

Last update: May 20, 2021

**AEON DELIGHT CO., LTD.**

Kazumasa Hamada, President &amp; CEO, Group CEO

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<https://www.aeondelight.co.jp>

**This document describes corporate governance at  
AEON DELIGHT CO., LTD (“AEON delight” or “the Company”).**

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

### **1. Basic Views**

Based on our Management Principle, "We pursue the creation of 'environmental value' for the customers and for the local communities," we fulfill our responsibilities to our stakeholders through sustainable growth of the company and by increasing the value of our company, and implement an optimal corporate governance system designed to best meet the needs of society and the business environment.

In AEON delight Corporate Governance Guidelines (hereafter the "the Company's Guidelines"), we have defined our corporate governance system as "a mechanism that helps to bring about sustainable growth of the company by maintaining balance between 'offense' and 'defense' in the four areas as follows":

- 1) Means for integrating the business activities of the members (executives and employees) of our enterprise under one policy or vector and then utilizing managerial resources to the maximum degree.
- 2) Basic promises that underpin the trusting relationships with stakeholders who support the company
- 3) Preparedness for unexpected ordinary or extraordinary events
- 4) Rules each enterprise should follow for surviving as a member of society

For further details, please refer to the AEON delight website.

[Our Management Principle]

<https://www.aeondelight.co.jp/english/corporate/philosophy.html>

[AEON delight Corporate Governance Guidelines]

[Corporate Governance Report]

<https://www.aeondelight.co.jp/english/ir/management/disclosure.html>

### **[Reasons for Non-Compliance With the Principles of the Corporate Governance Code]**

Update

As of May 20, 2021, the Company has implemented all of the principles defined under the Corporate Governance Code.

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

Update

[Principle 1-4]

Please refer to Article 7 "Strategically held shares" of the Company's Guidelines

In fiscal 2020, we sold five cross shareholdings after reviewing our purpose for holding them.

[Principle 1-7]

Please refer to Article 9 "Prevention of transactions that go against shareholders' interests" of the Company's Guidelines.

[Principle 2-6]

Please refer to Article 35 "Corporate Pension Fund" of the Company's Guidelines.

[Principle 3-1]

- (1) Management principle and medium-term management plan are disclosed on the AEON delight website and in the financial results briefing materials.
- (2) AEON delight guidelines are disclosed on the AEON delight website.
- (3) Please refer to "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in this report.
- (4) Please refer to Article 27 "Selection of candidate directors and auditors" of the Company's Guidelines.
- (5) The reasons for the election and dismissal of individual directors shall be disclosed in the reference materials for the general meeting of shareholders.

[Supplemental Principle 4-1-1]

Please refer to Article 16 "Business operation systems" and Article 17 "Roles, duties, etc. of the board of directors" of the Company's Guidelines.

[Principle 4-8]

Article 13 of the Company's Guidelines, "Systems for the boards of directors and auditors", stipulates that the Company shall have at least two independent and impartial outside directors, and the Company currently has four independent outside directors.

[Principle 4-9]

Please refer to Article 21 "Criteria for judging the independence of external directors" of the Company's Guidelines.

[Supplemental Principle 4-11-1]

Please refer to Article 13 "Systems for the boards of directors and auditors" and Article 27 "Selection of candidate directors and auditors" of the Company's Guidelines.

[Supplemental Principle 4-11-2]

Please refer to Article 31 "Whether directors and auditors are part-time" of the Company's Guidelines. In addition, the status of concurrent positions held by officers is disclosed in the Annual Securities Report and the Notice of Convocation of the Ordinary General Meeting of Shareholders.

[Supplemental Principle 4-11-3]

<Evaluation Process>

The Evaluation Advisory Committee, a voluntary advisory body to the Board of Directors, analyzed and evaluated the progress of improvement measures between January 2021 and February 2021 for the issues identified in the previous year.

In addition, based on the results of the analysis and evaluation by the Evaluation Advisory Committee, the Board of Directors evaluated the effectiveness of the Board of Directors at a meeting held on April 27, 2021.

<Evaluation items>

1. Composition of the Board of Directors, 2. Operation of the Board of Directors, 3. Agenda of the Board of Directors, 4. Structure to support the Board of Directors, 5. Roles and responsibilities of the Board of Directors, 6. Managing Directors Committee

<Evaluation results>

We evaluated that the effectiveness of decision-making and supervision of business execution by the Board of Directors is being maintained in line with the Company's basic approach to corporate governance.

The following improvements were recognized: the appointment of one female outside director, which increased the diversity of the Board of Directors; the establishment of a system to organize and deliberate on agenda items for Board of Directors meetings in advance; and the enhancement of efforts to formulate medium-term management plans and medium- to long-term visions. On the other hand, we recognize the need to identify agenda items to be discussed at the Board of Directors meetings and to manage the discussion plan, as well as the need to further improve the quality of the executive function in order to further increase the effectiveness of the Board of Directors as a supervisory function.

[Supplemental Principle 4-14-2]

Please refer to Article 30 "Policy for the training of directors and auditors" of the Company's Guidelines. The Company conducts the following training and seminars for officers of the Company and its subsidiaries.

- Training for newly appointed officers
- Compliance seminars
- Top Seminars

[Principle 5-1]

The basic policies are listed in Article 10 "Dialogue with Shareholders" of the Company's Guidelines.

- (1) In order to promote constructive dialogue with shareholders, the Board of Directors appoints a director or executive officer as the person in charge of handling information and designates the Delight Communication Department as the department in charge of investor relations.
- (2) The person in charge of information handling ensures organic collaboration, including ensuring that information is shared among departments that assist in the dialogue.
- (3) Financial results briefings are held twice a year for investors, and video and audio of the briefings are distributed via the internet. In addition, telephone interviews and investor relations meetings are conducted as needed.
- (4) Regular feedback is provided to directors based on the advice of external consultants.
- (5) In order to prevent unauthorized disclosure of insider information during dialogue, information management is thoroughly implemented in accordance with the "Regulations on Insider Trading Prevention and Insider Information Management" and the "Regulations on Information Disclosure Management".

