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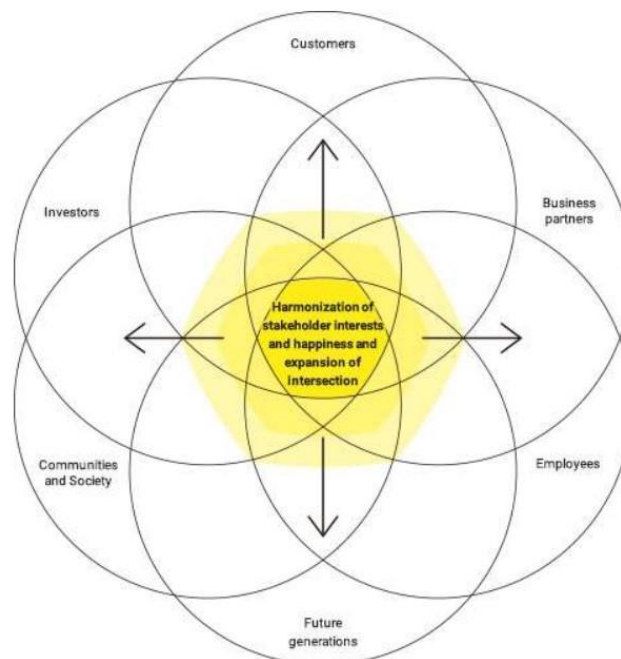
Securities Code: 8252

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 an 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 management emphasizing stakeholders, 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】

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 information on the quantitative benefits 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_20230509_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 its 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, 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.

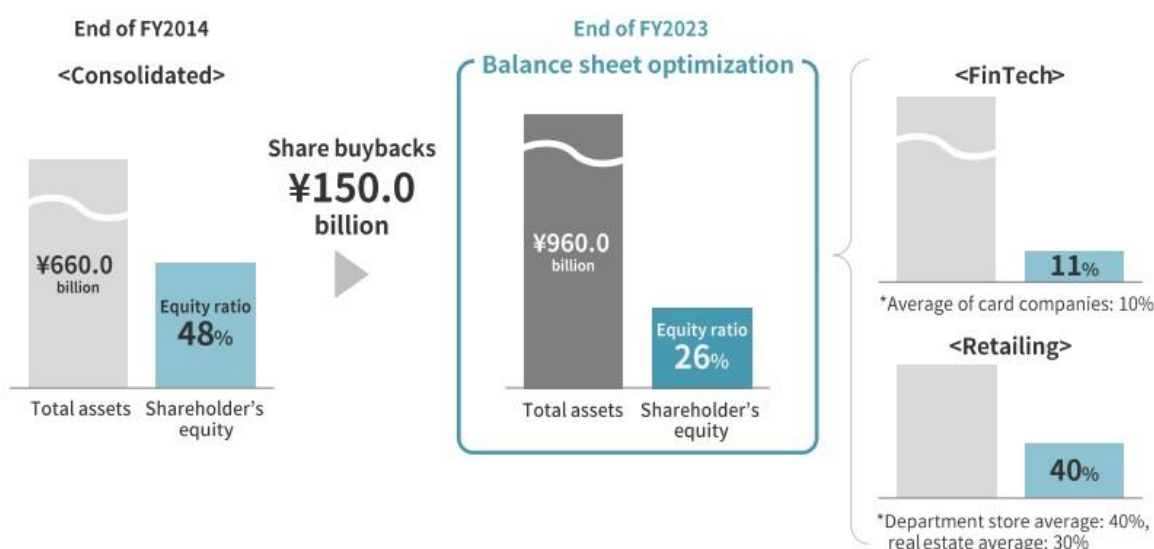
The Company has proceeded to optimize its capital structure in conjunction with changes to its business structure. For example, in conjunction with the transition to a business structure centered on fintech, a policy of lowering the equity ratio of the FinTech segment to around 10%, the industry average, was enacted. This level was reached in the fiscal year ended March 31, 2021, through share buybacks in an amount of approximately ¥100.0 billion.

Moreover, under the five-year medium-term management plan slated to conclude with the fiscal year ending March 31, 2026, share buybacks totaling ¥50.0 billion were conducted leading up to the fiscal year ended March 31, 2023, to

reallocate capital surplus to the Retailing segment. This move lowered the previously high equity ratio to the targeted level of approximately 25%. Having accomplished its targeted balance sheet, the Company began employing the indicator of dividend on equity ratio for shareholder returns to guide its efforts toward realizing high growth coupled with high returns.

As for share buybacks, the Company is transitioning away from the prior systematic approach to adopt an approach of flexibly choosing how to perform buybacks based on a comprehensive assessment of factors such as financial conditions and share price.

Balance sheet optimization was achieved by capital optimization in FinTech and Retailing



Shareholder Returns

- The Company shall maintain the basic policy of issuing appropriate and ongoing shareholder returns.
- The Company will target high growth coupled with high returns by pursuing ongoing increases in dividends through long-term growth in earnings per share.
- A dividend on equity ratio of 8% will be targeted, as the Company institutes ongoing increases in dividend payments over the long term.
- After considering a comprehensive range of factors including financial conditions and share price, the Company shall take a flexible approach toward treasury stock acquisitions in order to increase shareholder value. Acquired shares of treasury stock are, in principle, to be canceled.
- Dividend and treasury stock acquisition policies will be reassessed regularly and revised as necessary.

Introduced DOE in the fiscal year ending March 31, 2024, to improve capital efficiency and realize stable and long-term dividend increases

$$\text{DOE } 8\% = \text{ROE } 13\% \text{ or more} \times \text{Payout ratio } \text{About } 55\%$$

* Plan for FY2026 * Current policy

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. Regular assessments of the qualitative benefits of cross-shareholdings are conducted. These assessments are reviewed by the Board of Directors on an annual basis, and overviews of the results are disclosed. Shares for which the meaning of holding has been diminished may be sold in a phased manner after considering the circumstances surrounding the counterparty.

On March 31, 2023, 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 sheet was ¥20.3 billion (down ¥4.2 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. The book value of cross-shareholdings on March 31, 2022, declined from December 31, 2015, as a result of reductions in the fair value of said holdings.

Under the current medium-term management plan, MARUI GROUP is accelerating co-creative investments. These investments entail engaging in forward-looking co-creation activities with partners through investment in start-up companies and other partners that share MARUI GROUP's philosophy of co-creation. Through these investments, MARUI GROUP aims to generate earnings contributions to its retailing and fintech businesses together with financial returns.

The numbers and book values of cross-holdings are expected to grow in conjunction with co-creative investment activities. It is common for targets of co-creative investments, like venture and start-up companies, to be unlisted companies. Should such companies list their shares on securities exchanges, it is possible that the prices of their shares may increase significantly, which in turn would result in a large rise in the book value of these 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 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_20230509_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

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. The ESG and Disclosure Subcommittee was later renamed the ESG Committee, and this committee was directly positioned under the Compliance Promotion Board in November 2021.)

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. Peter David Pedersen, a leading global authority on sustainability management who was appointed as an external director in June 2021, became the chairman of the Sustainability Committee in November 2021. The addition of Mr. Pedersen, members of the younger generations who will shape the future, and other external specialists to the Sustainability Committee is enhancing its effectiveness.

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 and other sustainability concerns.

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. Designed 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 ecosystems 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.

	Impact	2030 KPI		Financial value
Future of future generations	Help realize a carbon-neutral society	Reduction of CO ₂	1.0 million tons or more	More than 680.0 billion transactions LTV 90 billion or higher
	Innovation in sustainable consumption and living	Users participating in “innovation in sustainable consumption and living”	More than 1.0 million people	
		Companies offering options for “innovation in sustainable consumption and living”	More than 1,000 companies	
Support future generations to “create businesses”	Investing in future generation entrepreneurs	100 cases or more		
Happiness for individuals	Support individuals in pursuing their interests	Card users supporting interests, personalities, and health	More than 3 million people	More than 1.3 trillion transactions LTV 200 billion or higher
		Companies supporting interests, personalities, and health	More than 200 companies	
	Support for individual personalities	Domestic and overseas young people and other financial service users	More than 10 million people	More than 3.5 trillion transactions LTV 250 billion or higher
	Support for individual health	Supportive investment through co-creative partners	More than 20 countries worldwide	
Support for individuals in utilizing their money				
Ecosystem for co-creation	Provision of venues for co-creation Innovation of work styles and organizations	Companies that create opportunities for co-creation	More than 350 companies	IRR 10% or higher
		Participants in the ecosystem for co-creation	More than 10,000 people	
		Innovation creation personnel	More than 5,000 people	

In 2023, MARUI GROUP declared its intention to evolve into a company that contributes to the resolution of social issues as part of its quest to achieve earnings growth together with its desired impact. In addition, an article entitled “Exercise of Corporate Philosophy” was introduced into the Company’s articles of incorporation to indicate its unwavering commitment to the accomplishment of its vision and to reflect its dedication to exercising its corporate philosophy in all of its business activities. The initiatives to be advanced through a concerted Groupwide effort to achieve a positive impact on society as well as the underlying logic and key performance indicators (KPIs) for these initiatives

have been compiled into impact books, which are available on the Company’s corporate website. A new impact book will be issued each year to reflect progress in initiatives for generating the desired impact.

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 preindustrial 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 2021* and *VISION BOOK 2050* as well as the “MARUI GROUP Policies” and “Progress toward Long-Term Targets” sections of the Company’s corporate website. Such information is also available in its *& magazine* co-creation impact magazine and impact books. The contents of *Impact Book 2023* are as follows.

