

Corporate Governance Report

Tokai Tokyo Financial Holdings, Inc.

Updated as of February 28, 2024

Tokai Tokyo Financial Holdings, Inc.

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<https://www.tokaitokyo-fh.jp/en/>

Tokai Tokyo Financial Holdings, Inc. (hereinafter “the Company”) describes below the current status of its Corporate Governance.

I. Basic Approach toward Corporate Governance, and the Information with regard to Capital Structure, Corporate Attributes and Other Material Matters

1. Basic Approach

The Company considers the enhancement of corporate governance to be one of its important tasks. So, the Company will reinforce and upgrade its corporate governance, aiming to raise the level of fairness and transparency in its management with an ultimate view to winning trust from various stakeholders, and continuously increasing corporate value. The Company makes this endeavor in tandem with its efforts to maintain the corporate structure that allows swift decision-making and business execution.

Further, the Company deems it essential to act in unison with all the stakeholders including shareholders, investors and others. Under such an idea, the Company has established the following basic approach to corporate governance and now hereby posts on its website the same for your reference.

[\(https://www.tokaitokyo-fh.jp/corporate/governance/\)](https://www.tokaitokyo-fh.jp/corporate/governance/)

1. Basic Approach toward Corporate Governance

- (1) The Company respects the right of its shareholders and works to maintain a corporate environment in which such rights can be appropriately exercised as well as to ensure real fairness to shareholders.
- (2) While the Company engages in suitable cooperation with all the stakeholders including shareholders, customers, business partners, employees, and regional societies, it fosters corporate culture and spirit that respect sound business operations.
- (3) The Company discloses information appropriately not only what is required by laws, regulations, etc., but also the information it deems necessary in order to ensure fairness and transparency in its management.
- (4) The Company makes efforts to maintain a system that enables the Board of Directors to perform more effective supervision over its management and concurrently facilitates the management’s swift and resolute decision-making.
- (5) In order to promote continuous growth and increase in medium-to-long-term corporate value, the Company undertakes constructive dialogue with shareholders through proactive IR and other activities.

2. Description of the main feature of the Company’s Corporate Governance

(1) Organizational Framework

The Company has adopted the organizational framework that embraces an Audit & Supervisory Committee in accordance with the Companies Act with the objectives of strengthening the supervisory functions of the Board of Directors, facilitating swift decision-making by enabling the Board of Directors to delegate the execution of important business matters to executive directors, and thus making it easier for the Board of Directors Meeting to engage in deeper discussion of strategic issues.

The Company also maintains a Nomination & Remuneration Committee to ensure objectivity and transparency in decision-making processes concerning the matter of the members of the Board of Directors such as candidate nomination, remuneration and dismissal.

(2) Enhancing Functions of the Board of Directors and the Audit & Supervisory Committee

The Company has outside directors represent the majority of its Board of Directors, and it, in principle, appoints an outside director as the Chairperson of the Board, and thus it ensures the effectiveness of the Board of Directors while maintaining a high level of transparency and fairness. At present, the Board of Directors has five outside directors, including three who concurrently serve on the Audit & Supervisory Committee. Consequently, the majority of both the Board of Directors and the Audit & Supervisory Committee is represented by outside directors. Thus, the Company maintains a heightened level of internal checks and balances.

(3) Distinguish Clearly the Functions of “Business Execution” and “Management Supervision”

The Company’s directors each have clearly defined roles and they are the individuals holding positions of executive directors primarily in charge of business execution or non-executive directors basically in charge of overseeing business execution.

[The reason(s) why the Company has yet to comply with some of the Principles of the Corporate Governance Code]

N/A. The Company is now implementing all principles of the Corporate Governance Code.

[The Disclosure Based on each principle of the Corporate Governance Code]

[Principle 1.4] About “Cross-Shareholdings”

The Company laid out its policy on both the Cross-Shareholding and the execution of subsequently allocated voting right as stated in Article 20 of its Corporate Governance Guideline and Attachment 5 thereof. Further, with respect to the rationale for cross-shareholding, we regularly check to see from an overall perspective whether the designed purpose adequately justifies the relevant cost, and if we find any cross-sharing unreasonable, we recognize such share(s) as those to be divested and reduced in number.

[Corporate Governance Guideline] (<https://www.tokaitokyo-fh.jp/corporate/governance/>)

[Principle 1.7] Related Party Transactions

The Company sets forth the procedure concerning the Related Party Transaction in Article 8-11 and Article 22 of the Corporate Governance Guideline as well as in the pertinent section of the Company’s Administrative Code addressing Related Party Transactions. Please visit our home page to see our Corporate Governance Guideline. (<https://www.tokaitokyo-fh.jp/corporate/governance/>)

[Supplementary principle 2-4①] Ensuring diversity in selecting core personnel

- We, the Group, consider the promotion of diversity and equal opportunity one of the crucial requirements for us to respond to social changes. Concerning the human resource training and the Company’ efforts to raise its organizational readiness to promote and secure diversity, please refer to “3. Measures to Ensure Due Respect for Stakeholders (Others), under III. The Measures Taken for Shareholders and other Interested Parties” on this report as posted on our website.