## 2. Capital Structure

Foreign Shareholding Ratio	Above 10% and below 20%
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### [Status of Major Shareholders] Update

Shareholders	Number of Shares Owned	Percentage(%)
AEON CO., LTD.	27,613,050	55.22
The Master Trust Bank of Japan, Ltd. (Trust account)	1,999,900	4.00
AEON delight Business Partner Stock Ownership Association	1,127,700	2.26
Custody Bank of Japan, Ltd. (Trust account)	1,009,800	2.02
NORTHERN TRUST CO. (AVFC)RE FIDELITY FUNDS	801,500	1.60
AEON delight Employee Stockholding Association	497,290	0.99
CLEARSTREAM BANKING S.A.	495,800	0.99
Custody Bank of Japan, Ltd. (Trust account 9)	484,700	0.97
The Nomura Trust and Banking Co., Ltd.	456,400	0.91
THE BANK OF NEW YORK MELLON 140051	401,300	0.80

Controlling Shareholder (Except for Parent Company)	_____
Parent Company	Aeon Co., Ltd. (Listing: TSE, Code: 8267)

### Supplementary Explanation Update

The major shareholder data above is current as of February 28, 2021. Separate from the number of shares listed above, the Company holds 4,167,473 shares of treasury stock (7.69% of the total number of shares issued). In addition, percentages have been rounded to the third decimal place.

## 3. Corporate Overview

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year End	February
Type of Business	Services
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1,000 people
Sales (Consolidated) as of the End of the Previous Fiscal Year	Between ¥100 billion and ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Between 10 and 50

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

AEON delight belongs to a corporate group consisting of Aeon Co., Ltd. (pure holding company; “Aeon Co. Ltd.”) and Aeon Co., Ltd. consolidated subsidiaries and equity-method affiliates.

The Company makes its own independent management decisions related to daily business operations, and confers with or reports to Aeon Co. Ltd. concerning key management issues. The growth of Aeon Co., Ltd. and its group companies leads to more business opportunities for the Company.

Therefore, the Company believes that collaboration and maximization of synergies with Aeon Group companies will contribute to the expansion of minority shareholders' interests.

In accordance with Article 9 "Prevention of transactions that go against shareholders' interests" of the Company's Guidelines, the Company ensures the economic rationality of the terms and conditions of transactions with Aeon Co., Ltd. and its group companies from the perspective of protecting minority shareholders, and concludes particularly important contracts through resolutions at meetings of the Board of Directors attended by outside directors and outside corporate auditors who are designated as independent officers and corporate auditors as stipulated by the Tokyo Stock Exchange, Inc.

#### 5. Other Special Circumstances which may have Material Impact on Corporate Governance Update

The Company's parent company is Aeon Co., Ltd. and Aeon Co., Ltd. holds 27,613,000 shares (55.28% of voting rights) of the Company's stock.

The Board of Directors of the Company consists of eight directors, including four outside directors, and is in a position to make independent management decisions.

In addition, the Company has appointed two outside corporate auditors, one of whom is appointed as an independent officer along with four outside directors, to ensure greater independence in management decisions, and to make its own decisions regarding management decisions in terms of business operations and fund procurement.

In addition, the Company has accepted one officer who serves concurrently as an officer of Aeon Co., Ltd. but this does not prevent the Company from making its own management decisions, and the Company believes that a certain degree of independence from the parent company has been secured.

Aeon Co., Ltd.'s "Policies on Governance of Listed Subsidiaries" is as follows.

Based on its basic principles of "Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point view as its core," Aeon believes that the enterprise value of the entire Group can be enhanced by emphasizing the autonomy and originality of the management of Group companies and practicing group management based on a decentralized system, and has practiced this philosophy since its founding.

Against this backdrop, as a parent company, the Company was one of the first to transition to a company with a nominating committee in 2003 in order to increase the transparency of Group governance and the speed of management. In 2008, the Company transitioned to a pure holding company in order to strengthen management from the perspective of the entire Group without being biased toward any particular business, and has been implementing management measures to increase synergy across the entire Group.

Among the Group companies, those that are expected to achieve sustainable growth through self-directed management that reflects business and regional characteristics and improve management quality as a result of the discipline imposed by the capital markets are made into listed subsidiaries.

In addition, from the perspective of protecting minority shareholders of listed subsidiaries, the Company requests the appointment of independent outside directors and the establishment of an advisory committee of independent officers.

As described above, the Company believes that collaboration and maximization of synergies with Aeon Group companies will benefit minority shareholders.

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

### 1. Organizational Structure and Operation

Organization Form	Company with Audit & Supervisory Board Members
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Association	20
Term of Office Stipulated in Articles of Association	1 Year
Chairperson of the Board	President
Number of Directors	8 <span>Update</span>
Status of Appointment of Outside Directors	Appointed
Number of Outside Directors	4 <span>Update</span>
Number of Independent Directors	4 <span>Update</span>

Outside Director Relationship with the Company (1) Update

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masaaki Fujita	From another company											
Yoshiaki Hompo	From another company											
Keiji Yoshikawa	From another company											
Asako Takada	Scholar											

\* Categories for “Relationship with the Company”

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

“△” when the director fell under the category in the past

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

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

a. Executive of the Company or its subsidiaries

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

c. Executive of a fellow subsidiary company of the Company

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

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director

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

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

i. Executive of a company, between which and the Company outside directors/ are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Masaaki Fujita	○	———	<p>The Company proposes the election of Masaaki Fujita as outside Director to gain his accurate advice to the Company's Management of Technology based on his wealth of experience in quality and production control and to gain his guidance in improving the Company's management and corporate governance based on his managerial knowledge in crossing different kinds of business, the development of global business, and management as well as his personable human resource development.</p> <p>Mr. Fujita has no special interest in the Company, and has been appointed as an independent officer based on the judgment that his role and function of overseeing the Company from an independent standpoint are fully secured.</p>
Yoshiaki Hompo	○	———	<p>Yoshiaki Hompo has an extensive career and broad insight as the first Commissioner of Japan Tourism Agency and Senior Vice President of Japan Post in addition to overseas experience and administrative experience related to the Ministry of Transport. Also, he has experience in the area of human resource development as an adjunct and research professor. The Company judges he will contribute to the management of the Company, and proposes his election as outside Director.</p> <p>Mr. Hompo has no special interest in the Company, and has been appointed as an independent officer based on the judgment that his role and function of overseeing the Company from an independent standpoint are fully secured.</p>