Chapter 1: Our Impact

- 1-1 Relationship between Management Philosophy and Impact
- 1-2 MARUI GROUP’s Idea of Impact
- 1-3 Social Issues that MARUI GROUP is Striving to Resolve
- 1-4 Business Model to Achieve Balance between Impact and Profit
- 1-5 Setting the Impact for Achieving 2050 Vision
- 1-6 Impact 2.0 / 2030 Impact KPIs and Financial KPIs

Chapter 2: Path Toward Achieving Impact

- 2-1 Structure to Create Impact
- 2-2 Overall View of MARUI GROUP’s Logic Model
- 2-3 Three Themes of Logic Model

Chapter 3: Outcomes of Impact Initiatives

3-1 FY2023 Results of Major Initiatives and Value Creation Narrative

3-2 Impact Initiatives 1: Kesou

3-3 Impact Initiatives 2: HERALBONY

3-4 Impact Initiatives 3: Supportive Investment

3-5 Impact Initiatives 4: Human Capital Investment

Chapter 4: Progress on Impact KPIs

4-1 Highlights for the Fiscal Year Ended March 31, 2023

4-2 Impact 1: Creating a Future for Future Generations Together

4-3 Impact 2: Creating Happiness for Individuals

4-4 Impact 3: Creating an Ecosystem for Co-Creation

Appendix (Japanese only)

1. Method of Calculating Impact

2. Decarbonization Initiatives—Electricity Traceability

3. Support for Financial Empowerment—Social Bonds

Co-Creation Management Report 2021

(<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)

Progress toward Long-Term Targets

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

Impact Book 2023

(https://www.0101maruigroup.co.jp/en/ir/pdf/impactbook/2023/impactbook_all.pdf)

& *magazine* co-creation impact magazine (Japanese only)

(<https://www.0101maruigroup.co.jp/ir/lib/magazine.html>)

“MARUI GROUP Policies” section

(<https://www.0101maruigroup.co.jp/en/ci/governance/>)

Annual securities report for the fiscal year ended March 31, 2023 (Japanese only)

(<https://www.0101maruigroup.co.jp/pdf/settlement/0230gfe0.pdf>)

ESG DATA BOOKs

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

Principle 2.4: Ensuring Diversity, Including Active Participation of Women

Supplementary Principle 2.4.1: Measures for Ensuring Diversity in Promotion to Core Positions

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

■ Human Capital Management Initiatives

Guided by its corporate philosophy of “equate the development of our people with the development of our company,” MARUI GROUP has proceeded to reform its corporate culture over the course of the 17 years beginning in 2005 to ensure ongoing improvements in corporate value. Corporate culture reform activities have centered on corporate philosophy, engagement, work style reforms, diversity, voluntary participation, intra-Group profession changes, evaluations emphasizing both performance and value, and well-being.

Corporate Culture Reform Activities

1) Corporate Philosophy

MARUI GROUP’s corporate philosophy of “equate the development of our people with the development of our company” provides the underlying principles for the Company’s practice of human capital management. Accordingly, we arrange forums for discussing this philosophy as well as employees’ reasons for joining the Company and the goals they seek to accomplish. Attended by more than 4,500 employees over the past 10 years, these forums have proved to be an effective means of uniting the purpose of the Company with the diverse senses of purpose of its employees. A temporary increase in employee turnover was seen when these activities first begun as employees who were unable to share our philosophy left the Company. However, a low employee turnover rate of around 3% (excluding mandatory retirements) has been maintained thereafter. Moreover, the turnover rate for employees that have been with the Company for less than three years is approximately 11%, significantly lower than the average for other companies. This reality reflects MARUI GROUP’s success in developing the platforms for building ties of mutual respect and acceptance between the Company and its people.

2) Engagement

MARUI GROUP has proceeded to foster a culture of engagement that encourages us to move beyond one-way communication and practice two-way communication. As part of these efforts, all meetings include time for discussion based on the following seven principles: 1) Declaration that the given forum is a safe space for expressing opinions; 2) Avoidance of setting clear discussion goals; 3) Deemphasis of reaching clear conclusions; 4) Attentive listening; 5) Voicing of opinions in direct response to prior comments by prior speakers; 6) Openness to others’ opinions; and 7) Allocation of time to thoroughly consider opinions.

3) Work Style Reforms

MARUI GROUP’s work style reforms go beyond simply seeking to provide a comfortable workplace environment; we are dedicated to fostering a corporate culture that encourages employees to view the essence of their work as providing value as opposed to merely providing their time. These reforms are being advanced through employee project teams, and the efforts of these teams have resulted in a reduction of average monthly overtime hours from 11.0 hours per person in the fiscal year ended March 31, 2008, to 5.2 hours per person in the fiscal year ended March 31, 2023.

4) Diversity

MARUI GROUP believes that, when its approximately 4,400 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 (through 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 (as of the fiscal year ended March 31, 2021). 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 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. A ratio of applicable male employees taking childcare leave of 100% has been maintained for five consecutive years, indicating the entrenchment of a culture of leave acquisition. Recognizing that the acquisition of leave immediately after the birth of one's child is imperative to the maintenance of a good work-life balance for parents, two new indexes were introduced: ratio of applicable male employees taking childcare leave within eight weeks of childbirth by partner and ratio of applicable male employees taking childcare leave for one month or more.

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 (through FY2026)

■ Awareness and Corporate Culture Reforms

	Rate of elimination of gender preconceptions (ratio of employees rejecting preconceptions about gender roles)	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
FY2021	37%	100%	36%	9%
FY2023	53%	100%	78%	22%
FY2026 (Targets)	50%	100%	80%	20%

■ Empowerment of Female Employees

	Ratio of female employees pursuing upper-level positions *1	Ratio of female leaders *2	Ratio of women in management positions *3	Ratio of women in executive officer positions
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FY2021	70%	31%	15%	22%
FY2023	58%	34%	18%	21%
FY2026 (Targets)	75%	40%	20%	30%

*1 Figures represent the ratio of employees stating a desire to reach higher position grades in internal surveys. Ratio of female managers is calculated including external directors. Moreover, figures have been calculated based on figures for the fiscal year ended March 31, 2021, and subsequently adjusted to reflect recent trends.

*2 Figures represent the ratio of female employees in pre-management positions.

*3 Figures represent the ratio of female employees in director, executive officer, and other management positions. The ratio of women in management positions is calculated including external directors. Accordingly, the above figure for the fiscal year ended March 31, 2021, differs from the previously released figure.

There are no provisions in the Company's systems for determining wages that stipulate for differences in wages between men and women. The ratios of women's wages to those of men are 76% for all employees, 71% for full-time employees, 90% for part-time and fixed-term employees, and 93% for management. For more information, please refer to "5. Employees" in "Part I: Company Information" in the Company's Annual Securities Report. The ratio of female managers (as of April 1, 2023) is calculated based on the stipulations of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of September 4, 2015).

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.

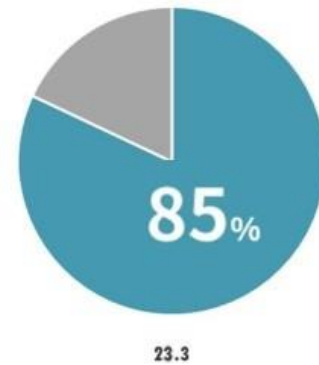
5) Voluntary Participation

MARUI GROUP has been promoting the development of a culture of voluntary participation in various initiatives by employees for more than a decade. The goal of these efforts is to foster a sense of autonomy in employees and organizations to evolve MARUI GROUP into a company that is more conducive to producing innovation. We offer a wide range of opportunities open to voluntary participation by employees, including official Groupwide project teams and the Medium-Term Management Visionary Committee. In the fiscal year ended March 31, 2023, approximately 85% of employee volunteers took part in such opportunities.

■ Initiatives that enable voluntary participation



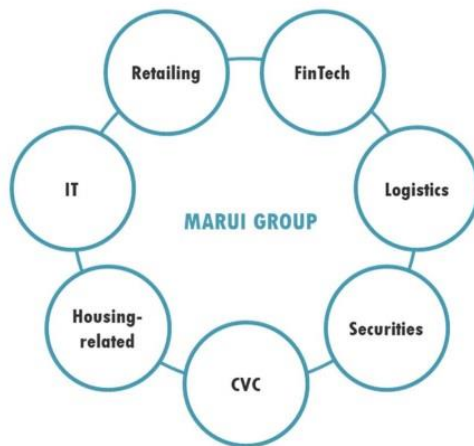
■ Ratio of employees who engaged in voluntary participation



6) Intra-Group Profession Changes

The Company introduced its intra-Group profession change system in 2013. Through this system, employees volunteer for relocations, which is meant to help connect MARUI GROUP’s various businesses. As of March 31, 2023, approximately 85% of all Group employees had taken advantage of this system. Moreover, a survey of system users conducted in 2016 showed that roughly 86% of employees using this system felt that the relocation had contributed to their personal growth. In this manner, the intra-Group profession change system is contributing to the development of resilient employees with diverse skills. Going forward, the system will be expanded to include the option for secondment to co-creative investees and other companies with the aim of fostering employees who are proficient at adapting to change.

■ Flow of transfers



■ Ratio of profession changes



■ Ratio of respondents who said transfers contributed to their growth



7) Evaluations Emphasizing Both Performance and Value

Human resource evaluation systems at MARUI GROUP include both performance-based evaluations as well as 360-degree evaluations by subordinates, coworkers, and supervisors designed to assess the value of employees. Through these systems, we aim to enact our corporate philosophy of “equate the development of our people with the development of our company.”

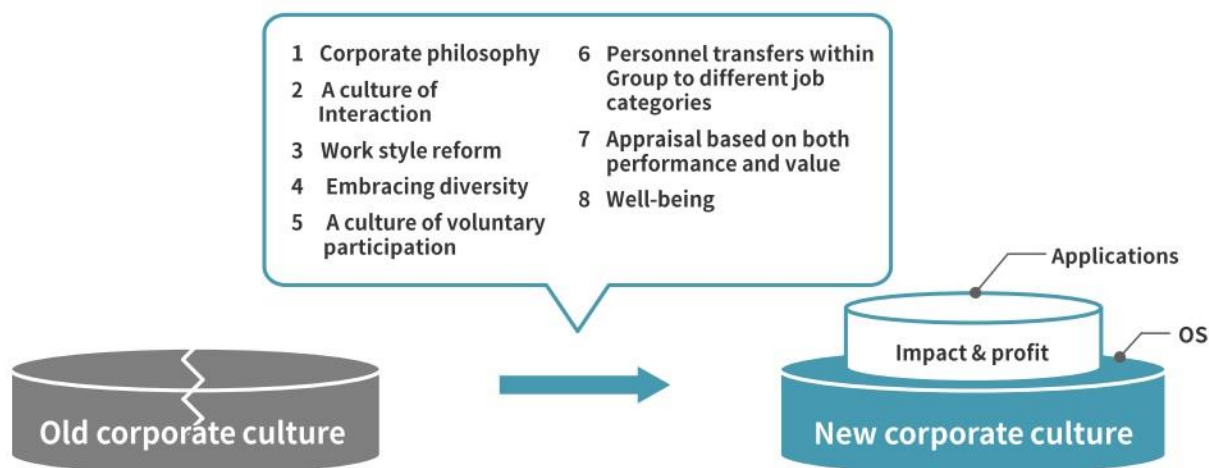
8) Well-Being

MARUI GROUP began promoting well-being in 2016 with the goal of becoming an energized organization in which employees feel empowered and motivated in their work. Led by CWO (chief well-being officer) Reiko Kojima, the Company implemented the Resilience Program, which targets officers and managers, and organized the Well-Being Management Project

Team, which is membered by employee volunteers. MARUI GROUP will continue working to contribute to the happiness of all employees throughout the organization going forward.

