



June 14, 2022

Company Name: MARUI GROUP CO., LTD.
Representative Name: Hiroshi Aoi,
President and Representative Director
(Securities Code: 8252, Tokyo Stock Exchange,
Prime Market)

Inquiries: Atsushi Nagasao,
General Manager, Management Planning Department
(TEL: 03-3384-0101)

Third-Party Evaluation of the Effectiveness of the Board of Directors in FY2021

We have conducted our first third-party (Board Advisors Japan, Inc.) evaluation of the effectiveness of our Board of Directors in the fiscal year 2021. Provided below is the results summary.

1. Purpose of the third-party evaluation

Our Corporate Governance Guidelines stipulate that an annual evaluation of the effectiveness of the Board of Directors be conducted to improve the functioning of the Board of Directors. Since fiscal year 2015, we have conducted the evaluation based on a self-assessment questionnaire for all Directors and Audit & Supervisory Board members.

We had steadily worked to improve the effectiveness of the Board of Directors. However, in order to objectively evaluate the effectiveness of the Board of Directors that promotes stakeholder management, we had Board Advisors Japan, Inc. evaluate us this time, as it is highly knowledgeable in such evaluations.

2. Evaluation methods

The specific methods used to evaluate the effectiveness of the Board of Directors in the fiscal year 2021 are as follows. Board Advisors Japan, Inc. evaluated us based on their experience in conducting board effectiveness evaluations, and on their expertise in corporate governance.

- (1) Questionnaire survey of all directors and Audit & Supervisory Board members
- (2) Third-party interviews with all directors and Audit & Supervisory Board members (approximately one hour per person)
- (3) Interviews with the Board of Directors Secretariat
- (4) Inspection of board meeting materials and minutes
- (5) Inspection of the minutes of each advisory committee meeting

3. Results summary

The results summary of the third-party (Board Advisors Japan, Inc.) evaluation is shown in the attached "MARUI GROUP CO., LTD. / Results Summary of the Board of Directors Effectiveness Evaluation for FY2021".

Based on the evaluation results, the Board of Directors will discuss the issues raised. The details of our effectiveness evaluation initiatives will be disclosed in our Corporate Governance Report to be submitted in early July.

■ Reference: Overview of Board Advisors Japan, Inc.

[Established]

- November 2018

[CEO]

- Hideaki Tsukuda

[Main Businesses]

- A consulting firm providing corporate governance and leadership advisory services with the mission to "Support aspiring leaders and contribute to the development of the Japanese economy and society".
- Supporting corporate governance and management reform of client companies, mainly through board advisory, board effectiveness evaluation, external director recruitment, CEO succession planning, executive assessment, executive coaching and development.

MARUI GROUP CO., LTD. / Results Summary of the Board of Directors Effectiveness
Evaluation for FY2021

1. Conclusion

It was confirmed that the Board of Directors ("Board") of MARUI GROUP CO., LTD. is practicing autonomous and co-creative governance, and that the Board's effectiveness is ensured in an unparalleled manner.

- Governance rooted in corporate culture, including values and altruism, which overcome dichotomies, is practiced.
- "Six Stakeholder Governance" aiming to create fundamental value is practiced.
- Although the Board includes directors representing specific shareholders, there are no concerns that could lead to conflicts of interest, and the common interests of shareholders are being pursued.

2. "Strengths" that support the effectiveness of the Board

It was confirmed that the Board's effectiveness is supported at a high level in a balanced manner by the multiple "strengths" listed in (1) through (5) below.

(1) Exceptional management and executive structure

- Constructive and confrontational discussions from a mid-to-long-term perspective are encouraged by the President, who is also the chairman of the Board.
- Data collection and management by the executives is at a high-level.

(2) Insightful external directors

- Expertise, observation, management perspective, and independence of spirit is demonstrated by the external directors as leading experts in their respective fields.
- External directors have a high regard for the Marui Group as led by the current president.

(3) Clear objectives of the Board

- There is a clear understanding by all directors of the Board's purpose and the direction of realizing "stakeholder management".
- There is consistency in the purpose, composition, agenda, discussion, and operation of the Board.

(4) Devising the agenda of the Board meeting

- Efforts are being made to narrow down the agenda as much as possible so that the Board meetings are devoted to strategic discussions.

(5) Board meeting proceedings and vigorous discussions

- Board meetings are being operated in a manner that encourages discussion.
- "Directors' camp" is effectively used to complement the quantity and quality of strategy discussions, and is highly regarded by all directors.

3. "Challenges" for further improvement of effectiveness

From the perspective of further improving the effectiveness of the Board, the following "challenges" (1) through (4) were pointed out.

(1) Ensuring quality and quantity of mid-to long-term strategy discussions

- More time needs to be spent on specific discussions on achieving the impact goals of the mid-term business plan, and on longer-term and strategic perspectives.
- The challenge is to get the Strategic Review Committee and the Sustainability Committee back on track, and to channel the discussions of both committees back to the Board to further enhance corporate value.

(2) Enhancing nomination function

- The definitions of the role and scope of the Nominating and Compensation Committee, the personal qualities of the person being sought as the next president, procurement and training methods, and the link to the CMA (Co-Creation Management Academy) are required.

(3) Enhancing compensation function

- There is a need to deepen the discussion on the design of impact goals and ESG indicators, and the compensation to executive officers below the vice president level and next-generation managers, and to consider the compensation function from the perspective of promoting excellent mid-career hires.

(4) Enhancing "strengths" that support the effectiveness

- The current effectiveness of the Board relies heavily on the presence of the current president and external directors. Therefore, the challenges are to develop a system to carefully select a successor to the current president who is one of the Company's strengths, and to innovate the corporate culture.