

## Corporate Governance

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### **BIC CAMERA INC.**

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The corporate governance of BIC CAMERA INC. (the “Company”) is described below.

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

### **1. Basic Views**

The Company and its group companies (the “Group”) believe that to maximize the interests of each stakeholder through efforts to enhance corporate value, the basic approach to corporate governance should be to begin from the basis of thorough compliance and work to develop a management system and audit system, increase transparency of management, and create an organization capable of making speedy decisions with the objective of enabling each division within a company to undertake highly productive and efficient business activities.

#### **[Reasons for Non-compliance with the Principles of Japan’s Corporate Governance Code] [Update](#)**

The Company implements all the principles of the Corporate Governance Code.

#### **[Disclosure Based on the Principles of Japan’s Corporate Governance Code] [Update](#)**

##### **[Principle 1.4 Cross-Shareholdings]**

Basic policies on cross-shareholdings

(1) Basic policies on cross-shareholdings

The Company owns cross-shareholdings under one of its management strategies, aiming to “create business opportunities,” to “establish, maintain and enhance transactional and cooperative relationships,” and to “maintain and strengthen its position in the industry.”

(2) Details of our evaluation of cross-shareholdings

The Board of Directors strives to maintain cross-shareholdings appropriately by specifically examining on an annual basis whether the purpose of each individual cross-shareholding is appropriate and whether the benefits and risks from each holding cover the Company’s cost of capital.

It sells shares that are deemed unnecessary to continue holding after taking into consideration the factors including share prices and market trends.

(3) Standards for exercising voting rights with regard to cross-shareholdings

With respect to when companies in cross-shareholding relationship with the Company submit proposals to their respective general meetings of shareholders, the Company maintains a policy to cast opposing votes if such proposals are not justifiable from the perspective of maintaining and enhancing shareholder value.

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

Related party transactions are determined in the same manner as general terms and conditions in order to ensure that such transactions do not harm the interests of minority shareholders and other stakeholders. Important transactions are matters to be resolved by the Board of Directors.

In addition, “The status of related party transactions” is reported twice a year at the meetings of the Board of Directors.

Related party transactions are disclosed in accordance with the relevant laws and regulations of the Companies Act and the Financial Instruments and Exchange Act.

[Supplementary Principle 2.4.1 Ensuring Diversity in the Recruitment, etc. of Core Human Resources]

(1) Approach to ensuring diversity

The Company considers human resources as the most important management resources, and positions them as the centerpiece in sustainable management. While working on human capital management which aims to maximize abilities of each and every one of our employees, we have established the “basic policies for human resources” that are designed to develop human resources who subjectively embody our corporate philosophy and the “policies for improvement of the internal environment” to enable employees to have pride and passion for their work and gain job satisfaction, and to create a pleasant working environment. Through the promotion of this effort for human resources, we will develop the diverse skills of individual employees and actively promote them, thereby enhancing corporate value.

(2) Targets for ensuring diversity and status thereof

The Company actively recruits and promotes human resources regardless of gender, nationality, or age in order to respond to diverse customer needs.

With regard to the proactive promotion of women on which we place special emphasis, the ratio of female managers as at the end of the fiscal year ended August 31, 2024 and the numerical target for FY2030 are as follows.

Ratio of female managers: 9.2%      Target: 15% or more (FY2030)

(3) Human resource development policies and measures aimed at ensuring diversity

Since its foundation, the Company has believed in the power of “individual” employees and provided a growth opportunity for them regardless of gender, nationality, or age. To further enhance employees’ motivation, foster autonomy, and encourage growth, the Company has introduced a target management system that focuses on individual strengths, a personnel system for career development, and a reward system, thereby supporting skill development while valuing diversity among employees.

In addition, we also set numerical targets for the rate of men taking childcare leave (target of at least 80% by FY2030), and improve the working environment for securing diverse human resources to further promote diversity and inclusion.

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

The Company has introduced a defined contribution pension plan.

The Company is not involved in the accumulation, etc. or management of corporate pension funds as an asset owner. However, the Company offers its employees the training opportunity on asset management.

[Principle 3.1 Full Disclosure]

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The Company's vision (management philosophy, etc.), management strategy, and management plan

The Group has set its purpose as "To serve customers as a purchasing agent that provides helpful support for their lives," and, as part of its ongoing management strategy, has focused on expanding the customer base and strengthening the business foundation by implementing key measures such as establishing stores unique to Bic Camera that offer reliability and excitement to increase customer retention, achieving new customer engagement through the utilization of group assets, strengthening efforts in growth areas, and enhancing the resilience of management infrastructure.

In October 2024, the Group formulated and announced the BIC Camera Group Medium-Term Management Plan: Vision 2029, which covers the five-year plan period from the fiscal year ending August 31, 2025 to the fiscal year ending August 31, 2029.

The concept of this medium-term management plan is to achieve group management that develops the characteristics and strengths of each company. The focus of the plan is to build the foundation of a circular economy-type business model by the fiscal year ending August 31, 2029 by pursuing the utilization and collaboration of group functions, starting from the voices of customers and employees, and creating replacement demand by retaining customers through group stores and utilizing group assets. Through such initiatives, while positioning stores at the core of its business, the Group aims to enhance customer engagement across various purchasing processes, respond flexibly to social changes, customer needs, and evolving purchasing behaviors, and to provide more convenient services in order to address social challenges such as environmental issues and the digital divide.

The Group has set management objectives to maximize its corporate value, aiming for net sales of ¥1.1 trillion, an operating profit of ¥40 billion, and an ROE (return on equity) of 10.5% by the fiscal year ending August 31, 2029.

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Basic views and basic policies on corporate governance

The Group believes that to maximize the interests of each stakeholder through efforts to enhance corporate value, the basic approach to corporate governance should be to begin from the basis of thorough compliance and work to develop a management system and audit system, increase transparency of management, and create an organization capable of making speedy decisions with the objective of enabling each division within a company to undertake highly productive and efficient business activities.

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Basic policies on remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)

Remuneration for the Company's officers is calculated within the limit of remuneration approved at the General Meeting of Shareholders. The system enables the monitoring function of shareholders to work in this regard.

The upper limit of remuneration for Directors (excluding Audit and Supervisory Committee Members) was set at ¥450 million per year (including a portion for Outside Directors of up to ¥50 million per year) by resolution of the 40th Annual General Meeting of Shareholders held on November 19, 2020.

Meanwhile, the upper limit of remuneration in the form of share remuneration-type stock options for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) was set at ¥100 million per year, which is in addition to the aforementioned remuneration, etc. per resolution of the 41st Annual General Meeting of Shareholders held on November 19, 2021. However, at the 44th Annual General Meeting of Shareholders held on November 21, 2024, it was resolved to abolish the share remuneration-type stock options, and to set the maximum amount of remuneration for the grant of shares with transfer restrictions ("restricted shares") to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) at ¥100 million per year, and the maximum number of restricted shares to be allotted within one year from the date of the Annual General Meeting of Shareholders for each fiscal year at 80,000 shares, in addition to the aforementioned remuneration, etc.

The upper limit of remuneration for Directors who are Audit and Supervisory Committee Members was set at ¥80 million per year by resolution of the 40th Annual General Meeting of Shareholders held on November 19, 2020.

The officers who are eligible for payment of remuneration, etc. in accordance these payment limits are 11 Directors (excluding Audit and Supervisory Committee Members, including 4 Outside Directors) and 4 Directors who are Audit and Supervisory Committee Members (including 3 Outside Directors).

The Board of Directors adopted a basic policy on the individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members. Hereinafter, "Directors") by resolution of the meeting of the Board of Directors held on February 26, 2021, and revised it at the meeting of the Board of Directors held on November 21, 2024.

Furthermore, regarding the individual remuneration, etc. for Directors in the current fiscal year, the Board of Directors has confirmed that the method of determining the remuneration, etc. and the details of the determined remuneration, etc. are consistent with this policy for determining remuneration, etc., confirmed that the report from the Compensation Committee has been respected, and deemed that the individual remuneration, etc. are in line with this policy.

The remuneration system for Directors of the Company aims to provide incentives for each Director to enhance corporate value continuously and to promote the further sharing of value with our shareholders. When determining the individual remuneration for Directors, the basic policy is to set appropriate levels based on their positions and work responsibilities.

Specifically, remuneration for Directors is composed of 1) "Basic remuneration" paid as cash based on the roles of individual Directors, 2) "Performance-linked remuneration, etc." paid as cash based on the achievement of financial results and individual missions as a short-term incentive, and 3) "Restricted share-based remuneration" as a medium- to long-term incentive.

Considering their role in providing oversight and suggestions for the management of the Company and the overall of the Group from an objective standpoint, only basic remuneration is paid as remuneration to Outside Directors (excluding Directors who are Audit and Supervisory Committee Members).

The amounts of remuneration, etc. for Directors who are Audit and Supervisory Committee Members are determined through discussions involving Directors who are Audit and Supervisory Committee Members, considering factors that include full-time or part-time status, inside or outside Director status, and duties assigned. Directors who are Audit and Supervisory Committee Members receive basic remuneration only, given their roles in auditing Directors in their execution of duties from an objective standpoint.

Furthermore, from the perspective of committing to medium- to long-term financial results, the Company has established as system through which Directors (including Directors who are Audit and Supervisory Committee Members) contribute a certain amount of their monthly remuneration to the Company's Officer Shareholder Association to acquire the Company's shares, which they continuously hold throughout their terms in office.

As for procedures for determining remuneration, decisions on remuneration amounts for each Director and Executive Officer are made by resolution of the Board of Directors upon review undertaken by the Compensation Committee, established voluntarily and chaired by an Outside Director (excluding Directors who are Audit and Supervisory Committee Members).

Moreover, the Compensation Committee, at request of the Board of Directors, deliberates on the reasonableness of the remuneration system and reports such results to the Board of Directors.

