Corporate Governance Report

December 26, 2024

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The corporate governance of J. FRONT RETAILING Co., Ltd. (the "Company") is described below.

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

1. Basic Views

The Company has established Corporate Governance Guidelines (the "Guidelines") that set out the role of corporate governance in the Company and its subsidiaries (the "JFR Group"). The aims of the Guidelines are to realize our best possible corporate governance practices in order to ensure the sustainable growth of the JFR Group and increase corporate value over the medium to long term.

The Company believes that ensuring sustainable growth of the JFR Group and increasing corporate value over the medium to long term is paramount to realizing the ideals of the Group Philosophy. Accordingly, the role of corporate governance must be to help enable us to realize the ideals of the Group Philosophy. The Company assumes responsibility as a holding company for ensuring managerial transparency, soundness and compliance centered on corporate governance of the JFR Group, with the aim of realizing the ideals of the Group Philosophy.

In addition, the Company has adopted the organizational structure of a company with three committees (nomination, audit and remuneration committees), and been working to further strengthen the corporate governance.

For "Basic Ideas on Corporate Governance," please refer to "Chapter 1. General Provisions" of the Guidelines appended to this report.

In order to achieve the Group Vision, the Company established the Group Medium-term Business Plan, a three-year plan covering the period FY2024-FY2026. For details, please refer to the following page on our website.

(https://www.j-front-retailing.com/_data_json/news/_upload/20240415_midtermplan_E.pdf)

The Company's basic vision, Group Philosophy and policy, etc. are described below.

<Corporate credo>

"Service before profit"

"Abjure all evil and practice all good"

<Basic philosophy>

We aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations. We aim at developing the Group by making a broad contribution to society as a fair and trusted business entity.

<Group Vision>

Create and Bring to Life "New Happiness"

<Sustainability Policy>

"With people, with local communities, with environment to realize a sustainable society and new happiness in life"

<Corporate Governance Guidelines>

With an aim to ensure sustainable growth of the JFR Group and increase corporate value over the medium to long term (realize the ideals of the Group Philosophy), the Company will work to ensure managerial transparency, soundness, and compliance of the entire Group.

<JFR Way> (The ideas that motivate us)

"Create the future"

"Act on courage not fear"

"Embrace new ideas"

"Think for yourself when taking action"

"Act sensibly and honestly"

<Commitments to stakeholders>

(Customers)	We are committed to contributing to the creation of a society where people can feel connected to each other and society by delivering inspiration to customers and proposing a fulfilling lifestyle.
(Shareholders/Investors)	We are committed to increasing corporate value over the long term by practicing highly profitable and highly efficient management.
(Business partners)	We are committed to aiming to grow together by building partnerships based on mutual trust and co-creating new value.
(Employees)	We are committed to ensuring rewarding workplace by creating an environment in which each individual can demonstrate their own abilities and individuality and feel a sense of growth.
(Communities)	We are committed to contributing to the sustainable development of local communities by promoting business activities that enhance the liveliness of communities and the attractiveness of the region.
(Global environment)	We are committed to passing on a better global environment to future generations through environmentally-friendly business activities.

【Reasons for Non-compliance with the Principles of the Corporate Governance Code】

The Company has implemented all of the principles of the Corporate Governance Code (revised on June 11, 2021) .

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

Rather than disclosing only the matters mandated under the Corporate Governance Code and the principles for companies listed on the Prime Market, the Company believes that disclosing the principles that the Company considers it necessary to disclose in the main part leads to the promotion of constructive dialogue with shareholders and investors, and discloses them below.

【Supplementary Principle 1-2-4】 Establishment of an Environment for Exercise of Voting Rights at the Shareholders Meeting

The Company endeavors to develop an environment at its Shareholders Meetings, which is its highest decision-making body, and enables its shareholders to appropriately exercise their voting rights and other rights of shareholders, as described below.

(i) We give consideration to ensuring time for audits in the course of setting dates on which Shareholders Meetings are to be held and schedules otherwise in relation to Shareholders Meetings.

(ii) We ensure that there is adequate time for our shareholders to consider matters with respect to which they will exercise their voting rights. To that end, we post informational materials for the Shareholders

Meeting on the Company's website and on the websites of financial instruments exchanges as early as practicably possible before the Electronic Provision Measures Commencement Date stipulated in the Companies Act (three weeks prior to the date on which a Shareholders Meeting is to be held or the day that the notice of convocation is sent, whichever is earlier).

(iii) We upgrade the content of informational materials for the shareholders meeting (containing sections that include the business report, financial statements, and reference materials for Shareholders Meeting) in a manner that provides our shareholders with a deeper understanding of the JFR Group and enables them to make appropriate decisions when exercising their voting rights. We also prepare English translations of informational materials for the shareholders meeting and make them available so that our overseas investors are able to properly exercise their voting rights.

(iv) We give consideration to ensuring that our shareholders are able to conveniently exercise their voting rights, including domestic and overseas institutional investors. To that end, we have adopted online and other means of exercising voting rights and otherwise use an electronic platform for exercising voting rights.

(v) We act appropriately with respect to substantively ensuring that shareholders are able to exercise their rights to make proposals and other minority shareholder rights. Moreover, our Articles of Incorporation stipulate that a shareholder may exercise his or her voting rights by proxy upon completing the necessary procedures when a beneficial shareholder has filed to exercise rights as a shareholder beforehand.

(vi) We strive to ensure that all shareholders, including those who reside in distant locations, have opportunities to participate in or listen to Shareholders Meetings through means such as live streaming of Shareholders Meetings and accepting questions in advance on the Company's website.

【Principle 1-3】 Basic Capital Policy

[Basic Capital Policy]

The Company believes that any increase in free cash flow and improvement in ROE should help to ensure its sustainable growth and increase corporate value over the medium to long term.

To such ends, in consideration of the business environment and measures for addressing risks, the Company promotes a capital policy that takes a balanced approach to undertaking strategic investment, enhancing shareholder returns, and expanding net worth.

Moreover, in procuring funds through interest-bearing liabilities, we aim to achieve an optimal structure of debt to equity in a manner cognizant of our funding efficiency and cost of capital, carried out on the basis of having taken into consideration our capacity for generating free cash flows and our balance of interest-bearing liabilities.

A business strategy where higher sales are accompanied by profits and a financial strategy (encompassing the capital policy) that heightens profitability of invested capital are essential elements with respect to improving free cash flows and ROE. In addition, we believe it is crucial that we achieve maximization of the operating profit and sustainable improvement of the operating profit margin by strengthening our core

businesses and concentrating management resources on initiatives such as business field expansion and active development of new businesses.

In monitoring our key financial indicators used in achieving objectives of the Medium-term Business Plan, we focus primarily on ROE for capital efficiency, consolidated business profit and ROIC for business profitability, free cash flows for profitability and stability, and ratio of equity attributable to owners of parent to total assets (equity ratio) for financial soundness.

[Promoting Management that Recognizes the Cost of Capital]

The JFR Group aims to continually achieve a consolidated ROE of 8% or more. Our reasons for setting the target as 8% is based on our recognition that it is important that ROE exceeds the yields expected by shareholders and investors, in other words the Company's cost of equity.

The cost of equity is calculated at about 6-7% as of February 29, 2024, but it is speculated to shift within the range of 7.0–7.5% over the medium to long term. For this reason, the Company believes that what is required of it is to stably achieve an ROE of a level 8% or more, that exceeds the cost of equity.

Furthermore, with regard to the WACC (weighted average cost of capital), as of February 29, 2024 it is around 4.0-4.5%, and in addition to recognizing the same level of the medium to long term, we have ascertained the WACC of each of the main operating companies including the Department Store Business, the SC (Shopping Center) Business, the Developer Business, and the Payment and Finance Business.

Looking forward, while working to achieve reform of the business portfolio over the medium to long term, the Company is looking to implement management practices that pay attention to capital efficiency and aims to improve corporate value by setting ROIC targets for each business segment and achieving those targets.

In addition, while striving to reduce the shareholders and investors' concerns about business risks through an appropriate level of information disclosure, we are pushing forward with reducing capital costs by pursuing an optimal investment structure.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

Updated: May 30, 2024

Please refer to following materials for the outlines of the action to implement management that is conscious of cost of capital and stock price.

(https://www.j-front-retailing.com/english/company/pdf/20240530_Actions_to_Implement_E.pdf)

[Shareholder Return Policy]

The Company's basic policy is to appropriately return profits. Hence, while maintaining and enhancing its sound financial standing, the Company strives to provide stable dividends and purchase its own shares flexibly, taking profit levels, future capital investment, free cash flow trends and other such factors into consideration.

[Policy of efforts during the Medium-term Business Plan period]

The Company will strive to optimize shareholder's equity by providing dividends with a targeted consolidated dividend payout ratio of 40% or more and purchasing treasury shares during the period of its FY2024-FY2026 Medium-term Business Plan.

[Respecting Rights of Shareholders in Cases Where Implementing Capital Policy Could Potentially Harm Shareholder Interests]

The Company will take steps to ensure that interests of its existing shareholders are not unduly harmed should it engage in a management buyout or a large capital increase by means of third-party allotment of shares or should it otherwise implement capital policy that will bring about a change of controlling interests or a substantial dilution of shares. Accordingly, the Company will carefully consider the necessity and rationality of any such initiative at a meeting of the Board of Directors whose attendance shall include its Outside Directors who maintain a high degree of independence and consequently are not susceptible to conflicts of interest involving the Company's shareholders. Furthermore, the Company will fully explain such matters to the shareholders and will otherwise ensure that all necessary and proper procedures are followed.

In FY2023, the Company implemented the following measures in accordance with the aforementioned policy, and it achieved an ROE of 8.1%.

- Undertaking strategic investment

  For the undertaking strategic investment, please refer to the notice of convocation of the shareholders meeting (business report).

  Notice of Convocation of the 17th Annual Shareholders Meeting (Year Ended February 29, 2024) (on pages 35 to 36)

  (https://www.j-front-retailing.com/_data_json/news/_upload/240425_Notice_of_Convocation_E.pdf)

- Shareholder returns

  For the year ended February 29, 2024, the Company provided an annual dividend from surplus of 36 yen per share with the addition of an interim dividend.

- Expanding net worth

  The total amount of interest-bearing debt was approximately 364,300 million yen as of February 29, 2024, down by approximately 49,500 million yen compared to February 28, 2023 (the total amount of interest-bearing debt excluding lease liabilities was 213,900 million yen, down by approximately 35,100 million yen compared to February 28, 2023). The interest-bearing debt to equity ratio was 0.95 times, and the ratio of equity attributable to owners of parent to total assets (equity ratio) was 34.3% for an increase of 2.2 percentage points compared to February 28, 2023.

- Business portfolio and investment plan

  The Company will generate operating cash flow of 220,000 million yen or more over the three years of the Medium-term Business Plan, 175,000 million yen of which will be injected into the capital and growth strategy investments. In the current Medium-term Business Plan, we are aiming to achieve growth with profitability by allocating funds mainly to investments in store refurbishments of retail business (Department Store Business and SC Business), upfront investments in the Developer Business toward realizing Group synergies, and growth strategy investments.

*We have adopted the International Financial Reporting Standards (IFRS) since FY2017.

* From FY2021, the Group has changed its business segments to four business segments: the Department Store Business, the SC Business, the Developer Business, and the Payment and Finance Business.

* Please refer to the following pages of the Company's website as well.
(https://www.j-front-retailing.com/_data_json/news/_upload/20240415_midtermplan_E.pdf)

【Principle 1-4, Supplementary Principle 1-4-2】 Cross-shareholdings

[Policy on Cross-shareholdings]

In principle, the JFR Group will not newly acquire cross-shareholdings (cross-shareholdings are holdings of listed and unlisted shares other than those of subsidiaries and associates which are not held for pure investment purposes). However, this does not apply to shares where it has been recognized that they are necessary for the promotion of the JFR Group's business strategy, and that the holding of such shares will contribute to the increase of corporate value in the medium to long term through the validation of rationale for holding them.

For cross-shareholdings (listed and unlisted shares) that have been judged as not being rational in the verification result, the Group will negotiate with companies whose shares we hold, and appropriately reduce cross-shareholdings that are already held upon reaching a consensus regarding sale method, period, etc.

[Validation of Rationale]

Every year, the Board of Directors validates the rationale of holding individual issues from both quantitative and qualitative perspectives. The qualitative perspective relates to business strategies such as maintaining harmonious and favorable business relationships with companies with which the Company makes up a community, corporate customers and business partners, and securing supply chains. The quantitative perspective relates to whether profitability by holding shares, including related trading profits and dividends, exceed capital costs, etc.

As a result, the JFR Group maintained cross-shareholdings in 145 issues as of February 29, 2024 (of which 11 are listed issues, and a decrease of 3 issues compared with February 28, 2023).

* For details of the process and schedule for the validation of the rationale of holdings, and changes in the number of issues held, please refer to "The Company's Cross-Shareholdings," appended to this report.

[Policy on Exercising Voting Rights Regarding Cross-shareholdings]

Decisions are made from both of the following two perspectives: we consider whether cross-shareholdings contribute to improving the sustainable growth and the corporate value over the medium to long term of the company whose shares are held; we consider whether the cross-shareholdings contribute to improving the JFR Group's sustainable growth and corporate value over the medium to long term. Specifically, in regard to proposals that we consider to be of high priority with respect to strengthening corporate governance, such as proposals relating to the corporate governance system (selection of company officers), proposals relating to

shareholder return (appropriation of surplus), and proposals that have an effect on shareholder value (introduction of takeover defense measures), we establish policies upon which to base judgment of our exercise of voting rights, and acting as the JFR Group as a whole, we take a response that is in line with such policies. We engage in dialogue with companies whose shares we hold if necessary when we exercise voting rights.

[Other Shareholdings]

For retirement benefit trust shares, there were no stock holdings at the end of FY2023.

We completed the sale of all of the three stocks it held at the end of the previous fiscal year with the agreement of the counterparty.

For details, please refer to the Annual Securities Report for the 17th fiscal year (on pages 122 to 131).
（https://www.j-front-retailing.com/_data_json/news/_upload/17th_AnnualSecuritiesReport_E.pdf）

【Supplementary Principle 1-4-1】 Handling of Requests from Holders of Cross-held Shares Regarding the Sale of JFR Shares

In case a shareholder who holds JFR shares for the purpose of cross-shareholding indicates intention to sell JFR shares, the Company will never conduct activities to hinder the sale of cross-held shares by implying a reduction of business transaction, etc., and will appropriately handle the sale, etc.

【Principle 1-7】 Related Party Transactions

For the procedure, etc. for related party transactions, please refer to “5. Related Party Transactions” in “Chapter 2. Relationship with Stakeholders” of the Guidelines.

【Principles 2-3, Supplementary Principles 2-3-1, 3-1-3, 4-2-2】 Efforts for Sustainability

The Company believes it is important, in contributing to sustainable society as a member of society and also in the sustainable growth of the JFR Group and increase of its corporate value over the medium to long term, to address sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters.

To handle these issues, the Company has set out its fundamental approach to sustainability, focused on its corporate credo, basic philosophy and Group Vision in the form of the Sustainability Policy and has identified the following five materiality issues (important issues) to prioritize for action.

While clarifying opportunities and threats of risks for each materiality issue, the Company will assertively and actively confront these issues through its business activities and strike a balance between social value and economic value based on trusting relationships with customers, shareholders/investors, business partners, employees and stakeholders in communities to advance sustainability management.

<Five materiality issues>

・Adding excitement to life
・ Enhancing community vitality
・ Creating a society that coexists with the environment
・ Increasing the number of value co-creation partners
・ Empowering diverse human resources to shine

The company reviewed our materiality for formulating our medium-term management plan starting in 2024. There is no change in the materiality themes that our company prioritizes, but in order for our materiality initiatives to go beyond solving issues and linking them to corporate growth, we need more than ever the enthusiasm and actions of each and every employee. Because we believe this is important, we have changed the wording to something that employees can take on as their own.

Please refer to the following pages of the Company's website.
(https://www.j-front-retailing.com/english/sustainability/materiality.html)

* For details on the JFR Group's efforts for sustainability, please see below. Upon disclosure, the Company refers to the GRI, SASB Standards, Guidance for Collaborative Value Creation, and TCFD as guidelines.
・Annual Securities Report for the 17th fiscal year (on pages 23 to 42)
(https://www.j-front-retailing.com/_data_json/news/_upload/17th_AnnualSecuritiesReport_E.pdf)
・Website
(https://www.j-front-retailing.com/english/sustainability/sustainability.php)
・Integrated Report 2023 (on pages 10, 11 and pages 60 to 67)
(https://www.j-front-retailing.com/ir/library/pdf/annual/2023/J_FRONT_2023_E.pdf)
・Sustainability Report 2023
(https://www.j-front-retailing.com/ir/library/pdf/sustainability/2023/J_FRONT_2023_E.pdf)

[Sustainability Committee]

The Company has set up the "Sustainability Committee" chaired by the President and Representative Executive Officer in order to promote sustainability management across the Group in a cross-organizational manner. The Company has a system in place where the committee formulates action plans for the JFR Group's efforts for sustainability, monitors the progress, and reports details of its deliberations to the Board of Directors.

[Roles and Responsibilities of the Board of Directors for Efforts for Sustainability]

The Board of Directors deliberates over and determines important matters on sustainability of the Company such as the Sustainability Policy, and oversees the progress and results of the efforts to promote sustainability management.

[Disclosure Based on the TCFD Framework]

The Company recognizes that risks and opportunities associated with climate change have a significant impact on its business strategies.

The Company expressed support for the TCFD recommendations in May 2019, and in May 2020 made disclosures in line with the TCFD recommended disclosure framework. The Company will promote company-wide initiatives for achieving medium- to long-term targets and sustainable growth with the aim of achieving net zero emissions by 2050 (SBT certification acquired in February 2023) by utilizing the TCFD recommendations as guidelines to validate the appropriateness of its actions on climate change.

* For information disclosures based on the TCFD recommendations, please see below.

・Annual Securities Report for the 17th fiscal year (on pages 26 to 33)
(https://www.j-front-retailing.com/_data_json/news/_upload/17th_AnnualSecuritiesReport_E.pdf)

・Integrated Report 2023 (on pages 63 to 64)
(https://www.j-front-retailing.com/ir/library/pdf/annual/2023/J_FRONT_2023_E.pdf)

・Sustainability Report 2023 (on pages 31 to 39)
(https://www.j-front-retailing.com/ir/library/pdf/sustainability/2023/J_FRONT_2023_E_31-39.pdf)

・Website
(https://www.j-front-retailing.com/english/sustainability/low-carbon/low-carbon06.php)

【Principle 2-4, Supplementary Principle 2-4-1】 Ensuring Diversity, Including Active Participation of Women

The Company recognizes that diversity of human resources is the source of competitiveness of a company, and considers it important to create new value with the combination of different elements obtained by exchanging a variety of personnel's opinions. In addition, we have set "empowering diverse human resources to shine" as one of the areas of materiality (important issues) to be prioritized for sustainable growth of the company and realization of a sustainable society. By setting medium- to long-term goals and implementing specific measures, we aim to realize a company that respects and embraces diversity.

As its human resource development policy to ensure diversity in human resources, the Company professes itself a People Development Company and aims to face each and every one of them and establish a human resources portfolio supporting execution of its strategies.

As its internal environment development policy, the Company will promote unified management of information on human resources by building a talent management system and other means.

[Active Participation of Women]

As a voluntary and measurable goal, the Company has set the target ratio of women in management positions for FY2026 at 31% in the entire Group in the Medium-term Business Plan from the perspective of encouragement of active participation of women, and been striving to achieve this goal. Under the structure of the Board of Directors, the Company has appointed ten Directors including three female Directors.

The Company is continuously working on the development and enhancement of female-friendly workplace systems through various measures including the “Career Forum for Women,” a selective training program offered to promote women's leadership and encourage the mindset for promotion to management positions.

For female employees in leadership positions, please refer to the following page on our website.

(https://www.j-front-retailing.com/english/sustainability/diversity/diversity01.php)

[Foreign nationals]

Although we have not set targets for hiring foreign nationals in the Group, we are broadly recruiting human resources regardless of nationality to achieve our management strategy.

Number of new graduate foreign nationals hired by the Group in April 2024: 2 (total of 92 new graduates)

Total number of new graduate foreign nationals hired by the Group over the past 5 years: 9

[Mid-career employees]

The Company is actively bringing the experience and insight from outside into the Company with around half of our recruits experienced, particularly in fields such as finance, legal and IT/digital due to the sophistication of our operations. In addition, the Group as a whole is widely appointing, from outside the Company, managerial talent to secure strategy promotion speed in specific fields such as Digital Strategy and Credit Card and Finance Businesses, and human resources with advanced expertise and rich careers that we do not have in-house at present, and arranging flexibly to strengthen strategy execution.

[Disabled Persons]

Because we recognize that employment of people with disabilities is one of the social responsibilities that companies should fulfill from the perspective of sustainability management, we aim to secure a stable work environment for people with disabilities, and to create a workplace where they can be motivated to use their abilities. “JFR Create Co., Ltd.” was established and the company was certified as a Special Subsidiary Company under the law in September 2017.

