

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]

The Company complies with all principles of Japan’s Corporate Governance Code.

[Disclosure Based on the Principles of Japan’s Corporate Governance Code] [Updated]

[Principle 1.4 Cross-Shareholdings]

Basic policies on cross-shareholdings

(1) Basic policies on cross-shareholdings

The Group acquires and owns shares of other companies as cross-shareholdings under one of its management strategies which aims to create business opportunities, to establish, maintain and enhance transactional and cooperative relationships, and to maintain and strengthen its position in the industry. 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, and selling shares that are deemed unnecessary to continue holding after taking into consideration the factors including share prices and market trends. As a result, the number of cross-shareholdings has fallen from 12 at the end of August 2016, to 3 at the end of August 2018.

(2) 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 to be conducted on transaction terms and decisions similar to those of other clients or suppliers in order to ensure that such transactions do not harm the interests of minority shareholders and other stakeholders. “The status of related party transactions” is reported quarterly at the meetings of the Board of Directors.

In addition, particularly important transactions among related parties are decided by a resolution of the Board of Directors.

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

The Company adopts an optional defined contribution pension plan in which the Company is not an asset owner. However, the Company offers its employees training on asset management by providing the opportunity to access e-learning programs on the asset manager's website. The selection of pension assets may be made at any time. In addition, participants are given the opportunity to change the amount of contribution twice a year.

[Principle 3.1 Full Disclosure]

<1>

Aiming to increase corporate value by expanding businesses that will serve as “pillars for future growth” and promoting existing businesses continuously and efficiently while upholding the founding corporate philosophy to practice the principle of customer first, the Group formulates a medium-term management plan which sets “improvement of productivity” and “sustainable growth” as two major strategies.

The Group sets its management goals to achieve net sales of ¥1 trillion or more, ordinary income ratio of 5.0% or more, and an ROE of 10% or more for the fiscal year ending August 31, 2021.

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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.

<3>

Basic policies on remuneration for Directors

Remuneration for Directors is decided at a meeting of the Board of Directors with a maximum amount approved by a resolution of a general meeting of shareholders.

The remuneration consists of monetary remuneration and share remuneration-type stock options. The monetary remuneration amount is comprised of base remuneration that does not fluctuate with performance and performance-linked remuneration that fluctuates with the level of achievement of performance targets. The performance-linked remuneration is determined by fair assessment of the level of achievement of delegated tasks based on a predetermined standard.

The share remuneration-type stock options are introduced for the purpose of further enhancing motivation and morale of the Directors (excluding Outside Directors) to contribute to improving business performance and increasing corporate value over the medium- to long-term, and are granted when performance targets are achieved. Outside Directors, who are independent from the business execution, only receive base remuneration that does not fluctuate with performance.

<4>

Criteria for nominating Directors

(1) Criteria for all Directors

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 Outside Directors)

1. 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

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
Candidates of Directors 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 Corporate Auditors

- (1) Criteria for all Corporate Auditors
 1. A person with no conflict of interest, etc. that may affect the performance of the duties of a Corporate Auditor
 2. A person who has abundant vitality to fulfill the duties of a Corporate Auditor 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 Corporate Auditor from the perspective of establishing corporate governance.
- (2) Criteria for Outside Corporate Auditors
 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 Corporate Auditor
The candidates for Corporate Auditor are decided by a resolution of the Board of Directors upon having obtained consent of the Board of Corporate Auditors.

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Reasons for nomination of all candidates for Directors and Corporate Auditors are disclosed on the “Notice of the Annual General Meeting of Shareholders.”

If it is determined that senior management is not adequately fulfilling its responsibilities, it shall be 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 4.1.1]

The Board of Directors makes decisions 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]

Independence Standards of Independent Outside Directors

In determining the independence of an Independent Outside Director, the Board of Directors considers a person who meets the criteria for determining independence presented by the Tokyo Stock Exchange as being independent from the Company.

