

Last Update: July 11, 2025

**TOKAI Holdings Corporation**

Katsuo Oguri, President & CEO

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Securities Code: 3167

<https://tokaiholdings.co.jp/english/>

The corporate governance of TOKAI Holdings Corporation (the “Company”) is described below.

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

### **1. Basic Views**

1. The Company is committed to enhancing its corporate governance in accordance with the following basic concepts from the perspective of helping the Group to achieve sustainable growth and increase its corporate value over the mid to long term. The aim is to implement sound management based on a high level of self-discipline to gain the strong trust of society:

(1) The Company will create and maintain an environment that secures substantive equality of all shareholders and enables shareholders to properly exercise their rights.

(2) The Company is primarily engaged in the business of providing individual customers with basic infrastructure services for daily life including energy, telecommunication and CATV, and recognizes that most of these businesses are supported by many stakeholders. In addition, in formulating, implementing and operating business policies, we will conduct business activities from the perspective of compliance while focusing on making a contribution to the local communities.

(3) The Company will work to ensure the adequate disclosure of company information including non-financial information and transparency in business management in order to establish a foundation for constructive dialogue with stakeholders.

(4) The Company will, as a holding company, seek to ensure the effectiveness of supervisory functions over the business execution of each group company by the board of directors, formulate mid- to long-term corporate strategies, and strive for sustainable growth and an increase in corporate value; and

(5) The Company will proactively have dialogues with shareholders and investors with a constructive purpose while explaining and disclosing quantitative financial information and non-financial information in a timely and adequate manner. In this way, we will achieve corporate accountability and strive to meet the expectations of stakeholders including shareholders and investors.

2. The Group has formulated the “TOKAY-WAY,” the common philosophy of the group, and it is comprised of four layers—the corporate philosophy, mission, vision and value. These are shared with all employees of the group who work to practice them.

3. Our group has established a common corporate message, 'We face challenges with open minds to bring more smiles to life and joy in society.' and a corporate slogan, 'More smiles for a better life.' As a united company, we aim to enhance corporate value and achieve sustainable growth.

### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

The Company respects the gist of the Corporate Governance Code and implements all items.

es1-4 (Cross-Shareholding)

For the Policy for Cross-Holding of Shares and Other Equity, please see Article 11 of the Basic Policy on Corporate Governance.

([https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc\\_e.pdf](https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc_e.pdf))

1-7 (Related Party Transaction)

For the System to Control Related Party Transactions, please see Article 10 of the Basic Policy on Corporate Governance.

([https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc\\_e.pdf](https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc_e.pdf))

2-4-1 (Appointment of core human resources, etc.)

The Group advocates diversity management and aims to be a company where diverse human resources can play an active role regardless of gender, nationality, age, hiring form, etc.

<Appointment of female managers>

Regarding the promotion of women's active participation, we are working not only to create an environment where everyone can work comfortably by enhancing various personnel systems, but also to enable female employees to demonstrate their abilities in various workplaces.

In addition to promoting the further development of women's abilities through training and seminars for female employees and managers, we will continue to promote the Group-wide " Diversity Promotion Project." We will formulate and progress a business action plan and will continue to actively work to promote the active participation of women.

The ratio of female managers in fiscal 2024 is 2.2%, but we aim to increase it to 10% by fiscal 2030.

<Appointment of foreigners to managerial positions>

The Group continues to recruit new graduates and mid-career workers regardless of nationality, and currently employs 28 foreigners. We do not set future targets as we promote candidates to managerial positions based on their abilities regardless of nationality.

<Appointment of mid-career hires to managerial positions>

The Group actively recruits mid-career employees throughout the year in line with business expansion. Currently, the percentage of mid-career hires for managerial posts is 35.1%, and the same percentage for executive posts is 22.1%.

We will continue to actively employ mid-career recruits to hire human resources who are ready to work. Regarding promotion to managerial positions, regardless of new graduates or mid-career employees, we are promoting them based on their abilities, so we have not set any future goals.

<Human resource development policy and internal environment improvement policy>

In order to ensure diversity, the Group has introduced the following measures with the aim of creating an environment where employees can work with enthusiasm.

- Human resource development training system
- Diversity Promotion Project
- Self-Career Dock Program
- Employee Engagement Improvement Project

2-6 (Fulfillment of Functions as a Corporate Pension Asset Owner)

The Company's corporate pension fund is a contract-type defined benefit pension plan whose pension assets are managed based on the "Basic Policy of Asset Management" by investment trustees aiming to achieve the return on investment that is expected within the range of risks determined by discussion and according to their roles. While the management of all the corporate pension plans is entrusted because it requires expertise, we are making effort to appropriately monitor the investment trustees.

In addition, we set up the Asset Management Committee and assigned to it personnel with expertise from legal, human resources, fund management, and business management departments. The committee members are working to improve their quality by participating in seminars and training.

The Asset Management Committee is composed of members chosen by the employer and the labor union head representing plan holders, and operated in a structure that can properly manage conflicts of interest between the Company and beneficiaries.

3-1 (Ensuring Proper Information Disclosure and Transparency)

- (1) Our business strategies and the mid-term management plan are described on our website ([https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc\\_e.pdf](https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc_e.pdf)).
- (2) The Basic Policy on Corporate Governance is published on our website ([https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc\\_e.pdf](https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc_e.pdf)).
- (3) Our directors' remuneration has a structure consisting of monthly remuneration, bonuses and stock-based remuneration and properly reflecting their duties and contribution to the company. The procedure for determining remuneration for fiscal year 2024 involves the two representative directors receiving delegation to decide the specific amounts of individual remuneration based on a resolution of the Board of Directors held after the annual general meeting of shareholders. The scope of this authority includes the amount of fixed remuneration for each director and the evaluation distribution of bonuses based on each director's performance evaluation results.

For fiscal year 2025, based on the resolution of the Board of Directors on April 24, 2025, the two representative directors and the three heads of the Human Resources Strategy Division will receive delegation to execute the aforementioned authority.

- (4) The election and dismissal of management executives and the nomination of director/corporate auditor candidates are based on general consideration focusing on a balance of knowledge, experience and abilities as well as diversity.

The procedure of the nomination and election and dismissal is that the representative director examines candidates in accordance with the policies above, taking advice from independent outside directors into account, and the board of directors approves them.

