Corporate Governance Report

Last Update: May, 21, 2018

Aeon Mall Co., Ltd.
President & CEO Akio Yoshida
Contact: Management Planning Dept, IR Group
Securities Code: 8905
http:// www.aeonmall.com/ir/index.html

The corporate governance of Aeon Mall Co., Ltd (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Aeon Mall advances the basic principle that "the customer comes first," where Aeon Mall (the company) along with the local community, aims to serve as a "Life Design Developer" to help create the future of people's living within those communities.
Under "Life Design," based on the life-stage of any give community, we aim go beyond the normal scope of shopping centers and look to provide a great variety of new functions in both the social and cultural realm. We aim to further leverage our strength as a developer rooted in retailing. And based on our beliefs in localization and the building of malls unique to their specific regions (both domestically and overseas), our ambition becomes to local economic and cultural advancement - lifestyle improvement. In realizing such goals, the Company recognizes corporate governance to be one of management's most pertinent issues. As such, the Company looks to continually work for strengthening of its corporate governance.

[Basic Thinking relating to Corporate Governance]
(1) Secure a proper and fair environment for shareholder rights and execution of those rights, and advance due cooperation with shareholders thereby allowing for sustained growth.
(2) The Board of Directors and management promise to provide the necessary high leadership to allow for the creation of a corporate culture that respects the rights of customers and stakeholders, the implementation of ethical business practices, and aggressive efforts in ESG/CSR.
(3) With respect to financial reports as well as non-financial reporting, the Company has articulated a "Disclosure Policy" and a "Rules for Administering Disclosure" through which the Company aims to provide appropriate and readily understandable disclosure and thereby secure transparency and impartiality.
(4) The Board of Directors is composed primarily by those well versed in retailing which allows the Company to leverage its strength as a retailing-rooted developer. Further, via the use of independent officers, the Company aims to enhance supervisory and auditing functions which allows for highly transparent management. Through such measures, the Company seeks to articulate and advance its long-term vision and/or the Medium-term Plan.
(5) Through active and constructive discussions with its shareholders, the Company aims to reflect in management those opinions and appraisals received and thereby enhance corporate value.

For further information, please visit and refer to our web site.
http://www.aeonmall.com/about/index.html

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company adopts and implements all corporate governance codes.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Code 1-4. Strategic Equity Holdings]

On the issue of strategic equity holdings, the Company takes a comprehensive approach that includes factors such as corporate strategy and the nature of business transactions. The Company's guideline in strategic equity holdings is to ensure all such holdings contribute to the medium/long-term enhancement of corporate value. Furthermore, on the issue of exercise of voting rights of companies owned as strategic equity holdings, the Company evaluates each resolution as to its potential contribution to the medium/long-term growth of that company and to ensure such resolutions do not damage the interests of Aeon Mall. This comprehensive approach constitutes the Company's standard where it comes to the exercise of voting rights.

[Code 1-7. Business Dealings with Related Parties]

To prevent harm to the Company and/or the common interests of its shareholders, the Company has established the following rules in business dealings with directors and/or major shareholders (Business Dealings with Related Parties).

1. Regarding director business dealings that compete with the Company or where business dealings result in a conflict of interest between the Company and its directors, the Company will carefully assess such transactions via appraisal of the propriety of such transactions by specialists and the submission of such appraisal to the Board of Directors for discussion so as not to harm the Company and/or the common interests of its shareholders. Further, where a particular director is seen to have an interest in a business dealing, the Company will ensure fairness and impartiality via removal of that particular director from decision-making for said business dealing.

2. Where the Company conducts business dealings with a related party, as per "Rules for Administering Dealings with Related Parties," the Company will ensure objectivity via referencing the terms of business dealings with unrelated third-party entities amongst other things. Further, as per "Rules of Jurisdiction," the Company will, depending on the degree of importance and/or the nature of the business dealing, have the Board of Directors seek the opinion of the independent officers and/or the members of the Audit & Supervisory Board regarding the business dealing's rationality (necessity of said business dealing) and the reasonableness of the terms of the business dealing. For business dealings not presented to the board, the Company will similarly make assessment of the business dealings rationality and reasonableness before arriving at any decision.

[Code 3-1. Enhancement of Disclosure]

1. With the new Medium-term Plan (from FY2017 to FY2019), the Company aims to become a Company of strength and resilience, one that combines sustained growth and high profitability, and become Asia's number one developer. Specifically, the Company identifies the following as "Aeon Mall's Growth Strategy" through which it aims to perpetuate innovation to its business model: 1) capturing Asian growth opportunities, 2) development of new domestic demand, 3) becoming the overwhelmingly dominant mall in each region, 4) capturing urban growth opportunities, and 5) implementation of an optimal financing mix and organizational structures to support growth.

For further information on the Company's management principles, management vision, and the new Medium-term Plan, please refer to our web site.

http://www.aeonmall.com/about/index.html

2. Details regarding the Companyindex.htmlhinking relating to corporate governance can be found in the current document under nd the new Medium-terFurther, as regards to basic policies, the Company's, as well as that of the Aeon Group's basic approach to corporate management and corporate governance, as per Aeon Co., Ltd.'s "Basic Principles in Corporate Governance," can be found.

3. The Company determines director compensation via the Board of Director under parameters set forth at the general meeting of shareholders stipulating compensation ceilings and taking into consideration such factors as title (rank) and business performance. As regards to compensation to the members of the Audit & Supervisory Board, payment is determined by the Audit & Supervisory Board Members under parameters set forth at the general meeting of shareholders stipulating compensation ceilings.

4. With respect to designation of candidates to the Board of Director, the CEO submits candidates under standards set forth below. After hearing the opinion of the outside directors, the Board of Directors approves/ disapproves presentation of the candidate to the general meeting of shareholders as an agenda item for resolution.

Standards for Board Director Candidacy

- Required to be of good health both mentally and physically

- In possession of the personality traits and ethical qualities fit for a director
- In possession of strong management expertise, objectivity in judgment, good foresight and strong discernment skills.
- Does not possess interests/ business dealings that may interfere with the duties of a director.
- In possession of global perspectives and thought required for overseas business expansion
- Otherwise, deemed to possess the innate disposition required of a director at a publicly traded entity that seeks the realization of a sound and transparent corporate governance structure..

