordinary General Meeting of Shareholders held on June 26, 2016, the upper limit for basic compensation to outside directors was set at ¥50 million a year. The number of external directors at the time of the conclusion of the aforementioned Ordinary General Meeting of Shareholders was two.

Performance-Linked Bonuses for Directors

At the Ordinary General Meeting of Shareholders held on June 29, 2016, the upper limit for performance-linked bonuses (excluding bonuses paid to directors that are also employees of the Company or Group companies) to directors (excluding external directors) in a given fiscal year was set at ¥100 million. The number of directors at the time of the conclusion of the aforementioned Ordinary General Meeting of Shareholders was six (of whom two were external directors).

Performance-Linked Stock-Based Compensation for Directors

At the Ordinary General Meeting of Shareholders held on June 20, 2019, it was determined that the upper limit for fund contributions from the Company under the performance-linked stock-based compensation scheme from the fiscal year ended March 31, 2020, would be ¥200 million multiplied by the number of years in the given allocation scheme period. Accordingly, the upper limit for the two-year period beginning with the fiscal year ended March 31, 2020, and ending with the fiscal year ended March 31, 2021, was set as ¥400 million. In addition, it was determined that the upper limit for shares of the Company's stock acquired by directors from the fiscal year ended March 31, 2020, would be 10,000 points (equivalent to 10,000 shares) multiplied by the number of years in the given allocation scheme period. Accordingly, the upper limit for the two-year period beginning with the fiscal year ended March 31, 2020, and ending with the fiscal year ended March 31, 2021, was set at 20,000 points [(equivalent to 20,000 shares)]. The number of directors at the time of the conclusion of the aforementioned Ordinary General Meeting of Shareholders was seven (of whom three were external

directors).

Compensation for Audit & Supervisory Board Members

At the Ordinary General Meeting of Shareholders held on April 28, 1987, the upper limit for monthly compensation of Audit & Supervisory Board members was set at ¥6 million. The number of Audit & Supervisory Board members at the time of the conclusion of the aforementioned Ordinary General Meeting of Shareholders was three.

Has policies for deciding compensation amounts and calculation methods **Updated**

Yes

Disclosed Policies for Deciding Compensation Amounts and Calculation Methods

Policies for determining the compensation paid to individual directors have been decided by the Board of Directors as follows.

1. Basic Policy

Compensation for directors shall be linked to shareholder interests in order to provide sufficient incentive for pursuing medium-to-long-term improvements in corporate value.

Compensation for directors (excluding external directors and directors that do not reside in Japan) comprises fixed basic compensation as well as performance-linked bonuses, which are based on the performance of the Company in a given fiscal year to function as a short-term incentive, and performance-linked stock-based compensation, which is based on the medium-to-long-term performance of the Company to function as a medium-to-long-term incentive.

Benchmarks for compensation levels and the ratios of compensation are set based on the officer compensation levels and ratios of companies of a similar scale to MARUI GROUP as determined using data from officer compensation surveys conducted by external research firms. The Company's compensation levels and ratios are checked against these benchmarks each year.

External directors will only receive fixed basic compensation based on their position to ensure that they maintain an independent standpoint.

2. Policies for Determining Amounts of Fixed Basic Compensation Paid to Individual Directors (Including Policies for Deciding Payment Timing and Conditions)

Basic compensation shall be paid to directors as a fixed amount on a monthly basis in accordance with the payment conditions determined for each director rank by the Nominating and Compensation Committee in line with the basic policy described in 1. above.

3. Policies for Determining Amounts and Calculation Methods for Variable Compensation (Bonuses and Stock Compensation) Paid to Individual Directors (Including Policies for Determining Performance Indicators, Amounts Linked to Specific Indicators, and Payment Timing and Conditions)

- Performance-linked bonuses

Performance-linked bonuses are decided in accordance with the duties of each director and with the goal of increasing motivation for improving performance on a single fiscal year basis. Performance-linked coefficients are set based on the degree of accomplishment of targets for performance indicators in a given fiscal year, and these coefficients are multiplied by the standard amount of compensation defined for each rank.

- Performance-linked stock-based compensation

The Company employs a Board Incentive Plan Trust scheme in which a trust fund established through payments by the Company is used to issue shares of the Company's stock to directors.

To increase motivation to contribute to improved medium-to-long-term performance and corporate value for the Company, the period for the scheme is set to coincide with the Company's medium-term management plan, and performance-linked coefficients are determined based on the degree of accomplishment of the targets for Company performance indicators in the final year of this period. Directors are awarded points based on the performance-linked coefficients, and shares are allocated to each director in an amount that coincides with their aggregate number of points. Directors will only receive shares of the Company's stock equivalent to a portion of the number of points awarded. The value of remaining shares of the Company's stock will be appraised by the trust and directors will be paid a monetary amount equivalent to the appraisal value of said shares.

Shares awarded for the fiscal years ended March 31, 2020 and 2021, the first period for the Board Incentive Plan Trust scheme, will be subject to a transfer restriction period of one year from the date of allocation. Should the trust be continued for a period extended beyond the initially planned period, the period will be extended by a number of years equivalent to the remaining period of the current medium-term management plan and an additional two-year period will be established, and shares awarded for this period will also be subject to a transfer restriction period of one year from the date of allocation.

- Performance Indicators

Performance indicators for performance-linked bonuses and performance-linked stock-based compensation are decided in conjunction with the formulation of medium-term management plans to coincide with the objectives of the given plan and are adjusted as necessary based on the changes in the operating environment by the Board of Directors.

- Performance-linked bonus payment timing

Performance-linked bonuses for a given fiscal year are paid at a predetermined time during the following fiscal year.

- Performance-linked stock-based compensation payment timing

Directors that fulfill the requirements for allocations of shares will receive allocations of shares of the Company's stock in an amount equivalent to the allocated points, in principle, in June or later after the conclusion of the final year of the allocation scheme period.

4. Policy for Determining Ratios of Compensation Paid to Individual Directors

The ratios of compensation paid to individual directors are decided by the Board of Directors based on discussion by the Nominating and Compensation Committee in accordance with the basic policy described in 1. above.

5. Policies for Deciding the Amounts of Compensation Paid to Individual Directors

Amounts of compensation paid to individual directors are determined by the Nominating and Compensation Committee based on authority delegated by the Board of Directors in order to ensure the transparency and objectivity of the process of deliberating on compensation.

The Nominating and Compensation Committee is to consist of at least three members, two or more of whom should, in principle, be external directors. Members shall be decided by resolution of the Board of Directors.

The Nominating and Compensation Committee shall discuss and decide on the following matters, while adhering to the scope of the compensation systems and limits approved by the Ordinary General Meeting of Shareholders, based on comprehensive consideration of factors including the degree of responsibility for MARUI GROUP's management and the progress toward the targets of the medium-term management plan.

- Matters regarding payments of compensation to individual directors
- Matters regarding changes to compensation systems for directors
- Other matters for which consultation has been received or authority has been delegated from the Board of

Directors

Note: In the fiscal year ended March 31, 2021, the Nominating and Compensation Committee comprised the following three members:

Etsuko Okajima (External Director)

Yoshitaka Taguchi (External Director)

Hiroshi Aoi (President and Representative Director, Representative Executive Officer)

6. Other Important Matters Regarding Payments of Compensation to Individual Directors

For the performance-linked stock-based compensation, MARUI GROUP has instituted provisions that will enable it to seize the beneficiary rights of shares of the Company's stock to be allocated (malus) or to demand restitution in the form of monetary payments equivalent to the value of allocated shares (clawback) should an applicable director be found to have engaged in serious misconduct or legal violations.

Note: As described above, the Company has prescribed that the Nominating and Compensation Committee shall consist of a majority of external directors in order to ensure that it is able to properly exercise the authority for deciding amounts of compensation to be paid to individual directors delegated from the Board of Directors. When deciding amounts of compensation to be paid to individual directors for the fiscal year ended March 31, 2021, the Nominating and Compensation Committee engaged in multifaceted assessments from the same perspectives as the aforementioned policies, and the Board of Directors has therefore judged that compensation amounts were formulated based on the aforementioned policies.

