



Governance ▶ Corporate Governance

Corporate Governance

As a holding company, J. Front Retailing regards the strengthening of corporate governance—by building and maintaining an internal control system for the entire Group and supervising its operation—as one of the most important management issues, in order to ensure compliance, transparency, objectivity, and soundness of the management of the Group as a whole and to emphasize and thoroughly enforce accountability to stakeholders including customers, shareholders, employees, business partners, and local communities.

In line with this, we have adopted the Company with Three Committees (Nomination, Audit, and Remuneration Committees) system. The reasons for this are:

- (1) To strengthen management oversight functions by separating supervision and execution;
- (2) To clarify authorities and responsibilities in business execution and promote flexible management;
- (3) To improve the transparency and objectivity of management; and
- (4) To build a globally applicable governance system; and thereby further strengthen our corporate governance.

Overview of corporate governance system

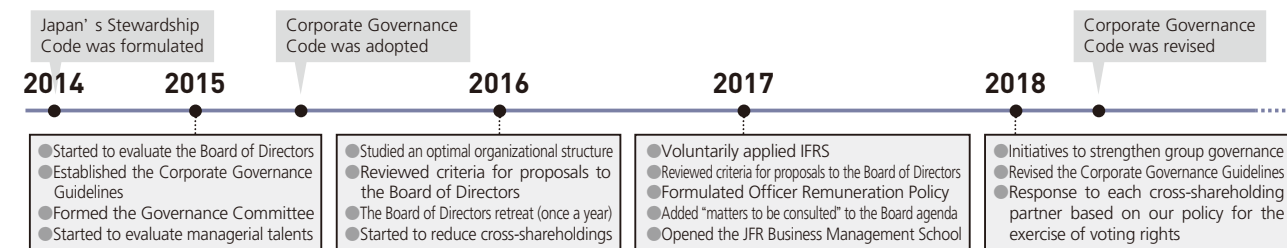
We are a pure holding company, and in order to speed up management decisions and clarify management responsibilities, the authority for execution of business operations of operating subsidiaries is delegated to respective subsidiaries except for matters that are important to the Group's management.

Our roles and responsibilities as a pure holding company are as follows:

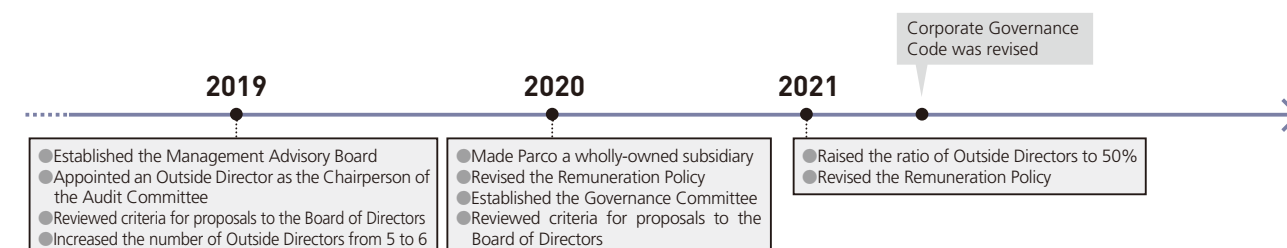
- To establish a corporate governance system for the Group as a whole;
- To plan and draft the Group Vision, the Group Medium-term Business Plan, and the Group Management Policy, as well as manage their progress and performance;

- To optimize allocation of the Group's management resources;
- To establish a risk management system for the entire Group and conduct internal audits;
- To make decision on important business execution matters related to the management of the Group; and
- To advise and approve the management policies and strategies of each operating company and to supervise and evaluate their progress.

