

Corporate Governance Report

Last updated: December 13, 2021

TBS HOLDINGS, INC.

Takashi Sasaki, President & Representative Director

Contact: Administration Department

Securities Code: 9401

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

The corporate governance of TBS HOLDINGS, INC. (the “Company”) is described below.

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

1. Basic Views [Updated]

As a listed company, the Company has a responsibility to contribute to the development of market economy. We also have an important public mission as a certified broadcast holding company, with broadcasters under our umbrella that are entrusted with the use of finite and valuable radio waves. At the same time, the Company firmly recognizes its social responsibilities to transmit fair, honest and accurate information, to perform the function of social lifeline particularly at the time of disasters and emergencies as a broadcasting business. In order to realize these social missions and maintain and improve our content production and development capabilities, particularly in the broadcasting business, the Group’s employees and other human resources, as well as the long-term relationships of trust with outsourcers, business partners, and other content supporters, are extremely important management resources and constitute the source of the Company’s corporate value.

To maximize its corporate value and the common interests of shareholders, the Company must develop and strengthen the sources of its corporate value from a medium- to long-term perspective. Based on this recognition, the Company consider that the basic policy for corporate governance is to endeavor to maximize the corporate value of the Company and common interests of shareholders by seeking high quality of contents created and the management efficiency at the same time.

In addition, the Company has formulated the TBS Group Activities Charter as a basic oath that all officers and employees are required to uphold and also adopted the TBS Group Activities Standards as standards for the realization of the Charter and is working to ensure full compliance with them. As such the Company strives to strengthen the corporate governance to ensure that Directors perform their duties in accordance with the laws and regulations and the Articles of Incorporation and their management judgment and business execution are conducted in line with the above basic policy.

This Corporate Governance Report is based on the Japan’s Corporate Governance Code posterior to its revision in June 2021.

Corporate Governance Reports are also disclosed in English from December 2021.

<https://www.tbsholdings.co.jp/en/>

[Translation]

[Reasons for Non-compliance with the Principles of Japan's Corporate Governance Code]

[Principle 4-11. Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness]

The Board of Directors consists of Full-time Directors with high business execution skills capable of implementing management strategies and Outside Directors who are not involved in business execution but have an important role of supervising Directors with high effectiveness.

Although no female director has been appointed to date, the Company is striving to elect a qualified woman. Pursuant to the provisions of the Broadcasting Act, the Company cannot appoint any foreign national as Director.

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

[Principle 1-3. Basic Strategy for Capital Policy]

The Company has adopted the basic strategy of maintaining necessary and sufficient shareholders' equity, aiming to accomplish an important public mission as a certified broadcasting holding company and sustainably enhance the corporate value and the shareholder value through business investments that contribute to future growth and competitive business development.

Since returning the Company's profits to the shareholders is one of the significant managerial issues, the Company takes basic policies to implement annual dividends on a stable and continual basis, with a target of a dividend payout ratio of 30% of the consolidated profit. In addition, the Company is striving to enhance returning profits to shareholders through extra dividends and other means with improvement in business performance, etc. taken into account. In case profit significantly changes due to special causes, etc., the dividend amount is determined separately with its impact and others taken into account.

The Company responds to changes in the business environment flexibly, and purchases, disposes of, cancels, etc. treasury shares as part of the financial policy, etc. that contributes to increase in the shareholder value, and others.

Based on such a policy, ¥30 of full-year dividend per share shall be the lower limit during the period of the "TBS Group Medium-Term Management Plan 2023" (FY2021 to FY2023). However, if profit attributable to owners of parent is not generated for two periods in a row, the lower limit of dividend may be reviewed.

[Principle 1-4. Strategic Shareholdings]

The Company recognizes that in order to maximize the common interests of shareholders of the Group, it is necessary to endeavor to enhance the corporate value and accomplish an important public mission as a certified broadcasting holding company. From these perspectives, the Company holds shares of companies which are deemed necessary as part of management strategy, taking cooperative relationships, transactions, business collaborations, etc. into consideration comprehensively.

The Company will sell strategic shareholdings that are considered to have no significant holding rationale in light of the situation as at the end of the last fiscal year. With individual strategic shareholdings, the Board of Directors examines whether or not it is appropriate to continue to hold the shareholdings, taking holding purposes/status of relationships, economic rationality, etc. into consideration comprehensively. For economic rationality, benefits and risks of the holding is examined on the basis of the Company's capital cost.

In exercising voting rights, while respecting the management policy of investees, the Company closely examines the content of proposals and exercises voting rights appropriately from the viewpoint of whether or not it contributes to enhancement of medium- to long-term corporate value. However, in the case where it is considered that the Company's corporate value may be damaged, the case where any material violation of laws and regulations is seen, or other cases, the Company will have a sufficient dialogue, including confirmation of intent of the proposal, with the investee as needed, and make a careful judgment.

For FY2020, the Company considered the method of examination and examined individual issues at the Board of Directors meetings in October, November and December, etc. As a result, a portion of four issues was sold. The total amount of sale value of strategic shareholdings for FY2020 was ¥32,438 million.

[Principle 1-7. Related Party Transactions]

Conflict-of-interest transactions with Directors are conducted after prior approval of the Board of Directors is obtained in accordance with the Companies Act and the Regulations of the Board of Directors, and the

outcome is reported to the Board of Directors. In addition, transactions with officers and their close relatives are confirmed regularly each year.

Transactions with related parties including major shareholders are to be conducted fairly in accordance with the TBS Group Activities Standards, as is the case with general transactions.

[Supplementary Principle 2-4-1. Ensuring Diversity in the Appointment of Core Personnel, etc.]

In the TBS Group Medium-Term Management Plan 2023, the Group has identified diversity and inclusion as an S (social) issue in ESG management, and is working on “respect for diverse values” and “advancement of diverse human resources.”

1) Promotion of female employees to managers

As of November 1, 2021, the percentage of female employees at Tokyo Broadcasting System Television, Inc., our core subsidiary, was 22.8% of all career-track employees. As a result of active recruitment in recent years, however, the percentage of female employees is higher in younger age groups, with 28.6% in their 30s and 43.1% in their 20s. We have set a target of achieving 20% of female employees in management positions by FY2024. Although the percentage was 14.2% as of November 1, 2021, the number of managers has been increasing every year, and we believe that it will be possible to achieve the target of 20% in the future by increasing the number of opportunities to appoint managers from younger generations, where the percentage of female employees is higher.

2) Promotion of foreign employees to managers

Tokyo Broadcasting System Television, Inc., a core subsidiary, does not include nationality in its selection criteria for both new graduates and mid-career hires, and recruits employees based on a fair assessment of the individual's abilities, aptitude and other factors. For management positions, we also place importance on whether the person has appropriate skills and insights, and appoint people without distinction of nationality or gender. For this reason, we have not set any specific target figures for the appointment of foreign employees to management positions.

3) Promotion of mid-career employees to managers

Tokyo Broadcasting System Television, Inc., a core subsidiary, is actively recruiting mid-career workers to expand its pool of career personnel with specialized knowledge and abilities. We have consistently hired approximately 10 specialists each year since FY2018 (11 in 2018, 12 in 2019, 10 in 2020, and 11 in 2021). The percentage of mid-career hires in managerial positions is also on the rise, at 6.8%, and includes key positions such as President of Division and Director of Department. Although we have not set any specific targets for appointments to management positions, we believe that the percentage will increase in the future as we hire more career personnel to realize the EDGE Strategy.

“Human resource development policy and internal environment improvement policy to ensure diversity, and their implementation status”

In the TBS Group Activities Charter, the Group has set up a policy that “We develop outstanding talents that have a powerful sensitivity and the capacity to build the future. Accepting of diverse working styles, we will continue trying new things with a view to the future in the world.”

As our human resources development policy, we have set the image of the kind of person we seek as a “person who can continue to learn, take on challenges, and pass them on to others for the growth of themselves and the company.” To ensure the diversity of our human resources, we provide training programs at all levels that enable employees to learn about various values and put them into practice.

In addition, to further hone our rich sensibilities and knowledge, we also established the TBS Group University (TGU), an in-house university, in 2018. TGU offers more than 100 courses to deepen the learning of the entire Group.