With respect to designation of candidates for the Audit & Supervisory Board, the CEO submits candidates under standards set forth below. Upon review and approval by the Audi & Supervisory Board, the Board of Directors approves/ disapproves presentation of the candidate to the general meeting of shareholders as an agenda item for resolution.

Standards for Candidacy to the Audit & Supervisory Board Member
- Required to be of good health both mentally and physically
- Ability to maintain fair and impartial views and take action based on one's convictions
- In possession of strong management expertise and objectivity in judgment
- Ability to recognize management issues from an overall corporate perspective
- Does not possess interests/ business dealings that may interfere with the duties of an Audit & Supervisory Board Members
- Superior knowledge of finance/ accounting and/or high levels of expertise, experience or skills in one's area of specialty

5. Rationale given for selection to the candidacy of director and/or Audit & Supervisory Board Member role are disclosed in the general meeting of shareholders' supplementary material.
Beginning in FY2016 (FY02/17), the Company has also disclosed the rationale for selection to the candidacy of internal executive directors in the general meeting of shareholders' supplementary material.

[Supplemental Code 4-1-1. The Role and Responsibilities of the Board of Directors]
The Company stipulates, under the "Board of Director Rules" and with due consideration to law, those issues that should be submitted before the Board of Directors.
Pertaining to execution of business by directors, granting of powers deemed to be necessary for business execution are stipulated under "Rules for Organizational Administration," "Rules for Division of Duties", "Rules of Jurisdiction," and "Rules for Approval Requests." These rules also stipulate clear identification of management responsibilities as well as executorial responsibilities and administrative details.

[Code 4-8. Effective Use of Independent Officers]
To promote active deliberation and expeditious decision-making at Board of Director meetings, the Company appoints less than 20 members as per corporate charter, of which 2 are currently outside directors high in independence. The outside directors have been selected and appointed based on their diverse perspectives, robust experience, insights, and fields of speciality. Further, from the independent officers, the Company demands appraisal and advice from the vantage point of the following: 1) customers and shareholders, 2) medium/long-term perspectives (not bound to the short-term), 3) rationality and reasonableness of Board decision-making, 4) comparative perspective on Company practices versus others, 5) perspective of women for female directors.

[Code 4-9. Independence, Judgement Standards, Disposition of Independent Officers]
As regards to appointment of independent officers, the Company abides by the "Standards of Independence" as stipulated by the Tokyo Stock Exchange. Further, the Company's 4 outside directors, having met said standards of independence, have all been designated as independent officers, and reported as such to the Tokyo Stock Exchange.

[Supplemental Code 4-11-1. Thinking Pertaining to the Overall Balance, Diversity, and Size of the Board of Directors]
To promote active deliberation and expeditious decision-making at Board of Director meetings, the Company appoints less than 20 members as per corporate charter, of which 2 are outside directors high in independence. The internal executive directors are made up of individuals with varying specialties. They possess knowledge

of the overall business, a balanced sense of their realm of activity, a strong track record, and decision-making skills. Meanwhile, the outside directors are made-up of individuals scoring high in independence. They come from diverse backgrounds. The outside directors provide diverse perspectives, robust experience, insights, and specialist knowledge. Further, the views of women, in terms of values and thought, are seen to be highly important in a business that develops, administers, and manages shopping malls. The inclusion of women in the Board of Directors is thusly important as it promotes diversity irrespective of nationality, race, gender, age, educational background, and religion among other things.
With respect to designation of candidates for the Board of Directors, the CEO submits candidate names and upon hearing the opinion of the outside directors, the Board of Directors approves/ disapproves presentation of the candidate to the general meeting of shareholders as an agenda item for resolution.

[Supplemental Code 4-11-2. Status Regarding Directors and Concurrent Board Positions]
To help ensure that the outside directors and outside Audit & Supervisory Board Members, that all directors and Audit & Supervisory Board Members will be able to allocate the necessary time and energy to the duties and responsibilities of said positions, the Company articulates in its corporate charter the number of directors and Audit & Supervisory Board Members that are required.
Pertaining to concurrent (multiple) board positions held by directors and/or Audit & Supervisory Board Members, the Company will seek, at the time of candidacy, details on board positions held by an individual at other listed companies and/or similar companies and organizations. Determination will be made regarding the candidate's rational ability to attend and perform duties at the Company's Board of Director/ Audit & Supervisory Board meetings. Assuming no issues exist, the candidate will be reviewed by the Board of Directors and be formally designated as a candidate for director or Audit & Supervisory Board Member. After appointment to the Company as a director/ Audit & Supervisory Board Member, the Company will confirm that the individual is contributing to lively discussions and timely decision-making. The issue of concurrent board positions is also presented in "Notice of Regular General Meeting of Shareholders", and the "Annual Report" among other documents.

[Supplemental Code 4-11-3. Analysis/ Appraisal of the Effectiveness of the Board of Directors]
The Company, since FY2016, has implemented the "Appraisal of the Effectiveness of the Board of Directors." In the first year, the Company sought to gain an accurate view of the status quo from a variety of angles, keeping in mind each of the corporate governance codes. The emphasis here was on understanding the issues and to this end, a survey was done of all of the members of the Board Directors and the Audit & Supervisory Board. The Company also used a third-party entity to help with the task of processing and analyzing the survey results, conducted opinion exchanges with the outside directors, and after a preliminary meeting of the internal directors, brought forth the subject to a meeting of the Board of Directors in July to seek corrective measures for the issues uncovered. A summary of the results of that meeting is as follows.
In view of the corporate governance codes and as seen in the use of PDCA, high marks were received for efforts to improve administration of the Board of Directors, for the high awareness among directors of areas in need of improvement, and for the visible desire and efforts among the directors to realize improvement. The Company received valuable opinions regarding future issues facing the Board of Directors. It was expressed, for example, that there was a need for discussion regarding what the Board of Directors aspired to be, a need for further improvement in audit and/or supervisory functions, a need for discussions on the Company's corporate principles, and a need for advanced discussions from long-term perspectives.
Going forward, with the survey results in hand, the Company aims to implement initiatives designed to further improve the functionality of the Board of Directors. To this end, the Company aims on continuing with the Appraisal of the Effectiveness of the Board of Directors. It will help allow the Board of Directors to understand the challenges. PDCA will continue to be implemented to ultimately help elevate the effectiveness of the Board of Directors as a whole.