(<https://www.tokaitokyo-fh.jp/sustainability/training/diversity/>)

- We formulated our General Employer Action Plan in accordance with the Act on Promotion of Women’s Participation and Advancement in the Workplace. In the said plan, we set a 15% representation of managerial positions by females as a goal in promoting the empowerment of women in the workplace (as of April 1, 2023, the ratio was 15.1% and the goal is to be achieved by the end of March 2024). We are now more active than before in recruiting mid-careers (in the range of 20 to 40% of all annual hiring) and we will increase the share of the mid-careers in managerial positions (that is 28.9% as of April 1, 2023). We do not set the goal of hiring foreigners since we operate mainly within Japan. We will change the practice as we find it necessary in our future operations. (* managerial position: the manager position either at the Company or Tokai Tokyo Securities, which is our primary subsidiary, to assume a non-executive work classified as the work grade of 7 or higher)

[Principle 2.6] Fulfillment of Function as an Asset Owner of Corporate Pension

The Company adopts two forms of corporate pension. They are “Defined Benefit Pension Plan” and “Defined Contribution Pension Plan”. The Company considers it important to maintain the level of asset value suitable to help its employees form wealth for their post-retirement lives. Further, the Company recognizes that the

performance of the fund for the “Defined Contribution Pension Plan” could affect its financial standing. The Company, therefore, administers appropriate monitoring over the asset management institutions in charge and prevents conflict of interest to occur. To facilitate those actions, the Company allocates appropriate staff to its Finance and HR departments and trains those staff. As such, the Company keeps striving to enhance its organizational structure.

[Principle 3.1(i)] Disclosure Improvement

[Management Plans]

The Group formulates its Management Philosophy and Management Plans and posts them on the Company’s website for public viewing. So, please refer to them on the website given below.

Management Philosophy: (<https://www.tokaitokyo-fh.jp/corporate/policy/philosophy/>)

Management Plan: (<https://www.tokaitokyo-fh.jp/investors/management/plan/>)

[Principle 3.1(ii)] Disclosure Improvement

[Basic Approach to Corporate Governance and the Related Policy]

Please refer to the “Basic Approach” of this report in regard to the Basic Approach and the Policy related to Corporate Governance of the Company.

[Principle 3.1(iii)] Disclosure Improvement

[Policy for determining the compensation for senior management/Directors by the Board of Directors]

(Policy)

The Company believes that the compensation for Directors suitably incentivizing them with the merit-based reward for their contributions to its performance and corporate value creation should be instrumental to foster or secure talented management personnel capable of promoting its sustained growth as a listed corporation.

The compensation for Executive Directors and Executive Officers comprises three components: fixed salary, performance-linked bonus, and the reward (which is given as stock option) linked with medium-to-long term performance. The compensation for non-Executive Directors (excluding those serving on the Audit & Supervisory Committee) is given only as a fixed salary in order to ensure independence from the business execution of the Company.

The compensation for the Directors serving on the Audit & Supervisory Committee is given only as fixed salary to ensure their appropriate duty fulfilment of audit & supervision of business execution.

Outside Directors have majority representation in the Company’s Board of Directors. The Company, however, has established the Nomination & Remuneration Committee to ensure objectivity and transparency of the process of determining the compensation for Directors. Also, to further ensure objectivity and transparency of the process for determining the compensation for Executive Officers, the Company has set up the “Council for Officers’ Nomination” in addition to the Nomination & Remuneration Committee. Please refer to “[Optional Committees] Supplementary Explanation” in this report about the Nomination & Remuneration Committee.

(Procedure)

The Nomination & Remuneration Committee discusses the method and the level of compensation for Directors, using the related data for reference that are available from external database providers. The Committee then reports to the Chairman and Representative Director, the Board of Directors, and the Audit and Supervisory Committee on the result of such discussions.

The Board of Directors determined in its meeting held on the 28th of June, 2023 that it entrusts the decision on actual compensation for each Director to Tateaki Ishida, the Chairman and Representative Director. The reason for having entrusted the Chairman and Representative Director with the subject decision is that the Chairman and Representative Director is in the best-suited position to grasp the range of assigned areas of duty and assess the performance of each Director in the scope of the entire operating result of the Group. Also,

the Chairman and Representative Director makes the subject decision based on the above-said report from the Audit and Supervisory Committee.

The compensation for the Directors serving on the Audit & Supervisory Committee is determined by the Audit & Supervisory Committee through their discussion based on what is suggested by the Nomination & Remuneration Committee. The appraisal and compensation for Executive Officers are determined by the Chairman & Representative Director, based on what is discussed in the Council for Officers' Nomination.

[Principle 3.1(iv)] Disclosure Improvement

[Policy and procedures for the election of senior management and the nomination of Director candidate(s) by the Board of Directors]

(Policy)

In accordance with the criteria set forth for the nomination of a Director candidate (except the one who serves, if elected, as a member of the Audit & Supervisory Committee), the Board of Directors elects a Director whose knowledge, experience, and social credibility are sufficient to execute management duties at the Company in an appropriate, fair and efficient manner and whose capability is high enough to improve the Company's supervisory function. About candidates for Directors serving on the Audit & Supervisory Committee, the Company nominates persons whose knowledge, experience, and social credibility are sufficient to audit the execution of duties by the Directors not serving on the Audit & Supervisory Committee in an appropriate, fair and efficient manner.