- (5) The reasons for the election and dismissal of individual director/corporate auditor candidates will be described in a referential document for the general meeting of shareholders.

The reasons for the election of candidates for each director during the term (appointed at the Company's 14th term shareholders meeting) are as stated in the proposal for election of directors of the 14th ordinary general meeting of shareholders notices disclosed on our website.

(<https://contents.xj-storage.jp/xcontents/AS02376/abc2502f/ec8b/4081/8c10/03bc8bfe87b0/20250604084308040s.pdf>)

### 3-1-2 (Information disclosure in English)

The Company has established an English version of its website and strives to provide information in English to overseas investors, such as by posting English version of financial statements.

In addition, the Tokyo Stock Exchange, the electronic voting platform, and the Company's website provide convocation notices and reference materials for general shareholders' meetings in English.

### 3-1-3 (Sustainability Initiatives, etc.)

The Company describes its sustainability initiatives on its website (<https://www.tokaiholdings.co.jp/english/sustainability/>) and Supplementary Principle 2-3 (1).

As a sustainability promotion system, we have established the Sustainability Promotion Committee (chaired by the CEO) as an advisory body to the Board of Directors. The committee meets twice a year to take inventory of materiality and issues to be addressed, evaluate the status of efforts to achieve goals, and report to the Board of Directors. In identifying materiality, including climate change risk, we select candidates based on sectoral materiality maps, etc., published by each ESG research institution, taking into account regional characteristics, industry trends, and other factors. It is evaluated from the two perspectives of "impact on the corporate value of the Group in general" and "impact on society by the Group" and identified through a resolution of the Board of Directors.

We also review these materialities on a regular basis, taking into account changes in industry trends and new ESG issues. In addition, regarding human resource development and the improvement of the internal environment, we have introduced and disclosed various measures aimed at ensuring diversity and creating an environment where employees can work with enthusiasm.

Regarding investment in human capital, as announced in the "About TOKAI Group Human Capital Management", the TOKAI Group shares the TOKAI-WAY, which is a shared sense of values. We are promoting corporate activities with the aim of continuing to create a working environment. In the medium-term management plan 2025, we will focus on maximizing the vitality of human resources and organizations in a growth tree consisting of the three elements of growth roots, core, and fruits. , positioning it as an investment to improve corporate value, and working to "maximize the vitality of human resources and the organization," such as human resource development and the creation of a work environment.

In order to experiment with management strategies, we will clarify the "ideal individual" and "ideal organization", invest in the realization of the ideal, and implement the human resources strategy.

In addition, we will set important indicators to measure the degree of realization of these goals and use them to improve the well-being of our employees.

Employees are assets, and we will continue to strive to expand our human capital.

Regarding investment in intellectual property, the Group has 3.42million continuous transaction customers across the energy, information and communication, CATV, aqua, mobile, and security businesses. This expansion and overlap in the number of customers will be the foundation for the Group's growth. We will actively invest in customer acquisition activities while taking profitability into account, and we will also promote acquisition of customers with continuous transactions through M&A in an effort to expand our earnings base.

The Company recognizes that the various information it obtains from its business relationships with customers is also an important asset and has built a data analysis platform that centrally manages the Group's customer data, and promotes digital marketing that utilizes this platform. In connection with this initiative, in July 2021, we were certified as a "DX Certified Business Operator" stipulated by the Ministry of Economy, Trade and Industry.

We will work to realize our management strategy through active investment in these intellectual properties.

Regarding TCFD, our group believes that identifying and implementing measures to address climate change risks and opportunities using the TCFD framework and integrating them into our business strategy contribute to the sustainable growth and enhancement of corporate value. In the fiscal year 2022, we disclosed information in accordance with the TCFD guidelines for the first time. Moving forward, we will enhance the resilience of our group to climate change issues through scenario analysis, review the content annually, and strive to improve information disclosure, contributing to the realization of a sustainable society.

#### 4-1 1 (Roles of the Board of Directors)

Matters required by law to be resolved by the board of directors, and similar matters, are defined in the Regulations on the Board of Directors and the Operational Standard of the Regulations on the Board of Directors of the Company. They are resolved by the board of directors meeting, while the decision of other matters regarding business execution are delegated to directors in charge of business execution based on their range of responsibility defined by the board of directors.

#### 4-9 (Criteria for Assessing Independence and Qualification of Independent Outside Directors)

The Company adopted criteria similar to the independence criteria established by the Tokyo Stock Exchange.

#### 4-10-1 (Establishment of Nomination and Remuneration Committee, etc.)

Prior to approval by the Board of Directors, the Nomination and Remuneration Committee discusses and examines particularly important matters such as the nomination and remuneration of officers and succession planning. We strive to strengthen objectivity and accountability. The chairperson is an independent outside director, and the majority of members of the Nomination and Remuneration Committee are independent outside directors.

#### 4-11 1. (Concepts of Capabilities and Diversity Held by the Board of Directors as a Whole)

The number of members of the Company's Board of Directors shall be stipulated in the Articles of Incorporation of no more than 10 directors and no more than 5 corporate auditors. The Board of Directors shall be determined based on the principle of having the necessary and appropriate number of people to ensure discussion, while also fully considering the perspective of ensuring diversity and expertise in the Board of Directors. The standards for judging the independence of independent outside directors are the same as the standards for independence stipulated by the Tokyo Stock Exchange. When selecting director candidates, the Company considers the balance between human resources who can demonstrate their strengths in the management of each business field and human resources who are suitable for business management in a wide range of business areas. We ensure the balance and diversity of knowledge, experience, and abilities of the Board of Directors as a whole.

In addition, the position, career, and appointment of each director in the Company's "Notice of Convocation of the 14th Ordinary General Meeting of Shareholders" (<https://contents.xj-storage.jp/xcontents/AS02376/abc2502f/ec8b/4081/8c10/03bc8bfe87b0/20250604084308040s.pdf>) In

addition to reasons, etc., the skills possessed by each Director and Audit & Supervisory Board Member are listed and disclosed using a skill matrix.