[Supplemental Code 4-14-2. Training Policies for Directors]
The Company conducts training seminars for newly appointed directors and Audit & Supervisory Board Members to enhance leadership skills, develop corporate strategy skills, and to increase expertise in compliance and governance. The Company also conducts the likes of "Top Seminars" for executives to provide training opportunities.
At the time of appointment, the Company provides new outside directors and outside Audit & Supervisory Board Members a tour of the Company's malls and a training program designed to provide them with information deemed necessary for their duties. The program includes a historical background of both the

industry as well as Aeon Mall, its group companies and Aeon Group as a whole. The program also includes an outline of the Company's business activities, financial position, and business strategies.
Post appointment, the Company provides new outside directors/ Audit & Supervisory Board Members a tour of the Company's overseas malls to deepen understanding of the Company's overseas business, one of the key pillars of the Company's business strategies.
[Code 5-1. Policy Regarding Constructive Dialogue with Shareholders]
The Company designates the Administrative Director as the IR Director, and the Corporate Strategy Department as the access point through which dialogue with shareholders are conducted. It is via mutually coordinated efforts between these two entities that the Company executes its IR activities.
The Company place great importance on the constructive dialogue it has with its shareholders and investors. Not only does it help lead to understanding of the Company's business strategies, it also allows the Company to interact with shareholders and investors with a deeper understanding of their positions.
With respect to institutional investors, the Company conducts quarterly results briefings as well as individual meetings and conference calls. The Company also actively participates in investor conferences and hosts domestic mall tours as required. For overseas investors, the Company actively implements IR tours (investor visitations) in the U.S., Europe, and Asia.
With respect to retail investors, the Company has created a section devoted to retail investors at its web site. On a regular basis, the Company conducts information meetings for retail investors via securities companies. Where the Company receives questions and/or opinions from retail investors via telephone or the Internet, the Company responds in an expeditious manner.

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Aeon Co., Ltd.	125,515,605	55.18
Japan Trustee Services Bank, Ltd. (Trust Acct No.9)	6,978,400	3.06
Japan Trustee Services Bank Ltd. (Trust Acct)	6,870,000	3.02
BNYMSANV As Agent / Clients Lux Ucits Non Treaty Account	5,012,000	2.20
The Master Trust Bank of Japan, Ltd. (Trust Acct)	4,066,000	1.78
JP Morgan Chase Bank 385174	3,063,000	1.34
State Street Bank West Client - Treaty 505234	2,476,447	1.08
State Street Bank - West Pension Fund Clients - Exempt 505233	2,432,166	1.06
Japan Trustee Services Bank, Ltd. (Trust Acct No. 5)	2,428,600	1.06
Japan Trustee Services Bank, Ltd. (Trust Acct No. 7)	1,849,400	0.81

Controlling Shareholder (except for Parent Company)	-
Parent Company	Aeon Co., Ltd. (Listing: TSE, Code: 8267)

Supplementary Explanation

1. Major shareholder data (above) is as of 28 February 2018. Aeon Co., Ltd. is the Companynvestors at its web 5.18% of outstanding shares.
2. Percentage of holdings data shown only to the second, one-hundredth decimal point.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	February
Type of Business	Real Estate
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

The Company is a member of a corporate group (henceforth, Group) composed of Aeon Co., Ltd. (a pure holding company, herewith Aeon Co.), its consolidated subsidiaries and equity-method accounted affiliates. Aeon Co strives to maximize group synergies and is tasked with development of Group strategies, optimizing allocation of group resources, diffusion of corporate philosophy/ basic principles, and coordination of common services. At the same time, each of the Group companies, including the Company, is tasked with enhancing their areas of specialty, and by implementing management closely integrated to local communities, aims to increase customer satisfaction.

Leveraging Group revenues exceeding ¥8 trillion, the Company seeks to attract and increase customer drawing power. Initiatives include sales promotions utilizing Group infrastructure such as the Aeon Card and/or "WAON," Aeon's electronic money service.

Decision-making relating to daily operational tasks is based on the Company's independent judgement. On key management issues, however, the Company will seek discussion and/or make report with Aeon Co. The Company maintains a close and cooperative relationship with Aeon Co. and other Group companies whilst at the same time respecting each of the companies' independence. The Company aims for sustainable growth and enhanced business performance through such relationships.

It is the belief of the Company that by maximizing cooperative effort and synergies between Group Companies, the interests of the minority shareholder will benefit.

5. Other Special Circumstances which may have Material Impact on Corporate Governance

-

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 Year
Chairperson of the Board	President & CEO
Number of Directors	13
Status of Appointment of Outside Directors	Appointed
Number of Outside Directors	2
Number of Outside Directors Designated as Independent Officers	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Mami Taira	CPA											
Masao Kawabata	From another company											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board Member
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/ Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Officers	Supplementary Explanation of the Relationship	Reasons of Appointment
Mami Taira	○	Employed as a partner of Certified Tax Accountants Hayakawa-Taira. Also employed as an outside director at Suzuden Corporation and as an outside Audit & Supervisory Board Member of Iseki & Co., Ltd.	Ms Taira is valued for her insights and power of discernment as an accounting specialist. She is Certified Public Accountant as well as Tax Accountant. Having experience as a director and Audit & Supervisory Board Member at other firms, she not only advises and supervises management at the Company, but also provides practical advice on issues such as diversity management. Ms. Taira is deemed to qualify as an independent officer as she has no interests that may result in a conflict of interests. She is neither a shareholder of the Company nor a person rooted in an entity with major transactions with the Company.
Masao Kawabata	○	Employed as an advisor to Brainwoods Corporation, Ltd. Also employed as a trustee of the Institute of English Speaking Union of Japan.	Mr. Kawabata is valued for his experience in PR/ IR activities and risk management at previous firms. Owing to experience managing overseas operations in a number of countries, he possesses global perspectives from which he shares advice and provides supervisory functions. Mr. Kawabata is deemed to qualify as an independent officer as he has no interests that may result in a conflict of interests. He is neither a shareholder of the Company nor a person rooted in an entity with major transactions with the Company.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Member, Accounting Auditors and Internal Audit Departments

The members of the Audit & Supervisory Board work closely with the accounting Audit & Supervisory Board Members so as to enable practical and efficient auditing. To this end, the corporate Audit & Supervisory Board Members enter into discussions and information sharing with external accounting Audit & Supervisory Board Members whenever deemed necessary.
Further, the Internal Audit Department is tasked with the implementation of the Management Auditing Department whose 15 members, whilst remaining independent of business execution, work in close coordination with the business heads. Across all businesses, the Management Auditing Department undertakes research and evaluations on the effectiveness of internal controls to ensure the smooth implementation of both business and governance. The members of the Audit & Supervisory Board enter into discussions and information sharing with the Management Auditing Department whenever deemed necessary.

