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Takashimaya Company, Limited

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<https://www.takashimaya.co.jp/corp/english/>

The corporate governance of Takashimaya Company, Limited (the “Company”) is described below.

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

### 1. Basic Views

In line with the central management principle of “Putting People First,” the Takashimaya Group (the “Group”) aims to make a continued contribution to society by valuing the spirit of believing in people, loving people, and serving people. In order to realize this objective, enhance corporate value, and fulfill the expectations of our shareholders and all other stakeholders, the Company has positioned the enhancement of its corporate governance as a top management priority. In accordance with this stance, the Company is pursuing the following initiatives.

- 1) Vitalize and Optimize the Board of Directors by introducing an executive officer system;
- 2) Accelerate the decision-making and execution process by promoting the transfer of authority from the Board of Directors to the business execution line;
- 3) Clarify Directors’ and Executive Officers’ responsibilities with respect to each business year by establishing a one-year term of office for Directors (including executive officers);
- 4) Strengthen incentives for enhancing business performance and corporate value by introducing a performance-linked officers’ remuneration system;
- 5) Secure fairness and transparency by establishing a nomination committee and remuneration committee whose membership includes Outside Directors.

The department store business being its core business, the Group recognizes that in order to pursue customer-oriented management, it is absolutely essential to obtain customer information and daily operational information swiftly and to reflect it directly in management. Based on this principle, the Company will continue efforts to ensure that corporate governance is functioning consistently across all management levels from upper management to frontline service.

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

#### Principle 1.4 [Cross-Shareholdings]

##### (i) Policy on cross-shareholdings

The Company has many business partners. The Company has adopted the policy of maintaining cross-shareholdings that meet the certain standards while reducing those that do not. The standards are as follows: the holdings must maintain or strengthen business relationships with the relevant partner, accord with the Company’s management strategy, and consequently contribute to the enhancement of corporate value over the medium-to-long term. Each year, the Board of Directors reviews the cross-shareholdings to determine whether they should be maintained. The board reviews, for

example, whether the cross-shareholding in question helps build, maintain, and strengthen the relationship with the cross shareholder, and whether the cross shareholder's fair value and performance justifies the risks and costs associated with closeness of the relationship (as measured by volume of transactions and other metrics) and the amount of cross-held shares.

**(ii) Standards for voting rights in cross-shareholdings**

In determining whether to exercise voting rights pertaining to cross-shareholdings, the Company considers whether doing so would contribute to the medium and long-term corporate value of itself and the other party. Considering this factor helps ensure that the voting rights are exercised judiciously.

**(iii) Responding to a cross-shareholder's request to sell shares**

When a party holding shares in the Company on a cross-shareholding basis wants to sell the shares, the Company does not hinder the party from doing so (it does not, for example, insinuate that selling the shares would result in a reduction in business).

**Supplementary Principle 4.10.1 [Engaging independent advisory committees]**

The Company has voluntarily established two committees—the Nomination Committee and Remuneration Committee—for advising on the appointment and remuneration of directors and corporate/executive officers. Both committees are attended by Outside Directors, and their deliberations help ensure that the Company's decision-making process on nomination and remuneration are fair and impartial.

**Nomination Committee:**

The Company is a holding company whose core business lies in its network of domestic department stores. As such, its directors often need to be responsible for both overseeing and executing the Company's business. Knowledge and experience of the Company's business are essential requisites for a senior manager, especially a director, of the Company; hence, the committee is primarily composed of internal directors, so as to enable sufficient discussion on the merits of each potential nomination. The committee produces detailed and fair reports on matters such as the grounds for individual cases of appointment or dismissal as well as the aptitude of the individuals in question. It then advises the Board of Directors accordingly, thus ensuring adequate transparency.

**Remuneration Committee:**

The Remuneration Committee reviews the performance of Directors/Executive Officers and their individual remuneration, and it is chaired by an Outside Director. The Company's policy and procedures for determining the remuneration of Directors are explained in the "[Director Remuneration]" section in "II:1. Organizational Composition and Operation."

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

**Principle 1.3 [Basic Strategy for Capital Policy]    Principle 5.2 [Establishing and Disclosing Business Strategies and Business Plans]**

**Responses towards achieving management focused on capital costs and stock price**

[Date updated: December 24, 2024]

**(1) Basic Views**

The Company will enhance its financial soundness by increasing equity and reducing interest-bearing debt to prepare for future business risks and procure capital for sustainable growth investments. The Company sets ROIC, EBITDA, equity ratio, DOE, and TSR as key performance indicators (KPI). In particular, we are implementing ROIC management as an

initiative to promote management that is focused on capital costs. The ROIC for FY2023 was 5.5%, exceeding the WACC of 4.6%. Even in the Medium-Term Management Plan for FY2024-2026, which is positioned as an upfront investment phase, we plan to steadily increase the ROIC to 6.2% in the first fiscal year and 6.3% in the final fiscal year. To achieve this, we will use ROIC trees specific to the characteristics of each business entity, including each department store, to build a system that enables each individual on the front lines to be aware of ROIC and take action accordingly. For EBITDA, the Company sets a value for net interest-bearing debt to EBITDA to promote financial stability and also sets a value for EBITDA to total assets to ensure the Group's ability to generate cash.

All KPI are disclosed in financial results briefing material\*.

\* <https://www.takashimaya.co.jp/corp/english/ir/financial/>

The Company's PBR exceeded 1x in July 2024, but has recently remained below 1x. To achieve management focusing on stock price, the Company will work to raise its stock price levels by increasing earnings per share (EPS) and increasing its price-to-earnings ratio (PER) by enhancing its market engagement.

In addition, given that the promotion of EBITDA-conscious management has increased the cash generation capacity of each business both in Japan and overseas, we will promote initiatives to improve capital efficiency, including the optimization of capital allocation.

Furthermore, while maintaining an acquisition approach for assets that contribute to long-term, stable growth, we will also improve asset efficiency by building a cycle that further improves ROIC and cash generation capabilities based on flexible management decisions.

## **(2) Assumptions concerning cash allocation**

The Company assumes that allocation towards investments for sustainable growth will account for approximately 80% to 90% of cash flows from operating activities. As a breakdown, roughly 70% will be allocated to growth investments in Japan and overseas with a focus on commercial property development while roughly 30% will be allocated towards investments in store safety and security, ESG, and human capital.

To address financial soundness, the Company assumes 3% to 5% of cash flows from operating activities will be expenditures towards reducing interest-bearing debt ahead of new lease accounting standards expected to be adopted from FY2027.

The Company assumes 7% to 10% of cash flows from operating activities will be allocated towards shareholder returns.

## **(3) Shareholder returns**

Dividends will consist of progressive dividends based on increases in net assets with consideration also given to EBITDA and cash flows from operating activities. In times of favorable performance trends or other factors that result in free cash flow outperforming assumptions, the Company will make a comprehensive decision on whether to increase investment amounts, further reduce interest-bearing debt, or issue additional shareholder returns.

## **Principle 1.7 [Related Party Transactions]**

When the Company and its directors engage in transactions involving conflict of interest as defined in the Companies Act, in order to ensure that such transactions do not harm the interests of the Company or the common interests of its shareholders, the Company establishes confirmatory procedures based on the deliberations of the Board of Directors, whose membership includes multiple independent directors. The Board of Directors approves and monitors actual

transactions based on the reports it receives, and Corporate Auditors monitor such in accordance with the Takashimaya Standards for Audits conducted by Corporate Auditors.

The Company also conducts annual checks on each of its Directors in order to identify any related party transactions as defined in the Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc.

In addition, the Company establishes internal procedures for transactions with other related parties such as major shareholders as with third party transactions, and conducts internal procedures in accordance with authority and rules.

#### **Supplementary Principle 2.4.1 [Ensuring Diversity in the Promotion of Core Personnel]**

The Group has announced the following Diversity Promotion Policy.

- ◆ The Takashimaya Group promotes diversity with the belief it is the source of growth under its management philosophy of “Putting People First.”
- ◆ The Company builds an environment in which everyone can play a role with both physical and mental health without discrimination or harassment by accepting diverse personalities and values beyond differences in race, nationality, age, gender, sexual orientation/identity, disabilities, employment form and work style while respecting the rights of all people who work with it.
- ◆ The Company aims to be a corporate group which continues to create new value by supporting each individual to feel worth and pride in working for the Takashimaya Group, to learn from each other, and to demonstrate to the maximum extent their abilities, techniques and ideas.

Under this policy, the Company is promoting diversity and inclusion so that all its employees can work actively and so that they can look to fully improve their abilities. Above all, the Company is proactively striving to support the elimination of situations in which it is not possible even if there is a desire to do so (work conflicts) that occur at life stages. Through this initiative, the Company is aiming to realize a work life balance which leads to a reform of work styles and an improvement in productivity in addition to eliminating work conflicts.

Moreover, while promoting an expansion in the Group’s growth businesses, the Company is working to promote advancement in the workplace regardless of gender, to recruit mid-career personnel with the skills and expertise that are difficult to cultivate within the Group, and to recruit foreigners for new business expansion in Vietnam and elsewhere in Asia. The Company is actively promoting such employees as core personnel.