[Supplementary Principle 4.11.1]

The Company has a policy to appoint two or more Outside Directors in order to appropriately represent the views of stakeholders in the boardroom from an independent and objective standpoint. For the diversity of the Board of Directors, the Company shall take into account the appropriate balance between knowledge, experience, skills and specialized areas of the Board of Directors as a whole, and with sufficient consideration so as to prevent bias in the division of responsibilities of each Director constituting the Board of Directors.

Candidates of Directors are deliberated by the Nominating Committee and based on their opinions, determined by a resolution of the Board of Directors, and shall be elected by a resolution of a general meeting of shareholders.

[Supplementary Principle 4.11.2]

The status of Directors or Corporate Auditors having concurrent positions is disclosed annually in the Japanese Securities Report and Notice of the General Meeting of Shareholders.

[Supplementary Principle 4.11.3]

In order to evaluate the effectiveness of the Board of Directors, the Company conducts a questionnaire survey in the form of a self-check sheet for all officers attending the meetings of Board of Directors.

Question items

- (1) Roles of the Board of Directors
- (2) Operation of the Board of Directors
- (3) Compliance with the Corporate Governance Code
- (4) Evaluation of the composition of the Board of Directors
- (5) Other

From the collected self-check sheets, the Secretariat aggregated, evaluated and analyzed the 5 items listed above, and the results were reported by the officer in charge at the meeting of the Board of Directors.

The evaluation of effectiveness of the Board of Directors for the fiscal year ended August 31, 2018 stated that the Board of Directors generally maintains effective governance. Nevertheless, the Company will strive to further improve the operation of the Board of Directors based on the results of the self-check sheet by taking measures such as providing advance explanations on the content of deliberation.

[Supplementary Principle 4.14.2]

Basic policies on training of Directors and Corporate Auditors

The Company works to improve the effectiveness of the Board of Directors as a whole by planning the following training sessions for Directors and Corporate Auditors based on the respective purposes as well as by providing and arranging training opportunities that meet the individual needs of each Director and Corporate Auditor 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 and Corporate Auditors.
- (2) When Directors and Corporate Auditors assume their offices, the Company provides training to gain understanding on their legal responsibilities.
- (3) In addition to the above, when Outside Directors and Outside Corporate Auditors assume their offices, the Company provides the following training as necessary:
 1. Provide explanation on the outline of the Company, etc.
 2. Measures to deepen understanding of the Group's business, including visits to stores and other facilities of the Group

[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 Director General of Corporate Planning is responsible for overall dialogue with shareholders. The Company works to improve the content and opportunities to facilitate constructive dialogue with shareholders.
- (2) The Public Relations & IR Department which supports the dialogue collaborates with related departments including the sales, corporate planning, general affairs, finance & accounting, legal affairs and internal control as necessary to facilitate constructive dialogue with shareholders.
- (3) To provide information on the Company's business operations and corporate strategies, etc., the Company actively holds financial results briefing sessions as well as investor briefings for individual investors, etc. 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 and investors, etc. that were received through IR activities are presented by the Director General of Corporate Planning at the Director Generals Meeting and the meeting of Board of Directors.
- (5) The Company strictly manages information about undisclosed significant facts on the Company and its subsidiaries (collectively the "Company, etc.") or business partners that is obtained by the officers or employees, etc. of the Company, etc. in the course of performing their duties, in accordance with the Insider Trading Management Regulations.

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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[Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	17,515,100	9.82
Mizuho Trust & Banking Co., Ltd. Securities Management Trust 0700026	13,257,000	7.43
Ra Holdings Co., Ltd.	9,361,500	5.25
Administration Trust (A001) Trustee SMBC Trust Bank Ltd.	8,898,100	4.99
Sumitomo Mitsui Trust Bank, Limited (Trust Account KO No.1)	8,617,600	4.83
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052152)	7,500,000	4.20
Administration Trust (A009) Trustee SMBC Trust Bank Ltd.	6,800,000	3.81
TOKYO BROADCASTING SYSTEM TELEVISION, INC.	6,119,000	3.43
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079254)	4,646,530	2.60
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052116)	3,758,070	2.11

