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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT
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Corporate Governance Report

June 27, 2019
Seibu Holdings Inc.
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The corporate governance of Seibu Holdings Inc. (hereinafter, the "Company") is described below.

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

1. Basic views

The Seibu Group strives to maximize corporate value and shareholder value by fulfilling its social responsibilities through its business activities and earning the trust of its shareholders, customers, and all other stakeholders based on its Group Vision, which incorporates its management philosophy and management policy, and the Seibu Group Corporate Code of Ethics, which sets forth the Group's fundamental rules on compliance. To further promote corporate governance, the Group works to improve management soundness and transparency, to raise the level of and to accelerate decision-making by management, centered on the Board of Directors, and to continuously strengthen the entire Group's internal control systems. In addition, to ensure the rights and equal treatment of shareholders, the Group engages in constructive dialogue with shareholders to improve corporate value and shareholder value over the medium to long term, and strives for timely and appropriate disclosure of information and appropriate cooperation with its stakeholders.

Corporate Governance Report

(1) Reasons for non-compliance with the principles of the Japan's Corporate Governance Code

The Company complies with the principles of the Japan's Corporate Governance Code.

(2) Disclosure based on the principles of the Japan's Corporate Governance Code

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The following items were updated.

- Principle 3.1 (3) Policies and procedures for the Board of Directors in determining the remuneration of senior management and Directors
- Supplementary Principle 4.11.3 Analysis and Evaluation and Disclosure of Results of the Board of Directors' Effectiveness as a Whole

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[Principle 1.4 Cross-Shareholdings]

The Company will hold shares in other stock companies (excluding subsidiaries and associates comprising the Seibu Group) if management makes the overall decision that doing so will contribute to improving the Seibu Group's corporate value over the medium to long term and help benefit stakeholders by strengthening a trade relationship and thereby generating business synergies, or yielding other advantages.

Each year, the Company comprehensively reviews the rationale for continuing to hold individual cross-shareholdings from a qualitative and a quantitative perspective. From a qualitative perspective the Board of Directors considers matters such as the notion of strengthening the trade relationship, business synergies in that regard, and potential going forward in light of changes in the Company's business environment and other factors, and from a quantitative perspective the Board of Directors considers matters such as whether or not capital efficiency indicators calculated on the basis of contribution to annual earnings (trading profit, dividends, etc.) exceed the Company's capital cost. The Company successively reduces holdings of shares for which results of the review indicate that rationale to retain such holdings is lacking.

When exercising its voting rights, the Company appropriately exercises such rights from the perspective of whether or not a proposal put forward by the company in question will contribute to improving the corporate value of the company in question and the Seibu Group over the medium to long term. The Company makes overall decisions to approve or disapprove of important proposals that could particularly affect the corporate value of the company in question and the Seibu Group, upon having engaged in dialogue with the company in question. Proposals that are to be deemed as important by the Seibu Group include the following.

- Proposals involving election of Directors and Audit & Supervisory Board Members (in cases of prolonged slump in business results, misconduct, legal violations, etc.)

- Proposals involving organizational restructuring
- Proposals involving anti-takeover measures, etc.

[Principle 1.7 Related Party Transactions]

When the Company's Directors conduct related party transactions, including transactions involving conflicts-of-interest transactions and competitive transactions, etc., those Directors adhere to the Companies Act, the provisions of the Regulations on the Board of Directors and Rules on Directors, and in principle obtain the approval of the Board of Directors. When deliberating on such transactions, the Board of Directors carefully deliberates on whether the transaction is rational and its conditions are appropriate. Thus the Board of Directors strives to ensure that the transaction does not harm the interests of the Company or the common interests of its shareholders, and to prevent any concerns with respect to such harm.

In addition, investigations are carried out in the Company on a regular basis in regard to related party transactions carried out by corporate officers in the Seibu Group and major shareholders in order to grasp and recognize related party transactions and stop transactions that are in conflict of interest with the interests of the Company or shareholders.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has established a Retirement Benefit Plan Steering Council which consists of general managers and section managers from the Personnel Department, the Accounting Department, the Finance Department and the Corporate Strategy Department. The council engages in discussions on matters that include management of plan assets, basic policies, ratios of policy-related asset holdings, and institutions entrusted with managing assets. Moreover, all asset management institutions that the Company entrusts with managing plan assets have established systems for periodically monitoring and conducting quantitative assessment drawing on the knowledge of outside experts, subject to Japan's Stewardship Code. Voting rights with respect to the Company's shares are exercised in accordance with standards for decision-making of institutions entrusted with managing assets, and there are no matters involving conflict of interest in that regard.

[Principle 3.1 Full Disclosure]

(1) Management philosophy and business plans

The Company discloses the Group Vision, which acts as its management philosophy and provides guidelines for employee behavior, as well as the Seibu Group's Long-Term Strategy and Medium-Term Management Plan. For details, please refer to the Company's website.
URL: http://www.seibuholdings.co.jp/en

(2) Basic views and policies on corporate governance

The Company's basic views on corporate governance and its associated policies based on the

five general principles of the Japan's Corporate Governance Code are set out in the section of this report entitled "I. 1. Basic views."

(3) Policies and procedures for the Board of Directors in determining the remuneration of senior management and Directors

The remuneration system of the Company's Directors (excluding outside Directors) consists of basic remuneration and share-based remuneration (annual incentive and long-term incentive), in accordance with the Remuneration Policy for Directors of Seibu Holdings stipulated by the Company, and the payment ratio of these is set so as to increase Directors willingness to contribute towards maximizing the business results, corporate value and shareholder value over the medium to long term by clarifying the link between remuneration for Directors and the medium to long-term improvement in business results and shareholder value. The remuneration of outside Directors consists of basic remuneration only, provided from the perspective of their roles and independence.

A representative director who has been entrusted by the Board of Directors determines the basic remuneration of a Director in accordance with the Director's duties and responsibilities, within the maximum total remuneration determined by resolution of the General Meeting of Shareholders. When a representative director determines such matters, he or she consults with the Remuneration Advisory Committee, among whose members are four outside Directors forming a majority, to ensure objectivity and transparency of remuneration decisions.

The share-based remuneration for Director shall consist of a system through which the Directors receive the Company's shares, etc. annually while in office depending on their respective positions and the degree of achievement of the performance goals and a system through which the Directors receive the Company's shares, etc. upon their retirement as Directors depending on their respective positions. Advice from the Remuneration Advisory Committee, where four outside Directors form the majority members, is obtained to introduce the share-based remuneration system. The Board of Directors sets out the internal rules for deciding on the number of points granted to Directors in accordance with the balance with basic remuneration, their duties, responsibilities, and the degree of achievement of the performance goals, within the maximum total number determined by resolution of the General Meeting of Shareholders in order to increase their morale and motivation.

For the annual incentive, the number of points granted to Directors will be decided in accordance with their duties, responsibilities, and the degree of achievement of the performance goals within the maximum total number determined by resolution of the General Meeting of Shareholders based on internal rules.

For the long-term incentive, the number of points granted to Directors is decided in accordance with their duties and responsibilities within the maximum total number determined by resolution of the General Meeting of Shareholders based on internal rules.

(4) Policies and procedures for the Board of Directors in appointment or dismissal of senior management and nominating candidates for positions as Directors and Audit & Supervisory Board Members

When nominating the candidates for the position of Director, the Board of Directors nominates candidates for reappointment following deliberation of whether the individual deserves to be reappointed on the basis of his/her contribution to corporate value and other aspects of the Company during his/her term of office. New candidates for appointment are nominated following deliberation of whether the individual has outstanding character and insight, and is a talented individual who can contribute to increasing corporate value.
The Board of Directors makes decisions after having consulted with the Nomination Advisory Committee, among whose members are four outside Directors forming a majority, to ensure objectivity and transparency concerning the decision of candidates for the position of Director
Matters relating to policies and procedures for dismissal of Directors are stipulated in the Rules on Directors. Accordingly, if a Director acts in a manner that raises suspicions of fraud, illegality or perfidy, or if a Director lacks competence or otherwise acts in a manner unbecoming of a Director, then the Board of Directors is to call for the resignation of the Director or convene a General Meeting of Shareholders where a proposal is submitted calling for his or her dismissal.
Audit & Supervisory Board Members, meanwhile, occupy a highly independent position and their duties entail auditing the execution of duties of the Directors. Bearing that in mind, the Board of Directors decides on candidates for the position of Audit & Supervisory Board Member following deliberation of whether or not the candidate has the keen insight and abundant experience, knowledge, and other attributes necessary to fulfill his/her duties. Before making its decision, it obtains consent of the Audit & Supervisory Board with regard to the candidate in question.