#### 4-11 2. (Concurrent Positions of a Director and a Corporate Auditor)

The status of concurrent posts of the Company's directors and corporate auditors of other listed companies is as described in the "Notice of Convocation of the 14th Ordinary General Meeting of Shareholders" disclosed on the Company's website. (<https://contents.xj-storage.jp/xcontents/AS02376/abc2502f/ec8b/4081/8c10/03bc8bfe87b0/20250604084308040s.pdf>)

#### 4-11-3 (Self-assessment of the Effectiveness of the Board of Directors)

The Board of Directors conducts self-evaluations for each director and auditor to analyze and assess the overall effectiveness of the board and is reviewing the operation of the board to further strengthen its supervisory functions.

In March 2025, based on a survey conducted with the involvement and advice of a third-party organization, discussions at the board concluded that the operation and effectiveness of the board for fiscal year 2024 were effective. Improvements were made regarding the implementation of discussions based on a sufficient understanding of the alignment between the management strategy and the company's sustainable growth and corporate value, which were identified as challenges for fiscal year 2023. Additionally, it was analyzed and evaluated that board members, including directors and auditors, understand the management philosophy and strategy, participate in the board meetings, and that pre-meeting briefings enhance attendees' understanding, leading to increased participation and effectiveness in discussions.

Furthermore, in this self-evaluation, new challenges were identified, including the need to thoroughly consider specific initiatives aimed at achieving management that takes into account capital costs and stock prices, and ensuring that internal directors make appropriate comments from a company-wide perspective to foster open and lively discussions.

The Board of Directors will continue to discuss these challenges to further strengthen its supervisory functions and enhance effectiveness.

#### 4-14-2. (Training Policy for Directors and Corporate Auditors)

For the Training Policy for Directors and Corporate Auditors, please see Article 9 of the Basic Policy on Corporate Governance.

([https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc\\_e.pdf](https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc_e.pdf))

#### 5-1 (Policy for Constructive Dialogue with Shareholders and Other Investors)

For the Policy for Constructive Dialogue with Shareholders and Other Investors, please see Chapter 4 of the Basic Policy on Corporate Governance.

([https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc\\_e.pdf](https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc_e.pdf))

In addition, we actively disclose IR information on our website, etc., so that our shareholders and investors can better understand our group's management policies.

### **[Response to Achieving Management with Awareness of Capital Costs and Stock Prices]** Updated

Content Description	Disclosure of Initiatives
Existence of English Disclosure	Yes
Update Date	November 18, 2024

#### Explanation of Relevant Items

The Company has addressed the realization of management with awareness of capital costs and stock prices in the "Policy for Initiatives Aimed at Achieving Management with Awareness of Capital Costs and Stock Prices," disclosed on May 23, 2024. In this document, we analyzed and evaluated our current status regarding PBR, ROE, PER, etc., and clarified our positioning compared to competitors. Based on this analysis, we formulated a policy for enhancing

corporate value that focuses on three main initiatives: (1) efforts toward business portfolio management, (2) promotion of expansion and efficiency in each business, and (3) commitment to ESG management.

For more details, please refer to the disclosure materials available on our company website:

<https://www.tokaiholdings.co.jp/english/ir/management/capitalmanagement.html>

[https://www.tokaiholdings.co.jp/english/news/assets/pdf/20240523release\\_e.pdf](https://www.tokaiholdings.co.jp/english/news/assets/pdf/20240523release_e.pdf)

## 2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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### [Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	13,673,600	10.41
Aioi Nissay Dowa Insurance Co., Ltd.	7,559,820	5.76
Suzuyo Shoji Co., Ltd.	5,799,700	4.42
The Shizuoka Bank, Ltd.	4,065,527	3.09
Tokyo Marine & Nichido Fire Insurance Co., Ltd.	3,986,887	3.04
TOKAI Group Employee Shareholders Association Custody Bank of Japan, Ltd. (Trust account)	3,907,901	2.97
Custody Bank of Japan	3,674,700	2.80
Astomos Energy Corporation	2,724,848	2.07
Sumitomo Mitsui Trust Bank, Limited	2,671,000	2.03
Meiji Yasuda Life Insurance Company	2,599,389	1.98

Controlling Shareholder (except for Parent Company)	---
Parent Company	Does not exist

### Supplementary Explanation Updated

In addition to the above, the Company holds 8,320,187 treasury shares, but is excluded from the major shareholders shown above.

## 3. Corporate Attributes

Stock Market and Market Section Listed On	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Wholesale Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than 100 billion yen but less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 10 companies but less than 50 companies

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders**

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

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

**1. Organizational Composition and Operation**

Organization Structure	Company with Audit Board
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**[Directors]**

Number of Directors as Stipulated in the Articles of Incorporation	10
Term of Office for Directors as Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Nobuko Kawashima	Scholar												○
Ryoko Ueda	Scholar												○
Hiroshi Tsunemine	From other company					△							
Tomohisa Imada	From other 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.

"▲" 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 remuneration as a director/corporate auditor
- 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 where such post is served at concurrently with the post of the Company's outside director/corporate auditor (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

Outside Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Nobuko Kawashima	○	Not applicable	Utilizing the specialized academic knowledge and wide-ranging insight cultivated as a university professor, we have been appointed as an outside director to participate in decision-making from a fair and neutral standpoint and to receive appropriate advice and guidance regarding management. In addition, we believe that independence is ensured because there is no special interest between her and the Company and it is judged that there is no risk of conflict of interest with general shareholders.
Ryoko Ueda	○	Not applicable	She has specialized knowledge in corporate governance, ESG, etc., and has been appointed as an outside director because he can participate in decision-making from a fair and neutral standpoint and provide appropriate advice and guidance regarding management. In addition, we believe that independence is ensured because there is no special interest between her and the Company and it is judged that there is no risk of conflict of interest with general shareholders.
Hiroshi Tsunemine	○	Mr. Hiroshi Tsunemine served as Senior Executive Officer of Shizuoka Bank, Ltd. until June 2017. There are transactions such as loan borrowings between the bank and our company.	He was elected as an outside director with the expectation that he would participate in our decision-making from his fair and neutral position and provide us with appropriate advice and instructions regarding management based on his rich experience of and deep insight into corporate management.