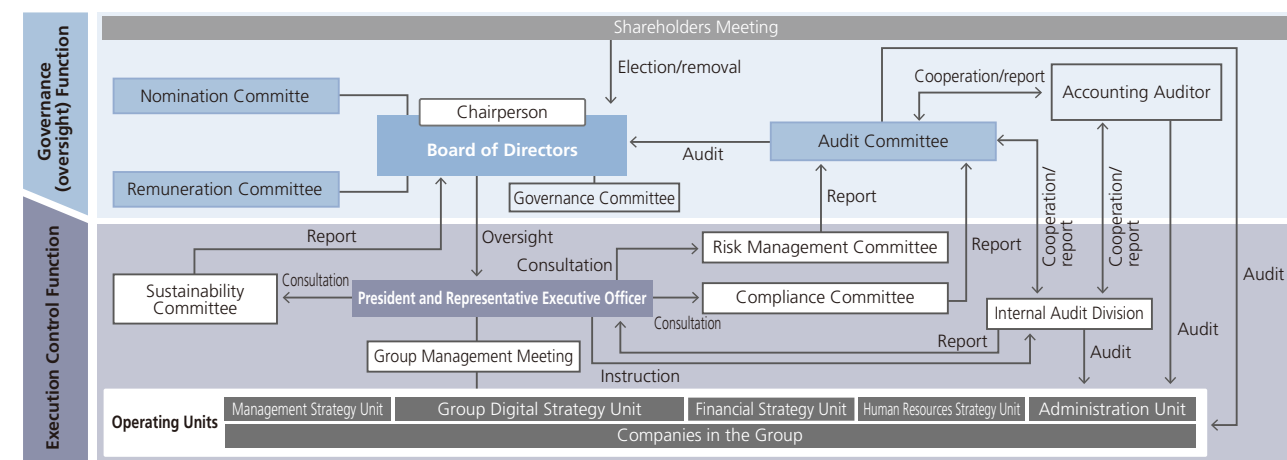
We have also established five supervisory units (Management Strategy Unit, Group Digital Strategy Unit, Financial Strategy Unit, Human Resources Strategy Unit, and Administration Unit) as our management organizations. We clarify the roles, responsibilities, and authorities of each unit to strengthen supervisory functions and enhance the internal control system of the Group as a whole.



Company with an Audit & Supervisory Board → Company with Three Committees (Nomination, Audit, and Remuneration Committees)



Company with Three Committees (Nomination, Audit, and Remuneration Committees)



Board of Directors

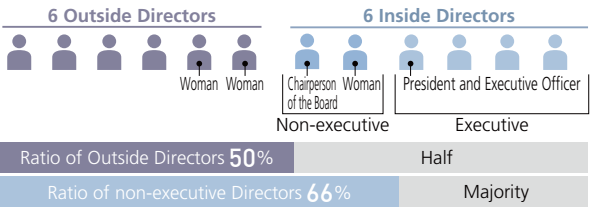
(1) Basic roles and responsibilities of the Board of Directors

Directors are appointed and entrusted by our shareholders to manage the Company and therefore owe fiduciary responsibility and accountability to the shareholders. Keeping this in mind and aiming to realize our Group Vision, the Board of Directors performs the following roles and responsibilities:

- To discuss the Group Vision, the Group Medium-term Business Plan, the Group Management Policy, and other basic management policies thoroughly and in a constructive way, as well as to deliberate on their risk assessments and other matters from various angles and with objectivity, so as to set a general direction for the Group's management;
- To make appropriate decisions on the overall policy and plans related to the Group management based on the direction mentioned above, and to supervise the progress and results of the said plans;
- To develop an environment that facilitates aggressive management efforts toward achieving discontinuous growth;
- To build and develop an internal control system for the entire Group and supervise its operation;
- To supervise conflicts of interest between related parties; and
- To supervise the progress of management succession planning, personnel allocation plans related to managerial talents, and management training, all of which are delegated to the Nomination Committee, based on a summary report from the Nomination Committee.

(2) Composition of the Board

Our Board of Directors consists of members in an appropriate number not exceeding 15, as set forth in the Articles of Incorporation. As of May 27, 2021, the Board of Directors had 12 members including six independent Outside Directors. Their term of office is one year. When nominating candidates for Directors, we aim to ensure balance and diversity in composition of the Board, taking into account the numbers of supervisors and executives or the mix of talents with experience and expertise in business management. In the election of Outside Directors, the Company selects, in light of the independence criteria established by the Company, candidates who are substantially independent and therefore unlikely to have any conflicts of interest with our shareholders.



Skills matrix (Skills expected of Directors)

Name	Management Strategy	Finance	Marketing	HR & Organization Development	Legal Affairs & Compliance	IT & Digital	E: Environment	S: Society	G: Governance
YAMAMOTO Ryoichi	○		○				○		○
HAMADA Kazuko				○				○	○
YAGO Natsunosuke	○						○		○
HAKODA Junya	○	○							○
UCHIDA Akira	○	○							○
SATO Rieko					○	○		○	○
SEKI Tadayuki		○			○			○	
KOIDE Hiroko	○		○	○					
YOSHIMOTO Tatsuya	○		○				○		○
SAWADA Taro	○		○			○		○	
MAKIYAMA Kozo	○		○	○		○		○	
WAKABAYASHI Hayato	○	○		○					

(3) Key issues discussed at Board meetings and efforts to solve the issues

Against the backdrop of COVID-19 crisis and its huge impact on our performance, and in consideration of the Group's earning power and financial stability, the Board of Directors in fiscal 2020 made a decision at its meeting to tackle the top-priority issue of management restructuring, which was reflected in the setting of agenda for subsequent Board meetings. In the course of formulating the Medium-term Business Plan launched in March 2021, the Board debated on setting the goal of bringing our performance back to the pre-COVID level of fiscal 2019 in fiscal 2023, a final year of the Plan, which would be achieved through a scheme to capitalize on the Group's strengths across our business sections.