In order to promote diverse work styles, we provide career support training not only for women but also for each generation, as well as family-friendly boss training for managers. These efforts have led to an increase in the rate of male employees taking parental leave, with 18.2% of male employees taking parental leave and 100% of female employees taking parental leave and returning to work for births in FY2018. We will strive to reach a rate of 30% or higher for male employees in FY2026 while maintaining 100% for female

employees. In addition, to create an environment in which employees who work while raising children can play an active role, we are working to ensure the stable and continuous operation of onsite childcare facilities. The rate of employment of people with disabilities is 3.2%, which is higher than the legally mandated employment rate of 2.3%. The established remote work environment has made it possible to work from home, and the number of workplaces working with people with disabilities is increasing.

In addition to holding study sessions to deepen understanding of LGBT issues, the Group strives to respond carefully to consultation requests through the Office of Diversity Promotion, which serves as the contact point, and in cooperation with other relevant departments.

Other information on the status of implementation is provided on pages 42-43 of the TBS Group Integrated Report 2021.

https://www.tbsholdings.co.jp/en/ir/report/pdf/2021/report_e_all.pdf

As part of our efforts to improve the internal environment, we set up the Workstyle Working Group and the Wellness Working Group under the Sustainability Committee, which was established in October 2021. The Workstyle WG proposes and implements various ways of working so that employees can demonstrate their individual abilities. In addition, the Wellness WG will strengthen health management by promoting the creation of an environment in which employees can work with energy and vitality.

[Principle 2-6. Roles of Corporate Pension Funds as Asset Owners]

As part of employee welfare benefits, the Company has introduced a defined contribution pension plan, and works to provide education on the plan to employees periodically.

[Principle 3-1. Full Disclosure]

(1) Company objectives (e.g., management principles), business strategies and business plans

Management principles and business plans of the Company have been disclosed on its website.

TBS Group Activities Charter

<https://www.tbsholdings.co.jp/about/governance/statement.html>

TBS Group VISION 2030 and TBS Group Medium-Term Management Plan 2023

<https://www.tbsholdings.co.jp/about/plan.html>

(2) Basic views and basic policies on corporate governance based on each of the principles of the Code

As described in “1. Basic Views” of “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information” in this report.

(3) Board of Directors policies and procedures in determining the remuneration of the senior management and directors

With regard to Directors’ remuneration, the following basic policy is adopted based on the report from the Remuneration Advisory Committee at the request of the Board of Directors.

- The remuneration system shall secure and maintain talented human resources so as to enhance corporate value and fulfil our public mission, and serve as a stable business foundation.
- The remuneration system shall focus on the shareholders’ point of view and further share value with shareholders.
- The determination process shall be objective and highly transparent through deliberation of the Remuneration Advisory Committee.

The system, level, structure, etc. of Directors’ remuneration are deliberated by the Remuneration Advisory Committee at the request of the Board of Directors in accordance with the basic remuneration policy, and determined based on the report therefrom.

Directors’ remuneration is composed of base remuneration, performance-linked remuneration, and share-based remuneration. Outside Directors independent from business execution only shall be eligible for the base remuneration.

The Remuneration Advisory Committee, which has been established to improve objectivity of the procedures for determining Directors' remuneration, consists of two Representative Directors, one Inside Director and three Outside Directors.

- (4) Board of Directors policies and procedures in the appointment/dismissal of the senior management and the nomination of director and audit & supervisory board member candidates / Supplementary Principle 4-11-1. Policy concerning diversity and scope of entire Board of Directors

Candidates for Directors (including President & Representative Director) are nominated as those with high business execution skills capable of implementing management strategies, and understanding the Company's business characteristics with extensive experience and knowledge as a member of the top management. Furthermore, those who are not involved in business execution but have an important role of supervising Directors with high effectiveness are nominated as candidates for Outside Directors. The structural diversity of the overall Board of Directors and a good balance between business execution and supervision are taken into account upon nomination.

For candidates for audit & supervisory board members, those with considerable knowledge of internal control and diverse persons who are outside of the industry to which the Company belongs have been nominated.

Candidates for directors, including the President & Representative Director, are selected after deliberation by the Nomination Advisory Committee, and candidates for audit & supervisory board members are selected after obtaining the consent of the Audit & Supervisory Board, which is then decided by the Board of Directors and proposed to the General Meeting of Shareholders.

In cases where it is objectively found appropriate that any Director, including the President & Representative Director, is dismissed, such as due to violation of any laws and regulations, the Articles of Incorporation, etc. by such Director, the dismissal is determined by the Board of Directors through deliberation of the Nomination Advisory Committee, and proposed to the General Meeting of Shareholders.

- (5) Explanations with respect to individual appointments/dismissals of the senior management and nominations of director and audit & supervisory board member candidates by the Board of Directors

It is provided in "Reference Materials" of the Notice of Convocation of the General Meeting of Shareholders.

[Supplementary Principle 3-1-3. Efforts for Sustainability]

<Efforts for Sustainability>

In order to further strengthen and accelerate Group-wide efforts to realize a sustainable society, the Company established the Sustainability Committee, chaired by the President & Representative Director, on October 1, 2021, and formulated the "TBS Group Sustainability Policy" at a meeting of the Board of Directors in November 2021.

In our Sustainability Policy, sustainability issues are grouped into four categories based on the E, S, and G perspectives including solving environmental and social issues and respecting human rights and diverse values, under the philosophy of building broad partnerships with all stakeholders and "working together" with them "to create a happy and sustainable society," defining the Group as a media company with a social mission.

With regard to the achievement of the SDGs, we will contribute to the realization of a sustainable and better world by serving as a starting point for moving society forward through the provision of content and services. TBS Group Sustainability Policy: <https://www.tbsholdings.co.jp/en/sustainability/>

As a key ESG issue for the period of the TBS Group Medium-Term Management Plan 2023, sustainability initiatives from the perspective of achieving the SDGs are described on pages 48-55 of the TBS Group Integrated Report 2021.

https://www.tbsholdings.co.jp/en/ir/report/pdf/2021/report_e_all.pdf

In addition, the Company expressed its support for the TCFD recommendations at the Board of Directors meeting in November 2021. With this endorsement of the TCFD recommendations, the Company will advance disclosure of information on both risks and opportunities brought by climate change to the businesses, from the perspectives of governance, strategy, risk management, indicators and targets.

<Investment in Human Capital and Intellectual Property, etc.>

As for the TBS Group's human resources strategy, one of the management foundations of the TBS Group Medium-Term Management Plan 2023 is to "enhance organizational strength through creative, challenge oriented human resources," and so we will strive to build up the human resources, develop job satisfaction and skills, and build an organization that produces real results.

The characteristics and strengths of the TBS Group's human resources (human capital) and specific details of its human resources strategy are described on pages 42-43 of the TBS Group Integrated Report 2021.

The intellectual property that represents the TBS Group consists of two elements: a vast array of content created beyond the boundaries of broadcasting, and the know-how, skills and proprietary technologies used to create the content.

The characteristics and strengths of the TBS Group's intellectual property (intellectual capital) and specific details of its intellectual property strategy are described on pages 44-45 of the TBS Group Integrated Report 2021.

https://www.tbsholdings.co.jp/en/ir/report/pdf/2021/report_e_all.pdf

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

Important management matters requiring a resolution of the Board of Directors and matters for reporting concerning Directors' performance of operations have been stipulated in the Regulations of the Board of Directors. In addition, with regard to individual performance of operations, the scope of matters delegated has been stipulated in the Regulations of the Executive Management Board and various rules.

[Principle 4-9. Independence Standards and Qualification for Independent Outside Directors]

Judgments are made based on the following criteria in addition to the independence standards of the Tokyo Stock Exchange.

- (1) Executive of a major shareholder who holds 10% or more of shares of the Company
- (2) Executive of a customer of which the ratio of actual sales to the Company's consolidated net sales is 10% or more
- (3) Executive of a network station of a core subsidiary

[Supplementary Principle 4-10-1. Authority and Role of the Nomination Committee and Remuneration Committee, etc.]

As described in "II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management, 1. Organizational Composition and Operation, [Directors] Supplementary Explanation."

[Supplementary Principle 4-11-1. Views on Diversity in the Board of Directors, etc.]