In addition, each operating company within the Group is working on its own initiatives for recruitment of people with disabilities to achieve the goals that have been set for it in the medium to long term.

【Principle 2-6】 Roles of Corporate Pension Funds as Asset Owner

Under the pension plan for Daimaru Matsuzakaya Department Stores Co. Ltd., a main operating company of the Group, investments are made through appropriate asset diversification and allocation to ensure long-term returns in line with the asset investment objective of ensuring the stable sources of future benefits. The Company has formulated its asset investment policy on the selection of an investment management organization and a fund, and strictly reviews the management details, social assessments, investment experiences and results, legal compliance system, etc., based on assessments made by assessment agencies with a good reputation. The Company also monitors whether the said organization exercises voting rights, etc., in an appropriate manner. In addition, the Company carefully selects suitable personnel, and especially when replacing Investment Management Directors, it lets them acquire necessary working knowledge by

having them attend various seminars (e.g., the seminar for newly appointed Investment Management Directors sponsored by the Pension Fund Association, seminars offered by financial institutions conducting operational management of pension plans, and seminars offered by investment institutions) at the time of new appointment.

【Principle 3-1(i)】 Corporate Goals, Management Strategies, and Business Plans

Please refer to the following pages of the Company's website.

・Corporate credo, basic philosophy, Group Vision, etc.
(https://www.j-front-retailing.com/english/company/company.php)

・Group Management Policy
(https://www.j-front-retailing.com/english/ir/policy/policy.php)

・Group Medium-term Business Plan
(https://www.j-front-retailing.com/_data_json/news/_upload/20240415_midtermplan_E.pdf)

【Principle 3-1(ii)】 Basic Views and Policies on Corporate Governance

For basic views on corporate governance, please refer to "Chapter 1. General Provisions," and for basic policies on corporate governance, please refer to "Chapter 2. Relationship with Stakeholders," "Chapter 3. Information Disclosure" and "Chapter 4. Roles and Responsibilities of the Board of Directors, etc." of the Guidelines.

【Principles 3-1(iii), 4-2, Supplementary Principle 4-2-1】 Policy and Procedures for Determining Remuneration for Directors, and Executive Officers

The company established and published its "Officer Remuneration Policy" in April 2017, and furthermore reviewed its officer remuneration system in accordance with its Medium-term Business Plan that took effect on May 27, 2021. Meanwhile, the Company has revised its officer remuneration system and Officer Remuneration Policy in accordance with the Medium-term Business Plan that commenced in fiscal 2024.

For details of the revised Officer Remuneration Policy, please refer to the following page on our website.
（https://www.j-front-retailing.com/english/company/governance/governance05.html）

【Principles 3-1(iv), 4-3, Supplementary Principle 4-3-1】Policy and Procedures for Nominating, Appointing and Dismissing Candidates for Directors and Executive Officers

For the policy on nominating and appointing the Company's Directors and Executive Officers and the main operating companies' Directors and Executive Officers, please refer to "3. Directors and Executive Officers" in "Chapter 4. Roles and Responsibilities of the Board of Directors, etc." and "4. Human Resources and Remuneration and Other Matters Involving Directors and Executive Officers, (1) Procedures for Nominating and Appointing Directors and Executive Officers, and Disclosure in That Regard" in "Chapter 4. Roles and Responsibilities of the Board of Directors, etc." of the Guidelines.

A proposal on the appointment or dismissal of Directors is discussed and determined by the Nomination Committee and then resolved at a shareholders meeting. For the appointment or dismissal, and the delegation or suspension, of duties of the Company's President and Representative Executive Officer and Executive Officers, and the appointment and dismissal of the chairperson of the Board of Directors as well as chairpersons and members of the three committees (Nomination, Remuneration, and Audit Committees), the Nomination Committee discusses them at the request of the Board of Directors and the results are submitted and resolved at Board of Directors meetings.

【Principle 3-1(v)】 Reasons for the Nominations of Candidates for Directors

For reasons for the nomination of candidates for Directors, please refer to the Notice of Convocation of Shareholders Meeting (Reference Materials for Shareholders Meeting).

Notice of Convocation of the 17th Annual Shareholders Meeting (Year Ended February 29, 2024) (on pages 17 to 27)

（https://www.j-front-retailing.com/_data_json/news/_upload/240425_Notice_of_Convocation_E.pdf）

【Supplementary Principle 3-1-1】 Disclosure of Value-added Information for Users

For our views on information disclosure, please refer to "3. Basic Ideas on Corporate Governance, (3) Information Disclosure" in "Chapter 1. General Provisions" and "1. Constructive Dialogue with Shareholders and Investors, (1) IR Policy" in "Chapter 3. Information Disclosure" of the Guidelines.

【Supplementary Principle 3-1-2】 Information Disclosure (Disclosure and Provision in English)

The Company releases information in a timely and appropriate manner by making use of the TDnet and EDINET platforms, the Company's website and other means in line with the attributes of the information being disclosed. Moreover, to ensure that we disclose information in an impartial manner, we prepare and release English translations of our convocation notices for Shareholders Meetings, annual securities reports, integrated reports, timely disclosure information, financial information and sustainability reports.

【Principle 4-1】 Roles and Responsibilities of the Board of Directors

For the roles and responsibilities of the Board of Directors, please refer to "3. Basic Ideas on Corporate Governance, (4) Roles and Responsibilities of the Board of Directors, etc." in "Chapter 1. General Provisions" of the Guidelines.

【Supplementary Principle 4-1-1】 Scope of the Matters Delegated to the Management Team

For the policy on the scope of the matters delegated to the President and Representative Executive Officer and Executive Officers (the "Management Team"), please refer to "1. Approach to Allocating Authority" in "Chapter 4. Roles and Responsibilities of the Board of Directors, etc." of the Guidelines.

【Supplementary Principle 4-1-2】 Best Efforts toward Realization of the Medium-term Business Plan

For the roles and responsibilities of the Board of Directors to realize the Medium-term Business Plan, please refer to “3. Basic Ideas on Corporate Governance, (4) Roles and Responsibilities of the Board of Directors, etc.” in “Chapter 1. General Provisions” of the Guidelines.

As for the previous Medium-term Business Plan, although the impact of COVID-19 was more prolonged than anticipated, we achieved a full recovery from the COVID-19 pandemic by steadily implementing strategies and promoting management structural reforms. At the same time, we created a foundation for regrowth.

The Medium-term Business Plan that started in March 2024 is positioned as a “phase of change” toward exponential growth in order to achieve our Vision for 2030, and we will work on deepening the retail business, evolving Group synergies, and strengthening the Group management structure under this plan.

[Vision for 2030]

・Three types of co-creation value

We will create new value that moves the hearts of customers without being bound by conventional frameworks, enhance the attractiveness and vitality of communities, and foster a culture in which everyone can contribute to creating a sustainable environment and society based on the connections and trust we have built up with our customers, local communities, and business partners.

We will continue to provide three types of co-creation value by expanding the circle of co-creation with our customers and other stakeholders, with the retail business at the core.

Co-creation of Excitement: Creating and sharing excitement together with customers and employees

Co-prosperity with Communities: Enhancing the attractiveness of the region and becoming an indispensable part of the community

Coexistence with the Environment: Fostering a culture where everyone can contribute to building a society in which people live in harmony with the environment

・Approach to strategy

Evolve into a “value co-creation retailer group” that continues to provide three types of co-creation value with overwhelming support from a “premium and aspirational consumer group*” in Japan and overseas.

*Premium and aspirational consumer group: All consumers who favor high-quality, uplifting consumption and experiences that fulfill their own preferences and values

To achieve this, we will deepen our retail businesses and pursue Group synergies in the three domains of customers, areas, and contents in an aim to achieve tremendous growth.

The Board of Directors will hold discussions designed to improve the monitoring function and the quality of strategies executed from the perspective of stakeholders in order to contribute to the realization of the Group Vision and greater corporate value.

【Supplementary Principles 4-1-3, 4-3-2, 4-3-3】 Succession Planning

[Selection of President and Representative Executive Officer]

Selection of the President and Representative Executive Officer is a critical aspect of strategic decision-making, and accordingly the Company regards drawing up and implementation of plans regarding successors as matters of particular importance in terms of management strategy.

The Company ensures clarity, transparency and objectivity in the process of selecting successor candidates through repeated deliberations conducted by the Nomination Committee, which consists of three (3) independent Outside Directors and one (1) non-executive Director elected from inside the Company.

The Board of Directors focuses on realizing the basic philosophy and the Group Vision, selects the President and Representative Executive Officer, and plays a supervisory role based on proposals received from the Nomination Committee.

[Dismissal of President and Representative Executive Officer]

A proposal for dismissal of the President and Representative Executive Officer is discussed and determined by the Board of Directors after being discussed and resolved by the Nomination Committee based on the goals set, expected and actual results (e.g., annual performance and strategy execution status), and the status of performance of duties, achieved by successor candidates who are selected under the succession plan made by the Nomination Committee.

[The Qualities Required of Successors]

For the President and Representative Executive Officer of the JFR Group and parties who assume management of the JFR Group, the Company clearly defines the necessary values, capabilities, and behavioral traits in the form of qualities required of a corporate officer in the Guidelines under “Desirable qualities required of the JFR Group managerial talent” and “Discernible capabilities required of JFR’s President and Representative Executive Officer” in accordance with the basic philosophy and Group Vision.

For “Desirable qualities required of the JFR Group managerial talent” and “Discernible capabilities required of JFR’s President and Representative Executive Officer,” please refer to “3. Directors and Executive Officers” in “Chapter 4. Roles and Responsibilities of the Board of Directors, etc.” of the Guidelines appended at the end of this report.

【Principle 4-14, Supplementary Principles 4-14-1, 4-14-2】 Training

The Company continuously provides opportunities to Directors and Executive Officers of the Company and Directors, Audit & Supervisory Board Members and Executive Officers of the main operating companies, to acquire and update knowledge, etc. they need to fulfill their roles and responsibilities with respect to oversight, auditing, business execution and other tasks.

[Internal Directors and Executive Officers of the Company and Directors, Audit & Supervisory Board Members and Executive Officers of the Main Operating Companies]

The Company also provides with useful information, etc. about corporate governance, compliance, and Group management. Furthermore, based on the result of the evaluation on managerial talent by the third-party

organization, the Company sets training plans such as coaching which leads to the manifestation of achievement expected to each individual.

[Candidates for Management Personnel, Including Executive Officers]

The Company helps the top management share awareness of problems and enhances ingenuity in carrying out the Medium-term Business Plan and opened the "JFR Management Juku (tutoring school)," where the President and Representative Executive Officer serves as the principal of the Juku. To provide more than just a passive-learning course, external consultants deliver lectures to allow attendees the opportunity to consider not only the Medium-term Business Plan, but also a vision of the Group 10 years from now, from the management perspective, and make presentations directly to the President and Representative Executive Officer.

[Outside Directors]

We arrange briefings, when Outside Directors are appointed as well as on a continuous and regular basis, providing details on the basic philosophy, Group Vision, Group Medium-term Business Plan and Group Annual Management Policy, and also featuring content that includes details of the JFR Group operations, its performance, financial standing and operational status.

【Principles 4-2, 4-3, Supplementary Principles 4-3-4, 4-13-3】 Establishment of Company-Wide Risk Management System

[Risk Management]

The Group defines risk as "uncertainties that have both potential positive and negative sides that could have an impact on the achievement of business management goals." The Company has positioned risk management as "activity that increases corporate value by managing risks by reasonable and optimal methods from a company-wide perspective" to achieve sustainable corporate growth by addressing the positive side and the negative side of risk properly.

The Company has positioned those risks that are extremely important priority for the management of the Group in the medium term as JFR Group Significant Risks, and they form the original basis for the Group Medium-term Business Plan. The JFR Group Significant Risks are broken down and detailed as JFR Group Annual Risks, and each item is assessed and given a priority level using the "risk map," and countermeasures are implemented.

For details of business and other risks, please refer to the Annual Securities Report for the 17th fiscal year (on pages 43 to 56).

(https://www.j-front-retailing.com/_data_json/news/_upload/17th_AnnualSecuritiesReport_E.pdf)

Furthermore, in order to effectively perform risk management, we have established the following three lines.

(i) First line: Operating divisions such as business subsidiaries. These divisions identify risks and take the necessary measures on their own.
(ii) Second line: The holding company's divisions. Each division provides support, guidance and monitoring regarding risk management from a perspective which is independent of the operating divisions.
(iii) Third line: The Internal Audit Division. This division oversees the validity of the risk management functions and the internal control system from a perspective which is independent of the operating divisions and each division of a holding company.

In addition, the Company has established the Risk Management Committee as an advisory body to the President and Representative Executive Officer. The committee discusses important matters, including risk identification and evaluation, and determination of risks to be reflected in strategies, and utilizes risk management for management decision-making.

The committee also reports details of its deliberations to the Board of Directors in a timely manner.

[Internal Control System]

The Company has established the Policy on Developing Internal Control Systems with the aim of ensuring that overall operations of the JFR Group are performed legally and appropriately. Accordingly, we take steps to facilitate the JFR Group's sustainable growth and increase corporate value over the medium to long term through specific initiatives geared toward promoting the policy.

With regard to internal controls over financial reporting, the Company and operating subsidiaries maintain and operate internal systems to ensure the reliability of financial reporting in line with the Financial Instruments and Exchange Act and various associated laws and regulations.

[Compliance]

The Company has established the Compliance Committee, whose membership includes corporate lawyers, as an advisory body to the President and Representative Executive Officer for the purpose of addressing issues of JFR Group compliance practices including anti-corruption.

The Compliance Committee continuously oversees development of the foundations of compliance system and the status of implementation through enhanced collaboration with departments in charge of promoting compliance of each Group company, and promotes compliance with laws and regulations, corporate ethics, and other such standards. It also draws up a policy for addressing matters involving serious compliance-related violations.

The committee also reports details of its deliberations to the Audit Committee in a timely manner.

In addition, the Company has established a dual-reporting line where the Internal Audit Division reports to the President and Representative Executive Officer and at the same time to the Audit Committee in order for the Board of Directors to fulfill its function.

【Principles 4-6, 4-8】 Management Supervision and Execution, Effective Use of Independent Outside Directors

The basic views of the Company under the corporate governance structure with three committees are that independent Outside Directors must constitute a majority. By doing so, the Company aims to separate supervision and execution, ensure the effectiveness of the Board of Directors' discussions, and maintain and improve transparency and objectivity.

Ten (10) Directors

(Breakdown) Six (6) independent Outside Directors (One of whom is a chairperson of the Board of Directors. Three of whom are chairpersons of Nomination Committee, Audit Committee and Remuneration Committee)
Two (2) internal Directors who do not execute business
Two (2) Executive Directors

Six independent Outside Directors, who have extensive external management experience or in-depth knowledge in specialized areas, fulfill their roles as a chairperson of the Board of Directors, chairperson of the Nomination, Remuneration and Audit Committee, or members of any of the three committees, so that the effectiveness of independent and objective management supervision can be ensured.

Furthermore, the Company organizes "executive sessions" that allow free discussion and exchanges of views among independent Outside Directors. It is held as a meeting of only independent Outside Directors after the conclusion of the meeting of the Board of Directors, etc., and discusses issues that need to be watched from a position of oversight, such as issues in the Board of Directors and issues for improving effectiveness (The lead director is independent Outside Director SEKI Tadayuki.) At the request of the lead director, the President and Representative Executive Officer may also participate in discussions.

【Principles 4-7, 4-10】 System to Ensure the Effectiveness of the Oversight Function of the Board of Directors

The Company has adopted the "company with three committees" structure, establishing three committees–the Nomination, Audit, and Remuneration Committees–each comprising a majority of independent Outside Directors. It has also adopted Board of Directors composition with a majority of independent Outside Directors, and independent Outside Directors are elected to chair each committee. In addition, the Company holds executive sessions only involving independent Outside Directors, among other initiatives in order to ensure the effectiveness of the Board of Directors supervisory function.

With regard to the status of the oversight function, issues are periodically identified through evaluations of the effectiveness of the Board of Directors, and the Company responds appropriately.

【Principle 4-9】 Criteria for Determining Independence of Outside Directors

For the criteria for determining independence of Outside Directors, please refer to "5. Criteria for Determining Independence of Outside Directors" in "Chapter 4. Roles and Responsibilities of the Board of Directors, etc." of the Guidelines.

The Company has registered all six Outside Directors as independent officers as stipulated by the financial instruments exchanges.

【Principle 4-11, Supplementary Principle 4-11-1】 Ensuring Diversity in the Board of Directors

From the standpoint of separating supervision and execution and ensuring the effectiveness of the Board of Directors' discussions, the Board of Directors of the Company is to be composed of an appropriate number of Directors, but no more than eleven (11), as stipulated in the Articles of Incorporation (one-year terms of office), and the composition is such that at least half of the total are independent Outside Directors who are not susceptible to conflicts of interest involving the Company's shareholders In addition, we take steps to ensure diversity including gender upon giving consideration to bringing about a balance of knowledge, experience and abilities required of the Board of Directors as a whole, and disclose a combination of skills, etc. possessed by Directors (skill matrix).

In selecting candidates for the Board of Directors, the Company selects persons with experience and knowledge necessary to appropriately oversee the promotion of sustainability management in order to allow the Board of Directors to effectively fulfill its roles and responsibilities. In selecting candidates for Outside Director, the Company selects persons from the point of view of Board diversity who have experience as managers not only in the retailing industry that forms the core of the Company's business but in manufacturing and other non-retail industries, and who have expertise in legal and other fields, a marketing perspective, and extensive experience related to finance and accounting. With regard to candidates for non-executive Inside Director, wide-ranging practical experience within the Group and knowledge in fields such as auditing are sought by the Company. As for candidates for executive Director, the Company has selected a person responsible for the Financial Department whose high level of knowledge will facilitate the execution of the strategic financial policies demanded by our shareholders and investors, as well as by the President and Representative Executive Officer of the Company.

For the composition of the Company's Board of Directors, please refer to "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" in Chapter II of this report.

The nine skills established as requirements that the Company expects of Directors are as follows:

i Corporate management: Management experience as well as knowledge and experience related to corporate management, such as strategy planning towards enhancement of corporate value, and method for identifying issues for formulating the Medium-term Business Plan, etc.

ii Finance and accounting: A wide range of knowledge and experience related to finance and accounting, such as enhancement of corporate value through establishment of a solid financial base and financial strategy planning that factors in the cost of capital.

iii Marketing: Knowledge and experience in activities that bring about customer satisfaction and continuous enhancement of corporate value through identifying customers' problems and creating products and services to solve them, communicating effectively, and providing added value.

iv Human resources and organization development: Knowledge and experience in human capital management that brings out individuality and abilities of diverse employees and induces new value creation.

v Legal affairs and compliance: Advanced and specialized knowledge of corporate legal affairs and knowledge and experience in promoting compliance management, as lawful and appropriate corporate management forms the foundation for sustainable enhancement of corporate value.

vi IT and digital: Knowledge and experience for overseeing ICT support and new business development from the customer's perspective and with a good grasp of the latest IT trends, with aim to promote digital transformation of existing businesses.

vii Environment: Knowledge and experience in appropriately overseeing business activities conscious of solving environmental issues and JFR Group's "environmental coexistence" efforts, such as environmental plans including setting of the medium- to long-term targets.

viii Society: Knowledge and experience in appropriately overseeing JFR Group's efforts towards "co-prosperity with local communities" and realization of a sustainable society.

ix Governance: Knowledge and experience in corporate governance for improving the effectiveness of the oversight function of the Board of Directors, in order to establish an appropriate governance system as the foundation for sustainable enhancement of corporate value.

For the skill matrix table, please refer to the following page on our website.
（https://www.j-front-retailing.com/english/company/governance/governance02.html）

【Supplementary Principle 4-11-2】 Concurrent Holding of Positions

For concurrent holding of officers positions at other listed companies by Directors of the Company, please refer to the Notice of Convocation of Shareholders Meeting (Business Report, Reference Materials for Shareholders Meeting).

Notice of Convocation of the 17th Annual Shareholders Meeting (Year Ended February 29, 2024) (on pages 17 to 27)

(https://www.j-front-retailing.com/_data_json/news/_upload/240425_Notice_of_Convocation_E.pdf)

【Supplementary Principle 4-11-3】 Evaluation of the Effectiveness of the Board of Directors

The Company's evaluation of the effectiveness of the Board of Directors by a third-party organization has been conducted annually since 2015.

[Items Evaluated]

There were about 40 items, including: (i) The Board of Directors' contribution to the entire Group, (ii) the Board of Directors' composition, (iii) its operational status, (iv) the content of deliberations, and (v) the effectiveness of activities of the Nomination, Remuneration and Audit Committees.

[Evaluation Methodology]

The method used was based on a questionnaire distributed beforehand, after which "individual interviews" (Note) conducted by the third-party organization, the results of which were collated and analyzed in the form of a report, which was then deliberated by the Board of Directors.

(Note) "Individual interviews"

Based on the results of the questionnaire, individual hour-long interviews were conducted by the third-party organization in which all Directors (both Internal and Outside) were inquired about their views and awareness of issues in response to various questions concerning the Board of Directors. The results of the interviews are leading to the solving of issues at the Board of Directors.

