

Last Update: June 28, 2022

Tokyo Century Corporation

President & CEO Koichi Baba

Contact: Investor Relations Division

Securities Code: 8439

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

The corporate governance of Tokyo Century Corporation is described below.

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

1. Basic Views

Recognizing that effective corporate governance is a key for maximizing corporate value, Tokyo Century endeavors to create a sound and highly transparent management structure that swiftly responds to changes in the business environment and makes accurate decisions.

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

This report is presented in accordance with the Code after its revision in June 2021 (including the principles for the Prime Market that will be applied from April 4, 2022).
Tokyo Century complies with all of the principles of the Corporate Governance Code.

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

Principle 1-4 Cross-Shareholding

Policy on Cross-Shareholdings

Cross-shareholdings by Tokyo Century (equity securities held for purposes other than pure investment) consist of shares issued by important stakeholders of Tokyo Century Group, such as its major business partners, shareholders, and lenders. The shares held are necessary to promote Tokyo Century's business over the medium to long term. In addition, Tokyo Century considers whether or not these cross-shareholdings should be continued by periodically reviewing the corresponding business relationships and the status of profit or loss and by having the Board of Directors verify the reasons for these holdings and whether the benefits of holding these shares exceed the capital costs. In cases where the rationality of such holdings is not recognized, a proposal regarding the reduction of said shares is made. In fiscal 2021, the Company reviewed all of the shares held and decided to reduce part of its holdings. In fiscal 2022, Tokyo Century plans to continue to review all of the shares held.

Policy on the Exercise of Voting Rights

The decision to approve or disapprove each agenda item is made by the division in charge of exercising the voting right (Corporate Planning Division) after considering the benefits of being a shareholder and the purpose of holding the relevant shares in consultation with the Operation Headquarters, Credit Supervision Unit, and other divisions. The Company has also established internal procedures on the exercise of voting rights to provide a checklist and clarify the related process. Particularly with regard to items that may damage the corporate value of the issuer of the shares or Tokyo Century's interests as a shareholder (e.g., corporate reorganization such as mergers, introduction of anti-takeover measures, election of officers or rewarding of retirement benefits to officers at a poorly performing company, and other limits placed on shareholders'

rights), approval or disapproval is determined after confirming the content and impact.

Principle 1-7 Related Party Transactions

Tokyo Century has established the following system to ensure that no transactions between the Company and its officers or major shareholders (related party transactions) can damage the interests of the Company or the common interests of its shareholders.

Based on the resolutions of the Board of Directors, the Company has established the Corporate Code of Conduct, Our Action Guidelines, and the Basic Policy for the Internal Control System for officers and other employees for the purpose of prohibiting acts that could create a conflict of interest with Tokyo Century Group, implementing corporate activities in a sound and fair manner, and practicing and enforcing legal compliance and actions guided by common sense. In addition, the president and CEO designates compliance management regulations after deliberations by the Management Meeting. The Company monitors the status of compliance based on reports submitted periodically and as needed to the Board of Directors, the Management Meeting, and the president and CEO, who serves as the chief compliance officer of Tokyo Century Group.

With regard to related party transactions, “approval of competitive transactions and transactions involving a conflict of interest by directors” is stipulated as an item requiring a decision by the Board of Directors under the Company’s rules governing the board. Furthermore, corporate auditors conduct “audits concerning competitive transactions and transactions involving a conflict of interest,” as stipulated by the auditing standards for corporate auditors, with the purpose of monitoring and verifying possible violations of director responsibilities.

Principle 2-4 Ensuring Diversity, Including Active Participation of Women

Supplementary Principle 2-4-1

For its core human resources, including managers, Tokyo Century evaluates each individual, regardless of whether they are women, mid-career hires, or foreign nationals, and appoints a diverse range of human resources that the organization requires. As of April 1, 2022, the ratio of female employees was 31.8% (non-consolidated basis, hereinafter the same), and the ratio of female managers was 9.8%. Going forward, the Company will promote the active participation of women by setting a target of 30% for the ratio of female managers, the same as the government policy target.

The ratio of mid-career hires was 32.8%, and the ratio of mid-career hires in management positions was 37.5% as of April 1, 2022. Since its merger in 2009, the Company has been actively hiring mid-career workers to strengthen its human resources as it expands its business. The Company will continue to actively recruit human resources in line with changes in its growth strategies and business models and aim to increase the number of mid-career hires and their promotion to management positions from the current level.

The ratio of foreign national employees was 0.4%, and the ratio of foreign national managers was 0.4% as of April 1, 2022. To continue to grow on a global scale, the Company requires the hiring and promotion of foreign nationals; therefore, it will aim to increase the number of foreign employees hired and promoted to management positions from the current level.

The Company has established the Diversity Promotion Office within the Personnel Division to ensure that employees with diverse abilities and personalities can continue to provide high value-added services by exercising their flexibility and ability to act. In addition, the Company has been striving to develop diverse human resources and improve the internal environment by formulating the Basic Diversity Policy. Please refer to the Basic Diversity Policy and Initiatives on the corporate website for details of its diversity initiatives.

Principle 2-6 Performance of Functions as a Corporate Pension Asset Owner

Tokyo Century does not accumulate nor manage pension funds as a corporate pension asset owner. However, the Company has adopted a defined contribution corporate pension scheme to enable stable asset formation by its employees.

The Company provides continuous education for its employees with regard to the management of the defined contribution corporate pension scheme, and the selection of investment products is determined based on discussions by the employees’ union.

Principle 3-1 Full Disclosure

i. Management Philosophy, Business Strategy, and Business Plans

Tokyo Century has formulated its management philosophy and management policies, medium-term

management plan, and business strategies, which are disclosed on its website (About Us, IR Information), in its Securities Report (Outstanding Issues), and by other means.
(<https://www.tokyocentury.co.jp/en/>)

ii. Basic Views and Basic Policies on Corporate Governance

The Company's basic views and basic policies on corporate governance are provided under "I. 1. Basic Views" and "II. 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of the Current Corporate Governance System)" of this report.

iii. Officer Compensation and Other Issues

The Company's policies on officer compensation are provided under "II. 1. Items Concerning Organizational Composition and Operation (Officer Compensation) Disclosure of Policy on Determining Compensation Amount and Calculation Methods" of this report.

iv. Policy and Procedures for the Nomination, Election, and Dismissal of Directors and the Nomination and Election of Corporate Auditors

With regard to the nomination and election of candidates for directors, Tokyo Century pays due consideration to its fiduciary responsibility to shareholders by nominating persons who are qualified to help achieve sustainable growth and enhance medium- to long-term corporate value for the Company based on their expert knowledge and broad insight as well as their abundant experience in corporate management and operational execution. The Board of Directors determines the nomination and election of candidates for directors by referring to the opinions expressed by the Nomination Committee, an advisory body to the Board of Directors chaired by an independent external director, in which the majority of members consists of independent external directors.

With regard to the nomination and election of candidates for corporate auditors, Tokyo Century selects those who are qualified to provide appropriate management oversight for the execution of operations by the Company's directors and executive officers as well as legal compliance and appropriateness of corporate activities based on their abundant experience and extensive knowledge gained as a manager of a company or through management of a financial institution. In principle, at least one corporate auditor should possess sufficient knowledge of finance and accounting. The Board of Directors determines the nomination and election of candidates for corporate auditors, following deliberation by the Board of Corporate Auditors.

With regard to the dismissal of directors, the Board of Directors deliberates on the issue by referring to the opinions provided by the Nomination Committee. When the Board of Directors determines there is justification for dismissal, such as when the director is not deemed to be fully demonstrating their abilities for achieving sustainable growth and enhancing mid- to long-term corporate value, or when the director is deemed to fall short of the Company's standards of election, or when they have engaged in an act that goes against the public order and standards of decency, the board will act in accordance with the law and present a dismissal proposal to the General Meeting of Shareholders, whereupon the director will be dismissed once the proposal is approved by shareholders.

v. Explanations Concerning the Election, Nomination, and Dismissal of Individual Officers

Reasons for the election of directors and corporate auditors are provided in the Reference Document of the "Convocation Notice for the Annual General Meeting of Shareholders" dispatched upon presenting the proposal on the election of directors and other officers for deliberation by the General Meeting of Shareholders.

Supplementary Principle 3-1-3

For more information on the Company's sustainability initiatives, please refer to "Sustainability Initiatives" on its website.

(<https://www.tokyocentury.co.jp/en/csr/>)

Please refer to "Securing and Developing Human Resources to Support the Group's Sustainable Growth" on the corporate website for initiatives related to investment in human capital.