In addition, when nominating candidates for Outside Directors, the "Independence Assessment Standard" for Outside Directors, which is separately provided, is considered.

Although the majority of its Board of Directors is comprised of Outside Directors, the Company has established an "Officers' Nomination & Remuneration Committee" in order to ensure objectivity and transparency of the process for nominating Directors. Also, about Executive Officers, the Company has established "the Council for Officers' Nomination" besides the Nomination & Remuneration Committee". Please refer to "[Optional Committees] Supplementary Explanation" on this report on the Nomination & Remuneration Committee.

(Procedures)

In accordance with the policy stated above, the Board of Directors determines the matter concerning the election of the Directors (except those who, if elected, serve as members of Audit & Supervisory Committee) through their discussion in line with the recommendation made by the Nomination & Remuneration Committee.

The Board of Directors elects the candidates for Directors serving on the Audit & Supervisory Committee after acquiring the recommendation from the Nomination & Remuneration Committee" and the consent from the Audit & Supervisory Committee.

Also, the matter concerning the nomination of an Executive Officer will be determined by the Chairman & Representative Director, based on what is discussed in the Council for Officers' Nomination.

[Policy and the procedures the Board of Directors observes when dismissing management personnel or Director]

(Policy)

The Board of Directors of the Company commences the procedure of dismissal of any Director whose duty fulfilling competence is found doubtful or any case of a similar nature is recognized, substantiated by the fact then that the Director concerned significantly falls short of the criteria set forth for the nomination of Director candidate.

(Procedures)

In accordance with the policy stated above, the Board of Directors discusses and decides on, the matter related

to the dismissal of a Director excluding the one who is concurrently an Audit & Supervisory Committee member, based on the findings reported by the Nomination & Remuneration Committee.

Also, concerning the dismissal of an Executive Officer, if he or she is found to have committed any unlawful or wrongful act or to lack the competence for assuming the duty, we will commence the procedure for dismissal of an Executive officer in question depending on the result of the discussion at the Council for Officers' Nomination after going through predetermined processes such as giving advance notice. The Company will make a decision on the dismissal at the Board of Directors' Meeting.

[Principle 3.1(v)] Disclosure Improvement

[Explanation about the election and dismissal of senior management members and the nomination of Director candidates with the reason for the selection, dismissal, and nomination of each specific senior management member and Director candidate]

The above-mentioned explanation is provided in the reference documents of the "Notice of Convocation of an Ordinary General Meeting of Shareholders" when a proposal addressing either such selection or nomination is submitted to the meeting. For your review, please refer to the "Notice of Convocation of an Ordinary General Meeting of Shareholders" that is posted on the Company's website. (<https://www.tokaitokyo-fh.jp/investors/stock/meeting/>)

【Supplementary Principle 3-1③】 SDGs Initiatives

• Please refer to our website or the Integrated Report for the details of the initiatives. (<https://www.tokaitokyo-fh.jp/sustainability/>) Integrated Report (<https://www.tokaitokyo-fh.jp/investors/financial/annualreport/>)

- We, the Company, proclaimed SDGs Initiatives to advance our endeavors toward the attainment of the Sustainable Development Goals proposed by the United Nations. In that conjunction, we announced the Prioritized Issues for the Tokai Tokyo Financial Group, drawing from our management philosophy and our experiences as a corporation. Regarding the issue, "Training and Workstyle", we are implementing various measures like investing in human capital and intellectual property to improve the workplace environment for diverse employees to shine in diverse settings and offering employees training assistance for them to hone respective special skills.
- Further, in October 2021, we publicly endorsed the proposal, "Task Force on Climate-Related Financial Disclosures", which is a global disclosure framework concerning climate change. We are in the process of the information disclosure expansion in accordance with the proposal. We assess risks and opportunities that climate change could affect the group's business performance together with our governance efforts to address such risks and opportunities. Also, we measure greenhouse emissions in accordance with the GHG protocol, which is an international standard. Please visit our website to see all the aforementioned results. (<https://www.tokaitokyo-fh.jp/sustainability/environment/>)

We, as a financial service group, step-up our actions to deal with the issues related to climate change following the guideline, "Social Value & Justice comes first" toward the goal of the realization of a sustainable society.

【Supplementary Principle 4-1①】 Roles and Responsibilities of the Board of Directors (1) Scope of Authority

Delegation to the Management

[Disclosure on the scope of the authority delegation and its general outline]

In accordance with the relevant laws and regulations, the Company's Articles of Incorporation, and the Internal Rules, the Board of Directors of the Company delegates its authority to Executive Directors concerning the execution of businesses to expedite the decision-making process and deepen the discussion at the Board Meetings.