Improvement of Employee Engagement through Corporate Culture Reforms

MARUI GROUP has proceeded to transform the corporate culture that shapes management through eight unique measures. As a result of these measures, employee engagement, as calculated using a proprietary method, has increased over the 10-year period from 2012 to 2022, and massive improvements have been seen in indicators related to anticipation toward work, respect in the workplace, and ability to exercise one’s strengths.



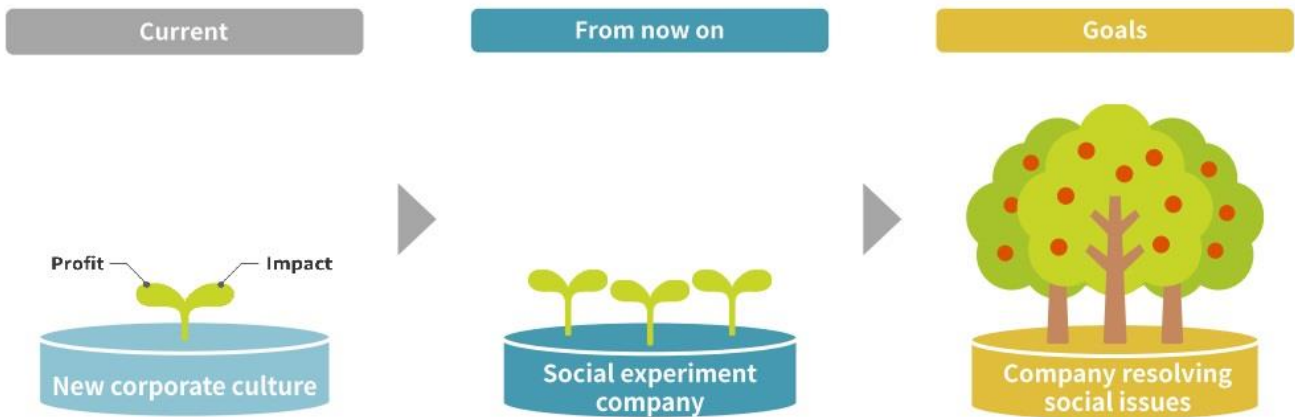
Our company’s own index, measured since FY2012, has improved significantly over the past 10 years

	2012		2022
I know what is expected of me on the job	46%	▶	80%
I feel respected at work	28%	▶	66%
I’m taking on challenges based on my strengths	38%	▶	52%

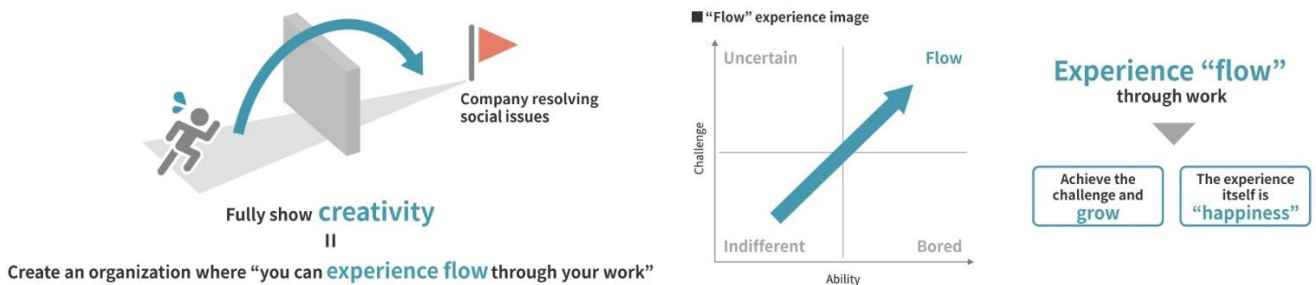
Strategies

In 2019, MARUI GROUP unveiled its 2050 Vision of “harnessing the power of business to build a world that transcends dichotomies.” The transformation of the Company’s corporate culture has made it possible for innovation to be created for moving MARUI GROUP closer to this vision, but these efforts are still in their infancy. If the Company is to achieve earnings growth together with its desired impact, it will need to further expand such efforts and cultivate the ensuring innovations to generate tangible results. This is the process through which MARUI GROUP will evolve into a company that contributes to the resolution of social issues.

Introduce the number of plate appearances and the number of trials as behavioral KPIs to tolerate failures and encourage challenges

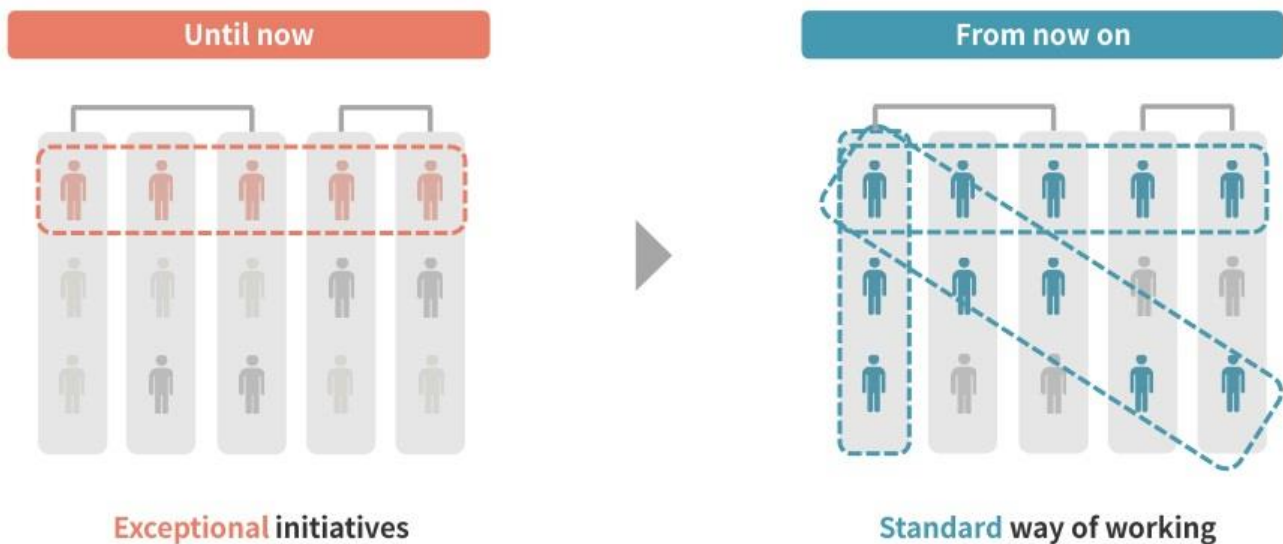


It will be crucial for all employees to fully exercise their creativity if MARUI GROUP is going to accomplish its lofty goal of achieving earnings growth while contributing to the resolution of social issues. To facilitate the exercise of creativity, the Company is developing an organization in which employees can achieve a flow state through their work. “Flow” is a term defined by psychologist Mihaly Csikszentmihalyi that refers to being so engaged in an activity that one forgets time and themselves. This occurs when the challenge at hand matches the skill level of the individual. By experiencing a flow state, people are able to fully exercise their creativity to overcome greater challenges and grow as a result. Moreover, this state creates a feeling of joy in relation with the associated experience. By developing an organization in which employees can achieve a flow state through their work, MARUI GROUP aims to achieve its vision while contributing to the happiness of employees. This goal is being approached from two perspectives: workstyle and organization innovation and digital transformation.



1) Workstyle and Organization Innovation

Workstyle and organization innovation entails the adoption of project team-oriented workstyles and organizations. In the past, MARUI GROUP promoted innovation by encouraging employees motivated by their desire to create a specific impact to volunteer and take part in cross-Group company project teams. However, this type of workstyle was still not a common part of regular business activities. Going forward, the Company will seek to make the project team approach a normal part of its activities.



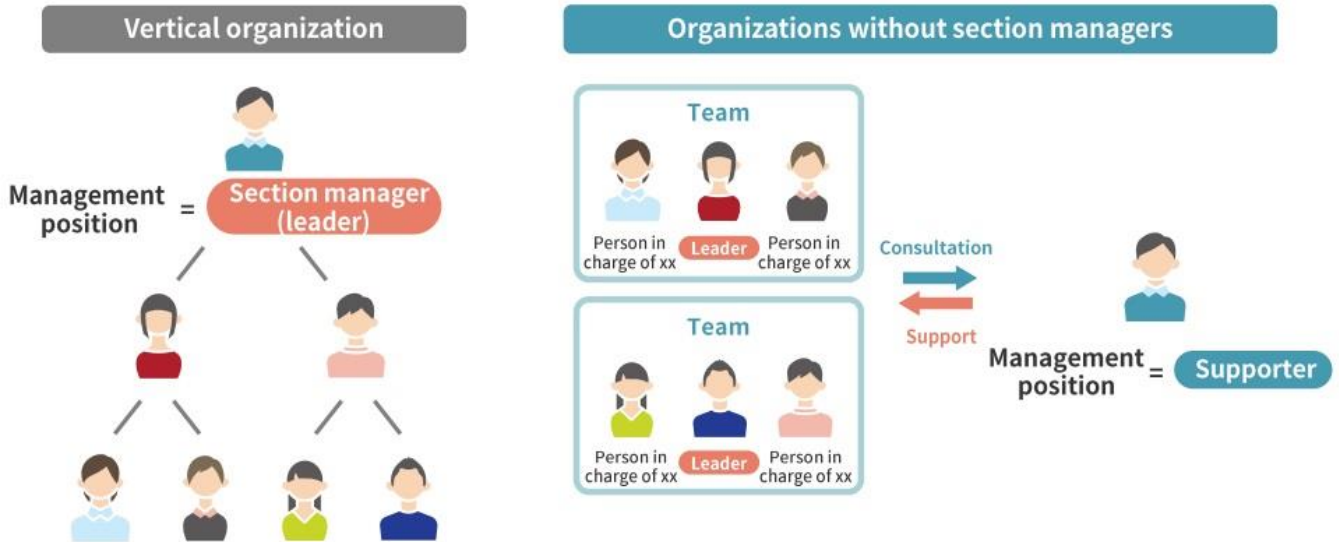
i) Expansion of Official Groupwide Initiatives

MARUI GROUP has identified official Groupwide initiatives based on various themes for achieving earnings growth together with its desired impact. These initiatives are advanced by project teams. In the fiscal year ended March 31, 2023, the number of these initiatives was increased by four, to nine. Members selected for the associated project teams are chosen from among volunteers, and the resulting project teams, comprising members from inside and outside of the Group, pursue innovation based on their respective theme.