(<https://www.tokyocentury.co.jp/jp/challenge/sdgs/humanresources.html>) (Japanese only)

Tokyo Century has set the promotion of business transformation through digital technology as an important theme and newly established the DX Strategy Division in December 2020 as a specialized division for promoting digital transformation (DX). In addition, the Company has defined key issues as materiality. Of these issues, it has set "creation of new businesses driven technical innovation." As a strategy to achieve the

Company's sustainable business growth, it invests in venture companies and forms business alliances. For details, please refer to its press releases.

(https://www.tokyocentury.co.jp/_cms/wp-content/uploads/2021/03/210303_Investment-to-Volocopter-GmbH-a-next-generation-German-urban-air-mobility-company.pdf,
<https://ssl4.eir-parts.net/doc/8439/tdnet/1860085/00.pdf> (Japanese only))

Principle 4-1 Roles and Responsibilities of the Board of Directors (1)

Supplementary Principle 4-1-1

An overview of the roles and responsibilities of the Board of Directors and delegation of authority concerning operational execution is provided under “II. 2. Items Concerning Functions Including Operational Execution, Auditing and Supervision, Nomination, and Determination of Compensation (Overview of the Current System of Corporate Governance)” in this report.

Principle 4-8 Effective Use of Independent External Directors

Tokyo Century currently has a total of 13 directors, of which five are independent external directors.

Principle 4-9 Independence Standards and Qualification for Independent External Directors

Tokyo Century adheres to its basic views in electing its independent external directors by complying with the independence criteria for “independent directors” designated by the Tokyo Stock Exchange (Tokyo Stock Exchange “Guidelines Concerning Listing Management”) and selecting persons who are capable of objectively supervising the Company's management based on their specialized knowledge and broad insight as well as their abundant experience in corporate management. In this way, the Company ensures the independence of its independent external directors.

Supplementary Principle 4-10-1

Tokyo Century has established the Nomination Committee and Compensation Committee, chaired by independent external directors and composed of a majority of independent external directors. As advisory bodies to the Board of Directors, the Company ensures the independence of the Board of Directors' functions related to the nomination (including succession planning) and compensation of senior management and directors.

For the composition, authority, and roles of the committees, please refer to “Principle 3-1 iv. Policy and Procedures for the Nomination, Election, and Dismissal of Directors and the Nomination and Election of Corporate Auditors.” For gender and other diversity and skills, please refer to “Supplementary Principle 4-11-1.”

Principle 4-11 Preconditions for Ensuring the Effectiveness of the Board of Directors

Supplementary Principle 4-11-1

With regard to the nomination and election of candidates for directors, Tokyo Century pays due consideration to its fiduciary responsibility to shareholders by selecting persons who are qualified to help achieve sustainable growth and enhance mid- to long-term corporate value based on their expert knowledge and broad insight as well as their abundant experience in corporate management and operational execution. When electing the candidates, due consideration is also paid to diversity, including the perspectives of gender and nationality, and to the appropriate scope of the Board of Directors.

The balance of knowledge, experience, and other capabilities presented in the Board of Directors as a whole is based on the basic strategies in the New Fourth Medium-Term Management Plan. To verify the process of nominating candidates for directors, the Company analyzes diversity in the areas of expertise and knowledge, such as corporate management, global operations, legal affairs and risk management, finance, and accounting and taxation. With regard to “Diversity of Directors,” please refer to page 57 of the “Integrated Report 2021.” (https://www.tokyocentury.co.jp/download/pdf/en/ir/2021en_all.pdf)

The Company has established the Nomination Committee and Compensation Committee, which are chaired by an independent external director. The majority of members consist of independent external directors, to serve as advisory bodies to the Board of Directors. The board seeks advice from the Nomination Committee on important agenda items such as the nomination of candidates for directors and from the Compensation Committee on key items such as the design and policy of the compensation system for directors, etc., and makes decisions by referring to their opinions.

Supplementary Principle 4-11-2

With regard to the current status of significant concurrent positions held by candidates for directors and incumbent directors, Tokyo Century discloses the information each year in the Reference Document of the “Convocation Notice for the Annual General Meeting of Shareholders” and in disclosure documents such as business reports.

Supplementary Principle 4-11-3

Tokyo Century has established the Board Effectiveness Review Council, which primarily consists of independent external directors and corporate auditors to advise the Board of Directors. The council conducts an analysis and review of the Board of Directors once a year in principle on aspects such as the effectiveness of its supervisory functions, status of deliberations, structure, and operating method, taking into account the self-evaluations submitted by each director.

In fiscal 2021, as in the previous year, the Company hired a third-party assessment institution to objectively review the effectiveness of directors and used its evaluation report during the meeting of the Board Effectiveness Review Council. The Board of Directors will analyze and assess the effectiveness of the board as a whole by referring to the opinions provided by the council and will duly disclose the results.

The key themes of the evaluation of the effectiveness of the Board of Directors in fiscal 2020 include: management methods for stimulating discussion at Board of Directors meetings, enhancement of free discussions as a separate opportunity from Board of Directors meetings, and the management system of Group companies. The Company has been working on these issues.

In fiscal 2021, the Board of Directors was deemed to be adequately and appropriately fulfilling its roles and duties, which are providing overall direction by setting corporate strategies, creating an environment conducive to appropriate risk taking by top management, and exercising highly effective oversight of top management and directors from an independent and objective standpoint.

Regarding the operation of the Board of Directors, the board was deemed to be actively engaged in sustainability management discussions with an accurate grasp of changes in the business environment due to the impact of factors such as decarbonization as well as constructive and meaningful discussions on management strategy. The board will continue to hold discussions on mid- to long-term management strategy with due consideration for the circumstances and external environment surrounding the Company.

Independent external directors were deemed to be appropriately performing their roles and responsibilities, including supervision of management, by drawing on their respective insights to actively offer their opinions from an independent and objective standpoint during meetings of the Board of Directors, Nomination Committee, Compensation Committee, Board Effectiveness Review Council, and other bodies.

With regard to the functions and composition of the Board of Directors, the Nomination Committee took the lead in discussions concerning the ideal form of supervision and revision of the composition, further enhancing the balance of directors in terms of knowledge, experience and abilities as well as diversity through measures such as increasing the number of female external directors. As a result, the Board of Directors was deemed adequate and appropriate in terms of its diversity and scope. Looking ahead, Tokyo Century will seek to deepen its discussion on the board’s oversight functions and continue to explore the ideal ratio of internal and external directors and the gender and global aspects of diversity to further improve the board’s effectiveness.

Following the assessment of the effectiveness of the Board of Directors, it was recommended that the board continue to expand its discussions on medium- and long-term issues into the next decade, risk management, Group governance, and other issues. Tokyo Century remains committed to improving the effectiveness of the Board of Directors as the task at hand for fiscal 2022. The Company will continue to enhance the board’s functions by paying due consideration to the results of the effectiveness review.

Principle 4-15 Training of Directors and Corporate Auditors**Supplementary Principle 4-12-2**

To fulfill their expected roles and responsibilities as members of a body that oversees corporate governance, directors, and corporate auditors, including newly appointed officers, are required to deepen their understanding of their roles and responsibilities as well as strive to acquire and appropriately build on their knowledge of necessary issues. Upon their election, directors and corporate auditors, including external directors and external corporate auditors, receive a briefing providing the necessary knowledge on matters such as the Company’s business, finances, and organization and developing a sufficient understanding to fulfill the roles and responsibilities (including legal responsibilities) required of them as directors and

corporate auditors. Tokyo Century also organizes training seminars and information-sharing meetings for officers as opportunities for receiving continuous updates after they are appointed.

Principle 5-1 Policy for Constructive Dialogue with Shareholders

For Tokyo Century’s policy for constructive dialogue with shareholders, please refer to the section under “III. 2. Status of IR Activities” of this report and the Investor Relations page (IR Policy and other information) of its corporate website.