【Support Systems for External Directors and Audit & Supervisory Board Members】

The Corporate Planning Division, the General Affairs Department, and the Audit Department are responsible for supporting external directors and Audit & Supervisory Board members. In addition, materials related to meetings of the Board of Directors are distributed to these individuals ahead of time, briefings on the content of these materials are provided, and other steps are taken to ensure these individuals are provided with the necessary information.

2. Matters Concerning Operational Execution, Audits, Supervision, Nomination, Compensation, and Other Functions (Overview of Current Corporate Governance System) Updated

The Company has appointed six directors, three of whom are external directors. The term of directors is set at one year to ensure the transparency of operational execution and clarify responsibility for management. In principle, the Board of Directors meets 10 times a year to deliberate on a comprehensive range of issues and supervise the operational execution of individual directors. The authority of Group directors and executive officers is clearly defined in MARUI GROUP's approval guidelines. In addition, subsidiaries are required to report to the Company with regard to important decisions, and the Company manages the business operations of subsidiaries as a holding company to ensure appropriateness. Furthermore, the Company employs the Company with Company Auditors system described in the Companies Act of Japan. The Company's Audit & Supervisory Board consists of four Audit & Supervisory Board members, two of whom are external Audit & Supervisory Board members. A substitute external Audit & Supervisory Board member was appointed at the Ordinary General Meeting of Shareholders held in June 2021, who will serve in place of other external Audit & Supervisory Board members should they become unable to fulfill their duties.

Information regarding the Nominating and Compensation Committee can be found under the Board of Directors heading of section II-1 of this report.

3. Reason for Selecting Current Corporate Governance System

The current corporate governance system was selected to facilitate lively discussion centered on the external directors (independent directors) and to strengthen the supervisory function for the Board of Directors. The Company chooses individuals with abundant experience and wide-ranging insight to serve as external directors so that they may contribute to enhancing the objectivity and transparency of management from an independent standpoint.

III. Initiatives concerning Shareholders and Other Stakeholders

1. Measures to Ensure Interactive Ordinary General Meetings of Shareholders and the Smooth Exercise of Voting Rights Updated

	Supplementary information
Early dispatch of notices of convocation of ordinary general meetings of shareholders	<p>The Company has been dispatching notices of convocation of ordinary general meetings of shareholders three weeks prior to meetings since the Ordinary General Meeting of Shareholders held in June 2013.</p> <p>Note: Notices of convocation for the Ordinary General Meeting of Shareholders held in June 2020 were dispatched 18 days prior to the meeting and were made available on the Company’s corporate website on the same day out of consideration for Japan’s state of emergency declaration in response to the global COVID-19 pandemic.</p>
Electronic methods of exercising voting rights	<p>Electronic methods of exercising voting rights were introduced at the Ordinary General Meeting of Shareholders held in June 2006.</p>
Participation in platforms for electronic voting rights exercise and other initiatives to enhance voting rights exercise options for institutional investors	<p>The Company began participating in a platform for electronic voting rights exercise with the Ordinary General Meeting of Shareholders held in June 2011.</p>
Provision of abbreviated English-language notices of convocation of ordinary general meetings of shareholders	<p>The Company has been providing abbreviated English-language notices of convocation of ordinary general meetings of shareholders since the Ordinary General Meeting of Shareholders held in June 2012.</p>

2. Investor Relations Activities

	Supplementary information	Explanations are provided directly from Company representative
Establishment and release of disclosure policy	<p>The MARUI GROUP Disclosure Policy is available for viewing on the Company’s website.</p>	

Regular explanatory forums for analysts and institutional investors	<p>Financial results briefings, MARUI GROUP IR DAY (business segment medium-term management plan progress explanatory forums and co-creation sustainability explanatory forums), and other forums are held quarterly.</p> <p>Note: Forums for analysts and institutional investors were held three times in the fiscal year ended March 31, 2021.</p>	Yes
Regular explanatory forums for overseas investors	<p>The Company has representatives visit overseas institutional investors and is always receptive toward visits to the Company from overseas investors.</p> <p>In addition, the Company regularly participates in conferences held by security companies.</p> <p>Note: Forums for overseas investors were held in the form of web conferences in the fiscal year ended March 31, 2021, in response to the COVID-19 pandemic.</p>	Yes
Investor relations materials provided via Company website	<p>Investor relations information: www.0101maruigroup.co.jp/en/</p> <p>Information is provided on financial results, key performance indicators, monthly operating performance, stock prices, ordinary general meetings of shareholders, and shareholder benefits while various reports, including co-creation management reports, electronic public notices, the MARUI GROUP Disclosure Policy, <i>VISION BOOK 2050</i>, and news releases are also made available along with an IR calendar (some information is available in Japanese only).</p>	
Division (representative) responsible for investor relations	IR Department	

3. Activities Concerning Respect for Stakeholders' Positions Updated

	Supplementary information	
Internal regulations requiring respect for stakeholders' positions	Regulations are defined in the MARUI GROUP Code of Conduct.	

Environmental preservation, CSR,
and other activities

The Sustainability Committee and the ESG and Disclosure Subcommittee, positioned as a part of the Sustainability Committee, were established to promote Groupwide co-creation sustainability management initiatives. Information on the Company's initiatives based on the framework recommended by the TCFD have been compiled in *VISION BOOK 2050*, which has been disclosed on the Company's corporate website, and other relevant information is available in the Company's ESG DATA BOOKs and annual securities reports.

VISION BOOK 2050:

http://www.0101maruigroup.co.jp/en/sustainability/pdf/s_report/2018/s_report2018_a3.pdf

Policies for disclosing information
to stakeholders

The Company complies with all relevant laws and regulations and conducts timely and appropriate information disclosure to ensure that its management is both impartial and highly transparent.

The Corporate Planning Division, the IR Department, the General Affairs Department, and the Financial Department are the entities responsible for information disclosure.

Both financial and pre-financial information will be actively disclosed if deemed valuable to shareholders and other stakeholders seeking to deepen their understanding of the Company.

Information is disclosed through venues that are easy to access for shareholders and other stakeholders.

English-language versions of documents are prepared and disclosed as deemed necessary.

IV. Internal Control Systems

1. Basic Policies for Internal Control Systems and Implementation Status Updated

As described in the “Company Systems and Implementation Status” section below, MARUI GROUP promotes sound, transparent, and efficient management from a Group management perspective.

The Board of Directors oversees the establishment and implementation of internal control systems to ensure that they function effectively with regard to compliance, reliability of financial reporting, risk management, and other matters.

[Company Systems and Implementation Status]

Systems to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, system to ensure that the business operations of the Company and the Group consisting of the Company and its subsidiaries (the Group) are duly executed, and status of implementation of those systems

[Systems]

The Group will proceed with the establishment of internal control systems from the perspective of Group management and promote sound, transparent, and efficient management.

1) System to ensure that execution of duties by directors complies with laws and regulations and the articles of incorporation

Directors shall perform their duties in a legally compliance and appropriate manner in accordance with officer regulations and the MARUI GROUP Code of Conduct.

The Board of Directors shall hold meetings, in principle, 10 times a year and supervise the execution of duties by directors.

Audit & Supervisory Board members shall audit independently the execution of duties by directors and executive officers in accordance with the regulations of the Audit & Supervisory Board.

Multiple highly independent external directors and external Audit & Supervisory Board members shall be appointed to enhance objectivity and transparency of management.

2) System for maintaining and managing information regarding execution of business by directors

The Company shall arrange the regulations for controlling documents, pursuant to which minutes of the Board of Directors and other important documents related to the execution of duties by directors shall be maintained.

3) Regulations related to controlling risks of loss and other systems

The Company shall maintain five committees to manage high-risk areas: the Public Relations IR Committee, the Internal Control Committee, the Information Security Committee, the Safety Control Committee, and the Insider Trading Prevention Committee as well as the Environment and CSR Promotion Committee.* Also, the Sustainability Committee and the Compliance Promotion Board, both of which are chaired by the president, shall be put in place to oversee the Environment and CSR Promotion Committee and the other five committees, respectively, and to promote risk management across the organization.