Appointment of Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members Designated Independent Officers	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	l	m
Maki Watanabe	From another company			○										
Yumiko Ichige	Lawyer													
Takao Muramatsu	Other													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. Audit & Supervisory Board Member of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
k. Executive of a company, between which and the Company outside directors/ Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Maki Watanabe			Ms. Watanabe brings extensive accounting experience nurtured at Aeon Co., Ltd. She has served as a corporate Audit & Supervisory Board Member at various Aeon Group companies. Her selection was based on high expectation that her experience would greatly contribute to Aeon Mall's management.
Yumiko Ichige	○	Employed as a partner at Nozomi Sogo Attorneys at Law. Also employed as an outside director at NEC Networks & System Integration Corp and Sushiro Global Holdings Ltd.	Ms. Ichige is valued for her specialized expertise as a corporate lawyer and her experience as a director and corporate Audit & Supervisory Board Member at other firms. She provides the Company with opinions and supervision from the legal and/or governance angle. Ms. Ichige is deemed to qualify as an independent director as she has no interests that may result in a conflict of interests. She is neither a shareholder of the Company nor a person rooted in an entity with major transactions with the Company.
Takao Muramatsu	○	Mr. Muramatsu is the president of Muramatsu Tax Accountants. Employed also as an outside Audit & Supervisory Board Member at Besterra Co., Ltd. and Serendip Consulting Co., Ltd. He is also an outside director at Globeride, Inc.	Mr. Muramatsu is valued for his extensive knowledge of tax stemming from his career at the Regional Taxation Bureau and for his experience as a director and corporate Audit & Supervisory Board Member at other firms. He provides insightful advice and supervisory functions. Mr. Muramatsu is deemed to qualify as an independent director as he has no interests that may result in a conflict of interests. He is neither a shareholder of the Company nor a person rooted in an entity with major transactions with the Company.

[Independent Officer]

Number of Independent Officers	4

Matters relating to Independent Officers

As regards to appointment of independent Officers, the Company follows the Standards of Independence as stipulated by the Tokyo Stock Exchange. The Company's 4 outside directors, having met said standards of independence, are all designated as independent Officers, and reported as such to the Tokyo Stock Exchange.

Given the understanding that the Company's outside directors maintain their independence, it is assumed that they satisfy the following conditions.
1. Individuals are not executive directors, executive officers, managers, or otherwise employees of the Company and/or its subsidiaries (hitherto Group Executives). Further, it is understood that they have not served as an executive officer of any of the Company's group companies in the 10-years prior to appointment.
2. For individuals who have served as a director, accounting specialist, or as an Audit & Supervisory Board Member of the Company and/or its subsidiaries at any time in the 10-years prior to appointment (excludes those who have served as Group Executives), it is understood that they have not served as an executive officer of the Company and/or its subsidiaries for a period of 10-years prior to appointment of such director, accounting specialist, and/or Audit & Supervisory Board Member positions.
3. Individuals do not qualify as the following:
(1) Directors, executive officers, managers or otherwise employees of the Companyappointment (excludes those who have served as Group Executives), it is understood that they have not served as an exe
(2) Spouses and/or relatives within 2 degrees of kinship of Group executive officers.
4. Individuals do not qualify as the following:
(1) Individual counts the Company and/or its subsidiaries as a major customer (defined as 1% or more of revenues in the latest fiscal year) or is an executive officer of such an entity
(2)Individual is a major vendor of the Company and/or its subsidiaries or is an executive officer of such an entity
(3) Individual is a consultant or specialist in accounting or law receiving monetary compensation and/or other assets in excess of JPY10mn separate and distinct from the director compensation paid by the Company and/or its subsidiaries.
5. Individuals do not qualify as the following in the 3-years prior to appointment:
(1) Item 4 (1),(2),(3) above.
(2) Individual is an executive or a non-executive director of the Company's parent.
(3) Individual is executive of a subsidiary of the Company of the Company's parent.ent:ny and/or its subsidiaries).
6. Individuals do not qualify as a spouse or relative within 2 degrees of kinship of persons where the following applies.
(1) Item 5 (1),(2),(3) above.
(2) An executive of the Company and/or its Group.
(3) An executive and/or a non-executive director.
(4) An executive of the subsidiary of the Companyrelative within 2es the Company and/or its subsidiaries).
(5) An individual having served as an executive of the Company and/or its Group within 3-years prior to appointment.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Stock Options

Supplementary Explanation

Regarding the monetary compensation component of overall director compensation, the business performance linked component, including traditional director bonuses, will be expanded in relative weight. The resolution to implement an equity-type compensatory stock option program was made concomitant to the decision to eliminate the retirement benefit program at the 96th regular meeting of general shareholders on 17 May. Further, it was determined that total director compensation will be capped to within JPY700mn per year per payment. Of this amount, the monetary component including traditional bonuses will be limited to within JPY600mn per year. The equity-type compensatory stock option will be capped to within JPY100mn based on fair value of the stock options.

Recipients of Stock Options	Inside Directors

Supplementary Explanation

To further enhance the relationship between business performance and stock value, it is the aim to share with shareholders not only the merit associated with rising stock prices, but to share also in the risks associated with falling stock prices. In this way, over the medium/long-term, it is the aim to increase desire and/or morale for continued growth in business performance and increased corporate value.
Payment in the form of stock options will be made at the end of the fiscal year based on full-year business performance.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

Via annual reports and financial reports, the Company discloses the aggregate amount of director compensation payments and the number of directors and Audit & Supervisory Board Member to whom the payments were made.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The following is the status of disclosure for director compensation for FY02/18.