(<https://www.tokyocentury.co.jp/en/ir/>)

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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[Status of Major Shareholders]

Company Name	Number of Shares Owned	Percentage (%)
ITOCHU Corporation	36,714,800	30.04
Chuo-Nittochi Co.,Ltd.	17,160,850	14.04
Nippon Telegraph and Telephone Corporation	12,302,800	10.07
KSO Co., Ltd.	10,306,000	8.43
The Master Trust Bank of Japan, Ltd. (Trust accounts)	5,856,300	4.79
Mizuho Bank, Ltd.	4,688,030	3.84
Seiwa Sogo Tatemono Co., Ltd.	4,002,650	3.28
Custody Bank of Japan, Ltd. (Trust accounts)	3,870,400	3.17
Nippon Life Insurance Company	2,117,465	1.73
Mizuho Trust & Banking Co., Ltd. (Retirement Allowance Trust, Orient Corporation Account Trust & Custody Services Bank, Ltd. re-entrusted)	1,900,000	1.55

Controlling Shareholder (except for Parent Company)	—
Parent Company	—

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Other Financing Business

Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than \1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

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

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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 Form	Company with <i>Kansayaku</i> Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	18
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	13
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Masao Yoshida	From another company									△			
Akio Nakamura	From another company									○			
Toshio Asano	From another company									△			
Miho Tanaka	Lawyer												○

Akio Nakamura	✓	<p>Although the Company maintains business relationships with Japan Securities Depository Center, Inc., at which external director Akio Nakamura serves as president and CEO, and Tanabe & Partners, where he is a partner, the amount of a transaction accounted for less than 1% of the sales of these companies and the consolidated revenue of the Company, and the amount of a transaction with Tanabe & Partners was 1 million yen during the most recent fiscal year. Meanwhile, there are no business relationships between the Company and JASDEC DVP Clearing Corporation, for which Akio Nakamura serves as president and CEO, and ipet Insurance Co., Ltd., for which he serves as an outside director.</p>	<p>Mr. Akio Nakamura has provided accurate advice on the overall management of the Company from an objective perspective as an external director of the Company and has ably carried out management and monitoring from an independent perspective, applying his abundant experience and wide range of knowledge gained in fields such as finance and taxation, from June 2015 to June 2017, and again from June 2018.</p> <p>(Reasons for selection as an independent director candidate) Mr. Akio Nakamura is an external director who is not affiliated with any of Tokyo Century's major business partners, and the Company sees no likelihood of a potential conflict of interest between Mr. Nakamura and its general shareholders.</p>
Toshio Asano	✓	<p>Although Asahi Kasei Corporation, at which external director Toshio Asano was engaged in business execution as a director, and the Cancer Institute Foundation, where he serves as chairman, have business relationships with the Company, the amount of transactions accounted for less than 1% of the sales of these entities and the Company's consolidated revenue, and no donations were made to the foundation during the most recent fiscal year. In addition, there are no business relationships between the Company and Maruho Co., Ltd., Medipal Holdings Corporation, and Daicel Corporation, at all of which Toshio Asano serves as an outside director.</p>	<p>Mr. Toshio Asano has led a major diversified chemicals company and has abundant experience and broad knowledge of corporate management. He has applied his insight in the management of the Company and carried out management and monitoring from an independent perspective as an external director of the Company since June 2019.</p> <p>(Reasons for selection as an independent director candidate) Mr. Asano is an external director who is not affiliated with any of Tokyo Century's major business partners, and the Company sees no likelihood of a potential conflict of interest between Mr. Asano and its general shareholders.</p>
Miho Tanaka	✓	<p>Although Solast Corporation, at which external director Miho Tanaka serves as an outside auditor, and the Company have a business relationship, the amount of transaction accounted for less than 1% of the sales of Solast Corporation and the</p>	<p>While Ms. Tanaka has not been directly involved in corporate management, she possesses abundant knowledge and experience as an attorney with particular expertise in corporate legal affairs and M&A. As an external director of the Company</p>

		Company's consolidated revenue in the most recent fiscal year. In addition, there is no business relationship between the Company and Shiba & Tanaka Law Office, where she serves as a partner, Pacific Porter Inc, where she serves as an outside auditor, and marimo Regional Revitalization REIT, Inc. and JINUSHI Private REIT, Inc., at which she serves as a supervisory director. Her name as it appears in the family register is Miho Takahashi.	since June 2021, she brings deep insight and wealth of experience to the Company's management and monitors the Company's business execution from an independent perspective. (Reasons for selection as an independent director candidate) Ms. Tanaka is an external director who is not affiliated with any of Tokyo Century's major business partners, and the Company sees no likelihood of a potential conflict of interest between Ms. Tanaka and its general shareholders.
Tsuyoshi Numagami	✓	Although there is a business relationship between JFE Holdings, Inc., at which external director Tsuyoshi Numagami serves as an outside Audit & Supervisory Board member, and the Japan Productivity Center, where he serves as the president of the Management Academy, the sales of JFE Holdings, Inc. and the Japan Productivity Center and the amount of transaction accounted for less than 1% of the sales of these entities and the Company's consolidated revenue during the most recent fiscal year. In addition, the Company has made no donations to the foundation. There are no business relationships between the Company and Hitotsubashi University and Tokyo Institute of Technology, at which he is a professor.	Although Mr. Numagami has not been directly involved in corporate management, he possesses deep academic knowledge as a researcher of corporate management, especially in corporate strategy and organization, and is also familiar with various industrial fields. He is capable of applying his deep insight and knowledge to the management of the Company and monitoring the management of business execution from an independent perspective. (Reasons for selection as an independent director candidate) Mr. Numagami is an external director who is not affiliated with any of Tokyo Century's major business partners, and the Company sees no likelihood of a potential conflict of interest between Mr. Numagami and its general shareholders.

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

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Remuneration Committee
All Committee Members	7	7

Full-time Members	0	0
Inside Directors	2	2
Outside Directors	5	5
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

Tokyo Century has established the Nomination Committee and Compensation Committee as voluntary advisory committees under the Board of Directors to strengthen the independence, objectivity, and accountability of the functions performed by the Board of Directors. The members (as of June 27, 2022), roles, and status of activities of each committee are as follows.

Nomination Committee

Members

1. Chair (external director): Toshio Asano
2. Members: Masao Yoshida, Akio Nakamura, Miho Tanaka, Tsuyoshi Numagami (external directors) and Masataka Yukiya, Koichi Baba (internal directors)
3. Advisors (attorneys at law): Tadashi Kunihiro, Katsumi Nakamura

Responsibilities 1. Matters related to proposals concerning the election and dismissal of directors presented to the Annual General Meeting of Shareholders

2. Matters related to the election and dismissal of the president
3. Matters related to succession planning for the president (including education)
4. Other important personnel matters involving directors and other officers

Status of Activities

The Nomination Committee met eight times in fiscal 2021.

Compensation Committee

Members

1. Chair (external director): Masao Yoshida
2. Members: Akio Nakamura, Toshio Asano, Miho Tanaka, Tsuyoshi Numagami (external directors) and Masataka Yukiya, Koichi Baba (internal directors)
3. Advisors (attorneys at law): Tadashi Kunihiro, Katsumi Nakamura

Responsibilities 1. Matters related to the design of compensation systems and compensation policies for directors and executive officers

2. Other important matters related to compensation for directors and other officers

Status of Activities

The Compensation Committee met two times in fiscal 2021.

[Kansayaku]

Establishment of <i>Kansayaku</i> Board	Established
Maximum Number of <i>Kansayaku</i> Stipulated in Articles of Incorporation	8
Number of <i>Kansayaku</i>	4

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

The Board of Corporate Auditors receives a report from the independent auditor on the quarterly earnings review and audit results for full-year earnings and on the status and system of operational execution, which is followed by an exchange of views. All corporate auditors attend the meetings of the Board of Directors and receive reports from the Audit Division on the audit plan and internal auditing results along with the status of

establishment and management of the internal control system. In addition and in principle, standing corporate auditors (including the external corporate auditor) exchange information with the Audit Division on a quarterly basis, and important information is shared with the other external corporate auditor during meetings of the Board of Corporate Auditors.	
Appointment of Outside <i>Kansayaku</i>	Appointed
Number of Outside <i>Kansayaku</i>	2
Number of Independent <i>Kansayaku</i>	1

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		A	b	c	d	e	f	g	h	i	j	k	l	m
Futoshi Okada	From another company							△						
Masao Fujieda	Tax Accountant													○

* 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 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. *Kansayaku* 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 compensation as a *kansayaku*
- 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 *kansayaku* himself/herself only)
- k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
- m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent <i>Kansayaku</i>	Supplementary Explanation of the Relationship	Reasons of Appointment
Futoshi Okada	✓	External Corporate Auditor Futoshi Okada concurrently holds positions as auditor at Nippon Car Solutions Co., Ltd., auditor at Nippon Rent-A-Car Service, Inc., auditor at IHI Finance Support Corporation, auditor at	Mr. Futoshi Okada has served as the Company's external corporate auditor since June 2012 and has applied the extensive experience and broad knowledge he has gained by engaging in corporate management, sales, and overseas business execution at financial institutions to provide appropriate management oversight regarding the