* The Environment and CSR Committee was renamed the ESG and Disclosure Subcommittee in April 2021.

Through coordination between the General Affairs Division and the Audit Department, which are responsible for

promoting internal control, information on the operations of Group companies, potential risk, and risk countermeasures is to be documented and monitored to minimize management risks and improve the effectiveness of internal control.

4) System to ensure that directors can execute their duties efficiently

In accordance with rules regarding authorization, the duties of directors and executive officers shall be explicitly defined, and directors and executive officers shall perform their duties in an efficient and swift manner.

5) System to ensure the reliability of financial reports

Companywide policies and procedures to ensure reliable financial reporting shall be formulated and the necessary systems shall be implemented and operated.

A system shall be established for evaluating risks arising from inappropriate statements with respect to important items of financial reports and for reducing risks.

A system for monitoring the internal control system with respect to financial reports shall be established to confirm the conditions and status of operation.

6) System to ensure that subsidiary directors and Group employees execute their duties in compliance with laws and regulations and the articles of incorporation

The MARUI GROUP Code of Conduct shall be fully disseminated to promote sound corporate activities grounded on high ethical standards.

In order to ensure full compliance with laws and regulations and internal rules across the entire Group, operational manuals in every category shall be prepared and internal training shall be conducted.

The MARUI GROUP Hot Line (internal reporting system), which allows direct contact with outside lawyers, has been set up to prevent problems from occurring and to facilitate the early detection of problems.

The Company shall conduct internal audits to maintain an understanding of the internal control status in order to improve compliance with laws, regulations, and internal rules.

7) Other systems for ensuring the appropriateness of business operations of the Group

Internal control systems of Group companies shall be documented and continuously reviewed.

Through the Compliance Promotion Board and the six committees, the Group shall confirm the latest information of the status of control at Group companies to maintain appropriate systems.

Systems established for reporting on important decisions made by subsidiaries to the Company in accordance with rules regarding authorization.

Coordination will be pursued with the Audit & Supervisory Board members and internal audit divisions of Group companies in order to establish auditing systems for ensuring proper transactions and accounting procedures.

The Group shall refuse any unwarranted demands and disassociate from anti-social organizations that threaten social order and safety and shall strengthen its ties with external specialists, such as the police and lawyers, to establish system to eradicate anti-social organizations.

8) Matters relating to employees of Audit & Supervisory Board members request their appointment as assistants, issues of independence of such employees from directors, and means of ensuring the effectiveness of instructions to such employees

Based on the requests of Audit & Supervisory Board members, audit staff with sufficient skills and knowledge shall be assigned to conduct requested duties.

Audit & Supervisory Board members shall be allowed to instruct audit staff to assist with their audit work, and

directors shall not interfere with such instruction.

- 9) Systems for reports to Audit & Supervisory Board members by directors or employees and systems for preventing disadvantageous treatment of reporters

The internal audit system shall be reinforced and support functions for Audit & Supervisory Board members shall be strengthened.

Directors and employees of Group companies shall promptly report to Audit & Supervisory Board members should they become aware of any misconduct, any fact that may be seriously damaging to any Group company, or any act that is in violation of laws, regulations, or the articles of incorporation.

It shall be confirmed that reporters have not suffered disadvantageous treatment as a result of reporting to Audit & Supervisory Board members.

- 10) Matters relating to the prepayment of expenses incurred during the execution of duties by Audit & Supervisory Board members and reimbursement procedures and policies on processing expenses and liabilities incurred during the execution of duties by Audit & Supervisory Board members

When Audit & Supervisory Board members request reimbursement for expenses incurred during the execution of their duties, such expenses shall be reimbursed, unless they are deemed unnecessary.

- 11) Other systems for ensuring that effective audits by Audit & Supervisory Board members

The Board of Directors shall earnestly cooperate with any request made by Audit & Supervisory Board members to ensure that they are able to perform their duties smoothly.

Representative directors and Audit & Supervisory Board members shall meet regularly and mutually confirm the status of the execution of their duties.

Audit & Supervisory Board members may attend meetings of the Board of Directors and other important management meetings as necessary to maintain an understanding of the processes leading up to the making of important decisions and of the status of the execution of duties.

Audit & Supervisory Board members may receive reports or information from directors and employees as necessary and inspect materials and records.

The Audit & Supervisory Board members of the Company may serve concurrently as Audit & Supervisory Board members of major subsidiaries in order to effectively share information and accurately confirm the status of the execution of duties.

[Implementation Status in the Fiscal Year Ended March 31, 2021]

- 1) Overall internal control system

The Group monitors the status of the overall internal control system through internal audits conducted jointly by the Audit & Supervisory Board members and the internal audit divisions of Group companies and pursues improvements in this system.

The Group documents information on the operations of Group companies, potential risks, and risk countermeasures. By monitoring the status of implementation of such measures through self-assessments and internal audits, the Group promotes highly effective internal control.

Various regulations have been developed at Group companies to clarify operating procedures and rules from an internal control perspective, and the regulations are reviewed and revised as necessary.

In regard to internal control related to financial reporting pursuant to the Financial Instruments and Exchange Act, the Internal Control Committee develops, operates, and evaluates such internal control based on the authority delegated from the Board of Directors.

2) Compliance system

The Company seeks to fully disseminate its MARUI GROUP Code of Conduct to its employees and promote sound corporate activities based on high ethical standards.

In order to ensure compliance with laws and regulations and internal rules, MARUI GROUP develops various manuals and promotes implementation of those manuals while also providing education to its employees. In the fiscal year ended March 31, 2021, MARUI GROUP once again conducted employee training on the important themes of information security and harassment in addition to practical training tailored to each business area.

For the purpose of preventing violation of laws and regulations and misconduct and implementing corrective actions, the Company has set up the MARUI GROUP Hot Line (internal reporting system) to allow employees to directly report to outside lawyers, and confirmed that the system was properly operated.

3) Risk management system

MARUI GROUP has established committees and subcommittees to manage high-risk areas. The Company is currently practicing effective risk control via one subcommittee (the Environment and CSR Committee*) and five committees (the Public Relations IR Committee, the Internal Control Committee, the Information Security Committee, the Safety Control Committee, and the Insider Trading Prevention Committee.

* The Environment and CSR Committee was renamed the ESG and Disclosure Subcommittee in April 2021.

The Company will continue to examine means of enhancing its comprehensive risk management systems going forward.

4) Execution of duties by directors

MARUI GROUP ensures that directors execute their duties in a legally compliant and appropriate manner in accordance with officer regulations, the MARUI GROUP Code of Conduct, and other internal rules.

The Company appoints three external directors with extensive experience and expertise from outside the Company that have satisfied the Company's Criteria for Independence of External Directors and Audit & Supervisory Board Members to reinforce the supervisory functions of the Board of Directors and improve the transparency of management.

The Board of Directors conducts proper deliberations pursuant to rules regarding authorization and engages in extensive discussions on individual subjects such as Groupwide strategies. In the fiscal year ended March 31, 2021, nine meetings of the Board of Directors were held and one resolution was made via document.

The Management Committee, which comprises executive officers appointed by the Board of Directors, has been established to expedite management decisions by making important decisions pertaining to operational execution within the scope of authority defined in rules regarding authorization. In the fiscal year ended March 31, 2021, the Management Committee met 21 times.

5) Execution of duties by Audit & Supervisory Board members

Audit & Supervisory Board members exchange information when necessary by holding regular meetings with the president and confirm the status of operational execution. In the fiscal year ended March 31, 2021, such meetings were

held four times.

Audit & Supervisory Board members attend meetings of the Board of Directors and the Management Committee as well as other important meetings in order to maintain an understanding of the decision-making process and the status of operational execution.

Audit & Supervisory Board members exchange information and opinions with external directors, accounting auditors, and internal audit divisions on a regular basis.