(5) Explanation of individual appointments or dismissal of senior management and nominations of candidates for the positions as Directors and Audit & Supervisory Board Members by the Board of Directors based on (4) above

In the process of nominating or dismissing Directors and Audit & Supervisory Board Members, the Board of Directors resolves whether to approve the nomination or dismissal of such candidates, after deliberating on the reasons for their nomination or dismissal. Then by including the reasons for nomination or dismissal in the Reference Documents for the General Meeting of Shareholders, the Company ensures full transparency for shareholders and other stakeholders.

[Supplementary Principle 4.1.1 Scope of Matters Delegated to Management]

In order to increase the Group's corporate value effectively and efficiently, the Company's Board of Directors clearly stipulates matters to be resolved by the Board of Directors, as well as the scope

of management decision-makers, by establishing the Regulations on the Board of Directors and the Regulations on Delegation of Authority according to laws and regulations and the Articles of Incorporation.

Specifically, the Board of Directors is in principle responsible for making resolutions relating to issues that represent the strategic direction of the Group as a whole, such as the Group's management plans, introduction of key internal rules and their amendment or abolition, and approval of large new projects and plans for major capital expenditure. The Company implements these projects appropriately, appointing management decision-makers to execute related duties according to the scale and nature of the project in question.

[Principle 4.8 Effective Use of Outside Directors]

The Seibu Group's businesses span a wide range including the urban transportation and regional, hotel and leisure, and real estate. Management therefore believes it is appropriate to ensure 1/3 or more of the individuals making up the Board of Directors be diverse personnel serving as independent outside Directors. On that basis, the Company appointed four independent outside Directors with the qualities necessary to adequately fulfill their roles and responsibilities to contribute to sustainable growth and increased corporate value over the medium to long term. The four independent outside Directors presently serving are currently adequately fulfilling their roles and responsibilities.

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

The Company has established its own independence standards, which are informed by the judgment criteria regarding independence of independent officers stipulated by the Tokyo Stock Exchange, for application as the independence standards for appointment of outside Directors and outside Audit & Supervisory Board Members. The Company endeavors to consider its judgments on independence from multiple perspectives to ensure not only that a Director meets the above independence standards, but also that effective independence is actually secured. The Board of Directors, while referring to the independence standards, strives to nominate candidates who can be expected to contribute to frank, active, and constructive discussions and examinations. The four current independent outside Directors are adequately meeting these expectations.

[Supplementary Principle 4.11.1 Policies and Procedures for Nominating Directors]

The Company believes that the Board of Directors should comprise an appropriate proportion and number of both inside Directors and independent outside Directors as a means of maintaining its diversity. As a pure holding company, the Company drives the improvement of the Group's corporate value over the medium to long term, and inside Directors should therefore have the character, knowledge, experience, energy and leadership that enable them to contribute to that goal, while independent outside Directors should have the abundant knowledge, insight, and experience to enable them to monitor the management from a perspective independent of operating units. In addition, upon consultation with the Nomination Advisory Committee, among whose members are

four outside Directors forming a majority, the candidates for the positions as Directors are selected based on whether or not they have outstanding character and insight and whether they are talented individuals who can contribute to increasing corporate value, and these candidates are proposed to the Board of Directors, which deliberates on the candidates fully from the same perspectives before commencing the approval procedure. The approved candidates are appointed as Directors following resolution by the General Meeting of Shareholders.

[Supplementary Principle 4.11.2 Concurrent Positions Held by Directors and Audit & Supervisory Board Members]

The Company's officers, including outside Directors and outside Audit & Supervisory Board Members, devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. In addition to attending Board of Directors meetings, for example, they attend Management Council meetings held to discuss important policies relating to business execution and other important matters concerning all aspects of managing the Company and the Group as a whole. If a Director or Audit & Supervisory Board Member also serves as an officer at other listed companies, he/she limits such positions to a reasonable number to avoid any difficulty in executing his/her duties including attending meetings of the Company's Board of Directors or Management Council. Each year the Company discloses any concurrent positions held by them.

[Supplementary Principle 4.11.3 Analysis and Evaluation and Disclosure of Results of the Board of Directors' Effectiveness as a Whole]

The Company carries out effectiveness evaluations of the Board of Directors every fiscal year and the Board of Directors endeavors to appropriately perform its roles and responsibilities.
When carrying out the effectiveness evaluations of the Board of Directors in FY2018, the Company distributed a questionnaire on the roles and responsibilities of the Board of Directors to all Directors and Audit & Supervisory Board Members, and obtained the responses (the responses were provided anonymously). Based on the collated results of the responses, and acting on the advice obtained at the Corporate Governance Council, the Company carried out analysis from the viewpoints of composition, effectiveness and running of the Board of Directors, and as a result considered that the high-level of effectiveness of the Company's Board of Directors overall is fully ensured.
In particular, the Board of Directors is considered as being able to ensure a high-level of effectiveness from the point that risk-taking was carried out appropriately through diverse and adequate examination while giving consideration to internal controls and risk management systems, and from the point that the viewpoint and opinions of major investors and other stakeholders were incorporated.
In FY2018, the Company revised the decision making system and devised ways to run meetings to improve the effectiveness of the Board of Directors meetings. Looking forward, the Company will make efforts to achieve ongoing improvements in effectiveness of the Board of Directors overall,

through such measures as deepening the discussion of strategy planning for increasing the Group's corporate value at Board of Directors meetings.

[Supplementary Principle 4.14.2 Disclosure of Training Policy]

When taking up their appointments, the Company's Directors and Audit & Supervisory Board Members, including outside Directors and outside Audit & Supervisory Board Members, endeavor to acquire the necessary knowledge regarding the Company, including its business, finances, and organization, while deepening their understanding of the roles and responsibilities required of them (including legal liabilities) as a member of a critical body within the Company. After taking up their appointments, Directors and Audit & Supervisory Board Members continue endeavoring to acquire and appropriately update necessary knowledge and skills, and the Company provides and arranges training opportunities suitable to each individual, along with financial support for associated expenses.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

(1) Basic views

The Company's fundamental approach to supporting sustainable growth of the Group and improving corporate value and shareholder value of the same over the medium to long term is to ensure it is fully accountable to participants in capital markets (shareholders, investors, securities analysts, etc.) by using dialogue to build long-term relationships of trust so that the Company is valued appropriately.

(2) IR framework

The Company has an Investor Relations Department which focuses exclusively on IR activities under the direction of the Managing Officer in charge, with the President and director as the chief IR officer. To link trends in the capital market to the business strategy and to carry out enhanced IR activities, the Investor Relations Department was established as part of the Corporate Planning, which plans and manages business strategy as well as tracks management performance. Under the direction of the Managing Officer in charge of the Corporate Planning Division, the Investor Relations Department keeps itself accurately and appropriately appraised of the Group's circumstances, and disseminates relevant information.

(3) Methods of dialogue

In conducting its IR activities, the Company pursues initiatives to create an environment conducive to dialogue regarding management policy, financial standing, other information it has disclosed, and additional matters in which capital market participants are interested.
In specific terms, the Company holds briefings attended by the President and director following its interim and year-end settlement of accounts, at which it explains to securities analysts and investors the Company's financial situation, progress with management plans, prospective management plans, and related matters, thereby deepening dialogue. In addition,

the Investor Relations Department plays a leading role in arranging for suitably qualified representatives of the Company to visit institutional investors in Japan and overseas, organize tours of the Group's facilities, and conduct briefings for individual investors, among other initiatives.
To minimize the information gap, the Company upgrades its IR-related website, preparing and disclosing English-language versions of financial documents and other materials for capital market participants overseas.

(4) Feedback to the Company's managers and management of insider information

The opinions of capital market participants obtained through IR activities are fed back to the President and director and other management members as appropriate. The Company aims to use its accurate grasp of the demands of the capital markets and their participants to ensure business management that takes account of the need to improve corporate value and shareholder value.
In addition, the general manager of the Investor Relations Department attends meetings of the Information Management Committee as a committee member, which designates and manages material information, keeping appraised of the situation in a timely and appropriate manner. The general manager also appropriately manages the handling of insider information during IR activities.

2. Capital structure

(1) Foreign shareholding ratio	From 20% to less than 30%

(2) Status of major shareholders

Name / Company Name	Number of shares owned (Shares)	Percentage (%)
NW Corporation Inc.	51,158,927	15.41
Japan Trustee Services Bank, Ltd. (Trust Account)	16,050,300	4.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,859,200	4.78
Development Bank of Japan Inc.	9,906,246	2.98
Keikyu Corporation	7,655,200	2.31
Mizuho Bank, Ltd.	7,114,800	2.14
JAPAN POST BANK Co., Ltd.	5,560,000	1.67
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust (H Account) (re-entrusted by Trust & Custody Services Bank, Ltd.)	5,301,800	1.60
Japan Trustee Services Bank, Ltd. (Trust Account 9)	5,204,700	1.57
Japan Trustee Services Bank, Ltd. (Trust Account 5)	5,001,200	1.51

(3) Controlling shareholder (except for parent)	—

(4) Parent	None

(5) Supplementary explanation

(Note) Holding ratio is calculated after deducting the amount of treasury shares (400,048 shares).