		<p>TRY Corporation, auditor at TC Property Solutions Corporation, auditor at TC Business Experts Corporation, auditor at TC Kobelco Real Estate Co., Ltd, auditor at TC Hotels & Resorts Karuizawa K.K., auditor at Century Tokyo Leasing China Corporation, and auditor at Century Tokyo Factoring China Corporation. All of these companies are consolidated subsidiaries. Mr. Okada has work experience at Mizuho Bank, Ltd. and its affiliated companies, and four people from these companies have been appointed directors at Tokyo Century Corporation. As of March 31, 2022, Mizuho Bank, Ltd. owned a 3.84% stake in Tokyo Century Corporation. In addition, as of March 31, 2022, Tokyo Century Group had business loans totaling 525,775 million yen from Mizuho Bank, Ltd. Tokyo Century conducts business with Mizuho Bank, Ltd. and its affiliated companies, but the prices and other transaction conditions are the same as transactions with other entities.</p>	<p>adequacy and validity of Tokyo Century's corporate activities.</p>
Masao Fujieda	✓	<p>External Corporate Auditor Masao Fujieda concurrently holds positions as a representative of Fujieda Masao Tax Accounting Office and as auditor at Nip Corporation. Although the Company has a business relationship with Nip Corporation, the amount</p>	<p>Mr. Masao Fujieda has served as the Company's external corporate auditor since June 2018 and has applied his expert knowledge and experience in taxation and accounting as a tax accountant to provide appropriate management oversight regarding the adequacy and validity of Tokyo Century's corporate activities.</p> <p>(Reasons for selection as an independent director candidate)</p>

		of transaction accounted for less than 1% of the sale of Nip Corporation and the Company's consolidated revenues during the most recent fiscal year.	Mr. Masao Fujieda is an external corporate auditor who is not affiliated with any of Tokyo Century's major business partners, and the Company sees no likelihood of a potential conflict of interest between Mr. Fujieda and its general shareholders.
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[Independent Directors/*Kansayaku*]

Number of Independent Directors/ <i>Kansayaku</i>	6
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Matters relating to Independent Directors/ <i>Kansayaku</i>

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[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Stock Options
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Supplementary Explanation

<p>At the 43rd Annual General Meeting of Shareholders on June 21, 2012, the Company received approval for granting stock options as stock-based compensation to directors, excluding external directors. The upper limit of the amount to be paid as stock-based compensation in the form of stock options was set at 130 million yen per annum, while the upper limit for issuing new stock acquisition rights was set at 1,800 units (one unit buys 100 shares of common stock of Tokyo Century Corporation), which will be issued within a year of the date of the Annual General Meeting of Shareholders for the relevant fiscal year. Subsequently, at the 47th Annual General Meeting of Shareholders on June 24, 2016, approval was given to a resolution for raising the upper limit of the amount to be paid as stock-based compensation in the form of stock options to 400 million yen per annum.</p>
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Recipients of Stock Options	Inside Directors / Employee / Subsidiaries' Directors / Subsidiaries' Executive Officers (Shikkoyaku) / Other
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Supplementary Explanation

<p>Tokyo Century began granting stock options as stock-based compensation to directors, excluding external directors and part-time directors, and to executive officers from fiscal 2012. This was intended to further motivate directors to enhance corporate value by raising their sensitivity to the Company's stock price and business performance and sharing not only the merits of an increase in the stock price but also the risks of a decline with shareholders. From fiscal 2014, the Company also began granting stock options as stock-based compensation to some of its employees.</p>
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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Partial disclosure on an individual basis.
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Supplementary Explanation

<p>Tokyo Century discloses the total amount of compensation paid to all directors in its Securities Report and Business Report. For the 53rd fiscal year (ended March 2022), the total amount of compensation paid to directors and corporate auditors was 804 million yen, comprising 711 million yen paid to directors and 93</p>

million yen paid to corporate auditors. The above-mentioned amount includes 194 million yen in provisions for directors' bonuses accounted for as costs in the fiscal year under review. The above-mentioned amount of compensation for directors includes 131 million yen paid in the form of stock options.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(Officers' Compensation)

(1) Policy for Determining Compensation for Individual Directors

Director compensation is decided by a resolution of the Board of Directors based on recommendations from the Compensation Committee, primarily consisting of independent external directors, on the policy for determining the content of compensation for individual directors. The board also receives advice from outside experts. Regarding director compensation, the Company maintains a framework linked to sound incentives toward its sustainable growth and the medium- to long-term development of its businesses. It has established a director compensation system to align the interests of the directors with those of the shareholders, raise the awareness of directors regarding enhancing shareholder value, attract outstanding talent, and secure and develop human resources who can drive the improvement of the Company's corporate value. Draft proposals on matters such as the policy, systems, and levels of officer compensation are referred to the Compensation Committee, and the Board of Directors makes the final decision based on the committee's recommendations. Officer compensation comprises basic compensation, officer bonuses, and stock options as stock-based, non-monetary compensation. Basic compensation, which is fixed compensation, is determined through a comprehensive consideration of the duties, roles, and responsibilities and other factors of each officer. Compensation for directors responsible for business execution comprises performance-based compensation including basic compensation, officer bonuses, and stock options as stock-based compensation. The ratio for the amount of basic compensation to performance-based compensation is set at approximately 1.0 to 1.0-2.5, determined by comprehensively accounting for achievements and performance based on each director's expected duties. The content of compensation for each director is referred to the Compensation Committee, which deliberates on aspects including adherence to the policy on determining officer compensation, and the president, CEO, and representative director approves the content due consideration for the committee's recommendations; and with this final decision, the content is formally deemed to adhere to the policy by the Board of Directors. The compensation of external directors and corporate auditors, who are in a position independent from business execution, consists entirely of basic compensation based on their roles, and the compensation of corporate auditors is determined through deliberations by the corporate auditors within the prescribed limits.

(2) Resolutions by the General Meeting of Shareholders on Compensation for Directors and Corporate Auditors

Pursuant to the resolution adopted by the Annual General Meeting of Shareholders held on June 24, 2016, the maximum aggregate amount of annual compensation paid to directors is capped at 1,000 million yen, including 100 million yen set aside for compensation paid to external directors. With regard to stock compensation-type stock options that may be granted to directors, excluding external directors, within the scope of the above framework, the maximum fair value of such stock options is capped at 400 million yen per year. There were ten directors, of which two were external directors, as of the conclusion of the said Annual General Meeting of Shareholders.

The revisions enforced by the Act Partially Amending the Companies Act (Act No. 70 of 2019) offered clarification on matters that were to be resolved by the general meeting of shareholders. Accordingly, a resolution was adopted by the Annual General Meeting of Shareholders held on June 28, 2021 with regard to new stock acquisition rights granted as stock compensation-type stock options under the compensation framework described in the above paragraph, and they are issued within one year from the date of the annual general meeting of shareholders held for each fiscal year. Based on this resolution, the number of new stock acquisition rights is capped at 1,800, where one unit grants the right to buy 100 shares of common stock. There were eight directors, excluding external directors, as of the conclusion of the said Annual General Meeting of Shareholders.

Pursuant to the resolution adopted by the Extraordinary General Meeting of Shareholders held on February 25, 2009, the maximum amount of annual compensation paid to corporate auditors is capped at 150 million yen. There were five corporate auditors, of which four were external corporate auditors, as of the conclusion of the said Extraordinary Annual General Meeting of Shareholders.

(3) Delegation of Decision-Making on Compensation for Individual Directors

President & CEO and Representative Director decides on the specific content of compensation for individual directors based on the resolution by the Board of Directors. The delegation of authority to decide on the amount of basic compensation and officer bonuses for directors is based on the belief that the president, CEO, and representative director is in the best position to evaluate the operations entrusted to each director, while leading the business of the entire Company. To ensure that the president, CEO, and representative director appropriately exercises this authority, the Board of Directors presents a draft proposal to the Compensation Committee and receives its recommendations. The Compensation Committee makes its recommendations by seeking advice from outside experts and referring to third-party survey data on compensation levels, and the president, CEO, and representative director exercises delegated authority and decides with due consideration for the committee's recommendations. With regard to stock options offered as stock-based compensation, the Board of Directors deliberates on the number of stock options granted to each officer based on the recommendations of the Compensation Committee.

(4) Performance-Based Compensation and Content of Non-Monetary Compensation

Performance-based compensation comprising officer bonuses and stock options as stock-based compensation are distributed according to profits, which in turn based on net income attributable to owners of parent for each fiscal year, with the maximum set at approximately 1% of net income. The amount of compensation for directors responsible for business execution is determined by comprehensively taking into account achievements and performance based on each director's expected duties. Given that net income attributable to owners of parent represents the final profit or loss for the period generated through the activities of a fiscal year and is directly linked to the improvement of corporate value during the period, the Company has decided it is a suitable indicator for determining the compensation of directors, who are responsible for improving the corporate value of the entire Group and maximizing shareholder profits, and it has therefore been adopted as an indicator for performance-based compensation. The change in net income attributable to owners of parent over time, including fiscal 2020, has been published under "Section 1. Corporate Information, 1. Corporate Overview, 1. Change in Significant Indicators" in the First Section of the Securities Report. Officer bonuses are paid to directors in charge of executing operations within a certain period following the conclusion of each business year. Stock options as stock-based compensation are allocated in the form of share subscription rights and offset by payments made from monetary compensations for directors. These stock options are allocated within a certain period each year. The ratio of officer bonuses to performance-based compensation is set at 50-50, and information on stock options as stock-based compensation is published under "Section 4. Information on the Reporting Company, 1. Information on Shares, etc. (2) Information on Share Subscription Rights (i) Stock Option System" of the Securities Report.