<Views on Balance of Knowledge, Experience and Ability, Diversity and Size of the Board of Directors as a Whole>

From the perspective of speeding up management decision-making and ensuring transparency and fairness, three of nine Directors who make up the Board of Directors are Independent Outside Directors. The three Outside Directors all have experience in "corporate management," excel in the fields like "financial accounting" and "organizational human resources," and have a wealth of experience and knowledge, thereby ensuring diversity and multifacetedness.

<Combination of Skills, etc. Possessed by Directors>

With respect to the combination of skills, etc. possessed by Directors, the skills matrix is included as reference material for the proposal for the election of Directors in the Notice of Convocation of the 94th Ordinary General Meeting of Shareholders of the Company.

https://www.tbsholdings.co.jp/ir/stakeholders/pdf/soukai94_en.pdf

<Policies and Procedures for Appointment of Directors>

The policy for the appointment of Directors is as described in [Principle 4-11. Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness] and [Principle 3-1. Full Disclosure] (4) of this report. As the procedures, candidates for Directors are reported to the Board of Directors following deliberation by the Nomination Advisory Committee, which consists of six persons including three Outside Directors, and then determined.

[Supplementary Principle 4-11-2. Concurrent Positions Held by Directors and Audit & Supervisory Board Members]

Important concurrent positions outside the Company of Directors and Audit & Supervisory Board Members (including candidates) are disclosed each year in disclosure documents such as “Business Report,” “Reference Materials,” and “Securities Report.”

[Supplementary Principle 4-11-3. Analysis and Evaluation of the Effectiveness of the Board of Directors]

The Company recognizes that it is important for the Board of Directors to fully fulfill its expected role and improve its functions in order to sustainably enhance corporate value and maximize the common interests of shareholders, and has been conducting self-evaluations of the Board of Directors since FY2015 in an effort to improve its effectiveness.

In FY2020, the Company changed the composition of the Board of Directors and increased the number of Independent Outside Directors. In the process of evaluating the effectiveness, we conducted questionnaires and individual interviews with each Director and audit & supervisory board member with the support of Japan Board Review Co., Ltd., which is a third-party institution, in order to obtain a more objective perspective. Based on the report of the third-party institution, the Board of Directors discussed and evaluated the effectiveness.

[Summary of evaluation]

As a result of the evaluation of the effectiveness of the Board of Directors, the Board of Directors confirmed the following matters.

(1) Size and composition of the Board of Directors

The size, composition, and membership was evaluated to be generally appropriate.

(2) Management of the Board of Directors

The change in the composition of the Board of Directors has created a sense of tension in discussions and led to lively debates on the formulation of the new TBS Group Medium-Term Management Plan 2023 and TBS Group VISION 2030, the pillars of the management strategy.

(3) Group governance

By separating the composition of the Board of Directors of the Company and its core subsidiaries, and by reorganizing its subsidiaries, we have established a system that enables us to effectively supervise the entire Group as a holding company in order to achieve the Group’s medium- to long-term plans.

[Future challenges]

Based on this effectiveness evaluation, we recognized the following issues as challenges to be addressed by the Board of Directors in the future.

(1) Ongoing verification of the TBS Group Medium-Term Management Plan 2023 and TBS Group VISION 2030

In order to respond to changes in the business environment, we will discuss the allocation of management resources and financial strategies for the transformation of the business model over the medium to long term, and examine supervision of the progress of the TBS Group Medium-Term Management Plan 2023 and TBS Group VISION 2030, a follow-up on the status of execution, and others on an ongoing basis.

(2) Enhancing mechanisms to support discussions at Board of Directors meetings

We will enhance devices for reporting methods that allow outside officers to understand the decision-making process on the execution side and expand opportunities for information sharing and exchange of opinions between Outside Directors and audit & supervisory board members.

(3) Strengthening group risk management

With the system put in place following the Group’s reorganization, we will strengthen the group governance and risk management through the use of the Group Executive Officers’ Meeting and the Group’s Audit & Supervisory Board.

(4) Role of the Nomination and Remuneration Advisory Committees and communication with the Board of Directors

While the composition and operation of the Nomination and Remuneration Advisory Committees are generally highly regarded, we will proactively work with the Board of Directors to share information on the succession plan considered by the Advisory Committees.

[Supplementary Principle 4-14-2. Training Policy for Directors and Audit & Supervisory Board Members]

To newly appointed outside officers, the Company's management principles, various regulations including the Articles of Incorporations, and internal control/risk management systems are explained before they assume the office. To newly appointed officers from the Company, the Company provides an opportunity to acquire necessary knowledge on the role and responsibilities based on important laws and regulations including the Companies Act upon assuming the office.

To incumbent Directors and Audit & Supervisory Board Members, the Company provides an opportunity to acquire and update necessary knowledge on the role and responsibilities.

[Supplementary Principle 5-1-1. Basic Policy]

Recognizing that shareholders' and investors' understanding is necessary to achieve sustainable growth and enhancement of the corporate value of the Group, the Company intends to provide information to shareholders and investors within reason and hold a dialogue with them.

[Supplementary Principle 5-1-2]

(1) Designation of Directors

Dialogues with shareholders are supervised by the officer in charge of financial strategy, and the IR Promotion Department of the Finance & Corporate Strategy Division is in charge of this matter.

(2) Measures for organic cooperation

The IR Promotion Department collects information from divisions in charge such as the General Affairs Division and the Multi-Platform Media Division as needed to enhance dialogues with shareholders.

(3) Efforts for enhancement of means of dialogues

For analysts, institutional investors and news media, a results briefing is held twice a year. For individual investors, a dedicated page has been set up on the website, and operating results, business activities, management policy, etc. have been posted in an easy-to-understand way on the page.

(4) Measures for feedback

Opinions, concerns, and other feedback obtained through IR activities are reported to the officers in charge of financial strategy/ESG strategy, the senior management, etc. as needed.

(5) Measures for management of insider information

In dialogues with shareholders and investors, insider information (important undisclosed information) is managed appropriately in accordance with internal regulations "Insider Trading Prevention Rules."

[Translation]

2. Capital Structure

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

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd.	27,878,900	16.31
Custody Bank of Japan, Ltd.	9,581,100	5.60
MBS MEDIA HOLDINGS, INC.	8,848,100	5.17
Mitsui Fudosan Co., Ltd.	5,713,728	3.34
NTT DOCOMO, INC.	5,713,000	3.34
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	5,006,235	2.92
MITSUI & CO., LTD. (Standing proxy: Custody Bank of Japan, Ltd.)	4,288,000	2.50
BIC CAMERA INC.	4,190,000	2.45
Panasonic Corporation	3,813,180	2.23
Kodansha Ltd.	3,771,200	2.20

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

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Information & Communication
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

[Translation]

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

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[Translation]

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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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
Chair of Board of Directors	Chairman (excluding the case where the person concurrently serves as President)
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Officers Designated from among Outside Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hitoshi Kashiwaki	From another company											
Yosuke Yagi	From another company											
Makoto Haruta	From another company											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category; and
 "△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category; and
 "▲" when a close relative of the director fell under the category in the past

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b. Non-executive director or executive of the parent of the Company
- c. Executive of a fellow subsidiary of the Company
- d. Party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof
- f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
- i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)
- j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)
- k. Other

[Translation]

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Hitoshi Kashiwaki	○	—	<p>Mr. Kashiwaki has extensive experience and a high degree of knowledge as a member of the top management of an operating company. As he has offered useful opinions, suggestions, etc. to the management of the Group, the Company has determined that he is well-qualified for the position of Outside Director of the Company. In addition, since he meets the independence requirements set by the Tokyo Stock Exchange and the independence standards for Outside Directors established by the Company, the Company has judged that there is no possibility of conflict of interest arising with general shareholders and designated him as Independent Officer.</p>
Yosuke Yagi	○	—	<p>Mr. Yagi has extensive experience and a high degree of knowledge as the head of human resources strategy and a member of the top management of an operating company. As he is expected to offer useful opinions, suggestions, etc. to the management of the Group, the Company has determined that he is well-qualified for the position of Outside Director of the Company. In addition, since he meets the independence requirements set by the Tokyo Stock Exchange and the independence standards for Outside Directors established by the Company, the Company has judged that there is no possibility of conflict of interest arising with general shareholders and designated him as Independent Officer.</p>