Keiji Yoshikawa	○	----	<p>The Company proposes the election of Keiji Yoshikawa as outside Director to gain his guidance on not only the Company's domestic business operations, but also its management of overseas business operations, based on his corporate management experience as a representative executive officer and president of a company listed on the First Section of Tokyo Stock Exchange along with his experience as a senior manager of a global company based in Japan.</p> <p>Mr. Yoshikawa has no special interest in the Company, and has been appointed as an independent officer based on the judgment that his role and function of overseeing the Company from an independent standpoint are fully secured.</p>
Asako Takada	○	----	<p>The Company proposes the election of Asako Takada as outside Director to gain her guidance on promotion of organizational cultural reform to improve the Company's corporate value, improvement of the effectiveness of corporate governance, and improvement of diversity within the Company based on her knowledge and insight in organizational theory and the field of innovation which are her fields of research.</p> <p>Ms. Takada has no special interest in the Company, and has been appointed as an independent officer based on the judgment that her role and function of overseeing the Company from an independent standpoint are fully secured.</p>

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

Established

Establishment of an optional committee, members of the committee, and attributes of the chairperson of the committee

Update

	Committee Name	Total Number of Members	Number of Full-time Members	Number of Inside Members of the Board of Directors	Number of Outside Members of the Board of Directors	Number of Outside Experts	Other	Chairperson
Optional Committee Corresponding to the Nominating Committee	Nomination and Compensation Advisory Committee	4	0	2	2	0	0	Outside Director
Optional Committee Corresponding to the Compensation Committee	Nomination and Compensation Advisory Committee	4	0	2	2	0	0	Outside Director

The Nomination and Compensation Advisory Committee provides advice and reports to the president/CEO on matters related to nominations for board of director and Audit & Supervisory Board candidates to ensure transparency and objectivity in these processes.

In principle, meetings are held on a quarterly basis with the Group Personnel, General Affairs and IT Division serving as the secretariat, and extraordinary meetings are also held as necessary to address specific topics.

The composition of the committee is as follows

Committee Chairman: Masaaki Fujita,

Committee members: Kazumasa Hamada, President and Representative Director; Nobuo Yamazato, Director;

Asako Takada, Outside Director\*

All committee members have attended all meetings to date.

\*Mr. Fujita and Ms. Takada are new members of the Committee (from May 19, 2021).

### [Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Association	5
Number of Audit & Supervisory Board Members	4

### Cooperation among Audit & Supervisory Board Member, Accounting Auditors and Internal Audit Departments

**Update**

Auditors hold meetings periodically and as required with the Accounting Auditor to exchange information. AEON delight has concluded an audit agreement with Deloitte Touche Tohmatsu LLC as the Accounting Auditor and receives audits based on the Company Act and the Financial Instruments and Exchange Act.

The Office of Corporate Audit has been established as the Group Corporate Audit Department and conducts assessments and audits in a planned manner to enhance appropriateness and efficiency of internal control across all business operations with efforts made to ensure smooth management and control of business affairs.

The corporate auditors exchange information and opinions with the Group Corporate Audit Department on a regular and daily basis, and as necessary, and also organizes three-way audit meetings to ensure mutual cooperation.

Election status of Outside Auditor	Elected
Number of Outside Auditors	2
Number of Outside Auditors designated as Independent Executive Officer	1

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

Name	Attribute	Relationship with the company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroshi Mitsui	From another company			△		○		△		△	○			
Tsukasa Takahashi	Lawyer													

\* Categories for “Relationship with the Company”

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

“△” when the director fell under the category in the past

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

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

a. Executive of the Company or its subsidiaries

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

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



- d. Audit & Supervisory Board Member of the parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant, or legal professional who receives a large sum of monetary consideration or other assets from the Company in addition to compensation as an Audit & Supervisory Board member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (not corresponding to any of f, g, or h; applies only to the Audit & Supervisory Board member himself/herself)
- k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (applies only to the Audit & Supervisory Board member himself/herself)
- l. Executive of a company or organization that receives a donation from the Company (applies only to the Audit & Supervisory Board member himself/herself)
- m. Other

#### Outside Auditors' Relationship with the Company (2) **Update**

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroshi Mitsui		Hiroshi Mitsui has been an executive officer of Jusco Co., Ltd. (currently Aeon Co., Ltd.), the parent company of the Company, since 1981. He has also been an executive officer of Aeon Retail Co., Ltd., a major supplier and shareholder of the Company, since 2011. In addition, from 2012 to May 2020, he was an executive at G-Foot Co., Ltd., a fellow subsidiary and supplier, where he last served as Managing Director in charge of administration.	Hiroshi Mitsui has served as a director of G-Foot Co., Ltd. and brings with him management experience and a wide range of insight. He has been appointed as an outside corporate auditor to provide guidance on improving corporate governance by drawing on his balanced views and wealth of knowledge gained through his management experience. There are no special interests between Mr. Mitsui and the Company.
Tsukasa Takahashi	○	———	Tsukasa Takahashi has been appointed as an outside corporate auditor based on his professional knowledge as a lawyer and his extensive experience in corporate legal affairs over many years, which we believe will enhance the effectiveness of audits at the Company. Mr. Takahashi has no special interest in the Company and has been appointed as an independent officer based on the judgment that his role and function of auditing the Company from an independent standpoint are fully secured.

#### [Independent Officers]

Number of independent officers

5 **Update**

#### Matters Relating to Independent Officers

Corporate Governance Code [Principle 4-9] Article 21 of the Company's Guidelines stipulates the criteria for determining the independence of outside directors of the Company.

## [Incentives]

Incentive Policies for Directors

Stock Options

Supplementary Explanation

Recipients of Stock Options

Inside Directors

Supplementary Explanation

**Update**

At the 34th Ordinary General Meeting of Shareholders held on May 24, 2007, the Company passed a resolution to eliminate the retirement benefit program and introduce a remuneration-type stock option plan. This improves alignment between the director remuneration program and the Company's stock price and earnings, enabling directors to share the benefits and risks associated with stock price fluctuations with shareholders, thereby raising morale and motivation to improve earnings and increase enterprise value. The most recent allotment date was May 10, 2021, and the Company allotted the 14th series of stock acquisition rights to two inside directors of the Company.

## [Director Remuneration]

Disclosure of Individual Director Remuneration

No Individual Disclosure

Supplementary Explanation

**Update**

Note that compensation of individual executives is not disclosed, as no director or auditor received a total executive compensation of 100 million yen or more on a consolidated basis.

The total executive compensation for directors and auditors in the fiscal year ended February 28, 2021, was as shown below.