In capitalize on addition to the setting of agenda mentioned above, various efforts have been made to further facilitate substantial discussions, such as introducing an issue tracking sheet and holding regular meetings of chairpersons of the Board and the three statutory committees.

- FY2021–FY2023 Group Medium-term Business Plan
- Management restructuring
- ESG three-year medium-term plan
- Initiatives to strengthen IT governance
- Basic policy for developing an internal control system
- Shareholder policy and IR activities
- Reviewing of reasonableness of cross-held shares

Nomination Committee, Audit Committee, and Remuneration Committee

(1) Nomination Committee

The Nomination Committee consists of three independent Outside Directors and non-executive Chairperson of the Board of Directors. To ensure transparency and objectivity, the Chairperson of the Committee is selected from among independent Outside Directors. The Nomination Committee determines the agenda for the election and dismissal of Directors to be submitted to the Shareholders Meeting and also the content of reports to be made to the Board of Directors with respect to the appointment and dismissal of Executive Officers, including the President and Representative Executive Officer, the selection and dismissal of the chairpersons and members of statutory committees, as well as the succession plans for the President and Representative Executive Officer and other management positions.



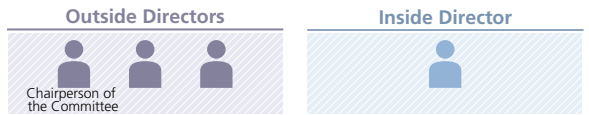
<Key agenda items>

- Appointment and dismissal of Directors
- Selection and dismissal of Representative Executive Officers
- Appointment and dismissal of Executive Officers, assignment and removal of duties
- Selection and dismissal of the Chairperson of the Board of Directors
- Selection and dismissal of chairpersons and members of the three statutory committees
- Matters related to succession planning

(2) Audit Committee

The Audit Committee consists of three independent Outside Directors and one full-time non-executive Inside Director who is well-versed in internal matters and is therefore expected to help in maintaining and improving the accuracy of audits. To ensure transparency and objectivity, the Chairperson of the Committee is selected from among independent Outside Directors.

The Audit Committee effectively audits whether the duties of Executive Officers and Directors are executed in compliance with laws, regulations, and the Articles of Incorporation, with efficiency, and in accordance with our Basic Mission Statement and Group Vision. The Committee also provides necessary advice and recommendations, as well as audits the status of the establishment and operation of internal controls, and prepares audit reports. To ensure the reliability of accounting information, the Audit Committee supervises the Accounting Auditor and determines the details of proposals for the election and dismissal of the Accounting Auditor to be submitted to the Shareholders Meeting.



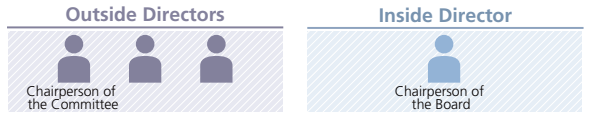
<Key agenda items>

- Formulation of audit policies and audit plans
- Internal Audit Division's reports
- Accounting Auditor's reports
- Preparation of audit findings
- Preparation of audit reports

(3) Remuneration Committee

The Remuneration Committee consists of three independent Outside Directors and non-executive Chairperson of the Board of Directors. To ensure transparency and objectivity, the Chairperson of the Committee is selected from among independent Outside Directors.

The Remuneration Committee determines the policy for deciding individual remuneration, etc. for the Directors and Executive Officers of the Company and the officers of major subsidiaries (directors, executive officers, and auditors), and the content of individual remuneration, etc. of the Directors and Executive Officers of the Company.



<Key agenda items>

- Whether or not Officer Remuneration Policy requires revision
- Levels of individual officers' remuneration (base amount by mission grade)
- Performance targets and evaluation table for bonus
- Performance evaluation and individual payment amounts for bonuses for the previous fiscal year
- Performance evaluation and individual payment amounts for stock-based remuneration for the previous fiscal year

- Examination of officer remuneration level, composition, KPIs, and other aspects using external data, etc.
- Measures regarding officer remuneration following significant changes to the management environment, etc.