[Supporting System for Outside Directors and/or *Kansayaku*]

External directors perform their duties with assistance from the Corporate Planning Division, which serves as the secretariat of the Board of Directors. Tokyo Century has also established an Auditors Office under the corporate auditors, staffed by employees who assist with the duties of the corporate auditors. While these employees concurrently belong to other divisions, they remain under the command and control of corporate auditors with regard to the tasks they perform to assist in the duties of corporate auditors, thereby ensuring the effectiveness of instructions given by corporate auditors to these employees.

[Retired presidents/CEOs holding advisory positions (*sodanyaku*, *komon*, etc.)]

Information on retired presidents/CEOs holding advisory positions (*sodanyaku*, *komon*, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Makoto Nogami	Executive Adviser	Maintain relationships with customers, etc.	Part-time with compensation	March 31, 2022	One year

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	1
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Others

While the Company does not have an advisory board member system, in the event a retired director is hired, they may be designated as executive adviser, senior adviser, or corporate adviser depending on their position at the time of retirement and be entrusted with advice and other duties in various fields. Executive advisers may provide advice as requested by the Company but may not be involved in management decision-making.

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

(1) Information on Corporate Bodies

Tokyo Century has introduced an executive officer system to expedite decision-making on management strategy and strengthen the systems of supervision and execution of operations. Among the 26 executive officers is one female officer. The Company has established the following bodies to realize and secure corporate governance and operates under the current corporate governance system based on its judgment that appropriate corporate management is possible through the functioning of each body.

Board of Directors

The Board of Directors is composed of 13 directors, including five external directors as defined by Article 2-15 of the Companies Act of Japan. The Board of Directors deliberates on and makes decisions about the policies, strategies, business plans, and other key management issues of Tokyo Century and its Group companies as well as matters specified by prevailing laws, regulations, articles of incorporation, and rules governing the board. It also supervises the execution of operations by directors and executive officers. The board met 13 times in fiscal 2021. Under the Company's articles of incorporation, the maximum number of directors is set at 18.

(Members)

President & CEO, Representative Director Koichi Baba (Chairperson); Chairman & Co-CEO, Representative Director Masataka Yukiya; External Director Masao Yoshida; External Director Akio Nakamura; External Director Toshio Asano; External Director Miho Tanaka; External Director Tsuyoshi Numagami; Deputy President, Director and Executive Officer Akihiko Okada; Deputy President, Director and Executive Officer Hiroshi Sato; Director and Senior Managing Executive Officer Toshio Kitamura; Director and Senior Managing Executive Officer Mahoko Hara; Director and Managing Executive Officer Tatsuya Hirasaki; Director Shunichi Asada

Board of Corporate Auditors

Tokyo Century has adopted the organizational structure of a company with a board of corporate auditors. The Board of Corporate Auditors comprises four members, including two who are external corporate auditors as defined by Article 2-16 of the Companies Act of Japan. The Board of Corporate Auditors meets regularly and executes independent and fair audits of compliance and the appropriateness of corporate activities including the performance of duties by directors and executive officers. The board met nine times in fiscal 2021.

(Members)

Standing Corporate Auditor (External Corporate Auditor) Futoshi Okada (Chairperson); Standing Corporate Auditor Katsuya Amamoto; Standing Corporate Auditor Yoshio Nomura; and Corporate Auditor (External Corporate Auditor) Masao Fujieda

Nomination Committee

Tokyo Century has established a Nomination Committee, primarily consisting of independent directors, as an advisory body to the Board of Directors. The committee comprises seven members and deliberates on the nomination of candidates for director and corporate auditor positions, and reports to the Board of Directors. The committee met eight times in fiscal 2021. For more information, please refer to the supplementary explanation for “Voluntary Committees Equivalent to a Nomination Committee or Compensation Committee” under “II. 1. Items Concerning Organizational Composition and Operation” of this report.

(Members)

External Director Toshio Asano (Chairperson); External Director Masao Yoshida; External Director Akio Nakamaura; External Director Miho Tanaka; External Director Tsuyoshi Numagami; Chairman & Co-CEO, Representative Director Masataka Yukiya; President & CEO, Representative Director Koichi Baba

Compensation Committee

Tokyo Century has established a Compensation Committee, primarily consisting of independent directors, as an advisory body to the Board of Directors. The committee comprises seven members, discusses matters such as compensation systems and policies, and reports to the Board of Directors. It met two times in fiscal 2021. For more information, please refer to the supplementary explanation for “Voluntary Committees Equivalent to a Nomination Committee or Compensation Committee” under “II. 1. Items Concerning Organizational Composition and Operation” of this report.

(Members)

External Director Masao Yoshida (Chairperson); External Director Akio Nakamaura; External Director Toshio Asano; External Director Miho Tanaka; External Director Tsuyoshi Numagami; Chairman & Co-CEO, Representative Director Masataka Yukiya; President & CEO, Representative Director Koichi Baba

Management Meeting

Tokyo Century has established a Management Meeting comprising the president and CEO and officers appointed by the president and CEO. In principle, the Management Meeting is held once a week to deliberate on matters that are particularly important to the execution of operations and makes decisions for Tokyo Century Group as a whole.

(Members)

President & CEO, Representative Director Koichi Baba (Chairperson); Chairman & Co-CEO, Representative Director Masataka Yukiya; Deputy President, Director, and Executive Officer Akihiko Okada; Deputy President, Director and Executive Officer Hiroshi Sato; Deputy President, Executive Officer Yoichiro Nakai; Director and Managing Executive Officer Tatsuya Hirasaki, Managing Executive Officer Takashi Yonetsu; and Managing Executive Officer Ko Nakagawa

Transaction Evaluation Meeting

Tokyo Century has established a Transaction Evaluation Meeting comprising the president and CEO and officers appointed by the president and CEO. In principle, the Transaction Evaluation Meeting is held once a week to discuss to make decisions about major business transactions being considered by Tokyo Century and its Group companies as well as transactions that warrant complex risk analysis.

(Members)

Managing Executive Officer Ko Nakagawa (Chairperson); Chairman & Co-CEO, Representative Director Masataka Yukiya; President & CEO, Representative Director Koichi Baba; Deputy President, Director, and Executive Officer Akihiko Okada; Deputy President, Director, and Executive Officer Hiroshi Sato; Deputy President, Executive Officer Yoichiro Nakai; Director and Managing Executive Officer Tatsuya Hirasaki; and Managing Executive Officer Takashi Yonetsu

ALM Committee

Tokyo Century has established the Asset Liability Management (ALM Committee) to identify and minimize the exposure of assets and liabilities to risks, including fluctuations in interest and foreign currency exchange rates. It discusses matters relevant to managing market, liquidity, and other risks and reports to the Management Meeting.

(Members)

President & CEO, Representative Director Koichi Baba (Chairperson); Chairman & Co-CEO, Representative Director Masataka Yukiya; Deputy President, Director, and Executive Officer Akihiko Okada; Deputy President, Director, and Executive Officer Hiroshi Sato; Deputy President, Executive Officer Yoichiro Nakai;

Director and Managing Executive Officer Tatsuya Hirasaki; Managing Executive Officer Takashi Yonetsu; Managing Executive Officer Ko Nakagawa; Executive Officer Yukihiro Tanaka; the general manager of the Corporate Planning Division, and the general manager of the Treasury Division

Comprehensive Risk Management Committee

Tokyo Century has established the Comprehensive Risk Management Committee to address any risks faced by the Company. The committee discusses matters such as construction of the risk management system and approaches to measuring risk. It also periodically assesses Tokyo Century's risk exposure and reports to the Management Meeting.

(Members)

Managing Executive Officer Ko Nakagawa (Chairperson); Director and Executive Officer Akihiko Okada; Director and Managing Executive Officer Tatsuya Hirasaki; Managing Executive Officer Takashi Yonetsu; Managing Executive Officer Junji Tsutsui; Executive Officer Toshiyuki Otobe; Executive Officer Yukihiro Tanaka; Executive Officer Hideharu Suekane; Executive Officer Masaaki Teragami; the general manager of the Audit Division; the general manager of the Corporate Planning Division; the general manager of the Credit Supervision Division III; the general manager of the Specialty Finance Strategic Planning Division; and the general manager of the International Business Strategic Planning Division

Internal Control Committee

Tokyo Century has established the Internal Control Committee to ensure the internal control system functions effectively. It discusses general internal control matters, including evaluation of the effectiveness of the financial reporting system and scope of evaluation, and reports to the Management Meeting.