The Compensation Committee is chaired by an Outside Director (excluding Directors who are Audit and Supervisory Committee Members) and a majority of its members consist of Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), thereby enhancing its objectivity and transparency.

The details of the policy for determining for individual remuneration, etc. for Directors are as follows.

- (1) Policy to determine the amounts of individual remuneration, etc. for basic remuneration (cash remuneration, includes policy related to the period and conditions in which remuneration, etc. is paid).  
Basic remuneration for Directors and Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) is remuneration that is paid monthly in an amount decided ahead of time within the scope of a standard amount considering factors including the positions and work responsibilities of individual Directors, the Company's financial results, and market levels.  
Basic remuneration for Directors who are Audit and Supervisory Committee Members shall be determined individually through discussions involving Directors who are Audit and Supervisory Committee Members, considering factors that include their individual roles, expertise, and experience, in line with their work responsibilities, and is paid as monthly remuneration.
- (2) Policy to determine the details of the financial results indicators associated with performance-linked remuneration, etc.  
Because increasing profitability is important in continuously increasing corporate value, the financial results indicators associated with the performance-linked remuneration, etc. for Directors (excluding

Directors who are Audit and Supervisory Committee Members) are consolidated and non-consolidated net sales, operating profit, ordinary profit, and profit (profit attributable to owners of parent on a consolidated basis). Financial results indicators are reviewed based on changes in the management environment and reports from the Compensation Committee.

- (3) Policy to determine the amounts of performance-linked remuneration, etc. (includes policy related to the period and conditions in which remuneration, etc. is paid).  
Performance-linked remuneration, etc. paid as cash to Directors (excluding Directors who are Audit and Supervisory Committee Members) is paid as monthly remuneration during the Directors' terms of office and is calculated in individual amounts based on an evaluation of the Company's and the individual's financial results following the conclusion of the fiscal year, considering the state of achievement of financial results indicators in each fiscal year.
- (4) Policy to determine the details and number of restricted share-based remuneration (includes policy related to the period and conditions in which remuneration, etc. is paid).  
Restricted share-based remuneration paid to Directors (excluding Directors who are Audit and Supervisory Committee Members) is a share remuneration system aimed at continuously increasing corporate value, and the number of restricted shares allotted is determined by a resolution of the Board of Directors.  
Each fiscal year, financial results targets are established with reference to consolidated and non-consolidated net sales, operating profit, ordinary profit, and profit (profit attributable to owners of parent on a consolidated basis), and when the financial results targets are achieved, the allocation will be executed, with the payment period determined by the Board of Directors. Furthermore, the lifting of transfer restrictions shall be limited to the time that the Directors leave office.  
Moreover, where the Board of Directors deems that the actions of a recipient of restricted share remuneration violate laws and regulations or the Company's internal rules, etc., violate the items established in the restricted shares allocation agreement associated with restricted share remuneration, damage the Company's good name, cause significant damage to the Company, or where a recipient of restricted shares remuneration assumes the position of an officer, employee, or advisor, etc. at a competitor without prior written notification to the Company, the Company shall acquire the accumulated restricted shares of the Director in question without contribution.
- (5) Items related the policy for determining on the details of individual remuneration, etc. for Directors  
Specific decisions on the details of individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) are delegated to the Representative Director and President based on a resolution of the Board of Directors.  
The contents of the authority delegated to the Representative Director and President include decisions on the amounts of basic remuneration, for individual Directors within the scope of the maximum amount, etc. determined by a resolution of the General Meeting of Shareholders, the amounts of performance-linked remuneration, etc., and the number of restricted shares allotted.  
Furthermore, so that the authority delegated to the Representative Director and President are exercised appropriately, the Board of Directors shall establish a Compensation Committee as an advisory body to the Board of Directors, and when the Representative Director and President determines the details of individual remuneration, etc. for Directors based on the above delegation of authority, the Representative Director and President shall receive a report from the Compensation Committee ahead of time and respect to the fullest extent the details of the report as a condition of the above delegation of authority.  
Regarding basic compensation for Directors who are Audit and Supervisory Members, the amounts of individual remuneration shall be determined through discussions involving Directors who are Audit and Supervisory Board members within the scope of the maximum amount determined by a resolution of the General Meeting of Shareholders.
- (6) Policy to determine the proportion of the amounts of basic compensation, performance-linked remuneration, etc. and the number of restricted shares allotted  
The levels of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members), the proportion of the amounts of basic remuneration, performance-linked remuneration, etc. and the number of restricted shares allotted are determined referencing companies, etc. with a similar business scale as the Company. Specifically, cash remuneration is composed of 50% basic remuneration and 50% performance-linked remuneration, etc. and restricted share-based remuneration is allotted when financial results targets are achieved, as described in (4) above.

The Representative Director, delegated by the Board of Directors, shall respect the contents of reports from the Compensation Committee and determine the details of remuneration, etc. for each of the Directors (excluding Directors who are Audit and Supervisory Committee Members) within the scope of the remuneration proportions proposed in the Compensation Committee's reports.

Furthermore, regarding the details of individual remuneration, etc. for Directors, because the Representative Director and President oversees all operations of the Company, specific decisions have been delegated to him/her based on a resolution of the Board of Directors. The contents of the authority delegated include decisions on the amounts of basic remuneration for individual Directors within the scope of the maximum amount, etc. determined by a resolution of the General Meeting of Shareholders, the amounts of performance-linked remuneration, etc., and the number of restricted shares allotted.

Furthermore, so that the authority delegated to the Representative Director and President are exercised appropriately, the Board of Directors shall establish a Compensation Committee as an advisory body to the Board of Directors, and when the Representative Director and President determines the details of individual remuneration, etc. for Directors (excluding Audit and Supervisory Committee Members and Outside Directors) based on the above delegation of authority, the Representative Director and President shall receive a report from the Compensation Committee ahead of time and respect to the fullest extent the details of the report as a condition of the above delegation of authority.

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#### Criteria for nominating Directors

- (1) Criteria for all Directors (excluding Directors who are Audit and Supervisory Committee Members)
  1. A person with no conflict of interest, etc. that may affect the performance of the duties of a Director.
  2. A person who has abundant vitality to fulfill the duties of a Director.
  3. A person who is well-trusted, dignified and ethical.
  4. A person who possesses abundant management expertise and has objective decision-making ability and good foresight, etc.
  5. In addition, a person who has the abilities necessary for a Director from the perspective of establishing corporate governance.
- (2) Criteria for Directors (excluding Directors and Outside Directors who are Audit and Supervisory Committee Members)

A person who possesses abundant knowledge, abilities, know-hows, experience and track record with regard to the business operation, and has the ability to overlook and make decisions, not only on his/her own area of experience, but on the entire business operation of the Group.
- (3) Criteria for Outside Directors (excluding Directors who are Audit and Supervisory Committee Members)
  1. A person who has extensive insight in his/her specialized area.
  2. A person who can offer highly transparent, fair and sound advice and opinions as to the reasonableness and appropriateness of matters during the decision making process at the meetings of the Board of Directors from an independent and objective standpoint.
  3. A person who can monitor the management through important decision-making at the meetings of the Board of Directors including the appointment and dismissal of the senior management from an independent and objective standpoint.
  4. A person who can monitor conflicts of interest between the Company and the management or controlling shareholder from an independent and objective standpoint.
  5. A person who can appropriately represent the views of minority shareholders and other stakeholders at the meetings of the Board of Directors from an independent and objective standpoint.
- (4) Procedures for nominating candidates for Director (excluding Directors who are Audit and Supervisory Committee Members)

Candidates of Directors (excluding Directors who are Audit and Supervisory Committee Members) are deliberated by the Nominating Committee and based on their opinions, determined by a resolution of the Board of Directors in accordance with the criteria for nominating Directors.

#### Criteria for dismissing Directors

- (1) If a Director is deemed inappropriate, including cases set forth below:
  1. If he/she conducts an act which is contrary to public order or morality.
  2. If he/she is negligent of his/her duties and substantially damages the corporate value.
  3. If he/she is found to have difficulty continuing with his/her duties for health reasons.
  4. If he/she no longer satisfies the requirements set forth in the criteria for nominating Directors.

(2) Procedures for dismissing Directors

A proposal to dismiss a Director shall be deliberated by the Nominating Committee and based on their opinions, determined by a resolution of the Board of Directors in accordance with the criteria for dismissing Directors, which shall be submitted to the general meeting of shareholders.

Criteria for nominating Directors who are Audit and Supervisory Committee Members

(1) Criteria for all Directors who are Audit and Supervisory Committee Members

1. A person with no conflict of interest, etc. that may affect the performance of the duties of a Director who is an Audit and Supervisory Committee Member.
2. A person who has abundant vitality to fulfill the duties of a Director who is an Audit and Supervisory Committee Member and is able to make efforts to improve himself/herself for the improvement of audit quality.
3. A person who is well-trusted, dignified and ethical.
4. A person who has objective decision-making abilities, etc.
5. In addition, a person who has the abilities necessary for a Director who is an Audit and Supervisory Committee Member from the perspective of establishing corporate governance.

(2) Criteria for Directors who are Audit and Supervisory Committee Members

1. A person who has extensive insight in his/her specialized area.
2. A person who can offer sound advice and opinions as to the reasonableness and appropriateness of matters during the decision making process at the meetings of the Board of Directors from an independent and objective standpoint.

(3) Procedures for nominating candidates for Directors who are Audit and Supervisory Committee Members

The candidates for Directors who are Audit and Supervisory Committee Members are nominated by the President, and decided by a resolution of the Board of Directors upon having obtained consent of the Audit and Supervisory Committee regarding the proposal for appointment to the General Meeting of Shareholders.