[Evaluation Results and Issues, etc.]

In the previous eight occasions of evaluation, the results clarified issues to be addressed such as strengthening discussions of important proposals and reviewing the composition of the Board of Directors. Improvement initiatives are strengthening the oversight function through our efforts such as increase in the ratio of Outside Directors, reinforcement of agenda setting, and enhancement of deliberations.

In the ninth evaluation of the effectiveness of the Board of Directors, conducted between August and September 2023, it was reported by the third-party organization that the Board of Directors of the Company had improved its effectiveness through means that include transitioning to a company with three committees (nomination, audit, and remuneration), establishing an advanced governance structure with a majority of independent Outside Directors, etc., and strengthening the functions of the three statutory committees. Although the formal establishment of these systems is almost complete, from the perspective of improving corporate value over the medium to long term, "monitoring of the Medium-term Business Plan" and "thorough preparation and analysis for discussion of growth strategies" were identified as substantive issues to be

addressed. In response to these issues, we will continue to share issues based on the evaluation of the effectiveness of the Board of Directors to enhance the substantive effectiveness of the Board of Directors.

【Principle 5-1, Supplementary Principle 5-1-1】 Policy on Constructive Dialogue with Shareholders

[IR Policy]

Under the basic philosophy that "we aim at developing the Group by making a broad contribution to society as a fair and trusted business entity," the Company promotes IR activities for the purpose of maintaining and developing relations of trust with stakeholders including shareholders and investors. By accurately and plainly disclosing important information about the Company in a fair, timely and appropriate manner, we aim to improve management transparency and help stakeholders better understand the Company.

[Information Disclosure to Enhance Dialogues]

From financial results briefings for the year ended February 29, 2016, the Company has prepared a Fact Book to act as supplementary meeting material containing tables and graphs depicting secular trends with respect to major financial indicators and other management benchmarks, and has otherwise taken steps to further enhance communications with shareholders and other investors.

In addition, the Company released an integrated report in FY2017 that is replete with non-financial information. Included at the beginning of this report are the details of the Company's value creation process. This process is the means by which the Company aims to make effective and efficient use of its "six capitals" (financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital) to circulate the Group's business model. In so doing, it aimed to create, as a public entity of society, new values with which its various stakeholders empathize.

For the integrated report, please refer to the following page on our website.

(https://www.j-front-retailing.com/english/ir/library/annual.php)

For Fact Book, please refer to the following page on our website.

(https://www.j-front-retailing.com/_data_json/news/_upload/240415_factbook.pdf)

[Promoting Constructive Dialogue]

If a shareholder or investor makes a request to engage in constructive dialogue with the Company, either the President or another Director (including Outside Directors), Executive Officers, or a division in charge of IR will properly respond, upon taking into consideration the intent and aims of the request.

For details of constructive dialogue with shareholders and investors, please refer to "Chapter 3. Information Disclosure" of the Guidelines.

The division in charge of IR regularly compile information on themes for dialogue with institutional investors and shareholders, as well as opinions and matters of interest, etc. Such information is shared with the Representative Executive Officer and other relevant departments within the Company, and reported at meetings of Board of Directors, etc.

【Principle 5-2, Supplementary Principles 3-1-3, 4-2-2】Initiatives on Investment in Human Capital and Intellectual Property, etc.

The Company has intangible assets such as its expertise in store development and store operations, customer networks, and human capital, and recognizing that these are the source of its corporate competitive capabilities, make investments to achieve growth as a company.
Through investment in creating unique communities that includes large-scale development projects and shops, we aim to improve our corporate value by further increasing our ability to create stores and operate shops. We will increase our know-how for analyzing and utilizing customer data by building a Group integrated data infrastructure and forging links beyond the Group, and expand our customer network.

The Company believes it is human resources only that can open the way to the future in a highly uncertain environment, and has positioned human resources as the most important value co-creation partners. We will accelerate a virtuous cycle of the realization of human resources' aspirations and growth as the source of our growth as a company through support for growth including career development that stays close to the will and intrinsic motivation of each individual human resource. Our human resource systems are not according to a job-oriented paradigm where emphasis is on a vocational credential system including length of service and an evaluation philosophy based on work achievements, but according to various assessment of "human resource strengths" of an individual while also giving importance to their accomplishments. This "human capital strength" consists of value as a human resource (commitment, motivation, academic strengths, innovativeness and creativity, power of persuasion, negotiation skills, ability to grow), sense of values, and temperament, and is considered as capital that will create future value. In human resource development, we believe that assigning the right person to the right place is particularly important, and promote the growth of human resources by emphasizing the potential of each individual and realizing appropriate placement for all generations, ranging from young employees to senior employees.

The Company has built the "JFR Juku (tutoring school)" which has programs for the three layers of corporate management, management, and leaders, with the particular importance of bringing forth management and executive candidates, and it carries forward strategic human resource development that allows members selected from the pool of human resources at each layer to shine in the next stage.

At the same time, we will promote the formulation and implementation of a human resources strategy that is synchronized with the management strategy towards realizing the business model and management strategy we aim for. In this process, we will quantify the gap between the current situation and the situation aimed for with our human resources, set quantitative KPIs for the human resources necessary for management strategy, and actively implement investments in human resources.

The Board of Directors regularly confirms details of human resource strategies and progress of measures, taking into account the importance of human resources who support sustainability management.

【Supplementary Principle 5-2-1】Business Portfolio

In order to achieve our Vision for 2030, we will first accurately ascertain our own cost of capital, then allocate management resources to discovery, development, and possession of new contents leveraging strengths in the retail sector, as well as creation of new businesses and we will work to transform our business portfolio by allocating management resources to the Developer Business and the Payment and Finance Business. In addition, targets of business profit, ROE and ROIC are set as important management benchmarks.

For review of the business portfolio, please refer to the following page on our website.

・Medium-term Business Plan

(https://www.j-front-retailing.com/_data_json/news/_upload/20240415_midtermplan_E.pdf)

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,154,300	17.09
Custody Bank of Japan, Ltd. (Trust Account)	22,542,950	8.53
Nippon Life Insurance Company	9,828,428	3.72
J. Front Retailing Kyoei Supplier Shareholding Association	6,295,242	2.38
SMBC Nikko Securities Inc.	4,261,400	1.61
JP Morgan Securities Japan Co., Ltd.	3,628,372	1.37
The Dai-ichi Life Insurance Company, Limited	3,439,050	1.30
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,401,921	1.29
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	3,204,500	1.21
JUNIPER	2,871,400	1.09

Controlling Shareholder (except for Parent Company)	None
Parent Company	None

Supplementary Explanations

[1] The status above is based on the shareholder register as of February 29, 2024.
[2] The shareholding ratios of major shareholders are calculated after excluding shares of treasury stock (6,277,182 shares).
[3] As of September 1, 2014, the Company conducted a consolidation of common shares at a rate of one share for every two shares.

3. Corporate Attributes

Listed Stock Market Section	Tokyo: Prime Market; Nagoya: Premier Market
Fiscal Year-End	February
Type of Business	Retail Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	More 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

–

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 three committees (nomination, audit and remuneration committees)

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	11
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	10

[Outside Directors]

Number of Outside Directors	6
Number of Independent Outside Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)										
		a	b	c	d	e	f	g	h	i	j	k
KOIDE Hiroko	From another company											
YAGO Natsunosuke	From another company											
HAKODA Junya	Certified public accountant											
UCHIDA Akira	From another company											
SEKI Tadayuki	From another company											
OMURA Emi	Attorney at law											

*1 Categories for "Relationship with the Company"

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
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 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	Committee to Belong			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nomination Committee	Remuneration Committee	Audit Committee			
KOIDE Hiroko	○	○		○		KOIDE Hiroko has extensive knowledge based on her rich experience in the fields of global management and marketing, having served as an officer at foreign companies for many years, and having been engaged in corporate management as the head of marketing at the head office of a U.S. company, as well as a wealth of knowledge gained as an outside director at several listed companies. She has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight with respect to a wide range of matters including the importance of strategies for evolving existing core

						businesses, clarifying and delving into customer targets based on marketing thinking, and synchronizing medium to long-term management strategies with human resource strategies. As a member of the Nomination Committee, she conducts discussions that ensure objectivity, transparency, and continuity and deliberates on the decision process for the new President and Representative Executive Officer based on the succession plan. As a member of the Remuneration Committee, she revises the officer remuneration system in conjunction with the next Medium-term Business Plan, and contributes to strengthening the management personnel functions by providing necessary advice at suitable times on the introduction of a new calculation method for officer compensation and reviews of compensation levels, structure, and performance evaluation indicators. In light of her track record, extensive experience and considerable insights, the Company expects her to contribute greatly to management of the JFR Group. As such, she has been nominated to continue serving as Outside Director.
YAGO Natsunosuke	○	○		○		YAGO Natsunosuke has been involved in top-level corporate management for many years, and has a wealth of experience in compliance management and strengthening

						financial bases. He also possesses a high level of expertise in internal control and corporate governance gained through his experience in transitioning to a company with three committees (nomination, audit and remuneration committees). He has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice in many areas, including the formulation of the Medium-term Business Plan with an awareness of overall optimization, the approach to cross-shareholdings, overseas business expansion based on past experiences and reflections, and approaches to human resource investment and human resources evaluation. As the Chairperson of the Nomination Committee, he conducts discussions that ensure objectivity, transparency, and continuity and resolves the new President based on the succession plan. As a member of the Remuneration Committee, he also revises the officer remuneration system in conjunction with the next Medium-term Business Plan, and contributes to strengthening the management personnel functions by providing necessary advice at suitable times on the introduction of a new calculation method for officer compensation and reviews of compensation levels, structure, and performance evaluation indicators.

						In light of his track record, his wealth of experience and considerable insights, the Company expects him to contribute greatly to management of the JFR Group as an Outside Director. As such, he has been nominated to continue serving as Outside Director.
HAKODA Junya			○	○		HAKODA Junya has been involved in accounting audits, management consulting, and internal audits of auditing firms, etc. for many years at PricewaterhouseCoopers, and has also served as an eminent professor teaching internal audit theory in the Graduate School of Keio University, and therefore has a wealth of experience and high-level expertise in corporate auditing. He also has a high level of expertise in corporate governance and management auditing, having served as the Chairperson of the Audit Committee of Yamaha Corporation when the company changed its organizational design to a company with three committees (nomination, audit, and remuneration). He has also contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight regarding a wide range of matters including KPI perspectives necessary for monitoring the Medium-term Business Plan, consideration of financial policies in light of the macro environment, utilization of

						internal human resources in new business development, and approaches to the appointment of human resources in the phase of change. Moreover, as the Chairperson of the Audit Committee, he has endeavored to strengthen the audit function by fulfilling his roles of auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration), while exchanging opinions and engaging in discussions from the perspective of legality and appropriateness, etc. related to items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee, which he is expected to promote. He is also simultaneously working to enhance the governance of the JFR Group as a whole. In light of his track record, wealth of experience and considerable insights, the Company expects him to contribute greatly to management of the JFR Group as an Outside Director. As such, he has been nominated to continue serving as Outside Director.
UCHIDA Akira	○	○		○		UCHIDA Akira possesses extensive experience and knowledge of not only business planning and IR but also corporate departments as the person responsible for the finance and accounting division. He has contributed to improving the effectiveness of the Board of

						Directors by actively and assertively providing advice and oversight with respect to a wide range of matters including the importance of identifying issues and risk treatment when formulating the medium-term business plan, aligning sustainability management policies with business strategies, digital strategies that also utilize stores, and the Company's approach to human capital management. As Chairperson of the Remuneration Committee, he revises the officer remuneration system in conjunction with the next medium-term business plan and introduces a new calculation method for officer remuneration and reviews remuneration standards, composition, and performance evaluation indicators, etc. As a member of the Nomination Committee, he conducts discussions that ensure objectivity, transparency, and continuity and contributes to strengthening the management personnel functions by providing necessary advice at suitable times regarding deliberation on the decision process for the new President and Representative Executive Officer based on the succession plan. In light of his track record and considerable insights, the Company expects him to contribute greatly to management of the Group as an Outside Director. As such, he

						has been nominated to continue serving as Outside Director.
SEKI Tadayuki			○	○		SEKI Tadayuki has many years of experience in international business management and risk management at a general trading company, and has extensive knowledge and experience in finance and accounting as CFO, as well as broad knowledge as an outside director and outside statutory auditor of multiple companies. He has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on a wide range of matters including promotion of business strategies with an awareness of the cost of capital, the importance of responding to stores and businesses facing challenges in the transformation of business portfolios, and the risks involved in entering new businesses and how to respond to those risks. As a member of the Audit Committee, he is working to strengthen audit functions by fulfilling expectations of him in terms of exchanging and discussing opinions from the perspective of legality, appropriateness, etc. on items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee, while auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and

						remuneration). He is also simultaneously working to enhance the governance of the JFR Group as a whole. In light of his track record and considerable insights, the Company expects him to contribute greatly to management of the JFR Group as an Outside Director. As such, he has been nominated to continue serving as Outside Director.
OMURA Emi			○	○		OMURA Emi has extensive experience as an outside director (audit & supervisory board member) at other listed companies (B to C businesses) in addition to her global experience in handling abundant cases in international organizations and specialized insights in labor law as an attorney. In particular, she is well versed in the practical aspects of sustainability and ESG legal fields such as human rights due diligence, and has extensive experience in providing objective advice and oversight on various issues that companies face, including diversity management. In light of her track record, extensive experience and considerable insights, the Company expects that she will appropriately apply them to the supervision of management in the Group. As such, she has been nominated to serve as a new Outside Director.

[Committees]

Composition of Each Committee, and Attributes of Chairperson

	Nomination Committee	Remuneration Committee	Audit Committee
All Committee Members	4 members	4 members	4 members
Full-time Members	1	1	1
Internal Directors	1	1	1
Outside Directors	3	3	3
Chairperson	Outside Director	Outside Director	Outside Director

[Executive Officers]

Number of Executive Officers	11

Concurrent Holding of Positions

Name	Right to Represent	Concurrent Post as Director			Concurrent Post as an Employee
			Nomination Committee	Remuneration Committee	
ONO Keiichi	Hold	Hold	×	×	None
WAKABAYASHI Hayato	None	Hold	×	×	None
HAYASHI Kenichi	None	None	×	×	None
HAYASHI Naotaka	None	None	×	×	None
MATSUDA Hirokazu	None	None	×	×	None
UMEBAYASHI Akira	None	None	×	×	None
OCHIAI Isao	None	None	×	×	None
MORITA Kosuke	None	None	×	×	None
NOMURA Taiichi	None	None	×	×	None
NOGUCHI Hideki	None	None	×	×	None
IMAZU Takako	None	None	×	×	None

[Audit Structure]

Assignment of Directors and employees in charge of assistance for the Audit Committee's duties	Assigned

Matters Regarding Independent of Such Directors and Employees From Executive Officers

The Audit Committee Secretariat has been established as an organization under the direction of the Audit Committee and to support its duties, and the personnel appointments and changes for the Audit Committee Secretariat staff members, and the personnel evaluation of the head of the Secretariat requires the advance approval of the Audit Committee to ensure independence.

Cooperation among Audit Committee, Accounting Auditors and Internal Audit Departments

The Audit Committee receives explanations on the audit policy and plan, as well as explanations and reports on audit results, from the Accounting Auditor, and also regularly exchanges opinions including requests on audit items.

When the Internal Audit Division prepares its audit policy and plan, it submits the relevant report in advance to the Audit Committee. In addition, its audit results are regularly reported to President and Representative Executive Officer and the Audit Committee. The Audit Committee is authorized to make requests to the Internal Audit Division on the execution of additional audits, or directly conduct audits if necessary. Appointments and transfers of Executive General Manager of the Internal Audit Division require advance approval by the Audit Committee, and when such persons are evaluated, the Audit Committee shall state an opinion.

[Independent Officers]

Number of Independent Officers	6

Matters relating to Independent Officers

The Company designates all Outside Directors who fulfill the qualifications of an Independent Officer as Independent Officers.

[Incentives]

Incentive Policies for Directors and Executive Officers	• In order to realize and promote sustainability management, and steadily implement the Medium-Term Business Plan, the Company has formulated a new Officer Remuneration Policy, which includes a stock-based remuneration system, with the objective of incentivizing each Director and Executive Officer to perform their duties to the very best of their abilities. • Remuneration for Executive Officers shall comprise (i) basic remuneration (monetary remuneration) in accordance with job size, (ii) bonuses (monetary remuneration) based on individual evaluations conducted each business year, and (iii) performance shares linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan as a stock-based remuneration system (trust-type stock-based remuneration). • With regard to the composition of remuneration for Executive Officers, the ratio of performance-linked remuneration and of stock-based remuneration is set with an awareness of its function as a healthy incentive to help achieve sustainable growth. • Remuneration for Directors who do not execute business (internal Directors who do not execute business and independent Outside Directors) shall consist only of fixed remuneration, which shall be (i) basic remuneration (monetary remuneration) in accordance with responsibilities and (ii) restricted stock (non-performance-linked stock-based remuneration), which is not linked to performance as a stock-based remuneration system (trust-type stock-based remuneration).

	• With regard to the procedures for determining remuneration, to ensure the appropriateness of the level and amount of remuneration, and the transparency of decision-making processes, decisions are made by resolution of the Remuneration Committee comprising three (3) independent Outside Directors and one (1) non-executive Director elected from inside the Company, and headed by an independent Outside Director. The Remuneration Committee decides on the policy for determining the individual remuneration details for eligible officers of the Company and major subsidiaries of the Group, and on the remuneration details for individual Directors and Executive Officers of the Company. Furthermore, the committee also deliberates and determines internal regulations and other rules for remuneration of the Company's Directors and Executive Officers. The remuneration details for individual officers are deliberated by the nomination and remuneration committees that have been established at the discretion of each company (established at the major group companies Matsuzakaya Department Stores and PARCO, and members include independent Outside Directors of the Company), and are decided by each company's Board of Directors, after being resolved by each company's Annual Shareholders Meeting if such approval is required. * For details of the Officer Remuneration Policy, please refer to the following page on our website. (https://www.j-front-retailing.com/english/company/governance/governance05.html)

Supplementary Explanation

Recipients of Stock Options	

Supplementary Explanation

[Remuneration of Directors and Executive Officers]

Disclosure of Individual Directors' Remuneration	Disclosure for all concerned
Disclosure of Individual Executive Officers' Remuneration	Disclosure for all concerned

Supplementary Explanation

Name	Total amount of consolidated remuneration, etc. (Millions of yen)	Category of Officer	Basic remuneration	Bonuses	Performance-linked stock-based remuneration	Non-performance-linked stock-based remuneration
YAMAMOTO Ryoichi	59	Director	43	—	—	16
HAMADA Kazuko	29	Director	21	—	—	8
YAGO Natsunosuke	16	Director*	13	—	—	3
HAKODA Junya	21	Director*	18	—	—	3
UCHIDA Akira	20	Director*	17	—	—	3
SATO Rieko	16	Director*	13	—	—	3
SEKI Tadayuki	19	Director*	16	—	—	3
KOIDE Hiroko	15	Director*	12	—	—	3
KATAYAMA Eiichi	11	Director*	9	—	—	2
YOSHIMOTO Tatsuya	115	Executive Officer	46	26	43	—
ONO Keiichi	43	Executive Officer	20	12	11	—
WAKABAYASHI Hayato	48	Executive Officer	23	14	11	—
HAYASHI Kenichi	—	Executive Officer	—	—	—	—
HAYASHI Naotaka	38	Executive Officer	18	10	10	—
MATSUDA Hirokazu	42	Executive Officer	20	11	11	—
UMEBAYASHI Akira	27	Executive Officer	13	7	7	—
OCHIAI Isao	28	Executive Officer	13	8	7	—
MORITA Kosuke	—	Executive Officer	—	—	—	—
YAMAZAKI Shiro	26	Executive Officer	13	6	7	—
NOMURA Taiichi	—	Executive Officer	—	—	—	—
NOGUCHI Hideki	28	Executive Officer	13	8	7	—
IMAZU Takako	—	Executive Officer	—	—	—	—

(Notes) 1 The asterisk symbol "*" indicates the independent Outside Directors.

2 Lists only those who were officers as of the shareholders meeting of May 23, 2024.

3 Directors who concurrently serve as officers are listed in the "Executive Officer" column.

4 In the case of Executive Officers who serve concurrently at operating companies, remuneration paid by each company is included.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

For the policy on determining the remuneration of Directors and Executive Officers of the Company and officers of the Group's major subsidiaries (Directors, Executive Officers and Audit & Supervisory Board Members), please refer to 【Principle 3-1(ii)】 Basic Views and Policies on Corporate Governance.

[Supporting System for Outside Directors (Outside Audit & Supervisory Board Members)]

In order to ensure the effectiveness of the Board of Directors and the three committees of nomination, remuneration, and audit, the Company has established a secretariat for each committee, as well as the Board of Directors Secretariat, which provide the following support.

- Supporting to make decisions on plans of holding meetings of the Board of Directors, three committees, etc.;
- Supporting to make decisions on agenda items of the respective meeting structures and plans for annual deliberations;
- Arranging to provide briefings beforehand to the Outside Directors and providing other information; and
- Providing in-house feedback with respect to questions, opinions and other communications from the Outside Directors provided during prior briefings and other forums.