[Principle 4.9] Independence Assessment Standard and Qualification to be referenced in the nomination of Independent Outside Directors

The Company set forth the Independence Assessment Standard and discloses it as “Independence Assessment Standard” in Attachment 1 to “The Corporate Governance Guideline”

Corporate Governance Guideline (<https://www.tokaitokyo-fh.jp/corporate/governance/>)

[Supplementary Principle 4-10①] Our view of the independence of the Nomination & Remuneration Committee with respect to its composite members, authorities, and roles

The Nomination & Remuneration Committee is comprised of more than four members and one of them is the Company’s Chairman & Representative Director while the majority of the Committee posts are filled by Outside Directors. The Committee elects its chairperson by mutual voting among the members as per the Rule of the Committee. Currently, an Outside Director assumes the role of chairperson. For the details of the Nomination & Remuneration Committee, please refer to the section, [Optional Committee] in the Supplementary Explanation of this report.

[Supplementary Principle 4.11①] Preconditions for ensuring the effectiveness of the Board of Directors and Audit & Supervisory Committee

Our view of the Board of Directors’ diversity

The Company states in Article 7-5 of its Corporate Governance Guideline that its Board of Directors shall consist of Directors of diverse backgrounds in terms of expertise and experience to be sufficient enough to carry out the functions of the Board in an effective and efficient manner. Further, it states that it strives to ensure diversity of gender and international background in organizing its Board of Directors.

Corporate Governance Guideline (<https://www.tokaitokyo-fh.jp/corporate/governance/>)

The Articles of Incorporation of the Company stipulate that the number of Directors shall be up to ten. Currently, however, the Company’s Board of Directors consists of nine Directors, four members of which are Internal Directors and the remaining five are Outside Directors.

Please refer to “[Directors]” of this report for the brief profiles of Outside Directors, and to Attachment 1. “Committee Membership” for the main skill and career background of each Director”

[Supplementary Principle 4.11.②] Preconditions for ensuring Effectiveness of Board of Directors and Audit & Supervisory Committee

[Status on the Board of Directors concurrently serving other positions]

In selecting a Director candidate, the Company verifies that the candidate is able to allocate sufficient time and effort to adequately fulfill the role and responsibility as Director while concurrently serving in other position(s). The status of Directors concurrently serving other positions is presented in the reference documents for the “Notice of Convocation of an Ordinary General Meeting of Shareholders”, which is posted on the Company’s website. So, please visit our website for the details.

(<https://www.tokaitokyo-fh.jp/investors/stock/meeting/>)

[Supplementary Principle 4-11③] Preconditions for ensuring the effectiveness of the Board of Directors and the Audit & Supervisory Committee

[The assessment and analysis of the effectiveness of the Board of Directors]

In accordance with Article 8-12 of the Corporate Governance Guideline, The Board of Directors of the Company conducts the said overall assessment and analysis once a year as its annual routine with a view to increasing the effectiveness of the Board of Directors. As a result of the said assessment and analysis of this year, we reached the conclusion that the Company’s Board of Directors fulfilled its duty both in respect of each point of scrutiny and from overall perspective. The scrutiny examined the status of the Board’s task completion with regard to its member composition, diversity, role, responsibility, operation, management strategy, the sustainability issues, problems carried over from previous year, investor relations, and others. We posted on our website the result outline of the assessment and analysis of the Board of Directors’ effectiveness for the Fiscal Year Ended (FYE) March 2023.

Please visit our website and see the result.
(<https://www.tokaitokyo-fh.jp/corporate/governance/>)

[Supplementary Principle 4.14.②] Training of Directors

[Policy for Training Directors]

The Company refers to the expected acquisition of required knowledge by Directors and the training designed for them in Articles 4-4 and 9-4 of its Corporate Governance Guideline.

[Corporate Governance Guideline] (<https://www.tokaitokyo-fh.jp/corporate/governance/>)

[Principle 5-1] Our Policy of constructive dialogue with shareholders

We set forth the policy of constructive dialogue with shareholders and we keep it posted on our website for disclosure as the Attachment 3 to the Corporate Governance Guideline.

Corporate Governance Guideline (<https://www.tokaitokyo-fh.jp/corporate/governance/>)

[Management execution by paying attention to capital cost and the stock price of the Company] **UPDATE**

We formulated and publicized a management plan, “Beyond Our Limits” in order to implement a growth strategy, expand the business model further, and increase the Company’s corporate value. In the plan, we have listed the goals of capital usage efficiency (ROE) and accumulated customers’ financial assets (assets under custody) as the numerical targets to be achieved through the execution of the plan. We keep disclosing the progress on the said achievement in our financial reporting documents and Integrated Report.

Medium Term Management Plan (<https://www.tokaitokyo-fh.jp/investors/management/plan/>)

IR Presentation Documents (<https://www.tokaitokyo-fh.jp/investors/financial/presentation/>)

Integrated Report (<https://www.tokaitokyo-fh.jp/investors/financial/annualreport/>)

[The policy of dividend payment of retained earnings for the effective period of the current medium-term management plan]

It is our basic company policy to grow corporate value further by making stable and uninterrupted dividend payments to our shareholders, and by proactively taking on various tasks as proclaimed in our medium-term management plan such as enhancing our competence as a financial service provider, driving forward focused actions to reach beyond our limits, and strengthen accomplish inorganic growth by M&A.