Compensation paid to Directors	JPY 268mn
Compensation paid to Audit & Supervisory Board Member	JPY 22mn
TOTAL	JPY 290mn

Note:
1. The above does not include one (1) director and two (2) corporate Audit & Supervisory Board Members (of which one retired at the conclusion of the regular general meeting of shareholders held on 17 May 2017) who were not paid compensation.
2. Resolved at the general meeting of shareholders:
Directors:

Monetary Compensation Ceiling	JPY 600mn (17 May 2007)
Stock Option Compensation Ceiling	JPY 100mn (17 May 2007)

Audit & Supervisory Board Members:

Compensation Ceiling	JPY 50mn (8 May 2002)

3. The following is included in the above aggregate compensation numbers.
-Director bonuses of JPY 57mn (for the existing 9 directors as of 28 February 2018 and does not include 2 directors and 2 outside directors not receiving compensation).
-Compensation made via stock options were JPY 34mn (for the existing 9 directors as of 10 May 2017 and does not include 1 director and 2 outside directors not receiving compensation).

Director compensation is composed of a base and a performance component. The ceiling amounts are determined at the general meeting of shareholders. Actual payments to the directors are made within the ceilings based on such factors as responsibilities and business performance. Compensation to the members of the Audit & Supervisory Board are made within ceiling levels as determined by the general meeting of shareholders. Payment amounts are determined following discussions with the corporate Audit & Supervisory Board Members.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

As regards to support measures for outside directors and outside Audit & Supervisory Board Members, the Company has the department of General Affairs assign a dedicated staff of two members to assist outside directors and Audit & Supervisory Board Members. The aim is to make possible effective discussions at the general meeting of shareholders within the limited time available. Assistance takes the form of distributing documents related to board resolutions, conducting pre-resolution explanations, and ensuring at all times that all necessary information is provided appropriately to those concerned.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Noriyuki Murakami	Special Advisor	Dissemination of advice based on experience and knowledge upon request.	Non-permanent with Remuneration	11 May 2011	20 March 2019

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	1

Others

The Company will, from time to time, appoint a Special Advisor for the purpose of soliciting, based on their experience as executives, management advice and/or for the purpose of implementing a representative for the Company to participate in activities for the public good.

2.Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

As an advisory body for the CEO & President, the Company has implemented the Management Meeting whose members include the executives above directors above managing directors, full-time corporate Audit & Supervisory Board Members, and an individual designated by the CEO & President. The committee is tasked with strengthening the functioning of corporate strategy and enhancing the decision-making process. Further, by having board meetings led by the CEO & President as the chairman at least once a month, the Company attempts to reinforce the management supervisory function. In other areas, the Company attempts to share information and realize efficient business operations via the creation of committees where business heads below the rank of director are able to participate.
The Company employs an audit system led by the outside Audit & Supervisory Board Members. In coordination with accounting auditors and/or the Management Auditing Department, the Company believes it has a structure to amply support the corporate Audit & Supervisory Board Members' audit function. Not only do the Audit & Supervisory Board Members participate in board meetings, the full-time Audit & Supervisory Board Member is always present at Management Meetings.
The Company employs the services of Deloitte Touche Tohmatsu LLC for accounting auditing purposes. The names of those certified public accountants executing accounting audit work and the composition of those playing supportive roles are as follows:

1. Names of Individual Executing Accounting Auditing
Designated Limited Liability Partners Executing Partners
Masahiko Tezuka, Tsuyoshi Nakamura, Shinji Hatano

2. Accounting Auditing Support Staff
8 Certified Public Accountants, 12 Others

3. Reasons for Adoption of Current Corporate Governance System

It is the belief of the Company that to attain sustainable growth, it is necessary to strengthen the function of corporate governance and to realize expeditious decision-making capabilities for enhancement of the Company's competitiveness. The Company manages an auditing system where the corporate Audit & Supervisory Board Members work to mutually exchange information and opinions with the accounting auditors and the Management Auditing Department at all times. At the same time, the corporate Audit & Supervisory Board Members devote their efforts toward a more effective and efficient audit/ supervisory function.