Fiscal 2020 (March 2020 to February 2021)

	Board of Directors	Nomination Committee	Audit Committee	Remuneration Committee
Number of meetings	15	14	18	15
Attendance rate of Inside Directors	100%	100%	100%	100%
Attendance rate of Outside Directors	98.8%	100%	100%	100%
Average duration of meetings	2 hours and 48 minutes	46 minutes	1 hour and 45 minutes	1 hour and 1 minute

Executive sessions

Executive sessions are exclusive meetings of independent Outside Directors for free exchange of opinions and sharing of information. Participants debate on matters that require the attention of supervisors, such as on issues regarding the Board meeting or problems to be addressed in order to improve the effectiveness of the Board, among others (Lead director: Ms. SATO Rieko, an independent Outside Director). At the request of the lead director, the President and Representative Executive Officer and the Chairperson of the Board of Directors also participate in discussions.

In fiscal 2020, participants led the move to revise the Board agenda based on the discussion that the Company should, in light of the impact of COVID-19, give priority to management restructuring.

Governance Committee

It has been some time since we made a transition to a Company with Three Committees (Nomination, Audit, and Remuneration Committees) in 2017, during which time Parco Co., Ltd. became our wholly-owned subsidiary and a new Medium-term Business Plan was developed. In view of these and other changes that have taken place, as well as the issue regarding the gap between the ideal and the real state of governance that came into light in the effectiveness evaluation of the Board of Directors, we decided that we needed a platform on which to reexamine our governance system and its operational rules, etc. for the Group as a whole. Consequently, the Governance Committee was established in October 2020 as an advisory organ of the Board of Directors tasked to rebuild the Group governance structure that would support the healthy growth of the whole Group and contribute to enhancing our corporate value in the medium to long term. The Governance Committee consists of six independent Outside Directors, Chairperson of the Board of Directors, and the President and Representative Executive Officer.

In fiscal 2020, the Committee discussed such matters as the desirable system for the Group's governance, reviewing of criteria for proposals to the Board of Directors aimed at a more speedy decision-making in management, the Board's approach to sustainability, and skills matrix, among others.

Succession planning

Selection of the President and Representative Executive Officer is the most important strategic decision-making process, so we position the formulation and implementation of succession plans (for the next senior management team) as a matter of particular importance on our management strategy agenda. When selecting successor candidates, the Nomination Committee, whose majority are Outside

Directors, deliberates on the evaluation of each candidate, which is prepared based on internal data and the results of assessment conducted by a third-party organization. In this way, the process for selecting successor candidates is made clear and transparent. Successors are decided by resolution of the Board of Directors based on the results of deliberation submitted by the Nomination Committee and with an eye to realizing our Basic Mission Statement and Group Vision.

Regarding the qualities required of successors, our Corporate Governance Guidelines stipulates the five items below as “desirable qualities required of JFR managerial talent,” defining the values, capabilities, and behavioral traits our officers need to have.

- ① Strategic mindset
- ② Reform-oriented leadership
- ③ Tenacity to achieve results
- ④ Organization development strengths
- ⑤ Human resource development strengths

The Nomination Committee shares these principles, fixes its eye on where the Group wants to be in ten years, and discusses what the prerequisites would be for our president, then, so that we have consistent indicators for the evaluation and development of human resources, based on which we work to train and select our future leaders. Regarding the dismissal of the President and Representative Executive Officer, the Board of Directors will decide the report submitted by the Nomination Committee, which the Committee has prepared—in light of the set targets, expected outcome, and resulting achievements (i.e., performance for each period, state of implementation of the strategies, etc.) as well as the accomplishments of the successor candidates who have been selected under the succession plan—and resolved after deliberation. The Nomination Committee deliberates succession plans on a planned and ongoing basis to ensure that the plans take into account changes in the environment and circumstances surrounding the Company and the progress of its strategies. As for other members of the senior management, the Nomination Committee deliberates and resolves their dismissal as in the case of the President and Representative Executive Officer.

Evaluation of the Board of Directors

Based on a preliminary questionnaire, a third-party organization conducts individual interviews with all Directors (both Inside and Outside). The Board of Directors then examines the report on the collected and analyzed results of the interviews. We believe that after a series of improvements made following the past five evaluations, we have come a long way in establishing a framework for the Board of Directors and the governance system. In fiscal 2020, considering that we started off under a new management team due to the changes of the Board Chairperson and the President and Representative Executive Officer, we focused our evaluation on bringing to light the challenges pertaining to the Board’s deliberations and operation in particular, in addition to reviewing the state of responses to the issues pointed out in the previous fiscal year.

[Evaluation items]

Evaluation items are set in light of the roles and responsibilities of the Board of Directors, in consideration of the balance between regular questions to determine continuity and new questions, and in a way that the response can be grasped for each different position such as Inside Directors, Outside Directors, committee members, etc., and evaluated and analyzed accordingly.