			The Company believes that his independence is ensured because there is no material interest between him and the Company and no potential conflict of interests with general shareholders.
Tomohisa Imada	○	Tomohisa Imada served as the President and CEO of Shizuoka Railway Co., Ltd. until March 2021. There are transactions related to housing equipment between the company and ours. He is currently the Chairman of Toyota United Shizuoka Co., Ltd., with which we have transactions related to vehicles.	Leveraging his extensive experience and high level of insight in corporate management, he has been appointed as an outside director to participate in decision-making from a fair and neutral position, as well as to provide appropriate advice and guidance on management matters. Additionally, it has been determined that there are no special interests between him and our company, and there is no risk of conflict of interest with general shareholders, ensuring his independence.

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Status of Optional Committees, Composition of Members, and Attributes of the Chairperson

	Name of the committee	All members	Full-time members	Internal director	Outside director	In-house expert	Other	Chairperson
Any committee equivalent to the nominating committee	Nomination and Remuneration Committee	7	7	2	4	0	1	Outside director
Any committee equivalent to the remuneration committee	Nomination and Remuneration Committee	7	7	2	4	0	1	Outside director

Supplementary explanation [Updated]

The committee was established to ensure the transparency and objectivity of the evaluation and decision-making processes related to the nomination and remuneration of directors, thereby strengthening the independence, objectivity, and accountability of the Board of Directors and further enhancing our corporate governance system. The chairperson is an outside director.

The members of this committee are appointed by a resolution of the Board of Directors, and as of the submission date, there are seven members: Masahiro Sone (outside), Katsuo Oguri, Junichi Yamada, Toshinori Nakamura, Nobuko Kawashima (outside), Ryoko Ueda (outside), and Hiroshi Tsunemine (outside), and Tomohisa Imada (outside).

In fiscal year 2024, the committee met four times, and the specific topics for discussion include the promotion and remuneration of group executives, the composition of the Board of Directors, and succession planning for the Chief Executive Officer and other key positions, with exchanges of opinions on these matters.

Regarding attendance, out of the eight members in fiscal year 2024 (Masahiro Sone, Katsuo Oguri, Junichi Yamada, Masahiro Goto, Nobuko Kawashima, Ryoko Ueda, Hiroshi Tsunemine, and Tetsuya Numano), five members (Masahiro Sone, Junichi Yamada, Nobuko Kawashima, Ryoko Ueda, and Tetsuya Numano) attended all four meetings, Katsuo Oguri attended three out of four meetings, and two members (Masahiro Goto and Hiroshi Tsunemine) attended two out of two meetings.

**[Corporate Auditors]**

Establishment of Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	5
Number of Corporate Auditors	4

Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments

The audit and supervisory board has interviews with and exchanges opinions regarding policies, methods and results of auditing several times a year with our accounting auditor, to share information on business or accounting issues.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	3
Number of Independent Corporate Auditors	3

Outside Corporate 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	
Masayuki Atsumi	Lawyer														○
Matsubuchi Toshiro	CPA														○
Yoichi Obuchi	From other 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.
- "▲" when a close relative of the corporate auditor fell under the category in the past.

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. Corporate auditor of a 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 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 legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the corporate auditor himself/herself only)
- k. Executive of a company where such post is served at concurrently with the post of the Company's outside director/corporate auditor (the corporate auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the corporate auditor himself/herself only)
- m. Others

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
Masayuki Atsumi	○	N/A	We have appointed him as an Outside Audit & Supervisory Board Member because he will be able to utilize his legal knowledge and wide-ranging insight cultivated as a lawyer to supervise the Directors and make recommendations and advice from a fair and neutral standpoint. In addition, since there is no special interest between him and the Company, and it is judged that there is no risk of conflicts of interest with general shareholders, we believe that his independence is ensured.
Toshiro Matsubuchi	○	N/A	We have appointed him as an Outside Audit & Supervisory Board Member because we believe that he will be able to use his accounting knowledge and wide-ranging insight cultivated as a certified public accountant and tax accountant to provide oversight, suggestions, and advice to the Directors from a fair and neutral standpoint. In addition, since there is no special interest between him and the Company, and it is judged that there is no risk of conflicts of interest with general shareholders, we believe that his independence is ensured.
Yoichi Obuchi	○	Mr. Yoichi Obuchi served as Executive Officer of Aioi Nissay Dowa Insurance Co., Ltd. until March 2021. There are insurance-related transactions between that company and our company.	He was elected as an outside corporate auditor with the expectation that he would monitor our directors and provide us with recommendations and opinions from his fair and neutral position based on his rich experience of and deep insight into business management. The Company believes that his independence is ensured because there is no material interest between him and the Company and no potential conflict of interests with general shareholders.

**[Independent Directors/Corporate Auditors]**

Number of Independent Directors/Corporate Auditors	7
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Matters relating to Independent Directors/Corporate Auditors

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#### [Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

The Company aims to improve mid- and long-term business performance and increase motivation to contribute to the improvement of corporate value by further clarifying the link between the business performance/share value of the Company and the remuneration of directors, executive officers and other board members of the Company and directors and other board members of some subsidiaries of the Company (“officers,” excluding outside directors). The Company also does this by having directors share risks of share value deterioration as well as benefit of share value increase, a new stock-based remuneration system (BBT = Board Benefit Trust) will be introduced to provide stock-based remuneration to officers. The system assigns a certain number of points for three business years including the current business year and provides shares of the Company corresponding to the determined number of points after the applicable officer resigns.

Recipients of Stock Options	Employees, Subsidiary Directors, Subsidiary Employees
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Supplementary Explanation

As part of the 10th anniversary celebration of the TOKAI Group becoming a holding company, employees of the Company and directors and employees of the Company's subsidiaries will hold a meeting in October 2021 for the purpose of raising their motivation and morale for improving the Group's performance and increasing corporate value. Granted monthly stock options.

#### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	We do not disclose individual remuneration
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Supplementary Explanation [Updated]

The amounts of remuneration for directors and corporate auditors in FY2024 were as below:  
124 million yen for two directors (Fixed remuneration 95 million yen, bonus 19 million yen, non-monetary remuneration 10 million yen)  
18 million yen for one auditor (Fixed remuneration 18 million yen)  
57 million yen for ten outside directors (Fixed remuneration 57 million yen)

\* In addition to the above, there are four directors with no remuneration. They are directors concurrently serving as officers for subsidiaries and received 158 million yen in total as officer remuneration from those subsidiaries.