##### **\*Promotion of the Advancement in the Workplace of Women**

It is an important management strategy to create an environment in which its female employees, who correspond to 70% of all its employees, fully demonstrate and connect to work their abilities and sensitivities.

The Company’s female manager ratio in 2024 is 28.6% (as of March 1, 2024).

The target for its female manager ratio (gender equality) in 2030 is at least 40%.

In addition, the Company is looking to enhance its programs so that its employees can aim to balance family and work regardless of their gender. It is establishing personnel programs in which men and women can participate in childcare and housework.

##### **\*Foreigners**

Accepting foreigners and supporting them as consumers is a social responsibility of the Company. At the same time, promoting the advancement in the workplace of foreigners is also an important issue in the Company’s ESG strategy as an initiative to leave no one behind. The Company hires employees without discrimination according to their nationality. Together with this, it fairly provides wages, educational opportunities, environments and welfare programs. While respecting the cultural background of each individual, the Company perceives those values, experiences and abilities as valuable human resources. Under that belief, the Company evaluates, promotes, posts and educates its foreign employees in the same way as its Japanese employees based on their individual abilities and motivations.

##### **\*Mid-career Hires**

The importance of mid-career hires is further increasing in promoting the Group-wide Machi-dukuri Strategy. Mid-career hires with skills and expertise built up outside the Company are an important human resource for the Group. Accordingly, the Company is expanding the field of activities of personnel with a high degree of specialization. It does not treat employees differently in terms of their working conditions or promoting them to be managers due to differences in when they joined the Company.

The Company has disclosed its initiatives relating to “Ensuring Diversity in the Promotion of Core Personnel” under “Social and Diversity Promotion” on the “Sustainability” on its website, so please refer to that

(<https://www.takashimaya.co.jp/corp/csr/contribution/diversity.html>) (In Japanese).

#### **Principle 2.6[ Role of Corporate Pension Fund as Asset Owner]**

The Company's corporate pension fund, Takashimaya Corporate Pension Fund, operates under a basic policy that stipulates the purpose of managing the fund, the composition of the fund's assets, and similar matters. The aim of this policy is to optimize the fund's revenue through tolerable risks and ultimately improve the level of remuneration that the fund delivers to beneficiaries.

The Company has established the Asset Management Committee. This committee advises the fund's Trustee Committee and Representative Committee on decisions concerning the fund such as formulating or revising the basic fund management policy, appointing an asset manager, and evaluating the asset manager's performance. The members of the committee are selected from among the trust's trustees, representatives, and corporate officers involved in the fund operator's financial or labor-related operations. The committee also reviews the asset manager's performance using both quantitative and qualitative metrics; it also monitors the stewardship of the fund. The committee also reviews the asset manager's performance using both quantitative and qualitative metrics. In July 2021, the Company endorsed Japan's Stewardship Code, particularly the code's Principles for Responsible Institutional Investors, to demonstrate its commitment to fulfilling the stewardship duties expected of a responsible institutional investor. The Company fulfills its stewardship duties by monitoring the stewardship of the fund.

There are no conflicts of interests between the asset manager and the fund's beneficiaries. The fund asset manager follows its own standards in determining whether to exercise voting rights pertaining to the shares it holds in the Company. The fund's secretariat is staffed by competent individuals who are knowledgeable in finance and other relevant matters, and these individuals are allocated to their posts in a strategic manner. To improve their expertise and competence, the staff attend externally provided training seminars.

### **Principle 3.1 [Full Disclosure]**

#### **(1) Company objectives (e.g., management philosophy), business strategies and business plans**

The Company has disclosed information concerning our management philosophy in "I.1 Basic Views on Corporate Governance" of this document and via our Group Philosophy published to the "Company Profile" page of our corporate website (<https://www.takashimaya.co.jp/corp/english/companyprofile/groupphilosophy/>). Please refer to these sources for further details.

Information concerning business strategies and business plans disclosed by the Company can be viewed in our financial statements in the sections "Business Policies, Business Environment, Issues to be Addressed." For details, please see "IR Information" page of its website (<https://www.takashimaya.co.jp/corp/english/ir/>).

#### **(2) Basic stance and guidelines on corporate governance**

The Group's basic stance on corporate governance is disclosed in "I. 1. Basic Views" above.

#### **(3) Board policies and procedures in determining the remuneration of the senior management and directors**

The Company's policy and procedures for remuneration of Directors are explained in the "[Director Remuneration]" section in "II.1. Organizational Composition and Operation."

#### **(4) Board policies and procedures in the appointment of the senior management and the nomination of Director and Corporate Auditor candidates**

Plans regarding Director and Corporate Auditor candidates and other personnel-related plans are subject to review by a voluntarily established Nomination Committee, whose membership includes Outside Directors, and then are made subject to a resolution of the Board of Directors.

The Company nominates and appoints Internal Director and Executive Officer candidates after comprehensively considering factors such as the multifaceted comprehensive faculties and discernment necessary to resolve the problems associated with the business environment/conditions the Group faces, and the candidate's experience and performance appraisal.

The Company also nominates Outside Director candidates. Candidates who are independent from the Company are preferred. Additionally, each candidate is expected to be capable of advising and overseeing the management through an objective, stakeholder perspective, underpinned by broad experience in different fields and specialized professional knowledge.

The Company nominates Full-time Corporate Auditor candidates by considering whether the candidate has sufficiently broad managerial insights to audit the Company's administration appropriately and provide valuable advice to senior management. The Company nominates Outside Corporate Auditor candidates. Candidates who are independent from the Company are preferred. Additionally, each candidate will be capable of auditing and supervising the Company to a high standard based on an objective, impartial perspective, and financial, accounting, or legal experience.

If a Director, Corporate Auditor, or Executive Officer commits a fireable offense, the Nomination Committee will discuss the matter and advise the Board of Directors. The Board of Directors will consider the committee's advice and then decide whether to propose the person's dismissal (if the person is a Director or Corporate Auditor) or decide whether to dismiss the person directly (if he or she is an Executive Officer).

#### **(5) Explanations with respect to the nominations of Director and Corporate Auditor candidates**

The Company provides explanations with respect to the individual nominations of Director and Corporate Auditor candidates in the referential materials for the notice of the ordinary general meetings of shareholders. Explanations with respect to Outside Directors and Outside Corporate Auditors may be found, respectively, in the "Outside Directors/Corporate Auditors' Relationship with the Company" sections in "II:1. Institutional Composition and Operation."

Please note, however, that the explanation with respect to one Corporate Auditors is provided below, the reason being that the two individuals do not apply to the above.

Corporate Auditor Tsuneaki Okabe: The Company appointed Mr. Okabe to the role of Corporate Auditor based on his experience and knowledge of sales, planning, and general administration, having served as Managing Director and General Manager of the Marketing and Sales Promotion Division, General Manager of the Corporate Planning Headquarters, and General Manager of the General Administration Headquarters.

#### **Supplementary Principle 3.1.3 [Sustainability Initiatives]**

Our Group's management philosophy of "Putting People First" is strongly linked to the mission of the SDGs, which is the realization of a society in which we leave no one behind. In 2006, our Group outlined CSR activity domains based on this management principle and today we promote management and conduct information disclosure related to those domains. These activity domains include basic activities related to fulfilling an economic role, such as returning profits gained through business activities to various people, and activities to ensure legal compliance. We also engage in activities aimed at fulfilling our social role, which includes ensuring our actions are aligned with corporate ethics, striving for new value creation, and working to resolve social issues.

Takashimaya Group ESG Strategy represents a fusion of conventional CSR management and the concepts of the SDGs. The Company strives to contribute to the realization of a 21st century in which everyone prospers. By doing so, the Takashimaya Group will resonate with our stakeholders through value provision unique to Takashimaya, including proposing environmentally friendly and prosperous lifestyles and culture, responding to diverse perspectives and utilizing diverse human resources, and engaging in management that reflects the perspectives of our customers.

The Takashimaya Group has set 10 items as core issues related to ESG Strategy, including issues such as the RE100 zero carbon initiative and diversity promotion. It is important that the Takashimaya Group break away from its conventional business model and transform in ways that are aligned with the times and the needs of society. It is believed that this will not only result in the solving of social issues, but that it will also lead to favorable opportunities for business growth.

From the perspective of community and sustainability, the Machi-dukuri initiatives (below referred to as the Machi-dukuri Strategy) that the Takashimaya Group positions as general group-wide strategy are closely related to ESG Strategy. Initiatives to "create energetic atmospheres and coexisting with communities" and "propose and offer new value through merchandising, environments, and services" are efforts that can be applied towards resolving various social issues. The Takashimaya Group operates various Group businesses in Japan and overseas centering on department stores, and has established a superb customer base, store locations, and a solid network of business partners. These attributes represent the Groups' strength and potential to approach various issues affecting the Earth. Through the promotion of the Machi-dukuri Strategy, the Takashimaya Group will work to resolve social issues from both short-term and medium- to long-term perspective to promote further Group growth and the realization of a sustainable society.

In FY2021, the Takashimaya Group established a Group Environmental and Social Contribution Subcommittee to further enhance initiatives encompassing the entire Group. Furthermore, the Board of Directors is working to effectively supervise these activities.