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

- In addition to the above, the Company owns 9,717,800 treasury shares.
- Of the above number of shares owned, the number of shares in association with fiduciary activities is as follows:

Japan Trustee Services Bank, Ltd. (Trust Account)	17,515,100
Mizuho Trust & Banking Co., Ltd. Securities Management Trust 0700026	13,257,000
Administration Trust (A001) Trustee SMBC Trust Bank Ltd.	8,898,100
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
Administration Trust (A009) Trustee SMBC Trust Bank Ltd.	6,800,000
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079254)	4,646,530
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052116)	3,758,070
- All shares owned by Mizuho Trust & Banking Co., Ltd. Securities Management Trust 0700026, Administration Trust (A001) Trustee SMBC Trust Bank Ltd., Sumitomo Mitsui Trust Bank, Limited (Trust Account KO No.1), The Nomura Trust and Banking Co., Ltd. (Trust Account 2052152), Administration Trust (A009) Trustee SMBC Trust Bank Ltd., 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 (7.01%) of the shares owned by Japan Trustee Services Bank, 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.
- Ra Holdings Co., Ltd., which was a major shareholder at the previous fiscal year-end, is no longer a major shareholder at the current fiscal year-end.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
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

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

- The Company owns 50.1% (as of August 31, 2018) of the voting rights of Kojima Co., Ltd., a company listed on the First Section 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.

2. The Company owns 61.4% (as of August 31, 2018) of the voting rights of Nippon BS Broadcasting Corporation, a company listed on the First Section 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 Corporate Auditors
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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	11
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Officers Designated from among Outside Directors	3

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masaaki Sato	From another company					△						
Noboru Yamada	From another company							△				
Kamezo Nakai	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

- Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- Non-executive Director or executive of the parent of the Company
- Executive of a fellow subsidiary of the Company
- Party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- 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
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- 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)
- Executive of a corporation to which outside officers are mutually appointed (the Director himself/herself only)
- Executive of a corporation that receives a donation from the Company (the Director himself/herself only)
- Other

Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Masaaki Sato	○	<p>Mr. Sato had served as Director and Vice President of Mizuho Bank, Ltd., one of the major business partner (lender) of the Company, from April 2002 to March 2003.</p> <p>Although the Company has borrowings from Mizuho Bank, Ltd., a considerable number of years has passed since Mr. Sato retired from the bank in June 2003.</p> <p>Therefore, the bank does not have influence on the Company's management decision-making through him.</p>	<p>Mr. Sato maintains a wealth of experience and extensive insight as a business manager. Drawing on that wide-ranging point of view, he furnishes sound advice to management of the Company and otherwise carries out the supervisory function from an independent standpoint. As such, we deem that he will properly carry out his duties serving as Outside Director.</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. Sato 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>
Noboru Yamada	○	<p>Mr. Yamada had served as Representative Director of BS Japan Corporation, a major shareholder of the Company, from June 2007 to June 2012.</p> <p>Six years have passed since Mr. Yamada retired from BS Japan Corporation, in June 2012. Therefore, BS Japan Corporation, does not have influence on the Company's management decision-making through him.</p>	<p>Mr. Yamada maintains a wealth of experience and extensive insight as a business manager. Drawing on that wide-ranging point of view, he furnishes sound advice to management of the Company and otherwise carries out the supervisory function from an independent standpoint. As such, we deem that he will properly carry out his duties serving as Outside Director.</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. Yamada 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	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Kamezo Nakai	○	—	Mr. Nakai maintains a wealth of experience and extensive insight as a business manager. Drawing on that wide-ranging point of view, he furnishes sound advice to management of the Company and otherwise carries out the supervisory function from an independent standpoint. As such, we deem that he will properly carry out his duties serving as Outside Director. Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Mr. Nakai 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.