3. Corporate attributes

(1) Listed stock market and market section	First Section of the Tokyo Stock Exchange
(2) Fiscal year-end	March
(3) Type of business	Land transportation
(4) Number of employees (consolidated) as of the end of the immediately preceding fiscal year	1,000 or more
(5) Net sales (consolidated) for the immediately preceding fiscal year	From ¥100 billion to less than ¥1 trillion

(6) Number of consolidated subsidiaries as of the end of the immediately preceding fiscal year	From 50 to less than 100

4. Policy on measures to protect minority shareholders in conducting transactions with controlling shareholder

No items to report as the Company does not have controlling shareholder.

5. Special circumstances which may have material impact on corporate governance

Not applicable.

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

1. Organizational composition and operation

(1) Organization form

Organization form	Company with Audit & Supervisory Board Members

(2) Directors

(i) Maximum number of Directors stipulated in Articles of Incorporation	15
(ii) Term of office stipulated in Articles of Incorporation	2 years
(iii) Chairperson of the Board	President
(iv) Number of Directors	12
(v) Appointment of outside Directors	Appointed
(v)-a. Number of outside Directors	4
(v)-b. Number of independent officers registered with the Tokyo Stock Exchange designated from among outside Directors	4

(v)-c. Outside Directors' relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Eiko Ohya	From another company										○	
Takehiko Ogi	From another company											
Keiji Goto	Attorney at law											
Masafumi Tsujihiro	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 (a person who executes business; hereinafter, the same) of the Company or its subsidiaries

b. Non-executive Director or executive of a parent of the Company

c. Executive of a fellow subsidiary 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 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
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
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

(v)-d. Outside Directors' relationship with the Company (2)

Name	Designation as independent officer	Supplementary explanation of the relationship	Reason for appointment as outside Director/designation as independent officer
Eiko Ohya	○	* The Company makes donations to the specified non-profit organization ZENSEDAI, of which Ms. Ohya is a representative director. However, the average annual amount donated in the last three fiscal years was ¥0 million, which falls below the standard amount stipulated in "Seibu Holdings' Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members," and is therefore considered immaterial to Ms. Ohya's independence.	Ms. Ohya possesses abundant knowledge of social conditions in Japan and overseas gained through activities as a commentator and a member of various panels and committees over many years. Her broad and multifaceted remarks and suggestions supported by this wide range of activities enable the perspectives of various stakeholders to be reflected in the Company's management, leading to revitalization of the Management Council and the Board of Directors. We believe that her opinions from a broad perspective backed by her knowledge, experience, and other attributes, can be applied to the Company's management, thereby helping us to maximize our medium- to long-term corporate value. Moreover, the Company makes donations to the specified non-profit organization ZENSEDAI, of which Ms. Ohya is a representative director. However, the average annual amount donated in the last three fiscal years was ¥0 million, which falls below the standard amount stipulated in "Seibu Holdings' Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members," and is therefore considered immaterial to Ms. Ohya's independence. Thus we appointed her as an outside Director, and registered her as an independent officer with the Tokyo Stock Exchange.

Name	Designation as independent officer	Supplementary explanation of the relationship	Reason for appointment as outside Director/designation as independent officer
Takehiko Ogi	○	—	Mr. Ogi possesses exceptional managerial talent backed by practical experience as has been evidenced by his outstanding track record as a manager bringing about managerial reform in companies across various industries, along with particularly impressive results in the area of consumer-focused corporate management. He makes statements in the Management Council and the Board of Directors from a manager's perspective regarding the need to establish PDCA cycles for each measure in the management plan and to clarify the results and issues to be addressed for each measure. We believe that his opinions from a broad perspective backed by his track record, experience, and other attributes, can be applied to the Company's management, thereby helping us to maximize our medium- to long-term corporate value. Moreover, as there is no personal relationship, capital relationship, trade relationship or other vested interest between Mr. Ogi and the Company, we appointed him as an outside Director, and registered him as an independent officer with the Tokyo Stock Exchange.

Name	Designation as independent officer	Supplementary explanation of the relationship	Reason for appointment as outside Director/designation as independent officer
Keiji Goto	○	—	As an attorney, Mr. Goto possesses a high degree of expertise, abundant experience, and keen insight with respect to corporate legal affairs. He makes statements in the Management Council and the Board of Directors from a risk management perspective, such as the risks of legal compliance and criticism of each measure when making management judgements. In addition, the Company receives advice from him in promoting action on sustainability. We believe that his opinions from a broad perspective backed by his knowledge, experience, and other attributes, can be applied to the Company's management, thereby helping us to maximize our medium- to long-term corporate value. Moreover, as there is no personal relationship, capital relationship, trade relationship or other vested interest between Mr. Goto and the Company, we appointed him as an outside Director, and registered him as an independent officer with the Tokyo Stock Exchange.

Name	Designation as independent officer	Supplementary explanation of the relationship	Reason for appointment as outside Director/designation as independent officer
Masafumi Tsujihiro	○	—	Mr. Tsujihiro possesses a high degree of expertise, abundant experience and keen insight with respect to Japanese economy and corporate management, gained through his longstanding experience as Chief Editor of an economics magazine and his current position as Professor of the Faculty of Economics at Teikyo University. He makes statements in the Management Council and the Board of Directors from an expert perspective regarding management judgement and direction based on the latest economic trends. We believe that his opinions from a broad perspective backed by his experience and track record can be applied to the Company's management, thereby helping us to enhance our medium-to long-term corporate value. Moreover, as there is no personal relationship, capital relationship, trade relationship or other vested interest between Mr. Tsujihiro and the Company, we appointed him as an outside Director, and registered him as an independent officer with the Tokyo Stock Exchange.

(vi) Voluntary establishment of committee(s) equivalent to nominating committee or remuneration committee	Established

(vi)-a. Committee's name, composition, and attributes of chairperson

[Committee equivalent to remuneration committee]

Committee's name	Remuneration Advisory Committee
Number of all committee members	6
Number of full-time members	0
Number of inside Directors	2
Number of outside Directors	4
Number of outside experts	0
Number of other members	0
Chairperson	Inside Director

(vi)-b. Supplementary explanation

In addition to the President and CEO and one inside Director (the officer in charge of the President's Office), the Company appoints four outside Directors as members of the Remuneration Advisory Committee. Four outside Directors were appointed as committee members in the expectation that they would provide advice to enhance objectivity when determining remuneration for Directors.

For details of the committee as of the publication of this report, please refer to the "Reference Material: Attachments" attached at the end of this report.

[Committee equivalent to nominating committee]

Committee's name	Nomination Advisory Committee
Number of all committee members	6
Number of full-time members	0
Number of inside Directors	2
Number of outside Directors	4
Number of outside experts	0
Number of other members	0
Chairperson	Inside Director

(vi)-b. Supplementary explanation

In addition to the President and CEO and one inside Director (the officer in charge of the President's Office), the Company appoints four outside Directors as members of the Nomination Advisory Committee. Four outside Directors were appointed as committee members in the expectation that they

would provide advice to enhance objectivity when determining candidates for the position of Director. For details of the committee as of the publication of this report, please refer to the "Reference Material: Attachments" attached at the end of this report.

(3) Audit & Supervisory Board Members

(i) Establishment of Audit & Supervisory Board	Established
(ii) Maximum number of Audit & Supervisory Board Members stipulated in Articles of Incorporation	5
(iii) Number of Audit & Supervisory Board Members	4

(iv) Cooperation among Audit & Supervisory Board Members, Accounting Auditor and internal audit units

Aiming for mutual cooperation, the Audit & Supervisory Board Members, the Internal Audit and Internal Control Department, and the Accounting Auditor endeavor to conduct effective and efficient audits by coordinating closely through regular meetings and other means, and actively exchanging opinions and information.

(v) Appointment of outside Audit & Supervisory Board Members	Appointed
(v)-a. Number of outside Audit & Supervisory Board Members	2
(v)-b. Number of independent officers registered with the Tokyo Stock Exchange designated from among outside Audit & Supervisory Board Members	2

(v)-c. 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
Isao Fukasawa	Attorney at law													
Eiji Sakomoto	CPA / Certified public tax accountant													

* 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 (a person who executes business; hereinafter, the same) 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 of the Company
d. Audit & Supervisory Board Member of a parent of the Company
e. Executive of a fellow subsidiary 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 corporation)
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

(v)-d. Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as independent officer	Supplementary explanation of the relationship	Reason for appointment as outside Audit & Supervisory Board Member/designation as independent officer
Isao Fukasawa	○	—	As an attorney at law, Mr. Fukasawa possesses a high degree of expertise, abundant experience, and keen insight with respect to corporate legal affairs. We judge that he is capable of using these attributes to conduct audits of the Company based on a fair and neutral perspective and also to provide appropriate feedback. We believe that Mr. Fukasawa's opinions from a broad perspective backed by his knowledge, experience, and other attributes, can be applied to the Company's management. Moreover, as there is no personal relationship, capital relationship, trade relationship or other vested interest between Mr. Fukasawa and the Company, we appointed him as an outside Audit & Supervisory Board Member, and registered him as an independent officer with the Tokyo Stock Exchange.