The internal control system is described in "IV. Matters Related to the Internal Control System" in this report.

The details on the Group's ESG management initiatives are disclosed at [https://www.takashimaya.co.jp/corp/csr/esg\\_report.html](https://www.takashimaya.co.jp/corp/csr/esg_report.html) as the Takashimaya Group ESG Report. Please refer to that.



<Securing, developing, and promoting the success of human resources (human capital investments)>

The Company has always engaged in management that values people based on its management philosophy of “Putting People First.” As human resource shortages become a severe social issue, aggressively investing in human resources based on a human capital management approach, which includes securing, developing, and promoting the success of human resources, is the Company’s highest-priority issue related to achieving sustainable growth.

Takashimaya Group’s business model involves the development of commercial facilities centered on department stores as our main business. The hiring and development of human resources capable of supporting the sales capabilities of department stores is indispensable to making the department stores profitable. To achieve this, the Company is engaging in the development of sales professional capable of identifying latent customer needs in advance and making proposals to customers in stores and during sales activities.

It is critical that the Takashimaya Group, which comprises diverse Group companies, strengthen its expertise in each field towards ensuring the sustainability of its people and knowhow, and maintaining its competitive advantage. The Company will promote initiatives aimed at fostering the development of specialists in each field, including the human resources responsible for marketing and purchasing, as well as financial business experts and digital personnel.

Takashimaya Group also adopted a policy by which, as of next year, the New Year’s holiday for Group commercial facilities will newly include January 2 in addition to January 1 (New Year’s Day). To increase the Takashimaya brand value, it is important that the Group create environments that enable each employee to work with pride and a sense of motivation. The Company will increase engagement by sharing its ideal vision for the future and cultivating a positive workplace culture.

<Information disclosure based on TCFD recommendations>

Takashimaya Group outlines unceasing efforts to protect the global environment as one of the Five Policies of our Group Management Philosophy Structure. In the Takashimaya Group Environmental Policy, we also prioritize the prevention of global warming and the reduction of CO2 emissions as part of our mission to contribute to the realization of a sustainable society.

Since adopting this policy, Takashimaya Group has utilized the unique nature of our position as a business with direct contact points with numerous people, including customers, business partners, and local communities to engage in various activities.

However, recent years have seen an intensification of environmental issues such as climate change, resource depletion, a reduction in biodiversity, leading to an increased importance and sense of urgency for initiatives to address environmental issues. In particular, we recognize the risks associated with our current business model for the Department Store segment, which represents our core business, due to an assumption of causing an environment load in the form of the high-volume consumption of electricity generated from fossil fuels and other underground resources, the large-volume disposal of plastics and food waste, and the overstocking of clothing.

To address this situation, Takashimaya Group will transform our current business model to a business model that regenerates and repairs the earth’s resources. The Group will implement initiatives aimed at both resolving environmental issues and achieving business growth. As part of this mission, Takashimaya Group has declared its support for TCFD recommendations, and will further enhance information disclosure for the four disclosure items recommended by the TCFD: governance, strategy, risk management, and metrics and targets.

The Company discloses information based on TCFD recommendations in the “Information Disclosure Based on TCFD Recommendations” section of the “Sustainability” page of our corporate website (<https://www.takashimaya.co.jp/corp/csr/tcfd/index.html>) (In Japanese). Please refer to this information for further details.

**Supplementary Principle 4.1.1 [Scope of matters delegated to the management]**

The form of corporate organization the Company has adopted is “Company with Board of Corporate Auditors.” The matters to be decided by the Board of Directors in accordance with laws and regulations are subject to a resolution of the Board of Directors; in this way, the Board of Directors is fulfilling its decision-making function. On the other hand,

the Company has been streamlining the decision-making process by introducing an executive officer system and transferring authority from the Board of Directors to the business execution line. The Board of Directors is fulfilling its responsibility to oversee such business execution. However, the Company has clearly specified the content of matters that should be resolved by the Board of Directors, the content of matters delegated to the management, and the role of management in the Rules of the Board of Directors, Rules on the Segregation of Directors' Duties, and Rules on Resolutions, etc. In addition, the Company has clarified Directors' responsibilities with respect to each business year by establishing a one-year term of office for Directors and Executive Officers. The business executive bodies the Company has established include the Executive Committee and Branch Managers' Committee, and these organizations review and report on important matters concerning the business execution line.

#### **Supplementary Principle 4.1.3. [Succession Plan for CEO and Other Top Executives]**

The Company engages in succession planning for its Representative Director and other top executives, defining as follows the necessary qualities of a succession candidate:

1. Character: The candidate must have.

- upstanding character
- leadership qualities
- a moral compass, and
- a sense of proportion.

2. Competence: The candidate must be.

- creative and imaginative (must see the bigger picture and think flexibly)
- pioneering (must be prepared to innovate and cultivate new growth opportunities)
- a resolute decision-maker
- a fixer (must take on and resolve complex problems), and
- able to nurture diverse talent.

#### **Principle 4.9 [Independence standards for Independent Directors]**

Outside Directors, Outside Corporate Auditors, or candidates for such roles are only recognized as independent from the Company if they fall under NONE of the following items.

1. The person serves, or has served within the past ten years, as an executive officer<sup>1</sup> in the Group (meaning the Company or a subsidiary thereof).
2. The person serves as an executive officer in a significant associate<sup>2</sup> of the Group.
3. The person serves as an executive officer in a significant creditor<sup>3</sup> of the Group.
4. The person is, or currently serves as an executive officer in, a significant shareholder<sup>4</sup> of the Company.
5. The person serves as an executive officer in a company in which the Group holds significant shares.<sup>4</sup>
6. The person belongs to an organization serving as the Group's accounting auditor.
7. The person is a lawyer, certified public accountant, certified tax accountant/consultant who receives from the Group monetary or non-monetary compensation of a significant amount<sup>5</sup>, excluding any compensation the person may receive for serving the Group as a Director/Corporate Auditor.
8. The person serves as a director or other executive officer of an organization to which the Group donates a significant amount<sup>5</sup>.
9. The person serves as an executive officer in a company that has appointed an executive officer of the Group as an officer.



10. The person has fallen under any of the items from 2 to 9 in the past three years.
11. The person is married to, or is a first or second-degree relative of, someone who...
  - (a) serves as an executive officer of the Group (or, if the candidate in question is standing as an independent Outside Corporate Auditor, serves as a non-executive director of the Group) with significant rank<sup>6</sup>;
  - (b) has fallen under (a) at any point in the 1-year period preceding the date the candidate assumes officer; or
  - (c) falls under any of the items from 2 to 9 and holds significant rank.
12. In addition to the above, the person's appointment may cause a substantial conflict of interest with shareholders, or there are other valid reasons to believe that the person would not discharge his or her duties as an independent outside officer.

Notes:

1. "Executive officer" refers to an executive (with or without fiduciary duties), owner, or employee of an organization. The term does not include non-executive directors.
2. "Significant associate" means either a client of the Group that has in any of the past three years compensated the Company in an amount greater than 2 percent of the Company's consolidated turnover for that year, or a supplier of the Group that has in any of the past three years been compensated by the Company in an amount greater than 2 percent of the Company's consolidated turnover for that year.
3. "Significant creditor" means an entity that to which the Group owes, as of the end of the latest fiscal year, an amount greater than 2 percent of the Company's total assets for that year.
4. "Significant shareholder of the Group" means an entity holding at least 10 percent of the Company's total voting rights, either directly or indirectly, or an executive officer of said entity.
5. "Significant amount" means, in the context of an individual, an amount averaging at over 10,000,000 yen for the past three fiscal years or, in the context of an organization, an amount representing at least 2 percent of the organization's average total revenue for the last three fiscal years.
6. "Significant rank" means an inside director, inside Corporate Auditor, an executive with or without fiduciary duties, or any other senior manager.

