

## Corporate Governance Guidelines

### (Purpose)

These Guidelines stipulate basic views, framework and operational guidelines on corporate governance of Isetan Mitsukoshi Holdings Group (hereinafter referred to as the “Group”) with the intention of contributing to sustainable corporate growth and enhancement of corporate value over the mid- to long-term.

### (Revisions)

These Guidelines shall be revised as necessary, in light of changes in business of and environment surrounding the Company.

## Chapter 1 General Provisions

### 1. Basic Views

Basic Views and Policy Regarding Corporate Governance Based on Each of the Principles in Japan’s Corporate Governance Code

The Group is overhauling its corporate governance structure by ongoing efforts toward securing the transparency of our corporate activities, speeding up management decision-making, strengthening management oversight mechanisms and enhancing internal control systems.

The Company has adopted a company with a nominating committee, etc. as its organizational design.

In order to build excellent relationships with customers, employees, shareholders and investors, business partners and the local and wider communities—our stakeholders—we examine the status of our corporate governance and make necessary improvements.

### 2. The Way We Want to Be

The Group will transform our business model from the conventional model, promote structural reforms, and create business foundations even more swiftly than before under the Medium-term Management Plan (FY2022 – FY2024). We have identified “a ‘special’ department store-centered retail group that enriches the lives of its customers” as the way we want to be over the long term by utilizing our advantages of “goodwill,” “customers,” “human resources,” and “stores and real estate.”

In order to transform our Vision into reality, we reorganized our corporate philosophy to

clarify our Mission and Values, and in 2023, we established a new “Isetan Mitsukoshi Group Corporate Philosophy.”

## Chapter 2 Securing the Rights and Equal Treatment of Shareholders

### 1. Securing the Rights of Shareholders

In the conviction that shareholders, as providers of capital, are stakeholders of crucial importance, and in light of their fundamental role in corporate governance regimes, we take appropriate measures to enable substantive protection of shareholder rights including those of minority shareholders, and create an environment enabling due exercise of rights by all shareholders.

### 2. Exercise of Rights at General Meeting of Shareholders

The Group will strive to create an environment for the General Meeting of Shareholders, in which shareholders have sufficient time for considering exercising their voting rights so that all shareholders can appropriately exercise their voting rights, with a focus on the following.

- (1) Early sending of notice of convocation of the Ordinary General Meeting of Shareholders (three weeks before the day of the meeting) and disclosing the information on the notice on the Company website and the Tokyo Stock Exchange’s TDnet (approximately one month prior to the day of the meeting).
- (2) Holding the Ordinary General Meeting of Shareholders on non-peak days.
- (3) Ensuring shareholder convenience by utilizing the electronic voting platform (including disclosure of English-language notices of convocation).
- (4) Responses to institutional investors and other investors who hold shares in the name of trust banks, etc. including exercise of individual voting rights (discussion with trust banks, etc.).
- (5) Reviewing results of the Ordinary General Meeting of Shareholders at the Board of Directors held after the conclusion of the Meeting (including causal analysis of proposals that had many opposing votes), and reflecting the obtained results in management and dialogue with shareholders and others based on the review.

### 3. Capital Strategy

The basic policy of the Group is to pursue “securing financial soundness,” “improving capital efficiency,” and “increasing returns to shareholders” in a well-balanced way, and we will return profits to shareholders while comprehensively considering the business environment, earnings performance, and financial soundness. The Company aims to stably increase dividends in line with the mid- to long-term profit growth with a basic policy of maintaining a stable dividend level.

The Company is not considering a capital policy that results in the change of control or in

significant dilution. When implementing such a capital policy, the Company will, from the perspective of fulfilling its fiduciary responsibilities to shareholders, thoroughly discuss the necessity and rationality of the policy at the Board of Directors and implement appropriate procedures and explanations to shareholders.

Currently, the Company does not implement anti-takeover measures.

#### 4. Cross-shareholdings

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

The basic policy of the Group is to not acquire or hold cross-shareholdings in principle, except when cross-shareholdings are deemed conducive to sustainable growth and enhancement of corporate value of the Group over the medium- to long- term.