Audit & Supervisory Board members hold concurrent positions as audit & supervisory board members at eight subsidiaries and confirm the status of operational execution at those subsidiaries by attending meetings of their boards of directors and by holding meetings of the Audit & Supervisory Board Members Liaison Committee once a month, in principle.

A system has been established to ensure that Audit & Supervisory Board members can execute their duties smoothly through means such as assigning two audit staff members to support Audit & Supervisory Board members.

2. Basic Policies for Eliminating Antisocial Forces and Implementation Status

The Company refuses to respond to any illegitimate demands from antisocial forces and forbids any connections with such forces. Systems for eliminating antisocial forces are being developed while stepping up coordination with the police, lawyers, and other specialized external institutions.

V. Others

1. Takeover Defense Measures

Has instituted takeover defense measures	No
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Supplementary Information

The introduction of measures to prevent large-scale acquisitions of the Company's stock (takeover defense measures) was approved at the 72nd Ordinary General Meeting of Shareholders held on June 27, 2008. Later, at the 75th Ordinary General Meeting of Shareholders held on June 29, 2011, and again at the 78th Ordinary General Meeting of Shareholders held on June 26, 2014, the Company received approval to renew these measures and to reflect certain revisions to the measures. The period for the revised measures was established as up until the 81st Ordinary General Meeting of Shareholders to be held on June 26, 2017. However, at a meeting of the Board of Directors held on May 11, 2017, it was resolved that the plan would not be renewed when its period expires.

2. Other Matters Regarding Corporate Governance Systems

2. Other Matters regarding Corporate Governance Systems

- Disclosure of Information on Management Stance and Policies

The Company's Disclosure Policy clearly describes its basic stance toward information disclosure and its information disclosure systems. This policy is made available on the Company's corporate website in order to promote awareness inside and outside of the organization.

Disclosure Policy:

<https://www.0101maruigroup.co.jp/en/ir/management/disclosure.html>

- Assessment and Analysis of Information Disclosure Characteristics and Risks

The Company has established the Public Relations IR Committee to analyze and manage timely disclosure and other information disclosure risk. Please refer to "Implementation Status in the Fiscal Year Ended March 31, 2021" under "IV. Internal Control Systems" for information on the implementation status of the Company's risk management system.

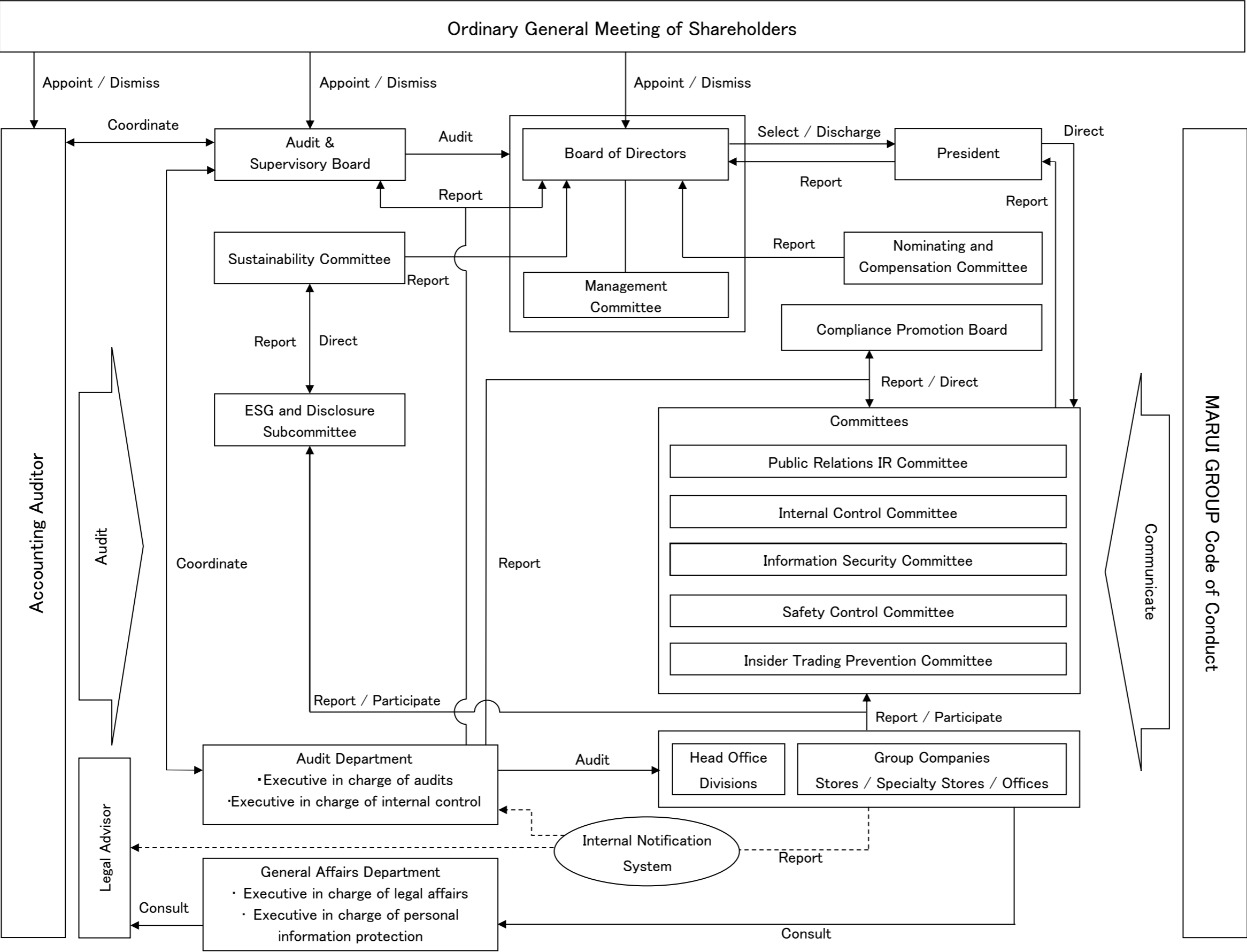
- Information Disclosure Organizations and Procedures

The Corporate Planning Division, the IR Department, the General Affairs Department, and the Financial Department are responsible for information disclosure.