[Translation]

Makoto Haruta	○	—	Mr. Haruta has extensive experience and a high degree of knowledge as the head of financial strategy and a member of the top management of an operating company. As he is expected to offer useful opinions, suggestions, etc. to the management of the Group, the Company has determined that he is well-qualified for the position of Outside Director of the Company. In addition, since he meets the independence requirements set by the Tokyo Stock Exchange and the independence standards for Outside Directors established by the Company, the Company has judged that there is no possibility of conflict of interest arising with general shareholders and designated him as Independent Officer.
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[Voluntary Committees]

Voluntary Establishment of Committee(s) Equivalent to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nomination Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Remuneration Advisory Committee
Total Committee Members	6	6
Full-time Members	0	0
Inside Directors	3	3
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside director	Outside director

Supplementary Explanation [Updated]

The Nomination Advisory Committee consists of six members, including three Independent Outside Directors, and its members are selected by resolution of the Board of Directors. As for the composition of the committee, half of the members shall be Outside Directors, and the committee is chaired by an Outside Director to ensure its independence and objectivity as a committee. The Nomination Advisory Committee holds a meeting regularly and as necessary, deliberates on appointment and dismissal of Directors and President & Representative Director from an objective and fair standpoint at the request of the Board of Directors, and makes recommendations to the Board of Directors. In addition, the committee discusses a succession plan for President & Representative Director and the situation of training of a candidate, and reports the results to the Board of Directors as appropriate.

[Translation]

(Members of Nomination Advisory Committee)
Chairperson: Hitoshi Kashiwaki, Director (Outside Director)
Members: Yosuke Yagi, Director (Outside Director), Makoto Haruta, Director (Outside Director), Takashi Sasaki, President & Representative Director, Toshiaki Kawai, Representative Director, Masaya Chisaki, Director
The number of meetings held in FY2021 is three (as of December 13, 2021. the number of meetings held in FY2020 is three), and all the members attended the committee meetings held.

The Remuneration Advisory Committee consists of six members, including three Independent Outside Directors, and its members are selected by resolution of the Board of Directors. As for the composition of the committee, half of the members shall be Outside Directors, and the committee is chaired by an Outside Director to ensure its independence and objectivity as a committee. The Remuneration Advisory Committee holds a meeting regularly and as necessary, deliberates on the system and level of Directors' remuneration of the Company from an objective and fair standpoint at the request of the Board of Directors in accordance with the policy established by the Board of Directors, and makes recommendations to the Board of Directors.

(Members of Remuneration Advisory Committee)
Chairperson: Hitoshi Kashiwaki, Director (Outside Director)
Members: Yosuke Yagi, Director (Outside Director), Makoto Haruta, Director (Outside Director), Takashi Sasaki, President & Representative Director, Toshiaki Kawai, Representative Director, Masaya Chisaki, Director
The number of meetings held in FY2021 is three (as of December 13, 2021. the number of meetings held in FY2020 is five), and all the members attended the committee meetings held.

[Audit & Supervisory Board Members]

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

Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Department

Audit & supervisory board members maintain close cooperation with KPMG AZSA LLC, the Accounting Auditor, by holding a regular meeting with the firm and other means, and proactively exchanges opinions and information, working to conduct efficient audits. Audit & supervisory board members receive a summary of audit plan from the Accounting Auditor and reports on risk assessments, etc. on internal controls related to financial reporting as well as explanation on priority items to be audited and others, and exchange opinions. Standing statutory audit & supervisory board members and the Office of Internal Business Audit, an internal audit department, hold a meeting every two weeks in principle to share information on development and implementation of internal controls. Outside audit & supervisory board members will receive reports on matters to be audited from the Office of Internal Business Audit as needed. In addition, the Audit & Supervisory Board regularly receives reports on an annual audit plan, the results of implemented internal audits, etc. from the Office of Internal Business Audit.

[Translation]

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Officers Designated from among Outside Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Teisuke Kitayama	From another company										△			
Mie Fujimoto	From another company													
Somitsu Takehara	From another company													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category; and
 "△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category; and
 "▲" when a close relative of the director fell under the category in the past

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiary
- c. Non-executive director or executive of the parent of the Company
- d. Audit & supervisory board member 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 compensation as a director
- 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 audit & supervisory board member himself/herself only)
- k. Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the audit & supervisory board member himself/herself only)
- l. Executive of a corporation to which outside officers are mutually appointed (the audit & supervisory board member himself/herself only)
- m. Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2)
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Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Teisuke Kitayama	○	j. He is an advisor of Sumitomo Mitsui Banking Corporation, and served as executive (Chairman and Representative Director) in the past (until March 2011). The Company has ordinary banking transactions with the said company.	Mr. Kitayama has extensive experience and knowledge as a member of the top management of a financial institution and is expected to offer valuable opinions and comments to the management of the Group from an objective standpoint. Therefore, the Company has determined that he can execute the duties as its outside audit & supervisory board member appropriately. In addition, since he meets the independence requirements set by the Tokyo Stock Exchange, the Company has judged that there is no possibility of conflict of interest arising with general shareholders and designated him as Independent Officer.
Mie Fujimoto	○	—	Ms. Fujimoto has extensive experience and a high degree of knowledge as a lawyer specialized in corporate legal affairs. Although she has no experience being involved in corporate management by means other than serving as an outside officer, for the above reason, she is expected to offer valuable opinions and comments to the management of the Group from an objective standpoint. Therefore, the Company has determined that she can execute the duties as its outside audit & supervisory board member appropriately. In addition, since she meets the independence requirements set by the Tokyo Stock Exchange, the Company has judged that there is no possibility of conflict of interest arising with general shareholders and designated her as Independent Officer.

[Translation]

Somitsu Takehara	○	—	<p>Mr. Takehara has extensive experience and a high degree of knowledge as a certified public accountant and a member of the top management of a company. For the above reason, he is expected to offer valuable opinions and comments to the management of the Group from an objective standpoint. Therefore, the Company has determined that he can execute the duties as its outside audit & supervisory board member appropriately.</p> <p>In addition, since he meets the independence requirements set by the Tokyo Stock Exchange, the Company has judged that there is no possibility of conflict of interest arising with general shareholders and designated him as Independent Officer.</p>
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[Independent Officers]

Number of Independent Officers	6
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Matters relating to Independent Officers

The Company designates all outside officers qualified to be Independent Officers as such.

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked remuneration
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Supplementary Explanation

Directors' remuneration is composed of base remuneration, performance-linked remuneration, and share-based remuneration. Outside Directors independent from business execution only shall be eligible for the base remuneration.

The performance-linked remuneration shall be a variable monetary remuneration. As an annual incentive remuneration, performance-linked remuneration shall be determined by the Board of Directors following a qualitative assessment of the level of achievement of the numerical target for consolidated operating profit under the Medium-Term Management Plan and achievement status of the strategic divisions each Director is responsible for, and deliberation by the Remuneration Advisory Committee, with the aim of motivating Directors to achieve good single-fiscal-year performance.

Share-based remuneration is a variable share-based remuneration. As a long-term incentive remuneration linked to stock price, restricted shares are annually issued to motivate Directors to enhance the medium- to long-term shareholder value and to share value with shareholders.

Recipients of Share Options	
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure
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Supplementary Explanation

The Company has a policy of disclosing Directors' remuneration in the Business Report and others in accordance with laws and regulations, etc.

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
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With regard to Directors' remuneration, the following basic policy is adopted based on the report from the Remuneration Advisory Committee at the request of the Board of Directors.

- The remuneration system shall secure and maintain talented human resources so as to enhance corporate value and fulfil our public mission, and serve as a stable business foundation.
- The remuneration system shall focus on the shareholders' point of view and further share value with shareholders.
- The determination process shall be objective and highly transparent through deliberation of the Remuneration Advisory Committee.

The system, level, structure, etc. of Directors' remuneration are deliberated by the Remuneration Advisory Committee at the request of the Board of Directors in accordance with the basic remuneration policy, and determined based on the report therefrom.

Directors' remuneration is composed of base remuneration, performance-linked remuneration, and share-based remuneration. Outside Directors independent from business execution only shall be eligible for the base remuneration.