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Explanations of the individual appointments and dismissals and nominations when appointing and dismissing senior management and nominating candidates for Directors

As for Directors, reasons for nomination of all candidates for Directors are disclosed on the “Notice of the Annual General Meeting of Shareholders.”

In addition, as for senior management, the information is appropriately disclosed in accordance with laws and regulations after deliberation by the Nominating Committee and determination by a resolution of the Board of Directors.

[Supplementary Principle 3.1.3 Sustainability Initiatives]

The promotion of sustainability is mentioned in the basic strategic policy of the Group’s medium-term management plan and in the Company’s management strategy for the fiscal year ending August 31, 2025. Specifically, we work on 1. common sustainability, 2. climate change, and 3. human resources by clarifying the four items of 1. governance, 2. strategy, 3. risk management, and 4. indicators and targets, respectively, and the specific details are disclosed in the Japanese Securities Report. As for investment in intellectual property, the Company holds discussions between relevant departments regarding responses, such as acquisition of intellectual property, and the Legal Office reports to the Board of Directors on the status of the acquisition and use of intellectual property.

[Supplementary Principle 4-1-1 Scope of Matters Delegated to Senior Management]

Aiming to achieve sustainable growth and enhance medium- to long-term corporate value, the Board of Directors determines basic policies for management and makes decisions on important matters based on laws and regulations, the Article of Incorporation, and the Board of Directors Regulations.

The scope of matters delegated to the management is stipulated in the Administrative Authority Regulations.

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

Based on the independence standards established by the Tokyo Stock Exchange, the Company nominates persons who have abundant experience and knowledge in fields of expertise such as corporate management and can proactively express an opinion on the Company’s business challenges, as candidates for Independent Outside Directors.

[Supplementary Principle 4.10.1 Authority and Roles, Etc. of the Independent Advisory Committees]

The Company has established a Governance Committee, Nomination Committee, and Compensation Committee, which serve as advisory bodies to the Board of Directors.

The Governance Committee is comprised of the Representative Director, Outside Directors, and Directors who are Audit and Supervisory Committee Members and deliberates on general matters related to corporate governance.

The Nomination Committee is comprised of the Representative Director and Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and deliberates on the appointment and dismissal of the Company's Directors and Executive Officers.

The Compensation Committee is comprised of the Representative Director and Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and deliberates on the remuneration of the Company's Directors and Executive Officers.

Each committee reports on its deliberations to the Board of Directors.

The Nomination Committee evaluates the skills necessary to realize the management strategy and makes recommendations to the Board of Directors.

The skills matrix is disclosed in the "Notice of the Annual General Meeting of Shareholders."

[Supplementary Principle 4.11.1 Approach, Etc. to Diversity on the Board of Directors]

The Company's Board of Directors is comprised of Executive Directors who are well-versed in each business operation or corporate operation, or other matters, and practice agile execution of operations, and Outside Directors who possess a high level of expertise and can be expected to provide advice and supervision for management from a broad viewpoint, and is determined after the Board of Directors' diversity and appropriate size are also examined.

Candidates for Directors are nominated mainly based on their possession of wide-ranging knowledge and experience required for decision-making in corporate management and of a track record and insights in their fields of expertise and former operations which are necessary to fulfill a supervisory function over management. With the formulation of the Group's medium-term management plan announced in October 2024, a total of 12 skills have been redefined, consisting of skills common to management required to properly fulfill the role of the Board of Directors and skills unique to the business type necessary to achieve the medium-term management plan.

The skills matrix is disclosed in the "Notice of the Annual General Meeting of Shareholders."

In addition, the Company strives to have a system in which Independent Outside Directors account for one third or more of Directors, and has appointed five persons who have management experience as Independent Outside Directors.

[Supplementary Principle 4.11.2 Concurrent Posts Held by Directors]

The status of Directors having concurrent positions will be disclosed annually in the Notice of the Annual General Meeting of Shareholders and Japanese Securities Report.

[Supplementary Principle 4.11.3 Effectiveness Evaluation of the Board of Directors]

In order to analyze and evaluate the effectiveness of the Board of Directors, the Company conducts a questionnaire survey for all Directors attending the meetings of Board of Directors.

Question items

- (1) Roles and functions of the Board of Directors
- (2) Size and composition of the Board of Directors
- (3) Operation of the Board of Directors
- (4) Development of internal controls, etc.
- (5) Utilization of Outside Directors
- (6) Relationship with shareholders and investors
- (7) Summary

To ensure that the responses to the questionnaire survey are not accessible to internal personnel, we outsource the compilation and analysis of the results to an external third-party organization.

The Board of Directors analyzes and evaluates the effectiveness of the Board of Directors based on the aggregate results of the self-evaluations by Directors contained in the questionnaire survey and the advice of the third-party organization.



The evaluation of effectiveness of the Board of Directors for the fiscal year ended August 31, 2024 stated that the Board of Directors generally maintains effective governance. However, it was found that further enhancement of the operation of the Board of Directors is necessary.

The Company will continue to conduct a questionnaire survey to further increase the effectiveness of the Board of Directors.

[Supplementary Principle 4.14.2 Training of Directors]

Basic policies on training of Directors

With the aim of increasing business management knowledge and skills of Directors, the Company works to improve the effectiveness of the Board of Directors by implementing the following training sessions as well as by providing and arranging training opportunities that meet the individual needs of each Director along with financial support for associated expenses.

- (1) If any issue to be addressed as a corporation arises as a result of amendments of laws and regulations or changes in economic and social circumstances, the Company provides training for all Directors.
- (2) When Directors assume their offices, the Company provides training to gain understanding on their legal responsibilities.
- (3) When Outside Directors assume their offices, the Company provides the following training as necessary:
  - Explanation on the outline of the Company, etc.
  - Measures to deepen understanding the business, including visits to stores and product centers.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

Policies concerning the development of a framework and measures aimed at promoting constructive dialogue with shareholders.

- (1) The officer supervising business management serves as the officer in charge of IR. The Company works to improve the content and opportunities to facilitate constructive dialogue with shareholders.
- (2) The newly established IR Office which supports the dialogue collaborates with related divisions as necessary to facilitate constructive dialogue with shareholders.
- (3) As a place to provide information on the Company's business operations and corporate strategies, etc., the Company actively holds financial results briefing sessions as well as IR meetings. In addition, the Company actively posts on the Company's website, videos and reference materials that it deems would facilitate dialogue with shareholders.
- (4) Opinions and requests from shareholders that were received through IR activities are reported by the officer supervising business management to the Board of Directors.
- (5) The Company strictly manages information about undisclosed significant facts on the Group or business partners that is obtained by the officers or employees, etc. of the Company and its subsidiaries in the course of performing their duties, in accordance with the Insider Trading Management Regulations.

[Principle 5.2 Establishing and Announcing Management Strategies and Management Plans]

Response to realize management with an awareness of capital costs and share price

The Group's basic policy is to enhance capital efficiency while maintaining financial soundness in order to achieve sustainable growth and enhance corporate value over the medium to long term.

In October 2024, the Group formulated and announced the BIC Camera Group Medium-Term Management Plan: Vision 2029, which covers the five-year plan period from the fiscal year ending August 31, 2025 to the fiscal year ending August 31, 2029.

To maximize the Group's corporate value, we have set management goals for consolidated revenue, consolidated operating profit, and ROE (return on equity), and we aim for profit growth through the execution of strategies outlined in the medium-term management plan while effectively utilizing shareholder capital to achieve an ROE of 10.5%.

With regard to capital allocation in the medium-term management plan, we aim to achieve a consolidated dividend payout ratio of 40%, while emphasizing growth investment that can continuously secure returns exceeding the cost of capital from a medium- to long-term perspective, and balancing this with shareholder returns.

The Group's cost of capital is weighted average cost of capital (WACC), which is verified each period, and ROE (9.6%) for the fiscal year ended August 31, 2024 stands at a level exceeding WACC (5.4%).

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### [Status of Major Shareholders] [Update](#)

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Administration Trust (A001) Trustee SMBC Trust Bank Ltd.	15,698,100	9.17
Custody Bank of Japan, Ltd. (Trust Account)	14,284,900	8.34
Mizuho Trust & Banking Co., Ltd. Securities Management Trust 0700026	12,657,000	7.39
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,691,500	6.83
Ra Holdings Co., Ltd.	9,590,260	5.60
Sumitomo Mitsui Trust Bank, Limited (Trust Account KO No.1)	8,617,600	5.03
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052152)	7,500,000	4.38
TOKYO BROADCASTING SYSTEM TELEVISION, INC.	6,119,000	3.57
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079254)	4,646,530	2.71
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052116)	2,258,070	1.32

Controlling Shareholder (except for Parent)	—
Parent	N/A

### Supplementary Explanation [Update](#)

- In addition to the above, the Company owns 16,963,723 treasury shares.
- Of the above number of shares owned, the number of shares in association with fiduciary activities is as follows:

Administration Trust (A001) Trustee SMBC Trust Bank Ltd.	15,698,100
Custody Bank of Japan, Ltd. (Trust Account)	14,284,900
Mizuho Trust & Banking Co., Ltd. Securities Management Trust 0700026	12,657,000
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,691,500
Sumitomo Mitsui Trust Bank, Limited (Trust Account KO No. 1)	8,617,600
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052152)	7,500,000
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079254)	4,646,530
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052116)	2,258,070
- All shares owned by Administration Trust (A001) Trustee SMBC Trust Bank Ltd., Mizuho Trust & Banking Co., Ltd. Securities Management Trust 0700026, Sumitomo Mitsui Trust Bank, Limited (Trust Account KO No.1), The Nomura Trust and Banking Co., Ltd. (Trust Account 2052152), The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079254), and The Nomura Trust and Banking Co., Ltd. (Trust Account 2052116), as well as 12,503,400 shares (7.30%) of the shares owned by Custody Bank of Japan, Ltd. (Trust Account) are the assets in trust entrusted by Ryuji Arai, and he directs the exercise of the voting rights pertaining to those shares.

