

Company Systems

Systems to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation as well as systems to ensure that the business operations of the Company and the Group as a whole are duly executed

The Group will proceed with the establishment of internal control systems from the perspective of Group management and promote sound, transparent, and efficient management.

1) System to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation

- Directors shall perform their duties in a legally compliant and appropriate manner in accordance with officer regulations and the MARUI GROUP Code of Conduct.
- The Board of Directors shall hold meetings, in principle, 10 times a year and supervise the execution of duties by directors.
- Audit & Supervisory Board members shall audit independently the execution of duties by directors and executive officers in accordance with the regulations of the Audit & Supervisory Board.
- Multiple highly independent external directors and external Audit & Supervisory Board members shall be appointed to enhance the objectivity and transparency of management.
- The following four committees shall be maintained as advisory bodies to the Board of Directors.
 - i. Nominating and Compensation Committee (at least three members, two or more of whom should, in principle, be external directors) responsible for improving the transparency and objectivity of the decision-making process related to the nomination of directors and executive officers bearing special titles and to compensation systems for directors and executive officers
 - ii. Sustainability Committee tasked with promoting co-creation sustainability management
 - iii. Strategy Committee intended to contribute to ongoing improvements in corporate value by discussing and providing recommendations regarding Groupwide and business-specific strategies
 - iv. Human Resource Strategy Committee charged with discussing and providing recommendations regarding Groupwide human resource strategies for the purpose of driving ongoing improvements in corporate value

2) System for maintaining and managing information regarding the execution of business by directors

- The Company shall implement regulations for managing documents, pursuant to which minutes of meetings of the Board of Directors and other important documents related to the execution of duties by directors shall be maintained.

3) Regulations related to controlling risk of loss and other systems

- The Company shall maintain seven committees for improving management of high-risk areas: the Public Relations IR Committee, the Internal Control Committee, the ESG Committee, the Information Security Committee, the Safety Control Committee, the Insider Trading Prevention Committee, and the Financial Risk Committee. Also, the Compliance Promotion Board, which is chaired by the president, shall oversee the aforementioned seven committees and manage risks on a Groupwide basis.
 - Through coordination between the General Affairs Division and the Audit Department, which are responsible for promoting internal control, information on the operations of Group companies, potential risks, and risk countermeasures is to be documented and monitored to minimize management risks.
- 4) System to ensure that directors can execute their duties efficiently
- In accordance with rules regarding authorization, the duties of directors and executive officers shall be explicitly defined, and directors and executive officers shall perform their duties in an efficient and swift manner.
- 5) System to ensure the reliability of financial reports
- Companywide policies and procedures to ensure reliable financial reporting shall be formulated and the necessary systems shall be implemented and operated.
 - A system shall be established for evaluating risks arising from inappropriate statements with respect to important items of financial reports and for reducing risks.
 - A system for monitoring the internal control system with respect to financial reporting shall be established, and the status of implementation of this system shall be confirmed.
- 6) System to ensure that subsidiary directors and Group employees execute their duties in compliance with laws and regulations and the articles of incorporation
- The MARUI GROUP Code of Conduct shall be fully disseminated to promote sound corporate activities grounded on high ethical standards.
 - In order to ensure full compliance with laws and regulations and internal rules across the entire Group, operational manuals in every category shall be prepared and internal training shall be conducted.
 - The MARUI GROUP Hot Line (internal reporting system), which allows direct contact with outside lawyers, has been set up to prevent problems from occurring and to facilitate the early detection of problems.
 - The Company shall conduct internal audits to maintain an understanding of the status of internal controls in order to improve compliance with laws, regulations, and internal rules.
- 7) Other systems for ensuring the appropriateness of business operations of the Group
- Information documented by Group companies shall be continuously reviewed as an internal control provision.
 - Through the Compliance Promotion Board and the abovementioned seven committees, MARUI GROUP shall confirm the latest information on the status of

internal controls at Group companies to maintain appropriate systems.

- Systems shall be established for reporting on important decisions made by subsidiaries to the Company in accordance with rules regarding authorization.
- Coordination will be pursued between Audit & Supervisory Board members and the internal audit divisions of Group companies in order to establish auditing systems for ensuring proper transactions and accounting procedures.
- MARUI GROUP shall refuse any unwarranted demands and disassociate itself from antisocial organizations that threaten social order and safety and shall strengthen its ties with external specialists, such as the police and lawyers, to establish systems to eradicate antisocial organizations.

8) Matters related to employees who have been assigned to assist in the duties of Audit & Supervisory Board members based on requests of said members, issues of independence of such employees from directors, and means of ensuring the effectiveness of instructions to such employees

- Based on the requests of Audit & Supervisory Board members, audit staff with sufficient skills and knowledge shall be assigned to conduct requested duties.
- Audit & Supervisory Board members shall be allowed to instruct audit staff to assist with their audit work, and directors shall not interfere with such instruction.

9) Systems for reporting to Audit & Supervisory Board members by directors or employees and systems for preventing disadvantageous treatment of whistleblowers

- The internal audit system shall be reinforced and support functions for Audit & Supervisory Board members shall be strengthened.
- Directors and employees of Group companies shall promptly report to Audit & Supervisory Board members should they become aware of any act of misconduct, any fact that might be seriously damaging to any Group company, or any act that could be in violation of laws, regulations, or the articles of incorporation.
- Confirmation shall be sought that whistleblowers have not suffered disadvantageous treatment as a result of reporting matters of concern to Audit & Supervisory Board members.

10) Matters related to the prepayment of expenses incurred during the execution of duties by Audit & Supervisory Board members and to reimbursement procedures for and policies concerning processing expenses and liabilities incurred during the execution of duties by Audit & Supervisory Board members

- When Audit & Supervisory Board members request reimbursement for expenses incurred during the execution of their duties, such expenses shall be reimbursed, unless they are deemed unnecessary.

11) Other systems for ensuring effective audits by Audit & Supervisory Board members

- The Board of Directors shall earnestly cooperate with any request made by Audit & Supervisory Board members to ensure that they are able to perform their duties smoothly.
- Representative directors and Audit & Supervisory Board members shall meet

regularly and mutually confirm the status of the execution of their duties.

- Audit & Supervisory Board members may attend meetings of the Board of Directors and other important management meetings as necessary to maintain an understanding of the processes leading up to the making of important decisions and of the status of the execution of duties.
- Audit & Supervisory Board members may receive reports or information from directors and employees as necessary and inspect materials and records.
- Audit & Supervisory Board members may serve concurrently serve in equivalent positions at major subsidiaries in order to effectively share information and accurately confirm the status of the execution of duties.