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 [Updated]

	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	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation [Updated]

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 officers in order to exchange opinions and submit proposals on matters related to the cooperation between the External Accounting Auditor and Internal Audit Division and matters related to the cooperation with the Board of Corporate Auditors.

[Corporate Auditors]

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

Cooperation among Corporate Auditors, Accounting Auditor and Internal Audit Division

Cooperation among Corporate Auditors 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 Corporate Auditors and Internal Audit Division

The Internal Audit Office was set up as an independent organization under the direct supervision of the President. It conducts internal audit on the appropriateness and reasonableness of business processes whenever necessary. The Internal Audit Office reports the audit schedule to the Corporate Auditors in advance, and the Corporate Auditors attend the on-site internal audit as needed. In addition, an internal audit report meeting is held regularly, and initiatives aimed at company-wide business improvement are implemented.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	2
Number of Independent Officers Designated from among Outside Corporate Auditors	2

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yukiko Kishimoto	From another company													
Hisanori Ohara	From another company							△						

* Categories for “Relationship with the Company”

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

“△” when the Corporate Auditor fell under the category in the past;

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

and

“▲” when a close relative of the Corporate Auditor 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 accounting advisor of the Company or its subsidiary

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

d. Corporate Auditor of the parent of the Company

e. Executive of a fellow subsidiary of the Company

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

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

- j. Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the Corporate Auditor himself/herself only)
- k. Executive of a corporation to which outside officers are mutually appointed (the Corporate Auditor himself/herself only)
- l. Executive of a corporation that receives a donation from the Company (the Corporate Auditor himself/herself only)
- m. Other

Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Yukiko Kishimoto	○	—	<p>Ms. Kishimoto maintains a wealth of experience and extensive insight as a person of academic standing. Drawing on that wide-ranging point of view, she furnishes sound advice to management of the Company and otherwise carries out the supervisory function from an independent standpoint. As such, we deem that she will apply such expertise with respect to the Company's audit framework.</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	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Hisanori Ohara	○	<p>Mr. Ohara had worked at Mizuho Bank, Ltd. (former The Fuji Bank, Limited, Mizuho Corporate Bank, Ltd.), a major business partner (lender) of the Company.</p> <p>Although the Company has borrowings from Mizuho Bank, Ltd., many years have passed since Mr. Ohara retired from the bank in May 2003. Therefore, the bank does not have influence on the Company's management decision-making through him.</p>	<p>Mr. Ohara maintains a wealth of experience and extensive insight as a business manager. Drawing on that wide-ranging point of view, he furnishes sound advice to management of the Company and otherwise carries out the supervisory function from an independent standpoint. As such, we deem that he will apply such expertise with respect to the Company's audit framework.</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. Ohara 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>

[Independent Officers]

Number of Independent Officers	5
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Matters relating to Independent Officers

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Introduction of the stock option plan
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Supplementary Explanation

The plan is introduced for the purpose of further enhancing motivation and morale of the Directors (excluding Outside Directors) to contribute to improving business performance and increasing corporate value over the medium to long term.

Recipients of Stock Options	Inside Directors and 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

The amount of remuneration paid in the fiscal year ended August 31, 2018

Director	Remuneration: ¥255 million	Number of Directors: 10
Corporate Auditor	Remuneration: ¥19 million	Number of Corporate Auditors: 2
Outside officer	Remuneration: ¥35 million	Number of Outside officers: 5

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

- * The upper limit of the remuneration for Directors was set at ¥450 million per year, and the upper limit of the remuneration for Corporate Auditors was set at ¥80 million per year by the resolution of the 25th Annual General Meeting of Shareholders.

[Supporting System for Outside Directors and/or Corporate Auditors]

Agendas, dates, etc. of meetings of the Board of Directors are notified to the Directors and Corporate Auditors 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 Corporate Planning Department, 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)

The Company adopts a Board of Corporate Auditors system. The Board of Corporate Auditors consists of 4 Corporate Auditors (including 2 Outside Corporate Auditors), and it audits and monitors the Directors' business execution. The Company believes that an audit framework based on Corporate Auditors, including Outside Corporate Auditors, is an effective means of supervising management. Accordingly, the Company adopts the Board of Corporate Auditors system.