Number of compensated directors: 6 (of which three were outside directors)

Amount of compensation: 106 million yen (of which 28 million yen was compensation for outside directors)

(\*excludes a director receiving no compensation)

Number of compensated auditors: 3 (of which three were outside auditors)

Amount of compensation: 18 million yen (of which 18 million yen was compensation for outside auditors)

(\*excludes three auditors receiving no compensation)

Total number: 9 (of which six were outside directors and auditors)

Total amount of compensation: 125 million yen (of which 46 million yen was compensation for outside directors and auditors)

Note:

It was resolved at the annual shareholders' meeting on May 24, 2007, that executive compensation for directors may not exceed ¥590 million a year.

It was resolved at the annual shareholders' meeting on May 18, 1990, that executive compensation for auditors may not exceed ¥50 million a year.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

**Update**

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company's basic policy regarding remuneration for directors is as follows.

(1) The remuneration system shall be designed to strongly motivate directors to practice the Company's management philosophy, "We pursue the Creation of "Environmental Value" for the Customers and for the Local communities," and to actively work on environmental issues and social contribution, as well as to execute management strategies that contribute to improving business performance.

- (2) The remuneration system shall have a high level of transparency and fairness, and be acceptable to and supported by stakeholders (customers, shareholders, employees, etc.).
- (3) The remuneration of directors shall be determined by the Board of Directors based on the report of the Nomination and Compensation Advisory Committee within the scope resolved in advance by the general meeting of shareholders.
- (4) Remuneration for inside directors consists of basic compensation, performance-linked compensation, and stock options. In addition, remuneration for outside directors consists of basic compensation only.

Remuneration for corporate auditors is determined through discussions among the corporate auditors within the scope approved in advance at the general meeting of shareholders.

Given the nature of their roles, remuneration for outside directors and corporate auditors is limited to basic compensation that is not linked to business performance.

#### [Supporting System for Outside Directors ( External Auditors)]

When Board of Directors meetings are held, sufficient information is provided to all officers, including outside directors and outside corporate auditors, by distributing materials and providing explanations in advance of deliberations.

The Strategy Department, which serves as the secretariat for the Board of Directors, provides support for outside directors, while full-time corporate auditors and staff associated with full-time corporate auditors provide support for outside corporate auditors.

#### [Retired presidents / CEOs holding advisory positions ( soudanyaku, komon, etc)]

Retired presidents/representative directors holding advisory positions (sodanyaku, komon, etc.)

**Update**

Name	Job title/position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/repre sentative director ended	Term
Osamu Shikata	Advisor (Komon)	Mr. Shikata provides advice based on his extensive experience and wide range of knowledge having served in key positions in government agencies and as a corporate executive.	Non-permanent with remuneration	22 March 2001	1 Year

Number of retired presidents/representative directors holding advisory positions (sodanyaku, komon, etc.)

1

**Update**

Other

When appointing an advisor, the role and treatment of the advisor are determined based on established internal procedures. The advisor's role is clarified based on his or her background and expertise, and he or she is responsible for providing advice. He or she is not involved in management decision-making or business execution.

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

**Update**

##### [The Three Pillars of Group Governance]

In response to the discovery of accounting problems at our consolidated subsidiary, KAJITAKU CO., Ltd, in 2019, we established the 3 pillars of group governance (1. individual growth strategy; 2. budget performance management; and 3. compliance and internal control system) to accelerate the overall growth strategy of the AEON delight Group and strengthen the Group governance system.

Specifically, in addition to the budget and performance management that has already been introduced, the Affiliated Companies Administration Department in Japan and the International Department are responsible for growth strategies for each overseas company. The Affiliated Companies Administration Department and the International Department work with Group companies to

formulate individual growth strategies and reallocate resources to implement those strategies. In addition, the Group Compliance Division has established a Group governance system by linking them to the internal control systems of each Group company. Additionally, the Board of Directors, the Domestic Group Management Committee, and the Overseas Group Management Committee, to which authority has been transferred, monitor whether these 3 pillars of Group governance are functioning systematically. In addition, the Board of Corporate Auditors and the Group Management Audit Department will decide to redistribute each company's resources and will audit the effectiveness of these 3 pillars as a whole.

Moreover, in implementing a series of recurrence prevention measures, we established the Recurrence Prevention Committee, which includes lawyers and other specialists. The committee monitors the functioning of the Group's governance and recurrence prevention measures on a quarterly basis in order to implement more advanced measures and achieve objective evaluation. As of the end of February 2021, which is the deadline for these activities, the committee evaluated that it had achieved a satisfactory level of success.

Going forward, the Risk Management Committee, Corporate Culture Committee, and Group Governance Enhancement Promotion Committee will hold thorough discussions on Group governance and make recommendations to the company and ensure that decisions are reflected throughout the Group. In addition, to comprehensively manage and optimize these activities, a new executive officer in charge of corporate culture reform has been appointed, and the Group will reform its corporate culture to prevent misconduct.

#### [The Board of Directors]

The Board of Directors plays the second most important role after the general meeting of shareholders in our company's corporate governance system. It makes important decisions on business management as well as provides effective oversight over the senior management team, including the directors and executive officers.

In principle, the Company holds regular meetings of the Board of Directors once a month, as well as extraordinary meetings as necessary. A total of 17 meetings were held during the fiscal year ended February 28, 2021.

Since July 2019, half of our directors have been independent outside directors as defined by the Tokyo Stock Exchange, Inc. to ensure transparency in management. In addition, by clearly separating the supervisory functions of the directors from those of the executive officers, the Board of Directors are able to focus on important decisions and supervisory functions, such as setting the management framework.

#### [Management Meeting]

The Management Meeting Committee consists of Managing Officers and above, as well as other members as necessary depending on the nature of the discussion, and discusses management policies, management strategies, and other important management matters.

In particular, proposals to be submitted to the Board of Directors are discussed thoroughly in advance at the Management Committee before being submitted to the Board of Directors to ensure enhanced deliberations and appropriate decision-making by the Board of Directors.

In principle, the Management Committee meets at least once a month.

#### [Nomination and Compensation Advisory Committee]

The Nomination and Compensation Advisory Committee was set up voluntarily by the Board of Directors to advise the Board on the nomination and selection of directors and corporate auditors, succession planning of the President and other senior executives, and incentive plans and compensation of directors.

Similarly, the Nomination and Compensation Advisory Committee also advises the Board on the nomination and dismissal of the President and directors of each Group company.

#### [Evaluation Advisory Committee]

The Evaluation Advisory Committee was set up voluntarily by the Board of Directors to conduct analysis and assessment of the effectiveness of the overall performance of the Board, review the effectiveness of the Corporate Governance Guidelines, and advise the Board based on its findings.