We will fulfill the following regarding dividend payments to shareholders from the fiscal year ending in March 2024 during the remaining period of our current management plan (namely until the end of the fiscal year ending in March 2027)

1. Maintain a consolidated dividend payout ratio of 50% or higher
2. Payment of annual dividend per share of 24 Yen or more

We will adopt either 1. or 2. whichever basis that results in a larger payment.

We will keep the frequency of dividend payments unchanged, which means twice a year, on September 30 and March 31.

We post the outline of the subject matter as a press release on our website below.

Press Release (<https://pdf.irpocket.com/C8616/NvAy/Hpud/H6Bd.pdf>)

[The current status of dialogue with shareholders]

We keep trying to have constructive dialogues with shareholders to facilitate mid-to-long term corporate value growth. The Head of General Planning Group and IR Department engage in the dialogue activities in coordination with concerned departments. We organize two meetings annually for financial reporting purpose for analysts and institutional investors, and the President and Representative Director conducts

presentation in those meetings. We post the outline of the said meetings and the documents publicized therein on our website.

The documents publicized in the meetings for IR Presentation (<https://www.tokaitokyo-fh.jp/investors/financial/presentation/>)

2. Capital Structure

Shareholding Ratio of Foreign Investors	10% or higher but lower than 20%
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[Composition of Major Shareholders]

Shareholder Name	Number of Shares Held (Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,822,400	11.18
MUFG Bank, Ltd.	12,016,853	4.83
Mitsui Sumitomo Insurance Company, Limited	7,283,798	2.93
Toyota Financial Services Corporation	7,280,000	2.93
The Bank of Yokohama, Ltd.	7,014,553	2.82
Custody Bank of Japan, Ltd (Trust Account)	6,857,900	2.75
Nippon Life Insurance Company	5,611,890	2.25
Sumitomo Mitsui Trust Bank, Limited	4,800,000	1.93
Meiji Yasuda Life Insurance Company	4,406,000	1.77
STATE STREET BANK WEST CLIENT-TREATY 505234	4,082,400	1.64

Controlling Shareholder (excluding Parent Company)	—
Parent Company	None

Supplementary Explanation

- The composition of major shareholders as above described was updated as of March 31, 2023.
- Each shareholding ratio described above was calculated with the number of outstanding shares net of the number of the treasury stocks as a denominator.
- In addition to the above, the Company holds 11,626,798 shares of treasury stock.

3. Corporate Data

Listed Stock Exchange and Market Section	The Prime Market of Tokyo Stock Exchange and Premier Market of Nagoya Stock Exchange
Fiscal Year-End	March
Type of Business	Securities & Commodity Futures
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	In the range of 1,000 or more
Net Sales (Consolidated) as of the Previous Fiscal Year-end	In the range of ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	In the range of 10 to less than 50

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

Not Applicable

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

- Effective June 25, 2021, we eliminated the position of Chief Executive Officer (CEO), changing a part of managerial practice in order to advance the management on the basis of the agreement between the Chairman & Representative Director and the President & Representative Director.
- Maruhachi Securities Co., Ltd., a consolidated subsidiary of the Company, is a listed company on the Standard Market of the Tokyo Stock Exchange. The important matter relating to the group's own finance, and management policy is brought to the general meeting of shareholders seeking resolution. Also, the agreement is in place between the subject subsidiary and its parent, Tokai Tokyo Financial Holdings, Inc., that such an important matter shall be either, discussed before or reported after, the general meeting of shareholders, depending on the degree of its importance. We consider, however, that the autonomy and the independence of the subject subsidiary is well established since it currently exercises its own managerial discretion and decision-making in running its day-to-day operation.

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

1. Organizational Composition and Operation

Organizational Form	Company with an Audit & Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	10
Term of Office of Directors Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board of Directors	Outside Director
Number of Directors	9
Appointment of Outside Directors	Appointment was fulfilled.
Number of Outside Directors	5
Number of Independent Directors	5

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Tsunehiro Nakayama	From other company												
Kazumasa Miyazawa	From other company												
Keisuke Inoue	From other company												
Joichi Yamazaki	From other company												
Ayako Ikeda	Lawyer												

* Categories for "Relationship with the Company"

* "○" When the person currently falls or has recently fallen under the category

"△" When the person fell under the category in the past

* "●" When a close relative of the person currently falls under the category

"▲" When a close relative of the person fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-Executive Director or Executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

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

e. Major client or supplier of the Company or an Executive thereof

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

- g. Major shareholder of the Company (or an Executive of the said major shareholder if the shareholder is a corporate entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (Applicable personally to the Director himself/herself only)
- i. Executive of the company with which the Company appoints Outside Officer(s) each other. (Applicable personally to the Director himself/herself only)
- j. Executive of the company or organization that receives donation from the Company (Applicable personally to the Director himself/herself only)
- k. Others