The Board of Directors consists of 11 Directors (including 3 Outside Directors). 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. 4 Corporate Auditors (including 2 Outside Auditors) also attend those meetings. 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 Director Generals Meeting is comprised of the Representative Director and President, Representative Director and Vice President, Senior Executive Officers, Managing Directors, and Director Generals. The officer in charge of internal control and Full-time Corporate Auditors 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. Each Director General, a member of the Director Generals Meeting, reports 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 Director Generals Meeting. The officer

in charge of internal control carries out necessary investigations on the matter and reports the status of handling at the Director Generals Meeting.

The remuneration amount for each Director is decided by the Representative Director and President after deliberation by the Board of Directors, taking into consideration the degree of contribution, financial status and economic climate, and within the total amount of remuneration approved at the general meeting of shareholders. The remuneration amount for each Corporate Auditor is decided through a discussion of the Board of Corporate Auditors within the total amount of remuneration approved at a general meeting of shareholders.

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, 2018, are Designated and Engagement Partners Aogi Suemura and Michiyuki Yamamoto.

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 Director Generals 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 Board of Corporate Auditors including Outside Corporate Auditors 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

	Supplementary Explanations
Scheduling General Meeting of Shareholders Avoiding the Peak Day	The meetings are held in mid-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

	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: https://www.biccamera.co.jp/ir/index.html	
Establishment of Department and/or Manager in Charge of IR	The Public Relations & IR Department with full-time staff is in charge of IR.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The Company has established the charter of corporate behavior and under the management philosophy to “contribute to society by practicing the principle of customer first, and offering best service to customers,” strives to maximize the interest of each stakeholder and to maintain and enhance social trust.
Implementation of Environmental Conservation Initiatives, CSR Activities, etc.	<p>The Company works to prevent global warming through initiatives such as activities to promote the spread of energy-saving type products, setting of reduction target in CO₂ emissions, and promotion of 3R (Reduce, Reuse, and Recycle) to create a recycling-oriented society where both environment and economy go together. In addition, it has also formulated the Guidelines on Voluntary Actions for Product Safety and works to establish a framework to prevent the occurrence of product accidents in order to have customers use the products offered by the Company without anxiety.</p> <p>In May 2015, the Company developed an “Action Plan” based on the Act on Advancement of Measures to Support Raising Next-Generation Children. It is certified as a company supporting child-raising by the Ministry of Health, Labour and Welfare, and obtained “Platinum Kurumin” certification from the Minister of Health, Labour and Welfare as of July 19, 2018. Also on July 6 of the same year, the Company made a Health Management Declaration to support the health of employees and families and create an environment in which each employee can demonstrate his/her abilities and work actively in an aim to increase employee satisfaction.</p>
Formulation of Policies for Information Provision to Stakeholders	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.
Other	The Company obtains PrivacyMark which is a public authentication certifying that it has an established personal information protection management system.