With regard to the cross-shareholdings the Company currently holds, every year at the Board of Directors, the Company verifies whether it is rational to continue holding such cross-shareholdings (the purpose of holding, transaction status, dividend earnings, etc.), and will proceed with phased reduction of cross-shareholdings. When shareholders who hold the Company's shares for the purpose of cross-shareholding indicate their intention to sell their shares, the Company will not hinder the sale of the shares.

Regarding the exercise of voting rights for cross-shareholdings, an overall judgment will be made in terms of whether or not exercise of such rights would contribute to the enhancement of corporate value of the said company over the mid- to long-term, be in line with the basic policy of the Company on cross-shareholdings, or contribute to the enhancement of corporate value of the Company over the mid- to long-term.

#### 5. Transactions between Related Parties

When a transaction is made with officers such as Directors and Executive Officers and their close relatives, and major shareholders (shareholders who hold 10% or more of the Company's voting rights), the Group will establish a system and conduct monitoring to ensure that the interest of the Company and its shareholders will not be harmed.

Pursuant to the Companies Act and internal regulations, the Board of Directors will approve such transaction, and receive reports after the completion of the transaction.

## Chapter 3 Proper Cooperation with Stakeholders

### 1. Challenges related to Sustainability

Under the Group's "Basic Policy on Sustainability," the Company will fulfill its corporate social responsibility by addressing various social issues from ESG and SDGs perspectives and contributing to solving them through its corporate activities, and play its role in realizing both prosperous future for all the surrounding people and a sustainable society.

## 2. Creating an Environment in which various human resources can be active

The Group will work to construct a foundation on which all employees can be active regardless of gender, nationality, or employment arrangements, and strive to achieve sustainable growth and enhance corporate value of the Company over the mid- to long-term by leveraging the perspectives and values of various human resources.

## 3. Establishment of an Internal Hotline System

The Group will establish the “Isetan Mitsukoshi Group Hotline” as a point of contact for internal reports from employees to receive reports on wrongdoing and other misconducts. In addition, we will establish an external contact point for consultation with a law firm and a professional counselor independent from the Company.

To ensure that whistle-blowers are not subject to any disadvantages, we will stipulate the secrecy of whistle-blowers, prohibition of disadvantageous treatment, obligation of confidentiality of person in charge, and thoroughgoing measures to prevent information leakage in the “Group Hotline Rules.”

After receiving reports, the department in charge will immediately investigate and respond to the facts, and in the event that material wrongdoing is confirmed, it will be reported to the Board of Executive Officers and then appropriate action will be taken in accordance with internal regulations.

## 4. Functional Roles as Corporate Pension Fund Asset Owners

The Company’s retirement pension plan has transitioned to a defined contribution corporate pension plan. Although the defined benefit corporate pension plan is still available for some retired employees, its influence on the Company’s financial position is extremely limited. For pension investment management, qualified persons suitable for such duties are placed in relevant departments, and we receive periodic reports on investment status from financial institutions for monitoring.

# Chapter 4 Ensuring Appropriate Information Disclosure and Transparency

## 1. Enhancing Information Disclosure

The Group will actively disclose its business strategies, management plans, corporate governance guidelines, policies and procedures on nomination of candidates for Director (including skill matrix), explanation on individual selection and nomination, policies and procedures with regard to decisions concerning remuneration of Directors and Executive Officers, and other matters, in addition to information disclosure based on laws and regulations (including the rules set by the Tokyo Stock Exchange and a framework for

disclosure of TCFD) and requests from society, in an easy-to-understand manner in its corporate governance reports and other documents (including English versions of information disclosure).

## 2. Accounting Auditors

The Company will put in place the following structures in order to ensure effectiveness of audits by accounting auditors.

- (1) Confirming the validity of labor allocation in consideration of the audit scope and maintenance of quality
- (2) Ensuring opportunities for periodical discussions with the Representative Executive Officers and other Executive Officers
- (3) Ensuring cooperation between accounting auditors, the Audit Committee, and the Internal Audit Division (reporting audit plans and audit results, holding periodical meetings, and sharing risk information)
- (4) Ensuring that necessary measures will be taken by the Audit Committee if the accounting auditors submit a report on misconduct regarding execution of duties or on material facts regarding laws and regulations or the Articles of Incorporation (including deliberations and investigation at the Audit Committee, reporting to the Board of Directors, and providing advice or recommendations to Executive Officers)

Also, the Audit Committee will evaluate audit activities by the accounting auditors and decide their reappointment for each term based on the results of such evaluations.