[Key evaluation items for fiscal 2020]

- Board of Directors’ contribution to the Group as a whole
- Board composition

- State of operation
- Content of discussions
- Effectiveness of the Nomination, Remuneration, and Audit Committees

A total of 37 items

[[Evaluation results and efforts to address the issues]

With regard to the sixth evaluation of the Board of Directors conducted in September and October, 2020, the third-party organization reported that vigorous discussions were being conducted from diverse perspectives and with increased objectivity of its deliberations in the current Board composition. Meanwhile, the Board of Directors recognized the need to address the following:

- Redefining the roles of the Board
- Intensifying discussions on medium- to long-term strategies
- Reviewing the Board composition
- Strengthening the “Plan” and “Check” functions of the Board
- Strengthening the functions of the Nomination Committee

In response to these challenges, in fiscal 2021 we will carry out the following with an eye to improving efficiency of the Board.

- Review the roles of the Board of Directors, delegate more authority to the executives, and thereby speed up decision-making in management
- With regard to the medium- to long-term growth strategy, tighten the monitoring of business execution while keeping in view the state of COVID-19 crisis
- Create a Board of Directors’ issue tracking sheet to keep track of the progress on each issue
- Review the process for the evaluation of management team and reinforce collaboration between the Nomination Committee and the Remuneration Committee

Officer remuneration system

In April 2017, we formulated and announced an Officer Remuneration Policy, which includes a stock-based remuneration system for officers in order to steadily implement the Medium-term Business Plan toward realizing the Group Vision. Upon formulating the new Medium-term Business Plan, we reviewed the content and revised it in April 2021.

In conjunction with the revision of the policy, the scope of stock-based remuneration has been expanded to include Directors and Executive Officers of the Company, Directors and Executive Officers of Daimaru Matsuzakaya Department Stores, a major subsidiary of the Company, as well as Executive Officers of Parco.

Beginning in fiscal 2020, the Company discloses the amount of each officer’s remuneration (including the amount received as remuneration, etc. for an officer of a major consolidated subsidiary, if any) in the Annual Securities Reports regardless of whether or not his/her total consolidated remuneration, etc. exceeds 100 million yen.

(1) Basic policies on officer remuneration

Our officer remuneration system is based on the following basic policies, aiming to realize and promote sustainability management (pay for purpose). Furthermore, our main subsidiaries, Daimaru Matsuzakaya Department Stores and Parco, have adopted the same basic policies.

- To contribute to the sustainable growth of the Group and the medium- to long-term improvement of corporate value, and be consistent with our corporate culture;
- A compensation system that encourages professional managers to carry out their roles (missions) based on the management strategy;
- Remuneration levels that enable us to secure and retain human resources who have the “desirable managerial talent qualities” required by the Company;

- To share awareness of interests with shareholders and heighten awareness of shareholder-focused management;
- Enhanced transparency and objectivity in the remuneration decision process

(2) Process for determining remuneration

In order to ensure the appropriateness of the level and amount of remuneration and the transparency of the decision-making process, the specific remuneration amount is decided by deliberation and resolution of the Remuneration Committee, which consists of independent Outside Directors and a Chairperson of the Board of Directors who does not execute business and is chaired by an independent Outside Director. Revisions to the officer remuneration system will be implemented in accordance with the period of the Medium-term Business Plan. However, the level of basic remuneration will be reviewed if a drastic change in the external environment requires a significant revision during the Medium-term Business Plan period.

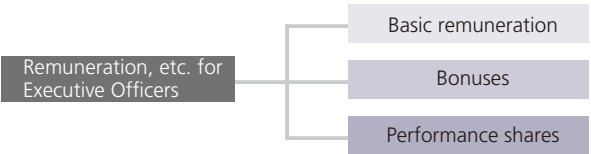
[Forfeiture of remuneration] (clawback and malus)

Regarding Executive Officers’ bonuses and stock-based remuneration, in the event that a resolution is passed by the Board of Directors regarding the post-revision of financial results due to serious accounting errors or improprieties, in the event that there has been a serious breach of the appointment contract, etc. between the Company and an officer, or in the event that an officer has voluntarily retired for his/her own reasons during his/her term of office against the will of the Company, the Company may request the forfeiture of the right to pay or grant remuneration or the refund of remuneration that has already been paid or granted to the officer.

(3) Remuneration composition for Executive Officers and non-executive Directors

The remuneration for Executive Officers consists of (a)

Executive Officers



Proportion of remuneration by type for Executive Officers of each rank

[President]

Basic remuneration	Bonuses	Performance shares
38.5%	23.0%	38.5%
Monetary remuneration		Stock-based remuneration
61.5%		38.5%
Fixed remuneration	Performance-linked remuneration	
38.5%	61.5%	

[Executive Officers excluding President]

Basic remuneration	Bonuses	Performance shares
45.4%	27.3%	27.3%
Monetary remuneration		Stock-based remuneration
72.7%		27.3%
Fixed remuneration	Performance-linked remuneration	
45.4%	54.6%	

Note: The above figure represents the case of a bonus for a standard ranking where the performance achievement rate for stock-based remuneration was 100%.