Name	Designation as independent officer	Supplementary explanation of the relationship	Reason for appointment as outside Audit & Supervisory Board Member/designation as independent officer
Eiji Sakomoto	○	—	As a certified public accountant and certified public tax accountant, Mr. Sakomoto possesses a high degree of expertise, abundant experience, and keen insight with respect to financial affairs and accounting. We judge that he is capable of using these attributes to conduct audits of the Company based on a fair and neutral perspective and also to provide appropriate feedback. We believe that Mr. Sakomoto's opinions from a broad perspective backed by his knowledge, experience, and other attributes, can be applied to the Company's management. Moreover, as there is no personal relationship, capital relationship, trade relationship or other vested interest between Mr. Sakomoto and the Company, we appointed him as an outside Audit & Supervisory Board Member, and registered him as an independent officer with the Tokyo Stock Exchange.

(4) Independent officers

Number of independent officers	6

Matters relating to independent officers

The Company has established its own independence standards, which are informed by the judgment criteria regarding independence of independent officers stipulated by the Tokyo Stock Exchange, for application as the independence standards for appointment of outside Directors and outside Audit & Supervisory Board Members, and all the outside Directors and outside Audit & Supervisory Board Members fulfilling these requirements are designated by the Company as independent officers.

[Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members]

The Company will determine to be independent any person who, in addition to meeting the independence standards specified by the Tokyo Stock Exchange, does not fall under any of the following:

(1) a person who executes business ("executive") of "a business partner where net sales to the business partner account for 2% or more of the Company's net sales in any of the last three fiscal years";

(2) an executive of "a business partner where net sales to the Company account for 2% or more of the business partner's net sales in any of the last three fiscal years";

(3) an executive of "a lender from which the Company borrows funds that account for 2% or more of the Company's consolidated total assets in any of the last three fiscal years";

(4) an executive of "a major shareholder or investor of the Company with an equity ownership interest of 10% or more in any of the last three fiscal years";

(5) a consultant, accounting professional, or legal professional who receives remuneration of more than ¥10 million a year from the Company in any of the last three fiscal years;

(6) a person who receives donation or subsidies from the Company in the annual average amount of more than ¥10 million over the last three fiscal years or an executive of such an organization; and

(7) a spouse or relative within the second degree of kinship of a Director, etc. of the Company and its consolidated subsidiaries.

(5) Incentives

(i) Incentive policies for Directors	Performance-linked remuneration system and Share options

Supplementary explanation

The Company has introduced a share-based remuneration (annual incentive and long-term incentive) system for Directors (excluding outside Directors). This share-based remuneration system consists of a system through which the Directors receive the Company's shares, etc. annually while in office depending on their respective positions and the degree of achievement of the performance goals and a system through which the Directors receive the Company's shares, etc. upon their retirement as Directors depending on their respective positions. The system was introduced because there is a high degree of linkage between the value of this share-based remuneration and the Company's business results and share price, and the Company therefore believes it can expect an increase in morale and the willingness to contribute to improving business results and corporate value over the medium to long term as a result of granting such share-based remuneration.

Following the introduction of the abovementioned share-based remuneration system, a system for granting share-based remuneration-type share options (share acquisition rights) for Directors (excluding outside Directors) was abolished. However, any outstanding share acquisition rights that have already been granted to Directors shall remain exercisable. Moreover, a system for granting

share-based remuneration-type share options (share acquisition rights) for Directors (excluding outside Directors) of the Company's subsidiaries shall remain in place.

(ii) Recipients of share options	Directors of subsidiaries

Supplementary explanation

As described above under the "Supplementary explanation" to the "Incentive policies for Directors," the Company has introduced the share-based remuneration system (annual incentive and long-term incentive) for Directors (excluding outside Directors) of the Company; however, the Company will grant share-based remuneration-type share options (share acquisition rights) for Directors of its subsidiaries because it believes that this will increase their morale and willingness to contribute to improving business results and corporate value over the medium to long term in the same way.

(6) Director remuneration

(i) Disclosure of individual Directors' remuneration	Only a portion of the individual Directors' remuneration is disclosed.

Supplementary explanation

The Company discloses the amount of officer remuneration, etc. in the Annual Securities Report, the business report and the Annual Report, and posts these documents on the Company's website. In addition to this, the Company discloses the individual remuneration of persons whose total amount of remuneration, etc. is ¥100 million or more in the Annual Securities Report, stating the total amount and a breakdown of the remuneration, etc. of those persons.

(ii) Policy on determining remuneration amounts and calculation methods	Established

Disclosure of policy on determining remuneration amounts or calculation methods

The Company's policy on calculation methods with regard to Directors' remuneration is reported in Principle 3.1.3 Full Disclosure above, which specifies disclosure in accordance with the principles of the Japan's Corporate Governance Code.

(7) Supporting system for outside Directors and/or outside Audit & Supervisory Board Members

The President's Office and the Corporate Planning's Corporate Strategy Department support outside Directors by providing information relating to Board of Directors meetings and assisting in other ways. In addition, the Company assigns a general manager and two dedicated staff members to Audit & Supervisory Board Member's Office to provide support to Audit & Supervisory Board Members including outside Audit & Supervisory Board Members.

In principle, when a Board of Directors meeting is to be held, the meeting materials are distributed beforehand, and if it is judged that the provision of an explanation of details to outside Directors is required in regard to important items, such explanations will be provided.

(8) Status of persons retired from position of Representative Director, President and CEO, etc.

Not applicable.

2. Matters on functions of business execution, auditing, supervision, nomination and remuneration decisions (overview of current corporate governance system)

■Details of organizations

The Company has adopted a system of a company with Audit & Supervisory Board Members and has established the General Meeting of Shareholders, Board of Directors and Audit & Supervisory Board stipulated in the Companies Act as company organizations.

The Board of Directors is composed of 12 Directors, four of whom are outside Directors (all outside Directors are independent officers registered with the Tokyo Stock Exchange). The Board of Directors meets at least once a month in principle to make decisions on important matters related to management as well as matters stipulated by laws and regulations, and to supervise execution of business.

The Company believes that outside Directors in particular play a key role in enhancing the fairness of management from an objective and independent standpoint while reflecting their abundant knowledge and insight in management, as well as contributing to the further improvement of the corporate governance and internal control system, and accordingly has made sure that outside Directors make up 1/3 or more of all Directors.

Moreover, in order to ensure objectivity when deciding the candidates and remuneration for Directors, the Company obtains advice in the Remuneration Advisory Committee and the Nomination Advisory Committee, among whose members, respectively, are four outside Directors forming a majority. The Company has also established the Corporate Governance Council consisting of a majority of four outside Directors, which is intended to provide advice on evaluating the effectiveness of the Board of Directors to increase its effectiveness.

The Audit & Supervisory Board is composed of four Audit & Supervisory Board Members, of whom two are outside Audit & Supervisory Board Members (both are independent officers registered with the Tokyo Stock Exchange). The Board meets at least once a month in principle. Each Audit & Supervisory Board Member basically audits the appropriateness and legality of the Directors' execution of their duties by attending meetings of the Board of Directors and other important meetings and giving his opinion, exchanging opinions with the representative director, receiving verbal updates on the status of execution of business from Directors and others as required, and through other methods. Moreover, to strengthen and establish an internal control system for the entire Seibu Group, each Audit & Supervisory Board Member also conducts surveys of subsidiaries and audits them to determine whether Company-established corporate management is being conducted thoroughly.

The Company has adopted a Managing Officer system with the primary aim of ensuring swift and efficient decision making and business execution to respond flexibly to changes in the management environment. In addition, the Company has established the Management Council, composed of Directors, Managing Officers, Audit & Supervisory Board Members, Presidents of major business companies, as an organization where the Managing Officers and others deliberate on important

matters, including proposals to be submitted to the Board of Directors. The Management Council holds meetings twice a month in principle to improve the quality of decision-making.

Furthermore, the Seibu Group Corporate Ethics Committee has been established as an organization to oversee the Seibu Group's overall compliance system, composed of the President and CEO, Executive Managing Officers, Presidents of major business companies, and outside experts. The committee meets five times a year.

For details of each organization as of the publication of this report, please refer to the "Reference Material: Attachments" attached at the end of this report. For details of the Nomination Advisory Committee and the Remuneration Advisory Committee, please refer to the "Supplementary explanation" under II. 1. Directors, Committee's name, composition, and attributes of chairperson.