The base remuneration, representing the basis of remuneration, shall be a fixed monetary remuneration. Base remuneration shall be determined for each Director as a monthly remuneration with matters such as title, strategic division they are responsible for, and change in business environment taken into account. The remuneration is paid on a monthly basis.

The performance-linked remuneration shall be a variable monetary remuneration. As an annual incentive remuneration, performance-linked remuneration shall be determined by the Board of Directors following a qualitative assessment of the level of achievement of the numerical target for consolidated operating profit under the Medium-Term Management Plan and achievement status of the strategic divisions each Director is responsible for, and deliberation by the Remuneration Advisory Committee. The remuneration shall be paid with the aim of motivating Directors to achieve good single-fiscal-year performance.

The contents of the said performance indicators and the reason for selecting them is to motivate Directors to achieve good single-fiscal-year performance and continuously enhance corporate value, adequately sharing the profits with shareholders.

With regard to share-based remuneration, as a long-term incentive remuneration linked to stock price, restricted shares are annually issued to motivate Directors to enhance the medium- to long-term shareholder value and to share value with shareholders.

Based on the delegation of authority resolution by the Board of Directors, determination of remuneration amount, etc. for each individual Director in the Company is to be made by President & Representative Director after a report from the Remuneration Advisory Committee.

The authority to determine remuneration, etc. on an individual basis is delegated as determination by the President & Representative Director who controls and supervises business execution. This is thought to be appropriate when details of remuneration are determined by assessing the performance of Directors responsible for each strategic division while the Company's overall performance is comprehensively viewed.

[Translation]

Supporting System for Outside Directors and/or Outside Audit & Supervisory Board Member

The officer in charge of the Board of Directors and standing statutory audit & supervisory board members have a face-to-face meeting with outside directors and outside audit & supervisory board members as needed, and communicate information or explain the situation to them before/after a meeting of the Board of Directors and the Audit & Supervisory Board. In addition, a report is made on the situation of audits by the audit department and on progress of developing the internal control system by the internal control department.

Status of Persons Who Have Retired from a Position Such as President & Representative Director

Retired President & Representative Director, etc. Holding Advisory or Any Other Position in the Company

Name	Title/ Position	Responsibilities	Working Form and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office
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Total Number of Retired President & Representative Director, etc. Holding Advisory or Any Other Position in the Company

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Other Matters

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

As a system to ensure the efficient execution of duties by directors, the Board of Directors meets once a month in principle to make decisions on the company's important business operations and to report on important matters. In addition, the Board of Full-time Directors and Officers has been set up as a deliberation body for President's decision-making and execution of operations, currently consists of 10 persons (10 men), holds a meeting once a week in principle, and conducts a prior deliberation on matters to be discussed by the Board of Directors as well as on the execution policy for overall operation management including the Group management. Furthermore, the Company has the Budget Committee and the Investment and Financial Judging Committee in place under the Board of Full-time Directors and Officers, and these committees consider budgets and investments and loans of the Company and the Group and make reports to the said board. The Remuneration Advisory Committee has been set up as an advisory body to the Board of Directors on Directors' remuneration.

As systems ensuring that the business performance by Directors complies with laws and regulations, and the Articles of Incorporation, (1) all officers and employees swear a basic oath under the TBS Group Activities Charter, which defines the corporate philosophy under which the TBS Group is working to achieve growth based on excellence as a corporate group. We are working to ensure the full implementation of the TBS Group Activities Standards, which were formulated as standards for the realization of the Charter. (2) We have formulated the TBS Group Information Disclosure Policies, and we will fulfill our responsibilities to provide good explanations to shareholders as a corporate group through the timely disclosure of accurate information. (3) The Special Committee for Appraising Corporate Value, consisting of outside directors, outside audit & supervisory board members and outside experts, assesses policies from the perspective of maximizing corporate value in response to questions submitted by the Board of Directors, and advises the Board of Directors of the results of its deliberations.

As systems ensuring the effectiveness of audits conducted by the Audit & Supervisory Board Members and systems concerning reports to audit & supervisory board members, (1) we will ensure that the Office of Audit & Supervisory Board Members is able to function as a support unit for the activities of the audit & supervisory board members, and employees who provide that support will assist in the work of the audit & supervisory board members pursuant to instructions from the audit & supervisory board members. We will also maintain a system whereby approval of the audit & supervisory board members will be obtained for personnel appraisals and transfers of such employees, and for any disciplinary action against such employees. (2) The Audit & Supervisory Board has established an Audit & Supervisory Board Headquarters when required, such as when there were matters requiring investigation by the audit & supervisory board members. Employees nominated by the Audit & Supervisory Board have provided assistance to the Audit & Supervisory Board or the audit & supervisory board members. The Company has appropriately borne expenses incurred for the investigation by the Audit & Supervisory Board Headquarters. (3) The directors and employees report to the audit & supervisory board members whenever there are important matters affecting operations or performance. A system will also be secured to ensure they are not treated unfavorably based on facts reported or details thereof. (4) The audit & supervisory board members may require reports from Directors or employees as required at any time. (5) We have operated the TBS Group Information Liaison Conference and the TBS Hotline appropriately and maintain appropriate reporting systems, so that the audit & supervisory board members can be informed of any compliance issues, including violations of laws and regulations. (6) The audit & supervisory board members will receive reports on the results of internal audits conducted by the Office of Internal Business Audit. (7) The audit & supervisory board members can attend important meetings, peruse documents concerning important decisions, and require directors to provide reports concerning the performance of operations. If necessary, the audit & supervisory board members can also hold direct hearings in any department. (8) The audit & supervisory board members, accounting auditors, Office of Internal Business Audit and the Compliance Division share information to maintain effective and efficient internal control systems. (9) The Company has appropriately borne expenses that arise from executing the duties of the audit & supervisory board members, respecting the will of audit & supervisory board members.

Besides, the Company has established the "Insider Trading Prevention Rules" to prevent unfair trades of shares, etc. by officers and employees, and also established the "Personal Information Handling Regulations" and set up "Personal Information Management Committee" to prevent any unintended use, leak, etc. of personal information.

With regard to audits by audit & supervisory board members, standing statutory audit & supervisory board members (two persons) proactively work to improve the audit environment and collect information internally, and monitor and examine the status of building and operating internal control systems on a daily basis in collaboration with the internal audit department, etc. Standing statutory audit & supervisory board members hold a meeting with President regularly and exchange opinions on management policy, risks to be addressed by the Company, and important audit issues. Standing statutory audit & supervisory board members also attend important meetings, peruse documents concerning important decisions, and receive reports concerning the performance of operations. In addition, standing statutory audit & supervisory board members endeavor to share information obtained in the course of duties with outside audit & supervisory board members (three persons). Audit & Supervisory Board Member Mr. Somitsu Takehara has considerable knowledge of accounting as a certified public accountant.

The Office of Internal Business Audit (nine persons, of which one person is a certified internal auditor), which reports directly to the President, performs internal audits of each department of the Company and group companies based on the annual audit plan reported to the Board of Directors, and assesses appropriateness, effectiveness and efficiency of the Group's business operations. Audit results are reported to the President, and follow-up is done with regard to matters pointed out for improvement to relevant departments and companies. Results of an annual audit are reported to the Board of Directors. In addition, this office performs "evaluation of internal controls over financial reporting" under the Financial Instruments and Exchange Act. As for accounting audits, the Company uses KPMG AZSA LLC as Accounting Auditor under the Companies Act and for accounting audits under the Financial Instruments and Exchange Act. The said auditing firm and its engagement partners who are engaged in audits of the Company have no special interest in the Company.

Names of certified public accountants who executed operations

Designated and Engagement Partner; Katsunori Tsukahara, Kentaro Mikuriya

Composition of assistants involved in accounting audits

The composition of assistants involved in accounting audit work is determined based on the criteria for selecting an auditing firm.

Specifically, main constituent members are certified public accountants, etc.