[Status of Persons Who Have Retired from a Positions Such as President and Representative Director]

Retired President and Representative Directors, etc., Holding Advisory or Any Other Positions in the Company

Name	Title/ Position	Responsibilities	Working From and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office
OKADA Kunihiko	Senior Advisor	Engage in external activities such as those for another company, business community, etc.	Part-time Unpaid	May 27, 2010	Varies depending on an agreement made with another such company, community, etc.
OKUDA Tsutomu	Senior Advisor	Engage in external activities such as those for another company, business community, etc.	Part-time Unpaid	May 22, 2014	Varies depending on an agreement made with another such company, community, etc.
SAMURA Shunichi	Senior Advisor	Engage in external activities such as those for another company, business community, etc.	Part-time Unpaid	May 26, 2016	Varies depending on an agreement made with another such company, community, etc.
YAMAMOTO Ryoichi	Advisor	Engage in external activities such as those for another company, business community, etc.	Part-time Paid	May 23, 2024	1 year

Total Number of Advisors, Counselors etc., Who Held a Position of President and Representative Director, etc.	4

Other Matters

- In May 2017, the Company abolished the Advisor System from a standpoint of achieving its ideal state of corporate governance and ensuring management transparency in connection with the organizational structure change to a company with three committees (nomination, audit and remuneration committees).
- In connection with the abolition of the Advisor System, the Company has reviewed its rules related to the treatment of retiring officers, and decided that if after an appointment of advisor (one-year term) is

completed by a former Representative Executive Officers, and they are serving as an outside director of another company or participating in business community activities, they may be appointed as a Senior Advisor (with no remuneration).

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

(1) Overview of Corporate Governance System

The Company is a holding company and, with the exception of authority for matters which have an impact on business of the JFR Group, it accordingly delegates authority to its respective business subsidiaries with respect to matters involving business execution by the business subsidiaries, in order to speed up business decisions and to make managerial responsibilities clear.

The roles and responsibilities of the Company, as a holding company, are as described below. Accordingly, the Company:

1. Plans, formulates and penetrates the Group Vision, Group Medium-term Business Plan, Group Annual Management Policy and Sustainability Policy, and tracks the progress and results thereof;
2. Sets business domains of the Group;
3. Business portfolio management (Optimally allocates the JFR Group's management resources);
4. Generates synergies between businesses;
5. Establishes Group-wide risk management system;
6. Organization design and operation of the entire Group;
7. Human resource management of the entire Group;
8. Management of shareholders;
9. Establishes corporate governance practices for the entire JFR Group;
10. Makes decisions on important matters of business execution relating to management of the JFR Group; and
11. Provides advice and approval for management policy and management strategy of respective operating subsidiaries, and oversees and evaluates progress thereof.

The Company has established as management bodies of the Company, supervisory units that are optimal for realizing more efficient and swifter strategic execution, and is working to clarify each unit's roles, responsibilities and authorities, thereby reinforcing the supervisory function and improving the internal control systems of the entire JFR Group.

(2) Board of Directors

Directors who are appointed by the shareholders and are entrusted with management of the Company are to carry out the roles and responsibilities in the Board of Directors as listed below. They are to do so in accordance with of their fiduciary responsibility and accountability to shareholders, and with the aim of realizing the Group Vision, etc. Accordingly, these roles and responsibilities include:

- Indicating the overall direction that Group management is to take, by engaging in constructive discussions with respect to the Group Vision, Sustainability Policy, Group Medium-term Business Plan, Group Annual Management Policy and other fundamental management policies, and carrying out

multifaceted and objective deliberations that include evaluation of risks with respect to the aforementioned;

- Appropriately making decisions in terms of overall policy and plans pertaining to Group management on the basis of the direction noted above and overseeing progress and results of the plans;
- Developing an environment conducive to encouraging offense-oriented management geared to achieving discontinuous growth;
- Taking steps to build and develop internal control systems of the JFR Group overall, and otherwise overseeing the operational status of such systems;
- Overseeing conflicts of interest between related parties; and
- Overseeing progress of succession planning relating to the President and Representative Executive Officer, personnel assignment plans pertaining to managerial talent and Executive Officer training, on the basis of summary reports furnished by the Nomination Committee in response to requests.

The Board of Directors of the Company is to be composed of an appropriate number of Directors, but no more than eleven (11), as stipulated in the Articles of Incorporation (one-year terms of office). From the standpoint of separating supervision and execution and ensuring the effectiveness of the Board of Directors' discussions, the composition is such that at least half of the total are independent Outside Directors who are not susceptible to conflicts of interest involving the Company's shareholders.

In addition, we take steps to ensure diversity upon giving consideration to bringing about a balance of knowledge, experience and abilities required of the Board of Directors as a whole, and disclose a combination of skills, etc. possessed by Directors (skill matrix).

* For details on the skill matrix, please refer to [Disclosure Based on the Principles of the Corporate Governance Code], 【Principle 4-11, Supplementary Principle 4-11-1】 Ensuring Diversity in the Board of Directors in this report and the following location on the Company's website.

（https://www.j-front-retailing.com/english/company/governance/governance02.html）

The meetings of the Board of Directors were held 15 times in FY2023 (March 2023 to February 2024). Attendance at the meetings of the Board of Directors was 98.8%.

Date of the meeting	Major subjects
March 28, 2023	Report on the operation of the Basic Policy to Build Internal Control System, results of evaluation of internal controls over financial reporting, etc.
April 11	Matters related business results
April 25	Sale of shares held, etc.

May 25	Amendment of the Corporate Governance Guidelines, revision of the Corporate Governance Report, amendment of the Basic Policy to Build Internal Control System, etc.
June 28	Approach to formulation of the next Medium-term Business Plan, etc.
July 25	Next Medium-term Business Plan (outline), etc.
August 29	Next Medium-term Business Plan (outline), validation of rationale for cross-shareholdings, etc.
September 26	Next Medium-term Business Plan, growth strategy for Payment and Finance Business, etc.
October 10	Matters related business results
October 31	Results of evaluation of the effectiveness of the Board of Directors, Next Medium-term Business Plan (financial strategy), etc.
November 28	Next Medium-term Business Plan, JFR human capital management, etc.
December 26	Next Medium-term Business Plan, etc.
January 30, 2024	Selection and dismissal of the Representative Executive Officer, appointment of officers of JFR
February 27	Next Medium-term Business Plan, profit and loss budget, financial plan, and balance sheet budget for FY2024, etc.

(3) Three Committees (Nomination, Remuneration and Audit Committees)

(Nomination Committee)

The Nomination Committee is composed of three (3) independent Outside Directors and one (1) full-time Director who does not execute business. The chairperson is chosen from among independent Outside Directors from the standpoint of ensuring objectivity, transparency and continuity. The Nomination Committee determines the contents of proposals on the nomination and dismissal of Directors submitted to shareholders' meetings and reports to the Board of Directors upon consultations from the Board of Directors regarding the nomination and dismissal of Executive Officers as well as the chairperson of the Board of Directors and chairpersons and members of individual statutory committees, and other matters.

The meetings of the Nomination Committee were held 15 times in FY2023 (March 2023 to February 2024). Attendance at the meetings of the Nomination Committee was 100%.

Date of the meeting	Major subjects
March 17, 2023	Board of Directors framework of J. FRONT RETAILING Co., Ltd., skill matrix, etc.

April 3	Election of eleven (11) candidates for Directors of J. FRONT RETAILING Co., Ltd., report to the Board of Directors, etc.
April 20	Management structure of each JFR Group company
May 8	Independent Outside Director structure, ways to advance the Nomination Committee going forward, etc.
May 25	Schedule of the Nomination Committee for FY2023, etc.
June 19	Succession plan, independent Outside Director structure, etc.
July 18	Succession plan, independent Outside Director structure, etc.
July 24	Independent Outside Director structure
August 18	Succession plan, independent Outside Director structure, etc.
September 13	Succession plan, independent Outside Director structure, etc.
October 24	Succession plan, interim evaluation of Executive Officers and presidents of major operating subsidiaries, etc.
November 20	Succession plan, management execution framework of J. FRONT RETAILING Co., Ltd. for FY2024, independent Outside Director structure
December 18	Succession plan, management execution framework of J. FRONT RETAILING Co., Ltd. and major business subsidiaries for FY2024
January 22, 2024	Succession plan, management execution framework of J. FRONT RETAILING Co., Ltd. and major business subsidiaries for FY2024
February 19	Board of Directors framework of J. FRONT RETAILING Co., Ltd. For FY2024

(Audit Committee)

To maintain and improve audit accuracy, the Audit Committee is composed of three (3) independent Outside Directors and one (1) internal full-time Director who does not execute business and is well informed about internal information, and the chairperson is chosen from among independent Outside Directors from the standpoint of ensuring transparency and objectivity. The Audit Committee effectively audits whether Executive Officers and Directors execute their duties in compliance with the laws and the Articles of Incorporation and efficiently in accordance with the basic philosophy of the Company and the Group Vision, and makes necessary indications and recommendations. It also conducts audits on the construction and operation of internal control, and prepares audit reports.

To ensure the reliability of accounting information, the Audit Committee also monitors and verifies the status of work executed by the Accounting Auditor, and determines the contents of proposals on the nomination and dismissal of such Auditor and other matters submitted for discussion at shareholders meetings.

The meetings of the Audit Committee were held 24 times in FY2023 (March 2023 to February 2024). Attendance at the meetings of the Audit Committee was 97.3%.

Date of the meeting	Major subjects
March 9, 2023	Evaluation of the Accounting Auditor, etc.
March 16	Report of the Internal Audit Division, etc.
March 28	Report on the operation of the Basic Policy to Build Internal Control System, results of evaluation of internal controls over financial reporting, etc.
April 10	Audit Report by the Accounting Auditor for the 16th fiscal year, Audit Report by the Audit Committee for the 16th fiscal year, reappointment of the Accounting Auditor, Report of the Internal Audit Division, etc.
April 19	Report of Audit & Supervisory Board Members of the Group companies for the second half of FY2022, audit findings of the Audit Committee for FY2022, etc.
May 11	Audit & Supervisory Board Systems of Group companies for FY2023, Report from the Accounting Auditor, evaluation feedback to the Accounting Auditor, Report of the Compliance Committee, Report of the Internal Audit Division, etc.
May 25	Audit policy and audit plan for FY2023, appointment of Audit Committee members appointed by the Audit Committee and Specified Audit Committee members, etc.
June 8	Report on management letters of the Accounting Auditor
June 15	Audit plan of the Accounting Auditor for the 17th fiscal year, agreement on remuneration for the Accounting Auditor
July 6	Training session for Audit & Supervisory Board Members of the Group companies
July 13	Report on the Accounting Auditor's review for the first quarter of the 17th fiscal year, IT audit, Report of the Internal Audit Division etc.
August 17	Report of the Internal Audit Division, operating company phase management report, etc.
September 7	Review of training session for Audit & Supervisory Board Members of the Group companies, etc.
September 14	Report of the Compliance Committee, and Report of the Internal Audit Division
October 6	Report from the Financial Strategy Unit, etc.
October 13	Report on the Accounting Auditor's review for the second quarter of the 17th fiscal year, report of Audit & Supervisory Board Members of the Group companies for the first half of FY2023, etc.
November 1	Report of the Internal Audit Division, etc.
November 9	Report of the Compliance Committee, etc.
December 7	Report of the Internal Audit Division, etc.

December 14	Audit Report by the Audit Committee
January 11, 2024	Report on the Accounting Auditor's review for the third quarter of the 17th fiscal year, report of the Internal Audit Division, etc.
January 18	Operating company phase management report, evaluation of the Accounting Auditor
February 1	Report of the Internal Audit Division, liaison meeting with Audit & Supervisory Board Members
February 9	Report from the Accounting Auditor (KAM, disclosure of compensation-related information in connection with revisions to the ethics rules)

(Remuneration Committee)

The Remuneration Committee is composed of three (3) independent Outside Directors and one (1) non-executive Director from inside the Company. The Chairperson is chosen from among independent Outside Directors from the standpoint of transparency and objectivity. The Remuneration Committee decides on the policy for determining the individual remuneration details for Directors and Executive Officers of the Company and eligible officers of major subsidiaries of the Group, and on the remuneration details for individual Directors and Executive Officers of the Company.

The meetings of the Remuneration Committee were held 13 times in FY2023 (March 2023 to February 2024). Attendance at the meetings of the Remuneration Committee was 100%.

Date of the meeting	Major subjects
March 17, 2023	Total amount of officer bonuses for FY2022, review of officer remuneration system (revision of the rule and remuneration policy).
April 20	The performance-linked factor and number of points provided for a stock-based remuneration system for officers (short-term and medium- to long-term performance share), and results of officer evaluations for FY2022
May 8	Amount of individual officer bonuses for FY2022, the number of points provided for short-term performance share, mission grade and individual remuneration amount for FY 2023, etc.
May 25	Mission grade and individual remuneration amount for FY 2023, schedule of the Remuneration Committee, etc.
June 19	Review of officer remuneration system
July 18	Review of officer remuneration system
August 18	Review of officer remuneration system
October 24	Review of officer remuneration system

November 20	Review of officer remuneration system
December 18	Review of officer remuneration system
December 26	Review of officer remuneration system
January 22, 2024	Review of officer remuneration system
February 19	Review of officer remuneration system, individual remuneration amount

(5) Accounting Auditor

The Company has concluded an audit agreement with Ernst & Young ShinNihon LLC. The Accounting Auditor performs accounting audits in accordance with respective legal provisions. The engagement partners of the auditor, and the number of years they have been involved in the audit, are as follows. Based on discussions with the auditor, appropriate measures are adopted to prevent engagement partners from being involved in the accounting audits of the Company for longer than certain periods.

OJIMA Koji (1 year), SHIBAYAMA Yoshihisa (7 years) and MATSUURA Hiroshi (7 years)

Support staff for audit operations consist of certified public accountants, part-qualified accountants and others.

To provide support for enabling effective audits performed by the Accounting Auditor, the Company develops structures for:

- In order to enable an impartial audit, the details of the audit plan proposed at the beginning of the fiscal year by the Accounting Auditor shall be complied with, and sufficient time for the audit shall be secured.
- Arranging regular discussions between the Accounting Auditor and President and Representative Executive Officer and relevant Executive Officers, based on “management letters” prepared by the Accounting Auditor. In addition, arranging explanations by the President and Representative Executive Officer to the Accounting Auditor in relation to the Company’s management strategy, as required.
- Arranging meetings between the Accounting Auditor and Audit Committee members and internal audit departments for the purpose of sharing information and exchanging views on a regular basis (about six times per year); and
- Enabling the Audit Committee to perform necessary investigations upon receiving a report from the Accounting Auditor detailing instances of material improprieties and illegal acts related to the execution of duties of Directors and Executive Officers; and enabling the Audit Committee to take necessary measures in that regard, that include reporting, furnishing advice and providing recommendations to the Board of Directors.

(6) Risk Management Committee and Compliance Committee

The Company has established the Risk Management Committee as an advisory body to the President and Representative Executive Officer. The committee discusses important matters, including risk identification and evaluation, and determination of risks to be reflected in strategies, and utilizes risk management for management decision-making. The Compliance Committee (whose membership includes corporate lawyers)

was established for the purpose of appropriately addressing issues of JFR Group compliance management practices. For details, please refer to 【Principles 4-2, 4-3, Supplementary Principles 4-3-4, 4-13-3】 Establishment of Company-Wide Risk Management System.

(7) JFR Group Compliance Hotline

The Company has established a whistleblowing system that enables all JFR Group officers and employees as well as all individuals working at the JFR Group (including part-timers and employees seconded from business partners) to notify the Compliance Committee directly with respect to compliance-related issues, and to seek corrective action. The company has set up points of contact for whistleblowers both internally and outside the Company (corporate lawyers). The JFR Group's internal company rules rigorously provide for the whistleblowing system in terms of protecting the confidentiality of whistleblowers and prohibiting disadvantageous treatment thereof.

(8) Limited Liability Agreement

The Company concludes a limited liability agreement with each Director who does not execute business pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act so that Directors who do not execute business can adequately fulfill their expected roles. The limited liability agreement stipulates that the maximum amount of liability for damages due to negligence of duties by a Director who does not execute business shall be the higher of twelve million (12,000,000) yen or the amount fixed by laws and regulations; however the limitation of liability is applicable only when the duties that caused the liability were executed by the Director who does not execute business in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the organizational structure of a company with three committees (nomination, audit and remuneration committees). This is for the purpose of carrying out initiatives to further strengthen corporate governance from the following perspectives:

(1) Strengthening of the management oversight function by separating oversight from execution

The Company will strengthen the oversight function for business execution of the Board of Directors by separating oversight from execution. In addition, the Company aims to promote sophistication of strategy by having the Board of Directors actively include the insights of external persons in order to hold rigorous discourse on important strategic issues relating to the Group management.

(2) Greater clarity of authority and responsibility in business execution and promotion of agile management

The Company will enable decisions of business execution to be delegated to Executive Officers (Note), clarify the authority and responsibility, and carry out speedy management decision-making. (Note) With regard to Executive Officers, although the English name is the same as Executive Officers, which

were previously referred to as “shikkoyakuin” in Japanese, the Japanese name and their functions are different.

(3) Improvement of transparency and objectivity of management

The Company will improve the transparency and objectivity of management by adopting the structure of a company with three committees (nomination, audit and remuneration committees). The majority of the members of each of these committees are independent Outside Directors.

(4) Building an organizational structure compatible with global perspectives

The Company will build a governance structure that is easy to understand from global perspectives, such as those of overseas investors.

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	We ensure that there is adequate time for our shareholders to consider matters with respect to which they will exercise their voting rights. To that end, we post informational materials for the Shareholders Meeting on the Company's website and on the websites of financial instruments exchanges as early as practicably possible before the Electronic Provision Measures Commencement Date stipulated in the Companies Act (three weeks prior to the date on which a Shareholders Meeting is to be held or the day that the notice of convocation is sent, whichever is earlier). Informational materials for the 17th Annual Shareholders Meeting was provided to financial instruments exchanges and made available on the Company's website before delivery of the printed version and five weeks prior to the date of the Shareholders Meeting. For the Notice of Convocation of the Annual Shareholders Meeting, Reference Materials for Shareholders Meeting and attachments to the Notice of Convocation, please refer to the following page on our website. (https://www.j-front-retailing.com/_data_json/news/_upload/240425_Notice_of_Convocation_E.pdf)
Scheduling AGMs Avoiding the Peak Day	We give consideration to ensuring time for audits in the course of setting dates on which Shareholders Meetings are to be held and schedules otherwise in relation to Shareholders Meetings.
Allowing Electronic Exercise of Voting Rights	Shareholders may exercise their voting rights by accessing the Internet voting website (https://evote.tr.mufg.jp/) operated by Mitsubishi UFJ Trust and Banking Corporation via a PC or smartphone.
Participation in Electronic Voting Platform and Other Initiatives Toward Improvement of the Environment for Exercise of Voting Rights by Institutional Investors	Participation in electronic voting platform We give consideration to ensuring that our shareholders are able to conveniently exercise their voting rights, including domestic and overseas institutional investors. To that end, we have adopted online and other means of exercising voting rights and otherwise use an electronic platform for exercising voting rights. Other initiatives toward improvement of the environment for exercise of voting rights by institutional investors

	We act appropriately with respect to substantively ensuring that shareholders are able to exercise their rights to make proposals and other minority shareholder rights. Moreover, our Articles of Incorporation stipulate that a shareholder may exercise his or her voting rights by proxy upon completing the necessary procedures when a beneficial shareholder has filed to exercise rights as a shareholder beforehand.
Providing Convocation Notice in English	We also prepare English translations of our convocation notices and make them available so that our overseas investors are able to properly exercise their voting rights.
Other	We strive to ensure that all shareholders, including those who reside in distant locations, have opportunities to participate in or listen to Shareholders Meetings through means such as live streaming of Shareholders Meetings and accepting questions in advance on the Company's website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	IR Policy Under the basic philosophy that "we aim at developing the Group by making a broad contribution to society as a fair and trusted business entity," the Company promotes IR activities for the purpose of maintaining and developing relations of trust with stakeholders including shareholders and investors. By accurately and plainly disclosing important information (financial and non-financial information) about the Company in a fair, timely and appropriate manner, we aim to improve management transparency and help stakeholders better understand the Company. Information Disclosure Standards The Company discloses important information of the JFR Group in a timely and appropriate manner, in accordance with Japan's Financial Instruments and Exchange Act and other such laws and regulations, as well as in accordance with rules for timely disclosure stipulated by financial instruments exchanges on which the Company's shares are listed. Even in cases where such laws, regulations and the timely disclosure rules do not apply, the Company recognizes information deemed useful to shareholders, investors and other stakeholders as important with respect to its corporate activities as called for by society. As such, the Company proactively discloses such information in an impartial and swift manner using appropriate means, and with the added aim of facilitating more extensive understanding regarding the JFR Group. Information Disclosure Method The Company discloses important company information to which the timely disclosure rules apply through the TDnet (Timely Disclosure Network) system provided by the Tokyo Stock Exchange, while posting the same	

	information on the Company's website, etc. as quickly as possible. With respect to any information that is deemed to help stakeholders better understand the Company, even where the timely disclosure rules do not apply to it, the Company works to publicize such information on its website as well as by using social media and publishing integrated reports. The Company releases information in a timely and appropriate manner by making use of the TDnet and EDINET platforms, the Company's website and other means in line with the attributes of the information being disclosed. Moreover, to ensure that we disclose information in an impartial manner, we prepare and release English translations of our convocation notices for Shareholders Meetings, annual securities reports, integrated reports, timely disclosure information, financial information and sustainability reports. Improvement of Communication The Company's efforts to improve communication include timely disclosure and information transmission on its website in combination with various briefings and meetings and responses to inquiries from shareholders and investors on a daily basis. The comments and requests received from shareholders and investors are widely shared among the Company and related companies of the Group, and we refer to them in company management to increase corporate value. Quiet Period In order to prevent the leakage of financial information and ensure fairness, the Company refrains from answering any questions concerning financial results during the quiet period from the day following the closing date of each quarter until the release of financial results. However, the Company will disclose information in a timely and appropriate manner if a significant amendment to business performance is necessary, even during the quiet period.	