■Status of internal audits and financial audits

For internal audits, the Company has established the Internal Audit and Internal Control Department, which is independent from divisions that execute business operations, and in order to maintain soundness in the execution of business, the Company carries out internal audits with a staff put in place of a general manager and six full-time internal auditors. Moreover, for the internal control reporting system pursuant to the Financial Instruments and Exchange Act, the Company carries out evaluation of the effectiveness of the internal controls relating to financial reporting with a dedicated staff put in place of 11 employees in the Internal Audit and Internal Control Department. Furthermore, the Company carries out monitoring for the purpose of examining and evaluating the effectiveness and efficiency of the internal control system and maintaining soundness in the execution of business. The Internal Audit and Internal Control Department regularly coordinates with the Audit & Supervisory Board Members and the Accounting Auditor. Financial audits are conducted by Ernst & Young ShinNihon LLC. The certified public accountants who conducted the financial audit of the Company for FY2018 on behalf of the Accounting Auditor were Katsuyuki Kawai, Yuji Suzuki and Osamu Suzuki. They were assisted in the financial audit of the Company by 22 certified public accountants and 26 others.

■Limitation of liability agreements

The Company has concluded limitation of liability agreements with its four outside Directors.

3. Reasons for adoption of current corporate governance system

In order to conduct proper allocation of management resources, supervision of business management and other functions as a holding company, the Board of Directors of the Company is composed of Directors who are familiar with the Group's businesses and their management, and independent outside Directors with abundant knowledge and insight. Moreover, the Company ensures the ability to improve the quality of decision-making by soliciting opinions and advice from outside Audit & Supervisory Board Members, attorneys at law, certified public accountants and other experts outside the Company.

In addition, the Company's management believes that outside Directors and outside Audit & Supervisory Board Members contribute to further strengthening corporate governance and internal control systems by playing a role in improving management monitoring functions, including providing useful opinions and other feedback on management from a standpoint of objectivity, neutrality and independence, based on career histories, experience and knowledge that differ from those of people from inside the Company.

Through the above management structure, the Company believes it can ensure management soundness and transparency by properly auditing and supervising the execution of business.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to vitalize the General Meetings of Shareholders and smooth exercise of voting rights

	Supplementary explanations
a. Early notification of General Meetings of Shareholders	Notice of the Annual General Meeting of Shareholders held in June 2019 was sent out on May 31, 2019, 21 days before the date of the meeting.
b. Scheduling General Meetings of Shareholders avoiding the peak day	The Annual General Meeting of Shareholders held in June 2019 took place on June 21, 2019, six days before the peak day.
c. Allowing electronic or magnetic exercise of voting rights	Since the Annual General Meeting of Shareholders held in June 2007, the Company has allowed voting rights to be exercised online.
d. Participation in electronic voting platform	Since the Annual General Meeting of Shareholders held in June 2015, the Company has participated in the electronic voting platform for institutional investors operated by ICJ, Inc.
e. Providing convocation notice in English	The convocation notice for the Annual General Meeting of Shareholders is fully translated into English and posted on the Tokyo Stock Exchange's website and the Company's website.
f. Other	• Since the Annual General Meeting of Shareholders held in June 2014, the Company has posted the convocation notices on the Tokyo Stock Exchange's website and the Company's website prior to sending the convocation notices for the Annual General Meetings of Shareholders. The dates on which the convocation notices are posted in 2019 are stated below. ■Japanese version: May 22 (Nine days before the date of when the convocation notice was sent out) ■English version: May 28 (Three days before the date of when the convocation notice was sent out) *The convocation notices were posted on the Tokyo Stock Exchange's website and the Company's website on the above dates. • The Company provides a business report utilizing video and narration at the General Meeting of Shareholders.

2. IR activities

	Supplementary explanations	Personal briefing by the Company's representative(s)
Preparation and publication of disclosure policy	To secure the understanding and trust of all stakeholders, including shareholders and investors, by disclosing corporate information in a timely and impartial manner, the Company prepared the disclosure policy and posted it on the Company's website. URL: http://www.seibuholdings.co.jp/en/ir/management/policy/	
Regular investor briefings for analysts and institutional investors	The Company holds briefings following results announcements (after interim and year-end settlement of accounts), and whenever necessary to address specific topics.	Yes
Regular investor briefings for overseas investors	Several times a year, individual meetings with investors take place in major cities in Europe, the United States and Asia. The Company President and director, and Executive Managing Officer brief investors at these meetings. The Company member also take part in conferences sponsored by securities companies several times a year and hold meetings.	Yes
Posting of IR materials on website	URL: http://www.seibuholdings.co.jp/en/ir/ir_material/ Materials available: Financial information, non-financial materials requiring timely disclosure, briefing materials, Annual and Quarterly Securities Reports, Monthly Reports, Seibu Group Business Report, Annual Report, etc. In addition, material information for disclosure to investors is translated into English and posted on the investor relations section of the Company's English-language website.	
Establishment of department and/or manager in charge of IR	Department in charge of IR: Investor Relations Department IR supervisor: general manager of the Investor Relations Department Administrative contact: manager in charge in the Investor Relations Department	

	Supplementary explanations	Personal briefing by the Company's representative(s)
Other	The Company holds briefings for individual investors whenever necessary.	

3. Measures to ensure due respect for stakeholders

	Supplementary explanations
a. Internal rules, etc. stipulated for respecting the position of stakeholders	The Company sets forth its good faith toward its all stakeholders and its respect for their viewpoints in its Group Vision and the Seibu Group Corporate Code of Ethics, and works for the sustainable growth of its businesses and society in accordance with these documents.
b. Implementation of environmental activities and CSR activities	The Seibu Group operates diverse businesses such as the urban transportation and regional, hotel and leisure, and real estate businesses. To be a Group that is trusted and preferred by all stakeholders by fulfilling its social responsibilities and creating new activities and sensations, we conduct business activities that are sensitive to the natural environment and the global environment in accordance with the Group Vision and the Seibu Group Corporate Code of Ethics, which serve as codes of conduct for all employees. Furthermore, the Group conducts business activities with close ties to regions and society in order to advance together with its customers and with local communities. The Group has positioned its measures related to these activities as "action on sustainability," and is working on 12 agendas (priority themes) in four domains: Safety, Environment, Society, and Corporate Culture. The four domains and 12 agendas are as follows: Domain 1: Safety (Agenda: 1. Ensure safety and reliability) Domain 2: Environment (Agendas: 2. Greenhouse gas reduction, 3. Waste reduction, 4. Ensuring water supply, 5. Protecting forest and species Domain 3: Society (Agendas: 6. Invigoration of railroad corridor and local communities, 7. Universal design, 8. Aging population and low birthrate) Domain 4: Corporate Culture (Agendas: 9. Work style reforms, 10. Recruiting diverse workforce, 11. Human resource development and management, 12. Compliance) For details please refer to the following website. URL:http://www.seibuholdings.co.jp/en/group/csr/

	Supplementary explanations
c. Formulation of policies on information provision to stakeholders	The Company provides information to stakeholders, recognizing that it is important to earn the trust of its shareholders, investors, and all other stakeholders by building a good relationship with them through accurate disclosure of timely and appropriate information in accordance with its Group Vision and the Seibu Group Corporate Code of Ethics.
d. Other	The Seibu Group recognizes that the active roles played by human resources are an important source of value increase for the overall Group. As such, the Group focuses on developing human resources who can contribute to sustainable and strong growth towards realizing the Group Vision and on creating an environment where these human resources can deliver their full potential. These measures also been set as agendas for action on sustainability and the entire Group is actively engaged in them. With regard to human resource development, the Group conducts rank-specific training aimed at achieving its Medium-Term Management Plan. In developing the next generation of management human resources, the Group has established systems for taking master's degree courses and studying abroad, creating an environment that enables them to gain skills practically and effectively through communication outside the Group, such as MBA acquisition and language learning. Other systems are in place to support individual growth, such as holding free public lectures with invited university lecturers, mainly in the liberal arts. The point of creating an environment that enables human resources to delivery their full potential is to promote diversity and work style reforms. The Seibu Group's basic policy for diversity management is to aim for increased corporate value through the generation of innovation that arises when we respect each and every one of our diverse employees who differ in terms of gender, age, nationality, sense of values, lifestyle, and so forth, and cultivate a workplace culture that encourages all employees to perform at their maximum capability and passion. The Company is implementing initiatives centered on the Company's Personnel Department's Diversity Management. Specific measures include supporting women's career development through the Seibu Diversity College, and holding Diversity Management Seminars and Diversity Promotion Seminars for management so that they can reform their awareness and acquire the necessary skills. The Group also created the Reemployment Support Network to enable employees to find new positions at Group companies if they have to relocate due to the assignment of a spouse or to provide nursing care, and established in-house childcare centers and other measures to provide an environment

	Supplementary explanations
	where employees can balance their career with childrearing. To effectively promote these initiatives, in the three major companies of the Group, we aim to at least double the ratio of women in management compared to FY2014 by 2020. Concerning other important matters, we have set numerical targets at each Group company for specific items such as the utilization rate of men taking parental leave and the utilization rate of vacation leave. Looking ahead, we will continue to change our awareness, work styles, and environment towards achieving these targets, aiming to provide the support necessary for each employee of the Group to feel comfortable and be able to realize their full potential. Furthermore, with regard to work style reforms, we are revising inefficient operations and overlapping operations while promoting operational streamlining through workstyle reforms utilizing ICT and IoT. In addition, we are seeing productivity gains from the introduction of flextime and teleworking, which enable employees to choose their own working hours and locations.