**Supplementary Principle 4.11.1 [View on the Appropriate Balance, Diversity, and Size of the Board of Directors]**

The Company's Board of Directors nominates Director candidates in accordance with the quota specified in the Articles of Incorporation and with a view to achieving a good balance of experience and talent so as to secure diversity and ensure vibrant discussions. The skills that should be possessed by the Company's Board of Directors and the skills each Director has are as in the table below.

| Name | Position | Skills That Should Be Possessed by the Company's Board of Directors |  |   |     |                         |                           |   |
|------|----------|---|--|---|-----|-------------------------|---------------------------|---|
|      |          | Marketing   | Domestic and Overseas Business Development / Real Estate Development | Management Planning / Finance / Personnel | ESG | Legal / Risk Management | IT Digital Transformation | Corporate Management in Other Companies |

|                      |  |   |                    |   |   |   |   |   |
|----------------------|--|---|--------------------|---|---|---|---|---|
|                      |  |   | (Machi-<br>dukuri) |   |   |   |   |   |
| Yoshio Murata        | President<br>(Representative<br>Director)                      | ● | ●                  |   | ● | ● | ● |   |
| Kazuhisa<br>Yokoyama | Senior<br>Managing<br>Director<br>(Representative<br>Director) | ● |                    | ● | ● |   | ● |   |
| Atsuhiko<br>Sonoda   | Senior<br>Managing<br>Director<br>(Representative<br>Director) |   |                    | ● | ● | ● | ● |   |
| Nobukazu<br>Yagi     | Managing<br>Director<br>(Representative<br>Director)           |   | ●                  | ● |   | ● | ● |   |
| Shunzo<br>Takayama   | Managing<br>Director   | ● | ●                  |   |   |   |   |   |
| Yuko<br>Utsunomiya   | Managing<br>Director   | ● | ●                  |   | ● |   |   |   |
| Koichi<br>Makino     | Managing<br>Director   | ● | ●                  |   | ● |   |   |   |
| Masayuki<br>Kiyose   | Director   |   | ●                  | ● | ● |   |   |   |
| Akira Goto           | Director   |   |                    |   |   | ● | ● |   |
| Keisuke<br>Yokoo     | Director   |   |                    | ● |   |   | ● | ● |
| Atsumi Arima         | Director   |   |                    | ● | ● |   |   | ● |
| Miyuki<br>Ebisawa    | Director   | ● |                    |   |   | ● |   |   |
| Total number of ●    |  | 6 | 6                  | 6 | 7 | 5 | 6 | 2 |

Please refer to Principle 3.1 (4) for the policy regarding the nomination of Director candidates.

The Company also has multiple Outside Directors on its Board of Directors in the expectation that they will advise from the perspective of stakeholders and fulfill a corporate auditing/monitoring function based on their experience and insights in business fields. For policies on the nomination of Director candidates, please refer to the Principle 3.1 (iv).

**Supplementary Principle 4.11.2 [Concurrent service as Directors or Corporate Auditors at other listed companies]**

The Company discloses important information on the status of Directors and Corporate Auditors in the business report issue with the notice for the Ordinary General Meeting of Shareholders. Please refer to this report for further details.

**Supplementary Principle 4.11.3 [Analysis and evaluation of the effectiveness of the Board of Directors as a whole]**

In FY2015, the Company started conducting evaluations of the Board of Directors with a view to making it more effective and enhancing corporate value. The FY2023 evaluation was conducted in February 2024.

In these evaluations, the Company refers to the relevant stipulations in the Corporate Governance Code and focuses on whether the Board of Directors is discharging its responsibilities and duties, whether the necessary systems are in place to ensure the Board of Directors can function effectively, and whether the Board is functioning effectively.

For the FY2023 evaluation, the Company conducted a questionnaire among all twelve Directors and all four Corporate Auditors, and then conducted individual hearings with each of the four Outside Directors and two Outside Corporate Auditors based on the results of the questionnaire. At a meeting of the Board of Directors held in February 2024, the Board conducted a self-evaluation referring to the results of the questionnaire and hearings.

The results of the questionnaire and hearings were generally positive. As such, the Company concludes that there are no major problems with Company's Board of Directors in terms of its expected decision-making and corporate auditing functions or the structural and operational conditions for facilitating the same.

The Directors (Full-time and Outside) and Corporate Auditors did describe some areas that should be improved in order to enable the Board of Directors to function more effectively. Specifically, it was confirmed that there is a need to enhance discussions by the Board of Directors on the Group's overall strategy, improve monitoring functions, and increase the efficacy of the Nomination Committee. The Board of Directors has considered proposals for addressing each of these issues, and it will put them into effect progressively in next year's board meetings.

The Company will continue to conduct yearly evaluations of the Board of Directors as part of a PDCA cycle designed to make the Board of Directors more effective.

**Supplementary Principle 4.14.2 [Training policy for Directors and Corporate Auditors]**

The Company provides in-house seminars to newly appointed Executive Officers and to Directors and Corporate Auditors newly appointed in Group companies which cover the duties, authority, and responsibilities of Directors and Corporate Auditors.

In addition, the Internal Directors and Full-time Corporate Auditors attend management lectures and seminars held by outside training institutions on an as-and-when basis so that they may be better equipped with the strategic thought and discernment expected of Directors and Corporate Auditors and may forge networks outside the Company.

As for Outside Directors and Outside Corporate Auditors, in order that they may deepen their knowledge about the Company, the Company holds briefing meetings concerning the relevant Company rules, businesses, organizations, strategies/policies, and management issues, and subsequently provides information as and when necessary so that they can master the necessary knowledge.

**Principle 5.1 [Policy for constructive dialogue with shareholders]**

The Company recognizes that constructive dialogue with shareholders/investors is indispensable for achieving sustainable growth and enhancing corporate value.

For institutional investors, the Company holds semiannual financial results briefings where the President serve as the main speaker as well as multiple small meetings.

In addition to designating the Public and Investor Relations Office as the main liaison for responding to individual interview requests, the Company also holds business briefings during which we explain initiatives and other matters of interest to institutional investors. For individual investors and shareholders, the Company conducts surveys to help ascertain the opinions of shareholders. Additionally, through our corporate website, Takashimaya Group works to ensure fair and highly transparent information disclosure for all stakeholders.

The Company has prepared a system wherein the opinions and requests of shareholders and investors are ascertained through dialogue and then relayed to management and to the relevant departments and ultimately incorporated into the execution of business.

When engaging in dialogue with shareholders and investors, the Public and Investor Relations Office and other departments of the Company observe an appropriate silent period prior to the announcement of financial statements, and the Company rigorously manages insider information so as to prevent conflicts of interest arising.

The Company discloses information on the status of dialogue with shareholders and investors via the “Overview of Dialogue with Shareholders” section under “IR Information” on the “Shareholders and Investors” page of our corporate website (<https://www.takashimaya.co.jp/base/corp/topics/240426d.pdf>). Please refer to this information for further details.

## 2. Capital Structure

|                            |                           |
|----------------------------|---------------------------|
| Foreign Shareholding Ratio | From 10% to less than 20% |
|----------------------------|---------------------------|

### [Status of Major Shareholders]

| Name / Company Name  | Number of Shares Owned | Percentage (%) |
|--|------------------------|----------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account)       | 25,026,600             | 15.87          |
| Custody Bank of Japan, Ltd. (Trust Account)                | 8,905,650              | 5.65           |
| Nippon Life Insurance Company                              | 4,961,940              | 3.15           |
| Takashimaya Kyoeikai Association                           | 3,357,372              | 2.13           |
| SMBC Nikko Securities Inc.                                 | 2,684,000              | 1.70           |
| BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT<br>ACCOTS M ILM FE | 2,438,148              | 1.55           |
| Sotetsu Holdings, Inc.                                     | 2,402,500              | 1.52           |
| STATE STREET BANK WEST CLIENT TREATY 505234                | 1,804,700              | 1.14           |
| Credit Saison Co.,Ltd.                                     | 1,654,000              | 1.05           |
| JPMorgan Securities Japan Co., Ltd.                        | 1,637,983              | 1.04           |

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

### Supplementary Explanation

The Company, which owns 20,028,578 treasury shares, is excluded from consideration as a major shareholder as defined above. (As of February 29, 2024)

The shareholding ratio was calculated based on the total number of the issued shares excluding the number of treasury stocks.

## 3. Corporate Attributes

|   |                                   |
|---|-----------------------------------|
| Listed Stock Market and Market Section  | Tokyo Stock Exchange Prime Market |
| Fiscal Year-End   | February                          |
| Type of Business  | Retail Trade                      |
| Number of Employees (consolidated) as of the<br>End of the Previous Fiscal Year | More than 1000                    |

|   |  |
|---|--|
| Sales (consolidated) as of the End of the Previous Fiscal Year                | From ¥100 billion to less than ¥1 trillion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | From 10 to less than 50                    |

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

|   |
|---|
| - |
|---|

#### 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 the Audit & Supervisory Board (Board of Corporate Auditors) |
|-------------------|--|

#### [Directors]

|   |           |
|---|-----------|
| Maximum Number of Directors Stipulated in Articles of Incorporation | 15        |
| Term of Office Stipulated in Articles of Incorporation              | 1 year    |
| Chairperson of the Board  | President |
| Number of Directors   | 12        |
| Number of Outside Directors   | 4         |
| Number of Independent Directors                                     | 4         |

#### Outside Directors' Relationship with the Company (1)

| Name           | Attribute            | Relationship with the Company* |   |   |   |   |   |   |   |   |   |   |
|----------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|
|                |                      | a                              | b | c | d | e | f | g | h | i | j | k |
| Akira Goto     | Other                |                                |   |   |   |   |   |   |   |   |   |   |
| Keisuke Yokoo  | From another company |                                |   |   |   |   |   |   | △ |   |   |   |
| Atsumi Arima   | From another company |                                |   |   |   |   |   |   | △ |   |   |   |
| Miyuki Ebisawa | Lawyer               |                                |   |   |   |   |   |   | △ |   |   |   |

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Corporate Auditor
- 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/Corporate Auditor are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