Relationship with the Company (2)

Name	Designation as Audit & Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Tsunehiro Nakayama	—	○	—	Mr. Nakayama commands high respect for his rich experience and insight he has acquired during his long service as a corporate manager in financial industry. The Company believes that the above said credentials that are long-nurtured in banking and securities brokerage careers should keep him able to continue fulfilling his obligation for the Company to make important managerial decisions and to supervise business executions. The Company has designated Mr. Nakayama as an Independent Director because it has judged that he has no particular conflict with the interests of general shareholders as he has no special interest in the Company and so he is an appropriate person to protect general shareholders.
Kazumasa Miyazawa	—	○	—	Mr. Miyazawa, who has long served as a corporate manager in the digital industry, is highly rated for his achievements and insight. The Company believes that his rich experience and high expertise in the digital industry should keep him able to perform continuously his duties for the Company as an Outside Director. The Company has designated Mr. Miyazawa as an Independent Director because it has judged that he has no potential conflict with the interests of general shareholders as he has no special interest in the Company and so he is an appropriate person to protect general shareholders.
Keisuke Inoue	○	○	—	Mr. Inoue, who has long served as a corporate manager at financial institutions, is highly rated for his achievements and insight. Since June 2016, he has been assuming the role of supervising the management of the Company as a member of the Audit and Supervisory Committee. The Company believes that he can continue to provide his suggestion actively on the entire spectrum of our management from an objective standpoint, as well as to supervise and audit of our operations appropriately perform his duties as an Outside Director. The Company has designated Mr. Inoue as an Independent Director because it has judged that he has no particular conflict with the interests of general

				shareholders as he has no special interest in the Company and so he is an appropriate person to protect general shareholders.
Joichi Yamazaki	○	○	—	Mr. Yamazaki has long served as an officer in various high capacities at Ministry of Finance, for instance, as Deputy Director-General of the Planning and Coordination Bureau, Financial Services Agency, and Director-General of the Tokai Local Finance Bureau. He is highly rated for his achievements and insight. The Company believes that he should be able to continue applying his experience and insight to his role of monitoring and supervising the business executions at the Company. He has no particular conflict with the interests of general shareholders as he has no special interest in the Company and so he is an appropriate person to protect general shareholders.
Ayako Ikeda	○	○	—	Ms. Ikeda commands high respect for her rich experience and insight she has acquired during her long service as a legal professional. Although she has not directly engaged in daily execution of duty at corporation in the past, she has a wealth of experiences in assuming responsibility as a committee member of various public offices. the Company acknowledges that Ms. Ikeda, as a legal professional independent from the Company's management, is sufficiently fulfilling her role to enhance effectiveness of the Board of Directors' decision making and supervising processes. The Company believes that she can continue to provide her suggestion actively on the entire spectrum of our management from an objective standpoint, as well as to supervise and audit of our operations appropriately perform her duties as an Outside Director. The Company has designated Ms. Ikeda as an Independent Director because it has judged that she has no particular conflict with the interests of general shareholders as she has no special interest in the Company and so she is an appropriate person to protect general shareholders.

[Audit & Supervisory Committee]

Committee Composition and Attributes of Chairperson

	All the Committee Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	4	1	1	3	Outside Director

Appointment of Directors and Employees who are to assist the Audit & Supervisory Committee's duties

Appointment was fulfilled.

The issue related to the independence of the above referenced directors and the employees from the influence of executive directors

The Audit & Supervisory Committee Office was established within Audit Department with three members while retaining the posts at Audit Department, including the Head of the Office. The staff of the Audit & Supervisory Committee Office, being independent from the Directors not serving on the Audit & Supervisory Committee, follow the directions of the Audit & Supervisory Committee. In addition, the said staff's personnel transfer, performance evaluation, any disciplinary action where the case may be, and other matters of personnel administrative nature are carried subject to the consent of the Audit & Supervisory Committee. As such, the Company ensures both independence of the staff from the influence of business execution departments of the Company and unobstructed effectiveness of directions and commands to be given to the Office staff from the Audit & Supervisory Committee.

Cross-Sectional Cooperation among Audit & Supervisory Committee, Accounting Auditor and Internal Audit Department

The Company's Audit & Supervisory Committee gives the Audit Department orders and directions to conduct audit and they perform hearing about the result of such audit. Further, the Committee will request the Audit Department to do investigation or gives the Department specific directions when necessary. The Audit Department is separated from the Company's business execution and it is positioned subordinate to the Audit & Supervisory Committee and thus secures the Department's independence and the effectiveness of the Company's check and balance function.

The Company's sections of internal audit and the accounting auditor intend to enhance their mutual cooperation with a view to conducting adequate audit, and for that purpose, they exchange opinions and take other actions when necessary so that they can maintain and improve the level of internal control quality.

With the Company's accounting auditor, the Audit & Supervisory Committee regularly holds meetings and maintains close cooperative relationship, and actively exchanges ideas and information. Their purpose, of course, is to conduct adequate auditing. Also, the Committee does receive the planned outline of audit and inquire about the focused points of such audit from the accounting auditor, and exchange opinions with them.