Note: Directors and Executive Officers of Daimaru Matsuzakaya Department Stores and Parco shall have the same remuneration composition as “Executive Officers excluding President” in the above figure.

“basic remuneration” (monetary remuneration) in accordance with the mission grade, (b) “bonus” (monetary remuneration) based on the individual evaluation, etc. for each fiscal year, and (c) “performance share (performance-linked stock-based remuneration)” (trust-type stock-based remuneration) linked to the achievement rate of consolidated performance, etc. as set forth in the Medium-term Business Plan. The remuneration for non-executive Directors consists of only fixed remuneration: (a) “basic remuneration” (monetary remuneration) based on job responsibilities, and (d) “restricted stock” (trust-type stock-based remuneration) that is not linked to performance as a stock-based remuneration system.

*Directors and Executive Officers of Daimaru Matsuzakaya Department Stores and Parco shall have the same remuneration composition as “Executive Officers excluding President” in the above figure.

(a) Basic remuneration (monetary remuneration)

Basic remuneration is positioned as fixed remuneration and is determined by mission grade for Executive Officers and by the table for non-executive Directors in accordance with the size (weight) of each officer’s responsibilities.

(b) Bonuses (monetary remuneration)

The bonus paid to Executive Officers is a performance-linked remuneration that encourages them to achieve the goals for each fiscal year, which are milestones in the Medium-term Business Plan. The performance-linked remuneration is evaluated based on the quantitative evaluation of “Annual Financial Targets” and the qualitative evaluation of “Annual Non-Financial Indicators.”

(c) Performance share (performance-linked stock-based remuneration)

We issue our shares to Executive Officers in conjunction with the consolidated performance achievement rate set forth in the Medium-term Business Plan in order to achieve sustainable growth of the Group and increase corporate value over the medium to long term.

Target values and evaluation weights for performance-linked stock-based remuneration

KPI		Medium- to long-term targets	Evaluation weight
Profitability	① Consolidated operating profit	40.3 billion yen (FY2023)	40%
	② ROE	7% (as of the end of FY2023)	40%
Non-financial	③ GHG reduction (Scope 1&2) emission	-40% (compared to FY2017)	10%
	④ Raising the ratio of women in management positions	26% (as of the end of FY2023)	10%

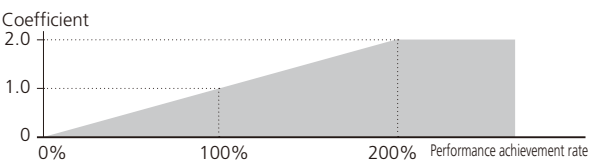
Note: KPI stands for Key Performance Indicator.

Note: Short-term targets adopt only ① consolidated operating profit. The initial forecasts for the fiscal year announced in the Consolidated Financial Results every April (IFRS basis) are used for the relevant target value. The target value for FY2021 is 11.0 billion yen.

Calculation method of performance-linked coefficient

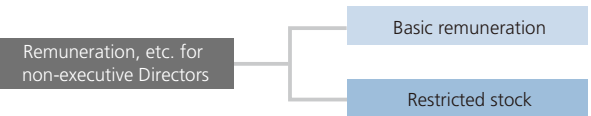
Performance achievement rate	Performance-linked coefficient
200% or more	2
0% or more but less than 200%	Actual results ÷ Target
Less than 0%	0

Image of changes in a performance-linked coefficient



Note: When performance achievement rate is 0, the performance-linked coefficient is 0 (0%), and when performance achievement rate is 200% or more, the performance-linked coefficient is 2.0 (200%).

Non-executive Directors



60% of the total performance-linked stock-based remuneration is to be issued in a single issuance at the end of the Medium-term Business Plan, and the remaining 40% is to be issued annually in order to promote management from the perspective of shareholder.

(d) Restricted stock (non-performance-linked stock-based remuneration)

In order for non-executive Directors to strengthen our aggressive and defensive governance from a different standpoint from executives as the representatives of stakeholders and to engage in management from a medium- to long-term perspective, we have adopted a restricted stock system in which our shares are issued in a manner that is not linked to performance, and the shares are issued upon their retirement from office.