\* The Company resolved that the officer retirement bonus scheme for directors and corporate auditors would be abolished at the end of the First Ordinary General Meeting of Shareholders held on June 28, 2012, and that directors and corporate auditors who would continue assuming their position after the said shareholders' meeting would receive officer retirement bonuses when they resign.

In addition, there are no persons whose consolidated remuneration, etc. is 100 million yen or more.

Policy on Determining Remuneration Amounts and Calculation Methods [Updated]	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

a. The remuneration amounts for our directors is based on a policy that establishes a remuneration system that appropriately reflects their roles and contributions to the business, taking into account factors such as management performance, economic conditions, individual director evaluations, and balance with employee salaries, all within the limits of remuneration determined at the shareholders' meeting. This policy was discussed at the Nomination and Remuneration Committee held on April 17, 2025, and was subsequently presented to the Board of Directors on April 24, 2025, where the decision was resolved.

#### b. Overview of the Decision Policy

The remuneration for directors consists of fixed remuneration (monthly salary), bonuses, and non-monetary remuneration in the form of stock remuneration. However, for outside directors, stock remuneration as non-monetary remuneration will not be provided, considering the nature of their duties.

#### i. Fixed Remuneration, etc.

Based on the basic policy outlined in section a, as well as the "Regulations on Director Ratings of the TOKAI Group" and the "Regulations on Director Remuneration of the TOKAI Group," we will conduct a company evaluation based on the achievement level of consolidated performance (operating profit) compared to the previous fiscal year and performance forecasts. The overall evaluation will be determined by combining the company evaluation and individual evaluation at an equal ratio. For fixed remuneration, the increase in the salary scale will be determined according to the overall evaluation. For bonuses, the payment rate against the maximum bonus amount will be multiplied based on the overall evaluation. Fixed remuneration will be a monthly fixed salary, and if bonuses are paid, they will be distributed in July.

#### ii. Non-Monetary Remuneration in the Form of Stock Remuneration

To clarify the linkage between our performance and stock value, and to enhance the awareness of directors in contributing to the improvement of medium- to long-term performance and the increase of corporate value by sharing not only the benefits of stock price increases but also the risks of stock price declines with shareholders, we provide stock remuneration to directors. The amount of stock remuneration will be calculated based on points determined by the formula established in the Director Stock Benefit Regulations.

Points = Points by Position × Performance Evaluation Coefficient Based on Performance During the Evaluation Period

The performance evaluation indicator is based on the consolidated operating profit for the fiscal year, determined by the achievement level compared to the previous year's results and performance forecasts. The performance evaluation coefficients are as follows: if the consolidated operating profit is equal to or greater than the previous year and the performance forecast is achieved, the coefficient is 1.0; if the consolidated operating profit is equal to or greater than the previous year and the performance forecast is between 90% and less than 100%, the coefficient is 0.9; if the consolidated operating profit is equal to or greater than the previous year and the performance forecast is less than 90%, the coefficient is 0.5; if the consolidated operating profit is less than the previous year but the performance forecast is achieved, the coefficient is 0.5; and if the consolidated operating profit is less than the previous year and the performance forecast is not achieved, the coefficient is 0.0.

The reason for selecting this indicator is that it reflects the results of the company's core business activities and is considered optimal as a criterion for evaluating performance over the year.

Additionally, to strengthen the linkage with medium- to long-term corporate value enhancement, stock remuneration will be structured so that shares of the company are granted based on the number of points awarded when an executive retires.

For the fiscal year 2024, the operating profit was 16,841 million yen, exceeding the previous year's result of 15,511 million yen and achieving the performance forecast of 16,000 million yen.

#### iii. Policy for Determining the Proportion of Remuneration

For the remuneration of directors excluding outside directors, the ratio of fixed remuneration to non-monetary remuneration is 91% fixed remuneration and 9% non-monetary remuneration for the President and CEO, and 93% fixed remuneration and 7% non-monetary remuneration for the Senior Managing Director. This ratio is based on the median of fixed remuneration for the respective positions, with non-monetary remuneration reflecting the actual values for fiscal year 2024. The amounts awarded will fluctuate according to the company's performance and stock price changes.

c. Reasons for the Board of Directors' Judgment that the Individual Remuneration of Directors for the Current Fiscal Year Aligns with the Determination Policy

In determining the individual remuneration of directors, the Nomination and Remuneration Committee confirms during its discussions that the individual director evaluations, fixed remuneration amounts, bonus amounts, and the amounts of non-monetary remuneration in the form of stock remuneration are decided in accordance with the determination policy. Therefore, the Board of Directors fundamentally respects this recommendation and judges that it aligns with the determination policy.

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

For resolution of important matters, prior explanation and other support are provided to enable a proper decision.

In addition, to enhance the effectiveness of the Board of Directors, we regularly hold opinion exchange meetings between outside directors and outside auditors, as well as between internal directors and outside officers.

#### [Status of Persons Who Have Retired from the President]

Name and Other Information of Councils, Advisers or Others Who Have Formerly Served as the President of the Company

Name	---
Title / Position	---
Duties	---
Work Form / Conditions (Full-time or Part-time, Remuneration)	---
Date of Retirement from the President	---
Term	---

Total number of Councils, Advisers or others who have formerly served as the President of the Company [Update]	0
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Other matters

The Company has a system of advisors and advisers, but currently none of the former presidents and representative directors have resigned.

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

### 1. Overview

The company practices sound management based on high self-discipline and aims to establish unwavering trust from society by promoting the Group's sustainable growth and enhancing corporate value over the

medium to long term. In November 2015, we established our Corporate Governance Basic Policy and have been working to enhance corporate governance.

Our Board of Directors is composed of up to 10 directors as stipulated in the Articles of Incorporation, including 4 outside directors, with the President and CEO serving as the chairperson. While the board is structured with a necessary and appropriate number of members to ensure an effective management system and substantial discussions within the board, we also pay careful attention to ensuring diversity and expertise among the directors. The 4 outside directors are independent officers selected in accordance with the independence standards set by the Tokyo Stock Exchange.