The corporate Audit & Supervisory Board Members participate in board meetings and the full-time corporate Audit & Supervisory Board Member is a regular participant of the Company's Management Meeting.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Owing to efforts made to send convocation notices early, the Company is now able to send such notices three (3) weeks in advance. For 2018, the Company posted convocation notices on 27 April 2018, or 20 days in advance of the meeting. Furthermore, the Company provided notice of the meeting over the Internet on the 25th of April, or 22 days in advance.
Scheduling AGMs Avoiding the Peak Day	The 107th annual general meeting of shareholders was held on 16 May 2018.
Allowing Electronic Exercise of Voting Rights	The Company employs an Internet-based System for Exercise of Voting Rights
Participation in Electronic Voting Platform	Since the May 2016 regular general meeting of shareholders, the Company participates in an electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English	The Company produces an English version of the Proxy Statement
Other	In an effort to conduct a readily understandable general meeting of shareholders, the Company employs VTRs to help visualize reporting of business results. After the general meeting of shareholders, from an IR perspective, the Company conducts debriefing sessions regarding management policies.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company produces a disclosure policy and releases to the public information on basic policy, standards on disclosure, method of disclosure, and IR blackout periods.	
Regular Investor Briefings for Individual Investors	The Company conducts information meetings for retail investors.	None
Regular Investor Briefings for Analysts and Institutional Investors	On a quarterly basis, the Company conducts information meetings presided by the CEO and IR directors.	Provided
Regular Investor Briefings for Overseas Investors	Besides an English version annual report, the Company has an English website where documents translated into English are posted at the same time as the Japanese original. The Company also conducts quarterly conference calls for overseas investors and participates in domestic investor conferences for overseas investors.	Provided
Posting of IR Materials on Website	Via its website, the Company makes available various financial data, timely disclosure documents, annual reports, quarterly financial results, communications to shareholders, and voice transmissions of financial results information meetings.	
Establishment of Department and/or Manager in Charge of IR	As a unit devoted to disclosure, the Company situates an IR Group within the Management Planning Department	
Other	The Company conducts individual one-on-one meetings with domestic and overseas investors and securities analysts. Mall tours are also conducted regularly.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	To ensure good relations with its customers and stakeholders in general, the fundamental thinking behind daily conduct and standards of judgement, items that need to be shared by all Group companies and their staff, are assembled in the "Aeon Code of Conduct."
Implementation of Environmental Activities, CSR Activities etc.	Once a year, the Company publishes a sustainability report entitled "Report on the Future." The report can be found on the Company's website along with information on environmental performance and CSR activities on a mall by mall basis.
Development of Policies on Information Provision to Stakeholders	Policy measures regarding information distribution to stakeholders are articulated via such rules as the code of conduct, environmental policies, disclosure rules, and rules dictating corporate governance.
Other	[Policy and Initiatives on Women in the Workforce] In an effort to advance women in the workforce, the Company is actively involved in the creation of optimal workplace environments that support the dual challenges of work and child-rearing as well as measures to support career development. Given its business model, the Company believes the views of women and the ability to see things as women are of extreme importance. As such, the Company has sought to aggressively tap female resources for the role of director. For FY2018, the Company has appointed two (2) women for the role of director (of which one is an outside director) and two (2) women for the role of outside Audit & Supervisory Board Member. Of the Company's total pool of 551 employees serving management roles, 136, or 24.7% are now women. It is the aim of the Company to realize a workplace friendly to women and indeed, when it comes to such benefits as leave-of-absence for child-rearing and/or the birth of a child, the Company well exceeds what is legally required. It was perhaps as a result that in 2007, the Company was awarded the "Kurumin" award for next-generation child-nurturing programs by the Ministry of Health, Labor, and Welfare. Further, in an effort to remedy situations where staff members are restricted from working owing to the operating hours of nurseries, the Company has been advancing the roll-out of "Aeon Yume-mirai Nurseries," which is part of a program aimed at allowing staff to work flexibly and pick their own working hours. As of February 2018, the Company has completed the launch of 20 such nurseries (*includes 6 Yume-mirai facilities at other Aeon group companies as well as 2 facilities under tie-up arrangements with third-parties). In short, the Company aims to continue to aggressively launch initiatives directed at allowing staff taking time-off for child-birth and/or child-rearing to readily return when able and supporting the activities of the time-stressed working mom and dad. The Company is also actively involved in advancing diversity management or the creation of a work atmosphere amenable to work-styles that match an individual's life-stage at any given point in time. In particular, the Company has been pushing for furthering women in the workplace and to this end, has created a "Diversity Promotion Group" as an internal unit tasked with the advancing the Company's goals. The Company was awarded the "Eruboshi" mark as a certified entity under the "Act on Promotion of Women's Participation and Advancement in the Workplace" which came into full force on 1 April 2016. In fact, the Company cleared all five parameters in "Hiring," "Continuity," "Work," "Work Patterns such as working hours," "Percent of administrative Managers," and "Diversified Career Paths" securing the Company the highest Eruboshi rank of the 3 ranks awarded.

	Finally, for the second consecutive year, the Company was selected as a "Nadeshiko Stock" by the joint sponsors, METI (Ministry of Economy, Trade, and Industry) and the TSE (Tokyo Stock Exchange). The designation is in recognition of corporate efforts to 1) create a work environment amenable to careers for women, and 2) to aggressively promote the advancement of women in the workplace. The Nadeshiko designation is awarded to listed companies by sector. Going forward, the Company aims to continue with its efforts in the promotion of women in the workplace so as to become "the No.1 company in Japan in terms of work environment and advancement for women" and/or "the No. 1 company in Japan that women aspire to work for."

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

1. Information Storage/ Administration Essential for the Performance of Duties by Company Directors

Documents such as statements of resolution, Board of Director meeting minutes, and other documents that are required by executive directors and other employees in performing their duties are produced under rules stipulated by the Company. Documents produced in this manner are stored in a pertinent and reliable manner, depending on the storage media, such that search and retrieval are readily done and viewing of such documents is possible whenever necessary. As regards to the task of administering storage, the designated unit responsible under the "Rules on Administering Documents" is tasked with prevention of leakage of information.

2. Structure of Rules Relating to Administering of Risk of Loss at the Company and/or its Subsidiaries (henceforth the Group)

The Company designates the CEO as the chief executive responsible for overall risk management and for each of the business units, the directors heading those business units. The Company makes effort to realize organizational structures and a work environment conducive to securing the Company as an on-going concern and the safety and life of individuals.

In order to prevent crisis situations and/or minimize damage in the event a crisis situation does develop, the Company employs a "Rules for Risk Management." Further, the Company establishes teams to lead risk management by risk category. It is through management of risk at the Group overall that the Company attempts to prevent damage to the corporate brand and enhance overall corporate value.

In the event of an emergency and where the risk threatens to pose substantial loss, the Company will, based on the Rules for Risk Management, undertake appropriate action in the way of communication of information and decision-making so as to minimize potential damage.

To manage risk of the entire Group, the Company has established a "Risk Management Committee" led by the HQ General Manager of administration. The Committee is tasked with identifying issues related to advancing risk management at the Group level and conducting discussions on potential solutions. Regarding the Committee's proceedings, reports are made to the Management Meeting which operates as the CEO's advisory body and which is constituted by directors above the rank of executive managing director, the full-time corporate Audit & Supervisory Board Member, and an individual designated by the CEO. Where an issue at the Risk Management Committee is deemed to be of high importance, a report is made to the Board of Directors.

The internal audit/ supervisory body seeks to elevate execution of risk management and based on the "Rules for Internal Auditing," implements internal audit/ supervision.

3. Organizational Structures to Secure Efficient Performance of Duties by Directors of the Company and its Subsidiaries, Executive Officers, Employees with Executory Responsibilities, Individuals Performing Duties under Article 598, Section 1 of the Company Act, and Others of Equivalent Standing (henceforth Directors of Subsidiaries)

Besides the hosting of board meetings once a month, the Company conducts extraordinary meetings as deemed necessary. Where those decisions carry substantial risk that threatens to have far-reaching impact on the whole of the Group, the issue is brought before the Management Meeting where it is discussed and approved by the CEO and/or by resolution of the Board of Directors.

As regards to execution of duties, via "Rules in Organization Administration," "Rules for Division of Duties," "Rules of Jurisdiction," "Rules for Approval Requests," and "Rules on Management of Affiliates," executive powers are allotted as necessary and management accountability is made clear.