IV. Matters Related to Internal Control System

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

Basic policies related to internal control system

The Company has established the following “basic policies related to internal control system” to develop the framework for ensuring the proper business operation and the reliability of financial reporting. The Board of Directors makes a sustained effort to review the development and implementation of its 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 Charter of Corporate Behavior (“Charter of Corporate Behavior”) and Compliance Manual are fully understood by its Directors and employees.
 - (2) The Director and Director General of General Affairs Department shall be the officer in charge of compliance, and the Legal Affairs Department shall be the department in charge of compliance. The 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 Director General are presented at meetings in accordance with the Board of Directors Regulations and the Director Generals 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 Company establishes a compliance help desk, a personal information consultation desk, and a product accident consultation desk to develop a framework to gather and utilize 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 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.
 - (6) The Company shall develop a framework in which the effectiveness of internal audit is secured in order to enable the Internal Audit Office to perform highly specialized and ethical audits.
2. Framework for storing and managing information related to execution of duties by Directors
The framework for storing and managing information related to execution of duties by Directors shall be as prescribed in the Board of Directors Regulations, Information Security Regulations, Confidential Information Management Regulations and Information Management Rules.
3. Regulations and other framework for managing risks of loss
The officer in charge of internal control shall act as officer in charge of risk management, and the Internal Control Office shall be the department in charge of risk management. The officer in charge of risk management and the Internal Control Office shall establish and implement a framework to comprehensively identify and manage the overall risks to the Company and its affiliates in accordance with the Risk Management Regulations (“Risk Management System”). The Risk Management System shall respond to the changes in social circumstances.
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 Director Generals 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 Director Generals Meeting Regulations. The Company also holds extraordinary Director Generals Meeting as needed.
- (3) To ensure speedy and efficient execution of business operations, the Company holds various meetings such as the Executive Officers Meetings, Corporate Strategy Meetings and Each Division Meetings, etc. and the results of such reviews are resolved at the meetings of Director Generals 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. Framework ensuring the proper business operation of the corporate group consisting of the Company and its affiliates (the “Group”)
- (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 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 Audit Office and Internal Control Office.
 - (3) 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.
 - (4) In order to identify the Group’s risks in a timely and appropriate manner, the department 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.
 - (5) The department 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.
 - (6) 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.
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 Office 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. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts
- (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 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, the Company is a member of Tokubouren (joint association for the prevention of specialized violence under the jurisdiction of the Metropolitan Police Department) 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.
8. Matters related to the framework ensuring the effectiveness of auditing by Corporate Auditors
- (1) The Company appoints appropriate personnel and staff from the Internal Audit Office or Internal Control Office to serve as employees to assist the Corporate Auditors.
 - (2) In order to ensure that the instructions to such employees are effective and independent from Directors, the appointment, reassignment and evaluation of, and disciplinary actions against such employees shall require the approval of the Board of Corporate Auditors.
 - (3) In addition to matters designated by law, Directors and employees shall report the following to the Corporate Auditors:
 1. Material matters that affect the management and financial results of the Group.
 2. Overview of the activities of the Internal Audit Office, Internal Control Office, the Legal Affairs Department and other departments in charge of audit engagements of the Group.
 3. Overview of activities related to the internal controls of the Group.
 4. Status of operation of the compliance help desk and status of whistle blowing.
 - (4) 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 Corporate Auditors:
 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. Status of operation of the compliance help desk and status of whistle blowing.
 - (5) The Company shall ensure that persons who have reported to the Corporate Auditors are not treated disadvantageously in personnel terms because of the said report.
 - (6) The Corporate Auditors shall attend the meetings of the Board of Directors and other important meetings to understand the process of important decision-making and status of business execution.
 - (7) Advance payment of fees to attorneys and certified public accountants, etc. that arise in the course of executing the duties of Corporate Auditors, 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 Corporate Auditors, except for cases in which such fees are deemed unnecessary for the duties of Corporate Auditors.
 - (8) The Board of Corporate Auditors shall hold regular meetings, etc. with the Representative Director, Accounting Auditor, corporate auditors of affiliates, Internal Audit Office, Internal Control Office, Legal Affairs Department and other departments in charge of audit engagements. The Board of Corporate Auditors shall realize a full collaboration between the Corporate Auditors, and Internal Audit Office and Accounting Auditor, to develop a framework ensuring that audits are performed effectively.
 - (9) The Board of Corporate Auditors 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

- (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 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, the Company is a member of Tokubouren (Joint Association for the Prevention of Specialized Violence under the Jurisdiction of the Metropolitan Police Department) 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