#### Outside Directors' Relationship with the Company (2)

| Name          | Designation as Independent Director | Supplementary Explanation of the Relationship  | Reasons of Appointment  |
|---------------|-------------------------------------|--|---|
| Akira Goto    | ○                                   |  | <p>* The Company appointed Akira Goto as ongoing Outside Director in the expectation that he will make use of his expertise and wealth of experience as an academic expert, and his experience as a Commissioner of Japan Fair Trade Commission for the Company's management.</p> <p>* The Company concluded that Akira Goto will constructively advise and oversee the management from an independent perspective. He is recognized as independent on the basis that he satisfies the independence criteria and has no conflict of interest with shareholders.</p>   |
| Keisuke Yokoo | ○                                   | Keisuke Yokoo previously served as a senior executive at Mizuho Securities Co., Ltd., a trading partner of the Company (he retired from that position in June 2012). However, the Company believes that this fact poses no threat to Yokoo's independence for two reasons: First, in none of the past three years did the transactions with Mizuho Securities represent more than 2% of the Company's consolidated net sales. Second, Yokoo satisfies the independence criteria. | <p>* Keisuke Yokoo is a highly experienced business leader who has led Mizuho Securities Co., Ltd., as President and Chairman. He has further demonstrated his executive competence by serving as Vice Chairman &amp; President of the Japan Association of Corporate Executives up to 2019, and by serving his current post of President of Japan Investment Corporation. Given his credentials, the Company chose Yokoo as Outside Director in the expectation that he will duly discharge his duties in said office.</p> <p>* Keisuke Yokoo has been designated an independent director. The Company believes that he will advise and supervise the management impartially on the basis that he satisfies the independence criteria for Outside Directors and because he does not pose, and never has posed, any conflict of interest with shareholders.</p> |
| Atsumi Arima  | ○                                   | Atsumi Arima previously served as a senior executive at Mizuho Bank, Ltd., a creditor of the Company (she retired from that position in December 2017). However, the Company believes that this fact poses no  | <p>* Atsumi Arima is a highly experienced banker who has served Mizuho Bank, Ltd., as Executive Officer and General Manager of the International Business Department. She is also well informed about the sustainability issues that businesses should be mindful of, having studied and engaged in such issues. Given her credentials, the Company chose Arima as Outside Director in the expectation that she will duly discharge her duties in said office.</p> <p>* Atsumi Arima has been designated an independent director. The Company believes that she will advise and supervise the</p>   |

|                |   |  |   |
|----------------|---|--|---|
|                |   | threat to Arima's independence for three reasons: First, the amount the Company borrows from Mizuho Bank is less than 2% of its consolidated gross assets. Second, although the Company has traded with Mizuho Bank, in none of the past three years did the transactions represent more than 2% of the Company's consolidated net sales. Third, Arima satisfies the independence criteria.  | management impartially on the basis that she satisfies the independence criteria for Outside Directors and because she does not pose, and never has posed, any conflict of interest with shareholders.  |
| Miyuki Ebisawa | ○ | Miyuki Ebisawa once served as an executive at Takarajimasha, Inc., a customer of a business of the Company (she retired from that post in 2003). However, the Company believes that this fact poses no threat to Ebisawa's independence for two reasons: First, in none of the past three years did the transactions with Takarajimasha represent more than 2% of the Company's consolidated net sales. Second, Ebisawa satisfies the independence criteria. | Miyuki Ebisawa worked at the Ministry of Home Affairs (now the Ministry of Internal Affairs and Communications) and Takarajimasha, Inc., and then built a career as a freelance fashion editorial stylist, providing her services to fashion magazines and advertisers. After completing a postgraduate law course at the Graduate School of Law at Hitotsubashi University, she earned her lawyer license and joined Mimura, Komatsu & Yamagata Law Firm, where she focuses on fashion-related law. In consideration of her wide-ranging career, the Company concluded that Ebisawa is qualified to perform the duties expected of an Outside Director of the Company. |

|   |             |
|---|-------------|
| Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee | Established |
|---|-------------|

#### Committee's Name, Composition, and Attributes of Chairperson

|                       | Committee Corresponding to Nomination Committee | Committee Corresponding to Remuneration Committee |
|-----------------------|---|---|
| Committee's Name      | Nominating Committee                            | Remuneration Committee                            |
| All Committee Members | 7   | 6   |
| Full-time Members     | 0   | 0   |
| Inside Directors      | 4   | 4   |
| Outside Directors     | 3   | 2   |
| Outside Experts       | 0   | 0   |



|             |                   |                  |
|-------------|-------------------|------------------|
| Other       | 0                 | 0                |
| Chairperson | Internal Director | Outside Director |

#### Supplementary Explanation

The above committees were established as advisory bodies to the Board of Directors. Meeting on an as-and-when basis, they review the nomination of / remuneration for Directors and Executive Officers and report back to the Board of Directors.

#### [Corporate Auditors]

|  |             |
|--|-------------|
| Establishment of Board of Corporate Auditors                                 | Established |
| Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation | 4           |
| Number of Corporate Auditors   | 4           |

#### Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments

The Company has concluded an audit contract with KPMG AZSA LLC, which conducts accounting audits in accordance with laws and regulations. The Company has established a system of close cooperation in which its Corporate Auditors and Board of Corporate Auditors receive regular reports from the Accounting Auditor concerning audit plans and audit results, etc., and exchange opinions.

The Operations Audit Office, which serves as an internal audit department, regularly conducts internal control assessments with regard to accounting audits, operations audits, and financial reporting. It evaluates from an independent position the Company's compliance with laws and internal rules, the oversight/operation of a whole range of managerial activities, and the implementation/permeation of priority measures, and, based on the results of such, advises on problems and proposes ways to rectify them. Also, with a view to qualitatively improving audits, the Operations Audit Office regularly liaises with Corporate Auditors to report the results of audits and to exchange opinions.

|   |           |
|---|-----------|
| Appointment of Outside Corporate Auditors | Appointed |
| Number of Outside Corporate Auditors      | 2         |
| Number of Independent Corporate Auditors  | 2         |

#### Outside Corporate Auditor's Relationship with the Company (1)

| Name              | Attribute                   | Relationship with the Company* |   |   |   |   |   |   |   |   |   |   |   |   |
|-------------------|-----------------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
|                   |                             | a                              | b | c | d | e | f | g | h | i | j | k | l | m |
| Kunihiko Sugahara | Certified public accountant |                                |   |   |   |   |   |   |   |   |   |   |   |   |
| Makiko Terahara   | Lawyer                      |                                |   |   |   |   |   |   |   |   |   |   |   |   |

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Corporate Auditor of a parent company of the Company

- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Corporate Auditor
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Corporate Auditor himself/herself only)
- k. Executive of a company, between which and the Company outside directors/Corporate Auditor are mutually appointed (the Corporate Auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Corporate Auditor himself/herself only)
- m. Others

#### Outside Corporate Auditor's Relationship with the Company (2)

| Name              | Designation as Independent Corporate Auditor | Supplementary Explanation of the Relationship   | Reasons of Appointment   |
|-------------------|--|---|--|
| Kunihiko Sugahara | ○  | *This person is not currently, recently, nor in the past has been in a position to have a conflict of interest with general shareholders. As such, this person is believed to be able to conduct audits of business execution by Company directors from an independent perspective. | *This person is a Certified Public Accountant and has appropriate knowledge of finance and accounting. On this basis, the Company appointed this person as Outside Corporate Auditor.  |
| Makiko Terahara   | ○  | *This person is not currently, recently, nor in the past has been in a position to have a conflict of interest with general shareholders. As such, this person is believed to be able to conduct audits of business execution by Company directors from an independent perspective. | *This person is registered as an attorney in Japan and in New York, USA, and has appropriate knowledge related to legal affairs and corporate accounting. On this basis, the Company appointed this person as Outside Corporate Auditor. |

#### [Independent Directors/Corporate Auditor]

|   |   |
|---|---|
| Number of Independent Directors/Corporate Auditor | 6 |
|---|---|

#### Matters relating to Independent Directors/Corporate Auditor

All Outside Officers (Directors and Corporate Auditors) who fulfill the requirements of Independent Officers are designated as Independent Officers.

#### [Incentives]

|                                  |   |
|----------------------------------|---|
| Incentive Policies for Directors | Introduction of a performance-linked remuneration system/ Other |
|----------------------------------|---|

#### Supplementary Explanation

Introduction of a performance-linked remuneration system: The Company calculates the amount of remuneration by reflecting the performance of the Group and its operating units, the extent to which the relevant Director has met performance targets in his/her area of responsibility, and the extent to which the Director has accomplished priority tasks.

Other: The Company also operates a Stock Grant - restricted shares system.

|                             |   |
|-----------------------------|---|
| Recipients of Stock Options | - |
|-----------------------------|---|

|                           |
|---------------------------|
| Supplementary Explanation |
|---------------------------|

|   |
|---|
| - |
|---|

#### [Director Remuneration]

|  |                          |
|--|--------------------------|
| Disclosure of Individual Directors' Remuneration | No Individual Disclosure |
|--|--------------------------|

|                           |
|---------------------------|
| Supplementary Explanation |
|---------------------------|

During the previous fiscal year (March 2023 to February 2024), remuneration for the 20 Directors and Corporate Auditors was 491 million yen.