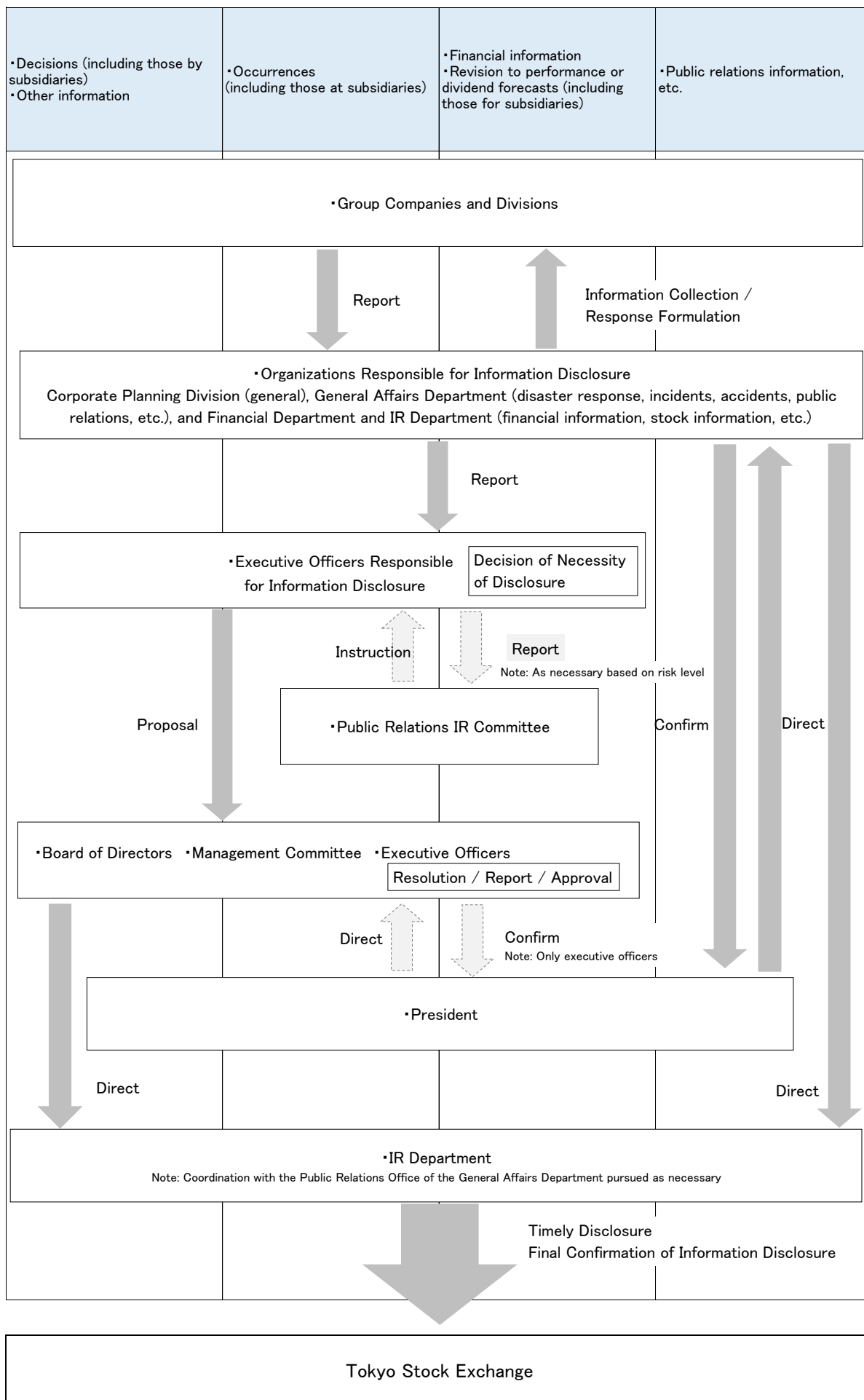
Information on Companywide disclosure systems and procedures can be found in the separately attached "Overview of Information Disclosure System."

- Monitoring of Timely Disclosure System

The organizations responsible for timely disclosure (the IR Department and Public Relations Office of the General Affairs Department) undergo checks by internal auditing divisions to verify the status of timely disclosure systems.



【Overview of Information Disclosure System】



Japan's Corporate Governance Code Compliance Table

MARUI GROUP CO., LTD.

Note: This table is based on the revision to Japan's Corporate Governance Code issued in June 2021.

MARUI GROUP CO., LTD., complies with the following principles of Japan's Corporate Governance Code and discloses information in this regard in the MARUI GROUP Corporate Governance Guidelines and on its corporate website.

Japan's Corporate Governance Code			Source of information on compliance status	Status of compliance	
General principles	Principles	Supplementary principles		Comply	Explain
Section 1 Securing the Rights and Equal Treatment of Shareholders	1.1 Securing the Rights of Shareholders		Chapter 3, Article 22 (Protection of Shareholder Rights) of MARUI GROUP Corporate Governance Guidelines	●	
		1.1.1	Chapter 3, Article 24 (Ordinary General Meeting of Shareholders) of MARUI GROUP Corporate Governance Guidelines	●	
		1.1.2	Chapter 2, Article 5 (Duties of Directors) of MARUI GROUP Corporate Governance Guidelines	●	
		1.1.3	Chapter 3, Article 22 (Protection of Shareholder Rights) of MARUI GROUP Corporate Governance Guidelines Chapter 3, Article 24 (Ordinary General Meeting of Shareholders) of MARUI GROUP Corporate Governance Guidelines	●	
	1.2 Exercise of Shareholder Rights at General Shareholder Meetings		Chapter 3, Article 24 (Ordinary General Meeting of Shareholders) of MARUI GROUP Corporate Governance Guidelines	●	
		1.2.1	Chapter 4, Article 29 (Information Disclosure) of MARUI GROUP Corporate Governance Guidelines	●	
		1.2.2	Chapter 3, Article 24 (Ordinary General Meeting of Shareholders) of MARUI GROUP Corporate Governance Guidelines	●	
		1.2.3		●	
		1.2.4		●	
		1.2.5		●	
	Updated				
	1.3 Basic Strategy for Capital Policy		Chapter 3, Article 25 (Basic Policies for Capital Measures) of MARUI GROUP Corporate Governance Guidelines and Chapter 3, Article 26 (Shareholder Returns) of MARUI GROUP Corporate Governance Guidelines Principle 1.3 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●	
	1.4 Cross-Shareholdings		Chapter 3, Article 27 (Cross-Shareholdings) of MARUI GROUP Corporate Governance Guidelines	●	●
1.4.1		Principle 1.4 in Reasons for Not Adopting the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report Principle 1.4 and Supplementary Principles 1.4.1 and 1.4.2 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●		
1.4.2			●		
1.5 Anti-Takeover Measures		No applicable item			
	1.5.1	-			
1.6 Capital Policy That May Harm Shareholder Interests		Chapter 3, Article 25 (Basic Policies for Capital Measures) of MARUI GROUP Corporate Governance Guidelines	●		
1.7 Related Party Transactions		Chapter 3, Article 28 (Related Party Transactions) of MARUI GROUP Corporate Governance Guidelines	●		
Section 2 Appropriate Cooperation with Stakeholders Other Than Shareholders	2.1 Business Principles as the Foundation of Corporate Value Creation over the Medium-to-Long Term		Chapter 1, Article 1 (Purpose) of MARUI GROUP Corporate Governance Guidelines	●	
Japan's Corporate Governance Code				Status of compliance	

General principles		Principles	Supplementary principles	Source of information on compliance status	Comply	Explain
Section2	Appropriate Cooperation with Stakeholders Other Than Shareholders	2.2	Code of Conduct	Chapter 1, Article 2 (Code of Conduct) of MARUI GROUP Corporate Governance Guidelines	●	
			2.2.1	Principle 2.2 and Supplementary Principle 2.2.1 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●	
		2.3	Sustainability Issues, Including Social and Environmental Matters	Chapter 1, Article 2 (Code of Conduct) of MARUI GROUP Corporate Governance Guidelines and Chapter 1, Article 3 (Sustainability Initiatives) of MARUI GROUP Corporate Governance Guidelines	●	
				2.3.1	Principle 2.3 and Supplementary Principle 2.3.1 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report Co-creation management reports VISION BOOK 2050 Annual securities reports ESG DATA BOOKs FACT BOOKs MARUI GROUP policies	●
		2.4	Ensuring Diversity, Including Active Participation of Women	Chapter 1, Article 2 (Code of Conduct); Chapter 2, Article 5 (Duties of Directors); and Chapter 2, Article 16 (Executive Officers) of MARUI GROUP Corporate Governance Guidelines	●	
				New	2.4.1	Principle 2.4 and Supplementary Principle 2.4.1 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report ESG DATA BOOKs
2.5	Whistleblowing	Chapter 4, Article 30 (Internal Reporting System) of MARUI GROUP Corporate Governance Guidelines	●			
		2.5.1		●		
		2.6	Roles of Corporate Pension Funds as Asset Owners	No applicable item		
Section 3	Ensuring Appropriate Information Disclosure and Transparency	3.1	Full Disclosure	Chapter 1, Article 1 (Purpose); Chapter 2, Article 5 (Duties of Directors);	●	
			i)	Chapter 2, Article 11 (Nominating and Compensation Committee);	●	
			ii)	Chapter 2, Article 17 (Selection of Candidates for Positions as Directors, Audit & Supervisory Board Members, and Managers Ranked Lower Than	●	
			iii)	President and Representative Director, and Dismissal of Individuals in These Positions); and Chapter 2, Article 16 (Compensation of Directors, Audit & Supervisory Board Members, and Executive Officers) of MARUI	●	
			iv)	GROUP Corporate Governance Guidelines	●	
			v)	Principle 3.1 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●	
		Updated New	3.1.1	Chapter 4, Article 29 (Information Disclosure) of MARUI GROUP Corporate Governance Guidelines	●	
				Chapter 4, Article 29 (Information Disclosure) of MARUI GROUP Corporate Governance Guidelines	●	
			3.1.2	Chapter 3, Article 24 (Ordinary General Meeting of Shareholders) of MARUI GROUP Corporate Governance Guidelines	●	
			3.1.3	Chapter 1, Article 3 (Sustainability Initiatives) of MARUI GROUP Corporate Governance Guidelines Co-creation management reports VISION BOOK 2050 MARUI GROUP policies Annual securities reports ESG DATA BOOKs FACT BOOKs	●	
3.2	External Auditors	Chapter 2, Article 9 (Duties of Audit & Supervisory Board Members) and Chapter 2, Article 2018 (Independent Auditing Firm) of MARUI GROUP Corporate Governance Guidelines	●			
		3.2.1	Chapter 2, Article 20 (Independent Auditing Firm) of MARUI GROUP Corporate Governance Guidelines	●		
		3.2.2		●		