	Names of themes
Focus on impact	Consider in-house entrepreneurial community
	Develop apps for future generations
Impact and profit	Consider designs of workplace to exert creativity
	Develop apps to consider career designs
	Body positive
	Establish businesses to promote DE&I
Focus on profit	Create events in the social domain
	Consider new credit card services using Web3
	Consider new financial services without balance sheet (B/S)

ii) Organizations Without Direct Supervisors

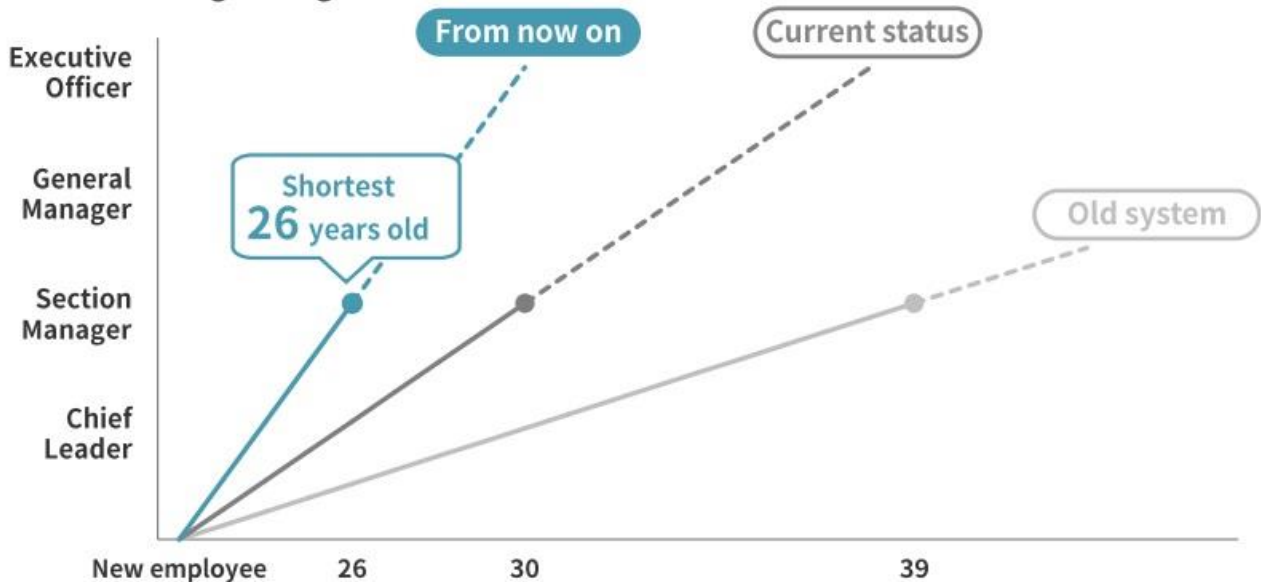
The section managers who are traditionally responsible for overseeing organizations have been reframed, not as organization supervisors but as team supporters. In this new role, these individuals are expected to create a flat organization in which all members act with autonomy in order to exercise creativity as a team.



iii) Early Promotion to Management

As a form of human capital investment, human resource systems have been revised to support the early promotion of individuals anticipated to contribute to improvements in corporate value by reducing the minimum age for management positions from 29 to 26. By providing highly capable young employees with opportunities to exercise their talents earlier in their careers, the Company hopes to accelerate the creation of innovation.

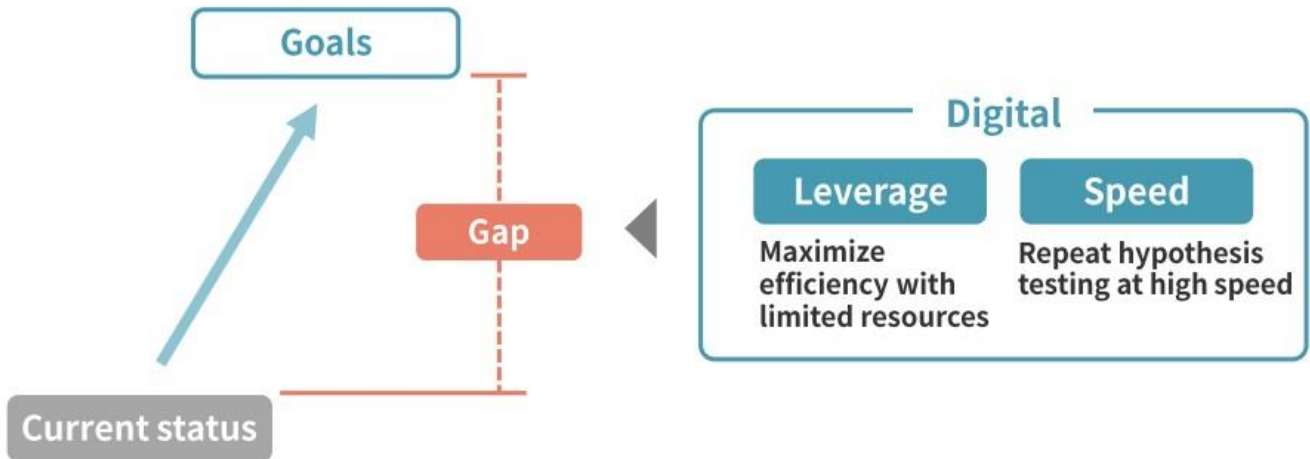
Minimum managerial age



2) Digital Transformation

Digital transformation is promoted based on the understanding that digital technologies are imperative for rectifying the disparity between the current state of the Company and its vision. In order to accomplish its vision, MARUI GROUP will need to employ a rapid cycle of verifying hypotheses that takes advantage of the capabilities and speed of digital technologies.

Digital Transformation Gap

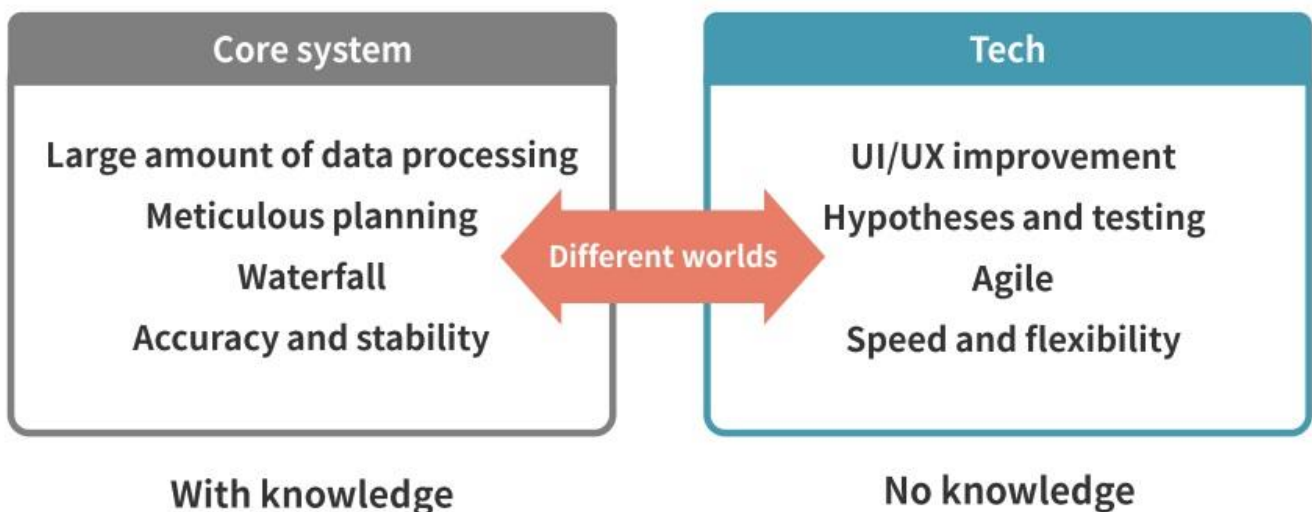


i) Recruitment of Specialists through Muture

In April 2022, MARUI GROUP established Muture Corporation as a joint venture with cutting-edge user experience design company Goodpatch Inc., thereby commencing recruitment of the type of specialists who would not normally be attracted by the MARUI GROUP brand. Muture has attracted numerous individuals who are at the pinnacle of their respective industries, and these individuals are helping with the development of services such as MARUI GROUP's lifestyle app and OMEMIE.

ii) Development of Tech Organizations

Muture made it possible to call upon the skills of specialists for use in product development. However, MARUI GROUP also recognizes that it will need to create more agile organizations if it is to advance product development through Companywide efforts and to continuously evolve these efforts. The Company has previously fostered its capabilities in relation to core systems development. Today, the development of a completely different type of tech organization is being promoted to better equip MARUI GROUP to contribute to the resolution of social issues.



iii) Appointment of CDXO

In June 2023, Naofumi Tsuchiya, representative director and CEO of Goodpatch Inc., was appointed to the position of CDXO (chief digital transformation officer). Mr. Tsuchiya possesses sophisticated insight in relation to organization development and has the perspective of both a digital technology specialist and a manager. The appointment of a CDXO is intended to facilitate the development of agile organizations.