	Forward-looking Statements Forward-looking statements including future plans, prospects and strategies as disclosed by the Company are prepared based on certain assumptions the Company deems reasonable at the time of disclosure and include certain risks and uncertainties. Therefore, actual results may differ from forecasts and prospects due to future changes in economic and business environment surrounding the Company.	
Regular Investor Briefings for Individual Investors	Briefings were held in July and January in FY2023.	None
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds briefings for analysts twice a year after the release of financial results (interim, year-end). In FY2023, two financial results briefing sessions and seven small meetings (small-sized briefing sessions) were held at the initiative of President and Representative Executive Officer. In addition, after the earnings results were announced in the first quarter and the third quarter, IR personnel played a leading role in holding two teleconferences for analysts, four small meetings, and 72 individual meetings with domestic institutional investors. Furthermore, to enhance disclosures and dialogues on non-financial information, the Company held an ESG briefing in December in FY2023, the sixth time such a briefing has been held, with the independent Outside Directors also giving speeches.	Yes
Regular Investor Briefings for Overseas Investors	To strengthen relationships with overseas investors, the Company held individual meetings with them in July and October in FY2023, and the President and Representative Executive Officer held dialogues with 19 companies. The Company also participated in conferences for overseas investors held in March, May, September and November 2023, and the President and Representative Executive Officer held dialogues 25 times, and the IR personnel, 7 times. In addition, the IR personnel also held individual meetings with overseas investors 107 times.	Yes

	Using these opportunities, the Company held a total of 158 meetings with overseas-based investors.	
Posting of IR Materials on Website	The above briefings may be viewed on video online. The Company also publishes its quarterly financial results and materials for investor briefings, monthly consolidated business reports, timely disclosure materials and other IR information on its website (https://www.j-front-retailing.com/english/ir/).	
Establishment of Department and/or Manager in Charge of IR	Corporate Communications Division (in charge of investor relations) The Company has established the Corporate Communications Division (in charge of investor relations) to build stable relationships of trust with its shareholders and investors. The Company aims to enhance its constructive dialog using more highly accurate information based on financial data related to not only business performance in the short term but also the future outcomes expected as a result of carrying out the business strategies.	
Other	Promoting Constructive Dialogue Through these IR activities, the Company was selected as one of the Greatest IR Improvement Premium Companies in the 2023 IR Award (sponsored by Japan Investor Relations Association). The Company was also chosen as No. 3 in the retail category of the Award for Excellence in Corporate Disclosure (sponsored by The Securities Analysts Association of Japan) in FY2023, following the No. 2 placement in FY2022. We will continue to promote its IR activities to enhance management transparency and help stakeholders understand us more deeply by fairly disclosing important information about the Company in an easy-to-understand, appropriate and timely manner. A full range of tools to promote dialogue The FY2023 Integrated Report was designated as an "Excellent Integrated Report" by asset managers of the GPIF. This is the seventh time that we have been selected in this way.	

	In addition, with the aim of realizing sustainability management and disclosing related information, we created a Sustainability Report that focuses on ESG information. Following FY2022, the Company has also prepared the Integrated Report and Sustainability Report for FY2023. We will continue to promote its IR activities to enhance management transparency and help stakeholders understand us more deeply by fairly disclosing important information about the Company in an easy-to-understand, appropriate and timely manner. Maintaining and enhancing a constructive approach to dialogue In FY2023, the business environment characterized by uncertainty continued on. Despite the circumstances, the Company published earnings forecasts that incorporate certain assumptions that could be considered reasonable by management, with the objective of promoting dialogue by providing an opening for discussions with institutional investors and analysts.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The JFR Group Philosophy defines the basic stance toward all stakeholders; “corporate credo,” “basic philosophy,” “Group Vision,” “Sustainability Policy,” “Corporate Governance Guidelines,” “JFR Way,” “commitments to stakeholders.” All officers and employees of all companies of the Group deeply understand this philosophy and act positively toward the further development of the Group. For details, please refer to the following page on our website. (https://www.j-front-retailing.com/english/company/company.php)
Implementation of Environmental Activities, CSR Activities, etc.	■JFR Group “Sustainability Policy” The Company is committed to advancing sustainability management that achieves a balance between the resolution of environmental and social issues with corporate growth, aiming to contribute to “Well-Being Life (both mentally and physically fulfilling life)” of our stakeholders including

	customers, business partners, and employees towards realizing a sustainable society and new happiness in people's lives. In July 2018, we established a Sustainability Policy, and based on this policy, we have clearly defined our environmental and social policies through the Eco Vision and Social Vision respectively. In addition, we have identified the materiality issues that the Group should address, and we also contribute to the international goals of Sustainable Development Goals (SDGs) by actively engaging with these materiality issues through our business activities. [Materiality issues] ・ Adding excitement to life ・ Enhancing community vitality ・ Creating a society that coexists with the environment ・ Increasing the number of value co-creation partners ・ Empowering diverse human resources to shine *We have revised our materiality issues in conjunction with the start of the Medium-term Business Plan for FY2024. Please refer to the following page on our website. (https://www.j-front-retailing.com/english/sustainability/sustainability.html) (URL for HP materiality issues) Please visit the following page on our website to learn more about our sustainability efforts. (https://www.j-front-retailing.com/english/ir/library/sustainability.php)
Development of Policies on Information Provision to Stakeholders	We believe that promoting constructive dialogue with our shareholders and investors helps the JFR Group achieve sustainable growth while increasing corporate value over the medium to long term. The Company is committed to timely and appropriate disclosure of information premised on constructive dialogue, and through such initiatives maintains and develops trusting relations with its stakeholders. The Company discloses important information of the JFR Group in a timely and appropriate manner, in accordance with Japan's Financial Instruments and Exchange Act and other such laws and regulations, as well as in accordance with rules for timely disclosure stipulated by financial instruments exchanges on which the Company's shares are listed. Even in cases where such laws, regulations and the timely disclosure rules do not apply, the Company recognizes information deemed useful to shareholders, investors and other stakeholders as important with respect to its corporate activities as called for by society. As such, the Company proactively discloses

	such information in an impartial and swift manner using appropriate means, and with the added aim of facilitating more extensive understanding regarding the JFR Group. Formulating and Disclosing the Management Strategies and Business Plans The Company draws up business model, medium- to long-term strategy story that the JFR Group pursues, as well as the Group management strategies and Group business plans which indicate management benchmarks and other objectives, with the aim of realizing the Group Vision. We release those documents in order to share such details with our shareholders, investors and other stakeholders. Methods of Information Disclosure Please refer to the methods stated in IR Policy under “2. IR Activities” above.
Other	JFR Principles of Action The JFR Principles of Action, which stipulate that all the JFR Group officers and employees shall recognize their own roles and responsibilities and act in a highly ethical manner in order to fulfill social responsibilities, adhere to the corporate credo, and realize the corporate vision, consists of the following five policies. • JFR Conduct Policy • Procurement Policy • Human Rights Policy • Anti-corruption Policy • Occupational Health and Safety Policy For each policy, please refer to the following page on our website. (https://www.j-front-retailing.com/english/sustainability/principles-of-action.php)

IV. Matters Related to the Internal Control System

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

Basic Policy to Build Internal Control System

This is a basic policy for J. FRONT RETAILING Co., Ltd. (hereinafter, the "Company") relating to building an internal control system for legal and appropriate execution of overall business within the JFR Group (meaning the corporate group comprising the Company and its subsidiaries; the same shall apply hereinafter). By specifically promoting this policy, the JFR Group aims to contribute to ensuring the sustainable growth of the JFR Group and increasing corporate value over the medium to long term.

- The Company aims to realize corporate governance that is a structure for transparent, fair, swift and resolute decision-making with due attention to the perspectives of shareholders and also customers, employees and communities in order to ensure the sustainable growth of the JFR Group and increase corporate value over the medium to long term. The Company has therefore adopted the structure of a company with three committees (nomination, audit and remuneration committees) in order to strengthen the oversight function and decision-making function for business execution of the Board of Directors by clearly separating management oversight and execution functions.
- In order to achieve our best possible corporate governance structure, it is important that the President and Representative Executive Officer takes and hedges various risks (uncertainties) within the JFR Group to build an internal control system capable of appropriate and efficient business execution.
- The internal control system is a structure that companies should establish to control internal risks (uncertainties) with a view to realizing sustainable, stable growth. Specifically, the system comprises the following Group management system, risk management system, legal compliance system, internal audit system, and audit committee system.

I. Group Management System

(1) Board of Directors

- The Board of Directors shall perform an oversight function by monitoring the Executive Officers' and Directors' execution of business.
- The Board of Directors shall discuss and resolve matters defined in the Companies Act and/or the Articles of Incorporation, as well as the Group Vision, Sustainability Policy, Group Medium-term Business Plan, overall policy and plan for Group management, M&As, Group financing plans, and other individual important matters relating to Group management. In order to speed up business decisions and execution, the task of determining matters involving business execution other than the above shall be delegated to execution, with the exception of matters which have a material impact on the Group management.
- For monitoring action, decision-making and the like by the Board of Directors, the composition is such that at least half of the total are independent Outside Directors who are not susceptible to conflicts of interest involving the Company's shareholders, from the standpoint of separating supervision and

execution and ensuring the effectiveness of the Board of Directors' discussions.

- To ensure effectiveness of objective management oversight, in addition to the Outside Directors, non-executive Directors elected from inside the Company and who are well informed about internal information shall also be appointed.

(2) Management execution framework

- The Company shall clearly separate management oversight and execution and strengthen the Board of Directors' oversight function while delegating authority for execution to enable swift management decision-making. Meanwhile, execution shall be controlled by having the following framework.
- The execution bodies shall be supervisory units that are optimal for realizing more efficient and swifter strategic execution, and Executive Officers shall be appointed as the head of the units.
- The Company clarifies the missions of the President and Representative Executive Officer and each strategy unit. Each division formulates and executes a concrete plan based on the mission, and the roles and operations set forth in the Rules for Division of Organizations and Duties.
- Execution shall formulate the major Group management policies and individual important matters, and oversee business execution of business subsidiaries. The Board of Directors shall discuss and determine (approve) the suitability of major policies and plans that execution has prepared as well as individual important matters.
- While discussing the overall policy and plan and other matters for the Group's management at the Group Management Meeting, the Group Policy Meeting, each segment's Medium-term Business Plan Progress Meeting, the Affiliated Business Results and Strategy Examination Meeting, etc., participants confirm the progress of management strategies and share information between management, and so forth.
- The Company shall construct systems to raise overall efficiency of the Group such as the introduction of the Group's common accounting system in principle and promotion of centralized management of Group funds.
- The Company has adopted the International Financial Reporting Standards (IFRS) voluntarily in the interest of implementing effective management based on appropriate asset evaluation, applying business management that gives emphasis to the profit of the current period, increasing convenience for overseas investors by improving the international comparability of financial information.

(3) System for promoting internal controls

- Under the direction of President and Representative Executive Officer, to strengthen internal control over execution, the departments and responsible persons in charge of internal controls shall be established, and shall manage the development and operation of the internal controls in relation to the Companies Act and the internal control system in relation to the Financial Instruments and Exchange Act at the Company and the business subsidiaries.
- The departments in charge of internal controls shall coordinate with the Audit Committee, the internal audit departments, and each supervisory unit and business subsidiaries to share information and remedy any deficiencies that occur in the internal controls.
- With regard to internal controls over financial reporting, the Company shall be in compliance with Japan's Financial Instruments and Exchange Act and various associated laws and regulations, and an internal

company system to ensure the credibility of financial reporting shall be constructed at the Company and business subsidiaries.

II. Risk Management

- The Company shall establish the Risk Management Committee as an advisory body to the President and Representative Executive Officer with regard to risk management. The committee is chaired by the President and Representative Executive Officer and comprises Executive Officers and others.
- The Risk Management Committee shall discuss important matter, including risk identification and evaluation, and determination of risks to be reflected in strategies, and utilize risk management for management decision-making. The committee also reports details of its deliberations to the Board of Directors in a timely manner.
- An officer shall be put in charge of risk management in order to promote the operation of risk management. In addition, departments and responsible person shall be put in charge of risk management, and shall provide support, guidance and monitoring regarding risk management at the Company and business subsidiaries.
- Each business subsidiary shall put departments and responsible persons in charge of risk management, and shall carry out daily direction of risk management.
- For crisis events such as large-scale earthquakes, fires and accidents, crisis management shall be controlled by the "Emergency Response Headquarters" headed by the President and Representative Executive Officer.

III. Legal Compliance System

(1) System for promoting compliance

- The Company shall establish the Compliance Committee as an advisory body to the President and Representative Executive Officer regarding the operation of compliance management. The President and Representative Executive Officer shall be the chairperson and the members of the committee shall be corporate lawyers, Executive Officers and others.
- An officer shall be put in charge of compliance in order to promote the operation of compliance management. In addition, departments and responsible person shall be put in charge of compliance, and shall supervise development and penetration activities of the compliance system and the status of operation thereof at the Company and business subsidiaries.
- At business subsidiaries, departments and responsible persons shall be put in charge of compliance, and shall carry out daily supervision and direction of business operations that are in accordance with laws and regulations and internal company rules.
- The Compliance Committee shall strengthen cooperation with the departments in charge of compliance of each business subsidiary to continuously implement development of the foundation for the compliance system and supervision of the status of operation, and promote compliance with laws and regulations, corporate ethics, etc. In addition, in the case where any material compliance-related matter occurs, the committee shall develop measures to take, etc.

The committee also reports details of its deliberations to the Audit Committee in a timely manner.

(2) Whistle-blowing system

- The Company shall establish the "JFR Group Compliance Hotline" as the whistle-blowing system of the JFR Group that also extends beyond companies (to a corporate lawyer), which may be used by all persons working at the Company and business subsidiaries.
- The hotline's policy shall be to maintain strict confidentiality regarding notifications and reports and shall not disclose the personal information of whistleblowers to a third party without their consent; to be careful to avoid identification of the whistleblower when investigating the facts; and to ensure that whistleblowers are not subjected to disadvantageous treatment in terms of personnel affairs or any other aspect.
- For hotline reports concerning management personnel, the Company shall build a structure whereby the reports are submitted directly to the Audit Committee and subjected to directions from the Audit Committee so as to secure an independent reporting route.

IV. Internal Audit Structure

- The Company shall establish independent internal audit departments under the direction of the President and Representative Executive Officer. In accordance with internal audit rules and under the direction of the President and Representative Executive Officer, the internal audit departments shall audit the operations of the Company and business subsidiaries or ask them to properly report the results of audits of operations, examine the properness and effectiveness of the process for their operations, and provide guidance, advice and proposals to all departments at the Company and to business subsidiaries.
- The persons responsible for the internal audit departments, while providing directions, guidance and assistance to the internal audit departments of the business subsidiaries, provide a report to the President and Representative Executive Officer of the status of internal control functions through a third-party evaluation of the audit plans and audit results of the business subsidiaries.
- To further enhance corporate governance by strengthening auditing functions, the Company shall clarify links among the President and Representative Executive Officer, the Audit Committee and the internal audit departments. Specifically, the Company shall adopt a dual-reporting system where both the President and Representative Executive Officer and the Audit Committee shall receive reports. When the reports are made, the audit report and the improvement report shall be reported together to realize swift measures.
- Appointments and transfers of persons responsible for the internal audit departments shall be subject to advance approval by the Audit Committee, and when such persons are evaluated, the Audit Committee states an opinion before the execution of such evaluation.

V. Structure of the Audit Committee

- The Audit Committee shall audit the legality and suitability of the execution of duties by the Executive Officers and Directors.
- The Audit Committee is composed of independent Outside Directors and full-time Directors who do not

execute business, and the Chairperson is chosen from among independent Outside Directors from the standpoint of ensuring transparency and objectivity.

- The Audit Committee Secretariat has been established as an organization in charge of assistance for the Audit Committee's duties.
- Regarding personnel appointments and changes for the Audit Committee Secretariat staff members, and personnel evaluation of the responsible person for the Audit Committee Secretariat, the Audit Committee's advance approval is required to ensure independence.
- The Audit Committee shall have periodic meetings with the President and Representative Executive Officer to share information. Moreover, the Company's Executive Officers and Directors may be asked to attend Audit Committee meetings to provide reports and opinions as necessary.
- The Audit Committee shall regularly coordinate with the internal audit departments to share information. Moreover, the Accounting Auditor, outside experts and others may be asked to attend Audit Committee meetings to provide reports and opinions as necessary.
- The Audit Committee members shall report to the Audit Committee on the status of audits of the following matters:
  - Matters resolved by or reported to the Board of Directors
  - Matters identified by the Audit Committee as issues
  - Internal audit implementation status and results (audit report, improvement report, etc.)
- The Audit Committee members shall attend the Group Management Meeting and other meetings, inspect important documents associated with the execution of duties, such as circular approval memos, and request explanations from officers and employees of operating companies as necessary.
- Business subsidiaries shall submit the necessary audit reports and perform other duties if requested to do so by the Audit Committee.
- The Audit Committee shall have periodic meetings and the like with Audit & Supervisory Board Members of the business subsidiaries to enhance and strengthen the auditing of the entire Group.
- Personnel appointments and changes for audit & supervisory board members of business subsidiaries shall require approval from the Audit Committee, and the audit & supervisory board members of business subsidiaries concurrently serve as members in the Audit Committee Secretariat.
- The Audit Committee may request expenses deemed necessary for performing the duties from the Company, and the Company shall bear them.

VI. System for Storage and Management of Information

(1) Confidential information management

- For documents relating to the execution of duties by Execution Officers and Directors, and minutes and related documents regarding meetings chaired by Executive Officers and Directors (all documents include electromagnetic records), in accordance with laws and regulations and the rules on confidential information management, each responsible department shall carry out document storage and management during the stipulated period and shall develop a system to enable inspections of such documents at any time.

(2) Information security management

・ Senior Executive General Manager of the system departments shall control information security management of the Company based on the Information Security Policy and the IT Governance Policy, and shall report periodically and whenever necessary on the status of information system management and related matters to the Board of Directors, the Audit Committee, the Management Meeting and the President and Representative Executive Officer.

2. Basic Views on Eliminating Anti-Social Forces

The Company aims to develop the Group by making a broad contribution to society as a fair and trusted business entity as defined in its Basic Philosophy of the Company and commits to ensuring CSR-oriented management. With regard to the severance of relations with antisocial forces, the JFR Conduct Policy sets out the following stipulations.

(Prohibition of Transactions with Antisocial Forces)

We maintain no relationships with antisocial forces, organizations, groups or individuals that could threaten the social order and the safety of civic life, resolutely rejecting pressure from such elements, and excluding them.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

Basic policy regarding control of the Company

[1] Contents of basic policy

The Company believes it is necessary for the party controlling the Company's financial and business policy decisions to be a party who sufficiently understands the financial and business details of the JFR Group and the sources of the JFR Group's corporate value, continuously and sustainably ensures that the corporate value of the JFR Group and, by extension, the common interests of shareholders are served, and enables further improvement in this area.

As the Company is a listed enterprise, the Company's policy regarding its shareholders is that, in general, they are determined through free market transactions on the financial instruments market. Furthermore, even in the case of a purchase of shares of the Company above a certain scale by specific shareholders or specific groups (hereinafter "Large-Scale Purchase"), if this Large-Scale Purchase will contribute to the corporate value of the JFR Group and, by extension, the common interests of its shareholders, the Company believes that this should not be rejected outright and that, ultimately, the decision on whether to accept or reject it should be left to the discretion of the Company's shareholders.

Nevertheless, a Large-Scale Purchase that involves a serious risk of causing damage to the corporate value of the JFR Group may be envisaged. This may include a Large-Scale Purchase that, in view of its purpose and other factors, would demonstrably harm the JFR Group's corporate value; one with the potential to involve substantial coercion of shareholders to sell shares of the Company; or one that would not provide sufficient time and information for the Company's Board of Directors and shareholders to consider factors such as the details of the large-scale purchaser's proposal, or for the Company's Board of Directors to make an alternative proposal.