Japan's Corporate Governance Code			Source of information on compliance status	Status of compliance		
General principles	Principles	Supplementary principles		Comply	Explain	
Section 4 Responsibilities of the Board	4.1 Roles and Responsibilities of the Board (1)		Chapter 1, Article 1 (Purpose) and Chapter 2, Article 5 (Duties of Directors) of MARUI GROUP Corporate Governance Guidelines	●		
		4.1.1	Supplementary Principles 4.1.1 and 4.1.3 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●		
		4.1.2		●		
		4.1.3		●		
	4.2 Roles and Responsibilities of the Board (2)	4.2.1		Chapter 2, Article 18 (Compensation of Directors, Audit & Supervisory Board Members, and Executive Officers) of MARUI GROUP Corporate Governance Guidelines	●	
				Supplementary Principle 4.2.1 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance and Director Compensation in 1. Organizational Structures and Operation under II. System of Business Management Organization for Management Decision Making, Operational Execution, and Auditing and Other Corporate Governance Systems of Corporate Governance Report	●	
		New	4.2.2	Chapter 2, Article 4 (Organizational Structure) of MARUI GROUP Corporate Governance Guidelines VISION BOOK 2050	●	
	4.3 Roles and Responsibilities of the Board (3)	Updated		Chapter 2, Article 11 (Nominating and Compensation Committee); Chapter 2, Article 21 (Risk Management System); Chapter 3, Article 28 (Related Party Transactions); and Chapter 4, Article 29 (Information Disclosure) of MARUI GROUP Corporate Governance Guidelines	●	
			4.3.1	Chapter 2, Article 11 (Nominating and Compensation Committee) and Chapter 2, Article 17 (Selection of Candidates for Positions as Directors, Audit & Supervisory Board Members, and Managers Ranked Lower Than President and Representative Director, and Dismissal of Individuals in These Positions) of MARUI GROUP Corporate Governance Guidelines	●	
			4.3.2	Chapter 2, Article 17 (Selection of Candidates for Positions as Directors, Audit & Supervisory Board Members, and Managers Ranked Lower Than President and Representative Director, and Dismissal of Individuals in These Positions) of MARUI GROUP Corporate Governance Guidelines	●	
			4.3.3		Supplementary Principles 4.3.2 and 4.3.3 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●
			4.3.4	Chapter 2, Article 21 (Risk Management System) of MARUI GROUP Corporate Governance Guidelines Company Systems and Implementation Status in 1. Basic Policies for Internal Control Systems and Implementation Status under IV. Internal Control Systems of Corporate Governance Report	●	
4.4 Roles and Responsibilities of <i>Kansayaku</i> and the <i>Kansayaku</i> Board	Updated		Chapter 2, Article 9 (Duties of Audit & Supervisory Board Members); Chapter 2, Article 14 (Directors); and Chapter 2, Article 15 (Audit & Supervisory Board Members) of MARUI GROUP Corporate Governance Guidelines	●		
		4.4.1		●		
4.5 Fiduciary Responsibilities of Directors and <i>Kansayaku</i>			Chapter 2, Article 14 (Directors) and Chapter 2, Article 15 (Audit & Supervisory Board Members) of MARUI GROUP Corporate Governance Guidelines	●		
4.6 Business Execution and Oversight of the Management			Chapter 2, Article 6 (Composition of the Board of Directors) of MARUI GROUP Corporate Governance Guidelines	●		
4.7 Roles and Responsibilities of Independent Directors			Chapter 2, Article 14 (Directors) of MARUI GROUP Corporate Governance Guidelines	●		

Japan's Corporate Governance Code			Source of information on compliance status	Status of compliance		
General principles	Principles	Supplementary principles		Comply	Explain	
Section 4 Responsibilities of the Board Updated	4.8 Effective Use of Independent Directors		Chapter 2, Article 6 (Composition of the Board of Directors) of MARUI GROUP Corporate Governance Guidelines Principle 4.8 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●		
		4.8.1	Chapter 2, Article 14 (Directors) of MARUI GROUP Corporate Governance Guidelines Supplementary Principle 4.8.1 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●		
		4.8.2	Chapter 2, Article 14 (Directors) of MARUI GROUP Corporate Governance Guidelines	●		
		New 4.8.3	No applicable item			
	4.9 Independence Standards and Qualifications for Independent Directors		Chapter 2, Article 17 (Selection of Candidates for Positions as Directors, Audit & Supervisory Board Members, and Managers Ranked Lower Than President and Representative Director, and Dismissal of Individuals in These Positions) of MARUI GROUP Corporate Governance Guidelines Supplementary Material 1 (Criteria for Independence of External Directors and Audit & Supervisory Board Members) Principle 4.9 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●		
	4.10 Use of Optional Approach		Chapter 2, Article 4 (Organizational Structure) and Chapter 2, Article 11 (Nominating and Compensation Committee) of MARUI GROUP Corporate Governance Guidelines	●		
		Updated 4.10.1	Chapter 2, Article 4 (Organizational Structure) and Chapter 2, Article 11 (Nominating and Compensation Committee) of MARUI GROUP Corporate Governance Guidelines Supplementary Principle 4.10.1 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●		
	Updated	4.11 Preconditions for Board and <i>Kansayaku</i> Board Effectiveness		Chapter 2, Article 6 (Composition of the Board of Directors); Chapter 2, Article 8 (Evaluation of the Board of Directors); Chapter 2, Article 10 (Composition of the Audit & Supervisory Board); and Chapter 2, Article 17 (Selection of Candidates for Positions as Directors, Audit & Supervisory Board Members, and Managers Ranked Lower Than President and Representative Director, and Dismissal of Individuals in These Positions) of MARUI GROUP Corporate Governance Guidelines	●	
			Updated 4.11.1	Chapter 2, Article 6 (Composition of the Board of Directors); Chapter 2, Article 11 (Nominating and Compensation Committee); and Chapter 2, Article 17 (Selection of Candidates for Positions as Directors, Audit & Supervisory Board Members, and Managers Ranked Lower Than President and Representative Director, and Dismissal of Individuals in These Positions) of MARUI GROUP Corporate Governance Guidelines Supplementary Principle 4.11.1 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report VISION BOOK 2050 Co-creation management reports	●	
			4.11.2	Chapter 2, Article 14 (Directors) and Chapter 2, Article 15 (Audit & Supervisory Board Members) of MARUI GROUP Corporate Governance Guidelines Supplementary Principle 4.11.2 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●	