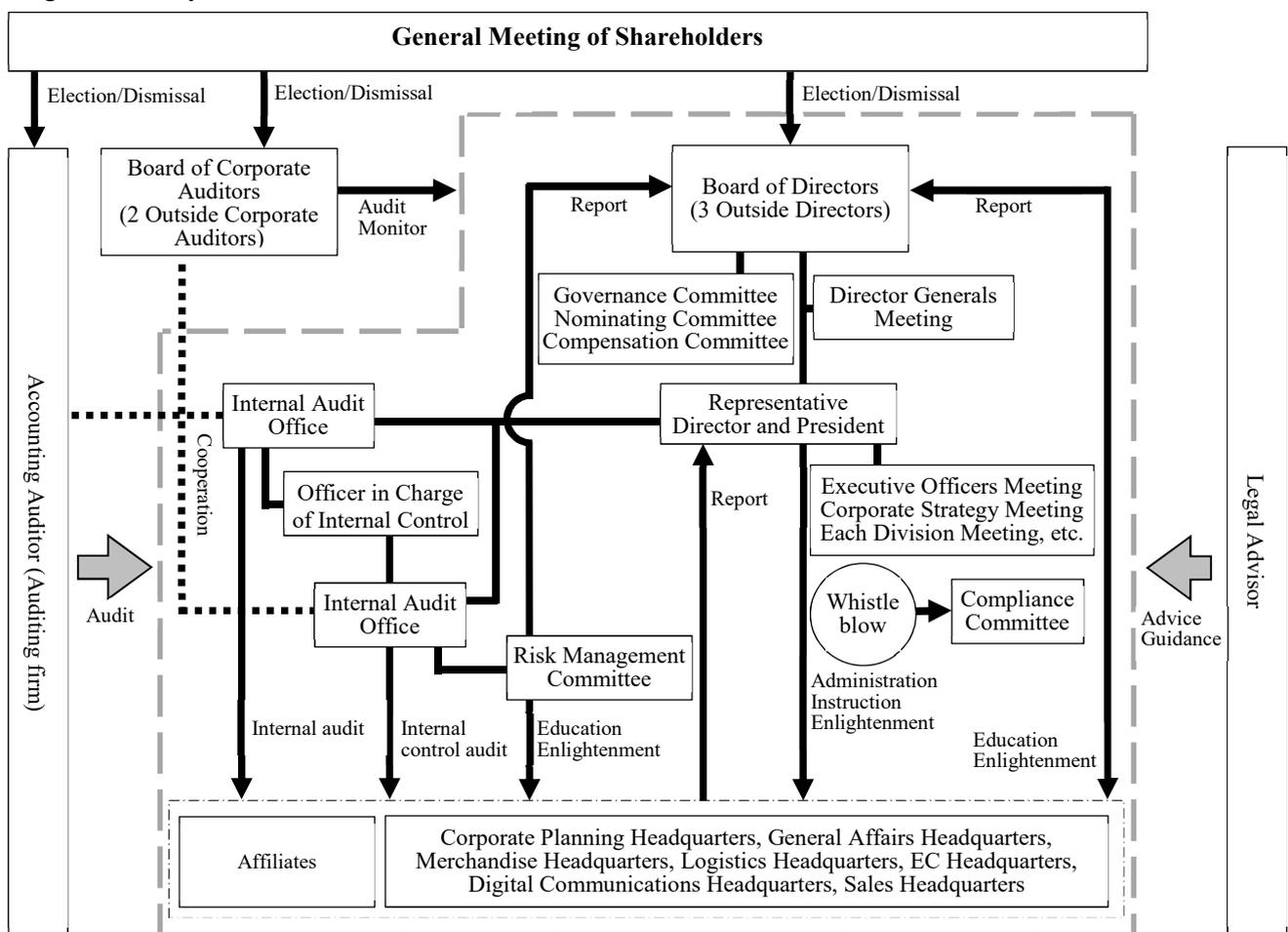
1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

2. Other Matters Concerning Corporate Governance System, etc. [Updated]

The Company revises its corporate governance system in response to changes in the internal and external environment, and will conduct examinations towards the establishment of a more appropriate corporate governance system.



Overview of Timely Disclosure System