[Translation]

In accordance with the provision of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Outside Directors and outside audit & supervisory board members that limits their liabilities as defined in the provision of Article 423, paragraph (1) of the said act. The maximum amount of the liabilities for damages based on this agreement shall be the amount stipulated by laws and regulations. This limited liability is accepted only in the case of absence of ill intent and gross negligence on the part of the relevant Outside Director or audit & supervisory board member in the execution of his or her duties that caused the liability.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted a governance system based on the Board of Directors, audit & supervisory board members and the Audit & Supervisory Board, and elected multiple Outside Directors to strengthen the supervisory function of the Board of Directors. Currently there are nine Directors, of which three are Outside Directors. Outside Directors have insights based on experience as a member of the top management and knowledge, and the Company believes that they play an adequate role in strengthening of the Company's corporate governance as well as enhancement of its corporate value and common interests of shareholders. There are five audit & supervisory board members, which consist of two standing statutory audit & supervisory board members and three outside audit & supervisory board members. The Company believes that the outside audit & supervisory board members play an adequate role as the management supervisory function from an independent and neutral standpoint.

[Translation]

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	Notification is sent 22 days before the date of the general meeting of shareholders. Early disclosure via the Web was made six days before the date of sending the notification.
Allowing Electronic or Magnetic Exercise of Voting Rights	Available
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company has participated in ICJ's voting rights platform since 2016.
Providing Convocation Notice in English (Translated Fully or Partially)	The notice has been posted on websites of the Tokyo Stock Exchange and the Company. The Company's website: https://www.tbsholdings.co.jp/en/ir/stakeholders/meeting.html

2. IR Activities [Updated]

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The content of the TBS Group Information Disclosure Policies, which was formulated by the Board of Directors, has been disclosed on the Company's website. https://www.tbsholdings.co.jp/about/governance/internalcontrol.html	
Holding Regular Investor Briefings for Individual Investors	With regards to results briefings held in conjunction with announcement of annual results and semi-annual results, the Company has enhanced the provision of information to individual investors by delivering a video of the presentation by the top management on its website, and also posting materials for the briefings distributed at the venue. https://www.tbsholdings.co.jp/en/ir/library/presentation.html	Yes
Holding Regular Investor Briefings for Analysts and Institutional Investors	Results briefings are held in conjunction with announcement of annual results and semi-annual results, and the top management explains the operating results there. The results briefing in November 2021 was held in online format to prevent the spread of the novel coronavirus disease (COVID-19). In addition, a meeting to acquire a further understanding of the Company's business operations is held though it is irregular, and requests for individual meetings, interviews, etc. from institutional investors and analysts are accepted as needed.	Yes

[Translation]

<p>Holding Regular Investor Briefings for Overseas Investors</p>	<p>Overseas IR activities are performed where appropriate. The English version of explanatory materials for earnings summary and annual results has been posted for overseas investors on the Company's website, and many materials in English summarizing operating results have also been placed. https://www.tbsholdings.co.jp/en/ir/stakeholders/ In addition, requests for individual meetings, interviews, etc. from overseas investors are also accepted as needed.</p>	<p>Yes</p>
<p>Posting IR Materials on Website</p>	<p>With regard to matters posted in Investor Relations on the Company's website (https://www.tbsholdings.co.jp/ir/), in addition to explanatory materials for quarterly earnings summary and annual results, video and distributed documents of IR briefings, stock information, securities reports, timely disclosure information, etc., the Company has posted a wide range of materials to enhance investors' understanding by providing fact sheets and earnings highlights visually summarizing operating results using many charts.</p>	
<p>Establishment of Department and/or Manager in Charge of IR</p>	<p>IR Promotion Department of the Finance & Corporate Strategy Division</p>	

3. Measures to Ensure Due Respect for Stakeholders [Updated]

	Supplementary Explanations
<p>Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.</p>	<p>In April 2020, under the new corporate philosophy, the Group started its brand promise, which is a promise to customers to be etched into the mind of each and every one of the Group's employees and motive for the future, "From each moment, a better tomorrow." https://www.tbsholdings.co.jp/en/about/brand.html Furthermore, the TBS Group Activities Charter has been established and published on the Company's website. https://www.tbsholdings.co.jp/about/governance/statement.html</p>

<p>Implementation of Environmental Activities, CSR Activities, etc.</p>	<p>In order to realize “sustainable growth” and “enhancement of corporate value” of the Group, the Company has established ESG strategy, which is headed by one Director and in charge of one Executive Officer, as one of the pillars. In order to accelerate the promotion of the Sustainable Development Goals (SDGs) proposed by the United Nations, we have joined the United Nations “SDG Media Compact.” We have also established the SDG Planning Division to promote the SDGs throughout the Group.</p> <p>In November last year, we held our first company-wide SDGs campaign, “WEEK to Make the Earth Smile,” in which more than 40 news, information and variety programs participated from TBS TV, TBS Radio and BS-TBS, covering a variety of issues including global warming, poverty and discrimination. The second and third editions of the campaign were conducted in April and November of this year, respectively, each with the participation of more than 50 programs under the theme of “Get Involved with the SDGs.” In addition, we set up the “HOUSE that Makes the Earth Smile” in Akasaka Sacas as a base for communicating the SDGs for about four months from July this year, and held exhibitions under the theme of “global warming,” “recycling and reuse of settings for dramas,” etc., as well as workshops on “weather presenter experience” and others. Furthermore, an event where children could enjoy learning about global warming was held at Sacas Plaza in conjunction with the third edition of the campaign in November.</p> <p>In addition, as part of our efforts to reduce CO2 emissions, we are working to reduce CO2 emissions in our broadcasting centers. In FY2019, we achieved a reduction rate of 36.9% (compared to base emissions), an improvement of more than 5 percentage points from the previous fiscal year, and we are aiming to reduce 37.0% or more in FY2021.</p> <p>We are also working to promote renewable energy, and following the TBS Radio Toda Transmitting Station in 2018, we achieved 100% renewable energy for the power used at cultural facilities adjacent to our Head office and studios, including the TBS Akasaka ACT Theater and Akasaka Sacas Plaza, in October 2019. Furthermore, in FY2021, TBS Midoriyama Studio will convert 100% of its electricity use to renewable energy. This will make TBS Midoriyama Studio the largest “100% renewable energy studio” in Japan.</p> <p>We have established the TBS Group CSR Activity Policy, and we are putting particular emphasis on the five categories of educational CSR, environmental CSR, social contribution, earthquake relief, and international contribution. In the area of educational CSR, as part of its media literacy program, we conduct “delivery classes” in which announcers and program staff travel to elementary and junior high schools. However, last year, due to the spread of the novel coronavirus disease (COVID-19), these classes were conducted online. In the area of environmental CSR, we grow a green curtain of bitter melon in the main corridor of our Head Office to help prevent global warming. In the area of social contribution, we used his/her skills as an announcer to create audio books for the visually impaired, and distributed them through the Braille library. We also conducted special homerooms online, such as “Learning the Meaning of Living Together from the Corona Press,” as the learning environment changed after Corona. As a message to children affected by the Corona disaster, a picture book entitled “Sekai ga Kaze wo Hiita Kara,” written by an active physician, was made available on the TBS official YouTube channel.</p> <p>In the area of earthquake relief, the JNN/JRN Joint Disaster Relief Fund was established to provide relief to the victims. Since the Great East Japan Earthquake, we have also continued to implement the “Kizuna Menu,” in which a 20-yen portion of the price of some menu items in the employee cafeteria is used to raise funds. In the area of international contribution, we</p>
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[Translation]

	<p>have implemented a training program with Communication University of China with the aim of developing human resources and promoting exchange between Japan and China.</p> <p>DigiCon6 ASIA, Asia's largest short film contest, is also held to highlight young talent in digital content, with 16 Asian countries and regions participating.</p> <p>For more information about our activities, please visit our website at https://www.tbsholdings.co.jp/en/sustainability/</p>
Formulation of Policies for Information Provision to Stakeholders	<p>The TBS Group Information Disclosure Policies have been established and published on the Company's website.</p> <p>https://www.tbsholdings.co.jp/about/governance/internalcontrol.html</p>
Other	<p>The Group is proactively implementing various initiatives to promote diverse work styles.</p> <p>Working from home, which is one of new work styles, is applied to all employees and outside staff as an emergency measure for COVID-19, and has been experienced across all in-house divisions to date. This has advanced the improvement of infrastructure security, etc. and been opening the door to a possibility of working practices for employees who have difficulty commuting to work due to personal injury or illness and those engaged in child-rearing or nursing care. In addition, this is also leading to development of new workplaces for employment of people with disabilities. Besides, a female employee who had left her job for family reasons returned to work utilizing the Job Return system in FY2020, and has been working actively, making use of her experience. The Company hope that specific use of such systems has a good influence on the entire Group and will expand possibilities of new working practices.</p>