The Company is a company with an Audit Board, consisting of 4 auditors, 3 of whom are outside auditors, with the chairperson of the Audit Board being a full-time auditor. The Audit Board meets once a month to receive reports on important matters related to audits and to discuss or make resolutions. We conduct audits of directors' performance through participation in major meetings such as the Board of Directors and through business and accounting audits. The Audit Board regularly invites outside directors to strengthen collaboration and facilitate information exchange.

To promote sustainability within the Group, we have established a Sustainability Promotion Committee that evaluates and verifies the progress toward achieving materiality (important issues). The Investment Review Committee discusses capital investment projects, M&A, and order projects. The Executive Officer Meeting shares information on the progress of the responsibilities of our company's executives. The Business Operations Committee monitors the business promotion status of major group companies and discusses challenges and solutions for achieving management goals. The Disclosure Review Committee discusses the appropriateness of the content when submitting securities reports and semi-annual reports, while the Litigation Review Committee controls litigation risks through discussions on significant lawsuits and decisions on whether to file lawsuits.

The Company has established a Group Compliance and Risk Management Committee to share reports on internal control deficiencies, significant complaints, and incidents among group companies, promote compliance training throughout the year, and enhance internal controls.

## 2. Audit

The Company is a company with an Audit Board, and we conduct audits of directors' performance and the status of the internal control system in accordance with our audit policy and audit plan. The Audit Board consists of four members: one full-time auditor and three part-time auditors, all of whom are outside auditors. In fiscal year 2024, the Audit Board held 12 meetings, during which we discussed the evaluation of the accounting auditor, considered proposals for reappointment, agreed on the appointment of auditors, prepared audit reports, selected the chairperson, appointed the full-time auditor, designated specific auditors, formulated audit policies and plans, agreed on the remuneration for auditors and the accounting auditor, and made resolutions regarding the appropriateness of the accounting audit. We also conducted exchanges of opinions with the accounting auditor, outside directors, and full-time auditors of subsidiaries.

As for the activities of our full-time auditors, they gather information by attending important meetings such as the Executive Committee and the Compliance and Risk Management Committee, conducting hearings with directors and executive officers, holding liaison meetings with full-time auditors of subsidiaries, listening to reports from the internal audit department, and hearing about the contents of internal reports from the compliance department. Through these audit activities, we grasp the decision-making processes and the execution status of internal controls, and report to the Audit Board.

Regarding internal audits for the entire group, since the reorganization and establishment of the holding company in April 2011, the Group Audit Office (including the head, totaling 19 members as of the submission date), which is independent from the business execution departments, conducts audits of each group company based on the annual plans and policies formulated each year. In fiscal year 2024, we conducted 13 audits related to accounting, operations, labor, and the environment, 394 audits for evaluating the effectiveness of internal controls, and 19 information security review audits, totaling 426 internal audits. Internal audits are conducted regularly and as needed to assess the appropriateness of policies, plans, and procedures related to business activities, the effectiveness of operations, and compliance with laws and regulations, providing specific advice and recommendations for business improvement and awareness enhancement. The results of

internal audits are reported to the presidents, department heads, business unit heads, auditors, and internal control departments of each group company, and shared within the group as necessary. They are also reported regularly to the Board of Directors and the Audit Board. Additionally, for improvements related to audit findings, we continuously follow up in cooperation with the compliance departments of each company to confirm the status of improvements. The internal audit department also regularly exchanges information and opinions with the auditors, outside directors, and accounting auditors of each group company to ensure proper business execution.

### 3. Reasons for Adoption of Current Corporate Governance System [Updated]

The Company, centered around the energy business, broadband business, and CATV business, is engaged in diverse business operations for 3.42 million individual customers and corporate clients, and we have adopted a pure holding company structure to oversee these operations.

Each group company aims to achieve our management policies and goals through transactions that are close to our customers, expanding our business and enhancing customer service. We enhance governance by dispatching directors to each group company, facilitating improvements through their respective boards of directors. Additionally, the representatives of major group companies serve as outside directors of our company, allowing for swift feedback from the group companies and unifying the group's intentions.

Furthermore, we have appointed four outside directors and three outside auditors. The outside directors participate in decision-making from a fair and neutral position, providing appropriate advice and guidance on management matters, while the outside auditors monitor the directors and offer recommendations and advice from an impartial standpoint, effectively strengthening our management oversight functions.

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

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	In order to enable shareholders to exercise their voting rights appropriately, the Company strives to promptly send the notice of convocation of the General Meeting of Shareholders and reference documents. In addition, prior to sending out the convocation notice, the information will be electronically disclosed on TDnet and on the Company's own website to secure time for reviewing the content.
Scheduling AGMs Avoiding the Peak Day	To ensure attendance of as many shareholders as possible, the general meeting of shareholders will be held on a day that is not a so-called peak day.
Allowing Electronic Exercise of Voting Rights	It has been introduced starting from the Fifth Ordinary General Meeting of Shareholders (2016).
Participation in Platform for Exercise of Voting Rights by Electromagnetic Means and Other Measures to Enhance Environment for Exercise of Voting Rights by Institutional Investors	The "Voting Rights Electronic Exercise Platform" operated by ICJ Co., Ltd., has been used since the Sixth Ordinary General Meeting of Shareholders held in June 2017.
Providing Convocation Notice in English	The English version of the convocation notice has been created and published on the website starting from the Fifth Ordinary General Meeting of Shareholders (2016).

### 2. IR Activities Updated

	Supplementary Explanations	Explanation by Representative
Creation and Publication of Disclosure Policy	The company actively engages in constructive dialogue with shareholders and investors, aiming to explain and disclose quantitative financial information and non-	

	financial information in a timely and appropriate manner. To this end, we have established an IR policy (Disclosure Policy) and have made it available on our website. ( <a href="https://www.tokaiholdings.co.jp/english/ir/policy.html">https://www.tokaiholdings.co.jp/english/ir/policy.html</a> )	
Regular Investor Briefings for Analysts and Institutional Investors	We hold earnings briefing sessions every six months to explain our financial results, medium-term management plan, future business developments, and initiatives aimed at enhancing corporate value to institutional investors and analysts. Additionally, we conduct individual meetings for institutional investors, and in fiscal year 2024, we held meetings with a total of 45 companies.	Yes
Regular Investor Briefings for Overseas Investors	The representative and directors in charge visit each overseas institutional investor regularly.	Yes
Posting of IR Materials on Website	On April 1, 2011, we launched our website and organized the "IR Materials Room" under "Investor Information" to provide a list of the following documents: 1. Financial Results Summary, 2. Earnings Briefing Materials, 3. Securities Reports, 4. Shareholder Communications, and 5. Shareholders' Meeting Materials (Notice of Convocation, Resolution Notification).  Additionally, we have published an English version of the website for overseas investors. The status of our dialogue with shareholders and investors is available on our company website. ( <a href="https://www.tokaiholdings.co.jp/english/ir/management/dialogue.html">https://www.tokaiholdings.co.jp/english/ir/management/dialogue.html</a> )	
Establishment of Department and/or Manager in Charge of IR	The Public Relations and IR Department within the Corporate Strategy Division is responsible for these activities, with the head of the department being the Director of the Corporate Strategy Division. Additionally, the Public Relations and IR Department handles the arrangements for earnings briefing sessions and individual meetings, as well as responding to inquiries.	