Human Resource Governance

The Human Resource Strategy Committee was established in April 2022 as an advisory body to the Board of Directors with the aim of better linking management strategies and human resource strategies. This committee is chaired by Tomoo Ishii, senior managing executive officer and CHRO (chief human resources officer), and its members include External Director Etsuko Okajima. The Human Resource Strategy Committee coordinates with the Strategy Committee to propose human resource strategies to the Board of Directors.

Human Capital Investments Aimed at Future Growth

In the fiscal year ended March 31, 2022, MARUI GROUP redefined how it accounts for expenses for managerial purposes. As part of this redefinition, we created a new category of expenses called “human capital investments.” These human capital investments include the prior human resource investments, which comprised education and training expenses, as well as certain expenses that affected single-year earnings while also being anticipated to contribute to improved corporate value over the medium to long term. Specific examples of these expenses include personnel expenses for co-creative teams and for employees involved in new businesses, which were previously considered R&D expenses, as well as personnel expenses incurred during the first year after employees have undergone intra-Group profession changes. Based on the new definition, human capital investments amounted to ¥9.1 billion in the fiscal year ended March 31, 2023. We intend to grow this amount to ¥12.0 billion by the fiscal year ending March 31, 2026, as we pursue ongoing improvements in corporate value.

■ Breakdown of human capital investment

		FY2022	FY2023
	STEP 3 Additional <ul style="list-style-type: none"> • First year after job category change • okos Co., Ltd. investment 	¥4.5 billion	¥5.5 billion
	STEP 2 R&D expenditure <ul style="list-style-type: none"> • Personnel expenses in new businesses • Co-creation team personnel expenses • Seconded personnel expenses 	¥2.2 billion	¥2.6 billion
	STEP 1 HR investment <ul style="list-style-type: none"> • Education and training expenses • Medium-Term Management Visionary Committee, participation in projects and initiatives 	¥1.0 billion	¥1.0 billion
	Human capital Investment	¥7.7 billion	¥9.1 billion

MARUI GROUP seeks to function as a social experiment in the transformation of corporate culture in order to foster a culture of acceptance toward failure and encouragement of ambition. To this end, action KPIs have been identified including the numbers of new undertakings and attempts with the goal of encouraging employees to work toward their ambitions. Moreover, employees are encouraged to “fail fast, fail forward” to gain the knowledge necessary to succeed through a process of early experimentation and failure. MARUI GROUP thereby aims to become a company that continues to generate innovation.



MARUI GROUP conducted human capital investments totaling ¥32.0 billion over the five-year period spanning the fiscal years ended March 31, 2017 to 2021. Over this same period, the Company engaged in new business ventures including the anime business, the rent guarantee business, and co-creative investments. When assessing investment profitability and capital efficiency, the Company uses a model of calculating returns based on an internal rate of return. These new business ventures are projected to generate total marginal profit of ¥56.0 billion over the 10-year period spanning from the fiscal year ended March 31, 2017, to the fiscal year ending March 31, 2026. If the marginal profit from these new ventures is taken as the returns on the aforementioned human capital investments and the period leading up to the fiscal year ending March 31, 2026, is set as the recovery period, it will make for an internal rate of return of 12.7%, which is projected to surpass shareholders’ equity costs. Going forward, MARUI GROUP intends to accelerate human capital investments that contribute to improvements in corporate value while verifying the benefits of said investments using this calculation model.

The internal rate of return of 12.7% for human capital investments surpasses the hurdle rate of 10% set for investments in stores and other tangible assets. For this reason, the Company intends to increase the amount of human capital investment it conducts over a given five-year period to more than ¥65.0 billion while pursuing greater levels of effectiveness, in order to practice highly efficient management.



* Calculate return on investment by considering marginal profits from our Company's unique new businesses and services created through human capital investment as returns (Investment period: FY2017 to FY2021 – payback period: FY2017 to FY2026)

More information on human capital investments and other investments in intangible assets can be found in the attached appendix materials as well as in the Company's FACT BOOKs and ESG DATA BOOKs.

FACT BOOKs

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

ESG DATA BOOKs

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

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'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 co-create an inclusive society that offers happiness to all together with stakeholders.

By merging finance and retailing, the Company aspires to provide economic enrichment as well as emotional enrichment in the form of happiness and to create a society in which everyone is able to obtain this happiness.

However, this important mission cannot be carried out by the Company alone.

Accordingly, an approach toward fulfilling this mission has been adopted entailing co-creation with customers, investors, communities and society, business partners, and future generations.

By engaging in such co-creation management with stakeholders, MARUI GROUP works to create harmony between the interests and happiness of all of its stakeholders while generating earnings and contributing to the resolution of social issues through its business.

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

For more information on this plan, please refer to the following news release (in Japanese only).

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

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_20230509_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 consists 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 resource 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 performed her supervisory functions properly with regard to important management decision-making and operational execution as a director of the Company since 2021. She has performed her duties properly by promoting well-being management aimed at ensuring greater happiness for people, organizations, and society as CWO and a senior executive officer of the Company. 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. 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.

Hajime Sasaki

Hajime Sasaki possesses a wealth of business experience in MARUI GROUP's retailing business along with management experience gained as a director of Epos Card Co., Ltd., and as president of AIM CREATE CO., LTD. He is thus extremely knowledgeable with regard to the Company's business. 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.

Information on the reasons for appointment of external directors Etsuko Okajima, Yasunori Nakagami, and Peter David Pedersen and external Audit & Supervisory Board members Yoko Suzuki and Hiroaki Matsumoto 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.

Principle 4.1: Roles and Responsibilities of the Board (1)

(Discussion Regarding Management Strategies and Plans)

In its management targets, MARUI GROUP defines corporate value as being produced by creating harmony between the interests and happiness of all of its stakeholders. In June 2021, the Company took its first step in promoting management emphasizing stakeholders by welcoming stakeholders to the Board of Directors, which is the very heart of management, in order to install a corporate governance system that is implemented together with stakeholders. Specifically, we

appointed two stakeholders as external directors: Yasunori Nakagami, an investor focused on long-term engagement, and Peter David Pedersen, an environmental and sustainability expert. Furthermore, the Strategy Committee was established as a new advisory body to the Board of Directors in November 2021. Nakagami was appointed as the chairman of this committee, which is tasked with formulating medium- to long-term business strategies while directly incorporating the perspectives of shareholders and other investors. External experts are invited to take part in the meetings of the Strategy Committee in order to allow for deeper discussion on business strategies from a wider range of perspectives. The results of discussions are reported to the Board of Directors, where they are further built upon in order to achieve greater improvements in corporate value.

Information on the Sustainability Committee and the Human Resource Strategy Committee, other advisory bodies to the Board of Directors that engage in discussions regarding medium- to long-term strategies, can be found in the sections on sustainability initiatives (Principle 2.3, Supplementary Principle 2.3.1, and Supplementary Principle 3.1.3) and on human capital management initiatives (Principle 2.4, Supplementary Principle 2.4.1, and Supplementary Principle 3.1.3).

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. Information regarding such revision shall be disclosed as appropriate.

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. In the fiscal year ended March 31, 2023, a new upper management training program was implemented to rapidly develop participants, who are

selected from among individuals who have completed the aforementioned programs, into management personnel. At the same time, the standards for promotions were revised to allow junior employees to be selected for promotions earlier in their careers. The Company will continue to assess and enhance such programs going forward.

[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.

As of March 31, 2023, a total of 90 individuals had 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 at strategic or corporate planning posts. In the fiscal year ended March 31, 2023, the sixth year of the program, the curriculum included courses designed to foster understanding of MARUI GROUP's core competencies and help participants gain necessary leadership skills and obtain a managerial perspective. Moreover, we have 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 of 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, 2023, two such meetings were held, in September 2022 and February 2023, 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 bearing special titles
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.

Through discussions by the Board of Directors held during 2021, it was decided that there were 14 skills, comprising shared skills and unique skills, that were required for achieving MARUI GROUP's desired impact through the advancement of its management and medium-term management plan. Shared skills are those common skills required for the Board of Directors to appropriately fulfill its function while unique skills are those necessary for implementing MARUI GROUP's medium-term management plan. Based on this decision, we prepared a skill matrix indicating the insight, experience, and skills of MARUI GROUP's internal and external directors, Audit & Supervisory Board members, and executive officers. This skill matrix can be found in the attached appendix materials and on the Company's corporate website.

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.

Officer Skill Matrix

https://www.0101maruigroup.co.jp/en/pdf/en_skill_matrix.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

With the goal of improving the functionality of the Board of Directors, the Company has evaluated the effectiveness of the Board of Directors via self-evaluation questionnaires administered to all directors and Audit & Supervisory Board members each year since the fiscal year ended March 31, 2016.

In the fiscal year ended March 31, 2022, the services of Board Advisors Japan, Inc., a company with exceptional insight in evaluating the effectiveness of boards of directors, were employed to provide an objective evaluation of the effectiveness of the Board of Directors. This evaluation found that MARUI GROUP's Board of Directors was highly effective through its practice of autonomous and co-creative governance. Conversely, tasks were identified that needed to be addressed if higher levels of effectiveness were to be achieved. These tasks were discussed by the Board of Directors, and initiatives for addressing the tasks were put into action.

In the fiscal year ended March 31, 2023, self-evaluation questionnaires were used to evaluate the effectiveness of the Board of Directors. In addition, Board Advisors Japan was once again called upon to evaluate and analyze the independence of external directors and their contributions to the Board of Directors. This decision was made based on discussion of the need for objective verification of these factors in response to concern voiced by investors in relation to

the terms of and number of concurrent positions held by external directors.

■ Tasks Identified in the Fiscal Year Ended March 31, 2022, and Response Measures

For information on the evaluation of the effectiveness of the Board of Directors conducted by Board Advisors Japan in the fiscal year ended March 31, 2022, please refer to the following news release.

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

(https://www.0101maruigroup.co.jp/pdf/settlement/22_0623/en_22_0623_1.pdf)

The measures implemented in response to the tasks identified in this evaluation are as follows.

i. Qualitative and quantitative improvements to discussions on medium- to long-term strategies

- Strategy discussion by Board of Directors based on recommendations by advisory committees

In addition to the Nominating and Compensation Committee, the Company has established the following three committees as advisory bodies to the Board of Directors, and these committees engage in discussions on medium- to long-term strategies. In the fiscal year ended March 31, 2023, reports and suggestions were submitted to the Board of Directors on the revision of impact targets and the amendment of the articles of incorporation by the Sustainability Committee and on directives for medium- to long-term business strategies by the Strategy Committee. The activities of the Human Resource Strategy Committee were suspended until sufficient progress was made in discussions by the Strategy Committee. Going forward, discussions will be advanced by all three committees in order to facilitate more extensive discussions on strategies by the Board of Directors.