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	August
Type of Business	Retail business
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 10 to less than 50

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

### 5. Special Circumstances Which May Have Material Impact on Corporate Governance Update

#### 1. Philosophy and policies on group management

The Group is made up of the Company, 23 subsidiaries, and three affiliates. Its main business is a merchandising business including the sales of cameras, televisions, recorders and video cameras, acoustic imaging products including audio products, refrigerators, washing machines, cooking appliances, seasonal appliances, home electronic appliances including beauty appliances, personal computers, personal computer accessories, telecommunications devices including mobile telephones, video games, watches, used personal computers, sports equipment, toys, glasses and contacts, alcoholic beverages and soft drinks, pharmaceuticals, everyday goods, and other products.

Aside from the merchandising business, Nippon BS Broadcasting Corporation runs a BS digital broadcasting business using BS digital high-definition broadcasting, and TOSHIMA CABLE NETWORK CO., LTD runs a broadcasting business using cable television. In other non-consolidated subsidiaries, Future Ecology Co., Ltd. is engaged in the recycling business.

The Group has set its purpose as “To serve customers as a purchasing agent that provides helpful support for their lives,” and, as part of its ongoing management strategy, has focused on expanding the customer base and strengthening the business foundation by implementing key measures such as establishing stores unique to Bic Camera that offer reliability and excitement to increase customer retention, achieving new customer engagement through the utilization of group assets, strengthening efforts in growth areas, and enhancing the resilience of management infrastructure.

In October 2024, the Group formulated and announced the BIC Camera Group Medium-Term Management Plan: Vision 2029, which covers the five-year plan period from the fiscal year ending August 31, 2025 to the fiscal year ending August 31, 2029. The concept of this medium-term management plan is to achieve group management that develops the characteristics and strengths of each company. The focus of the plan is to build the foundation of a circular economy-type business model by the fiscal year ending August 31, 2029 by pursuing the utilization and collaboration of group functions, starting from the voices of customers and employees, and creating replacement demand by retaining customers through group stores and utilizing group assets. Through such initiatives, while positioning stores at the core of its business, the Group aims to enhance customer engagement across various purchasing processes, respond flexibly to social changes, customer needs, and evolving purchasing behaviors, and to provide more convenient services in order to address social challenges such as environmental issues and the digital divide. Through the implementation of this medium-term management plan, we will strive to create further synergies, including the expansion of our customer base, while emphasizing the management autonomy and uniqueness of each Group company, with the aim of enhancing the corporate value of the entire Group.

## 2. The objective of holding listed subsidiaries and ensuring the effectiveness of governance

The Company owns two listed subsidiaries, Kojima Co., Ltd. and Nippon BS Broadcasting Corporation.

The benefits of the Company maintaining the listing of these subsidiaries includes improved governance, brand power and credibility, securing excellent human resources, and increased employees' motivation. The Company also believes that maintaining the current corporate culture and management independence is necessary to develop the features and strengths of individual companies, and will lead to the enhancement of the Group's corporate value.

Furthermore, the Company takes a leading role in the creation and operation of governance structures at its listed subsidiaries by selecting the independent outside officers that serve at the listed subsidiaries and respects the independence of each company by not damaging the interests of minority shareholders through inappropriate intervention by the parent company. Moreover, each listed subsidiary has its own cash management system and has not introduced a CMS (cash management system). At the same time, based on its "Regulations on the Management of Affiliates," the Company has created a system to obtain necessary information and works to create and expand group synergies while maintaining governance structures.

### [Kojima Co., Ltd.]

The Company owns 50.7% (as of August 31, 2024) of the voting rights of Kojima Co., Ltd., a company listed on the Prime Market of the Tokyo Stock Exchange.

Important organizations such as Board of Directors of Kojima Co., Ltd. are managed independently, and the management independence is maintained.

As parent company, the Company maintains a common understanding on management with Kojima Co., Ltd. and keeps track of its earnings. The Company deems that the corporate governance framework of Kojima Co., Ltd. is satisfactory as a listed company.

### [Nippon BS Broadcasting Corporation]

The Company owns 61.4% (as of August 31, 2024) of the voting rights of Nippon BS Broadcasting Corporation, a company listed on the Standard Market of the Tokyo Stock Exchange.

Important organizations such as Board of Directors of Nippon BS Broadcasting Corporation are managed independently, and the management independence is maintained.

As parent company, the Company maintains a common understanding on management with Nippon BS Broadcasting Corporation and keeps track of its earnings. The Company deems that the corporate governance framework of Nippon BS Broadcasting Corporation is satisfactory as a listed company.

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

### 1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors <input type="text" value="Update"/>	15
Appointment of Outside Directors	Appointed
Number of Outside Directors <input type="text" value="Update"/>	7
Number of Independent Officers Designated from among Outside Directors <input type="text" value="Update"/>	6

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Takeshi Toshimitsu	From another company												
Kiyoshi Tokuda	From another company							△					
Masaru Nakamura	From another company					○							
Michiaki Ogasawara	From another company												
Yukiko Kishimoto	From another company												
Koichi Sunayama	From another company					△							
Shigeyoshi Minami	From another company								△				

\* Categories for “Relationship with the Company”

“○” when the Director presently falls or has recently fallen under the category;

“△” when the Director fell under the category in the past;

“●” when a close relative of the Director presently falls or has recently fallen under the category; and

“▲” when a close relative of the Director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

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

c. Executive of a fellow subsidiary of the Company

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

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director

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

h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the Director himself/herself only)

i. Executive of a corporation to which outside officers are mutually appointed (the Director himself/herself only)

- j. Executive of a corporation that receives a donation from the Company (the Director himself/herself only)
- k. Other

Relationship with the Company (2) Update

Name	Audit and Supervisory Committee member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Takeshi Toshimitsu		○	—	<p>Mr. Toshimitsu maintains a wealth of experience and extensive insight as a business manager and an attorney at law. We believe that his abundant experience and insight are reflected in the management of the Company, he provides opinions as an Outside Director that are useful for management of the Company, and he contributes to the maintenance and strengthening of governance from an objective and neutral standpoint.</p> <p>Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Mr. Toshimitsu is unlikely to cause a conflict of interest with general shareholders, and appointed him as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.</p>

Name	Audit and Supervisory Committee member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Kiyoshi Tokuda		○	<p>Mr. Tokuda served as a person who executes business in TV Tokyo Corporation, a major shareholder of the Company, from June 2016 to June 2019. He has now retired from that company and is currently commissioned to TV Tokyo Corporation's group company (advisor to the engineering division). Therefore, TV Tokyo Corporation does not have influence on the Company's management decision-making through him.</p>	<p>Mr. Tokuda maintains a wealth of experience and extensive insight as a business manager. Drawing on that wealth of experience and extensive insight, he furnishes sound advice to management of the Company. In addition, he contributes to the maintenance and strengthening of the Company's governance, particularly through his role as member of the Nominating Committee and the Compensation Committee, which are advisory bodies to the Board of Directors. Going forward, we believe that we can receive his advice and suggestions from an objective and neutral viewpoint. Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Mr. Tokuda is unlikely to cause a conflict of interest with general shareholders, and appointed him as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.</p>
Masaru Nakamura			<p>Mr. Nakamura currently serves as a person who executes business in Sumitomo Mitsui Banking Corporation, a major business partner (lender) of the Company.</p>	<p>Mr. Nakamura maintains a wealth of experience and extensive insight in financial institutions, which have been reflected in the Company's management. As an Outside Director, he furnishes sound advice to management of the Company and contributes to the maintenance and strengthening of the Company's governance. Going forward, we believe that we can receive his advice and suggestions from an objective and neutral viewpoint.</p>

Name	Audit and Supervisory Committee member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Michiaki Ogasawara		○	—	<p>Mr. Ogasawara has been engaged mainly in information and telecommunications administration at the Ministry of Internal Affairs and Communications, where he has held key positions over the years, including serving as Vice-Minister for Internal Affairs. We believe that he will advise and supervise the management of the Company based on his abundant experience and extensive knowledge as an outside director of several listed companies in the past and at present.</p> <p>Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Mr. Ogasawara is unlikely to cause a conflict of interest with general shareholders, and appointed him as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.</p>
Yukiko Kishimoto	○	○	—	<p>Ms. Kishimoto has abundant experience and extensive insight as an author and as a person of academic standing for many years. As such, we believe that she will draw on such expertise to sufficiently contribute to strengthening the Company's audit framework with accurate advice with regards to the management of the Company from an independent position.</p> <p>Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Ms. Kishimoto is unlikely to cause a conflict of interest with general shareholders, and appointed her as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.</p>



Name	Audit and Supervisory Committee member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Koichi Sunayama	○	○	<p>Mr. Sunayama worked at Mizuho Bank, Ltd. (former The Fuji Bank, Limited), a major business partner (lender) of the Company.</p> <p>Although the Company has borrowings from Mizuho Bank, Ltd., he has already retired from his role as a person who executes business in Mizuho Bank, Ltd. Therefore, the bank does not have influence on the Company's management decision-making through him.</p>	<p>Mr. Sunayama has abundant experience, achievements, and insight cultivated through his career at financial institutions and other organizations.</p> <p>As such, we believe that he will draw on such experience to sufficiently contribute to strengthening the Company's audit framework with accurate advice with regards to the management of the Company from an independent position.</p> <p>Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Mr. Sunayama is unlikely to cause a conflict of interest with general shareholders, and appointed him as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.</p>
Shigeyoshi Minami	○	○	<p>Mr. Minami worked for The Gunma Bank, Ltd., a business partner (lender) of the Company.</p> <p>Although the Company has an outstanding loan balance with The Gunma Bank, Ltd., he already retired from his role as an executive officer of the bank. Therefore, the bank does not have influence on the Company's management decision-making through him.</p>	<p>Mr. Minami has abundant experience and broad-ranging insight gained at financial institutions, etc. We believe that he will apply such experience and insight to strengthen the Company's audit framework and to provide advice and suggestions from a broad perspective and an objective and neutral viewpoint.</p> <p>Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Mr. Minami is unlikely to cause a conflict of interest with general shareholders, and appointed him as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.</p>

**[Audit and Supervisory Committee]**

Member Composition, and Chairperson's Attributes

	Audit and Supervisory Committee
Total Committee Members	4
Full-time Members	1
Inside Directors	1
Outside Directors	3
Chairperson	Inside Director

Appointment of Directors and/or Employees to Support Duties of the Audit and Supervisory Committee	Appointed
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Matters Regarding the Independence of the Directors and/or Employees from the Executive Directors

The Audit and Supervisory Committee may exclusively employ employees, etc. to assist with its duties. To secure the independence of the assistant employees, etc. and the effectiveness of their instructions, instructions and orders for the assistant employees, etc. shall be given by the Audit and Supervisory Committee Members, and the reassignment and evaluation of, and disciplinary actions against the assistant employees shall require the prior approval of the Audit and Supervisory Committee.