The Directors' remuneration amount includes remuneration for two Directors who resigned at the adjournment of the 157th Ordinary General Meeting of Shareholders convened on May 23, 2023. The number of Directors excludes one Director who was uncompensated during the fiscal year under review. The number of Corporate Auditors and remuneration amount for Corporate Auditors includes remuneration for three Corporate Auditors who resigned upon the adjournment of the 157th Ordinary General Meeting of Shareholders convened on May 23, 2023.

|  |             |
|--|-------------|
| Policy on Determining Remuneration Amounts and Calculation Methods | Established |
|--|-------------|

|  |
|--|
| Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods |
|--|

With a view to securing fairness and transparency in the determination of the remuneration of officers, the Company has established, as an advisory body, Remuneration Committee chaired by an Outside Director. The committee members review the performance of Directors/Executive Officers and their individual remuneration.

The system of remuneration of officers comprises basic remuneration and bonus. For basic remuneration, the Company has introduced a performance-linked remuneration in which the amount reflects performance in that fiscal year. In addition, the Company has introduced a share-based compensation system with a view to sharing profit and risk among shareholders and investors and promoting initiatives to enhance performance over the medium-to-long term. Corporate Auditors and Outside Directors receive only basic remuneration.

#### [Supporting System for Outside Directors and Corporate Auditors]

The Company endeavors to facilitate managerial decisions by, for example, providing Outside Directors (and Outside Corporate Auditors) with material containing relevant Company information.

#### [Status of Former Representative Directors and Other Top Executives]

|  |
|--|
| Information on Former Representative Directors (and other top executives) who hold adviser/consultant positions in the Company |
|--|

| Name           | Title/rank         | Services rendered  | Employment status<br>(e.g., Full or part<br>time? Remunerated<br>or unremunerated?) | Date the<br>person retired<br>as top<br>executive | Term   |
|----------------|--------------------|--|---|---|--------|
| Shigeru Kimoto | Special Consultant | - Chairman of Takashimaya<br>Financial Partners Co., Ltd.,<br>- President of Hogaraka Trust<br>Co., Ltd. | Part time   | February 28,<br>2019                              | 1 year |

|   |   |
|---|---|
| Total number of former Representative Directors<br>(and other top executives) who hold<br>adviser/consultant positions in the Company | 1 |
|---|---|

#### Other Relevant Matters

The Company does not have a corporate advisor system.

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

With a view to vitalizing and optimizing the Board of Directors and securing fairness and transparency in management, the Company has adopted the following measures:

- The Company has introduced an executive officer system and slimmed down the number of Directors to help the Board of Directors engage in vibrant discussions and make appropriate decisions that reflect the best interests of the Group as a whole. In addition, the Company adopts a policy whereby four of the 12 Directors are Outside Directors with the aim of obtaining useful advice from broad perspectives.
- The Board of Directors holds regular meetings (once every month in principle) to make decisions on the execution of important business and to monitor the Directors' execution of duties. In addition to the Board of Directors, the Company has established, as a deliberative body, the Executive Committee (whose membership includes the President, Managing Directors, and Senior Managing Directors, etc., 22 of whom are male and 5 of whom are female), which reviews the execution and control of the general business operations performed by the President pursuant to the basic management policies determined by the Board of Directors. The Executive Committee has regular monthly sessions during which it reviews and reports on matters discussed at the Board of Directors, matters to be resolved by the President or Senior Managing Directors that require review, matters concerning the execution of the President or Senior Managing Directors' duties that require reporting, and other matters.
- The Company has voluntarily established a Nomination Committee and Remuneration Committee. The Nomination Committee, which is attended by Outside Directors, reviews Director/Executive Officer candidacy proposals and other personnel-related proposals. The Remuneration Committee, which is chaired by an Outside Director, reviews the performance of each Directors/Executive Officer and the amount of individual remuneration.
- The Board of Auditors comprises 4 Corporate Auditors (2 of whom is female), 2 of whom are Full-time Corporate Auditors and 2 of whom are Outside Corporate Auditors. It meets 14 times a year, and it discusses, resolves, and reports on various audit-related matters. The Company also assigns Assistant Auditors to work under the instruction of the Corporate Auditors and assist them in their duties; Assistant Auditors serve on a full-time basis and do not concurrently hold any managerial positions related to the execution of the Company's business.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company adopted the current corporate governance system based on its view that it is most suitable to enhance the effectiveness of corporate governance by strengthening the audit structure. Also, with a view to vitalizing and optimizing the Board of Directors, the Company has introduced an executive officer system to facilitate vibrant discussions and timely and appropriate decisions that reflect the best interests of the Group as a whole. It also appoints multiple Outside Directors with whom it has no conflict of interest in the expectation that they will provide advice from the stakeholders' perspective and fulfill an audit/checking role based on their experience and insights in their particular fields.

## 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 | * The Company issues its convocation notice around three weeks before the date of the General Meeting of Shareholders.              |
| Scheduling AGMs Avoiding the Peak Day             | *To make it easy for many shareholders to attend, the Company avoids holding the General Meeting of Shareholders on the peak day.   |
| Allowing Electronic Exercise of Voting Rights     | *Offered  |
| Participation in Electronic Voting Platform       | * The Company uses the Electronic Voting Rights Exercise Platform operated by ICJ Inc.  |
| Providing Convocation Notice in English           | *The Company prepares English translations.   |
| Other   | * The Company posts its convocation notices on its website early (a number of days before issuing the official convocation notice). |

### 2. IR Activities

|   | Supplementary Explanations   |
|---|--|
| Preparation and Publication of Disclosure Policy                    | In line with the management's principle of always putting people first, the Company observes a policy of disclosing information in a fair and transparent in the way, understanding that such disclosure benefits shareholders, investors, customers, employees, trading partners, local communities, and all other stakeholders. This disclosure policy is published on the Company's website.  |
| Regular Investor Briefings for Analysts and Institutional Investors | * The Company holds semi-annual financial results briefings (upon the announcements of interim and fiscal yearly financial results). The briefing for FY2023 financial results was held on April 12, during which the President explained FY2023 performance, FY2024 plans, and the Medium-Term Management Plan for FY2024 to FY2026. This was followed by a Q&A session.  |
| Regular briefings for overseas investors                            | The briefings include an explanation by the President  |
| Posting of IR Materials on Website                                  | The "Company Profile" page of our corporate website includes Company information (President Message, Group Philosophy, and other corporate information), the "Shareholders and Investors" page features stock information (basic stock information, matters concerning the General Meeting of Shareholders, Shareholder Report, etc. (in Japanese)) and IR Information (financial results information, Medium-Term Management Plan, monthly sales report, financial statements, overview of dialogue with shareholders, etc.). |
| Establishment of Department and/or Manager in Charge of IR          | * Department in charge: Public and Investor Relations Office<br>* Officer in charge of IR: Atsuhiko Sonoda, Senior Managing Director and General Manager of Planning<br>* Administrative contact: Shuichiro Kurosu, General Manager of Public and Investor Relations Office  |

### 3. Measures to Ensure Due Respect for Stakeholders

|   | Supplementary Explanations  |
|---|---|
| Stipulation of Internal Rules for Respecting the Position of Stakeholders | *The Company has a management philosophy which provides a basic system of values for determining the propriety of decisions and actions of members of the Group. As a part of this management philosophy, the Company is committed to applying the “spirit of believing in people, loving people, and serving people” to all the Group’s stakeholders, including customers, employees, clients, shareholders/investors, local communities, and the global community, and thereby contributing to the creation of a society in which all people can thrive.  |
| Implementation of Environmental Activities, CSR Activities etc.           | * See also Supplementary Principle 3.1.3 for information about the Environmental Activities, CSR Activities etc.  |
| Development of Policies on Information Provision to Stakeholders          | * The Company promotes the fair and timely disclosure of information in order to foster confidence in the Group and improve the transparency of management.<br>*The Company also has a policy on compliance-related information disclosure; it aims for such information to be promptly shared internally after being summarized in the General Affairs Division, the department in charge of crisis management, and then proactively disclosed to stakeholders as appropriate.   |
| Other   | <p><u>Actions to increase diversity</u></p> <p>The Company has established the Diversity Promotion Office within the Personnel Division. This office produces action plans for empowering women in the workplace, helps employees balance their career with parenthood, and provides unisex leadership training to encourage women to develop their professional career and to prepare the next generation of women managers.</p> <p>To support working parents, the Company provides flexible working options such as a program of shorter workdays. It also offers special inhouse childcare on Sundays and public holidays.</p> <p>* The Company has promoted flexible working options by introducing a system of telework (work from home) and staggered hours, among other things.</p> <p>* The President has joined other business leaders in signing the Cabinet Office’s “declaration of action” for empowering women in the workplace.</p> <p>*In 2023, the rate of paid holiday take-up among regular employees was 75.9%.</p> <p>The Group is conducting enlightenment activities with the target of 100% childcare leave utilization by male employees, (FY2023 acquisition rate: 100%, average days taken: 29 *parent company)</p> <p>* See also Supplementary Principle 2.4.1 for information about the recruitment of women, foreigners, and mid-career hires to leadership posts (such as manager or officer) and the Company’s efforts to promote recruitment of such persons.</p> |

## IV. Matters Related to the Internal Control System

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

The Company considers the establishment of an internal control system and risk management structure (hereafter collectively the “internal control system”) as vital to the permeation of business strategies and objectives sent out by the management team throughout the organizational structure. The Company also believes that an internal control system is crucial for achieving: i) effectiveness and efficiency of operations, ii) compliance, iii) credibility of financial reporting, and iv) conservation of assets. In addition, the Company views the internal control system as the underpinning of its efforts to deepen mutual trust with customers, shareholders and other stakeholders, and to the conduct of sustainable corporate management focused on social responsibility.