IV. Matters Related to the Internal Control System

1. Basic views on internal control system and the progress of system development

The Company recognizes that further strengthening the internal control system will contribute to maximization of the corporate value of the entire Group over the medium to long term. At the start of the fiscal year, the Company formulates an annual plan based on each of the items of the Seibu Holdings' Basic Policy on Internal Controls, having considered the status of initiatives in the previous fiscal year, and reports the plan to the Board of Directors. At the interim period, a progress report is made to the Board of Directors and matters to be noted for the second half of the fiscal year are confirmed to ensure the effectiveness of the plan. Moreover, the execution status is verified at the end of the fiscal year and points for improvement are identified for reflection in the annual plan for the following fiscal year. In this way, a PDCA cycle is established.

■Systems to ensure that business is conducted properly (The Seibu Holdings' Basic Policy on Internal Controls)

1. Objectives

The purpose of this statement of basic policy is to specify matters for Seibu Group companies, which include Seibu Holdings Inc. (hereinafter collectively referred to as the "Seibu Group"), such that pertain to Seibu Group initiatives to develop systems of internal control designed to ensure the adequacy and legal compliance of its business operations so that the Seibu Group can build a managerial platform to enable sustainable growth achieved in the spirit of the "Group Vision."

The Seibu Group swiftly implements specific measures on the basis of the policies stipulated below, checks on implementation of such measures, and ceaselessly works to make improvements.

2. System to ensure that Directors and employees of the Seibu Group perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation

(1) The Seibu Group adheres to the Seibu Group Corporate Code of Ethics which spells out the fundamental rules that all Seibu Group Directors and employees must take to heart, the aim of which is to ensure that the Group acts as part of society in upholding its responsibilities and earning the trust of others. The Seibu Group also instills a firm awareness of the Seibu Group Corporate Code of Ethics by stipulating guidelines for behavior to be practiced when executing job duties, and through other means that include distributing compliance manuals to the Directors and employees and providing them with training in that regard.

(2) In accordance with the Seibu Group Basic Rules on Compliance Systems, the Company has established the Seibu Group Corporate Ethics Committee, which is chaired by the President and works on developing a compliance framework for the Seibu Group and also checks on how the framework is operating. The Company also has a Compliance Department which comprises the department's general manager and staff members and is tasked with overseeing compliance matters. Moreover, the Company also sets up corporate ethics hotlines as well as sexual

harassment and human relations hotlines both within and outside the Company, to enable swift identification and resolution of issues pertaining to Seibu Group compliance.

(3) The Seibu Group vows to sever any and all ties with antisocial forces. The Seibu Group also works with law enforcement authorities, attorneys and others in standing against such elements of society and otherwise takes a firm and organized stand in handling such matters, in accordance with the Seibu Group Basic Rules on Dealings with Antisocial Forces which stipulate fundamental principles for addressing matters involving antisocial forces.

(4) The Seibu Group maintains internal regulations that comply with laws and regulations and the Articles of Incorporation, and the Directors and employees perform their duties in accordance with such regulations.

(5) The Seibu Group establishes a legal compliance framework to ensure proper execution of duties, and works to improve units handling legal affairs so that the Group is ready to take firm action when laws and regulations are revised.

(6) The Seibu Group properly maintains, operates and evaluates internal control systems for financial reporting, and ensures that respective financial reports are reliable, in accordance with the Seibu Group Basic Rules on Internal Controls for Financial Reporting.

(7) The Company has established the Internal Audit and Internal Control Department, which functions independently of operating units. The department is tasked with performing internal audits, and duly monitors Seibu Group operations to ensure that they are adequate and in compliance with relevant laws and regulations and internal rules.

3. System for retaining and managing information pertaining to the performance of duties by Directors

(1) The Company clearly stipulates which units are to maintain responsibility for managing information and mechanisms in that regard, and also properly safeguards, manages and uses its overall information assets, in accordance with the Seibu Group Rules on Information Management.

(2) All documents pertaining to the performance of Company duties, such as minutes of Board of Directors and Management Council meetings (including details recorded on electronic media), are tracked, stored, retained and discarded in accordance with procedures set forth in the Rules on Documentation. The Company's Directors and Audit & Supervisory Board Members may inspect all documents and other such information that has been stored and retained.

(3) The Company ensures proper safeguarding, management and use of information assets contained in information systems, in accordance with the Seibu Group Rules on Information Security.

4. Rules and other systems to manage financial risk of the Seibu Group

(1) The Company establishes units in charge of controlling risk, while also assessing risk,

preemptively addressing risk-related matters, and forging a framework that enables measures to be taken swiftly should any specific risk materialize, in accordance with the Seibu Group Risk Management Policy and the Seibu Group Rules on Risk Management, which stipulates fundamental approaches and control frameworks for managing risk in the Seibu Group.

(2) The Company's Internal Audit and Internal Control Department monitors the efficacy and efficiency of its risk control framework. Any details regarding risk that emerges through such monitoring is shared with units in charge of risk management.

5. System to ensure that Directors of the Seibu Group perform their duties efficiently

(1) The Company holds meetings of the Board of Directors at least once per month, as a general rule, for the purpose of deliberating on matters of managerial importance. The Company has also established the Management Council, which comprises managing officers and others and adequately deliberates on matters of importance with respect to business execution.

(2) The "Group Vision" of the Seibu Group is shared among its Directors and employees, while Seibu Group Directors and executives also work to achieve objectives targeted in accordance with business plans established with the aim of realizing the "Group Vision" in mind. The Company's Board of Directors requests that performance reports be provided to executive divisions on a regular basis, and checks on progress toward achieving planned objectives.

(3) Individual companies of the Seibu Group establish respective organizational structures, divisions of job duties, and rules on administrative authority to ensure that operations are performed efficiently and in a systematic manner.

(4) The Company's Internal Audit and Internal Control Department monitors operations to ensure that they are performed efficiently.

6. System to ensure proper business operations in the Group, comprising the stock company and its parent company and subsidiaries

(1) The Seibu Group shares the "Group Vision" across the entire group, and engages in business activities drawing on the whole group toward making the "Group Vision" a reality. Moreover, each company of the Seibu Group adheres to the Seibu Group Corporate Code of Ethics and acts as a part of society in upholding their responsibilities.

(2) The Seibu Group ensures that decision making and business operations of respective Seibu Group companies are performed properly and efficiently in accordance with the Seibu Group Rules on Subsidiary and Associate Management. Furthermore, matters of importance with respect to business operations of subsidiaries are referred or reported to the Company in accordance with the categories for operation procedures prescribed in the Seibu Group Rules on Subsidiary and Associate Management.

(3) The Company's Compliance Department and Internal Audit and Internal Control Department readily act in conjunction with relevant units of respective Seibu Group companies in cooperating,

providing guidance and lending support with respect to compliance efforts and internal audits, aggregating risk data, and forging mechanisms that enable shared contingency response measures.

(4) The Seibu Group ensures that business operations are efficient through active use of information technologies, while also seeing to it that information systems are managed and operated properly, in accordance with the Seibu Group Basic Policy on Information Technology, the Seibu Group Rules on Management and Operation of Information Systems, and the Seibu Group Rules on Information Security Systems.

7. Matters relating to employees who assist Audit & Supervisory Board Members upon request of such Audit & Supervisory Board Members for assistance

(1) The Seibu Group establishes Audit & Supervisory Board Member's Offices each with their own respective general managers and staff members and act as units that assist the Audit & Supervisory Board Members in their duties. Audit & Supervisory Board Member's Offices staffing is determined upon giving due consideration to the views of the Audit & Supervisory Board Members.

8. Matters relating to independence from Directors of employees who assist Audit & Supervisory Board Members and ensuring effectiveness of instructions given to the relevant employees

(1) Staff members of Audit & Supervisory Board Member's Offices perform their duties under the Audit & Supervisory Board Members' chain of command.

(2) Matters such as employee reassignment and personnel evaluations involving staff of Audit & Supervisory Board Member's Offices are determined upon gaining approval of the Audit & Supervisory Board Members.