The Evaluation Advisory Committee also conducts analyses and assessments of the effectiveness of the overall performance of the Board of Directors of each Group company, and advises the Board based on its findings.

#### [Internal Audit]

The Corporate Audit Department periodically conducts internal audits, including audits of the company's subsidiaries, reports the audit results to the President and the Board of Directors, and provides appropriate supervision on business management.

[Corporate Auditors and Board of Auditors]

Corporate Auditors attend the meetings of the Board of Directors and Board of Executive Officers as well as other important meetings, and serve a key supervisory function with regard to decisions made and duties executed by the Directors and Board of Directors.

[Accounting Auditor]

AEON delight has elected Deloitte Touche Tohmatsu LLC as its Accounting Auditor and receives accounting audits from the company. There is no special vested interest between AEON delight and Deloitte Touche Tohmatsu LLC or any of the public accountants engaging in the auditing work.

The accounting audit system for the fiscal year under review is as follows.

Name(s) of the certified public accountant(s) who performed the audit

CPAs that performed the audit: Kazunari Todoroki and Hideshi Fujii

Composition of assistants for audit work

12 certified public accountants, 17 junior accountants and certified public accountant exam passers

[Limited Liability Agreement]

The Company has entered into agreements with outside directors Mr. Masaaki Fujita, Mr. Yoshiaki Hompo, Mr. Keiji Yoshikawa, and Ms. Asako Takada, and outside corporate auditors Mr. Hiroshi Mitsui and Mr. Tsukasa Takahashi to limit their liability to the Company under Article 423, Paragraph 1 of the Company Law to the extent that they have performed their duties in good faith and without gross negligence.

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

Update

The Company is a company with a Board of Corporate Auditors, and the Corporate Auditors and the Board of Corporate Auditors audit the execution of duties by the Directors and the Board of Directors. The Board of Directors of the Company has both executive and supervisory functions. However, in order to speed up decision-making related to execution, the Board of Directors has introduced an executive officer system and delegated the execution of specific areas of business to executive officers.

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

#### 1. Measures to Ensure Active General Shareholder Meetings and the Smooth Exercise of Voting Rights

Update

	Supplementary Explanations
Scheduling Meetings to Avoid Peak Meeting Day	The Company's fiscal year ends in February, and the General Meeting of Shareholders is held in May each year. Most recently, the Company held its 48th Ordinary General Meeting of Shareholders on May 19, 2021. To prevent the spread of COVID-19, the Company placed the highest priority on the health and safety of its shareholders and requested them to refrain from attending the meeting. In addition, for those that attended the meeting, the Company provided masks and alcohol disinfectant and took their body temperature at the time of admission. Moreover, the general meeting of shareholders was broadcast live via the internet.
Allowing Electronic Exercise of Voting Rights	The Company uses the "Smart Exercise (trademark registered)" system, which enables shareholders to easily exercise their voting rights by scanning a two-dimensional code from their smartphones.
Participation in Electronic Voting Platform	The Company participates in the "Platform for Electronic Voting Rights Exercise" operated by the Japan Exchange Group.
Providing Convocation Notice in English	The English version of the convocation notice (summary) is disclosed on the Tokyo Stock Exchange and the Company's website for shareholders and investors. <a href="https://www.aeondelight.co.jp/english/ir/library/meeting.html">https://www.aeondelight.co.jp/english/ir/library/meeting.html</a>
Others	The notice of convocation and the results of the exercise of voting rights are posted on the Company's website. <a href="https://www.aeondelight.co.jp/english/ir/library/meeting.html">https://www.aeondelight.co.jp/english/ir/library/meeting.html</a>

#### 2. IR Activities

Update

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The disclosure policy is posted on the Company's website <a href="https://www.aeondelight.co.jp/english/ir/policy.html">https://www.aeondelight.co.jp/english/ir/policy.html</a>	
Regular Investor Briefing for Individual Investors	The Company holds company briefings for individual investors at investor relations events and other events about twice a year to introduce the Company and explain its business performance. *The briefings were not held in the fiscal year ending February 28, 2021 due to the spread of COVID-19.	Provided
Regular Investor Briefings for Analysts and Institutional Investors	Semi-annual briefings are held by representatives of the company. The briefing was held as part of the financial results briefing for the fiscal year ending February 28, 2021 on April 9, 2021.	Provided

Posting of IR Materials on Website	<p>The Company's website contains financial results, materials for financial results briefings, annual securities reports, quarterly securities reports, and research reports by external research organizations. English versions of financial results, financial results briefing materials, and research reports by external research organizations are also available.</p> <p>In addition, videos of financial results briefings, general meetings of shareholders, and briefings for individual investors are posted on the IR/investor information portal site, "IRSTREET," along with the above materials.</p> <p>Company website:  <a href="https://www.aeondelight.co.jp/english/ir/library/IRSTREET">https://www.aeondelight.co.jp/english/ir/library/IRSTREET</a>:  <a href="https://www.irstreet.com/new/en/">https://www.irstreet.com/new/en/</a></p>	
Establishment of Department and/or Manager in Charge of IR	Delight Communication department	

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

	Supplementary Explanations
Stipulation of Internal Regulations for Respecting the Position of Stakeholders	AEON delight has established the AEON delight Corporate Governance Guidelines, AEON delight Code of Conduct, and AEON delight My promise, and has defined them as its approach to stakeholders and criteria for making decisions.
Implementation of Environmental Activities, CSR Activities etc.	<p>The Company is a member of the Aeon Social Welfare Fund and the Aeon 1% Club, and the Company and its employees are working together on a variety of environmental and social contribution activities.</p> <p>One of the ongoing activities is a monthly clean-up activity conducted on the 11th of each month. This is a volunteer activity for employees to clean up the area around the Company's offices throughout Japan. In addition, at the end of the year, the Company used the Aeon Social Welfare Fund program to send letters and donate gifts to twelve social welfare facilities. Furthermore, through the Aeon 1% Club, the Company contributed ¥155 million to support the National Children's Cafeteria Support Fund and the Myanmar School Construction Support Fund, and participated in tree planting activities and other environmental conservation initiatives through the Aeon Environmental Foundation.</p>

Development of Policies on  
Information Provision to  
Stakeholders

In addition to disclosing information appropriately in accordance with laws and regulations, the Company will actively disclose the following items from the perspective of ensuring transparency and fairness in corporate decision-making and achieving effective corporate governance.