Further, as regards to structures to allow for efficient execution of duties by directors of subsidiaries, the Company approves, via the Board of Directors, a Medium-term Plan, fiscal year performance goals, and funding allocations that include the subsidiaries. On a quarterly basis, the subsidiaries verify their performance relative to those corporate plans and make report, along with other important items, to the Company.

4. Structures Enabling Assurance that Performance of Duty by the Directors of the Company, Its Employees, Directors of Subsidiaries and/or their Employees are Compatible with Regulators and the Corporate Charter

The Company places great importance on compliance and respect for the Aeon Group's Standard of Conduct "Aeon Standard of Conduct" so as to allow for a still better relationship with regional communities and to

fulfil the Company's social responsibilities.
The Company has established a Compliance Committee headed by the HQ General Manager of Administration. The Committee is tasked with ensuring the observance of compliance with regard to regulations relevant to the Group as well with regard to the Company's corporate charter and/or internal rules. It is also tasked with identifying problems and advancing discussions to remedy those problems. The proceedings of the Committee are reported to the Management Meeting and for particularly important items, presented before the Board of Directors.
The Company has also established a "Help-line – Aeon Mall [Personnel 110]" which is an internal anonymous reporting tool for those insiders wishing to report wrong-doing without risk of harm to themselves ([Kumiai 110] installed for the Company's labor union). The Company's subsidiaries will be installing similar help-line systems. In the event a problem is brought to the attention of the Company through this help-line, an examination will be implemented. Where wrong-doing is confirmed, necessary actions will be taken in accordance with internal rules. The wrong-doing will be reported to the Compliance Committee and the Company will make measure to help prevent a repeat of any wrong-doing. Such measure will then be implemented across the whole of the Company.

5. Structures to Assure Appropriate Business Administration Given the Existence of a Corporate Group Consisting of the Company, its Parent, and Subsidiaries
For those business transactions where conflicts of interest may occur between the parent and the Company, or those instances where the Company is essentially competing with the parent, the Management Meeting must get involved for discussion purposes. It is only after further approval by the Board of Directors can the transaction proceed.
So too for those business transactions occurring between the Company and its subsidiaries or other Group companies, the business unit carrying out the transaction must seek to ensure the Company will not suffer economic loss by basing the terms of transaction to market prices and arms-length transactions. As regards to price determination, where impartial and objective pricing can be had, it is required that necessary documentation by a third-party entity be secured and be presented to the Board of Directors and the Management Meeting.
As regards to items relating to directors of subsidiaries and the execution of their duties, the Company requires that the subsidiaries make report to the Executive Management Meeting of monthly business performance, financial results, and other data the Company deems necessary in accordance with the "Rules on Management of Affiliates."
The internal audit/ supervision unit makes determination of whether or not the Company's and/or the subsidiaries are being managed appropriately. An audit of the Company and/or the subsidiaries is conducted based on the "Rules for Internal Auditing," and via the "Report on Internal Auditing," makes report to the CEO and the full-time corporate Audit & Supervisory Board Member.

6. Items Relating to Employees (henceforth Employee Assistants) Tasked with Assisting Corporate Audit & Supervisory Board Members in the Execution of their Duties, Items Relating to the Employee Assistantisting Corporate or the subsidiaries are being managed appropriately. An auditnsuring of Effectiveness in Making Instructions
The Company will select and appoint employee assistants for corporate Audit & Supervisory Board Members via the Audit & Supervisory Board. It is agreed that employee assistants will not receive orders nor instructions from other directors and/or other employees. It is agreed that performance appraisals of employee assistants will be determined at a meeting of corporate Audit & Supervisory Board Members, and that HR driven personnel transfers and/or any reprimands must first gain the approval of the Audit & Supervisory Board.

7. Structure Regarding Reporting to the Audit & Supervisory Board Members
Reporting to the corporate Audit & Supervisory Board Members at the Company by the Company's directors, employees, directors of subsidiaries, and employees of subsidiaries is structured as follows. Reporting on business performance, business status, financial status, status of internal auditing, risk management and/or compliance status is made to the Board of Directors where the corporate Audit & Supervisory Board Members are participants and/or the Management Meeting.
Where an issue involves an item that risks affecting the business performance of the Company and/or its subsidiaries, or the discovery of an item which may run afoul of regulations and/or compliance rules and may threaten to cause the Company and/or its subsidiaries material harm, reporting is done in a timely manner to

the Audit & Supervisory Board..
Regarding the individual making the report, the Company and its subsidiaries strongly disallow unfavorable treatment of that individual as a result of the reporting and this is made well known to the Company's directors, its employees, directors of subsidiaries, Audit & Supervisory Board Members, and employees.

8. Items Regarding Expense Prepayment, Redemption Filing and Other Expenses Resulting from Execution of Duty by the Companythat individuAudit & Supervisory Board Members an/or Policies Regarding Disposal of Debt
In the event the Company is requested by the Audit & Supervisory Board Members to make prepayment of expenses as per the Corporate Act - Article 388, the Company will, based on internal rules, make timely payment of said expenses. Further, the relevant business unit at the Company will present every year a budget to account for this expense.

9. Other Structures to Ensure that Internal Auditing by the Companyny will, baseAudit & Supervisory Board Members are being Implemented Effectively
The Internal Audit Department will, on a timely basis, make discussion with the Audit & Supervisory Board regarding the content of internal audits so as to create a tightly coordinated effort that will help lead to an efficient audit by the Audit & Supervisory Board Members.

2. Basic Views on Eliminating Anti-Social Forces

1. Basic Thinking
Rigorous application of compliance management, in the name of defending the Company, to not interact with anti-social entities. In the event of unreasonable demands, to respond in a resolute manner. Recognition that expulsion of anti-social entities is a social responsibility of the Company.