(Members)

Director and Executive Officer Akihiko Okada (Chairperson); Director and Managing Executive Officer Tatsuya Hirasaki; Managing Executive Officer Ko Nakagawa; Managing Executive Officer Junji Tsutsui; Executive Officer Toshiyuki Otobe; Executive Officer Yukihiro Tanaka; Executive Officer Hideharu Suekane; Executive Officer Masaaki Teragami; the general manager of the Audit Division; the general manager of the Audit Office, Audit Division; the general manager of the Internal Control Office, Audit Division; the general manager of the Corporate Planning Division, the general manager of the Specialty Finance Strategic Planning Division; and the general manager of the International Business Strategic Planning Division

Credit Risk Management Committee

Tokyo Century has established the Credit Risk Management Committee to exercise appropriate management of credit risk. It discusses matters including the Group's credit portfolio as a whole and credit risk management and reports to the Management Meeting.

(Members)

Managing Executive Officer Ko Nakagawa (Chairperson); Director and Managing Executive Officer Tatsuya Hirasaki; Executive Officer Yukihiro Tanaka; the general manager of the Corporate Planning Division; the general manager of the Credit Supervision Division I; the general manager of the Credit Supervision Division II; the general manager of the Credit Supervision Division III; the general manager of the Credit Supervision Division IV; and the general manager of the Credit Administration Division

IT and Administration Strategy Management Committee

Tokyo Century has established the IT and Administration Strategy Management Committee to address system and administrative risks. It discusses matters including IT strategy, IT investment plans, and administrative system plans of the Company and the Group and reports to the Management Meeting.

(Members)

President & CEO, Representative Director Koichi Baba (Chairperson); Chairman & Co-CEO, Representative Director Masataka Yukiya; Director and Managing Executive Officer Tatsuya Hirasaki; Managing Executive Officer Junji Tsutsui; the deputy president of the IT Unit; the deputy president of the Business Process Management Unit; the general manager of the Corporate Planning Division, the general manager of the IT Promotion Division, and the general manager of the Business Process Planning Division

Sustainability Committee

Tokyo Century has established the Sustainability Committee to plan, promote, and oversee the Group's sustainability activities. It discusses important issues related to sustainability and reports to the Management Meeting.

(Members)

Director and Managing Executive Officer Tatsuya Hirasaki (Chairperson); Managing Executive Officer Seiichi Mizuno; Managing Executive Officer Ko Nakagawa; Managing Executive Officer Junji Tsutsui; Executive Officer Toshiyuki Otobe; Executive Officer Hideharu Suekane, Executive Officer Masaaki Teragami, the general manager of the Corporate Planning Division; the general manager of the Sustainability Management Division; the general manager of the Specialty Finance Strategic Planning Division; and the general manager of the International Business Strategic Planning Division

Investment Management Committee

Tokyo Century has established an Investment Management Committee to ensure appropriate management of investment risk. The committee deliberates on matters related to the establishment and operation of a management system for investments and the evaluation of major investment projects, and it reports to the Management Committee.

(Members)

Managing Executive Officer Ko Nakagawa (Chairperson); Director and Managing Executive Officer Tatsuya Hirasaki; Executive Officer Yukihiro Tanaka; the general manager of the Corporate Planning Division; the general manager of the Credit Supervision Division III

(2) Status of Audits by Corporate Auditors, Internal Audits, and Audits by the Independent Auditor

The organization and procedures for audits by corporate auditors and internal audits, and the status of collaboration among audits by corporate auditors, internal audits, and audits by the independent auditor, are outlined below.

Audits by Corporate Auditors

Audits are conducted by three standing corporate auditors and one part-time corporate auditor. Corporate auditors conduct audits on the status of operational execution by directors and executive officers as well as the status of establishment and management of internal control systems by attending the meetings of the Board of Directors and other important meetings held by the Management Meeting and major committees.

Internal Audit

The Audit Unit reporting directly to the president and CEO is responsible for the internal audits. It seeks to effectively implement internal audits by conducting them under the audit plan approved by the Management Meeting and providing guidance or recommending corrective measures for divisions in case there are issues at divisions undergoing an audit. The Audit Unit reports the results of its audit to the president and CEO (Management Meeting) and Board of Directors.

Status of Collaboration among Audits by Corporate Auditors, Internal Audits, and Audits by the Independent Auditor

The Board of Corporate Auditors receives a report from the independent auditor on the quarterly earnings review and audit results for full-year earnings and on the status and system of operational execution, which is followed by an exchange of views. All corporate auditors attend the meetings of the Board of Directors and receive reports from the Audit Division on the audit plan and internal auditing results along with the status of establishment and management of the internal control system. In addition and in principle, standing corporate auditors (including the external corporate auditor) exchange information with the Audit Division on a monthly basis, and important information is shared with the other external corporate auditor during a meeting of the Board of Corporate Auditors.

Audits by the Independent Auditor

Tokyo Century has selected Deloitte Touche Tohmatsu LLC as its independent auditor. The names of the certified public accountants who performed the financial audit in the fiscal year ended March 2021, and the auditing firms to which they belong, are as follows.

Names of Certified Public Accountants and Name of the Auditing Firm

Hiroaki Aoki, Designated Limited Liability Partner, Engagement Partner, Deloitte Touche Tohmatsu LLC
Makoto Fujimura, Designated Limited Liability Partner, Engagement Partner, Deloitte Touche Tohmatsu LLC

The number of assistants involved in the financial audit included 12 certified public accountants and 18 others.

Change of Auditing Firm

By resolution of the Annual General Meeting of Shareholders on June 22, 2020, Tokyo Century changed its auditing firm as follows.

51st fiscal year (from April 1, 2019 to March 31, 2020): Ernst & Young Shin Nihon LLC

52nd fiscal year (from April 1, 2020 to March 31, 2021): Deloitte Touche Tohmatsu LLC

3. Reasons for Adoption of Current Corporate Governance System

Tokyo Century has established various bodies, including the Board of Directors and Board of Corporate Auditors, to realize and secure corporate governance and operates under the current corporate governance system based on its judgment that appropriate corporate management is possible through the functioning of each body. Furthermore, the Company has elected five external directors and is subjected to continuous external checks through audits conducted by external corporate auditors, and it therefore believes that it has an adequate system in place to ensure the objectivity and impartiality of its management oversight functions. Currently, two out of four corporate auditors (including three standing corporate auditors) are external corporate auditors. In accordance with Article 329-3 of the Companies Act of Japan, the Company has also elected one substitute external corporate auditor as a precaution against circumstances in which a shortfall occurs in the number of corporate auditors prescribed in the articles of incorporation.

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	The notice of convocation regarding the Annual General Meeting of Shareholders was sent out on June 6, 2022, six days earlier than the statutory date (June 12, 2022). In addition, the notice was disclosed to the Tokyo Stock Exchange and posted on the Company's website on May 26, 2022.
Scheduling AGMs Avoiding the Peak Day	The Company holds its General Meetings of Shareholders by avoiding peak dates to enable as many shareholders as possible to attend. The 53rd Annual General Meeting of Shareholders was on June 27, 2022.
Allowing Electronic Exercise of Voting Rights	The Company has adopted an Internet-based electronic voting system that enables shareholders to exercise their voting rights electronically.
Participation in Electronic Voting Platform	The Company participates in a platform operated by ICJ, Inc. that enables institutional investors to exercise their voting rights electronically.
Providing Convocation Notice in English	The Company holds its General Meetings of Shareholders by avoiding peak dates to enable as many shareholders as possible to attend. The 53rd Annual General Meeting of Shareholders was on June 27, 2022.
Other	Since fiscal 2021, the Company has been offering a live webcast of the General Meeting of Shareholders. In addition, it discloses the results of voting rights exercised, including the number of votes for and against, in the extraordinary reports.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	As its basic policy, Tokyo Century will actively and consistently disclose its management strategy, status of business activities, financial condition, and other information in a timely, fair, and accurate manner for the benefit of

	shareholders, investors, and other stakeholders from the perspective of fair disclosure. The Company has formulated an IR Policy in accordance with prevailing laws and regulations, including the Financial Instruments and Exchange Act of Japan, and the Tokyo Stock Exchange's regulations governing timely disclosure of corporate information by issuers of listed securities. Furthermore, the Company publishes a summary of its IR Policy on its corporate website to encourage better understanding of its IR policy among the broader public, including individual investors.
Regular Investor Briefings for Individual Investors	In order to promote understanding of our company among a wide range of individual investors, we hold company information meetings that mainly cover our business activities, management strategies, and business performance. In fiscal year 2021, the Company conducted the meetings online from the viewpoint of preventing the spread of new coronavirus infection.
Regular Investor Briefings for Analysts and Institutional Investors	The Company seeks to promote broad understanding of Tokyo Century among individual investors by holding briefings to explain its business activities, management strategy, and business results in Tokyo and provincial cities. These briefings were not organized in fiscal 2020 in order not to prevent the spread of COVID-19.
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds quarterly financial results briefings after the announcement of financial results. In addition, investor meetings are held on a regular basis.
Regular Investor Briefings for Overseas Investors	The Company holds individualized briefings for institutional investors in the U.S.A., Europe, and Asia to explain its business activities, management strategy, and business results.
Posting of IR Materials on Website	The Company posts timely disclosure information, earnings overviews, security reports, integrated reports, and other IR materials, such as the IR Policy and IR Calendar, on its website. IR Information URL https://www.tokyocentury.co.jp/en/ir/
Establishment of Department and/or Manager in Charge of IR	Investor Relations Division