- Basic management policies, including management strategies, management plans, and capital policies
- Basic approach and basic policies regarding corporate governance
- Quantitative and qualitative information that is meaningful for understanding the Company's business conditions, including information that is strongly sought for disclosure through dialogue with investors
- We will make efforts to disclose and offer information in English within a reasonable range as much as possible, from the viewpoint of international information disclosure.

Other

In April 2015, AEON delight announced its diversity promotion declaration with the aim of achieving customer satisfaction and creating new environmental value.

The purpose of diversity promotion is to utilize a diverse workforce and improve corporate competitiveness.

The Company then joined the IkuBoss Corporate Alliance in October 2016, held an LGBT seminar in November 2016, received the Eruboshi (3-star) designation from the Minister of Health, Labor and Welfare in July 2017, received the Leading Companies with Actively Participating Women in Osaka City certification in August 2017, and was registered as an "Osaka Prefecture Declaration on Vibrant and Vigorous Men and Women" business by the Osaka Prefectural Government.

In December 2019, the Company conducted the Aeon "Daimanzoku" College Universal Manner Certification and LGBT Manner Training Program for senior management.

In addition, in 2020, it dispatched female employees to the Aeon "Daimanzoku" College Top Management Training and Career Advancement Training to boost their motivation and support them in improving skills.

The Company has established systems and environments that enable employees to work comfortably and grow, and is promoting the creation of a corporate culture to achieve diversity-driven management.

AEON delight will focus on creating new value in facility management by leveraging the diverse values of its human resources.

[Appointment of Women to Executive and Management Positions]  
(as of May 19, 2021)

1 out of 8 directors (12.5%), 2 out of 18 executive officers\* (11.1%), and 9 out of 185 managers (4.9%) are women. \*Excludes persons concurrently serving as directors



## IV. Matters Related to the Internal Control System

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

On May 19, 2021 the Board of Directors adopted a resolution on the basic policy related to systems for ensuring that directors execute their duties in compliance with laws and regulations and with the Company's Articles of Incorporation and for ensuring just and fair execution of business operations of the Company. The resolution is as follows:

Basic Policy on Internal Control Systems (Updated May 19, 2021)

#### **(1) The system to ensure that the execution of duties by its directors and employees complies with laws and regulations and with the Company's Articles of Incorporation (compliance system)**

- ① In addition to complying with laws and regulations and with its Articles of Incorporation, the Company always adheres to its Management Principle and Code of Conduct and acts with high ethical standards.
- ② The Company will implement a system to ensure that the execution of duties by its directors and employees complies with laws and regulations and with its Articles of Incorporation, as follows:
  - (a) The Board of Directors will make decisions on matters of importance as prescribed by the Board of Directors rules and standards on deliberations as well as provide oversight over the execution of the Company's business operations. Directors will mutually exercise checks and balances within the Board and will ensure that decisions of the Board and the Company's execution of its business comply with laws and regulations and with its Articles of Incorporation;
  - (b) The Board of Directors will appoint an officer in charge of compliance, and the Group Compliance Division will be under this officer's control. The officer in charge of compliance and the Group Compliance Division will be responsible for ensuring that the Company and its consolidated subsidiaries (hereinafter referred to as the "Group") implement necessary measures to strengthen compliance.
  - (c) The Company's Group Compliance Division will appoint compliance committee members who do not concurrently serve as directors or officers at Group companies. Under the Company's Group Compliance Division Manager, it will evaluate the appropriateness of their activities and nominate and dismiss committee members.
  - (d) The Company will require all employees to adhere to laws, regulations, company rules, etc. in the Company's working rules and will organize compliance training periodically or whenever necessary to raise directors' and employees' compliance awareness;
  - (e) The Company will establish a whistleblower system for early detection and remedy of inappropriate corporate activities and prevention of similar incidents from happening again;
  - (f) The Group Corporate Audit Department, as an internal audit department, will examine and assess the effectiveness of the compliance system; and
  - (g) The Corporate Auditors and the Board of Auditors will, if they recognize problems in the system of compliance of laws and regulations and the Articles of Incorporations, request the Board of Directors to implement measures to remedy such problems.

#### **(2) The system for preservation of information related to execution of duties by the directors (information preservation system)**

- ① The Company will implement a system to appropriately store and preserve documents such as the minutes of the general meetings of shareholders and of the Board of Directors, the preservation of which is a statutory requirement, and other important information, as follows:
  - (a) In accordance with laws and regulations as well as the internal regulations on document management and other internal regulations, the Company will appropriately store and preserve important documents and electromagnetic digital media relating to execution of business by its directors;
  - (b) The Company will respond immediately to requests from directors and auditors to examine those documents and media; and
  - (c) The Company will manage information appropriately in accordance with internal regulations, including regulations on information security management and on protection of personal information, and review such regulations from time to time.

#### **(3) The regulations and systems for management of risk of loss (risk management system)**

- ① The Company will implement a system to make necessary decisions and take necessary steps in response to various risks that may arise during the course of business activities, as follows:
  - (a) As for risk management during the normal course of business, risk management departments, assigned for each risk category, will manage risk to prevent risk-related incidents and reduce loss;
  - (b) The Risk Management Committee, with the Group Compliance Division serving as its secretariat, will summarize the results of risk

assessment and analysis performed by each department in charge of risk management as well as the proposed countermeasures, verify the risk scenarios of each Group company, and periodically report its findings to the Board of Directors. If risk becomes actualized and substantial damage can be expected, directors must promptly report it to the Corporate Auditors; and

- (c) In times of emergencies, the Disaster Response Headquarters will be established, with the President acting as the head, to enable quicker decision making and execution than during normalcy. In addition, it will prepare the basic regulations and manuals for business continuity in times of crisis (BCP basic regulations), BCP detailed regulations, disaster recovery handbook, etc, periodically revise regulations and manuals, and plan and conduct disaster drills.
- (d) The Group Management Audit Department will prepare risk scenarios in line with risk management points and evaluate the effectiveness of risk management through audits of the departments in charge of risk.
- ② The Company, with its commitment to quality of its operations as a way to concretize "creation of environmental value" enshrined in its Management Principle, will implement a system for maintaining and improving quality so as to continue to win the support of its customers, as follows:
  - (a) The Company will establish an Integrated Manual on Quality and Environment and review its contents as needed.
  - (b) The Company shall provide ISO internal auditor qualification training to all center managers to ensure that operations are conducted in accordance with business management regulations and manuals. In addition, mutual audits will be conducted by ISO internal auditors to confirm the effectiveness of such audits.