Cooperation among Audit and Supervisory Committee Members, Accounting Auditor and Internal Audit Division

Cooperation among Audit and Supervisory Committee and Accounting Auditor

Meetings are held at the time of audits of quarterly financial results, etc. by the Accounting Auditor and as necessary to ensure mutual understanding by exchanging information and opinions on the audit plans, progress and results of audit.

Cooperation among Audit and Supervisory Committee and Internal Audit Division

The Group Internal Control Management Department was set up as the Internal Audit Division and conducts internal audits on the appropriateness and reasonableness of business processes whenever necessary.

The Audit and Supervisory Committee participates regularly in the internal audit reporting meetings as well as giving intensive audit instructions to the Internal Audit Division and requesting detailed reports on results, and so forth, working to make companywide operational improvements.

**[Voluntary committees]**

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Compensation Committee	Established
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Committee's Name, Composition, and Chairperson's Attributes [Update](#)

	Committee Equivalent to Nominating Committee	Committee Equivalent to Compensation Committee
Committee's Name	Nominating Committee	Compensation Committee
Total Committee Members	5	5
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

In addition to the above, to ensure transparency of the Company's management and to contribute to the enhancement of corporate governance by the Board of Directors, the Company has established a Governance Committee consisting mainly of outside directors in order to exchange opinions and submit proposals on matters related to the cooperation between the External Accounting Auditor, Internal Audit Division and Internal Control Division and matters related to the cooperation with the Audit and Supervisory Committees.

**[Independent Officers]**

Number of Independent Officers <a href="#">Update</a>	6
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Matters relating to Independent Officers

**[Incentives]**

Implementation of Measures to Provide Incentives to Directors <a href="#">Update</a>	Introduction of a performance-linked remuneration system, etc.
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Supplementary Explanation [Update](#)

We have introduced this system to provide incentives for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) to sustainably enhance corporate value while promoting further value sharing with our shareholders.

Recipients of Stock Options <a href="#">Update</a>	Employees
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Supplementary Explanation

An incentive plan is introduced for the purpose of further enhancing motivation and morale of the Executive Officers and employees ("officers and employees of the Company") to contribute to improving business performance and increasing corporate value over the medium to long term, as well as for the purpose of sharing the value between shareholders and officers and employees of the Company, and rewarding their services.

## [Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure
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Supplementary Explanation <a href="#">Update</a>
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The amount of remuneration paid in the fiscal year ended August 31, 2024

Director	Remuneration: ¥159 million	Number of Directors: 6 (Excluding Outside Directors)
Audit and Supervisory Committee Member	Remuneration: ¥15 million	Number of Audit and Supervisory Committee Member: 1 (Excluding Outside Directors)
Outside officer	Remuneration: ¥41 million	Number of Outside officers: 6

Policy for Determining Remuneration Amounts or Calculation Methods Thereof <a href="#">Update</a>	Established
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof
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Remuneration for the Company's officers is calculated within the limit of remuneration approved at the General Meeting of Shareholders. The system enables the monitoring function of shareholders to work in this regard.

The upper limit of remuneration for Directors (excluding Audit and Supervisory Committee Members) was set at ¥450 million per year (including a portion for Outside Directors of up to ¥50 million per year) by resolution of the 40th Annual General Meeting of Shareholders held on November 19, 2020.

Meanwhile, the upper limit of remuneration in the form of share remuneration-type stock options for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) was set at ¥100 million per year, which is in addition to the aforementioned remuneration, etc. per resolution of the 41st Annual General Meeting of Shareholders held on November 19, 2021. However, at the 44th Annual General Meeting of Shareholders held on November 21, 2024, it was resolved to abolish the share remuneration-type stock options, and to set the maximum amount of remuneration for the grant of shares with transfer restrictions ("restricted shares") to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) at ¥100 million per year, and the maximum number of restricted shares to be allotted within one year from the date of the Annual General Meeting of Shareholders for each fiscal year at 80,000 shares, in addition to the aforementioned remuneration, etc.

The upper limit of remuneration for Directors who are Audit and Supervisory Committee Members was set at ¥80 million per year by resolution of the 40th Annual General Meeting of Shareholders held on November 19, 2020.

The officers who are eligible for payment of remuneration, etc. in accordance these payment limits are 11 Directors (excluding Audit and Supervisory Committee Members, including 4 Outside Directors) and 4 Directors who are Audit and Supervisory Committee Members (including 3 Outside Directors).

The Board of Directors adopted a basic policy on the individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members. Hereinafter, "Directors") by resolution of the meeting of the Board of Directors held on February 26, 2021, and revised it at the meeting of the Board of Directors held on November 21, 2024.

Furthermore, regarding the individual remuneration, etc. for Directors in the current fiscal year, the Board of Directors has confirmed that the method of determining the remuneration, etc. and the details of the determined remuneration, etc. are consistent with this policy for determining remuneration, etc., confirmed that the report from the Compensation Committee has been respected, and deemed that the individual remuneration, etc. are in line with this policy.

The remuneration system for Directors of the Company aims to provide incentives for each Director to enhance corporate value continuously and to promote the further sharing of value with our shareholders. When determining the individual remuneration for Directors, the basic policy is to set appropriate levels based on their positions and work responsibilities.

Specifically, remuneration for Directors is composed of 1) “Basic remuneration” paid as cash based on the roles of individual Directors, 2) “Performance-linked remuneration, etc.” paid as cash based on the achievement of financial results and individual missions as a short-term incentive, and 3) “Restricted share-based remuneration” as a medium- to long-term incentive.

Considering their role in providing oversight and suggestions for the management of the Company and the overall of the Group from an objective standpoint, only basic remuneration is paid as remuneration to Outside Directors (excluding Directors who are Audit and Supervisory Committee Members).

The amounts of remuneration, etc. for Directors who are Audit and Supervisory Committee Members are determined through discussions involving Directors who are Audit and Supervisory Committee Members, considering factors that include full-time or part-time status, inside or outside Director status, and duties assigned. Directors who are Audit and Supervisory Committee Members receive basic remuneration only, given their roles in auditing Directors in their execution of duties from an objective standpoint.

Furthermore, from the perspective of committing to medium- to long-term financial results, the Company has established as system through which Directors (including Directors who are Audit and Supervisory Committee Members) contribute a certain amount of their monthly remuneration to the Company’s Officer Shareholder Association to acquire the Company’s shares, which they continuously hold throughout their terms in office.

As for procedures for determining remuneration, decisions on remuneration amounts for each Director and Executive Officer are made by resolution of the Board of Directors upon review undertaken by the Compensation Committee, established voluntarily and chaired by an Outside Director (excluding Directors who are Audit and Supervisory Committee Members).

Moreover, the Compensation Committee, at request of the Board of Directors, deliberates on the reasonableness of the remuneration system and reports such results to the Board of Directors.

The Compensation Committee is chaired by an Outside Director (excluding Directors who are Audit and Supervisory Committee Members) and a majority of its members consist of Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), thereby enhancing its objectivity and transparency.

The details of the policy for determining for individual remuneration, etc. for Directors are as follows.

- (1) Policy to determine the amounts of individual remuneration, etc. for basic remuneration (cash remuneration, includes policy related to the period and conditions in which remuneration, etc. is paid).  
Basic remuneration for Directors and Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) is remuneration that is paid monthly in an amount decided ahead of time within the scope of a standard amount considering factors including the positions and work responsibilities of individual Directors, the Company’s financial results, and market levels.  
Basic remuneration for Directors who are Audit and Supervisory Committee Members shall be determined individually through discussions involving Directors who are Audit and Supervisory Committee Members, considering factors that include their individual roles, expertise, and experience, in line with their work responsibilities, and is paid as monthly remuneration.
- (2) Policy to determine the details of the financial results indicators associated with performance-linked remuneration, etc.  
Because increasing profitability is important in continuously increasing corporate value, the financial results indicators associated with the performance-linked remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) are consolidated and non-consolidated net sales, operating profit, ordinary profit, and profit (profit attributable to owners of parent on a consolidated basis). Financial results indicators are reviewed based on changes in the management environment and reports from the Compensation Committee.
- (3) Policy to determine the amounts of performance-linked remuneration, etc. (includes policy related to the period and conditions in which remuneration, etc. is paid).  
Performance-linked remuneration, etc. paid as cash to Directors (excluding Directors who are Audit and Supervisory Committee Members) is paid as monthly remuneration during the Directors’ terms of office and is calculated in individual amounts based on an evaluation of the Company’s and the individual’s financial results following the conclusion of the fiscal year, considering the state of achievement of financial results indicators in each fiscal year.