- Sustainability Committee (established in May 2019, met seven times in the fiscal year ended March 31, 2023): Discussions and recommendations regarding sustainability strategies

- Strategy Committee (established in November 2021, met 13 times in the fiscal year ended March 31, 2023): Discussions and recommendations regarding Groupwide and business-specific strategies

- Human Resource Strategy Committee (established in April 2022, met five times in the fiscal year ended March 31, 2023): Discussions and recommendations regarding Groupwide human resource strategies

Regular director retreats

- The Company's first retreat for all directors, including external directors, was held in April 2022. This retreat was used as an opportunity for in-depth discussion on medium- to long-term strategies.

The second management retreat took place in April 2023 and was used as an opportunity to examine medium- to long-term strategies and to engage in in-depth discussion on the types of messages the Company should communicate at financial results briefings and MARUI IR DAY.

ii. Enhancement of nomination-related functions

- Examination of expected role of Nominating and Compensation Committee

The Nominating and Compensation Committee was established for the purpose of improving the transparency and objectivity of the decision-making process related to the nomination of directors and executive officers

bearing special titles and to compensation systems for directors and executive officers. The committee comprises three or more members, at least two of whom are to be external directors. In the previous evaluation of the effectiveness of the Board of Directors, it was found that the role, scope, and operation methods of this committee may not have been sufficiently discussed. In light of this concern, discussions were held examining the role of this committee at meetings of the Board of Directors. The discussions by the Board of Directors determined that a comprehensive examination of the Nominating and Compensation Committee, including its role in improving the transparency and objectivity of decisions related to nominations and compensation, should be conducted in a manner that is not overly preoccupied with the form of the committee. This examination is ongoing.

iii. Enhancement of compensation-related functions

- Ongoing examination of officer compensation systems and frameworks and verification of appropriateness of compensation levels

As of the most recent evaluation of the effectiveness of the Board of Directors, progress was being made toward targets for performance-linked bonuses and performance-linked stock-based compensation set to be accomplished by the fiscal year ending March 31, 2024. The issues identified regarding compensation-related functions in the previous evaluation will be discussed in preparation for the compensation target period that will conclude with the fiscal year ending March 31, 2026.

iv. Reinforcement of strengths underpinning the effectiveness of the Board of Directors

- Examination of succession plans

The Co-Creation Management Academy (CMA) future leader development program was launched in the fiscal year ended March 31, 2018, with the goal of identifying and cultivating candidates for future management positions, including that of the president, as part of the Company's management succession planning efforts. The CMA program will enter into its seventh year in the fiscal year ending March 31, 2024. The previous evaluation of the effectiveness of the Board of Directors identified issues regarding the swift cultivation of future management candidates. To address these issues, the standards for promotions were revised in April 2023 to allow junior employees to be selected for promotions earlier in their careers. In addition, a new upper management training program was implemented to rapidly develop participants, who are selected from among individuals who have completed the CMA program, into management personnel. The Company will continue to assess and enhance such programs going forward.

■ Evaluation Process for the Fiscal Year Ended March 31, 2023

All directors and Audit & Supervisory Board members completed a self-evaluation survey of the effectiveness of the Board of Directors that comprised 76 questions in the following 12 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.

In addition, Board Advisors Japan evaluated the independence and contributions of external directors based on its specialized insight.

(1) Questionnaires administered to all directors and Audit & Supervisory Board members covering the following topics:

- i. Overall Board of Directors
- ii. Composition of the Board of Directors
- iii. Preparation and support systems
- iv. Meeting proceedings
- v. Decision-making process
- vi. Oversight of operational execution
- vii. Nominating and Compensation Committee
- viii. Sustainability Committee
- ix. Strategy Committee
- x. Human Resource Strategy Committee
- xi. Officer compensation
- xii. Response to Tasks Identified in Previous Evaluation and Conclusion

(2) Third-party evaluation of the independence and contributions of external directors

- Third-party interviews with all directors and Audit & Supervisory Board members (approximately 30 minutes per person)
- Inspection of the minutes of meetings of the Board of Directors and each advisory committee
- Analysis of concurrent positions (analysis of time spent as an external director)
- 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)

■ Results of Evaluation

Overall, the Board of Directors was again found to have a high level of effectiveness, due in part to its steady implementation of measures based on the results of prior evaluations of effectiveness.

The third-party evaluation of the independence and contributions of external directors confirmed that all three of the external directors are highly independent and are making large contributions to improvements in corporate value by exercising their respective expertise (see news release indicated below for more information).

At the same time, a large number of comments were received identifying the need to address the important task of succession planning for members of senior management and directors, as was the case with the previous evaluation. The third-party evaluation similarly provided input on the need for succession planning in relation to external directors.

Furthermore, input was received with regard to the importance of recruiting digital transformation specialists in order to further improve corporate value.

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

(https://www.0101maruigroup.co.jp/pdf/settlement/23_0707/en_23_0707_1.pdf)

■ Future Initiatives

Progress has already been made in regard to succession planning for members of senior management and directors through aforementioned measures to allow younger employees to be selected for promotions and the start of an upper-management training program. In addition, discussions will be commenced shortly regarding the newly identified task of succession planning for external directors.

With regard to the recruitment of digital transformation specialists, Naofumi Tsuchiya, representative director and CEO of Goodpatch Inc., was appointed to the position of CDXO (chief digital transformation officer) in June 2023. By incorporating Mr. Tsuchiya's deep insight regarding digital transformation and user experience into management, MARUI GROUP intends to accelerate digital transformation initiatives in order to achieve greater improvements in corporate value.

Going forward, the Company will continue to enhance its corporate governance systems with the aim of further improving 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, finance, 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

Supplementary Principle 5.1.2: Policies for Promoting Constructive Dialogue 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 concerning its corporate philosophy, management strategies, business performance, and other matters.

1. Communication with shareholders is advanced through effective coordination between the CFO and the executive officer in charge of investor relations and overseen by the president and representative director.
2. 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.

3. 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. In addition, 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.

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

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

Moreover, the “Engagement with Shareholders and Other Investors” page added to the Company’s corporate website in July 2023 discloses MARUI GROUP’s ongoing engagement activities and responses to the input and questions received through these activities.

The “Engagement with Shareholders and Other Investors” page of the Company’s corporate website can be accessed via the following link.

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

[Engagement with Shareholders and Other Investors]

MARUI GROUP promotes constructive engagement with stakeholders with the aim of achieving medium- to long-term improvements in corporate value. To facilitate these efforts, we practice communication with the greater society while endeavoring to disclose information in a timely and appropriate manner in order to ensure high transparency in our business activities.

The Investor Relations Division accommodates requests for engagement from shareholders and other investors to the extent rationally feasible. Input garnered through such communication activities is shared with management and other relevant members of the Company in order to drive improvements in corporate value.

Yasunori Nakagami, representative director and CEO of Misaki Capital Inc. and an investor focused on long-term engagement, was appointed as an external director in 2021. Mr. Nakagami chairs the Strategy Committee, an advisory body to the Board of Directors, and promotes ongoing engagement from the perspectives of shareholders and other investors for the purpose of contributing to the implementation of MARUI GROUP’s medium- to long-term strategies.

[Engagement Activities Targeting Analysts and Institutional Investors]

Participants from MARUI GROUP

President and representative director, CFO, external directors, operating company presidents, and officers in charge of investor relations, ESG, shareholder relations, and corporate planning

Activities	FY2021	FY2022	FY2023
Financial results briefings and teleconferences	4	4	4
MARUI IR DAY	1	2	2

Small meetings with the president and the CFO	1	3	3
Strategy Committee meetings	—	—	13
Individual meetings with domestic institutional investors and analysts	186	224	187
Individual meetings with overseas institutional investors and analysts (including meetings at overseas roadshows)	72	73	75
Conferences hosted by securities companies	6	6	4
Engagement meetings* for facilitating improvements to corporate value	10	8	6
Individual meetings with exercisers of voting rights	14	14	17

* Meetings for engaging in discussions on themes related to improving corporate value from a medium- to long-term perspective

[Management Guided by Engagement with Analysts and Institutional Investors]

At MARUI GROUP, management receives regular reports on meetings with analysts and institutional investors and the subjects discussed thereat. In addition, the matters discussed at meetings of the Strategy Committee, which is chaired by Yasunori Nakagami, an investor focused on long-term engagement, are used to guide management activities. Recently, the Strategy Committee discussed means of providing transparent and compelling explanations in response to feedback received from analysts and institutional investors at the financial results briefing for the nine months ended December 31, 2022. The measures discussed were incorporated into the explanations provided at MARUI IR DAY and the financial results briefing for the fiscal year ended March 31, 2023.

[Feedback from Analysts and Institutional Investors Following the Financial Results Briefing for the Nine Months Ended December 31, 2022]

- Easy-to-understand disclosure of the mechanism behind the earnings slowdown in the FinTech segment is necessary.
- The factors that will contribute to the improvement of operating income in the Retailing segment in the fiscal year ending March 31, 2024, and beyond are unclear.
- The growth of QR code businesses appears to present a threat.
- Explanations should be offered on the unique benefits of EPOS cards given that rivals are rapidly growing their

cardholder bases by offering point returns on purchases.

- There is a need for explanations of the benefits of human capital management based on actual examples.
- Information should be provided on the medium- to long-term directives for MARUI GROUP over the next decade considering that the successful transition from labor-intensive operations to intellectual capital-based operations has led to the latter becoming a main source of earnings.