Basic capital policy

We believe that increasing free cash flow and improving ROE will lead to sustainable growth and the enhancement of corporate value over the medium to long term. To achieve this, we will promote a capital policy that balances the “implementation of strategic investments,” the “enhancement of shareholder returns,” and the “expansion of shareholders’ equity” that takes into account risk preparedness. In addition, our basic policy is to procure funds through interest-bearing liabilities by taking into account the ability to generate free cash flow and the balance of the interest-bearing liabilities. We aim to create an optimal capital and debt structure that takes into account funding efficiency and the cost of capital. In order to improve free cash flow and ROE, it is important to implement a “business strategy” to increase sales with profitability and a “financial strategy (including capital policy)” to increase return on invested capital. At the same time, we believe it is important to maximize operating profit and continuously improve the operating margin by intensively allocating management resources to strengthening core businesses, expanding business domains, and aggressively developing new businesses.

In addition, as an important financial indicator for the realization of the Group Vision, we focus on ROE for capital efficiency, consolidated operating profit and ROIC for business profitability, free cash flow for profitability and safety, and the ratio of equity attributable to owners of parent (equity ratio) for financial soundness.

Shareholder return policy

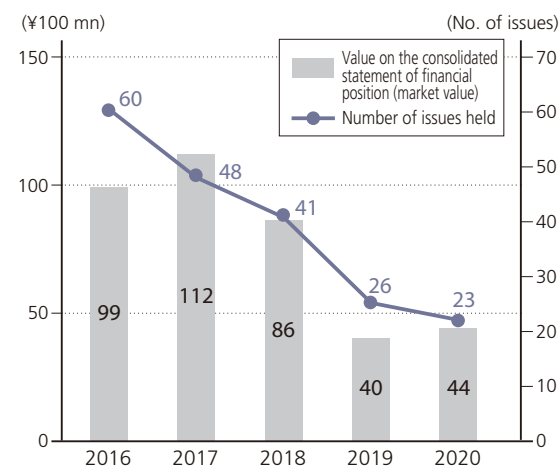
Our basic policy aims to offer stable dividends and return profits to shareholders appropriately with a consolidated dividend payout ratio of around 30 percent or more, taking into account profit levels, future capital investments, free cash flow trends, and other factors while maintaining and trying to improve financial health. Furthermore, we consider acquiring treasury stock from time to time in order to improve capital efficiency and enable agile implementation of capital policy.

Cross-shareholdings

(1) Shareholding policy

The Group does not acquire new shares for cross-shareholdings (listed shares to be held for purposes other than pure investment, excluding shares in subsidiaries and associates), in principle. However, this does not apply to a cross-shareholding arrangement that is deemed indispensable in driving forward the Group’s business

Changes in the number of issues of cross-shareholdings (listed shares excluding deemed holdings)

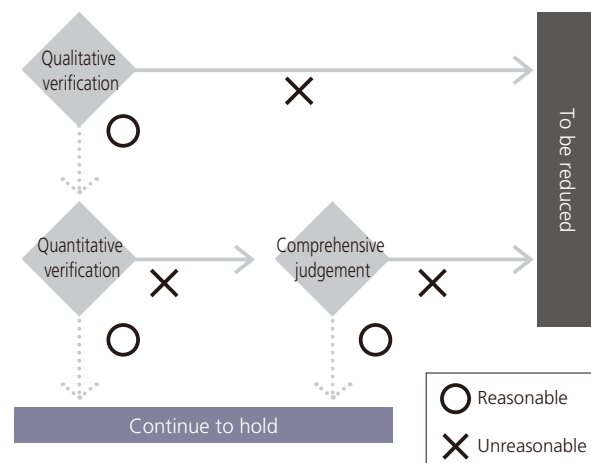


strategy and likely to contribute to improving its corporate value over the medium to long term through the verification of the reasonableness of the planned cross-shareholding. For instance, if a cross-shareholding arrangement is requested to facilitate local revitalization, it would be possible to acquire shares after it is fully considered within the executives whether such arrangement is appropriate from the viewpoint of “coexistence with local communities,” which is one of the materiality issues designed to promote sustainability management. For the cross-shareholdings that are already in our possession, we will, as appropriate, cut down on those whose possession is deemed unreasonable as a result of verification, after holding negotiations with client companies and business partners and reaching agreement with them on the sales method, period, and other conditions.

For unlisted shares, we have continuously examined the appropriateness of their possession within the executives in view of their potential sell-off and reduction. From the current fiscal year, we will determine if it is reasonable to hold unlisted shares from both qualitative and quantitative aspects, as with listed shares, and will strengthen efforts to reduce unlisted shares.

(2) Verifying the reasonableness of cross-shareholdings

Cross-shareholdings are subject to a regular annual verification for each individual issue by the Board of Directors from both qualitative and quantitative aspects. Qualitative verification looks at business strategies, such as securing supply chains and maintaining smooth and good business



relationships with client companies and business partners. Qualitative verification examines whether the amount of proceeds from shareholdings, including those from related transactions and dividends, is greater than capital cost.