- (4) Policy to determine the details and number of restricted share-based remuneration (includes policy related to the period and conditions in which remuneration, etc. is paid).  
Restricted share-based remuneration paid to Directors (excluding Directors who are Audit and Supervisory Committee Members) is a share remuneration system aimed at continuously increasing corporate value, and the number of restricted shares allotted is determined by a resolution of the Board of Directors.  
Each fiscal year, financial results targets are established with reference to consolidated and non-consolidated net sales, operating profit, ordinary profit, and profit (profit attributable to owners of parent on a consolidated basis), and when the financial results targets are achieved, the allocation will be executed, with the payment period determined by the Board of Directors. Furthermore, the lifting of transfer restrictions shall be limited to the time that the Directors leave office.  
Moreover, where the Board of Directors deems that the actions of a recipient of restricted share remuneration violate laws and regulations or the Company's internal rules, etc., violate the items established in the restricted shares allocation agreement associated with restricted share remuneration, damage the Company's good name, cause significant damage to the Company, or where a recipient of restricted shares remuneration assumes the position of an officer, employee, or advisor, etc. at a competitor without prior written notification to the Company, the Company shall acquire the accumulated restricted shares of the Director in question without contribution.
- (5) Items related the policy for determining on the details of individual remuneration, etc. for Directors  
Specific decisions on the details of individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) are delegated to the Representative Director and President based on a resolution of the Board of Directors.  
The contents of the authority delegated to the Representative Director and President include decisions on the amounts of basic remuneration, for individual Directors within the scope of the maximum amount, etc. determined by a resolution of the General Meeting of Shareholders, the amounts of performance-linked remuneration, etc., and the number of restricted shares allotted.  
Furthermore, so that the authority delegated to the Representative Director and President are exercised appropriately, the Board of Directors shall establish a Compensation Committee as an advisory body to the Board of Directors, and when the Representative Director and President determines the details of individual remuneration, etc. for Directors based on the above delegation of authority, the Representative Director and President shall receive a report from the Compensation Committee ahead of time and respect to the fullest extent the details of the report as a condition of the above delegation of authority.  
Regarding basic compensation for Directors who are Audit and Supervisory Members, the amounts of individual remuneration shall be determined through discussions involving Directors who are Audit and Supervisory Board members within the scope of the maximum amount determined by a resolution of the General Meeting of Shareholders.
- (6) Policy to determine the proportion of the amounts of basic compensation, performance-linked remuneration, etc. and the number of restricted shares allotted  
The levels of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members), the proportion of the amounts of basic remuneration, performance-linked remuneration, etc. and the number of restricted shares allotted are determined referencing companies, etc. with a similar business scale as the Company. Specifically, cash remuneration is composed of 50% basic remuneration and 50% performance-linked remuneration, etc. and restricted share-based remuneration is allotted when financial results targets are achieved, as described in (4) above.  
The Representative Director, delegated by the Board of Directors, shall respect the contents of reports from the Compensation Committee and determine the details of remuneration, etc. for each of the Directors (excluding Directors who are Audit and Supervisory Committee Members) within the scope of the remuneration proportions proposed in the Compensation Committee's reports.  
Furthermore, regarding the details of individual remuneration, etc. for Directors, because the Representative Director and President oversees all operations of the Company, specific decisions have been delegated to him/her based on a resolution of the Board of Directors. The contents of the authority delegated include decisions on the amounts of basic remuneration for individual Directors within the scope of the maximum amount, etc. determined by a resolution of the General Meeting of Shareholders, the amounts of performance-linked remuneration, etc., and the number of restricted shares allotted.  
Furthermore, so that the authority delegated to the Representative Director and President are exercised appropriately, the Board of Directors shall establish a Compensation Committee as an advisory body to the Board of Directors, and when the Representative Director and President determines the details of

individual remuneration, etc. for Directors (excluding Audit and Supervisory Committee Members and Outside Directors) based on the above delegation of authority, the Representative Director and President shall receive a report from the Compensation Committee ahead of time and respect to the fullest extent the details of the report as a condition of the above delegation of authority.

#### **[Supporting System for Outside Directors] [Update](#)**

Agendas, dates, etc. of meetings of the Board of Directors are notified to the Directors in advance by the Corporate Planning Department. Attendance and absence are confirmed in advance, and for matters that expression of opinion is required, those who plan to be absent convey their opinions to the President Office, which are expressed at the meetings as opinions of such absent officers.

The proceedings at the meeting and the result thereof are reported to the officers who were absent from the meeting.

## **2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Update](#)**

The Audit and Supervisory Committee consists of four Directors who are Audit and Supervisory Committee Members (including three Outside Directors), and it audits and supervises the legality and appropriateness of the Directors' business execution. The Company believes that an audit framework based on an Audit and Supervisory Committee including Outside Directors is an effective means of supervising management, and has adopted this system accordingly.

The Board of Directors consists of 15 Directors, including four Directors who are Audit and Supervisory Committee Members, (seven of whom are Outside Directors, including three Outside Directors who are Audit and Supervisory Committee Members). It decides the business execution of the Company and supervises the execution of duties by Directors through mutual checks among Directors. In principle, the Board of Directors holds a regular meeting once a month based on the Board of Directors Regulations, and in the event that an important management matter occurs, it holds an extraordinary meeting as needed. The Board of Directors deliberates and decides important matters in accordance with laws and regulations and internal rules, as well as receives a report on operating results, status of business execution, difference between the budget and actual results, etc. from a Director, etc. in charge of each division.

The Executive Officers Meeting is comprised of Executive Officers. Full-time Directors who are Audit and Supervisory Committee Members and General Manager of Group Internal Control Management Department also attend the meeting. In principle, the Company holds the Director Generals Meeting once a month, and decides agenda items for meetings of the Board of Directors and other matters stipulated by the internal regulations. Managers of each department report the status of business execution once a month, and if there is a matter that may conflict with relevant laws and regulations, he/she reports it at the Executive Officers Meeting. General Manager of Group Internal Control Management Department carries out necessary investigations on the matter and reports the status of handling at the Executive Officers Meeting.

The Company also has established a Governance Committee, Nominating Committee, and Compensation Committee, which serve as advisory bodies to the Board of Directors. The Governance Committee is comprised of the Representative Director, Outside Directors, and Directors who are Audit and Supervisory Committee Members and deliberates on general matters related to corporate governance. The Nominating Committee is comprised of the Representative Director and Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and deliberates on the appointment and dismissal of the Company's Directors and Executive Officers. The Compensation Committee is comprised of the Representative Director and Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and deliberates on the remuneration of the Company's Directors and Executive Officers. Each committee reports on its deliberations to the Board of Directors.

The remuneration amount for each of the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) is decided, within the scope of the maximum amount determined by a resolution of the General Meeting of Shareholders, by the Representative Director and President after deliberation

by the Board of Directors, following examination by the Compensation Committee, which is chaired by an Outside Director (excluding Directors who are Audit and Supervisory Committee Members).

The remuneration amount for each of the Directors who are Audit and Supervisory Committee Members is decided, within the scope of the maximum amount determined by a resolution of the General Meeting of Shareholders, through a discussion of the Directors who are Audit and Supervisory Committee Members.

The Company has entered into an audit agreement with Deloitte Touche Tohmatsu LLC, and is audited by the audit corporation. The certified public accountants who executed the audit duties for the fiscal year ended August 31, 2024, are Designated and Engagement Partners Junichi Yamanobe and Shinji Seki.

Based on Article 427, paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with Directors (excluding Directors who are Executive Directors, etc.) to limit the liability for damages under Article 423, paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided by laws and regulations.

### **3. Reasons for Adoption of Current Corporate Governance Framework**

The Company decides important management matters based on the Board of Directors Regulations at the meeting of the Board of Directors including Outside Directors, and decides agenda items for meetings of the Board of Directors and other matters stipulated by the internal regulations at the Executive Officers Meeting, in an effort to enhance the management transparency and make swift decisions. The Company recognized that the appropriate corporate governance is ensured through the audit and monitoring by the Audit and Supervisory Committee and the mutual checks among Directors.



### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Energize General Meetings of Shareholders and Smooth Exercise of Voting Rights

Update

	Supplementary Explanations
Scheduling General Meeting of Shareholders Avoiding the Peak Day	The meetings are held in November.
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company has made it possible for shareholders to exercise their voting rights via the Internet.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in the Electronic Voting Platform.
Providing Notice of Convocation in English (Translated Partially)	The Company provides English translation of the notice of convocation.
Other	The notice of the general meeting of shareholders, notice of resolutions, etc., are posted on the IR website established by the Company.

#### 2. IR Activities

Update

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company establishes its IR policy including the objectives and basic policy of IR activities, method of information disclosure, future outlook, IR quiet period and share quotations, and publishes it on the IR website.	
Regular Investor Briefings for Individual Investors	The Company holds briefings for individual investors to facilitate understanding on the details of business and future business developments, etc.	No
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds briefings twice a year for analysts and institutional investors to provide information such as details of financial results, business conditions, and future business developments. In addition, replays are made available via video-on-demand at a later date.	Yes
Posting of IR Materials on Website	The Company has an IR page where the Company introduces matters related to its business operation and appropriately posts financial data and related materials. The monthly sales information is also posted on the website. Website: <a href="https://www.biccamera.co.jp/ir/index.html">https://www.biccamera.co.jp/ir/index.html</a>	
Establishment of Department and/or Manager in Charge of IR	The IR Office with full-time staff is in charge of IR.	