## Chapter 5 Responsibilities of the Board of Directors, etc.

### 1. Corporate Governance System

The Company clearly separates the roles between “execution” and “oversight” and has selected a company with a nominating committee, etc. as its organizational design in order to enhance the oversight and monitoring function of the Board of Directors and achieve rapid business execution.

The Company has built a highly objective and transparent oversight system, led by External Directors by having Independent External Directors comprise a majority of the Board of Directors as well as establishing a statutory Nominating Committee, Compensation Committee, and Audit Committee, whose majority members are External Directors.

The Company has clearly set forth criteria for making proposals to be decided upon by the Board of Directors in the Articles of Incorporation and the “Regulations of the Board of Directors” and other internal regulations in addition to those stipulated by laws and regulations. As for other important matters, the Company has delegated authority to deliberate and make decisions to Executive Officers in order to enhance the maneuverability of management.

## 2. Directors and the Board of Directors

### (1) Roles of the Board of Directors

In light of the Company's fiduciary responsibilities and accountability to shareholders, the Board of Directors will aim to promote the Group's sustainable growth and the enhancement of corporate value over mid- to long-term by focusing on the establishment of general direction of the Group and the oversight/monitoring of business execution.

### (2) Composition of the Board of Directors

The Board of Directors shall be comprised of a diverse range of people with broad and highly specialized knowledge, knowledge in specified business field, and skills based on experience in corporate management, etc. as well as high ethical standards. For External Directors in particular, the Company will invite people from different fields and industries, primarily those with sufficient management and executive experience in business world, and select people with due consideration to ensure diversity of the Board of Directors.

The Company's Articles of Incorporation stipulates that the number of Directors shall not exceed 15. The number of Directors shall be such that the functions of the Board of Directors can be effectively and efficiently demonstrated. In addition, a majority of the Board of Directors shall be Independent External Directors so that a highly objective and transparent oversight functions are demonstrated.

### (3) Analysis and evaluation of the effectiveness of the Board of Directors

The Company will continue to conduct an analysis of the effectiveness of the Board of Directors through self-evaluation questionnaires, interviews, etc. with Directors including External Directors, also taking into account the perspectives of third-party agencies. Based on the results of the analysis, the Company will discuss the improvement of the effectiveness at the Board of Directors and strive to make improvements through the formulation and implementation of action plans.

### (4) Meetings, etc. led by External Directors

The Company will hold periodical meetings comprised only of External Directors to exchange information and share recognition from an objective standpoint. In addition, President and CEO, internal non-executive Directors, and other officers will participate in such meetings on a regular basis to provide all Directors with opportunities to exchange information.

### (5) Training for Directors

The Company will continuously provide Directors and Executive Officers with training to enable them to acquire knowledge and improve their skills in accordance with their required roles and responsibilities. To External Directors in particular, the Company will ensure that they are provided with opportunities to understand the current status of the Company and

promote recognition of issues before assumption of office, as well as opportunities to continuously update and exchange information after assumption of office.

### 3. Nominating Committee

#### (1) Roles of the Nominating Committee

The Nominating Committee will engage in deliberations and make decisions related to the “nomination” of officers, under the leadership of External Directors.

#### (2) Composition of the Nominating Committee

The number of Committee members shall be approximately five, majority of which shall be comprised of External Directors (of which at least one member shall concurrently serve as a member of the Audit Committee). The Committee members will be selected by the Board of Directors’ resolutions, and chair will be selected from among External Directors who are members of the Committee.

#### (3) Deliberations and details of decisions by the Nominating Committee

In addition to providing quantitative information such as performance indicators, qualitative information such as personnel evaluations, and objective evaluations by third-party agencies, the Committee will secure contact between candidates and External Directors such as interviews, make judgment with regard to the reappointment of the CEO, deliberate on succession plan of the CEO, make decisions on proposals for the appointment and dismissal of Directors to be submitted to the General Meeting of Shareholders, and deliberate on proposals of the members of the three statutory committees and proposals for executive appointment of Executive Officers, to be decided by the Board of Directors.

### 4. Compensation Committee

#### (1) Roles of the Compensation Committee

The Compensation Committee will engage in deliberations and make decisions related to “remuneration” of officers, under the leadership of External Directors, based on the remuneration plans that lead to incentives for officers to enhance corporate value.