**(4) The system for ensuring that directors are executing their duties efficiently (system to ensure efficiency)**

- ① The Company will implement a system to ensure that directors are executing their duties with efficiency, as follows:
  - (a) The Company will set out the rules of the Board of Directors and identify those issues that require the resolution of the Board and those issues that must be reported to the Board. As for other issues before the Board, the company will demarcate decision-making authority based on regulations on decision-making and on responsibilities and authority of the directors. It will also set out clearly the division of labor for executing business operations within the organization and the boundaries of jobs and responsibilities;
  - (b) The Board of Directors shall devote sufficient deliberation to important management decision-making and supervision of management and business execution. In addition, the Company shall implement an executive officer system to improve the efficiency of business execution, and shall utilize such meeting bodies as the Management Committee, Regional Office Management Committee, Domestic Group Management Committee, and Overseas Group Management Committee to ensure efficient management of the Group.
  - (c) The Company shall establish a system that ensures management efficiency by including multiple independent outside directors on the Board of Directors, examining management proposals from various perspectives, providing highly effective supervision of directors, and supporting prompt and decisive decision-making.

The Board of Directors shall establish the Nomination and Compensation Advisory Committee and the Evaluation Advisory Committee as voluntary advisory committees for the purpose of supervising the fairness of the execution of duties and evaluating their appropriateness, and shall appoint an independent outside director as the chairman of these committees.
  - (d) The basic concepts of the Company's corporate governance, which have been outlined above, will be set down in writing and disclosed in AEON delight Corporate Governance Guidelines.

**(5) The system to ensure fair business transactions within the corporate group consisting of the Company, its parent company and subsidiaries (internal control within the corporate group)**

- ① Transactions between AEON delight and any of AEON Co., Ltd., AEON Group companies, or AEON delight subsidiaries will be based on the market price. Measures will be implemented to prevent conflict of interest and to ensure fair transaction.
- ② AEON delight Group will implement a system for sharing its basic philosophy and principles and reinforcing internal control within the Group, as follows:
  - (a) The Company will set down the basic framework for governance of subsidiaries by parent companies in the regulations on management of affiliated companies, including provisions on matters that subsidiaries must report to the parent company and matters requiring prior approval of the parent company. The Company will also dispatch its directors and auditors to its subsidiaries to supervise management of the subsidiaries;
  - (b) In addition to receiving monthly performance reports from its subsidiaries, the Company will organize the Domestic and Overseas Group Management Committee meetings, which include the Company's directors and the Presidents of subsidiaries as members. Through this, the Company will take stock of the performance of its subsidiaries, and establish individual growth strategies, budget performance management, and internal control systems as a part of Group governance.
  - (c) The AEON delight Group will operate its compliance and whistleblower system under a common, unified framework. The Company will conduct annual compliance training for officers and employees of the Group to foster compliance awareness. The Group Compliance Division will work with the Compliance Committee members appointed for each Group company to carry out

activities that raise compliance awareness among the management and employees of each company. In addition, the Company will ensure that all employees are aware of the Group's whistleblower system and will operate it independently of the management of each Group company.

- (d) As for internal control related to financial reporting, risk management, and internal audits, AEON delight will have basic policies implemented across the Group. On the other hand, it will also consider the nature, scope and complexity of the businesses of its subsidiaries so that it can determine the reporting and management systems of each of its subsidiaries; and
- (e) The Corporate Auditors and The Group Corporate Audit Department will regularly inspect and supervise the subsidiaries. In conducting business operation audits, the Corporate Audit Department will place under close scrutiny those subsidiaries that are considered high risk in light of past performance audits and whistleblower incidents.

**(6) Matters related to employees assisting the Corporate Auditors (assignment of auditor staff)**

- ① The Company shall assign dedicated employees to assist the Corporate Auditors at the request of the Corporate Auditors.
- ② Such employees will follow the instructions of the Corporate Auditors and assist their work.

**(7) Matters related to the independence of employees assisting the Corporate Auditors (independence of auditor staff)**

- ① The Company shall obtain approval from the full-time Corporate Auditor or the Board of Corporate Auditors in advance for matters related to personnel affairs, such as the hiring, selection, and transfer of employees to assist the Corporate Auditor's Office, and the full-time Corporate Auditor shall make personnel evaluations of such employees.
- ② The Company must obtain prior approval of full-time Corporate Auditors or of the Board of Auditors before initiating disciplinary action against employees working in the Audit Office.

**(8) The System for enabling directors and employees to report to the Corporate Auditors and other matters related to making reports to the Corporate Auditors (auditor reporting system)**

- ① The directors and employees of AEON delight Group must report immediately to the Corporate Auditors or the Board of Auditors if they discover or come to have knowledge of any fact that will have a significant impact on the Group's business or business performance, or if they discover or come to have knowledge of any breach of laws and regulations or other compliance-related issues.
- ② The Group Corporate Audit Department and Group Compliance Department will regularly report the statuses of internal audits, compliance, and risk management to the Corporate auditors.
- ③ The Corporate Auditors may attend the Board of Directors meetings and other important meetings related to the management of the Company's business and freely express their views.
- ④ The Group Corporate Audit Department will be the office responsible for AEON delight Group's whistleblower system. The Corporate Auditors will, periodically or whenever necessary, receive reports from the office on the status of whistleblower reports made by AEON delight Group's directors and employees through the whistleblower system.
- ⑤ The Company prohibits anyone from unfavorably treating or taking retaliatory action against any director or employee of AEON delight Group or any user of the whistleblower system for having made a report to a Corporate Auditor or for having used the whistleblower system. The Company will ensure that directors and employees of AEON delight Group are made fully aware of this prohibition.