Based on this belief, the Company works to enhance its internal control system in accordance with the following basic policies.

On another front, the Company is working to strengthen monitoring, which it sees as a supplemental function for maintaining and reinforcing the Group's corporate governance drive, and the Company is implementing measures to enhance monitoring functions. Such measures include continued internal monitoring by the Operations Audit Office to ensure that operations are executed in compliance with laws and internal regulations. Operation of the Compliance Hotline, a contact point for encouraging and protecting internal whistle-blowing, is another measure for improving monitoring.

Going forward, the Company will actively reinforce corporate governance in order to achieve fair and transparent corporate activities that fulfill the expectations of all stakeholders.

#### <Basic Policies for Enhancing the Internal Control System>

##### 1. Compliance system

*Systems for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of duties by Directors and employees of the Company and Group companies*

- 1) The Group's management philosophy is "Putting People First." Based on this management philosophy, the Takashimaya Group shall conduct corporate activities that embody the spirit of believing in, loving, and serving all the Group's stakeholders, including customers, employees, clients, shareholders/investors, local communities, and the global community, and thereby contribute to the creation of a society in which all people can thrive. Upper management, together with all Directors and Executive Officers, sets an example in compliance management and strives to inculcate compliance culture so that the Group as a whole upholds the ethical values of the Company.
- 2) To ensure that the Company and the Group companies' business operations are executed in an appropriate and wholesome manner, the Company appropriately supervises the Directors' execution of duties and strives to build an effective internal control system for the Group as a whole. The Company regularly monitors the internal controls to ensure they are operating as intended and to identify any concerns.
- 3) Corporate Auditors work to strengthen the effectiveness of monitoring. Specifically, they audit the internal control system's functionality and effectiveness, and review the propriety of Directors' execution of duties so as to prevent or rectify any malpractice by Directors.
- 4) Based on the guidance of the Takashimaya Group CSR Committee (chaired by the President), the Company enforces strict compliance and spearheads Group-wide efforts to review and enhance the status of the internal control system and the progress of CSR measures concerning new social issues.
- 5) Guided by Takashimaya Group Risk Management Committee, the Company strives to ensure rigorous compliance culture throughout line management by facilitating collaboration between headquarters and relevant departments with respect to individual issues such as fair transactions, personal information, and environment.
- 6) Utilizing guidelines such as the Compliance Guidebook, the ESG Promotion Office and Personnel Division use various opportunities such as education and training to spread awareness of compliance in accordance with the management philosophy.
- 7) The Takashimaya Group has established a Group-wide structure for receiving reports about inappropriate behavior. This structure includes the Takashimaya Group Compliance Hotline, a Harassment Hotline, an Employment Consultation Desk, and a Legal Affairs Consultation Desk. The Group guarantees anonymity, ensures that whistleblowers are not subject to unfair treatment, and the Group provides education to staff involved in the Company and Group reporting structure to ensure rapid incident



response. Furthermore, the Group conducts enlightenment activities concerning the reporting structure for all Company and Group employees to increase internal reporting and the self-discovery and resolution of issues.

- 8) Operations Audit Office, which serves as an internal auditing body, regularly performs accounting and operations audits of each business office and Group company, reviews the effectiveness of the internal control system, and points out and seeks the rectification of any dysfunctional aspect. The General Manager of the Operations Audit Office reports the results of audits to the President and the Directors and Corporate Auditors.

## 2. Risk management

*Procedures and other systems related to managing the risk of losses to the Company and Group companies*

- 1) The Takashimaya Group Risk Management Committee strives to build a Group-wide risk management system, and continually revises and enhances its corporate structure so that it is equipped to deal with new risks arising from changes in the business environment. New undertakings are assessed in terms of their risk reward balance to ensure Group-wide control.
- 2) The Takashimaya Group Risk Management Committee (chaired by the President) identifies the various risks associated with the execution of duties throughout the Group, and has produced a manual (Yellow File) detailing the measures for minimizing the losses resulting from risk incidents. In conjunction with these efforts, the Takashimaya Group Risk Management Committee develops systems for pre-empting risk incidents and strives to ensure rigorous risk management throughout line management.
- 3) In order to exclude anti-social forces, the Company spearheads Group-wide efforts to reject improper requests and prevent damage from the same. Such efforts include enhancements to the risk management system such as the establishment of a Legal Affairs and Risk Management Office in the General Affairs Headquarters.

## 3. Storing and managing information

*Systems for storing and managing information related to the execution of duties by Directors*

The Company appropriately stores and manages information related to directors' execution of duties, including minutes of meeting of Board of Directors and request approval documents, in accordance with laws and regulations and the Company's Rules regarding Documents.

## 4. Ensuring director performance

*Systems for ensuring the efficient execution of duties by Directors*

- 1) Directors execute their duties appropriately and efficiently in compliance with the rulesets regarding authority and decision-making, including the Rules of the Board of Directors, Rules for the Segregation of Directors' Duties, Rules of the Executive Committee, Rules for Organizational Functions, and Rules for Deliberation. These rulesets are updated to reflect any legislative changes and to ensure proper execution and oversight of business and more effective executive performance.

- 2) The Company formulates a Group business plan for each fiscal year, carries out policy management as part of a PDCA, and regularly monitors each division to identify important issues and check the progress of measures designed to deal with such.
- 3) The Board of Directors holds regular monthly meetings, as well as extraordinary meetings, to determine important business decisions.

#### 5. Group management

*Systems for reporting to the Company matters concerning the execution of duties by Directors and employees of Group companies, and Systems for ensuring the efficient execution of duties by Directors and employees*

- 1) In accordance with the Group business plan for the fiscal year, the Company carries out policy management as part of a PDCA, and regularly monitors each Group company to identify important issues and check the progress of measures to deal with such.
- 2) In accordance with the Rules for Deliberation, Directors deliberate on matters concerning the execution of important business that the Company has deemed essential to the management of the Company or Group.
- 3) The Planning Headquarters, which is in charge of issuing operational guidance to Group companies, leads efforts to construct an internal control system and inculcate compliance culture throughout the Group companies so as to ensure propriety and efficiency in the operations of the Group.

#### 6. Assistants to Corporate Auditors

*Matters concerning employees who are assigned to assist in the duties of Corporate Auditors when Corporate Auditors request such assistance*

The Company has established a system for assisting Corporate Auditors wherein employees are assigned as full-time Assistant Auditors who work directly under the Corporate Auditors and assist their duties as directed by the Corporate Auditors.

*Matters related to the independence of the employees mentioned above from Directors, and matters for ensuring the effectiveness of the direction of said employees*

- 1) Employees who are assigned as Assistant Auditors shall not hold any concurrent managerial position related to the execution of the Company's business; they shall execute duties under the instruction of the Corporate Auditors, and their performance evaluations shall be determined after taking into account the opinions of the Corporate Auditors.
- 2) The Company shall require the prior consent of Corporate Auditors with regard to appointments and reshuffles of Assistant Auditors.

#### 7. Reporting to Corporate Auditors

*Systems for reporting by Directors, Executive Officers and employees of the Company and Group companies to Corporate Auditors*

- 1) Directors, Executive Officers, or employees of the Company or a Group companies must notify the Corporate Auditors without delay if they discover any serious violation of laws/regulations or the Articles of Incorporation or any malpractice in relation to the execution of duties, or anything that has the potential to cause substantial detriment to the Company.

- 2) Corporate Auditors may, whenever necessary, require Directors, Executive Officers, and employees to report to them. They may also access to the minutes and other conference materials. Directors, Executive Officers and employees of the Company and Group companies must comply swiftly and unerringly with Corporate Auditors' requests for such.
- 3) The Company reports to the Board of Corporate Auditors on matters concerning improprieties or malpractice that were reported through the internal whistle-blowing system.
- 4) The Company prohibits the maltreatment of persons who comply with the above Corporate Auditor requests and ensures that this prohibition is observed in each Group company.

#### 8. Ensuring Corporate Auditor performance

*Matters concerning policies on the settlement of expenses or liabilities incurred in connection with Corporate Auditors' execution of duties, and systems for ensuring effective audits by Corporate Auditors*

- 1) The President facilitates communication and understanding by holding regular meetings with Corporate Auditors and exchanging opinions concerning company management in addition to business reports.
- 2) Corporate Auditors may attend meetings of the Board of Directors and any other meeting for discussing the execution of important duties of Directors and Executive Officers including the Executive Committee, PDCA Committee, and Takashimaya Group CSR Committee.
- 3) Corporate Auditors may hold regular Group audit liaison meetings attended by Corporate Auditors across the Group, and they strive to ensure the sharing of information and the propriety of the execution of business. In addition, Corporate Auditors develop close collaborative relationships with the Accounting Auditor and the Operations Audit Office in order to increase the effectiveness of auditing throughout the Group.
- 4) Corporate Auditors may seek advice from attorneys, certified public accountants, and other experts outside the Company as they may deem necessary for the proper performance of their auditing duties, and may request the Company to bear expenses such as those related to the outsourcing of investigations, appraisals, and other operations.