#### (2) Composition of the Compensation Committee

The number of Committee members shall be not less than three persons and not more than five persons, majority of whom shall be comprised of External Directors. The Committee members will be selected by the Board of Directors’ resolutions, and chair will be selected from among External Directors who are members of the Committee.

#### (3) Deliberations and details of decisions by the Compensation Committee

The Committee will engage in deliberations on issues and policy of officer remuneration plans that lead to incentives for officers to enhance corporate value, and then utilize objective indicators, including quantitative information such as performance indicators and qualitative information such as personnel evaluation to make judgment and decisions concerning the appropriateness of individual remuneration proposals.

## 5. Audit Committee

### (1) Roles of the Audit Committee

The Audit Committee will audit the execution of duties by Executive Officers and Directors and the status of internal control systems, and makes decisions on details of proposals to be submitted to the General Meeting of Shareholders regarding the appointment and dismissal of the Accounting Auditor, performing the oversight function of the Board of Directors through auditing.

In addition, it will build an audit system for the entire Group by coordinating with the accounting auditors, the Internal Audit Division, and Audit & Supervisory Board Members at each Group company.

### (2) Composition of the Audit Committee

The number of Committee members shall be approximately five, majority of which shall be comprised of External Directors (of which at least one member shall concurrently serve as a member of the Nominating Committee) and internal non-executive Directors who are full-time members. In addition, at least one person who has sufficient knowledge of finance and accounting will be selected. The Committee members will be selected by the Board of Directors' resolutions, and chair will be selected from among Directors who are members of the Committee.

### (3) Activities of the Audit Committee

The Committee will set forth audit policies and plans, obtain reports on risk management, reports from the Internal Audit Division, and reports and other information from the accounting auditors, and conducts hearings, etc. on the status of business execution for the Executive Division.

In addition, in order to improve the quality of audits, the Committee will appropriately coordinate with the accounting auditors and the Internal Audit Division, including exchanging information on audit results and other matters.

## 6. Executive Officers and the Board of Executive Officers

### (1) Roles of executive officers

Executive Officers will make decisions on and conduct business execution assigned by the Board of Directors, as an organ in charge of business execution, in accordance with the division of business duties as well as the relevant chain of command defined by the Board of Directors.

### (2) Division of business duties

President and CEO will represent the Company as the chief executive officer of the Company's business and supervise the Company's business in accordance with the division of business duties and the relevant chain of command defined by the Board of Directors.

Other Executive Officers will support the President and CEO and serve as Chief Officers responsible for managing core divisions.



### (3) The Board of Executive Officers

The Board of Executive Officers will approve important matters, etc. related to business execution, deliberate and make decisions on business strategies for the entire Group and Group-wide issues, etc. related to multiple Group companies.

### (4) Composition of the Board of Executive Officers

The Board of Executive Officers will be comprised of all Executive Officers authorized by the Board of Directors.

## Chapter 6 Dialogue with Shareholders and Investors

### Policy, Systems, and Measures for Dialogue with Shareholders and Investors

#### (1) Respondents for constructive dialogue with shareholders and investors

In order to promote constructive dialogue with shareholders, senior management will cooperate to explain capital policy, the Medium-term Management Plan, and other matters to shareholders and investors in a clear and easy-to-understand manner.

#### (2) Cooperation among internal divisions

The Finance Division, IR Division, and General Affairs Division will cooperate organically to support the promotion of the dialogue.

#### (3) Measures for dialogue

The Company will hold results briefings by top management, small meetings for analysts, dedicated meetings with institutional investors, securities analysts, etc. and opinions gathered from such activities will be reflected in management.

#### (4) Reports to the Board of Directors

Opinions and concerns understood in constructive dialogue with investors will be fed back to the Board of Directors to promote the Group's sustainable growth and the enhancement of corporate value over mid- to long-term.

#### (5) Management of insider information

The Company will strive to disclose information in a fair, prompt, and timely manner while giving due consideration to insider information management pursuant to the "Insider Trading Prevention Regulations."

The Company never refers to significant matters, etc., that have not yet been publicly disclosed in meetings with shareholders and investors. During the "Quiet IR Period" observed by the Company, officers and other employees of the Company desist from commenting to shareholders, investors, the press, etc. on earnings results and targets, as well as other information relating to financial accounts.

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