Japan's Corporate Governance Code			Source of information on compliance status	Status of compliance	
General principles	Principles	Supplementary principles		Comply	Explain
Section 4 Responsibilities of the Board		4.11.3	Chapter 2, Article 8 (Evaluation of the Board of Directors) and Chapter 2, Article 17 (Selection of Candidates for Positions as Directors, Audit & Supervisory Board Members, and Managers Ranked Lower Than President and Representative Director, and Dismissal of Individuals in These Positions) of MARUI GROUP Corporate Governance Guidelines Supplementary Principle 4.11.3 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●	
	4.12	Active Board Deliberations	Chapter 2, Article 6 (Composition of the Board of Directors) and Chapter 2, Article 14 (Directors) of MARUI GROUP Corporate Governance Guidelines	●	
		4.12.1	Chapter 2, Article 7 (Proceedings of the Board of Directors) of MARUI GROUP Corporate Governance Guidelines	●	
	4.13	Information Gathering and Support Structure	Chapter 2, Article 6 (Proceedings of the Board of Directors); Chapter 2, Article 14 (Directors); and Chapter 2, Article 15 (Audit & Supervisory Board Members) of MARUI GROUP Corporate Governance Guidelines	●	
		4.13.1		●	
		4.13.2		●	
	Updated	4.13.3		●	
	4.14	Director and <i>Kansayaku</i> Training	Chapter 2, Article 19 (Training Policies) of MARUI GROUP Corporate Governance Guidelines	●	
		4.14.1	Chapter 2, Article 19 (Training Policies) of MARUI GROUP Corporate Governance Guidelines	●	
		4.14.2	Chapter 2, Article 19 (Training Policies) of MARUI GROUP Corporate Governance Guidelines Supplementary Principle 4.14.2 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●	
Section 5 Dialogue with Shareholders	5.1	Policy for Constructive Dialogue with Shareholders	Chapter 3, Article 23 (Communication with Shareholders) of MARUI GROUP Corporate Governance Guidelines	●	
		Updated	Principle 5.1 and Supplementary Principle 5.1.1 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●	
		5.1.1		●	
		5.1.2		●	
		5.1.3	●		
	5.2	Establishing and Disclosing Business Strategies and Business Plans	Chapter 2, Article 5 (Duties of Directors); Chapter 3, Article 25 (Basic Policies for Capital Measures); and Chapter 4, Article 29 (Information Disclosure) of MARUI GROUP Corporate Governance Guidelines	●	
	New	5.2.1	Principle 5.2 in Disclosure Based on the Principles of Japan's Corporate Governance Code under 1. Basic Policy on Corporate Governance of Corporate Governance Report	●	

Relevant Links/Reference Materials

- MARUI GROUP's corporate website:

<https://www.0101maruigroup.co.jp/en/>

- MARUI GROUP Corporate Governance Guidelines:

https://www.0101maruigroup.co.jp/pdf/cgg_20210805_en.pdf

- Co-creation management reports:

<https://www.0101maruigroup.co.jp/en/ir/lib/i-report.html>

- VISION BOOK 2050:

<https://www.0101maruigroup.co.jp/en/sustainability/lib/s-report.html>

- MARUI GROUP policies:

<https://www.0101maruigroup.co.jp/en/sustainability/theme04/risk.html>

- Annual securities reports:

<https://www.0101maruigroup.co.jp/en/ir/lib/sec.html>

- ESG DATA BOOKS:

<https://www.0101maruigroup.co.jp/en/sustainability/lib/databook.html>

- FACT BOOKS:

<https://www.0101maruigroup.co.jp/en/ir/lib/fact.html>

History of Updates to MARUI GROUP's Corporate Governance Report

Date	Major changes	Relevant section
August 5, 2021	Updated Japan's Corporate Governance Code Compliance Table and history of updates based on revision to Japan's Corporate Governance Code	—
July 15, 2021	Updated information on basic policy on corporate governance	I.-1. Basic Policy on Corporate Governance
	Added information applicable to June 2021 revision of Japan's Corporate Governance Code	I.-1. Reasons for not adopting the principles of Japan's Corporate Governance Code
		Applicable Version of Japan's Corporate Governance Code Latest version of Japan's Corporate Governance Code following the June 2021 revision
	Updated information regarding Principle 1.3	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 1.3: Basic Strategy for Capital Policy
	Updated information regarding Principle 1.4	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 1.4: Cross-Shareholdings
	Updated information regarding Principle 2.3, added information regarding Supplementary Principles 2.3.1 and 3.1.3	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 2.3: Sustainability Issues, Including Social and Environmental Matters
		Supplementary Principle 2.3.1: Initiatives for Addressing Sustainability Issues
Supplementary Principle 3.1.3: Disclosure Regarding Sustainability Initiatives and Investments in Human Capital and Intellectual Properties		
Updated information regarding Principle 2.4, added information regarding Supplementary Principle 2.4.1	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code	
	Principle 2.4: Ensuring Diversity, Including Active Participation of Women	
	Supplementary Principle 2.4.1: Measures for Ensuring Diversity in Promotion to Core Positions	

Date	Major changes	Relevant section
July 15, 2021	Updated information regarding Principle 3.1	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 3.1 i) Corporate philosophy and management plans
		Principle 3.1 iii) Policies and procedures for use by the Board of Directors in deciding compensation of senior management members, directors, and Audit & Supervisory Board members
		Principle 3.1 v) Explanations with respect to the appointment and nomination of individual senior management members, directors, and Audit & Supervisory Board members by the Board of Directors
	Updated information regarding Supplementary Principle 4.1.3	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Supplementary Principle 4.1.3: Succession Plans
	Updated information regarding Supplementary Principle 4.10.1	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Supplementary Principle 4.10.1: Utilization of Voluntarily Established Organizations
	Updated information regarding Supplementary Principle 4.11.1	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Supplementary Principle 4.11.1: Policies Regarding the Composition of the Board of Directors and the Audit & Supervisory Board
	Updated information regarding Supplementary Principle 4.11.3	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Supplementary Principle 4.11.3: Analyses and Evaluations of Effectiveness of the Board of Directors

Date	Major changes	Relevant section
July 15, 2021	Updated information regarding Principle 5.1, added information regarding Supplementary Principle 5.1.1	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 5.1: Policies for Constructive Dialogue with Shareholders
		Supplementary Principle 5.1.1: Company Representatives Responsible for Dialogue (Meetings) with Shareholders
	Updated information on major shareholders and related supplementary information	1.-2. Capital Structure
		Major Shareholders, Supplementary Information
	Updated information on relationship between external directors and the Company	II.-1. Organizational Structures and Operation
		Board of Directors
	Updated information on relationship between external Audit & Supervisory Board members and the Company	II.-1. Organizational Structures and Operation
		Audit & Supervisory Board
	Updated information regarding policies for determining amounts and calculation methods for compensation	II.-1. Organizational Structures and Operation
		Director Compensation
	Updated information regarding notices of convocation of ordinary general meetings of shareholders	III.-1. Measures to Ensure Interactive Ordinary General Meetings of Shareholders and the Smooth Exercise of Voting Rights
Early dispatch of notices of convocation of ordinary general meetings of shareholders		
Updated information regarding activities concerning respect for stakeholders' positions	III.-3. Activities Concerning Respect for Stakeholders' Positions	
	Environmental preservation, CSR, and other activities	
Updated supplementary materials (Japan's Corporate Governance Code Compliance Table)	IV.-1. Basic Policies for Internal Control Systems and Implementation Status	
	Implementation Status in the Fiscal Year Ended March 31, 2021	
July 30, 2020	Updated information regarding policies for holding and reducing cross-shareholdings	I.-1. Reasons for not adopting the principles of Japan's Corporate Governance Code
		Principle 1.4: Cross-Shareholdings
	Added information regarding Principle 2.2	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 2.2: Code of Conduct

Date	Major changes	Relevant section
July 30, 2020	Updated information regarding Principle 2.3	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 2.3: Sustainability Issues, Including Social and Environmental Matters
	Updated information regarding Principle 2.4	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 2.4: Ensuring Diversity, Including Active Participation of Women
	Updated information regarding directors	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 3.1 v) Explanations with respect to the appointment and nomination of individual senior management members, directors, and Audit & Supervisory Board members by the Board of Directors
	Updated information regarding succession plans	I.-1. Disclosure based on the principles of Japan's Corporate Governance Cod
		Supplementary Principle 4.1.3: Succession Plans
	Added information regarding Supplementary Principle 4.8.1	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Supplementary Principle 4.8.1: Venues for Exchanging Information and Developing a Shared Awareness Among External Directors (Independent Directors)
	Updated information regarding results of evaluations of effectiveness of the Board of Directors	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Supplementary Principle 4.11.3: Analyses and Evaluations of Effectiveness of the Board of Directors
	Updated information on major shareholders and related supplementary information	1.-2. Capital Structure
		Major Shareholders; Supplementary Information
Updated information on relationship between external directors and the Company	II.-1. Organizational Structures and Operation	
	Board of Directors	