[Input from Analysts and Institutional Investors Following MARUI IR DAY and the Financial Results Briefing for the Fiscal Year Ended March 31, 2023]

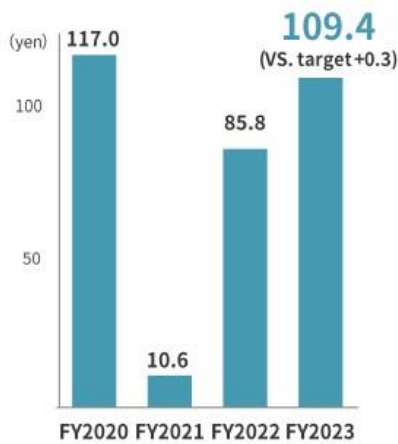
- Explanations from the president addressing investor concerns were highly compelling.
- Easy-to-understand explanations preemptively addressing investor questions were well-founded and contributed to a high sense of anticipation for improvements in performance in the fiscal year ending March 31, 2024, and beyond.
- Explanations on the contributing factors to improved performance in the Retailing segment were provided, but a more detailed examination of said factors would be desirable in the future.
- Explanations of market conditions and comparisons to rivals created a positive impression and offered a hopeful outlook for the future of MARUI GROUP.
- Explanations fostered understanding of initiatives for growing earnings, but it would be preferable to wait to see how the initiatives affect future earnings trends.
- Upfront disclosure from MARUI GROUP is highly beneficial considering that the means of evaluating human capital management are not yet clear to investors.
- Explanations, coupled with MARUI GROUP's past success in transforming its corporate culture, contributed to an increased sense of anticipation for the corporate value improvements to be achieved through future organizational reforms and human capital investments.

Principle 5.2: Establishing and Disclosing Business Strategies and Business Plans

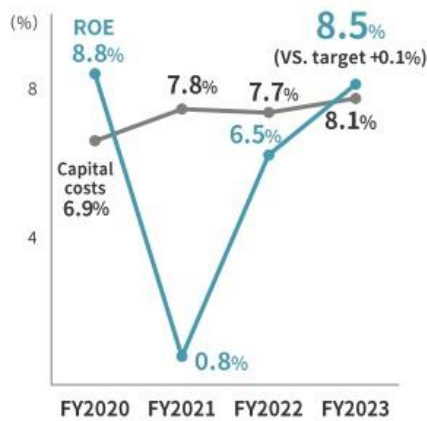
The Company shall formulate management strategies and plans based on the corporate philosophy and an accurate understanding of the Company's capital costs (shareholders' equity costs and weighted average cost of capital) and disclose related information. The progress of these management strategies and 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.

In the fiscal year ending March 31, 2026, the final year of the medium-term management plan, the Company is targeting earnings per share of ¥200.0, return on equity of 13%, and return on invested capital of 4%. In the fiscal year ended March 31, 2023, earnings per share was ¥109.4, up 27%, or ¥23.6, year on year as a result of earnings growth and capital measures. Return on equity was 8.5%, up 2.0 percentage points, surpassing the level of shareholders' equity costs of 8.1%, while return on invested capital was 3.5%, up 0.2 percentage point, the same level as weighted average cost of capital, which was also 3.5%.

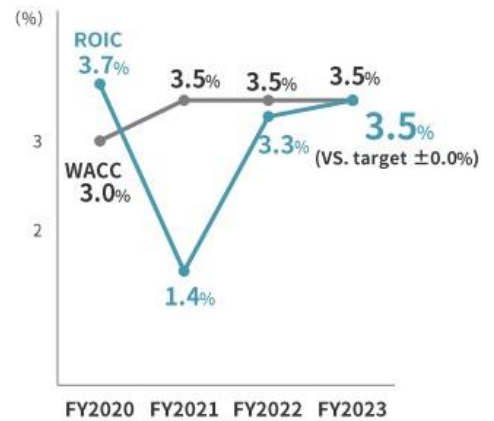
■ EPS



■ ROE • Capital costs



■ ROIC • WACC



Going forward, MARUI GROUP will seek to evolve into a company that contributes to the resolution of social issues through human capital investments to achieve its desired form of corporate value, which will entail achieving return on equity of 25% and a price-to-book ratio of 5.0 times.

Current

PBR 1.7times

= ROE 10% × PER 17times
(Forecast for FY2024) (Current level)

Future

PBR 5times

= ROE 25% × PER 20times

2. Capital Structure

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

More than 20%, less than 30%

【Major Shareholders】 **Updated**

Name	Number of shares	Percent of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,423,900	23.89
Custody Bank of Japan, Ltd. (Trust Account)	22,866,100	12.03
Misaki Engagement Master Fund	6,490,400	3.41
Aoi Real Estate Co., Ltd.	6,019,606	3.17
MUFG Bank, Ltd.	4,356,184	2.29
TOHO CO., LTD.	3,779,300	1.99
AOI SCHOLARSHIP FOUNDATION	3,249,635	1.71

The Bank of New York Mellon Corporation	2,794,697	1.47
Tadao Aoi	2,784,500	1.47
KARASUYAMA., Ltd.	2,454,887	1.29

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

Supplementary Information Updated

1. The Company holds 18,547,000 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 766,000 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)

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
Etsuko Okajima	○	<p>Ms. Etsuko Okajima is a director at Euglena Co., Ltd., with which MARUI GROUP has concluded a capital and business alliance agreement, and the Company held 1.8% of the issued shares of Euglena as of March 31, 2023. MARUI GROUP purchases biofuel from Euglena, but the total amount of these purchases in the fiscal year ended March 31, 2023, was ¥3.2 million. For this reason, Ms. Okajima meets the Company's Criteria for Independence of External Directors and Audit & Supervisory Board Members.</p> <p>■ Career history, positions, and responsibilities</p> <p>Apr. 1989 Joined Mitsubishi Corporation Jan. 2001 Joined McKinsey & Company</p>	<p>Ms. Etsuko Okajima has experience and extensive knowledge related to corporate management, human resource development, and start-up companies. 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</p>

<p>Etsuko Okajima</p>		<p>Jul. 2005 Representative and CEO, GLOBIS Management Bank Jun. 2007 President & CEO, ProNova Inc. (Incumbent) Jun. 2014 External Director (Incumbent)</p> <p>■ Major concurrent positions</p> <p>President & CEO, ProNova Inc. Director, euglena Co., Ltd. External Director, LANCERS, INC. Outside Director, SEPTENI HOLDINGS CO., LTD. External Director, Yappli, Inc. External Director, Money Forward, Inc.</p>	<p>therefore been submitted to the Tokyo Stock Exchange designating her as an independent director.</p>
<p>Yasunori Nakagami</p>	<p>○</p>	<p>■ Career history, positions, and responsibilities</p> <p>Apr. 1986 Joined Andersen Consulting (currently Accenture plc) Jul. 1991 Joined Corporate Directions, Inc. Mar. 2005 Representative Director and CEO, Asuka Corporate Advisory Co., Ltd. Oct. 2013 Representative Director and CEO, Misaki Capital Inc. (Incumbent) Jun. 2021 External Director (Incumbent)</p> <p>■ Major concurrent positions</p> <p>Representative Director and CEO, Misaki Capital Inc.</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. He has performed his duties as an external director of the Company properly by voicing questions and opinions from an objective, independent position. As the Company believes that he can continue to contribute to the reinforcement of the supervisory function for the management of the Company, the Company has appointed him as an external director. In addition, Mr. Nakagami is the CEO of Misaki Capital Inc., a company that operates Misaki Engagement Master Fund, a major shareholder of the</p>

Yasunori Nakagami			<p>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>
Peter David Pedersen	○	<p>Mr. Peter David Pedersen is representative director of Next Leaders’ Initiative for Sustainability (NELIS). MARUI GROUP participates in activities sponsored by NELIS. He has also served as an advisor to MARUI GROUP since January 2019, and he has provided advice on sustainability management in this role. In the fiscal year ended March 31, 2023, activity participation fees paid to NELIS totaled ¥1.0 million. 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, and responsibilities</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</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. He has performed his duties as an external director of the Company properly by voicing questions and opinions from an objective, independent position. As the Company believes that he can continue to contribute to the reinforcement of the supervisory function for the management of the Company, the Company has appointed him as an external director. 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</p>

Peter David Pedersen	and Innovation, Shizenkan University (Incumbent) Jun. 2021 External Director (Incumbent) ■ Major concurrent positions Professor, Graduate School of Leadership and Innovation, Shizenkan University Representative Director, Next Leaders' Initiative for Sustainability Independent Outside Member of the Board, Meiji Holdings Co., Ltd.	independent director.
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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 [Updated](#)

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 bearing special titles
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 three times to discuss and make decisions regarding the following matters.

- Performance-linked bonuses (meeting held in June 2022)
- Compensation of newly appointed executive officers (meeting held in June 2022)
- Resignation and reappointment of officers (meeting held in September 2022)
- Confidentiality and non-competition provisions (meeting held in September 2022)
- Officer ranks and compensation (meeting held in March 2023)

【Audit & Supervisory Board】

Has Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board members pursuant to articles of incorporation	5
Number of Audit & Supervisory Board members	4

Coordination between Audit & Supervisory Board Members, Accounting Auditor, and Internal Auditing Organizations

- Audit & Supervisory Board members hold meetings with the accounting auditor as necessary to confirm the status of each other's duties and the details of the Company's financial results.
- Audit & Supervisory Board members formulate policies related to governance risks for each fiscal year. The Audit Department provides support to the Audit & Supervisory Board members, quickly responding to their needs, and conducts internal audits based on its own yearly auditing plans. In addition, regular meetings to which Audit & Supervisory Board members of subsidiaries attend are held monthly, in principle, to confirm the status of governance throughout the Group and share information.