IV. Matters Related to Internal Control System

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

As a certified broadcast holding company, with broadcasters under its umbrella that are entrusted with the use of finite and valuable radio waves, TBS Holdings, Inc. is profoundly aware of the social responsibilities and public mission, as stated in the TBS Group Activities Charter, and will continue to fulfill and strengthen its corporate governance. As part of our efforts to carry out our business activities appropriately and efficiently, while maintaining and enhancing the corporate value of the TBS Group, we have established the TBS Group Corporate Activities Committee, which is chaired by the President, to build and implement internal control systems for the Group. The Committee is made up of directors from the Company and its Group companies, as well as outside members. Its responsibilities are as follows: (1) Matters pertaining to the development, evaluation and improvement of internal control systems (2) Matters pertaining to upholding business ethics (3) Matters pertaining to the risk management and the appropriate and efficient performance of operations (4) Matters pertaining to information disclosure (5) Matters pertaining to questions from the Board of Directors of TBS Group companies

As systems ensuring that the business performance by Directors complies with laws and regulations, and the Articles of Incorporation, (1) all officers and employees swear a basic oath under the TBS Group Activities Charter, which defines the corporate philosophy under which the TBS Group is working to achieve growth based on excellence as a corporate group. We are working to ensure the full implementation of the TBS Group Activities Standards, which were formulated as standards for the realization of the Charter. (2) We have formulated the TBS Group Information Disclosure Policies, and we will fulfill our responsibilities to provide good explanations to shareholders as a corporate group through the timely disclosure of accurate information. (3) The Special Committee for Appraising Corporate Value, consisting of outside directors, outside audit & supervisory board members and outside experts, assesses policies from the perspective of maximizing corporate value in response to questions submitted by the Board of Directors, and advises the Board of Directors of the results of its deliberations. (4) TBS Holdings, Inc. is audited by the Audit & Supervisory Board, formed by standing statutory audit & supervisory board members and outside audit & supervisory board members. The important subsidiary, Tokyo Broadcasting System Television, Inc. does not set the Audit & Supervisory Board but is audited by outside audit & supervisory board members on the basis of the structure of TBS Holdings, Inc.

As systems concerning the storage and management of information pertaining to the performance of Directors' duties, (1) we have formulated the Document Handling Regulations, which define standards for the handling of documents containing information pertaining to the performance of directors' duties. Documents are stored and managed appropriately and reliably during the periods stipulated in those regulations. (2) We have maintained document storage and management systems capable of responding promptly to requests from directors and audit & supervisory board members who wish to peruse documents pertaining to the performance of directors' duties.

As risks of loss management regulations and other systems, (1) we will establish the TBS Group General Risk Management Policies, the TBS Group General Risk Management Regulations, and other regulations required to support ongoing controls on risks of losses affecting our business activities and operations, and monitor risks based on implementation guidelines. Risk management conditions will be evaluated semi-annually by the TBS Group General Risk Management Committee, which is a sub-committee of the TBS Group Corporate Activities Committee. (2) We have formulated Basic Policies for Managing Market Risk. This policy is reviewed semi-annually to ensure an appropriate response to the risk of share price, foreign exchange rate and interest rate fluctuations. (3) We have formulated the Investment and Financial Management Regulations to support the management, coordination and efficient use of investments and finance. The appropriateness of investments and loans is assessed by the Investment and Financial Judging Committee after consultation with the Board of Full-time Directors and Officers. (4) To prepare for serious risks such as damage to our corporate brand, we have formulated the TBS Group Crisis Response Regulations, which define the establishment of an organization in charge, operational procedures, information management approach, and other systems that differ from those in normal times, and respond to the emergence of serious risks. (5) We have established the TBS Group Information Liaison Conference to summarize and share information required to handle situations when risks arise. (6) We have formulated the TBS Group Information Security Policy to ensure appropriate network use and prevent threats, such as unauthorized access, system damage caused by computer viruses etc., and data leakage or tampering etc.

As systems ensuring the efficient performance of Directors' duties, (1) in principle, the Board of Directors meets regularly once every month. This is the basic system for ensuring the efficient performance of directors'

duties. (2) Important matters pertaining to management policy and strategies are discussed at the Board of Full-time Directors and Officers, which is in principle held once a week. Decisions on executive actions are taken after these deliberations. (3) Important matters pertaining to major group companies are discussed at the Group Executive Officers' Meeting, which is in principle held twice a month. Decisions on executive actions are taken after these deliberations. (4) The Board of Full-time Directors and Officers, which advises the President, supports comprehensive long-term management planning by facilitating and coordinating long-term management planning activities.

As systems ensuring that employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, (1) we have formulated the TBS Group Activities Charter as a basic oath that all officers and employees are required to uphold. We have also adopted the TBS Group Activities Standards as standards for the realization of the Charter. (2) We ensure that the Compliance Division is able to function effectively and appropriately as the coordinating unit for the development and operation of our internal control and compliance system, and that the Office of Internal Business Audit can function effectively and appropriately as the internal audit unit. (3) We have maintained the TBS Hotline as an internal reporting system for the Group, and we have made effective use of the Office of Internal Business Audit and outside law offices as contact points for the reporting of problems, such as situations that contravene laws and regulations or corporate rules. (4) We have maintained internal checks and balances, such as personnel-related systems, to eliminate the concentration of authority in the hands of individual employees.

As systems ensuring the appropriateness of business operations of the group consisting of TBS Holdings, Inc. and its subsidiaries, (1) we apply the TBS Group Activities Charter and the TBS Group Activities Standards as the oath and behavior guidelines for the Group. The Company conducts a review of each company in the Group on a regular basis, in order to ensure strict compliance therewith. (2) Tokyo Broadcasting System Television, Inc., TBS Radio, Inc. and BS-TBS, INC., broadcasters under its umbrella, will set the Broadcast Council in accordance with the Broadcasting Act, and Broadcast Council will be the committee for consultation and proposal of all queries, aiming for the improvement and the development of broadcast programs. (3) The Company has set the Office of Internal Business Audit to audit the operations of all related Group companies. (4) Each company within the Group has laid down the TBS Group Corporate Governance, aims the penetration of formulation and operation of internal control systems, and straightens the system to maintain the soundness of the parent and subsidiary relationships in the Group. (5) Each company within the Group have participated in the TBS Hotline and set out and operated a structure to raise awareness of the participation. (6) We have formulated the Subsidiaries and Affiliates Management Regulations as the basis for ensuring the appropriateness of business operations and enhancing the management efficiency of the Group, as well as accelerating their development through the provision of guidance, while developing a system under which directors of subsidiaries report matters concerning the execution of duties to the Company. (7) We seek to share information on business conditions of the Group through reports from each group company at the Group Executive Officers' Meeting.

As systems ensuring the effectiveness of audits conducted by the Audit & Supervisory Board Members, (1) we will ensure that the office of Audit & Supervisory Board Members is able to function as a support unit for the activities of the audit & supervisory board members, and employees who provide that support will assist in the work of the audit & supervisory board members pursuant to instructions from the audit & supervisory board members. We will also maintain a system whereby approval of the audit & supervisory board members will be obtained for personnel appraisals and transfers of such employees, and for any disciplinary action against such employees. (2) The Audit & Supervisory Board has established an Audit & Supervisory Board Headquarters when required, such as when there were matters requiring investigation by the audit & supervisory board members. Employees nominated by the Audit & Supervisory Board have provided assistance to the Audit & Supervisory Board or the audit & supervisory board members. The Company has appropriately borne expenses incurred for the investigation by the Audit & Supervisory Board Headquarters. (3) The directors and employees report to the audit & supervisory board members whenever there are important matters affecting operations or performance. A system will also be secured to ensure they are not treated unfavorably based on facts reported or details thereof. (4) The audit & supervisory board members may require reports from Directors or employees as required at any time. (5) We have operated the TBS Group Information Liaison Conference and the TBS Hotline appropriately and maintain appropriate reporting systems, so that the audit & supervisory board members can be informed of any compliance issues, including violations of laws and regulations. (6) The audit & supervisory board members will receive reports on the results of internal audits conducted by the Office of Internal Business Audit. (7) The audit & supervisory board members can attend important meetings, peruse documents concerning important decisions, and require directors to provide reports concerning the performance of operations. If necessary, the audit & supervisory

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board members can also hold direct hearings in any department. (8) The audit & supervisory board members, accounting auditors, Office of Internal Business Audit and the Compliance Division share information to maintain effective and efficient internal control systems. (9) The Company has appropriately borne expenses that arise from executing the duties of the audit & supervisory board members, respecting the will of audit & supervisory board members.