[Optional Committees]

Optional Committees Equivalent Functionally Either to a Nominating Committee or a Compensation Committee	The said committee was established
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Establishment of Optional Committee, Committee Composition and Attribute of Chairperson

	Name of the committee	Number of total members	Number of full-time members	Number of Internal Directors	Number of Outside Directors	Number of Outside Experts	Others	Head of the Committee (Chairperson)
Optional Committee equivalent to the Nomination Committee	Nomination & Remuneration Committee	5	0	1	4	0	0	Outside Director
Optional Committee equivalent to the Remuneration Committee	Nomination & Remuneration Committee	5	0	1	4	0	0	Outside Director

Supplementary Explanation

To enhance the objectivity and transparency of the process for nominating Director candidates, dismissing Director, determining the compensation for, and other matters related to, Director, the Company has established the Nomination & Remuneration Committee that assumes the role of both nomination and compensation determination. The Nomination & Remuneration Committee discusses the selection of Director candidates, and the method and the level of compensation for individual Directors as well, using the related data for reference that are available from external database providers. The Committee then reports the result

of such discussions to the Chairman and Representative Director, the Board of Directors, and the Audit and Supervisory Committee

The Nomination & Remuneration Committee, as a rule, is comprised of more than four members and one of them is the Company's Chairman & Representative Director while majority of the Committee posts are filled by Outside Directors. Currently, the Committee is comprised of the Chairman & Representative Director, Tateaki Ishida, and four Outside Directors including Tsunehiro Nakayama, who is the Head of the Committee, Kazumasa Miyazawa, Joichi Yamazaki, and Ayako Ikeda. The term of the Committee assignment begins at the time of the election at the meeting of the Board of Directors that follows the conclusion of the Ordinary General Meeting of Shareholders and it lasts until the conclusion of the next said meeting. The chairperson of the Committee has been elected by a mutual vote from among the Committee members in accordance with the Rules of the Nomination & Remuneration Committee.

During the FYE March 2023, the Nomination & Remuneration Committee has held seven(7) meetings at the Company, and all the Committee members with the exception of one Outside Director, Hiroshi Fujiwara, who has attended five (5) meetings, have attended all the seven (7) meetings. Primary agenda discussed in the said meetings include the following.

May 2022: * Directors' Bonuses Pool for the FYE March 2022
June 2022: * Individual Director's Bonuses for FYE March 2022
* Monthly Compensation for Directors who serve on the Audit & Supervisory Committee for the FYE March 2023.
August 2022: * Granting the 14th Stock Options to the Executive Officers of the Company and Tokai Tokyo Securities Co., Ltd.

[Independent Directors]

Number of Independent Directors	5
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Matters relating to Independent Directors

The Company has established the "Independence Assessment Standard" regarding the independence of Outside Directors. In electing Outside Directors, the Company selects the persons who satisfy such standard and have no conflict of interests with itself. The Company has judged that each elected Outside Director can show supervisory or audit capability while being independent of the Company, and thus appropriately executing respective duty.

The Company has registered five Outside Directors who meet the qualifications for Independent Director as Independent Directors.

[Incentives]

Status of Granting Incentive to Director	A stock option plan was introduced.
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Supplementary Explanation

The issuance of the stock acquisition rights as stock options is administered in accordance with the resolution adopted by the General Meeting of Shareholders, and the number of actual allotments to be allowed is determined by the Board of Directors Meeting based on the recommendation by the Nomination & Remuneration Committee upon confirming the resolution by the General Meeting of Shareholders. The total compensation to each Executive Officer is paid in the combination of fixed salary and performance-based bonus generally in the ratio of 70% to 30%. To the Outside Directors and the Directors who are the members of the Audit & Supervisory Committee as well, fixed salary alone is paid. The performance-based bonus is determined in the following manner.

i. Bonus

Designing bonus to reflect clearly the linkage with the short-term performance of the Company, the amount is determined by the Company's consolidated performance measured as the return on equity (ROE) as the base with the addition of evaluated contributions made by the division a subject individual belongs to and by

the subject individual himself or herself. Incidentally, the management plan , “Beyond Our Limits”, we set an ROE target at 12%, and the actual ROE we accomplished for the FYE March 2023 was 1.1%.

ii. Stock Option

We grant stock option for an ultimate purpose of improving our consolidated performance, and accordingly give ourselves an incentive to elevate the group’s overall performance in a mid to long term. When we handle the matter related to stock option, we try to attain the community of interest with shareholders. About our actual practice of stock option, please refer to our Annual Securities Report, 4. Corporate Information, (1) Information on the Company’s Shares, 2) Status of the share subscription rights, further down, (i) Stock option plans.

Recipients of Stock Options	Internal Directors and employees of the Company, Directors and employees of the Company’s subsidiaries
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Supplementary Explanation

The issuance of the stock acquisition rights as stock options to Executive Directors and Employees of the Company and its subsidiaries is aimed at improving the consolidated performance of the Company and its subsidiaries by providing the recipients with the common incentive of improving the performance of the Group as a whole.