Date	Major changes	Relevant section
July 30, 2020	Updated information on relationship between external Audit & Supervisory Board members and the Company	II.-1. Organizational Structures and Operation
		Audit & Supervisory Board
	Updated information regarding policies for determining amounts and calculation methods for compensation	II.-1. Organizational Structures and Operation
		Director Compensation
	Updated information regarding notices of convocation of ordinary general meetings of shareholders	III.-1. Measures to Ensure Interactive Ordinary General Meetings of Shareholders and the Smooth Exercise of Voting Rights
		Early dispatch of notices of convocation of ordinary general meetings of shareholders
	Updated information regarding Company systems	IV.-1. Basic Policies for Internal Control Systems and Implementation Status
Company Systems and Implementation Status		
Updated information regarding system implementation status in the fiscal year ended March 31, 2021	IV.-1. Basic Policies for Internal Control Systems and Implementation Status	
	Implementation Status in the Fiscal Year Ended March 31, 2021	
Updated information and added diagram to reflect changes in guidelines	V.-2. Other Matters Regarding Corporate Governance Systems	
	Overview of Information Disclosure System	
June 21, 2019	Updated information regarding policies for holding and reducing cross-shareholdings	I.-1. Reasons for not adopting the principles of Japan's Corporate Governance Code
		Principle 1.4: Cross-Shareholdings
	Updated information regarding shareholder returns	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 1.3: Basic Strategy for Capital Policy
	Updated information regarding numbers of cross-shareholdings and amounts on balance sheets	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 1.4: Cross-Shareholdings
	Updated information regarding Principle 2.3	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 2.3: Sustainability Issues, Including Social and Environmental Matters

Date	Major changes	Relevant Section
June 21, 2019	Updated information regarding Principle 2.4	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 2.4: Ensuring Diversity, Including Active Participation of Women
	Updated information regarding directors	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 3.1 v) Explanations with respect to the appointment and nomination of individual senior management members, directors, and Audit & Supervisory Board members by the Board of Directors
	Updated information regarding succession plans	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Supplementary Principle 4.1.3: Succession Plans
	Updated information on major shareholders and related supplementary information	Supplementary Principle 4.11.3: Analyses and Evaluations of Effectiveness of the Board of Directors
		1.-2. Capital Structure
		Major Shareholders; Supplementary Information
	Updated information on relationship between external directors and the Company	II.-1. Organizational Structures and Operation
Board of Directors		
Updated information regarding policies for determining amounts and calculation methods for compensation	II.-1. Organizational Structures and Operation	
	Director Compensation	
Updated supplementary information	III.-3. Activities Concerning Respect for Stakeholders' Positions	
Updated information regarding risk management systems	IV.-1. Basic Policies for Internal Control Systems and Implementation Status	
	1. Basic Policies for Internal Control Systems and Implementation Status	
July 10, 2018	Added information regarding reason for not adopting Principle 1.3 of Japan's Corporate Governance Code	I.-1. Reasons for not adopting the principles of Japan's Corporate Governance Code
		Principle 1.3: Basic Strategy for Capital Policy

Date	Major changes	Relevant section
July 10, 2018	Added information regarding cross-shareholdings	I.-1. Reasons for not adopting the principles of Japan's Corporate Governance Code
		Principle 1.4: Cross-Shareholdings
	Added information regarding Principles 1.4.1 and 1.4.2	I.-1. Reasons for not adopting the principles of Japan's Corporate Governance Code
		Supplementary Principles 1.4.1 and 1.4.2: Cross-Shareholding Transactions and Sales
	Added information regarding Principle 2.6	I.-1. Reasons for not adopting the principles of Japan's Corporate Governance Code
		Principle 2.6: Roles of Corporate Pension Funds as Asset Owners
	Updated information regarding directors	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Principle 3.1 v) Explanations with respect to the appointment and nomination of individual senior management members, directors, and Audit & Supervisory Board members by the Board of Directors
	Updated information	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
	Added information regarding Supplementary Principle 4.1.3	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
	Updated information	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Supplementary Principle 4.2.1: Roles and Duties of the Board of Directors (Compensation of Management)
	Added information regarding Supplementary Principles 4.3.2 and 4.3.3	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code

Date	Major changes	Relevant section
July 10, 2018	Added information regarding Supplementary Principles 4.3.2 and 4.3.3	Supplementary Principles 4.3.2 and 4.3.3: Selection of Candidates for Positions as Managers Ranked Lower Than President and Representative Director, and Dismissal of Individuals in These Positions
	Added information regarding Supplementary Principle 4.10.1	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code Supplementary Principle 4.10.1: Utilization of Voluntarily Established Organizations
	Updated information	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code Supplementary Principle 4.11.1: Policies Regarding the Composition of the Board of Directors and the Audit & Supervisory Board
	Updated information regarding results of evaluations of effectiveness of the Board of Directors	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code Supplementary Principle 4.11.3: Analyses and Evaluations of Effectiveness of the Board of Directors
	Added information regarding Principle 5.2	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code Principle 5.2: Establishing and Disclosing Business Strategies and Business Plans
	Updated information regarding major shareholders	1.-2. Capital Structure Major Shareholders
	Updated information on relationship between external directors and the Company	II.-1. Organizational Structures and Operation Board of Directors
	Updated information regarding policies for determining amounts and calculation methods for compensation	II.-1. Organizational Structures and Operation Director Compensation
	Updated information	IV.-1. Basic Policies for Internal Control Systems and Implementation Status
		1. Basic Policies for Internal Control Systems and Implementation Status

Date	Major changes	Relevant section
July 3, 2017	Updated information regarding directors	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code Principle 3.1 v) Explanations with respect to the appointment and nomination of individual senior management members, directors, and Audit & Supervisory Board members by the Board of Directors
	Added information regarding Supplementary Principle 4.2.1	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code
		Supplementary Principle 4.2.1: Roles and Duties of the Board of Directors (Compensation of Management)
	Updated information regarding results of evaluations of effectiveness of the Board of Directors	I.-1. Disclosure based on the principles of Japan's Corporate Governance Code Supplementary Principle 4.11.3: Analyses and Evaluations of Effectiveness of the Board of Directors
	Updated information regarding major shareholders	1.-2. Capital Structure Major Shareholders
	Updated information on relationship between external directors and the Company	II.-1. Organizational Structures and Operation Board of Directors
	Updated information on takeover defense measures and related supplementary information	V.-1. Takeover Defense Measures
	July 2, 2016	Updated information regarding medium-term management plan
Added information regarding Principle 3.1 v)		I.-1. Disclosure based on the principles of Japan's Corporate Governance Code Principle 3.1 v) Explanations with respect to the appointment and nomination of individual senior management members, directors, and Audit & Supervisory Board members by the Board of Directors
Added information regarding Supplementary Principle 4.11.3		I.-1. Disclosure based on the principles of Japan's Corporate Governance Code

Date	Major changes	Relevant section
July 2, 2016	Added information regarding Supplementary Principle 4.11.3	Supplementary Principle 4.11.3: Analyses and Evaluations of Effectiveness of the Board of Directors
	Updated information regarding ratio of shares held by foreign institutions and individuals and major shareholders	1.-2. Capital Structure Ratio of shares held by foreign institutions and individuals; Major Shareholders
	Updated supplementary information	II.-1. Organizational Structures and Operation Board of Directors
	Updated information regarding compensation	II.-1. Organizational Structures and Operation Incentive Systems
	Added supplementary information	III.-2. Investor Relations Activities
November 6, 2015	Compiled corporate governance report based on Japan's Corporate Governance Code	—