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

	Supplementary Explanations
Implementation of Environmental Activities, CSR Activities etc.	The TOKAI Group Policy on the Environment prescribes the following action guidelines: 1. Harmony of environmental preservation and social development 2. Compliance with environmental laws and regulations 3. Reduction in greenhouse effect gases and environmental burdens of customers 4. Reduction in environmental burdens of TOKAI Group 5. Enhancement of the awareness of environmental issues and continuous improvement of environment management activities 6. Coexistence with local communities
Formulation of policies, etc. related to information provision to stakeholders	In order to gain further trust from our stakeholders, we actively engage in voluntary disclosures in addition to timely disclosures based on the Financial Instruments and Exchange Act and the Securities Listing Regulations set by

	the stock exchange. We strive for transparent information disclosure through our company website and PR information on TDnet.
Others	<p>1. Diversity Promotion The Company is promoting the following initiatives as an opportunity to promote career advancement and awareness raising of female employees.</p> <p>(1.) Implementation of "Diversity Promotion Project"-Formulation of action plan in the Women's Achievement Promotion Act, etc.</p> <p>(2.) Implementation of "Women Careers Promotion Education Program"-Create awareness of promoting female employees.</p> <p>(3.) Implementation of "Women Employee Training"</p> <p>2. Health Management The Company recognizes that "employee health" is an important asset for the TOKAI Group and society. In June 2016, we announced the "TOKAI Group Health Declaration," and in June 2018, we established the "TOKAI Group Health Management Guidelines," which consist of three pillars: "Health Promotion," "Safety and Hygiene," and "Work Style Reform," to actively promote health management. Based on these guidelines, we are implementing various initiatives.</p> <p>Our group's efforts in health management have led to being selected as a "KENKO Investment for Health" twice in the past. Additionally, we have received the "Health Management Outstanding Corporation 2025 (Large Enterprise Category - White 500)" award for nine consecutive years.</p> <p>3. Work Style Reform The Company has introduced "flex time system", "at-home work system", "coexistence support of treatment and work" etc., and will continue to realize work-life balance and support coexistence of childcare / care and work etc. We will work actively to create an environment in which each employee can work, lively, and work brilliantly, and aim to achieve the corporate philosophy "For the lives of customers. We will continue to grow and develop together with the region and the earth."</p>

#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control System and the Progress of System Development [Updated]

(1) The system to ensure that directors, executive officers and employees of the Group exercise their duties in accordance with law and the articles of incorporation:

a. The Company will establish a corporate culture in which directors, executive officers and employees of the Group comply with law, the articles of incorporation and social norms. It will do so by developing regulations for compliance of the Group and always maintaining/operating them effectively based on the common charter of corporate behavior of the Group and TOKAI-WAY, the common philosophy of the Group.

b. To achieve it, the Group Compliance & Risk Management Committee horizontally administers compliance effort of the Group as a whole, and each group company's compliance promotion organization under the Committee provides compliance education and training to its directors, executive officers and employees.

c. The Group Audit Office of the Company audits the compliance effort and its implementation in each group company in cooperation with the Group Compliance & Risk Management Committee and reports the audit results to the Group Compliance & Risk Management Committee.

d. In accordance with the Group's regulations on internal control, the Company decides policies regarding construction, establishment, and assessment of internal control for the Group as a whole. The internal control promotion organization of each group company assesses the establishment and operation of its internal control based on those policies and reports the assessment results and the assessment process to the Compliance & Risk Management Office.

e. If directors, executive officers, and employees find a material violation of law in business execution and other significant facts related to compliance, they shall report the fact to the Compliance & Risk Management

Office or a corporate auditor. The Office or the corporate auditor shall inspect the fact in cooperation with the Group Audit Office of the Company and report the results to the Group Compliance & Risk Management Committee as well as the board of directors and the audit and supervisory board of each company.

f. The Compliance & Risk Management Office works to effectively operate the whistle-blowing system in accordance with the Group Internal Communication System. The whistle-blowing shall be generally based on the help line system. The regulations explicitly state that the whistle-blower will not suffer a disadvantage due to the whistle-blowing, and this has been made known to directors, executive officers and employees of the Group. The content of whistle-blowing via this system shall be shared with corporate auditors as necessary.

g. If corporate auditors of each group company find a problem in the operation of the compliance system or the whistle-blowing system in their own company, they may provide an opinion and request developing improvement measures.

h. In accordance with the code of corporate behavior, the Group establishes a system to take organizational measures to eliminate anti-social forces and strengthens cooperation with the police and other relevant agencies.

(2) Matters regarding storage and management of information on the execution of duties by directors and executive officers of the Group

a. The Group records and stores information on the execution of duties by directors and executive officers in the form of documents (including electronic records) in accordance with the regulations on document management of each company.

b. The Group defines retention periods of documents and specific methods to access them, including places and time, in the regulations on document management of each company, and always keeps those documents accessible in preparation for access requests from directors, executive officers or corporate auditors.