2. Basic Views on Eliminating Antisocial Powers and Progress of Related Efforts

The TBS Group Activities Standards specify that the Company shall steadfastly confront antisocial powers and organizations that pose a threat to social order and security and shall not provide any favors to them regardless of names, and that if any wrongdoing is found, efforts shall be made to report it promptly. Based on the said standards, the Company has developed operational regulations for an internal reporting system.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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Supplementary Explanation

The Company's policy for responding to takeover proposals was announced on May 18, 2005, and approved at the 80th Ordinary General Meeting of Shareholders held on June 28, 2007 after it was revised in accordance with a resolution adopted by its Board of Directors meeting held on February 28, 2007. Furthermore, required amendments were made at the Company's Board of Directors meeting held on April 3, 2009 within a frame of the above resolution approved at the general meeting of shareholders with the prior and unanimous approval of all members of the Special Committee for Appraising Corporate Value, in line with the Company's shift to a certified broadcast holding company as of April 1, 2009 and the amendment and enforcement of the Companies Act and the Financial Instruments and Exchange Act.

This response policy was developed, adheres to the corporate legal systems such as the Companies Act, guidelines jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice, and various Tokyo Stock Exchange Inc. rules. A General Meeting of Shareholders will be convened as a general rule to allow direct canvassing of the wishes of shareholders before the countermeasures are triggered, and to ensure fairness and objectivity of the decision, a Special Committee for Appraising Corporate Value as an advisory board to the Board of Directors of the Company, consisting of highly independent Outside Directors, outside audit & supervisory board members and outside experts, shall be set up, and the committee's advice shall be followed to the greatest possible extent. Accordingly, the amended policy is seen as contributing to our corporate value and the common interests of shareholders and not as a policy designed to maintain the positions of officers of the Company.

Please refer to the Company's website for details of this response policy as at the time of submitting this report.

(<https://www.tbsholdings.co.jp/about/governance/decision.html>)

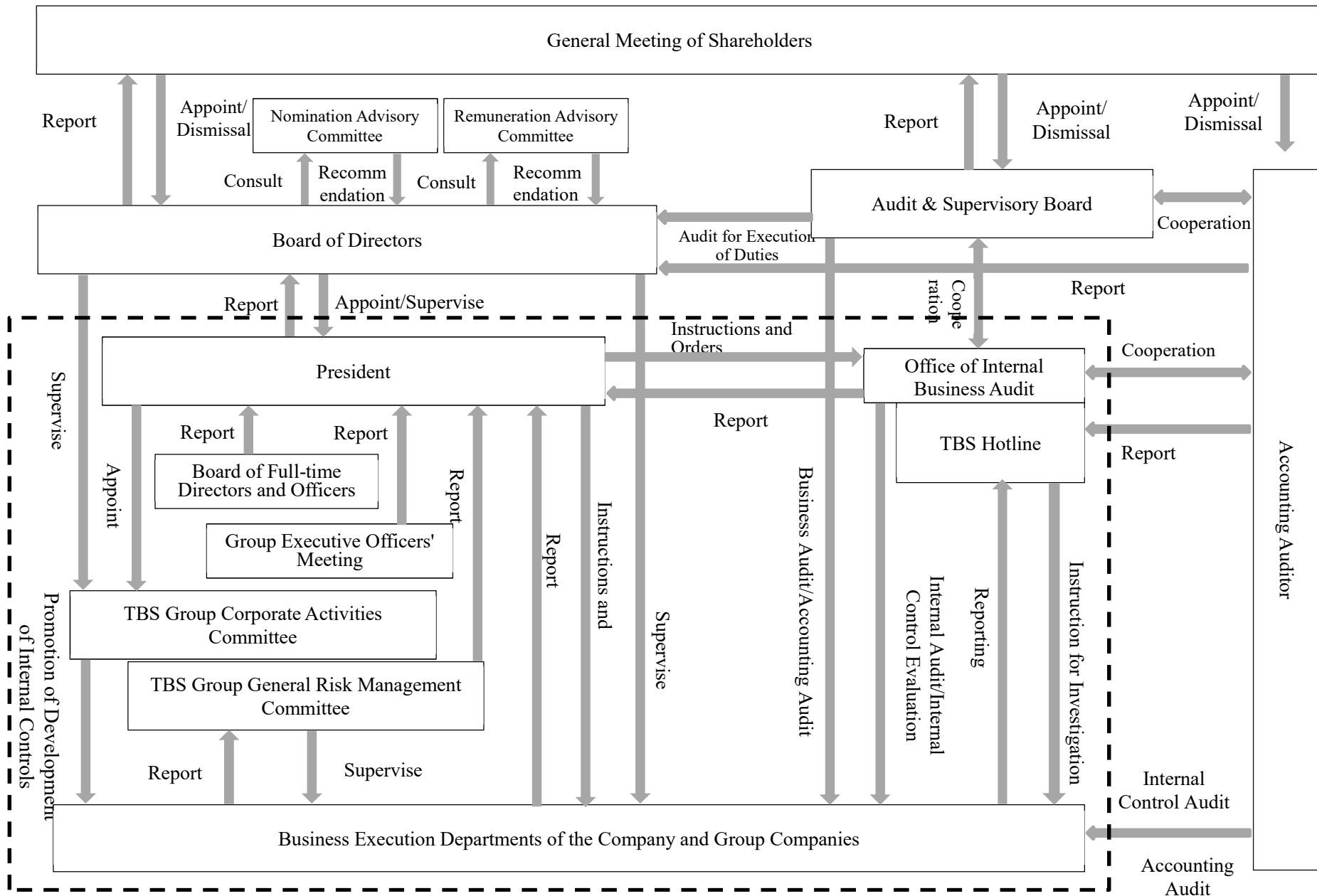
2. Other Matters Concerning Corporate Governance System

Decisions on important matters of the Company and decisions and reports on financial results, etc. are made by the Board of Full-time Directors and Officers and the Board of Directors. The Director who is the Head of ESG strategy and a member of the Board of Full-time Directors and Officers and the Board of Directors serves as the Information Handling Manager, and the system where important information is consolidated to the Information Handling Manager has been established.

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As for information disclosure, information is disclosed without delay pursuant to instructions from the Information Handling Manager after decision is made on the important matter or the important fact occurs. With regard to management of important information, the Company strives to ensure thorough information management by stipulating in internal regulations that officers and employees, etc. who are involved in operations for preparation of proposals on important matters and others shall particularly keep tight control over relevant information before a decision and report is made on important matters, etc. at the Board of Directors meeting and other occasions, in addition to maintaining general confidentiality, to prevent leakage. The Information Disclosure Committee has been set up to further ensure the understanding and management of important information as well as the timely and appropriate information disclosure. The Information Disclosure Committee is chaired by the Information Handling Manager and made up of Division President of General Affairs Division, Division President of Compliance Division and Division President of Finance & Corporate Strategy Division, and its responsibilities are for matters related to formulation of the basic policy for management of important information, determination of measures for information disclosure, etc. In addition, the Executive Meeting, which consist of those in manager level positions such as the Head of General Affairs Department, Head of Finance Department, Head of Financial Strategy Department, has been put in place under the Information Disclosure Committee. The Executive Meeting shall summarize and closely examine information related to important information and provide reports and opinions on management, disclosure methods, for the information to the committee, and also conduct checks of materials for disclosure and other tasks.

Corporate governance system



Internal System regarding Timely Disclosure of Corporate Information