A party attempting this kind of Large-Scale Purchase, which would not contribute to the corporate value of the JFR Group and, by extension, the common interests of its shareholders (hereinafter, the "Large-Scale Purchaser"), would not be appropriate as a party controlling the Company's financial and business policy decisions. Accordingly, the Company believes that it is the duty of the Company's Board of Directors, which is entrusted by the shareholders to manage the Company, to respond to this kind of Large-Scale Purchase by ensuring that processes such as provision of information by the Large-Scale Purchaser and considerations and evaluations by the Company's Board of Directors are carried out, and securing sufficient time for the Company's Board of Directors and shareholders to consider the details of the Large-Scale Purchaser's proposal in order to prevent damage to the corporate value of the JFR Group and, by extension, the common interests of its shareholders.

[2] Frameworks contributing to realization of basic policy

Since the foundation of Daimaru and Matsuzakaya, the JFR Group has been engaged in businesses of kimono fabric stores and department stores for many years based on the corporate philosophies and traditional spirits of these businesses, which are: “Service before profit (those who place service before profit will prosper),” “Abjure all evil; pursue all good” and “In doing good to others, we do good to ourselves.”

The Company believes that the sources of the JFR Group’s corporate value are the relationships of trust it has established with customers and with society, which have been refined on the basis of these philosophies and spirits.

Accordingly, in order to exemplify the principles of “customer-first principle” and “contribution to society,” which are in common with these philosophies and spirits, the Company has established the following basic philosophies of the JFR Group: “to aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations” and “to aim at developing the JFR Group by making a broad contribution to society as a fair and trusted business entity.” Based on these basic philosophies, the Company implements a wide range of measures with the aim of realizing the JFR Group’s vision; Create and Bring to Your Life “New Happiness,” in order to make a contribution to securing and enhancing the corporate value of the JFR Group and, by extension, the common interests of shareholders.

[3] Framework to prevent parties deemed inappropriate in light of basic policy from controlling the financial and business policy decisions of the Company

At present, the Company has not specifically stipulated a concrete framework for a case in which a Large-Scale Purchaser appears, commonly known as takeover defense measures.

Nevertheless, the Company believes that, in order to prevent damage to the JFR Group’s corporate value if a Large-Scale Purchaser appears, it is necessary to carefully examine the impact a Large-Scale Purchase would have on the JFR Group’s corporate value after ascertaining certain information about the Large-Scale Purchaser. Such information would include the nature of the Large-Scale Purchaser, the purpose of the Large-Scale Purchase, the Large-Scale Purchaser’s proposed financial and business policies and their policy for handling shareholders, the JFR Group’s customers, business partners, employees, the communities that surround the JFR Group and other stakeholders.

Accordingly, if this occurs, the Company will establish an independent committee composed of outside officers and experts with viewpoints that are independent from the Company’s Management Team and Internal Directors. If the Company judges that the said Large-Scale Purchaser is inappropriate in light of the aforementioned basic policy after considering advice and opinions from the committee, the Company will act to secure the JFR Group’s corporate value and, by extension, the common interests of shareholders by taking necessary and appropriate measures.

[4] Judgment of the Company's Board of Directors regarding concrete framework and reasons for such judgment

Various measures formulated by the JFR Group are formulated based on the JFR Group's basic philosophy, and are intended to further build up the relationships of trust with customers and with society, which are the sources of the JFR Group's corporate value. Therefore, the Company believes that these measures are in line with the contents of the basic policy and contribute to securing and enhancing the corporate value of the JFR Group and, by extension, the common interests of shareholders.

Furthermore, if the Company takes necessary and appropriate measures against a Large-Scale Purchaser judged to be inappropriate in light of the basic policy, the fairness, neutrality and rationality of this judgment will be ensured by making it in consideration of advice and opinions from an independent committee whose independence from the Internal Directors of the Company is assured. Accordingly, the Company believes that these measures would not damage the corporate value of the JFR Group or the common interests of shareholders, and that they are not intended to maintain the positions of the officers of the Company.

2. Other Matters Concerning to Corporate Governance System

Overview of Timely Disclosure Structure

[1] Identification and Management of Company Information

(1) System to grasp information concerning management's decision-making and business execution

Under the structure that clarifies the roles and responsibilities of each supervisory unit, the Company has a system in place that allows Executive Officers to grasp information on the respective supervisory unit and Group company that they are in charge of. Proposals on matters to be addressed at the meeting of the Board of Directors (held at least once a month) in which the final decisions on important matters relating to management are made are submitted by each supervisory unit and Group company, and these proposals are, as a general rule, presented in advance at the Group Management Meeting. Furthermore, we operate the Group Policy Meeting, each segment's Medium-term Business Plan Progress Meeting, the Affiliated Business Results and Strategy Examination Meeting and other meeting bodies to grasp and share information on the Company and Group companies.

(2) System to manage company information

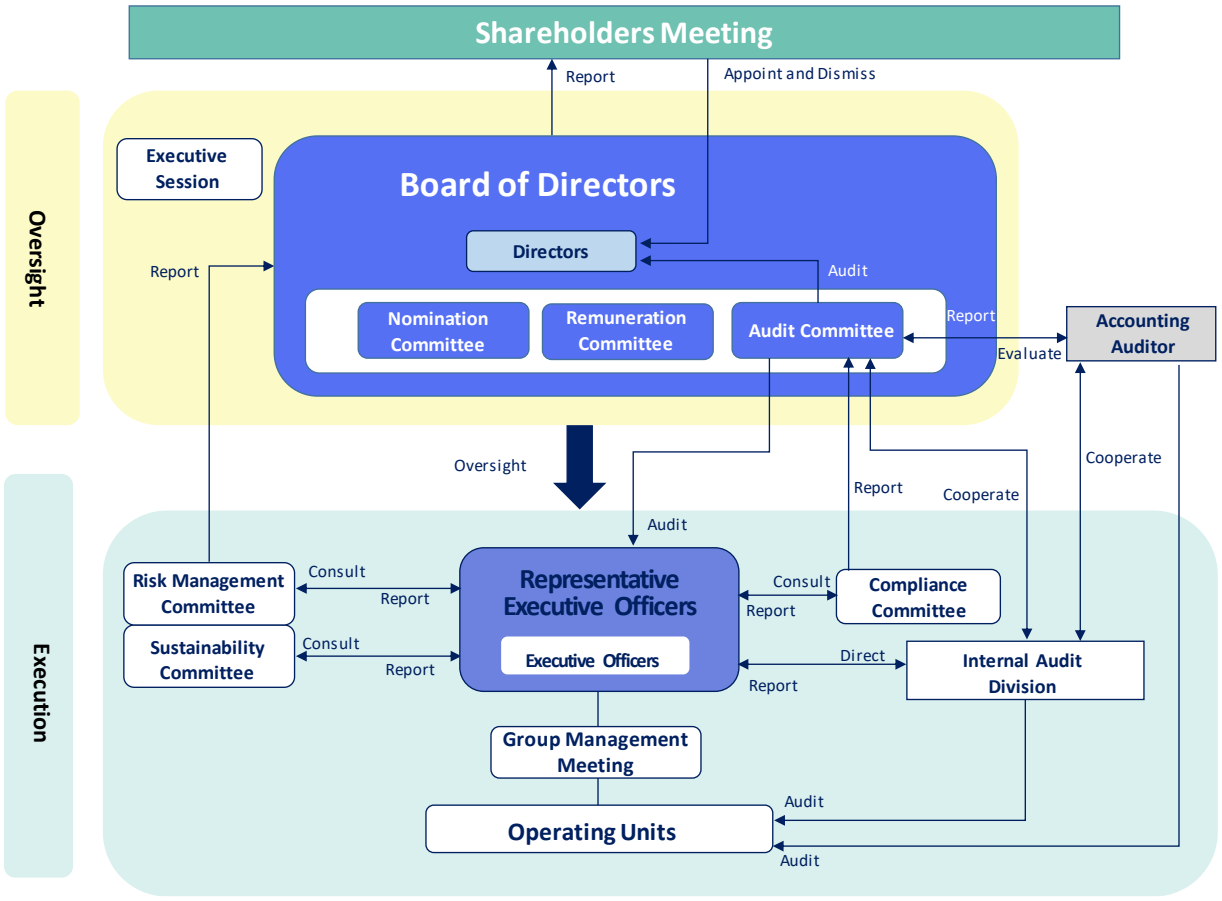
With respect to company information, particularly significant event having an effect on investment decisions of investors, and information that is subject to timely disclosure requirements as stipulated by financial instruments exchanges, we develop structures for appropriately managing it by stipulating the Rules for Preventing Insider Trading that includes procedures for handling and managing such information, and responsible managers.

Moreover, in order to prevent the leakage of financial information and ensure fairness, the Company refrains from answering any questions concerning financial results during the quiet period from the day following the closing date of each quarter until the release of financial results. However, the Company will disclose information in a timely and appropriate manner if a significant amendment to business performance is necessary, even during the quiet period.

[2] System for Timely Disclosure of Company Information

The Company submits the matters regarding important company information for discussion to the Group Management Meeting regardless of whether or not such information is to be disclosed. Matters involving such company information are presented for discussion at a meeting of the Board of Directors depending on the level of importance thereof, and disclosed in a timely and appropriate manner upon determining its disclosure at each stage. In addition, the "Information Disclosure Review Committee" works to ensure appropriateness of disclosures, and at the same time the committee examines the necessity of disclosures in advance. Meanwhile, upon any emergence of urgent company information that would not accord with the aforementioned procedures, that information is to be promptly disclosed after passing through the requisite organizational decision.

JFR Corporate Governance Structure Chart



Corporate Governance Guidelines

Foreword

J. FRONT RETAILING Co., Ltd. (the "Company") has established these Guidelines with the aims of ensuring sustainable growth of the overall corporate group which consists of the Company and its subsidiaries (the "JFR Group"), increasing corporate value over the medium to long term, and bringing about the best possible corporate governance practices with respect to the JFR Group.

These Guidelines, as concerning corporate governance of the JFR Group, are positioned as high-order regulations along with the Sustainability Policy, second only to the Companies Act of Japan, other applicable laws and regulations, and the Articles of Incorporation. Accordingly, the applicability of these Guidelines takes precedence over other regulations of the JFR Group.

These Guidelines set out the role of corporate governance of the JFR Group as of the date of their release, and the Company will maintain efforts to revise these Guidelines on a continual basis, with the aim of bringing about the best possible corporate governance practices.

Moreover, the Company will disclose these Guidelines to society at large, and continue to engage in sincere and constructive dialogue with all JFR Group stakeholders.

Chapter 1. General Provisions

1. Introduction

In this era of accelerating changes, the transformations emerging in the Company's business environment are such that we can no longer deal with them simply by drawing on our track record of successes over the last 50 years and our existing business model; we are now finding it more difficult to generate growth by remaining on the path our current business model prescribes. Accordingly, the Company views its present situation as a turning point for drastically altering the course being taken by Group management, and has drawn up its Group Vision, "Create and Bring to Life 'New Happiness'," aiming to become a corporate group which helps people lead emotionally fulfilling lives.

As a company with three committees (nomination, audit and remuneration committees), we will enhance the management oversight function and carry out speedy management decision-making based on a high degree of transparency and objectivity as well as maintain and operate a group business management structure and internal control system to achieve sustainable improvement of the corporate value while being actively accountable to stakeholders.

In addition, we are moving faster to address risks that arise from our rapidly changing environment, and are practicing sustainability management that incorporates the concept of sustainability into our strategies in order to achieve sustainable growth as a company.

Corporate governance plays a key role in supporting and promoting such sustainability management; as a company listed on the Prime Market, we are therefore striving to further strengthen our corporate governance.

2. Group Philosophy and Policy, etc.

(1) Corporate Credo

"Service before profit" and "Abjure all evil and practice all good"

(2) Basic Philosophy

We aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations.

We aim at developing the Group by making a broad contribution to society as a fair and trusted business entity.

(3) Group Vision

"Create and Bring to Life 'New Happiness'"

(4)

1) Sustainability Policy

"With people, with local communities, with environment to realize a sustainable society and new happiness in life"

2) Corporate Governance Guidelines

With an aim to ensure sustainable growth of the JFR Group and increase corporate value over the medium to long term (realize the ideals of the Group Philosophy), the Company will work to ensure managerial transparency, soundness, and compliance of the entire Group.

(5) JFR Way (The ideas that motivate us)

"Create the future"

We will create things that society and consumers have never before perceived as well as create new amazing and delightful things.

"Act on courage not fear"

We will take action without fear of failure, and we will all learn from the challenges we have faced.

"Embrace new ideas"

We will not succumb to an inward-looking approach, but instead will take a broader view developed by coming into contact with people, objects and events in the outside world.

"Think for yourself when taking action"

We will think for ourselves when taking action without waiting to be told, and will enthusiastically accomplish our goals.

"Act sensibly and honestly"

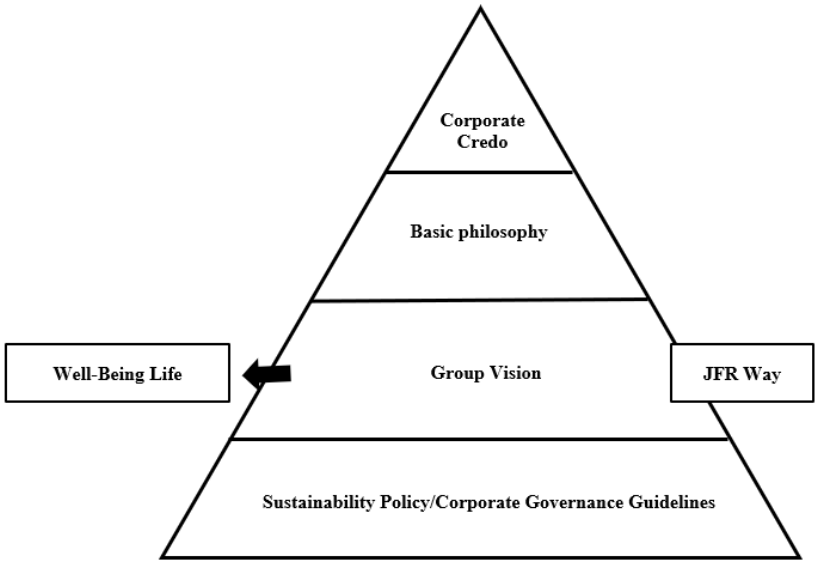
We will take action as members of society in a manner commensurate with a sense of social decency, while unwaveringly conducting ourselves with sincerity and honesty at all times.

(6) Commitments to Stakeholders

(Customers)	We are committed to contributing to the creation of a society where people can feel connected to each other and society by delivering inspiration to customers and proposing a fulfilling lifestyle.
(Shareholders/Investors)	We are committed to increasing corporate value over the long term by practicing highly profitable and highly efficient management.
(Business partners)	We are committed to aiming to grow together by building partnerships based on mutual trust and co-creating new value.
(Employees)	We are committed to ensuring rewarding workplace by creating an environment in which each individual can demonstrate their own abilities and individuality and feel a sense of growth.
(Communities)	We are committed to contributing to the sustainable development of local communities by promoting business activities that enhance the liveliness of communities and the attractiveness of the region.
(Global environment)	We are committed to passing on a better global environment to future generations through environmentally-friendly business activities.

・Philosophy system diagram

We will implement the Group management strategies based on the following philosophy diagram as the foundation of our corporate activity policy.



By realizing the JFR Group's vision: Create and Bring to Life "New Happiness," we will help our stakeholders realize "Well-Being Life (both mentally and physically fulfilling life)."

3. Basic Ideas on Corporate Governance

(1) Role of Corporate Governance

The Company believes that ensuring sustainable growth of the JFR Group and increasing corporate value over the medium to long term is paramount to realizing the ideals of the Group Philosophy. Accordingly, the role of corporate governance in the JFR Group must be to help enable us to realize the ideals of the Group Philosophy.

The Company assumes responsibility as a holding company for ensuring managerial transparency, soundness and compliance centered on corporate governance of the JFR Group, with the aim of realizing the ideals of the Group Philosophy.

(2) Relationship with Stakeholders

The Company strives to build trusting relations with all stakeholders through its business activities.

Our shareholders are the providers of the Company's capital and act as the main source of the JFR Group's corporate governance. Accordingly, the Company respects shareholder rights to the maximum extent (including those of minority shareholders and foreign shareholders), and substantively ensures their rights.

The Company treats its shareholders equitably and impartially, in accordance with types and numbers of shares held by shareholders. Moreover, neither the Company nor the JFR Group provides property benefits to any person, such that relate to the exercise of the rights of specific shareholders. Furthermore, the Company will actively fulfill its responsibilities to the environment and society to realize a sustainable society with respect to customers, business partners, employees, and community members.

(3) Information Disclosure

We believe that promoting constructive dialogue with our shareholders and investors helps the JFR Group achieve sustainable growth while increasing corporate value over the medium to long term. The Company is committed to timely and appropriate disclosure of information premised on constructive dialogue, and through such initiatives maintains and develops trusting relations with its stakeholders.

The Company discloses important information of the JFR Group in a timely and appropriate manner, in accordance with Japan's Financial Instruments and Exchange Act and other such laws and regulations, as well as in accordance with rules for timely disclosure stipulated by financial instruments exchanges on which the Company's shares are listed. Even in cases where such laws, regulations and the timely disclosure rules do not apply, the Company recognizes information deemed useful to shareholders, investors and other stakeholders as important with respect to its corporate activities as called for by society. As such, the Company proactively discloses such information in an impartial and swift manner using appropriate means, and with the added aim of facilitating more extensive understanding regarding the JFR Group.

(4) Roles and Responsibilities of the Board of Directors

Directors, who are appointed by the shareholders and are entrusted with management of the Company, are to carry out the roles and responsibilities in the Board of Directors as listed below. They are to do so in accordance with of their fiduciary responsibility and accountability to shareholders, and with the aim of realizing the ideals of the Group Vision. Accordingly, these roles and responsibilities include:

(i) Indicating the overall direction that Group management is to take, by engaging in constructive discussions with respect to the Group Vision, Sustainability Policy, Group Medium-term Business Plan, Group Annual Management Policy and other fundamental management policies, and carrying out multifaceted and objective deliberations that include evaluation of risks with respect to the aforementioned;

(ii) Appropriately making decisions in terms of overall policy and plans pertaining to Group management on the basis of the direction noted above and overseeing progress and results of the plans;

(iii) Developing an environment conducive to encouraging offense-oriented management geared to achieving discontinuous growth;

(iv) Taking steps to build and develop internal control systems of the JFR Group overall, and otherwise overseeing the operational status of such systems;

(v) Overseeing conflicts of interest between related parties; and

(vi) Overseeing progress of succession planning relating to the President and Representative Executive Officer, personnel assignment plans pertaining to managerial talent and Executive Officer training, on the basis of summary reports furnished by the Nomination Committee in response to requests.

The Company has recently adopted the company with three committees (nomination, audit, and remuneration committees). Rationale used in adopting this structure is as described below.

(i) The Company will strengthen the oversight function for business execution of the Board of Directors by separating oversight from execution. In addition, the Company aims to promote sophistication of strategy by having the Board of Directors actively include the insights of external persons in order to hold rigorous discourse on important strategic issues relating to the Group management.

(ii) The Company will enable decisions of business execution to be delegated to Executive Officers, clarify the authority and responsibility, and carry out speedy management decision-making.

(iii) The Company will improve the transparency and objectivity of management by adopting the structure of a company with three committees (nomination, audit and remuneration committees). The majority of the members of each of these committees are independent Outside Directors.

(iv) The Company will build a governance structure that is easy to understand from global perspectives, such as those of overseas investors.

Chapter 2. Relationship with Stakeholders

1. Shareholders Meetings

(1) Positioning of Shareholders Meetings

The Company regards the Shareholders Meeting as its highest decision-making body, and at the same time views the Shareholders Meeting as an important opportunity to engage in constructive dialogue with its shareholders.

(2) Developing an Environment Appropriate for Exercising Voting Rights and Other Rights of Shareholders, etc.

The Company endeavors to develop an environment at its Shareholders Meetings, which is its highest decision-making body and enables its shareholders to appropriately exercise their voting rights and other rights of shareholders, as described below.

(i) We give consideration to ensuring time for audits in the course of setting dates on which Shareholders Meetings are to be held and schedules otherwise in relation to Shareholders Meetings.

(ii) We ensure that there is adequate time for our shareholders to consider matters with respect to which they will exercise their voting rights. To that end, we post materials for the Shareholders Meeting to the Company's website and submit them to financial instruments exchanges' websites as early as practicably possible before the start date of measures for electronic provision prescribed by the Companies Act (three weeks prior to the date on which a Shareholders Meeting is to be held or the date of sending the convocation notices, whichever is earlier).

(iii) We upgrade the content of our information materials for the Shareholders Meeting (containing sections that include the business report, financial statements, and reference materials for Shareholders Meeting) in a manner that provides our shareholders with a deeper understanding of the JFR Group and enables them to make appropriate decisions when exercising their voting rights. We also prepare English translations of our information materials for the Shareholders Meeting and make them available so that our overseas investors are able to properly exercise their voting rights.