(3) Policy for exercising voting rights

We determine whether to exercise our voting rights considering whether such exercise will contribute to sustainable growth and enhancement of the medium- to long-term corporate value of the company in which we hold the shares, and of the Group. In particular, we have a policy on which to base our decisions on the exercise of voting rights and will take action along this policy across the entire Group for proposals which are considered highly important in enhancing corporate governance, such as those on the corporate governance structure (election of officers) or the return of profits to shareholders (appropriation of surplus), and those that may impact shareholder value (adoption of anti-takeover measures). If necessary, we will also hold dialogues with the company in which we hold the shares before exercising our voting rights.

Improvement of Shareholders Meetings

To have a constructive dialogue with our shareholders, we send out the Notice of Convocation of Shareholders Meeting early (at least three weeks prior to the day of the Meeting) and post the content of the Notice of Convocation on the websites of the financial instruments exchange and the Company as soon as practically possible prior to the date of issuance of the Notice of Convocation. This will provide enough time for shareholders to consider as to the exercise of their voting rights. The Notice of Convocation of the 14th Shareholders Meeting was disclosed on the websites of the financial instruments exchange and the Company four weeks prior to the day of the meeting, before sending the Notice of Convocation in written form. For the convenience of shareholders, including domestic and international institutional investors, in exercising their voting rights, we have introduced an online voting system and used an electronic voting platform. Furthermore, we have the Notice of Convocation of Shareholders Meeting translated into English and disclose the translation on our website and the electronic voting platform so that international shareholders will be able to properly exercise their voting rights.

Since fiscal 2020, we have encouraged online voting more than ever before in order to reduce the risk of further spread of COVID-19 infection which may occur if shareholders visit

the venue of the Shareholders Meeting in person. We also live-streamed sections of the Shareholders Meeting of explaining about “progress and results” and “issues to be addressed” for shareholders who could not come to the meeting.

Disclosure and IR activities

Based on our Basic Mission Statement that “we aim at developing the Group by contributing to society at large as a fair and reliable corporation,” we seek to maintain and advance trustworthy relationships with shareholders, investors, and other stakeholders. To this end, we disclose important information relevant to the Company in an accurate, clear, fair, timely, and appropriate manner in order to raise management transparency and deepen understanding of the Company. This is what we aim for in carrying forward IR activities. We disclose any important information of the Company which is subject to the Timely Disclosure Rules via the Tokyo Stock Exchange’s TDnet (Timely Disclosure network) and make its content available on our website, etc. as soon as possible. For any information which is not subject to the Timely Disclosure Rules but which we think will help deepen understanding of the Company, we try to make such information widely known by posting it on our website, publicizing Integrated Reports, and by other means. We disclose information timely and appropriately by using TDnet, EDINET, Sustainability Reports, and our website according to the nature of information to be disclosed. To ensure the fairness of information disclosure, we prepare English translations and disclose them for: the Notice of Convocation of Shareholders Meeting, Integrated Reports, Annual Securities Reports, timely disclosure information, financial results information, Sustainability Reports, and our website. We disclose on our website as soon as possible presentation videos, materials, and Q&A summary texts for financial results and ESG presentations, and Q&A summary texts for financial results conference calls, both in Japanese and English. In addition to timely disclosure and information transmission at our website, we organize a range of briefings and meetings and respond to inquiries from shareholders and investors on a daily basis, seeking to enhance communication with them. Opinions and requests from shareholders and investors are shared widely among the Company and relevant companies in the Group and used for reference in corporate management toward increasing corporate value.

Major dialogue activities with investors in FY2020

Item		Remarks
Financial results presentations for institutional investors and analysts (on financial results and management)	Twice	Videos were streamed on our website in Japanese and English. The summaries of Q&A sessions on the same days were also posted in Japanese and English.
Financial results conference calls for institutional investors and analysts (Q1, Q3)	Twice	The summaries of Q&A sessions on the same days were posted on our website in Japanese and English.
Small meetings for institutional investors and analysts	12 times	
ESG presentations for institutional investors and analysts	Once	Videos were streamed on our website in Japanese and English. The summaries of Q&A sessions on the same days were also posted in Japanese and English.
Store tours for institutional investors and analysts	Once	A tour of Shinsaibashi PARCO (which opened in November 2020)
Overseas IR	Twice/26 companies	Conducted online
Conferences for international investors organized by securities companies	3 times/17 companies	Conducted online
Individual meetings for institutional investors	137 times	Mostly in the form of conference call