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Respect for the position of stakeholders is stipulated in the Company's Management Philosophy, Management Policy, and Corporate Code of Conduct.
Implementation of Environmental Activities, CSR Activities etc.	<p>Tokyo Century Group recognizes that addressing environmental issues is a social responsibility, and having obtained ISO 14001 certification at its main business sites and subsidiaries, it will seek to contribute to the creation of an environmentally sound, sustainable economy and society by acting with due consideration for environmental issues, such as preventing environmental pollution, reducing greenhouse gas emissions, mitigating and adapting the effects of climate change, and preserving biodiversity and ecosystem in all areas of its operating activities.</p> <p>Tokyo Century has established an environmental management system encompassing companies in the Group, with the president, CEO, and representative director serving as the chief executive and the president of the Risk Management Unit serving as the environmental manager. Our environmental management system involves the planning, implementation, operation, and inspection of environmental initiatives in accordance with the PDCA cycle. The system also involves periodic management reviews on the state of initiatives to promote continuous improvement in this area. Tokyo</p>

	<p>Century is actively engaged in a wide range activities for fulfilling its corporate social responsibility, which include engaging in social contribution activities and establishing its information security system by obtaining certification under international standards for information security management systems. The Company discloses information on its activities in the Integrated Report and on its corporate website.</p>
Development of Policies on Information Provision to Stakeholders	<p>The Company has established its IR Policy and will uphold its Basic Policy Regarding Information Disclosure to “actively and consistently disclose its management strategy, status of business activities, financial condition, and other information in a timely, fair, and accurate manner.” The IR Policy is published on the corporate website.</p>
Other	<p>Upholding its Management Policy, Tokyo Century “will cultivate a corporate culture that allows diverse human resources to fully demonstrate their skills and personalities,” and it engages in various measures spearheaded by the Diversity Promotion Office in accordance with its Basic Diversity Policy.</p> <p>Basic Diversity Policy Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and further expand its business domains and developing its global business. In addition, it will promote diversity to enable employees with diverse capabilities and personalities to demonstrate flexible minds and dynamic actions to better serve the varied needs of its customers by consistently providing services with high added value.</p> <ol style="list-style-type: none"> 1. Nurturing Our Corporate Culture Each employee will understand the importance of diversity and nurture a corporate culture that encourages personnel with diverse characteristics to thrive. Specifically, the Company has incorporated diversity as a topic in its training for young employees by year of employment and managerial training and provides information on its initiatives for promoting diversity on its corporate website and in the Integrated Report and shareholder newsletter. 2. Promoting the Active Participation of Diverse Human Resources We will promote the hiring, development, and appointment of human resources from diverse backgrounds, regardless of race, religion, gender, age, sexual orientation, disability, or nationality. Specifically, the Company has formulated the Action Plan for the Promotion of Women’s Active Participation and the Action Plan on the Promotion of Women to Officer and Managerial Positions in order to steadily increase its number of female officers and managers through the active employment, training, and promotion of highly motivated and talented women. Seeking to further expand its business domains and develop its global operations, the Company continues to hire foreign nationals and to foster and promote personnel who can demonstrate their talents both in Japan and overseas. 3. Supporting the Career and Ability Development Tokyo Century believes that personnel are the real assets and driving force for sustainable growth in a company. In order to encourage every employee to demonstrate their abilities and individuality, we support voluntary career and ability development by individual employees. Specifically, the Company organizes training for young employees by year of employment, managerial training, career design training, and global human resource cultivation. Meanwhile, employees now represent increasingly diverse views and values toward work as well as ideal career paths. In response, the Company has introduced the “Career Challenge Program (internal recruitment system)” to enable them to take the initiative in their personal career development.

	<p>4. Enhancing Balancing Work and Private Life We will enhance support for balancing work and private life so that each employee can work flexibly as appropriate to their life circumstances. Specifically, Tokyo Century promotes the creation of a workplace environment where employees can balance their work and private life by actively supporting employees who give birth and engage in childcare and nursing. As part of this initiative, it has formulated the General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. The content of the plan is disclosed on the corporate website.</p>
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IV. Matters Related to the Internal Control System

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

Tokyo Century has established the following Management Philosophy as the basic policy to be adhered to by all officers, managers, and other employees in executing their responsibilities.

Management Philosophy

“Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and will contribute to the creation of an environmentally-sound, sustainable economy and society.” Guided by the Management Philosophy and realizing that establishing and operating a system for appropriate operational execution is an important responsibility of management, Tokyo Century has constructed the following internal control system. Moreover, it will continue to develop this system in response to changes in the internal corporate environment.

(1) Systems to ensure compliance of executive officers’ and other employees’ activities with laws and articles of association

Based on the awareness that thorough adherence to compliance is essential to the continued existence of a company, Tokyo Century Group strives in the following manner to ensure the establishment of a system of management that will be trusted by society at large and in which all officers, managers, and other employees act based on a just and high sense of ethics.

(i) The chief compliance executive officer and the Compliance Office of the Risk Management Division leads the Company’s initiatives for the compliance promotion, education, and training based on the compliance programs.

(ii) All officers, managers, and other employees work together to cultivate a corporate culture that is even more fair and transparent by seeking to understand the spirit of the Compliance Manual, which contains the basic principles of the Corporate Code of Conduct. (iii) The Company has established an internal reporting system for receiving consultations on compliance issues and reporting on illegal behavior comprising several reporting routes, including the standing corporate auditors and corporate lawyer’s office outside the Company as well as the operation of the system ensuring full protection for reporters.

(iv) The Company maintains a resolute corporate stance un refusing unreasonable demands made by antisocial organization and severs all transactions with such organizations.

Furthermore, Tokyo Century’s Board of Directors is composed of directors, including external directors, and deliberates on and makes decisions about matters specified by prevailing laws, regulations, articles of incorporation, and rules governing the board. It also supervises the execution of operations by directors and executive officers.

The Company has also established its Audit Unit as an independent organization that reports directly to the president and CEO and grasps the actual state of its operational implementation through internal audits and periodic internal control evaluations on the Company and its Group companies. The Company seeks to preserve corporate assets and enhance management efficiency based on a fair and impartial process of investigating and verifying that all operations are implemented in an adequate, valid, and rational manner in

compliance with the relevant laws, regulations, articles of incorporation, and various internal regulations and that the Company's systems, organizations, and regulations are appropriate and valid. The results of the audit are reported to the president and CEO (Management Meeting) and the Board of Directors.

(2) System for the Storage and Management of Information Related to the Execution of Duties by Directors
Tokyo Century preserves appropriate records related to the execution of directors' duties, such as records concerning decision-making at important meetings such as the Board of Directors, and documents approved by each director based on regulations of administrative authority. These records are stored for a given period of time as mandated by laws and regulations governing the handling of documents.

In addition, the Company has obtained ISO 27001 certification, the international standard for information security management systems, and maintains the high levels of security required by the standard in managing information while constructing a system that enables directors and corporate auditors to access necessary information.

(3) Rules and Systems for Managing the Risk of Losses

Tokyo Century has proactively designed appropriate risk countermeasures according to risk scale and likelihood. The Company's systematic countermeasures to minimize the risk of losses are as follows. The Board of Directors lays down basic policies relating to risk management to ensure appropriate risk management of the Company. The Comprehensive Risk Management Committee comprehensively identifies and assesses risks concerning the Company to appropriately address risks qualitatively and quantitatively as necessary based on the rules of the committee. Risk management structure, methods, and other considerations are specified in the rules relating to comprehensive risk management that are determined at the Management Meeting after deliberation by the Comprehensive Risk Management Committee. The committee reports on the number of risks and risk management status of the entire Company at the Management Meeting and the Board of Directors on a regular basis and on a case-by-case basis. In addition, through supervision on these reports, the committee verifies and assesses the effectiveness of risk management and constantly reviews the overall status.

(i) The Credit Risk Management Committee was established to measure and control credit risk by formulating a basic policy under the rules governing the committee. To review issues that require sophisticated decisions, such as large projects and new scheme projects, the Transaction Evaluation Meeting was established to screen and approve projects under the rules governing this committee.