(iv) We give consideration to ensuring that our shareholders are able to conveniently exercise their voting rights, including domestic and overseas institutional investors. To that end, we have adopted online and other means of exercising voting rights and otherwise use an electronic platform for exercising voting rights.

(v) We act appropriately with respect to substantively ensuring that shareholders are able to exercise their rights to make proposals and other minority shareholder rights. Moreover, our Articles of Incorporation stipulate that a shareholder may exercise his or her voting rights by proxy upon completing the necessary procedures when a beneficial shareholder has filed to exercise rights as a shareholder beforehand.

(vi) We strive to ensure that all shareholders, including those who reside in distant locations, have opportunities to participate in or listen to Shareholders Meetings through means such as live streaming of Shareholders Meetings and accepting questions in advance on the Company's website.

(3) Analysis of Voting Results

The Company will analyze causes of opposition in situations where substantial numbers of voting rights have been exercised in opposition to a Shareholders Meeting proposal made by the Company, taking into

consideration factors such as the content of the proposal, resolution requirements, the proposal in comparison with similar proposals made in the past, and the percentage of voting rights exercised. Upon so doing, the Company will then respond by engaging in dialogue with shareholders and otherwise taking action deemed necessary, and will otherwise act on its findings by reviewing content of the subsequent fiscal year Shareholders Meeting proposal.

2. Capital Policy

(1) Basic Capital Policy

The Company believes that any increase in free cash flow and improvement in ROE should help to ensure its sustainable growth and increase corporate value over the medium to long term. To such ends, in consideration of the business environment and measures for addressing risks, the Company promotes a capital policy that takes a balanced approach to undertaking strategic investment, enhancing shareholder returns, and expanding net worth.

Moreover, in procuring funds through interest-bearing debt we aim to achieve an optimal structure of debt to equity in a manner cognizant of our funding efficiency and cost of capital, carried out on the basis of having taken into consideration our capacity for generating free cash flows and our balance of interest-bearing debt.

A business strategy where higher sales are accompanied by profits and a financial strategy (encompassing the capital policy) that heightens profitability of invested capital are essential elements with respect to improving free cash flows and ROE. In addition, we believe it is crucial that we achieve maximization of the operating profit and sustainable improvement of the operating profit margin by strengthening our core businesses and concentrating management resources on initiatives such as business field expansion and active development of new businesses.

In monitoring our key financial indicators used in achieving objectives of the Medium-term Business Plan, we focus primarily on ROE for capital efficiency, consolidated business profit and ROIC for business profitability, free cash flows for profitability and stability, and ratio of equity attributable to owners of parent to total assets (equity ratio) for financial soundness.

(2) Shareholder Return Policy

The Company’s basic policy is to appropriately return profits. Hence, while maintaining and enhancing its sound financial standing, the Company strives to provide stable dividends and purchase its own shares flexibly, taking profit levels, future capital investment, free cash flow trends and other such factors into consideration..

(3) Respecting Rights of Shareholders in Cases Where Implementing Capital Policy Could Potentially Harm Shareholder Interests

The Company will take steps to ensure that interests of its existing shareholders are not unduly harmed should it engage in a management buyout or a large capital increase by means of third-party allotment of shares or should it otherwise implement capital policy that will bring about a change of controlling interests or a substantial dilution of shares. Accordingly, the Company will carefully consider the necessity and rationality of any such initiative at a meeting of the Board of Directors whose attendance shall include its Outside Directors

who maintain a high degree of independence and consequently are not susceptible to conflicts of interest involving the Company's shareholders. Furthermore, the Company will fully explain such matters to the shareholders and will otherwise ensure that all necessary and proper procedures are followed.

(4) Basic Policy Regarding Control of the Company

The Company believes it is necessary for parties controlling the Company's financial and business policy decisions to be parties who sufficiently understand financial and business specifics of the JFR Group and the sources of the JFR Group's corporate value, and who furthermore continuously and sustainably ensure the JFR Group's corporate value while enabling further improvement thereof.

The Company has not specifically stipulated so-called takeover defense measures involving concrete initiatives to be taken should a party attempt to acquire a large volume of the Company's shares and thereby damage the JFR Group's corporate value.

However, the Company will act to prevent damage caused to the JFR Group's corporate value in the event that such a party attempting a large-scale acquisition emerges. Under any such scenario the Company will accordingly establish an independent committee whose membership is composed of its Outside Directors as well as experts who maintain viewpoints that are independent of the Company's President and Representative Executive Officer and Executive Officers (the "Management Team") and Internal Directors. The Company will then consider advice and opinions of the committee as it acts to secure the JFR Group's corporate value by taking necessary and appropriate measures.

3. Cross-shareholdings

(1) Policy on Cross-shareholdings

In principle, the JFR Group will not newly acquire cross-shareholdings (cross-shareholdings are holdings of listed and unlisted shares other than those of subsidiaries and associates which are not held for pure investment purposes). However, this does not apply to cross-shareholdings that have been recognized as being indispensable to the promotion of the Group's business strategy, and contributing to increasing corporate value in the medium to long term through the following validation of rationale.

For cross-shareholdings (listed and unlisted shares) that have been judged as not being rational in the verification result, the Group will negotiate with companies whose shares we hold, and appropriately reduce cross-shareholdings that are already held upon reaching a consensus regarding sale method, period, etc.

(2) Validation of Rationale for Cross-shareholdings

The Company periodically verifies the rationale of cross-shareholdings held by the Group by individual issues every year at the Board of Directors from a qualitative perspective and a quantitative perspective. The qualitative perspective relates to business strategies such as maintaining harmonious and favorable business relationships with companies with which the Company makes up a community, corporate customers and business

partners, and securing supply chains. Quantitative verification pertains to whether profitability of holding shares including related trading profits and the dividend exceeds the capital costs, etc.

(3) Policy on Exercising Voting Rights Regarding Cross-shareholdings

Decisions with respect to voting on matters regarding cross-shareholdings are made from both of the following two perspectives: (1) the Company considers whether cross-shareholdings contribute to improving the sustainable growth and the corporate value over the medium to long term of the company whose shares are held; (2) the Company considers whether the cross-shareholdings contribute to improving the JFR Group's sustainable growth and corporate value over the medium to long term. Specifically, in regard to proposals that we consider to be of high priority with respect to strengthening corporate governance, such as proposals relating to the corporate governance system (selection of company officers), proposals relating to shareholder return (appropriation of surplus), and proposals that have an effect on shareholder value (introduction of takeover defense measures), we establish policies upon which to base judgment of our exercise of voting rights, and acting as the JFR Group as a whole, we take a response that is in line with such policies. We engage in dialogue with companies whose shares we hold if necessary when we exercise voting rights.

(4) Handling of Requests from Holders of Cross-held Shares Regarding the Sale of JFR Shares

In case a company which holds the Company's shares for the purpose of cross-shareholding (holders of cross-held shares) indicates intention to sell the Company's shares, the Company will never conduct activities to hinder the sale of cross-held shares by implying a reduction of business transaction, etc., and appropriately handle the sale, etc.

4. Adoption of the International Financial Reporting Standards (IFRS)

The Group has adopted the International Financial Reporting Standards voluntarily in the interest of implementing effective management based on appropriate asset evaluation, and business management that gives emphasis to the profit of the current period, as well as improving accountability to and convenience for domestic and overseas investors, particularly in terms of the international comparability of financial information.

5. Related Party Transactions

When engaging in transactions with Directors and Executive Officers, the Company gains approval beforehand and reports afterwards pursuant to the provisions of Japan's Companies Act and the Rules of the Board of Directors. Moreover, we regularly verify whether or not there have been transactions between our officers and the JFR Group.

6. Efforts for Sustainability

To handle issues surrounding sustainability starting with social and environmental problems, the Company has set out its fundamental approach to sustainability, focused on its corporate credo, basic philosophy, and Group Vision,

in the form of the Sustainability Policy, and has identified important issues (areas of materiality) to prioritize for action.

For each area of materiality, the Company clearly identifies both the opportunities and the threats associated with risk, assertively and actively confronting these important issues through its business activities. In this way, it is aiming to realize both social and economic value based on trusting relationships with all its stakeholders including customers, shareholders, business partners, employees and community members.

In addition, the Company has established the Sustainability Committee, chaired by the President and Representative Executive Officer, which formulates action plans and monitors their progress to advance sustainability management within the JFR Group. The committee also reports details of its deliberations to the Board of Directors.

Chapter 3. Information Disclosure

1. Constructive Dialogue with Shareholders and Investors

(1) IR Policy

Under the basic philosophy that "we aim at developing the Group by making a broad contribution to society as a fair and trusted business entity," the Company promotes IR activities for the purpose of maintaining and developing relations of trust with stakeholders including shareholders and investors. By accurately and plainly disclosing important information (financial and non-financial information) about the Company in a fair, timely and appropriate manner, we aim to improve management transparency and help stakeholders better understand the Company.

(2) Promoting Constructive Dialogue

If a shareholder or investor makes a request to engage in constructive dialogue with the Company, either the President or another Director (including Outside Directors), Executive Officers, or a division in charge of IR will properly respond, upon taking into consideration the intent and aims of the request.

(3) Sharing Information Laterally Across Departments That Support Constructive Dialogue

The Company develops structures for supporting constructive dialogue. Initiatives in that regard include engaging in organic collaboration among respective departments and sharing information among respective supervisory units of the Company and respective JFR Group companies, in the Group Management Meeting and other such forums.

(4) Improving Communications

The Company endeavors to improve communications by achieving timely disclosure and disseminating information via its website, while also pursuing initiatives that include holding financial results briefings, one-on-one meetings, briefing sessions for individual investors, meetings for overseas institutional investors and other such forums, and replying to daily inquiries made by shareholders and investors. Moreover, we conduct what is referred to as shareholder identification surveys to identify the Company's shareholder ownership structure, thereby putting that information to use toward improving communications with our beneficial shareholders. The

comments and requests received from shareholders and investors are shared widely among those in the Company and related JFR Group companies, and we draw on such feedback in the course of managing the Company with the aim of increasing our corporate value.

The Company has established the division in charge of IR to build stable relationships of trust with its shareholders and investors. The Company aims to enhance its constructive dialog using more highly accurate information based on financial data related to not only business performance in the short term but also the future outcomes expected as a result of carrying out the business strategies.

2. Appropriate Disclosure of Company Information

(1) Formulating and Disclosing the Group Vision and Group Medium-term Business Plan

The Company draws up business model, medium- to long-term strategy story that the JFR Group pursues, as well as the Group Vision, Sustainability Policy, Group Medium-term Business Plan and Group Annual Management Policy, with the aim of realizing the Group philosophy. We release those documents in order to share such details with our shareholders, investors and other stakeholders.

(2) Methods of Information Disclosure

The Company releases information in a timely and appropriate manner by making use of the TDnet and EDINET platforms, the Company's website and other means in line with the attributes of the information being disclosed. Moreover, to ensure that we disclose information in an impartial manner, we prepare and release English translations of our convocation notices for Shareholders Meetings, annual securities reports, integrated reports, timely disclosure information, financial information, sustainability reports and the Company website.

(3) Structures for Information Disclosure

The Company submits the matters regarding important company information for discussion to the Group Management Meeting regardless of whether or not such information is to be disclosed. Matters involving such company information are presented for discussion at a meeting of the Board of Directors depending on the level of importance thereof, and disclosed in a timely and appropriate manner upon determining its disclosure at each stage. In addition, the "Information Disclosure Review Committee" works to ensure appropriateness of disclosures, and at the same time the committee examines the necessity of disclosures in advance. Meanwhile, upon any emergence of urgent company information that would not accord with the aforementioned procedures, that information is to be promptly disclosed after passing through the requisite organizational decision.

(4) Appropriately Managing Insider Information

With respect to company information, particularly significant event having an effect on investment decisions of investors, and information that is subject to timely disclosure requirements as stipulated by financial instruments exchanges, the Company develops structures for appropriately managing it by stipulating the Rules for Preventing Insider Trading that includes procedures for handling and managing such information, and responsible managers.

Moreover, in order to prevent the leakage of financial information and ensure fairness, the Company refrains from answering any questions concerning financial results during the quiet period from the day following the closing date of each quarter until the release of financial results. However, the Company will disclose information in a timely and appropriate manner if a significant amendment to business performance is necessary, even during the quiet period.

Chapter 4. Roles and Responsibilities of the Board of Directors, etc.

1. Approach to Allocating Authority

(1) Allocating Authority With Respect to Shareholders Meetings and the Board of Directors

The Shareholders Meetings are held for the purpose of deliberating on and resolving matters that include the election and dismissal of Directors, amendments to the Articles of Incorporation, and other matters as prescribed in the Companies Act of Japan and/or the Articles of Incorporation.

Of the matters that may be delegated to the Board of Directors under the Companies Act of Japan, the Board of Directors is to undertake the task of making decisions with respect to paying out dividends of surplus, making purchases of the Company's own shares and other matters where there is a need to ensure agile and professional business judgment.

Matters delegated to the Board of Directors are reviewed to determine if such matters may be appropriately delegated in order to ensure optimal corporate governance.

(2) Allocating Authority With Respect to the Board of Directors and the Management Team

The Board of Directors deliberates on and resolves matters defined in the Companies Act of Japan and/or the Articles of Incorporation, as well as the Group Vision, Sustainability Policy, Group Medium-term Business Plan, Group Annual Management Policy, matters relating to new business development and M&As. Moreover, the Rules of the Board of Directors stipulate that the Board of Directors is to determine matters to be resolved before such meetings are held.

In order to speed up the decision-making and execution process, the task of determining matters of business execution other than the above is delegated to the Management Team, with the exception of matters which have a material impact on Group management.

(3) Allocating Authority With Respect to the Holding Company and Business Subsidiaries

The Company is a holding company and, with the exception of authority for matters which have an impact on business of the JFR Group, it accordingly delegates authority to its respective business subsidiaries with respect to matters involving business execution by the business subsidiaries, in order to speed up business decisions and to make managerial responsibilities clear.

The roles and responsibilities of the Company, as a holding company, are as described below. Accordingly, the Company:

(i) Plans, formulates and penetrates the Group Vision, Group Medium-term Business Plan and Group Annual Management Policy, and tracks the progress and results thereof;
(ii) Sets business domains of the Group;
(iii) Business portfolio management (Optimally allocates the JFR Group's management resources);
(iv) Generates synergies between businesses;
(v) Establishes Group-wide risk management system;
(vi) Organization design and operation of the entire Group;
(vii) Human resource management of the entire Group;
(viii) Management of shareholders;
(ix) Establishes corporate governance practices for the entire JFR Group;
(x) Makes decisions on important matters of business execution relating to management of the JFR Group; and
(xi) Provides advice and approval for management policy and management strategy of respective operating subsidiaries, and oversees and evaluates progress thereof.

2. Board of Directors

(1) Composition of the Board of Directors

The Board of Directors of the Company is to be composed of an appropriate number of Directors, but no more than eleven (11), as stipulated in the Articles of Incorporation (one-year terms of office). From the standpoint of separating supervision and execution and ensuring the effectiveness of the Board of Directors' discussions, the composition is such that a majority of the total are independent Outside Directors who are not susceptible to conflicts of interest involving the Company's shareholders.

In addition, we take steps to ensure diversity upon giving consideration to bringing about a balance of knowledge, experience and abilities required of the Board of Directors as a whole, and disclose a combination of skills, etc. possessed by Directors (skill matrix).

(2) System to Ensure the Effectiveness of the Oversight Function of the Board of Directors

The Company ensures the effectiveness of the oversight function of the Board of Directors by adopting the structure of a company with three committees (nomination, audit and remuneration committees) where the majority of the members of each of these committees are independent Outside Directors, having a system where the majority of members of the Board of Directors are independent Outside Directors, and selecting independent Outside Directors as the chairperson for each committee in addition to carrying out executive sessions with only independent Outside Directors.

With regard to the status of the oversight function, the Company periodically identifies issues through evaluations of the effectiveness of the Board of Directors, and is responding appropriately.

(3) Roles of the Three Committees (Nomination, Audit and Remuneration Committees)

(i) Nomination Committee

The Nomination Committee determines the contents of proposals on the nomination and dismissal of Directors submitted to shareholders' meetings and reports to the Board of Directors upon consultations from the Board of Directors regarding the nomination and dismissal of Executive Officers as well as the chairpersons and members of individual statutory committees, and other matters.

(ii) Audit Committee

The Audit Committee shall effectively oversee whether the performance of duties by Executive Officers and Directors conforms with the laws and regulations and the Articles of Incorporation and are efficiently performed according to the Company's basic philosophy and Group Vision to provide any necessary indications and recommendations, etc.

(iii) Remuneration Committee

The Remuneration Committee determines the policy on deciding the contents of individual remuneration for Directors and Executive Officers of the Company and officers of the Group's major subsidiaries (Directors, Executive Officers and Audit & Supervisory Board Members), and determines the contents themselves of individual remuneration for Directors and Executive Officers of the Company.

(4) Board of Directors and Each Committee (Nomination, Audit and Remuneration Committees) Support Structure

The Company has established secretariat for the Board of Directors and each committee to enable sufficient discussion through effective operation of meetings among the chairperson of the Board of Directors and the chairperson of each committee. Each secretariat promotes greater effectiveness of meetings of the Board of Directors and the respective committees with following support:

(i) Providing support for making decisions on plans of holding meetings of the Board of Directors and each committee;

(ii) Providing support for making decisions on agenda items of the respective meeting structures and plans for annual deliberations;

(iii) Arranging to provide briefings beforehand to the Outside Directors, and coordinating other information;

(iv) Providing in-house feedback with respect to questions, opinions and other communications from the Outside Directors provided during prior briefings and other forums, and managing progress of tasks;

(v) Making adjustments to materials for deliberations; and

(vi) Preparing meeting minutes.

(5) Evaluating the Effectiveness of the Board of Directors

The Company understands that ensuring the effectiveness of the Board of Directors is of vital importance with respect to the JFR Group achieving sustainable growth and increasing corporate value over the medium to long term. Accordingly, we assess whether or not the Board of Directors is sufficiently effective through evaluations as described below.

(i) Items evaluated

Items evaluated include Board of Directors' composition and its operational status, agenda items, details of deliberations; the level of materials for deliberations and explanations of proposals; support structures for Outside Director; and effectiveness of activities of the three committees.

(ii) Evaluation methodology

Evaluation involves self-assessment carried out by all Directors and assessment carried out by a third-party organization.

(iii) Evaluation frequency

Evaluations are carried out periodically every year.

(iv) Evaluation results

Summaries of the evaluation results of the effectiveness of the Board of Directors are disclosed in the Corporate Governance Report.

3. Directors and Executive Officers

The Company believes that parties who assume management of the JFR Group should be equipped with the qualities described below, in accordance with the basic philosophy and Group Vision.

[Desirable qualities required of JFR Group managerial talent]

(i) Strategic mindset

The persons need to forge strategies from a medium- to long-term perspective and contemplate their own forward-looking and innovative solutions geared toward achieving goals through a process that involves proactively analyzing changes in markets and customers and taking a multifaceted approach in using such findings to gain insights into the essential challenges at hand.

(ii) Reform-oriented leadership

The persons need to pursue new initiatives underpinned by a desire to take on challenges without becoming caught up with precedent or past experiences. Furthermore, they need to foment a healthy sense of urgency within the organization without any fear of risk while promoting a transformative course of action.

(iii) Tenacity for achieving results

The persons need to have a sense of mission and a desire to take on challenges with respect to achieving lofty goals, thereby holding course until goals are achieved and persevering until efforts lead to results.

(iv) Organization development strengths

The persons need to generate results through efforts that involve making the utmost of the organization's inherent energy and initiative by instilling their team members with a sense of vision and strategy for achieving the organization's objectives and spurring the organization's various elements (including its business operations, mechanisms, corporate culture and human resources).

(v) Human resource development strengths

The persons need to maximize the growth potential of their team members by taking a series of approaches that involve assigning challenges to team members, retrospectively evaluating their results and drafting

training plans, all on the basis of a career development mindset premised on the notion that "individuals achieve growth through the work that they pursue."

[Discernible capabilities required of JFR's President and Representative Executive Officer]

1. Capacity to conceive a business vision
   - The ability to break free of preconceived ideas, look ahead, and present a vision for creation of new value in future
   - The ability to present logical, convincing strategies for the organization that will give it a competitive edge
2. Capacity to communicate a vision
   - The ability to instill a vision throughout the organization and influence the organization's members
   - The ability to form an organization comprising a diverse range of members and take the lead in driving that organization
   - The ability to unite different cultures within one organization and enable mutual enhancement among cultures through adoption of each other's merits
3. Persistence and capacity to achieve results
   - The ability to use every means to execute plans tenaciously and ensure that results are always achieved
4. Moral character and charisma
   - A selfless ethos that enables consideration of all stakeholders' interests and embodiment of the corporate credo
   - Unimpeachable personal integrity

Based on the above, our policy for nominating and appointing Directors and Executive Officers is as follows.