**(9) Other systems for ensuring that the Corporate Auditors can execute their duties effectively (system for ensuring effective audit by auditors)**

- ① The Company will implement a system to ensure that the Corporate Auditors can conduct their audits effectively, as follows:
  - (a) To enable effective execution of audit duties, the Corporate Auditors will have regular meetings with the President and exchange views on issues that need to be dealt with and other important issues pertaining to the audit;
  - (b) To enable effective execution of audit duties, the Corporate Auditors will work in close collaboration with the Corporate Audit Department;
  - (c) The Corporate Auditors will also exchange information with and work in close collaboration with the Accounting Auditor and with outside directors; and
  - (d) If requested by the Corporate Auditors to make a report or submit related documents and other materials on matters within the remit of the Corporate Auditors, the directors and employees of AEON delight Group will comply with the request promptly and in good faith.
- ② The Company will meet reasonable requests made by the Corporate Auditors for payment of expenses required for execution of their duties, as follows:

- (a) If requested by the Corporate Auditors to make advance payment of costs related to execution of their duties pursuant to the provisions of the Companies Act, Article 388, the Company will promptly settle such expenses or debt; and
- (b) The Company will allocate a budget for expenses that the Company deems necessary for the Corporate Auditors to execute their duties. Contingencies paid by the Corporate Auditors will be settled based on a claim made by the Corporate Auditors.

**(10) System for eliminating anti-social forces**

- ① The Company will sever any and all ties with anti-social forces. If unfair claims are made against the Company by anti-social forces, the Company will work with specialist outside organizations to take legal steps as an organization.
- ② If it comes to light that a business partner of the Company is an anti-social force, has business dealings with anti-social forces, or has resorted to a violent and intimidating anti-social behavior, the Company will immediately rescind all transactions and agreements with such a business partner.
- ③ The Company will appoint the Group Legal Affairs Department to handle requests from anti-social forces, actively collect information from external organizations, and strive to eliminate anti-social forces.

**(11) Internal control system for financial reporting**

- ① The Company will set out the Regulations on Internal Control Related to Financial Reporting based on the Company's internal control and reporting system. The Company will work towards ensuring the accuracy and reliability of financial reporting of AEON delight Group through education, supervision, and evaluation.

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

The Company will sever any and all ties with anti-social forces. If unfair claims are made against the Company by anti-social forces, the Company will work with specialist outside organizations to take legal steps as an organization.

Please refer to “1. Basic Views on Internal Control System and the Progress of System Development

(10) System for eliminating anti-social forces”.

**V. Matters Related to the Internal Control System**

**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
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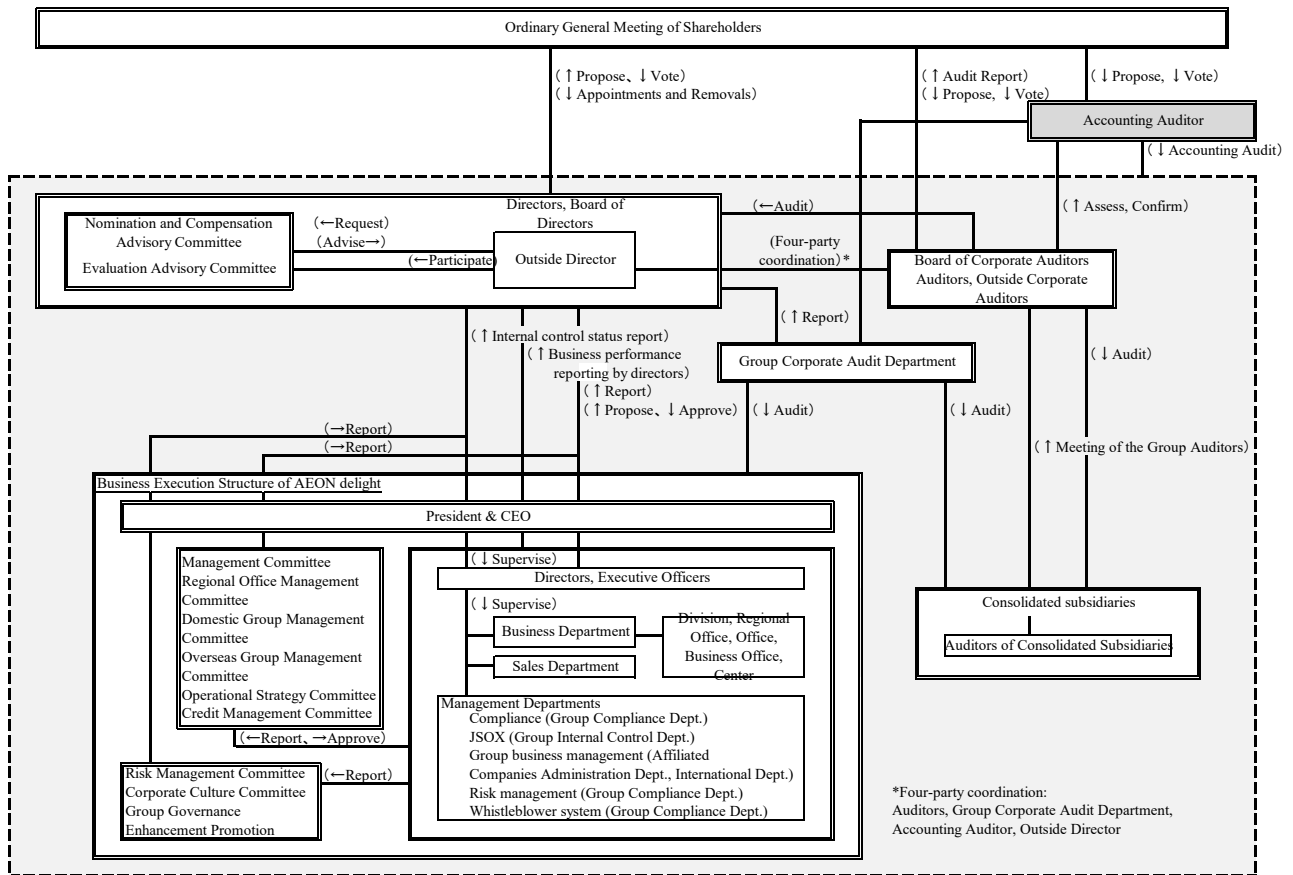
**Supplementary Explanation**

The Company does not adopt any anti-takeover measures. As needed, the Company might consider adopting the measures.

**2. Other Matters Concerning to Corporate Governance System**

- ① Basic policy for timely disclosure  
On information disclosure and transparency, it is stated as follows in the Company's Guidelines, Article 11 "Disclosure and transparency of information".
- ② Corporate System for timely disclosure  
Important management information (facts that have been determined, facts that have occurred, financial information, etc.) shall be disclosed in a timely and appropriate manner using TDnet by the delight Communication Department in charge of PR and IR based on direction from the Group Strategy Division, which is in charge of handling information, upon discussion and reporting at the meetings of the Board of Directors.

## ■ Corporate Governance Structure Chart



## ■ Flow Chart of Internal System of timely disclosure