9. System for Directors, employees, and directors, audit & supervisory board members, employees, etc. of subsidiaries to report to Audit & Supervisory Board Members

(1) Directors and employees of the Company, and directors, audit & supervisory board members and employees of subsidiaries or persons who received reports from the foregoing persons provide necessary reports and information to the Audit & Supervisory Board Members.

(2) Reports and information provided to the Audit & Supervisory Board Members, as stipulated in the previous item, mainly include details regarding:

- Upgrades and maintenance of internal control systems;
- Internal audits, compliance and risk controls;
- Material matters involving litigation and disputes;
- The state of initiatives involving internal audit units of individual Seibu Group companies;
- Disclosure of corporate information;

- Circulation of important documents pertaining to the performance of business operations such as minutes of Management Committee meetings and approval documents (ringi); and
- Other matters involving requests of the Audit & Supervisory Board Members for reports or information.

(3) Directors and employees of the Company, and directors, audit & supervisory board members and employees of subsidiaries or persons who received reports from the foregoing persons will not be treated unfavorably on account of their reporting to the Audit & Supervisory Board Members.

10. Other systems to ensure that Audit & Supervisory Board Members perform audits effectively

(1) The Audit & Supervisory Board Members may attend, and state their views at important meetings such as those of the Management Council.

(2) In order to perform efficient and effective audits, the Audit & Supervisory Board Members may seek cooperation from individuals and entities including the Compliance Department, Internal Audit and Internal Control Department, and representative directors and audit & supervisory board members of respective Seibu Group companies.

(3) The Audit & Supervisory Board Members may seek advice as necessary from outside experts (attorneys, certified public accountants, licensed tax accountants, etc.).

(4) Expenses necessary for the performance of duties of the Audit & Supervisory Board Members are to be borne by the Company. When spending audit costs, the Audit & Supervisory Board Members pay attention to the efficiency and fairness thereof.

(5) The Representative Directors hold regular meetings with the Audit & Supervisory Board Members where they exchange views regarding key issues pertaining to audits and other such matters.

■Operating status of systems to ensure that business is conducted properly

The operating status for FY2018 is as outlined below.

a. Compliance system

- To continuously promote compliance-oriented management, the Company shares information across the Group regarding the status of operation of the internal reporting system, the status of implementation of awareness-raising activities, and issues to be addressed, etc.
- To ensure the implementation of the system for managing compliance with financial laws and regulations, the Company surveyed and organized the status of implementation and provided advice for improvement, etc. at each Group company.

b. Document and information management system

- In preparation for the relocation of head office, the Company implemented document management improvement activities towards paperless and paper-stockless offices.

- To safeguard information assets, the Company held incident response drills for its cyber security team to strengthen their response capabilities.

c. Risk management system

- The Company worked systematically and integrally to reduce risks that impede the achievement of the management plan targets and confirmed the status of progress on each type of initiative.
- The Company summarized matters indicated by audits at each Group company and shared the information internally.

d. System for efficient decision-making and business execution in line with management policy

- The Company analyzed and evaluated a questionnaire conducted to enable the Board of Directors to achieve its role and responsibilities appropriately, and based on the questionnaire results, the Company held the Corporate Governance Council consisting of a majority of the outside Directors and confirmed the effectiveness of the Board of Directors.
- Furthermore, to improve the effectiveness of the Board of Directors, the Company secured time for discussion of each proposal by ensuring distribution of meeting materials in advance and so forth. In addition, the Company enhanced the deliberations at the meetings through an awareness of the management PDCA cycle for even more active discussion.

e. Group management system

- To maintain and improve the quality of the Group's audits, training and information sharing was carried out at each Group company and an inspection and evaluation was carried out for all audits conducted by Group companies.

f. System relating to Audit & Supervisory Board Members

- To assist the Audit & Supervisory Board Members in performing their duties, the Company provided dedicated staff for support duties, and ensured their independence.
- The Company made use of systems for sharing risk information to provide information rapidly.

Please refer to "Reference Material: Figure 1" attached at the end of this report.

2. Basic views on eliminating antisocial forces and progress of related efforts

"Antisocial forces" is the term used in Japan to refer to organized crime groups. The Group instituted the Seibu Group Basic Rules on Dealings with Antisocial Forces, which stipulate its fundamental principles for addressing matters involving antisocial forces, as well as frameworks for reporting, liaising and consulting if any incident involving antisocial forces should occur. These basic rules are supplemented by a manual on dealing with antisocial forces, guidelines on due diligence when conducting transactions and guidelines on incorporating provisions regarding elimination of antisocial forces into contracts. The Company ensures that all Group officers and employees are aware of these rules and guidelines.

Based on the above rules, the Company ensures that any section of the Company or its Group companies can consult the internal department in charge of dealing with antisocial forces at any time if the section has received any contact or unreasonable demand from antisocial forces or similar groups. In such cases, there is a framework in place to take appropriate measures by notifying or consulting with experts or law enforcement authorities. The Company takes a firm stand against antisocial forces, resists threats or intimidation, and precludes any relationship whatsoever with antisocial forces. Under no circumstances will it take any action that might encourage the activities of such groups.

V. Other

1. Adoption of anti-takeover measures

Adoption of anti-takeover measures	Not adopted

Supplementary explanation

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2. Other matters concerning the corporate governance system

- Internal framework for timely disclosure of corporate information

  The Company considers it a basic policy to strive to ensure society's trust and develop its businesses by reporting accurately, swiftly and fairly to its shareholders and society in general on the Group's activities, including operating results and the status of its businesses.

  To that end, the Company instituted the Seibu Group Rules on Information Management to ensure that its officers and employees are aware of which information is material, and that they manage such information appropriately. In addition to these rules, the Company also addressed the management of material information that may require timely disclosure, developing the Seibu Group Rules on Management of Material Information and Insider Trading and the Seibu Group Rules on Disclosure of Material Information, and ensuring that all Group companies are aware of these rules.

  Based on these rules, the Company designated the Administration Department as the unit responsible for managing material information, and appointed the director in charge of the department as Chief Information Management Officer (hereinafter, "Group Chief Information Management Officer"). It also appointed Chief Information Management Officers at each Group company, and put the Corporate Communication Department in charge of timely disclosure.

- Timely disclosure procedures

  The same procedures relating to timely disclosure apply to the Company and its subsidiaries and associates; the following items therefore apply to the Company as well as its subsidiaries and associates.

  (a) Information regarding resolutions

  The Corporate Planning's Corporate Strategy Department centrally manages the details of matters to be submitted to the Company for resolution by each Group company pursuant to the "Seibu Group Rules on Subsidiary and Associate Management" while carrying out comprehensive administration of the Group's Medium-term Management Plan and budget. The President's Office acts as an administrative office for the Board of Directors and the Management Council for managing the matters to be submitted for resolution to meetings,

and the Corporate Strategy Department and the President's Office share information with each other on a regular basis.

Based on these submissions, the Information Management Committee investigates whether resolutions include material facts requiring timely disclosure by the Company and its Group companies. The committee comprises the Group Chief Information Management Officer and personnel responsible for information management in the President's Office, the Corporate Communication Department, the Corporate Planning, the Corporate Strategy Department, the Investor Relations Department, and the Administration Department. If material facts requiring timely disclosure are identified, the Corporate Communication Department promptly discloses such facts, following resolution by the relevant internal bodies.

(b) Information regarding material events that occur

If a material event occurs, the Company and its Group companies immediately notify the Administration Department in accordance with the Seibu Group Rules on Crisis Management and other relevant rules.

Based on such notification, the Information Management Committee investigates whether the events include material facts requiring timely disclosure by the Company and its Group companies. The committee comprises the Group Chief Information Management Officer and personnel responsible for information management in the President's Office, the Corporate Communication Department, the Corporate Planning, the Corporate Strategy Department, the Investor Relations Department, and the Administration Department. If material facts requiring timely disclosure are identified, the Corporate Communication Department promptly discloses such facts, following resolution by the relevant internal bodies.

(c) Financial information

The Accounting Department has created a framework to enable it to prepare disclosure documents including Group companies' financial information (i.e., quarterly and annual earnings reports) in consultation with the Group Chief Information Management Officer and the Corporate Strategy Department and to disclose them within 45 days of the settlement of accounts, following resolution by the relevant internal bodies.

Please refer to "Reference Material: Figure 2" attached at the end of this report.

Reference Material: Attachments

The details of each organization as of the publication of this report are as follows. Furthermore, all attendance rates are actual results for FY2018.