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

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	<p>The Group aims to achieve sustainable growth and enhance its corporate value over the medium to long term, with “To serve customers as a purchasing agent that provides helpful support for their lives” at the core of its purpose.</p> <p>To this end, it strives for appropriate collaboration with various stakeholders, including customers, employees, business partners, creditors, and local communities.</p>
Implementation of Environmental Conservation Initiatives, CSR Activities, etc.	<p>[Environmental Conservation] The Group is working to reduce environmental impact through initiatives such as introducing energy-saving equipment, converting store lighting to LEDs, and recycling promotion activities.</p> <p>As an environmentally advanced enterprise, it is also actively working to bring about a circular economy. Specifically, the subsidiary Future Ecology, Co., Ltd., is engaged in the home appliance recycling business, and the subsidiaries Sofmap Co., Ltd. and JANPARA Co., Ltd., are engaged in the re-use business.</p> <p>Furthermore, Japan’s Ministry of the Environment (MOE) granted the Company the first certification under the Eco-First Program in 2008, and the Company is actively working to reduce CO2 emissions.</p> <p>[Sustainability] Sustainability initiatives of the Company</p> <ul style="list-style-type: none"> <li>● In terms of the environment, we are actively addressing climate change, and in terms of the society, respect for human rights, human capital management, and health management. Details are disclosed on our sustainability website. (<a href="https://www.biccamera.co.jp/sustainability/">https://www.biccamera.co.jp/sustainability/</a>)</li> <li>● The Company aims to coexist with local communities through means such as concluding comprehensive collaboration agreements with local governments.</li> </ul> <p>[Integrated Reports] Based on the Company’s policy to convey the Group’s value-creation process, business strategies, ESG information, and other information to all stakeholders in an easy-to-understand manner, the Group discloses such information on the Sustainability website.</p>
Formulation of Policies for Information Provision to Stakeholders	<p>To ensure transparency and fairness, the Company ensures timely and appropriate disclosure of information to stakeholders as required by the rules on timely disclosure set by the stock exchanges. The Company also strives to disclose to the extent possible information that is not subject to the rules on timely disclosure but is deemed necessary or useful in gaining understanding on the Company.</p>
Other	<p>The Company obtains PrivacyMark which is a public authentication certifying that it has an established personal information protection management system.</p>

## **IV. Matters Related to Internal Control System Update**

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

Basic policies related to internal control system

The Company establishes the “Basic Policy Regarding Internal Control Systems” in order to develop the framework for ensuring the proper business operation and the reliability of financial reporting as follows. The Board of Directors makes a sustained effort to review the development and implementation of the internal control system to establish a framework for efficient, lawful and proper business operation.

1. Framework ensuring that execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
  - (1) To ensure that execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation, and to respect corporate ethics and fulfill social responsibilities, the Company ensures that the Bic Camera Corporate Philosophy and the Bic Camera Charter of Corporate Behavior (“Charter of Corporate Behavior”), the Basic Policies on Risk Management, and the Compliance Manual are fully understood by its Directors and employees.
  - (2) The officer in charge of compliance shall be the Director supervising human resources and organizational development division, and the General Affairs and Legal Affairs Department shall be the department in charge of compliance. The General Affairs and Legal Affairs Department produces a manual on compliance for distribution to Directors and employees, and conducts training, etc. to increase knowledge on compliance among Directors and employees and to foster a sense of respect.
  - (3) The Company develops a framework in which reports on the status of execution of duties by each Director and Executive Officer are presented at meetings in accordance with the Board of Directors Regulations and the Executive Officers Meeting Regulations.
  - (4) In order to adapt to changes in the business climate, the Company develops a framework in which duties are executed in accordance with the regulations as set forth in the Organization Regulations and Regulations on Segregation of Duties, which stipulate the corporate organization, office organization, chain of command, and segregation of duties, etc., and Administrative Authority Regulations which stipulate basic matters on the implementation of the decision-making system.
  - (5) The Group Internal Control Management Department (“Internal Control Management Department”) oversees the establishment of internal control.
  - (6) The Company establishes a compliance help desk and a consultation desk for inquires on personal information and product accidents, in order to develop a framework for gathering and utilizing information obtained from within and outside the Company. The compliance help desk is operated in accordance with the Regulations on Protecting Whistleblower, and the Company shall develop and hasten familiarity of a framework to allow Directors and employees to easily consult or report any compliance violations, etc. within the Company, and to ensure that persons who have consulted or reported are not treated disadvantageously.
  - (7) The Company shall develop a framework in which the effectiveness of internal audits is secured in order to enable the Internal Control Management Department to perform highly specialized and ethical audits.
2. Framework for storing and managing information related to execution of duties by Directors  
The Company shall operate a framework for storing and managing information related to execution of duties by Directors appropriately as prescribed in the Board of Directors Regulations, Information Security Regulations, and Confidential Information Management Regulations.
3. Regulations and other framework for managing risks of loss
  - (1) The officer in charge of risk management shall be the officer in charge of the Internal Control Division, and the Internal Control Management Department shall be the division in charge of risk management. The officer in charge of the Internal Control Division and the Internal Control Management Department shall establish and implement a framework to comprehensively identify and manage the overall risks to the corporate group consisting of the Company and its affiliates (the “Group”) in accordance with the Risk Management Regulations (“Risk Management System”). The Risk Management System shall respond to the changes in social circumstances. Furthermore, the officer in charge of the Internal Control Division and the General Manager of the Internal Control Management Department shall report on the

status of risk management as necessary to the Board of Directors and the Audit and Supervisory Committee.

- (2) When an unexpected situation arises, an Emergency Response Headquarters headed by the Representative Director and President shall be established and implement a rapid response to provide a framework for preventing the spread of damage and containing it to a minimum.
4. Framework ensuring the efficiency of execution of duties by Directors
- (1) The Company shall determine material matters and share information on the status of execution of business operations by the Directors at the regular meetings of the Board of Directors held once a month and extraordinary meetings held as needed based on the Board of Directors Regulations.
  - (2) In principle, the Executive Officers Meeting is held once a month, and decides on material decision matters other than those matters to be determined by the Board of Directors and reviews agenda items for the meetings of the Board of Directors based on the Executive Officers Meeting Regulations. The Company also holds extraordinary Executive Officers Meeting as needed.
  - (3) To ensure speedy and efficient execution of business operations, the Company holds various meetings such as the Each Division Meetings, etc. and the results of such reviews are resolved at the meetings of Executive Officers and meetings of the Board of Directors.
  - (4) Based on the budgeting system, the Company obtains the monthly performance in a timely manner, and determine and implement countermeasures as needed.
  - (5) The Company formulates a medium-term management plan and clarifies objectives to be achieved as a company, while also clarifying operating targets for each Director (excluding Directors and Outside Directors who are Audit and Supervisory Committee Members).
  - (6) By using IT systems such as electronic approval applications, the Company seeks to streamline operations and speedup and simplify the sharing of information with other Directors and communication of intentions.
5. Framework ensuring the proper business operation of the Group
- (1) Framework ensuring that execution of duties by Directors and employees of affiliates complies with laws and regulations and the Articles of Incorporation
    1. To develop a framework ensuring that execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation, the entire Group shall work as one based on the Bic Camera Corporate Philosophy and the Charter of Corporate Behavior and Regulations on the Management of Affiliates, and other regulations.
    2. The managing division provided for in the Regulations on the Management of Affiliates shall manage the unified internal control of the affiliates. Said managing department shall perform internal audits based on the Regulations on the Management of Affiliates in collaboration with the Internal Control Management Department.
    3. The division in charge of compliance shall establish a framework to allow Directors and employees of affiliates to easily consult or report to the Company any compliance violations, etc. within their organization, and provide necessary training for the Directors and employees of the Group depending on their positions and duties, etc.
  - (2) Framework for reporting to the Company matters pertaining to the execution of duties by the Directors and employees of affiliates and framework to ensure the efficient execution of such duties
    1. Based on the Regulations on the Management of Affiliates, the Company shall develop a framework on the reporting to the Company of matters pertaining to the execution of duties by the Directors and employees of affiliates, such as meetings with affiliates, and develop a framework to ensure the efficient execution of such duties.
    2. The Company shall develop a framework to establish an IT system that will be needed to achieve both management efficiency and risk management as well as proper financial reporting. In building the IT system, the Company shall develop the Information System Management Regulations and proper operational framework, and taking into account the mutual impacts that the IT system and the management environment, organization and business operations may have, make appropriate evaluation of the effects and risks in order to achieve optimization and improvements across the entire Group.
  - (3) Regulations and other frameworks related to management of Group's risk of loss  
In order to identify the Group's risks in a timely and appropriate manner, the division in charge of risk management shall establish and implement an appropriate framework for the assessment and

management of the risks to the entire Group such as requesting affiliates to submit Risk Management Reports based on the Risk Management Regulations.

6. Framework ensuring reliability of financial reporting
  - (1) Each group company shall manage the risks of making misstatements of material matters in the financial reporting, and to reduce and prevent such risks, develop and implement internal controls and regulations on financial reporting as well as assess the changes and revisions in the management environment, organization and business operations to make amendments to its internal controls and regulations on financial reporting in a timely and appropriate manner.
  - (2) The Board of Directors shall supervise the development and implementation of the internal controls pertaining to financial reporting of each group company.
  - (3) The Internal Control Management Department shall evaluate the framework ensuring the reliability of financial reporting for each fiscal year, and report the results at the meetings of the Board of Directors. If, as a result of such evaluation, any correction or improvement is necessary, each supervising division shall promptly take countermeasures.
  