(3) Regulations and other systems regarding the Group's management of risks of loss

a. In the Company, the Compliance & Risk Management Office administers and manages risk information of the Group as a whole in accordance with the regulations on group risk management. Each group company assesses its own risks based on its regulations on risk management that were separately established, and regularly reports the results to the Compliance & Risk Management Office. The Compliance & Risk Management Office regularly reports the risk situation of the Group to the Group Compliance & Risk Management Committee as well as the board of directors and the audit and supervisory board of the Company.

b. When an important risk event is revealed, each group company takes organizational countermeasures in accordance with the regulations on risk management or the regulations on emergency response, including the establishment of a task force. The risk management and response organization of each company reports the progress of such countermeasures to the Compliance & Risk Management Office.

c. The Group Audit Office of the Company audits the existence of risks and the countermeasures taken in each group company and reports the audit results to the Group Compliance & Risk Management Committee.

(4) Systems to ensure the efficient and proper execution of duties by directors and executive officers of the Group

a. Important matters that affect the entire group must be carefully decided after thorough consideration from multiple perspectives. Therefore, prior to the Board of Directors of each company, these matters are submitted to the Executive Board, Investment Review Committee, Business Operations Committee, and other relevant bodies hosted by our company, ensuring that the execution of operations is conducted efficiently and appropriately through sufficient deliberation.

b. Based on the discussion results of the management strategy meeting or other meetings, the Company optimally distributes management resources of the Group as a whole so that each company's business is executed reasonably and efficiently and supports business reorganization of each company as necessary.

c. The Company manages business execution of each company based on the mid-term business plan and an annual budget of the Group as a whole. The Company also assesses profitability and risks of each company's important investment proposals and assigns necessary management resources to each company appropriately in a timely manner for the proposals that are regarded as proper.

d. Each group company utilizes the IT system, summarizes the progress of business performance appropriately in a timely manner, and regularly reports it to the board of directors of the Company. The board of directors of the Company appropriately assesses the business performance of each group company in accordance with the regulations on business performance assessment of each group company.

e. For the business management of each group company, effectiveness shall be ensured by requesting reporting to and obtaining approval from the Company in accordance with the group management guideline, the regulations on group business management and the regulations on the procedure for approval and reporting of each group company. The administration division of the Company monitors the business execution of each group company as necessary.

f. The Compliance & Risk Management Office assesses the effectiveness of internal control of the Group as a whole at the end of every business year in accordance with the regulations on group internal control based on the assessment and audit results of internal control by the Group Audit Office in order to ensure reliability of figures in financial reports of the Group as a whole.

(5) Matters regarding applicable employees in the case that corporate auditors request employees to be assigned to them to assist them in their duties, and matters regarding the independence of those employees from directors

a. The Company shall appoint assistants for corporate auditors as employees to assist the duties of corporate auditors, from employees of the Company when the corporate auditors require such personnel in order to improve the effectiveness of auditing and facilitate audit activities.

b. Corporate auditors' assistants shall be assessed by corporate auditors, and the appointment, dismissal, transfer and change of wages of corporate auditors' assistants shall be decided by the board of directors with the consent of the audit and supervisory board, in order to ensure their independence from directors and executive officers. Corporate auditors' assistants shall not concurrently assume positions related to business execution.

(6) Systems for reporting to corporate auditors by directors, executive officers and employees of the Group, and other systems regarding reporting to corporate auditors

a. Each group company promptly reports important matters affecting each group company's business or business performance to the audit and supervisory boards of the Company and each group company in accordance with the Regulations concerning the Procedure for Matters to Be Reported to the Audit and Supervisory Board by Directors, Executive Officers, and Employees. Note that, as described in (1) e., matters regarding compliance may be reported directly to corporate auditors of each group company.

b. Regardless of the above, corporate auditors of each group company may request reporting from directors, executive officers or employees of their own company anytime as necessary.

(7) Other systems to ensure effective audit by corporate auditors

a. The Company ensures corporate auditors' effective auditing by reporting results of auditing by the Group Audit Office and results of monitoring by the Compliance & Risk Management Office to the audit and supervisory board appropriately in a timely manner to share information.

b. If corporate auditors submit a claim to the Company for advance payment of expenses for the execution of their duties, the payment shall be processed promptly whenever its purpose is regarded as proper.

\* An overview of the operations of the internal control system is described in the business report "Matters Regarding Electronic Provision Measures for the 14<sup>th</sup> Ordinary General Meeting of Shareholders", disclosed on our website. (<https://contents.xj-storage.jp/xcontents/AS02376/718ca5f3/52d2/4b8f/94bb/77389e07c7c3/140120250603579571.pdf>)

(Japanese)

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

Based on the charter of corporate behavior, the Company and each group company are establishing a system to take organizational measures to eliminate anti-social forces and strengthening cooperation with the police and other relevant agencies.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation
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## 2. Other Matters Concerning to Corporate Governance System

<p>The Company has defined the following in the articles of incorporation:</p> <p>(1) The Company's Articles of Incorporation stipulate that the number of Directors of the Company shall be ten (10) or less.</p> <p>(2) Resolution of election of director  With regard to the resolution for the election of directors, the Company's Articles of Incorporation stipulate that the shareholders with one-third or more of the shareholders who can exercise the voting rights attend and that a majority of the voting rights be exercised. In addition, the articles of incorporation stipulate that the election of directors shall not be made by cumulative voting.</p> <p>(3) Matters that may be resolved at a general meeting of shareholders by the board of directors.</p> <ol style="list-style-type: none"> <li>1. Acquisition of treasury stock  Pursuant to Article 165, Paragraph 2 of the Companies Act, the Articles of Incorporation of the Company stipulate that the Company may acquire its own shares through market transactions by resolution of the Board of Directors to implement flexible capital policies.</li> <li>2. Interim dividend  In order to enable agile redistribution of profits to shareholders, the Company may provide dividends of surplus (interim dividends), as prescribed in Article 454 (5) of the Companies Act and based on a resolution of the board of directors meeting, to shareholders listed or recorded on the final shareholder list as of September 30 of every year.</li> </ol> <p>(4) Special resolution requirements for general meeting of shareholders  Regarding the requirement for special resolutions of the general meeting of shareholders as prescribed in Article 309 (2) of the Companies Act, the Company defines that the meeting shall require the attendance of shareholders holding one-third or more of voting rights of shareholders who can exercise voting rights and votes equivalent to two-thirds or more of those voting rights. The purpose of this is to ensure smooth operation of the general meeting of shareholders by relaxing the quorum of special resolutions at the general meeting of shareholders.</p>
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# TOKAI Group's Corporate Governance System