(i) Outside Directors

We appoint individuals who are expected to furnish advice and perform the oversight function on the Board of Directors by drawing on points of view and perspectives that vary from those of our Internal Directors. Accordingly, such individuals must be able to fulfill the duty of care of a prudent manager and the duty of loyalty required by the Companies Act of Japan; they must offer a sense of pragmatism along with a high-level overview and sweeping perspective of business based on abundant experience as corporate managers; and they must have careers outside the retail industry or have a global managerial background or extensive expertise in finance, accounting, legal affairs etc.

For the position of Outside Director, we nominate those who meet our "5. Criteria for Determining Independence of Outside Directors," in this Chapter, to thereby avoid the prospect of any conflicts of interest arising with the Company's shareholders.

(ii) Internal Directors who do not execute business

We appoint individuals who are well informed about internal information based on their extensive experience in the respective business of the JFR Group, and who are expected to ensure the effectiveness

of objective management oversight. Accordingly, such individuals must be able to fulfill the duty of care of a prudent manager and the duty of loyalty required by the Companies Act of Japan.

(iii) Executive Officers

We appoint individuals who are expected to steadily and swiftly carry out business execution on the basis of corporate management policy as determined by the Board of Directors. Accordingly, such individuals must be able to fulfill the duty of care of a prudent manager and the duty of loyalty required by the Companies Act of Japan; they must have extensive experience in the respective businesses of the JFR Group; and they must have a profound understanding of the JFR Group's operating environment (including its challenges).

The Company has stipulated appointment of a number of Executive Officers with specific titles in addition to the Representative Executive Officers. These individuals are to provide control, direction and guidance of business executed by the Executive Officers, acting as persons responsible for making final decisions pertaining to business execution.

4. Human Resources and Remuneration and Other Matters Involving Directors and Executive Officers

(1) Procedures for Nominating and Appointing Directors and Executive Officers, and Disclosure in That Regard

Matters involving human resources with respect to Directors and Executive Officers of the Company are carried out on the basis of the aforementioned policy for nominations and appointments, and such decisions are made in accordance with results of managerial talent evaluations performed by a third-party organization. Moreover, to ensure transparency and objectivity in the decision-making process, the Nomination Committee is tasked with deliberating on such matters and making decisions in that regard and then reporting such details in response to the request of the Board of Directors. In our convocation notices for Shareholders Meetings (in the Reference Materials for Shareholders Meeting section), we disclose our rationale for appointing candidates for the position of Director and the status of officers from other listed companies who are concurrently serving in those positions.

(2) Policy on Determining Remuneration for Directors and Executive Officers

To realize and promote sustainability management, and to carry out the Medium-term Business Plan steadily, the Company formulated the "Officer Remuneration Policy," which includes stock-based remuneration system, with the aim of each Director and Executive Officer fully performing their duties.

The basic policies on the officer remuneration are as follows.

(i) Contribute to the sustainable growth of the Group and medium- to long-term enhancement of corporate value, and stay consistent with its corporate culture.

(ii) Establish a remuneration system that facilitates the achievement of duties (mission) based on management strategies of professional corporate managers.

(iii) Remuneration levels that can secure and retain personnel who have the desirable managerial talent qualities required by the Company.

(iv) Increase shared awareness of profits with shareholders and awareness of shareholder-focused management.

(v) Enhanced transparency and objectivity in the remuneration determining process.

(3) Procedures for Determining Remuneration for Directors and Executive Officers

To ensure that remuneration levels and remuneration amounts are appropriate and that their determination process is transparent, the specific remuneration amounts to be paid are determined by the Company by discussion and resolution of the Remuneration Committee.

Revisions of the officer remuneration system will be undertaken based on Medium-Term Business Plan periods. The Company will revise the levels of basic remuneration, bonuses, etc. based on the determination of the Remuneration Committee during the Medium-term Business Plan if it is necessary to make significant revisions due to extreme changes, etc. in the external environment.

(4) Training of Directors and Executive Officers

The Company continuously provides opportunities to Directors and Executive Officers to acquire and update knowledge they need to fulfill their roles and responsibilities with respect to oversight, auditing, business execution and other tasks.

We arrange briefings for Directors who do not execute business and Outside Directors, when they are appointed as well as on a continuous and regular basis, providing details on the basic philosophy, Group Vision, Group Medium-term Business Plan and Group Annual Management Policy, and also featuring content that includes details of JFR Group operations, its performance, financial standing and operational status.

We provide Executive Officers with useful information regarding corporate governance, risk management and Group management, mainly when they are appointed. Furthermore, we establish and implement training plans tailored to individuals, taking into account results of managerial talent evaluations performed by a third-party organization.

We also enhance the business execution capabilities of the Management Team and implement scheduled initiatives to develop the next generation. This involves providing individual executive coaching for our Management Team to develop leadership, holding training sessions geared to candidates for management personnel including Executive Officers, and implementing training that entails enhancing ingenuity with respect to carrying out the medium-term plan.

(5) Management Team Succession Planning

The Company regards the selection of the President and Representative Executive Officer as a critical aspect of strategic decision-making, and accordingly regards the formulation and implementation of plans regarding successors as matters of particular importance in terms of management strategy.

The Company ensures clarity, transparency and objectivity in the process of selecting successor candidates through repeated deliberations conducted by the Nomination Committee. The Board of Directors focuses on

realizing the basic philosophy and the Group Vision, selects the President and Representative Executive Officer, and plays a supervisory role based on proposals received from the Nomination Committee.

In addition, dismissal of the President and Representative Executive Officer is discussed and determined by the Board of Directors after being discussed and resolved by the Nomination Committee based on the goals set, expected and actual results (e.g., annual performance and strategy execution status), and the status of performance of duties, achieved by successor candidates who are selected under the succession plan made by the Nomination Committee.

The Nomination Committee will continue to have discussions on succession planning in a planned manner so that changes in environments and situations surrounding the Company, progress of strategies formulated, etc., can be reflected in such planning. Election and dismissal of Executive Officers are deliberated and decided by the Board of Directors according to proposals submitted following deliberation by the Nomination Committee, as in the case of the President and Representative Executive Officer.

5. Criteria for Determining Independence of Outside Directors

In appointing the Company's Outside Directors, we select individuals who maintain a high degree of independence and consequently are not susceptible to conflicts of interest involving the Company's shareholders. An individual does not meet the criteria for independence if one or more of the items listed below apply to that individual.

(i) Person who executes business in the JFR Group
(ii) Major shareholder of the Company (including person who executes business thereof; the same applies with items (iii) to (vi), below)
(iii) Major business partner of the JFR Group
(iv) Person affiliated with a law office, audit firm, consultancy or other entity that receives payment other than executive compensation of more than a certain amount from the JFR Group
(v) Recipient of donations of more than a certain amount contributed by the JFR Group
(vi) Related party in cases where the party is engaged in an arrangement involving a reciprocal officer appointment with the JFR Group
(vii) Person with respect to whom any of items (i) to (vi) has applied at any point over the last five years
(viii) Spouse or relative within the second degree of consanguinity of a person with respect to whom any of the items (i) to (vii) applies

With respect to the above, "person who executes business" refers to an Executive Director, an Executive Officer, and other employees; "major shareholder" refers to a shareholder who holds voting rights accounting for no less than 10% to the Company's voting rights; "major business partner" refers to a business partner whose transactions with the JFR Group account for 2% or more of the Company's annual consolidated net sales or the business partner's annual net sales for any of the fiscal years over the last five years; "a certain amount" refers to an annual amount of 10 million yen in any of the fiscal years over the last five years.

6. Accounting Auditor

(1) Policy for Decisions of the Audit Committee on Proposals for Election, Dismissal and Non-reappointment of the Accounting Auditor

The Audit Committee draws up criteria in advance for selecting and evaluating the Accounting Auditor, that is composed of matters relating to the auditor's independence, expertise and other aspects of executing the audit, with the aim of ensuring that the Accounting Auditor properly carries out the audit. On the basis of that criteria, the Audit Committee takes into account the opinions of the Management Team, and then makes decisions on proposals for election, dismissal and non-reappointment of the Accounting Auditor that are submitted to the Shareholders Meeting.

The Audit Committee is to take necessary measures that include dismissing the Accounting Auditor upon resolution of the committee, or otherwise making a decision on proposals to dismiss or not reappoint the Accounting Auditor submitted to the Shareholders Meeting, in the event that the Audit Committee deems it appropriate to dismiss or otherwise not reappoint the Accounting Auditor either if there are grounds for dismissal as provided for in Article 340, Paragraph 1 of the Companies Act of Japan, or if a situation arises whereby the audit of the Company has been significantly impeded such as would be the case if the supervisory authorities were to issue an order requiring suspension of auditing activities.

(2) Developing Structures for Supporting Effective Audits Performed by the Accounting Auditor

To provide support for enabling effective audits performed by the Accounting Auditor, the Company develops structures for:

(i) Ensuring that content of audit plans proposed by the Accounting Auditor at the beginning of the fiscal year is respected and allowing sufficient time to perform the audit, in order to enable strict audits;

(ii) Arranging discussions between the Accounting Auditor and President and Representative Executive Officer and relevant Executive Officers on a regular basis (about two times per year) based on management letters prepared by the Accounting Auditor. Moreover, the President and Representative Executive Officer provides the Accounting Auditor with explanations of the management strategy of the Company as appropriate;

(iii) Arranging meetings between the Accounting Auditor and Audit Committee members and Internal Audit Division for the purpose of sharing information and exchanging views on a regular basis (about six times per year) in order to heighten effectiveness with respect to audit accuracy; and

(iv) Enabling the Audit Committee to perform necessary investigations upon receiving a report from the Accounting Auditor detailing instances of material improprieties and illegal acts related to the execution of duties of Directors and Executive Officers; and enabling the Audit Committee to take necessary measures in that regard, that include reporting, furnishing advice and providing recommendations to the Board of Directors.

7. Risk Management System

(1) Risk Management

The Group defines risk as “uncertainties that have both potential positive and negative sides that could have an impact on the achievement of targets by a company.” The Company has positioned risk management as “activity that increases corporate value by managing risks by reasonable and optimal methods from a company-wide perspective” to achieve sustainable corporate growth by addressing the positive side and the negative side of risk properly.

Furthermore, in order to effectively perform risk management, we have established the following three lines.

(i) First line: Operating divisions such as business subsidiaries. These divisions identify risks and take the necessary measures on their own.

(ii) Second line: The holding company’s divisions. Each division provides support, guidance and monitoring regarding risk management from a perspective which is independent of the operating divisions.

(iii) Third line: The Internal Audit Division. This division oversees the validity of the risk management functions and the internal control system from a perspective which is independent of the operating divisions and each division of a holding company.

In addition, the Company has established the Risk Management Committee as an advisory body to the President and Representative Executive Officer. The committee discusses important matters, including risk identification and evaluation, and determination of risks to be reflected in strategies, and utilizes risk management for management decision-making.

The committee also reports details of its deliberations to the Board of Directors in a timely manner.

(2) Internal Control System

The Company has established the Policy on Developing Internal Control Systems with the aim of ensuring that overall operations of the JFR Group are performed legally and appropriately. Accordingly, we take steps to facilitate the JFR Group’s sustainable growth and increase corporate value over the medium to long term through specific initiatives geared toward promoting the policy.

With regard to internal controls over financial reporting, the Company is in compliance with Japan’s Financial Instruments and Exchange Act and various associated laws and regulations. The Company and operating subsidiaries maintain and operate internal company systems to ensure the reliability of the financial reporting.

(3) Overseeing and Disclosing the Operational Status of Internal Control Systems

The Company reports the operational status of internal control systems of the overall JFR Group to the Board of Directors regularly and in a timely manner, and the Board of Directors engages in appropriate oversight in that regard. Moreover, summaries of the operational status are disclosed in our convocation notices for Shareholders Meetings (in the Business Report section).

8. Compliance

The Company has established the Compliance Committee, whose membership includes corporate lawyers, as an advisory body to the President and Representative Executive Officer, for the purpose of addressing issues of JFR Group compliance practices.

The Compliance Committee continuously oversees development of the foundations of compliance system and the status of implementation through enhanced collaboration with departments in charge of compliance of each Group company, promotes compliance with laws and regulations, corporate ethics, and other such standards, and draws up measures for addressing matters in the event of a serious compliance-related violation occurring.

The committee also reports details of its deliberations to the Audit Committee in a timely manner.

9. Whistleblowing System

The Company has established a whistleblowing system that enables all JFR Group officers and employees as well as all individuals working at the JFR Group (including part-timers and employees seconded from business partners) to notify the Compliance Committee directly with respect to compliance-related issues, and to seek corrective action. The Company has set up points of contact for whistleblowers both internally and outside the Company (corporate lawyers).

The JFR Group's internal company rules rigorously provide for the whistleblowing system in terms of protecting the confidentiality of whistleblowers and prohibiting disadvantageous treatment thereof.

10. Efforts for Sustainability

The Company believes it is important, in contributing to sustainable society as a member of society and also in the sustainable growth of the JFR Group and increase of its corporate value over the medium to long term, to address sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters.

In line with this approach, the Board of Directors deliberates and decides on important matters relating to the Company's sustainability, including the Sustainability Policy. In conjunction with this, it oversees the progress and results of related initiatives, advancing sustainability management.

11. Human Capital Initiatives

The Company believes it is human resources only that can open the way to the future in a highly uncertain environment, and has positioned human resources as the most important capital. Inspired by a conviction that the growth of individual human resources leads to the overall growth of an organization or company, the Company will enhance the investment in human resource development, such as the formulation of training plans to support employees' development, and is upgrading its human resource management as a People Development Company by

putting in place a framework to more precisely assign the right person to the right place within the organization in order to enable human resources to develop through their work.

In addition, the Company is working toward its corporate vision by undertaking focused investment in human capital, including the expansion of initiatives to support human resource development, in order to proceed with the reform of its business portfolio.

The Board of Directors oversees the allocation of management resources including human capital through means including the Group Medium-term Business Plan and Group Annual Management Policy.

12.Business Portfolio Initiatives

The Company believes that reviewing its business portfolio is indispensable to ensure the JFR Group's sustainable growth and increase its corporate value over the medium to long term.

When formulating the Group Medium-term Business Plan, the Company clearly articulated its corporate vision aimed at increasing the value provided to customers. In order to achieve this goal, the Company reviews its business portfolio and allocates management resources to individual businesses, having accurately ascertained its own capital costs.

The Board of Directors oversees the review of the business portfolio through means including the Group Medium-term Business Plan and Group Annual Management Policy.

Supplementary Provisions

Resolution of the Board of Directors is required to revise or abolish these Guidelines (with the exception of minor changes, etc.).

End of document

Established on December 25, 2015
Amended on July 25, 2017
Amended on June 28, 2018
Amended on September 1, 2018
Amended on May 23, 2019
Amended on May 28, 2020
Amended on June 1, 2021
Amended on November 30, 2021
Amended on May 26, 2022
Amended on May 25, 2023
Amended on May 23, 2024
Amended on December 25, 2024

J. FRONT RETAILING Co., Ltd.

Cross-shareholdings of the Company

The Group prescribes the policy on cross-shareholdings, and the method of validation of rationale for cross-shareholdings, etc. in the Corporate Governance Guidelines, as follows, and the Board of Directors determines the

suitability of holding. (Please refer to “3. Cross-Shareholdings” in “Chapter 2. Relationship with Stakeholders” of the Guidelines)

1. Cross-shareholdings (listed and unlisted)

The Company and the Group have defined the classification of investment shares held for the purpose of pure investment and investment shares held for any purpose other than pure investment (cross-shareholdings) as follows.

[Investment shares held for the purpose of pure investment]

Shares held exclusively for the purpose of profiting through fluctuations in share prices or from the receipt of dividends

[Investment shares held for any purpose other than pure investment] (hereinafter, “Cross-shareholdings”)

Shares that have been recognized as being indispensable to the promotion of the Group’s business strategy, and contributing to increasing corporate value in the medium to long term

2. Holding policy

(i) In principle, the Group will not newly acquire or hold cross-shareholdings.
However, this does not apply to shares where it has been recognized, through the validation of rationale for cross-shareholdings, that they are necessary for the promotion of the JFR Group’s business strategy, and that the holding of such shares will contribute to the increase of corporate value in the medium to long term.

(ii) Where the results of the annual validation of rationale for cross-shareholdings that are already held judged there to be no rationale for holding, the Group will negotiate with companies whose shares we hold, and appropriately reduce listed shares that are already held upon reaching a consensus regarding sale method, period, etc.

3. Method of validation of rationale

The Company periodically verifies the rationale for cross-shareholdings by individual issue from the following perspectives.

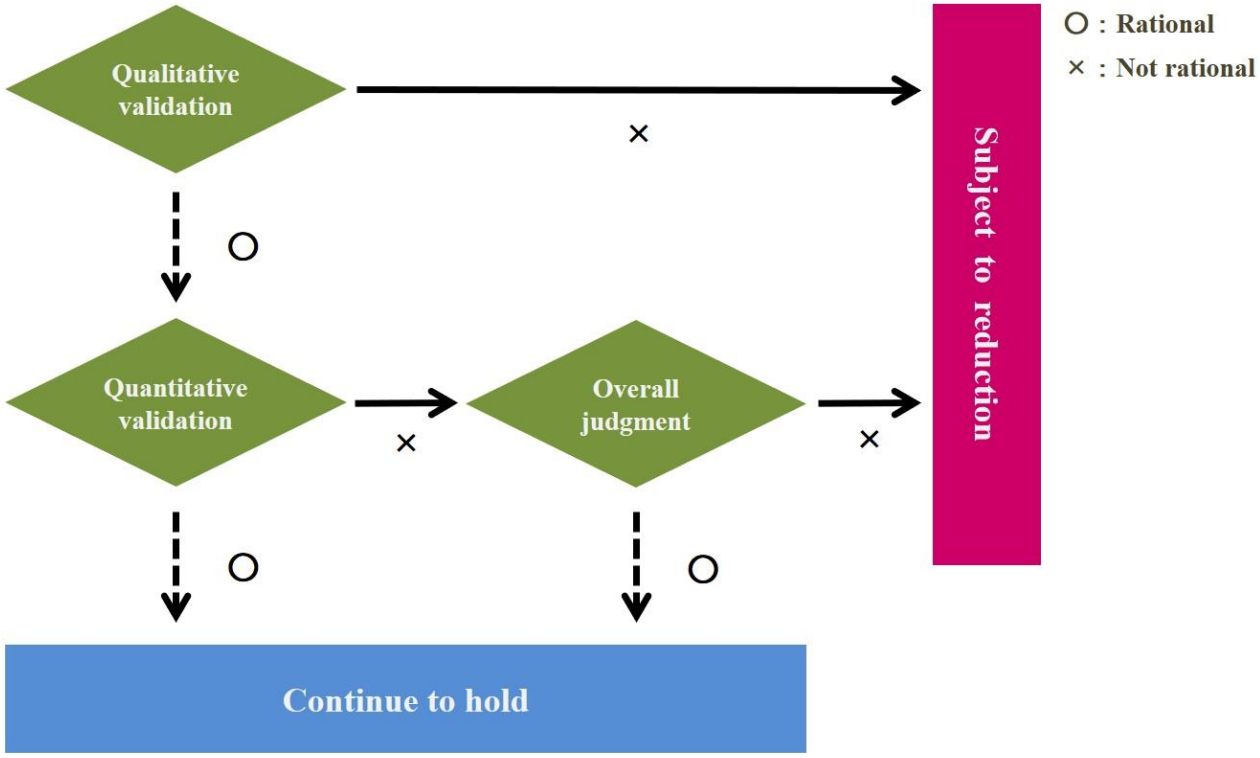
[Qualitative validation]

In light of business strategies such as maintaining harmonious and favorable business relationships with companies with which the Company makes up a community, corporate customers and business partners, and securing supply chains

[Quantitative validation]

In light of whether profitability by holding shares, including related trading profits and dividends, exceed capital costs, etc.

・**Intensive validation using continuous qualitative rationality in accordance with the purposes at the time of acquisition**



4. Details of the verification by the Board of Directors, etc., concerning the suitability of holding individual issues

The results of the above validation that takes place based on the holding policy, together with the judgement regarding the continuation or disposal of held shares, and reduction plan are discussed at the meeting of the Board of Directors held every August, and the Group confirms the reduction results at the meeting of the Board of Directors held the following March.

☐ **Validation of the rationale of holding, negotiation, reduction schedule**

* ○ : Year X (first year) ◉ : Year X + 1 year ● : Year X + 2 years

Implementation period / Implementation details			Year X			Year X + 1 year				Year X + 2 years			
			1st half	Aug.	2nd half	Mar.	1st half	Aug.	2nd half	Mar.	1st half	Aug.	2nd half
Operating units	Validation of the rationale of holding		○				◉				●		
	Formulation of reduction plan		○				◉				●		
	Negotiation/ reduction				⟷	⟷	⟷	⟷	⟷	⟷	⟷	⟷	←
Board of Directors	Discussion	Judgment to continue/ reduce		○				◉				●	
	Confirmation	Results of negotiation/ reduction				○		◉		◉		●	

As a result, the number of Group's cross-shareholdings (excluding deemed holdings) as of February 29, 2024 was 11, a decrease of 49 stocks in the 7 years since FY2016 (-82%).

■Changes in the number of Cross-Shareholdings (listed companies,excluding deemed holdings)