## 2. Basic Views on Eliminating Anti-Social Forces

In pursuit of the management philosophy of "Putting People First," the Group has highlighted "behavior that gains trust from society" as a policy to be practiced by managers and staff alike. Based on this policy, the Company takes a resolute stand against anti-social forces that threaten the order and safety of civil society and refuses to engage in relationships with such forces.

To this end, the Company has established the Legal Affairs and Risk Management Office in the General Affairs Headquarters. Specifically, in the event that a department store, business division, or Group company is exposed to improper demands by anti-social forces, the Legal Affairs Office will collect and analyze the relevant information in a prompt and uniform manner, and provide leadership and advice, collaborating as necessary with authorities such as the police or outside experts such as attorneys; in this way, the Company has prepared system whereby the Group can work as one to resolve any problems posed by anti-social forces.

## V. Other

### 1. Adoption of Anti-Takeover Measures

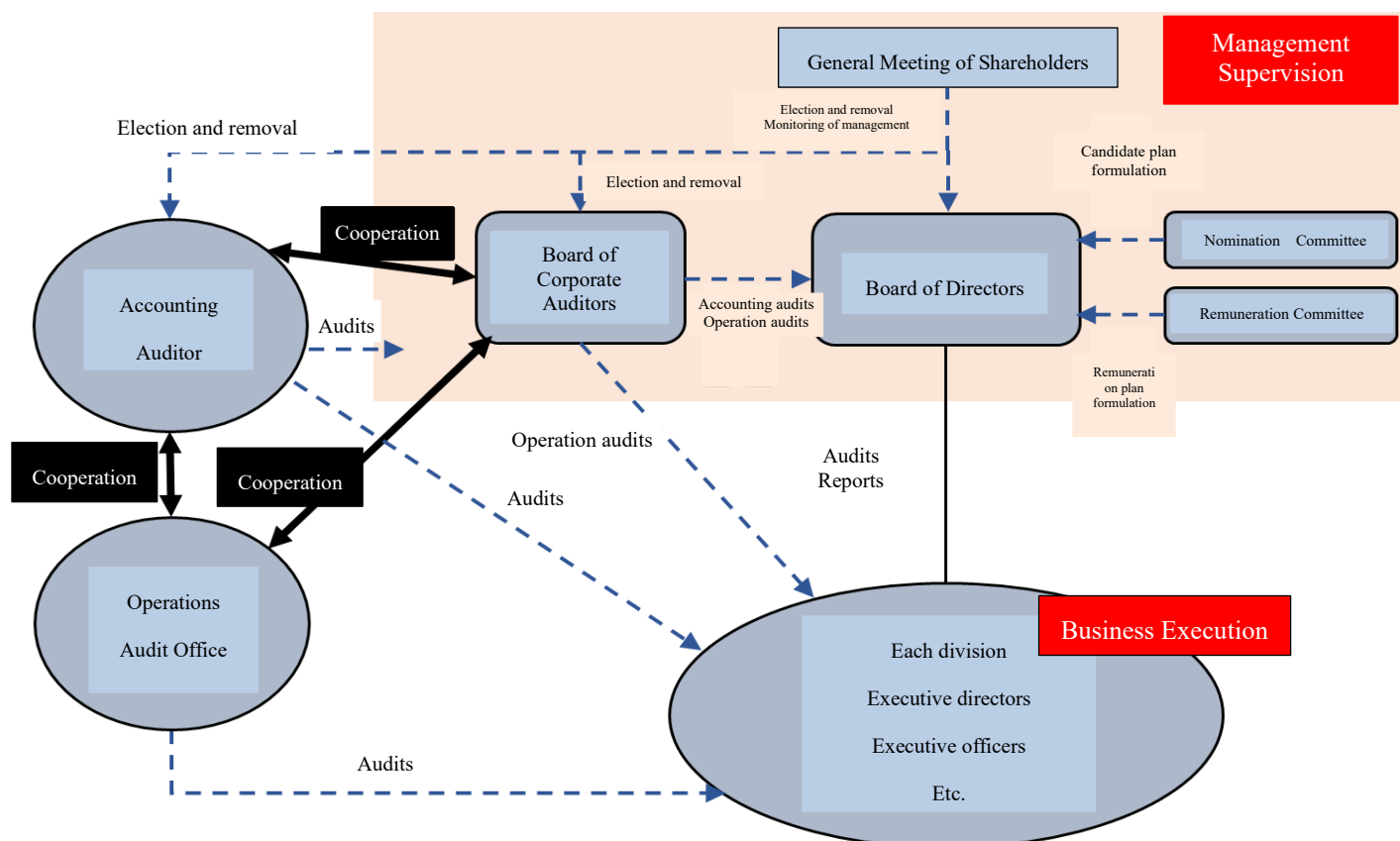
|                                    |             |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not Adopted |
|------------------------------------|-------------|

## 2. Other Matters Concerning to Corporate Governance System

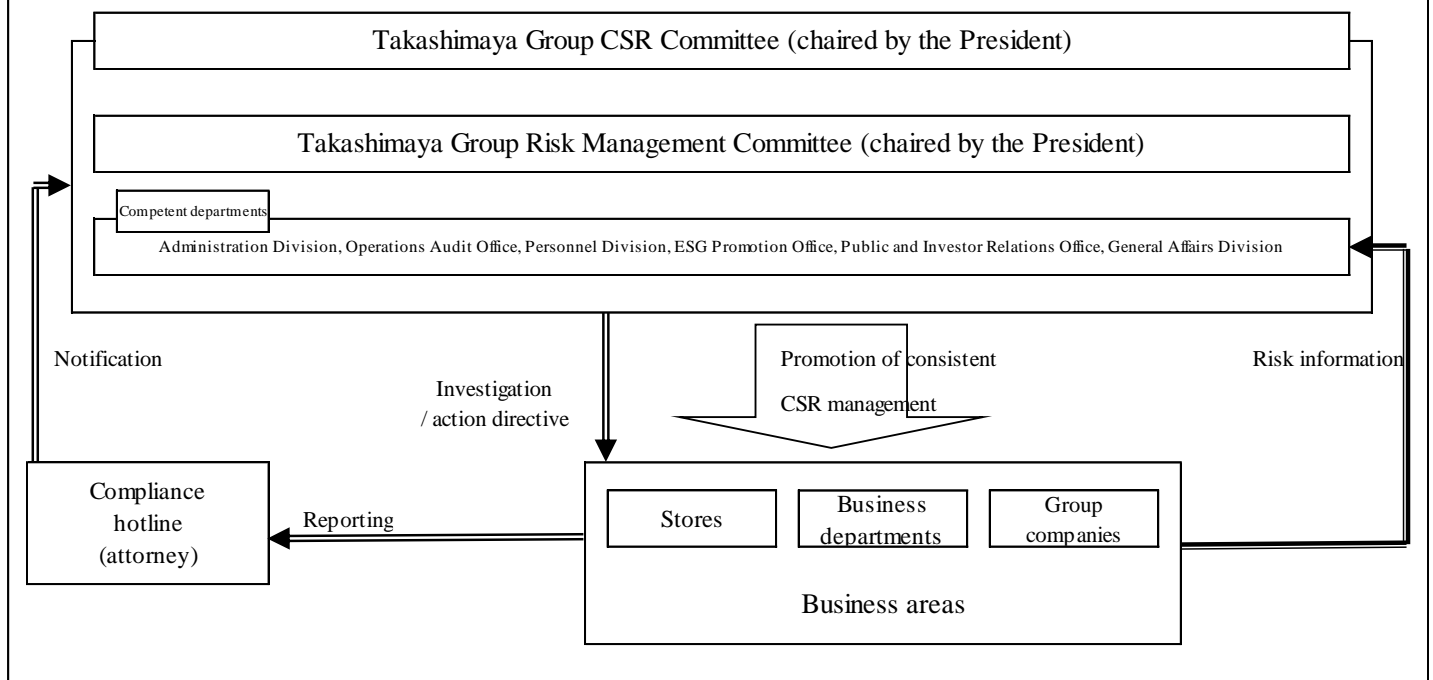
The status of the Company's internal control system pertaining to the timely disclosure of company information is as follows:

- The Public and Investor Relations Office acts as the focal point for the timely disclosure of company information.
- Decisions on the disclosure of information are taken by the Executive Committee, the Board of Directors, and the Takashimaya Group CSR Committee.
- Aside from disclosing matters requiring disclosure, the Company voluntarily discloses information that the Public and Investor Relations Office deems necessary to disclose in order to promote proactive information disclosure.

Reference: Organizational Structure



### <Internal Control System and Risk Management Structure>



### <Disclosure Decision Structure>