Board of Directors (Directors: 11 male, 1 female; Audit & Supervisory Board Members: 4 male; Total 16 persons)

Position	Name	Attendance rate	Other
President Chief Executive Officer	Takashi Goto	100%	Chairperson
Director Executive Managing Officer	Kaoru Takahashi	100%	—
Director Senior Managing Officer General Manager, Corporate Planning	Tomoyuki Nishii	100%	—
Director Senior Managing Officer	Ryuichiro Nishiyama	100%	—
Director Senior Managing Officer General Manager, Personnel Department	Shuichiro Ogawa	100%	—
Director	Hisashi Wakabayashi	100%	—
Director	Masahiko Koyama	100%	—
Director	Akihisa Uwano	100%	—
Director	Eiko Ohya	94.1%	Outside Director (independent officer)
Director	Takehiko Ogi	94.1%	Outside Director (independent officer)
Director	Keiji Goto	94.1%	Outside Director (independent officer)
Director	Masafumi Tsujihiro	92.3%	Outside Director (independent officer)
Standing Audit & Supervisory Board Member	Michifumi Yazaki	100%	—
Audit & Supervisory Board Member	Isao Nagaseki	100%	—

Position	Name	Attendance rate	Other
Audit & Supervisory Board Member	Isao Fukasawa	100%	Outside Audit & Supervisory Board Member (independent officer)
Audit & Supervisory Board Member	Eiji Sakomoto	94.1%	Outside Audit & Supervisory Board Member (independent officer)

Nomination Advisory Committee

(5 male, 1 female; Total 6 persons. Composition: President and CEO, Officer in charge of the President's Office, Outside Directors)

Position	Name	Attendance rate	Other
President Chief Executive Officer	Takashi Goto	100%	Chairperson
Director Senior Managing Officer	Ryuichiro Nishiyama	100%	Officer in charge of the President's Office
Director	Eiko Ohya	100%	Outside Director (independent officer)
Director	Takehiko Ogi	100%	Outside Director (independent officer)
Director	Keiji Goto	100%	Outside Director (independent officer)
Director	Masafumi Tsujihiro	100%	Outside Director (independent officer)

Remuneration Advisory Committee

(5 male, 1 female; Total 6 persons. Composition: President and CEO, Officer in charge of the President's Office, Outside Directors)

Position	Name	Attendance rate	Other
President Chief Executive Officer	Takashi Goto	100%	Chairperson
Director Senior Managing Officer	Ryuichiro Nishiyama	100%	Officer in charge of the President's Office
Director	Eiko Ohya	100%	Outside Director (independent officer)
Director	Takehiko Ogi	100%	Outside Director (independent officer)
Director	Keiji Goto	100%	Outside Director (independent officer)
Director	Masafumi Tsujihiro	100%	Outside Director (independent officer)

Audit & Supervisory Board (4 male; Total 4 persons)

Position	Name	Attendance rate	Other
Standing Audit & Supervisory Board Member	Michifumi Yazaki	100%	Chairperson
Audit & Supervisory Board Member	Isao Nagaseki	100%	—
Audit & Supervisory Board Member	Isao Fukasawa	100%	Outside Audit & Supervisory Board Member (independent officer)
Audit & Supervisory Board Member	Eiji Sakomoto	100%	Outside Audit & Supervisory Board Member (independent officer)

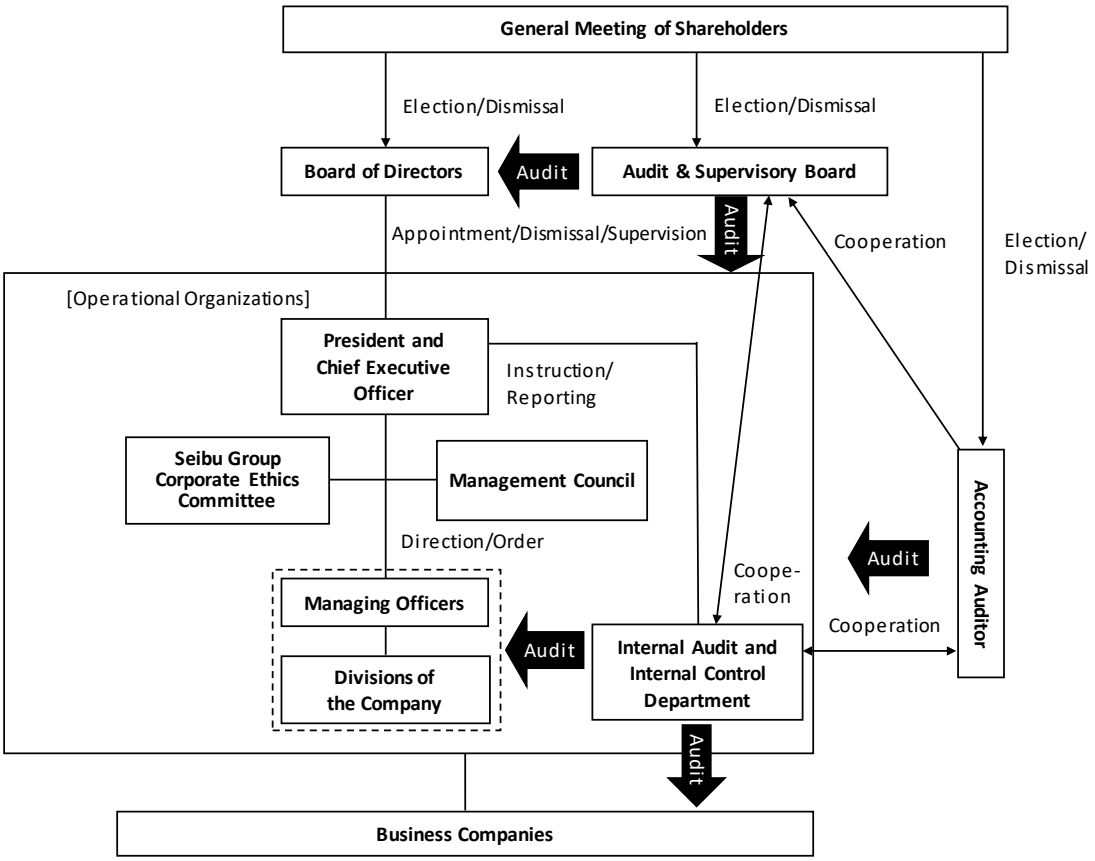
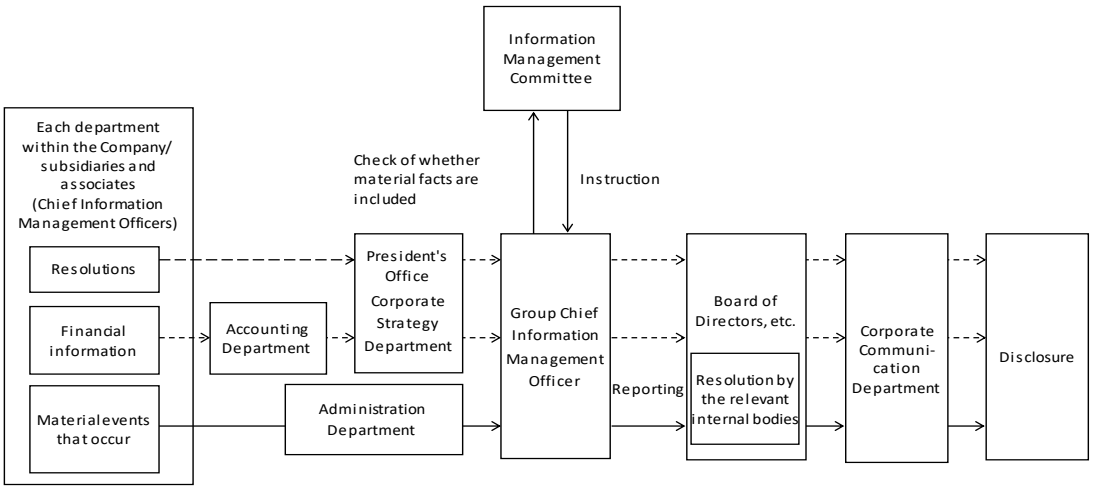
Corporate Governance Council

(6 male, 1 female; Total 7 persons. Composition: President and CEO, Officer in charge of the Corporate Strategy Department, Officer in charge of the President's Office, Outside Directors)

Position	Name	Attendance rate	Other
President Chief Executive Officer	Takashi Goto	100%	Chairperson
Director Senior Managing Officer General Manager, Corporate Planning	Tomoyuki Nishii	100%	Officer in charge of the Corporate Strategy Department
Director Senior Managing Officer	Ryuichiro Nishiyama	100%	Officer in charge of the President's Office
Director	Eiko Ohya	100%	Outside Director (independent officer)
Director	Takehiko Ogi	100%	Outside Director (independent officer)
Director	Keiji Goto	100%	Outside Director (independent officer)
Director	Masafumi Tsujihiro	— (Note)	Outside Director (independent officer)

(Note) Director Masafumi Tsujihiro took office as Director at the 13th Annual General Meeting of Shareholders and therefore did not attend meetings during FY2018.

Reference Material: Figure 1



Reference Material: Figure 2