(ii) To address market risks such as fluctuations in interest and foreign exchange rates as well as liquidity risk related to fund procurement, the ALM Committee was established to provide comprehensive control over the management and procurement of funds.

(iii) To address equity investment risk, the Management Meeting and Board of Directors exercise control over investment policy and the status of investment in equities.

(iv) The risks involved in products with asset value, such as real estate, aircraft, ships, and automobiles, are addressed by the respective risk divisions, while the Comprehensive Risk Management Committee measures risks and monitors their status.

(v) Information security risk is managed in accordance with the Basic Information Security Policy, rules on handling personal information, and the ISO 27001 standard.

(vi) System risk and administrative risk are addressed by the IT and Administration Strategy Management Committee, which deliberates on issues such as the Company's IT strategy, IT investment, and administrative system.

(vii) To address other general operational risks, the Risk Management Division identifies and measures risks and revises countermeasures, while the Comprehensive Risk Management Committee provides overall management.

In the event of large-scale natural disasters and other crises, the Company responds through a system in which the Management Meeting designates the Crisis Management Rules and Business Continuation Plan Rules following deliberation by the Comprehensive Risk Management Committee.

(4) System to Ensure the Efficient Performance of Directors' Duties

Tokyo Century has constructed the following system to ensure the efficient performance of duties by its directors.

(i) Clarifying the administrative authority and operational responsibility of each director and delegating the authority of operational execution to executive officers to enable directors to perform their duties more efficiently.

(ii) Establishing the Management Meeting as an advisory body to the president and CEO for preliminary deliberation on important issues to enhance discussions by the Board of Directors as well as deliberation and decisions on the execution of the Company's operations and implementation of measures, within the scope of authority defined by the Board of Directors.

(5) System to Ensure the Adequacy of Operations of Tokyo Century Group

Tokyo Century exercises appropriate control over the management of its major subsidiaries and affiliates in accordance with the rules on managing affiliated companies and compliance management regulations, as shown below.

(i) Tokyo Century Group companies operate under a system in which they hold prior consultations with the Company for instructions or approval on certain issues designated by the rules on managing affiliated companies, such as the annual plan, budget, and financial results, and periodically reports on designated items under their sales purview while promptly reporting on any serious risks that arise. In addition, officers, managers, and other employees of Tokyo Century Corporation concurrently serve as directors of Group companies and offer management advice to ensure efficient execution of duties by directors and officers of Group companies. Under this system, the Company exercises appropriate control of management over its Group companies.

(ii) Under the shared Management Philosophy and Corporate Code of Conduct, each consolidated subsidiary in Tokyo Century Group has assigned a chief compliance officer based on the compliance management regulations and in the same way as their parent company. The chief compliance officer of Tokyo Century Corporation has been designated by the president and CEO to exercise overall control. Group companies can directly access the reporting routes of the Company to consult and report on compliance issues.

(iii) In principle, the Internal Control Committee meets quarterly and seeks to promote understanding of and widely establish the internal control system of Tokyo Century Group.

(iv) Rules and regulations laid out by the Company on information security and the handling of personal information are applied to Group companies and implemented under the supervision of the Company.

(6) System to Ensure the Adequacy of Financial Reporting

Tokyo Century recognizes that providing appropriate financial information to investors and business partners through disclosure of reliable financial reports constitutes its responsibility as a company in maintaining and enhancing public trust. Given the importance of reliable financial reporting, the Company has established a basic policy on financial reporting and implements the following measures to ensure adequate financial reporting.

(i) Establishment of the Internal Control Committee

(ii) Business operation for ensuring the reliability of financial reporting

(iii) Appropriate accounting processes

(iv) Disclosure of the Corporate Governance Report

(7) Employees Assisting in the Duties of Corporate Auditors

Tokyo Century has established an Auditor Office under the corporate auditors, staffed by employees who assist with the duties of corporate auditors while concurrently belonging to other divisions.

(8) The Independence of Employees Mentioned in the Above Item from Directors

The Company ensures the independence of employees assigned to the Auditors Office from directors through measures such as seeking prior approval from corporate auditors on the transfer and evaluation of such employees.

(9) Ensuring of the Effectiveness of Corporate Auditors' Instructions to Employees Assisting in the Duties of Corporate Auditors

Employees who assist in the duties of corporate auditors remain under the command and control of corporate auditors in performing tasks relevant to their assignment, thereby ensuring the effectiveness of instructions given to them by corporate auditors.

(10) System for Reporting by Directors and Other Employees to Corporate Auditors and Other Systems for Reporting to Corporate Auditors

Tokyo Century has established the following system to ensure that officers, managers, and other employees of the Company and its Group companies are able to report to each corporate auditor.

(i) The Company has established a system in which corporate auditors receive reports on important matters by attending the meetings of the Board of Directors as well as meetings held by other bodies, including the Management Meeting, Transaction Evaluation Meeting, and ALM Committee.

(ii) In the event that a report is made to the Consultation/Whistleblowing System, or when an incident of corruption, large-scale natural disaster, or other crisis arises, the director in charge is required to simultaneously report to the president and CEO and the corporate auditors. The standing corporate auditor has been designated as one of the reporting routes of the Consultation/Whistleblowing System. (iii) Officers, managers, and other employees of Tokyo Century and its Group companies are required to promptly comply when requested by the corporate auditor to report on matters pertaining to the execution of their operations.

(11) System to Prevent Mistreatment of Persons for Having Reported in Accordance with the Previous Item

The Company prohibits the mistreatment of officers, managers, and other employees of Tokyo Century and its Group companies for having reported to a corporate auditor of the Company.

(12) Policies on the Processing of Costs and Liabilities Arising from the Execution of Corporate Auditors' Duties, Including Procedures for the Prepayment and Repayment of Costs Arising from the Execution of Relevant Duties

When corporate auditors claim prepayment or repayment of costs arising from the execution of their duties, the Company will promptly process the relevant costs or liability, except in cases where the cost is proved to be unnecessary for executing the duties of the relevant corporate auditor.

(13) Other Systems to Ensure Effective Auditing by the Corporate Auditors

The Company has established the following system to ensure effective auditing by its corporate auditors.

(i) The president and CEO and the corporate auditors meet regularly to develop mutual understanding.

(ii) To ensure the effectiveness of audits conducted by corporate auditors, the manager of the Audit Office is required by the Rules on Internal Audits to exchange views and information by collaborating with corporate auditors on a regular basis and as necessary.

2. Basic Views on Eliminating Anti-Social Forces

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 to Corporate Governance System

Overview of the Timely Disclosure System As its basic policy, Tokyo Century will actively and consistently disclose its management strategy, status of business activities, financial condition, and other information in a timely, fair, and accurate manner for the benefit of shareholders and investors. It has formulated its IR Policy in accordance with various laws and regulations, including the Financial Instruments and Exchange Act of

Japan as well as the Tokyo Stock Exchange's regulations governing timely disclosure of corporate information by issuers of listed securities (hereafter "timely disclosure regulations"). The Company has also formulated and implements a practical manual for IR that concretely defines each item of the IR Policy and designates practical guidelines for procedures and methods of operation. The Rules on Management of Internal Information have been established to implement appropriate information management with regard to the management of internal information.

With regard to information related to the Company's business, management, and financial results, which may significantly influence investment decisions by shareholders and investors, the Company has established a system in which the divisions responsible for disclosure and the Corporate Planning Division that oversees information disclosure deliberate on whether specific information requires disclosure or not as well as the timing and method of disclosure in accordance with regulations pertaining to timely disclosure. Information is promptly disclosed by the Investor Relations Division, following a resolution by the Board of Directors or approval by the president of the Corporate Planning Unit.

(1) Disclosure of Information Concerning Decisions, Financial Results, and Earnings Forecasts

With regard to "information concerning decisions" and "information concerning financial results and earnings forecasts," which require disclosure under the timely disclosure regulations, the Investor Relations Division promptly discloses this information following deliberation and resolution by the Board of Directors and approval by the president of the Corporate Planning Unit.

(2) Disclosure of Information Concerning Events

With regard to "information concerning events," which requires disclosure under the timely disclosure regulations, the Investor Relations Division promptly discloses the information following consultation with the divisions responsible for disclosure and the general manager of the Corporate Planning Division and after obtaining approval from the president of the Corporate Planning Unit. Information that is deemed necessary by the general manager of the Corporate Planning Division is disclosed after obtaining approval from the president and CEO.

(3) In principle, information will be disclosed to media organizations through the press club (Kabuto Club) within the Tokyo Stock Exchange. A press conference will be held at the Kabuto Club depending on the importance of the information. Information disclosed therein will also be published on the corporate website.

The Company publishes a summary of its IR Policy on its corporate website to instill a better understanding of its IR policy among the broader public, including individual investors.