



June 12, 2023

Company Name: MARUI GROUP CO., LTD.
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(Securities Code: 8252, Tokyo Stock Exchange,
Prime Market)
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Verification of the Effectiveness of the Independence and Contribution of
External Directors
Evaluation of the Effectiveness of the Board of Directors for the fiscal year ended
March 31, 2023

Our third-party (Board Advisors Japan, Inc.) evaluation of the effectiveness of our Board of Directors in the fiscal year ended March 31, 2023 has been conducted to objectively verify the independence and contribution of external directors. Provided below is a summary of the results.

1. Purpose of the third-party evaluation

Since the fiscal year ended March 31, 2016, the evaluation has been conducted once a year based on a self-assessment questionnaire for all Directors and Audit & Supervisory Board members to improve the functioning of the Board of Directors.

In the fiscal year ended March 31, 2022, in order to objectively evaluate the effectiveness of the Company's Board of Directors, we employed the services of Board Advisors Japan, Inc., a company with exceptional insight in evaluating the effectiveness of boards of directors, and it was confirmed that autonomous and co-creative governance is practiced by the Board of Directors and that a high level of effectiveness is ensured.

In conducting the effectiveness evaluation for the fiscal year ended March 31, 2023, in light of some concerns raised in previous dialogue with investors about the number of years in office and the number of concurrent positions held by external directors, the Board of Directors discussed the need to objectively verify the independence and contribution of external directors, and we again requested Board Advisors Japan, Inc. to conduct the evaluation and analysis.

2. Evaluation methods

The specific methods used to evaluate the independence and contribution of external directors and the effectiveness of the Board of Directors for the fiscal year ended March 31, 2023 are as follows. Board Advisors Japan, Inc. evaluated us based on its experience.

- (1) Third-party interviews with all directors and Audit & Supervisory Board members (approximately 30 minutes per person)
- (2) Inspection of the minutes of meetings of the Board of Directors and each advisory committee
- (3) Analysis of concurrent positions (analysis of time spent as an external director)
- (4) Others (interviews with key executive officers and secretariats, research on voting standards for institutional investors, and domestic and international case studies on the tenure of external directors)

3. Results summary

A summary of the results of the third-party (Board Advisors Japan, Inc.) evaluation is shown in the attached "MARUI GROUP CO., LTD. -- Summary of Results of the Board of Directors' Effectiveness Evaluation for the fiscal year ended March 31, 2023: Analysis of Independence and Contribution of External Directors." 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 governance and management human resource-related 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, management personnel evaluation, and management personnel coaching & development consulting.

MARUI GROUP CO., LTD.

**MARUI GROUP CO., LTD. -- Summary of Results of the Board of Directors' Effectiveness
Evaluation for the fiscal year ended March 31, 2023: Analysis of Independence and Contribution of
External Directors**

1. Conclusion

(1) It was confirmed that the three external directors of MARUI GROUP CO., LTD. maintained a high level of independence and each demonstrated different expertise, contributing significantly to enhancing corporate value.

- We confirmed that three external directors made significant contributions to lively discussions in the form of "pointing out problems overlooked in execution" and "presenting appropriate approaches to problems encountered in execution" by reviewing and analyzing all minutes of meetings of the Board of Directors and each advisory committee held in the fiscal year ended March 31, 2023.
- We also confirmed through interviews with the subjects that the contributions of the three were highly appreciated.
- It has been confirmed that the three have strong checks and balances on execution, and in particular, the checks and balances function effectively when the President and Representative Director, who is the target of the checks and balances, respects the external directors and receives the checks and balances.

(2) The governance of MARUI GROUP CO., LTD. is consistent in light of corporate culture with the U.S.-style approach of verifying the independence and contribution of external directors by themselves and presenting the results to institutional investors.

- In general, if the tenure of an external director is extended, there is a risk that the relationship with the executive will become closer and checks and balances will weaken, so it is reasonable to replace an external director with a "term of office" as a criterion. On the other hand, in the MARUI GROUP, where the presence of high-quality external directors enables effective checks and balances from a stakeholder perspective and achieves "stakeholder governance," it is not appropriate to use the formal criteria of "term of office" for a replacement.
- In the United States, there are few companies that limit the length of tenure of a director, and since reappointment is determined through processes such as individual evaluations of external directors, there are many cases where the tenure exceeds 15 years.

- Only 7% of companies in the S&P 500 cap the length of time an external director can serve.
- Of the S&P 500 companies, 47% conduct individual evaluations of each director.
- About 20% of U.S. companies have external directors that have been in office for more than 11 years.

2. Response for the future

We recommend that the following two points be addressed for the future:

(1) Periodic evaluation of individual external directors

- As a general rule, the independence and contribution of external directors decrease after a certain period of time, so we recommend that individual evaluations of external directors be conducted on a regular basis to provide fixed-point observations of their independence and contribution.

(2) Consideration of succession plans for external directors

- Given the extreme difficulty of finding a replacement for the current external directors due to their very high level of contribution, we recommend that a replacement be considered from now, and over time.