7. Matters related to the framework necessary in executing duties of the Audit and Supervisory Committee
  - (1) Matters related to Audit and Supervisory Committee assistants in the case where the Audit and Supervisory Committee requests the placement of employees to assist its duties (“Audit and Supervisory Committee assistants”)
    1. In the case where the Audit and Supervisory Committee requests the placement of employees to assist its duties, the Board of Directors appoints appropriate personnel to carry out such duties.
    2. The Audit and Supervisory Committee assistants shall follow the directions and orders of the Audit and Supervisory Committee when assisting the Audit and Supervisory Committee’s duties.
  - (2) Matters regarding the independence of the Audit and Supervisory Committee assistants from the Directors (excluding Directors who are Audit and Supervisory Committee Members) and the effectiveness of their instructions  
In order to ensure the independence of the Audit and Supervisory Committee assistants from the Directors (excluding Directors who are Audit and Supervisory Committee Members) and the effectiveness of their instructions, the reassignment and evaluation of, and disciplinary actions against the Audit and Supervisory Committee assistants shall require the prior approval of the Audit and Supervisory Committee.
  - (3) Framework for reporting to the Audit and Supervisory Committee by the Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees and frameworks related to other reports to the Audit and Supervisory Committee
    1. Directors and employees report the following matters to the Audit and Supervisory Committee in accordance with the “Audit and Supervisory Committee Regulations,” the “Regulations Regarding Reporting, etc., to the Audit and Supervisory Committee,” “Audit and Supervisory Committee Auditing Standards,” and “Implementation Standards for Audit and Supervisory Committee Auditing Concerning Internal Control System.”
      - a. Material matters that affect the management and financial results of the Group.
      - b. Material matters concerning the management status of the Group each month
      - c. Overview of the activities of the Internal Control Management Department, the General Affairs and Legal Affairs Department and other departments in charge of audit engagements of the Group.
      - d. Overview of activities related to the internal controls of the Group.
      - e. Serious breaches of laws, regulations, or the Articles of Incorporation.
      - f. Matters that could cause significant damage to the Group.
      - g. Status of operation of the compliance help desk, status of whistle blowing, and other material matters for compliance.
    2. Directors in charge of each department (excluding Directors who are Audit and Supervisory Committee Members) and employees shall report regarding the risk management framework for the department under their charge as appropriate after consultation with the Audit and Supervisory Committee.
  - (4) Framework for reporting to the Audit and Supervisory Committee by the directors and employees of affiliates and frameworks related to other reports to the Audit and Supervisory Committee  
Directors, employees and corporate auditors of affiliates or any person receiving a report from them shall report, in addition to matters designated by law, the following to the Audit and Supervisory Committee:
    1. Material matters that affect the management and financial results of the Group.

2. Outline of activities of Corporate Auditors, etc.
  3. Overview of activities related to internal control
  4. Serious breaches of laws, regulations, or the Articles of Incorporation.
  5. Matters that could cause significant damage to the Group.
  6. Status of operation of the Group's compliance help desk, status of whistle blowing, and other material matters for compliance.
- (5) Framework for ensuring that persons who have reported to the Audit and Supervisory Committee are not treated disadvantageously because of the report  
The Company shall ensure that persons who have reported to the Audit and Supervisory Committee are not treated disadvantageously in personnel terms because of the report. The approval of the Audit and Supervisory Committee shall be obtained regarding their treatment.
- (6) Matters related to the policy for processing of expenses, etc. arising from the execution of duties of the Audit and Supervisory Committee  
Advance payment of fees to attorneys and certified public accountants, etc. that arise in the course of executing the duties of Directors who are Audit and Supervisory Committee Members, reimbursement procedures, or settlement of other fees or debts that arise in the course of executing said duties shall be borne by the Company based on the Regulations on Reporting, etc. to Audit and Supervisory Committee, except for cases in which such fees are deemed unnecessary for the duties of Audit and Supervisory Committee Members.
- (7) Other frameworks for ensuring that audits of the Audit and Supervisory Committee are conducted effectively
1. The Company will strive to deepen Directors' and other officers' understanding of Audit and Supervisory Committee audits and prepare an environment for Audit and Supervisory Committee audits
  2. The Directors who are Audit and Supervisory Committee Members shall attend the meetings of the Board of Directors, as well as the Executive Officers Meeting and other important meetings, where they may offer their opinions and request reports to Directors, etc., (excluding Directors who are Audit and Supervisory Committee Members) as necessary.
  3. The Audit and Supervisory Committee shall hold regular meetings, etc. with the Representative Director, Accounting Auditor, corporate auditors of affiliates, etc., Internal Control Management Department, General Affairs and Legal Affairs Department and other departments in charge of audit engagements. Moreover, the Audit and Supervisory Committee shall realize a full collaboration between the Audit and Supervisory Committee Members, Internal Control Management Department, and Accounting Auditor, to develop a framework ensuring that audits are performed effectively.
  4. The Audit and Supervisory Committee may inspect documents requesting formal approval and other material documents concerning the performance of duties, and may request explanation as needed to Directors and employees.

## **2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts Update**

- (1) The Company stipulates in the Charter of Corporate Behavior that it "will firmly confront anti-social forces and organizations that poses a threat to the order and safety of civil society," and deal with anti-social forces in a resolute attitude. In addition, the Company distributes the Charter of Corporate Behavior and Compliance Manual to the Directors and employees of the Group and further strives to make sure they are fully understood through in-house training, etc.
- (2) The General Affairs and Legal Affairs Department shall be responsible for dealing with anti-social forces, and shall collaborate with outside specialized institutions, such as the police and attorneys depending on the case. In addition, and shall strive to strengthen the framework through activities such as collecting information on anti-social forces and receiving instructions on how to respond appropriately to illegitimate demands.
- (3) The Company added a chapter on "Investigations and confirmation on affiliations with anti-social forces" in its Contract Management Regulations, and makes it a rule to investigate all perspective business partners first and start dealing with them only when they are found not to have problematic affiliations with anti-social forces. In addition, the Company prescribes a provision on code of conduct in the contract which requires the contractor to guarantee that it is not affiliated with anti-social forces and enables the Company to terminate the contract without notice in the event any violation is found. The internal rules also oblige checking on existing business partners to make sure they do not have affiliations with anti-social forces.

## V. Other

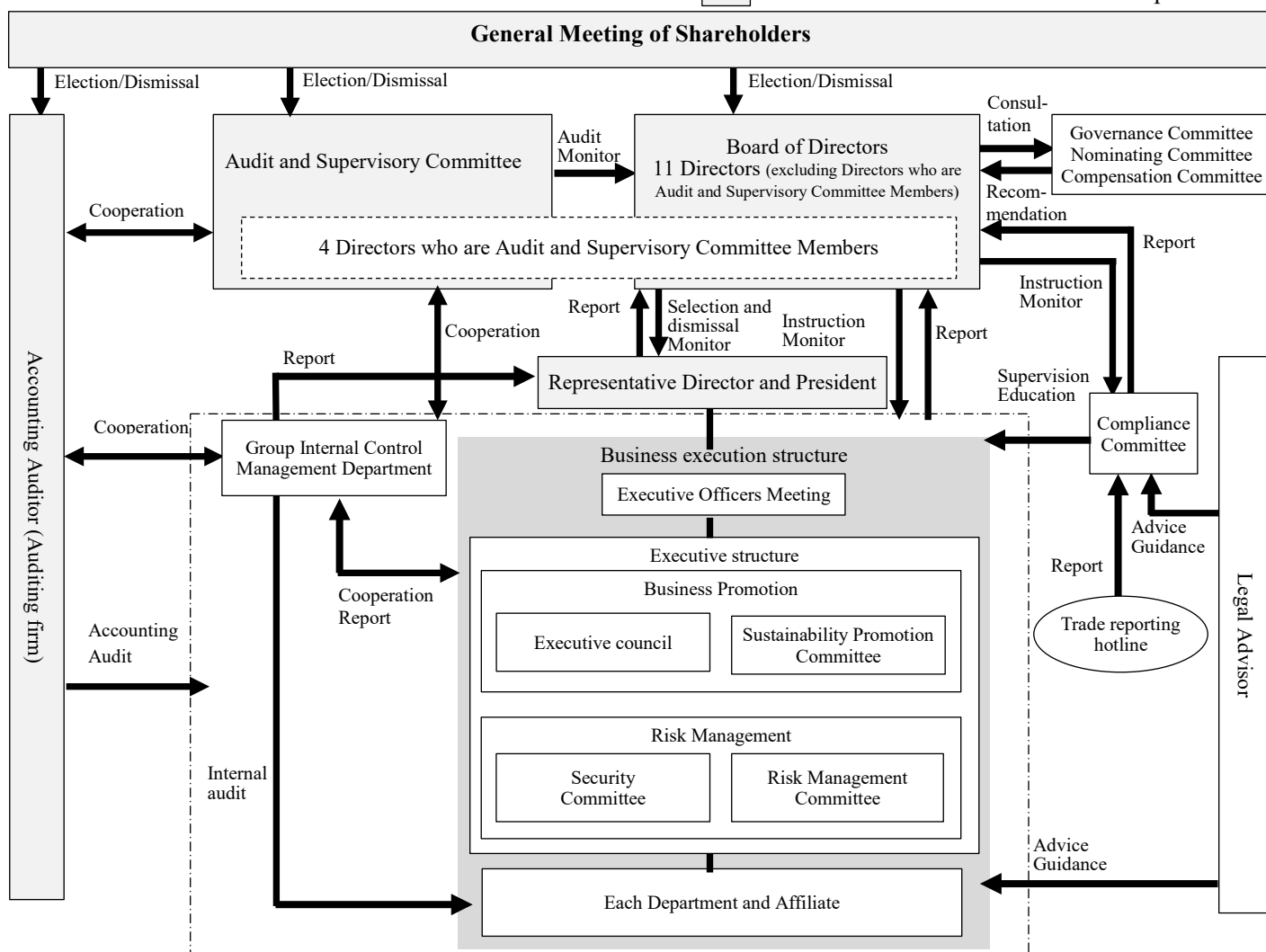
### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

### 2. Other Matters Concerning Corporate Governance System, etc.

\*   : Institutions established under the Companies Act



Overview of Timely Disclosure System