Has external Audit & Supervisory Board members	Yes
Number of external Audit & Supervisory Board members	2
Number of external Audit & Supervisory Board members who are also independent auditors	2

Relationship between External Audit & Supervisory Board Members and the Company (1) Updated

Name	Association	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoko Suzuki	Attorney													
Hiroaki Matsumoto	Licensed tax accountant													

* 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
Yoko Suzuki	○	<p>■ Career history, positions, and responsibilities</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>Jun. 2018 Auditor, Hitotsubashi University Collaboration Center (Incumbent)</p> <p>Jun. 2020 External Audit & Supervisory Board Member (Incumbent)</p> <p>Sep. 2021 Auditor (part-time), National Archives of Japan (Incumbent)</p> <p>■ Major concurrent</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. Furthermore, Ms. Suzuki was designated as an independent auditor because it was judged that she 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 her as an independent auditor.</p>

Yoko Suzuki		<p>positions</p> <p>Partner, Suzuki Sogo Law Office</p> <p>Member of the Board, Bridgestone Corporation</p> <p>Outside Director and Audit & Supervisory Board Member, Nippon Pigment Co., Ltd.</p> <p>Director of the Board, JAPAN PULP AND PAPER COMPANY LIMITED</p>	
Hiroaki Matsumoto	○	<p>■ Career history, positions, and responsibilities</p> <p>Apr. 1981 Tokyo Regional Taxation Bureau</p> <p>Jul. 2006 District Director, Chichibu Tax Office</p> <p>Jul. 2016 Chief Internal Inspector, Commissioner's Secretariat of National Tax Agency</p> <p>Jul. 2018 Regional Commissioner, Kumamoto Regional Taxation Bureau</p> <p>Sep. 2019 Registered as Certified Tax Accountant</p> <p>Established Hiroaki Matsumoto Certified Tax Accountant Office</p> <p>Jun. 2022 External Audit &</p>	<p>Mr. Hiroaki Matsumoto is certified as a tax accountant and thus has specialized insight and experience in the field of accounting. He also possesses experience and significant insight gained as an outside auditor at other companies. Based on the above reasons, the Company believes that he can contribute to impartial audits as an external Audit & Supervisory Board member. Accordingly, the Company has appointed him as an external Audit & Supervisory Board member. Furthermore, Mr. Matsumoto 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>

Hiroaki Matsumoto		Supervisory Board Member (Incumbent) ■ Major concurrent positions Certified Tax Accountant, Hiroaki Matsumoto Certified Tax Accountant Office Outside Corporate Auditor, YAZAKI Corporation Outside Audit & Supervisory Board Member, Kaken Pharmaceutical Co., Ltd.	
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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 an 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 relative) 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 an individual serving 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, 2022, the total amount of compensation paid to directors was ¥240 million and the total amount paid to Audit & Supervisory Board members was ¥52 million, for a combined total of ¥292 million.

■ Officer Compensation in the Fiscal Year Ended March 31, 2023 (Millions of yen)

	Number of recipients	Basic compensation	Performance-linked bonuses	Performance-linked stock-based compensation	Total compensation
Directors (Of whom, external directors)	6 (3)	156 (55)	20 (—)	63 (—)	240 (55)
Audit & Supervisory Board members (Of whom, external Audit & Supervisory Board members)	6 (3)	52 (16)	— (—)	— (—)	52 (16)
Total	12	209	20	63	292

Notes:

1. On March 31, 2022, the number of directors was six and the number of Audit & Supervisory Board members was four.

However, the above number of recipients includes two Audit & Supervisory Board members that retired upon the conclusion of the Ordinary General Meeting of Shareholders held in June 2022.

2. Amounts for performance-linked bonuses and performance-linked stock-based compensation were recorded as expenses in the fiscal year ended March 31, 2022.

3. Ratio for the fiscal year ended March 31, 2020, and forward

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

■ Target Indicators and Performance-Linked Coefficients and Results

	Target indicator	Target	Performance	Performance-linked coefficient
Fiscal year ended March 31, 2022	EPS	¥79.57	¥85.81	107%
Fiscal year ended March 31, 2023		¥109.11	¥109.37	100%
Fiscal year ending March 31, 2024		¥140.00	—	0%–200%

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

• Over the three-year period beginning with the fiscal year ended 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 or more	—	0%–110% Adjusted based on degree of accomplishment of target for each indicator
	ROE	10.0% or more		
	ROIC	3.8% or more		
	ESG indicators	Inclusion in DJSI World*1		0% or 5%
CO ₂ emissions reduction of 350,000 t-CO ₂ *2		0% or 5%		

*1 An ESG index in which companies are selected for inclusion based on comprehensive assessments of economic,

environmental, and social factors conducted from the perspective of long-term improvements in shareholder value

*2 Compared with the fiscal year ended March 31, 2017

■ Total Compensation on a Consolidated Basis by Officer

Name	Total compensation on a consolidated basis (Millions of yen)	Officer classification	Affiliated company	Total compensation on a consolidated basis by type (Millions of yen)		
				Basic compensation	Performance-linked bonuses	Performance-linked stock-based compensation
Hiroshi Aoi	130	Director	MARUI GROUP CO., LTD.	75	13	41

Note: Only individuals that received total compensation on a consolidated basis exceeding ¥100 million are listed.

■ 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 29, 2022, the upper limit for basic compensation to external directors was set at ¥100 million a year. The number of external directors at the time of the conclusion of the aforementioned Ordinary General Meeting of Shareholders was three.

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 three-year period beginning with the fiscal year ended March 31, 2022, and ending

with the fiscal year ending March 31, 2024, was set at ¥600 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 100,000 points (equivalent to 10,000 shares) multiplied by the number of years in the given allocation scheme period. Accordingly, the upper limit for the three-year period beginning with the fiscal year ended March 31, 2022, and ending with the fiscal year ending March 31, 2024, was set at 300,000 points (equivalent to 30,000 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, 2023, the Nominating and Compensation Committee comprised the following three members:

Etsuko Okajima (External Director)

Yasunori Nakagami (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, 2023, 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 2023, 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 of 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	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. 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.
Electronic methods of exercising voting rights	Electronic methods of exercising voting rights were introduced at the Ordinary General Meeting of Shareholders held in June 2006.
Participation in platforms for electronic voting rights exercise and other initiatives to enhance voting rights exercise options for institutional investors	The Company began participating in a platform for electronic voting rights exercise with the Ordinary General Meeting of Shareholders held in June 2011.
Provision of abbreviated English-language notices of convocation of ordinary general meetings of shareholders	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.
Live streaming of ordinary general meetings of shareholders	The Company has been conducting live streaming of ordinary general meetings of shareholders since the Ordinary General Meeting of Shareholders held in June 2021.
Acceptance of questions submitted in advance of ordinary general meetings of shareholders	The Company has been accepting questions submitted in advance of meetings since the Ordinary General Meeting of Shareholders held in June 2022.

2. Investor Relations Activities

	Supplementary information	Explanations are provided directly from Company representative
Establishment and release of disclosure policy	The MARUI GROUP Disclosure Policy is available for viewing on the Company's website.	
Regular explanatory forums for analysts and institutional investors	Financial results briefings and teleconferences, MARUI IR DAY, and other forums are held six times a year.	Yes
Regular explanatory forums for overseas investors	Information is provided in English via videos of financial results briefings and MARUI IR DAY presentations as well as disclosure of English-language materials. In addition, the Company is always receptive toward requests for meetings from overseas institutional investors.	Yes
Investor relations materials provided via Company website	Investor relations information: www.0101maruigroup.co.jp/en/ Information is provided on financial results, key performance indicators, monthly operating performance, stock prices, and ordinary general meetings of shareholders while various reports, including co-creation management reports, electronic public notices, the MARUI GROUP Disclosure Policy, <i>VISION BOOK 2050</i> , & <i>magazine</i> , and news releases are also made available along with an IR calendar (some information is available in Japanese only).	
YouTube	Videos offering explanations on financial performance from IT staff as well as an informative look at MARUI GROUP's initiatives are provided via YouTube.	
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	<p>The Sustainability Committee was 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 <i>VISION BOOK 2050</i>, which has been disclosed on the Company's corporate website, and other relevant information is available in the Company's ESG DATA BOOKs, impact books and annual securities reports.</p> <p><i>VISION BOOK 2050:</i> http://www.0101maruigroup.co.jp/en/sustainability/pdf/s_report/2018/s_report2018_a3.pdf</p> <p>Annual securities report for the fiscal year ended March 31, 2021 https://www.0101maruigroup.co.jp/pdf/settlement/0210gfe0_en.pdf</p> <p>ESG DATA BOOK for the fiscal year ended March 31, 2022 https://www.0101maruigroup.co.jp/en/sustainability/pdf/esg/esg2022_en.pdf</p> <p><i>Impact Book 2023</i> https://www.0101maruigroup.co.jp/en/ir/pdf/impactbook/2023/impactbook_all.pdf</p>
Policies for disclosing information to stakeholders	<p>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.</p> <p>The Corporate Planning Division, the IR Department, the General Affairs Department, and the Financial Department are the entities responsible for information disclosure.</p> <p>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.</p> <p>Information is disclosed through venues that are easy to access for shareholders and other stakeholders.</p> <p>English-language versions of documents are prepared and disclosed as deemed necessary.</p>

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, systems 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 compliant 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.
- The following four committees shall be maintained as advisory bodies to the Board of Directors.
 - i. Nominating and Compensation Committee (at least three members, two or more of whom should be external directors) responsible for improving the transparency and objectivity of the decision-making process related to the nomination of directors and executive officers bearing special titles and to compensation systems for directors and executive officers
 - ii. Sustainability Committee tasked with promoting co-creation sustainability management
 - iii. Strategy Committee meant to contribute to ongoing improvements in corporate value by discussing and providing recommendations regarding Groupwide and business-specific strategies
 - iv. Human Resource Strategy Committee charged with discussing and providing recommendations regarding Groupwide human resource strategies for the purpose of driving ongoing improvements in corporate value

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 six committees for improving management of high-risk areas: the Public Relations IR Committee, the Internal Control Committee, the ESG Committee, the Information Security Committee, the Safety Control Committee, and the Insider Trading Prevention Committee. Also, the Compliance Promotion Board, which is chaired by the president, shall oversee the aforementioned six committees and manage risks on a Groupwide basis.

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 risks, and risk countermeasures is to be documented and monitored to minimize management risks.

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, MARUI 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.

MARUI GROUP shall refuse any unwarranted demands and disassociate from antisocial 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 antisocial 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 whistleblowers have not suffered disadvantageous treatment as a result of reporting matters of concern 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 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, 2023]

- 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, 2023, MARUI GROUP once again conducted employee training on the important themes of information security and harassment in addition to practical training tailored to specific business areas.

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 six committees to manage high-risk areas: the Public Relations IR Committee, the Internal Control Committee, the ESG Committee, the Information Security Committee, the Safety Control Committee, and the Insider Trading Prevention Committee. These committees promote the efficient management of risks.

The Compliance Promotion Board oversees the activities of the six committees and tracks the status of risk management at Group companies. Two meetings of the Compliance Promotion Board were held in the fiscal year ended March 31, 2023.

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, 2023, 10 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, 2023, the Management Committee met 18 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, 2023, 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 nine major 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

• 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, 2023" 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.