2. Status of Efforts toward Expulsion of Anti-social Forces
1) In the event an unreasonable demand is made by anti-social forces, one should not handle the situation singularly as an individual. Rather, it is advised that one coordinate closely with third-party specialists/ research entities to implement civil and/or criminal law proceedings as an organization.
2) The Company is a member of the Foundation for Chiba Prefecture's Assembly for Expulsion of Anti-social Forces and maintains close coordination with the police and anti-crime associations. The Company as a whole is involved in efforts to collect information on anti-social forces utilizing the reach of its various business units. Information gathered is used for educational purposes internally.
3) As per the "Rules on Administering Transactions," the Company conducts counterparty checks to confirm no relationship with anti-social forces exist. In this way, the Company acts vigorously for the expulsion of anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
-

2. Other Matters Concerning to Corporate Governance System

Following is the Company's internal structure relating to timely disclosure of information.

1. Basic Policy on Disclosure

The Company operates a committee called the "Aeon Mall CSR (Corporate Social Responsibility) Committee." It is headed by the CEO as chairman and its members are primarily directors, but also includes as members the heads of business units. Via the CSR committee, the Company makes decision on the codes of conduct and standards related not only to regulatory compliance, but also to corporate principles, environmental protection and social contributions. The Company endeavors to create and advance compliance structures as well as structures for disclosure. As an issuer of equity, disclosure structures that successfully secure credibility from the equity market is seen to be an important responsibility. In this light, the Company endeavors to realize disclosure that is pertinent, fair, and expeditious.

2. Outline of Structure on Timely Disclosure

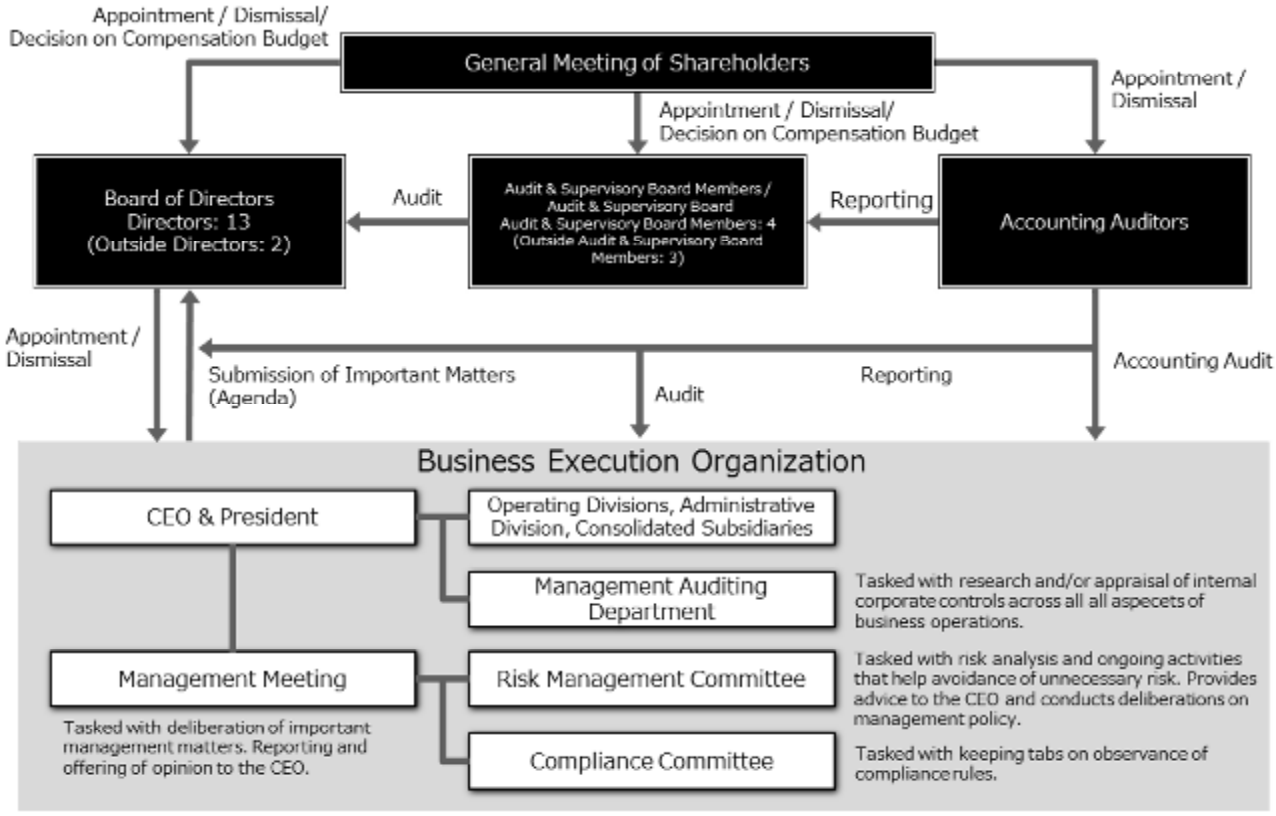
At the Company, a "Rules on Administration of Internal Information and Internal Transactions" has been created that sets standards on administration of insider information and disclosure of insider information. For highly important management information the timing of release and the manner of release are discussed at the Management Meeting and formally presented to the board of director. In the case of emergency, it is the responsibility of the CEO to make decision.

Further, the Company has established a "Rules for Administration of Information" where it is stipulated that for important management issues, such information must be formally presented to the Board of Directors, and only after doing so will the disclosure be made under the instruction of the director who is tasked with the ultimate responsibility of information administration. Additionally, for information pertaining to financial results, to insure accuracy, the Company has established an "Information Disclosure Committee" for the purposes of inspecting the material to be disclosed. Upon completion, the information is formally presented to the Board of Directors and only after that is the material released to the public. It is through such measures that the Company endeavors to make robust internal disclosure processes. Finally, the Company has established "Rules for Administering of Crises" where in the event of a significant natural disaster, criminal activity, or accident, disclosure will be made under the instructions of an emergency countermeasure office.

Based on the above framework for internal disclosure, the Company, via the Public Relations Department and/or through the placement of the IR function within the Corporate Planning Department, executes administration of timely disclosure of Company information to the stock exchange. Disclosure procedures dictated by other related regulatory bodies are also followed. Finally, the Company ensures that the same information is provided to the mass media and that the same information is uploaded onto the Company's website. For information disclosure not dictated by timely disclosure rules, via the Company's website and/or mass media, the Company endeavors to be as fair as possible in the spirit of timely disclosure.

Corporate Governance Organizational Chart

As of 21 May 2018



[Timely Disclosure System Diagram]