[Director Compensation]

Disclosure of Individual Director's Compensation	No disclosure of individual compensation is made.
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Supplementary Explanation

Directors who receive compensation, including consolidated compensation, of ¥100 million or more in total are disclosed.

The amount of compensation for Directors for the FYE March 2023 is as follows.

Internal Directors: ¥203 million* (for four (4) Directors)

* Including stock acquisition rights of ¥2 million granted as stock options

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

To enhance the objectivity and transparency of the process for nominating Director candidates, dismissing Director, and determining the compensation for, and other matters related to, Director, the Company has established the Nomination & Remuneration Committee. About the method of deciding the compensation, please refer to [Principle 3-1 (iii), the Disclosure under respective principles of Corporate Governance Code, in this report.

[Practice for Supporting the Functions of Outside Directors]

The Company provides advance explanations on the agenda items of meetings of the Board of Directors and the Audit & Supervisory Committee when necessary.

[The status of the person who retired from the position such as Representative Director]

(The current practice of the Company pertaining to the appointment of Komon or Soudan'yaku (a sort of corporate advisor, counselor or their equivalent) from the pool of the Company's retirees who used to be Representative Directors.)

Appointment	Title/Position	Assignment	Working Pattern/Condition Working Hours, Full or Part Time, Compensation	The date of retirement from the previous position at the Company	Term of the new service
not applicable	not applicable	not applicable	not applicable	not applicable	not applicable

Total number of Komon and Soudan-yaku who once were in the post of the Company's President and Representative Director	None
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Other related matter

The Company currently does not adopt the practice of retaining Komon or Soudannyaku. (a sort of corporate advisor, counselor or their equivalent). The Company has entered into the service agreement with some of the individuals who used to work for the Company possessing specific areas of expertise and experience, intending to obtain continuing support from them. However, the Company at present does not maintain the practice of keeping the service specifically from its ex-Representative Director or the person who used to be in any other similar position.

2. Functions of Business Execution, Audit & Supervision, and Decision-Making on Nomination and Compensation (Overview of Current Corporate Governance System)

The Company's Board of Directors, as the body of decision-making and supervision for important matters such as management policy and strategy, is comprised of nine Directors (of which majority is accounted for by Outside Directors (five members)) and its meeting is held in principle once a month. The Board consists of "Executive

Directors” who carry out daily business activities, and “Non-Executive Directors” who mainly supervise the business execution. In addition to instituting such structural changes, the Company focuses its efforts on ensuring the effectiveness of the Board of Directors and to increase the transparency and fairness of the discussion at the Board of Directors by clarifying the roles of these two types of Directors and by selecting the Chairperson of the Board of Directors from Non-Executive Directors.

Also, as per its Articles of Incorporation and the resolution adopted by its Board of Directors Meeting, the Company, with a view to transferring decision making authority on many important business execution matters to the Chairman & Representative Director and the President & Representative Director from the Board of Directors and then shortening decision making time as well as reducing handling of perfunctory agenda and then ultimately discussing more on strategic and important subjects at the Board Meeting under streamlined process, the Company has shifted to a company with an Audit & Supervisory Committee. Furthermore, the Company has introduced the Executive Officer system to facilitate swift decision-making and reinforce business execution function.

The Audit & Supervisory Committee consists of four Directors serving on the Audit & Supervisory Committee (including three Outside Directors). The Audit & Supervisory Committee meeting in principle is held every month in accordance with the Rules on the Audit & Supervisory Committee. The duties of the Audit & Supervisory Committee include the audit of execution of duties by Directors and the ensuing preparation of audit reports. Further, with the Internal Audit Department placed directly under the Audit & Supervisory Committee, the Committee receives reports on the matters relating to business execution by giving the Internal Audit Department orders to conduct audits and obtaining reports therefrom.

The attendance record of the Board of Directors Meetings and the Audit & Supervisory Committee during the FYE ending in March 2023 is provided below.

Title	Name	Principal Activities
Chairman & Representative Director	Tateaki Ishida	Has attended 17 Directors Meetings out of 17 held in the FYE March 2023
President & Representative Director	Ichiro Goda	Has attended 17 Directors Meetings out of 171 held in the FYE March 2023 .
Director and Deputy President	Hideaki Yamane	Has attended 17 Directors Meetings out of 17 held in the FYE March 2023 .
Director	Tsunehiro Nakayama	Has attended 17 Directors Meetings out of 17 held in the FYE March 2023.
Director	Hiroshi Fujiwara	Has attended 12 Directors Meetings out of 17 held in the FYE March 2023.
Director (Audit & Supervisory Committee Member)	Tetsuji Oono	Has attended 17 Directors Meetings out of 17 held in the FYE March 2023. Also, attended 14 Audit & Supervisory Committee Meetings out of 14 held in the FYE March 2023.
Director (Audit & Supervisory Committee Member)	Keisuke Inoue	Has attended 17 Directors Meetings out of 17 held in the FYE March 2023. Also, has attended 14 Audit & Supervisory Committee Meetings out of 14 held in the FYE March 2023.
Director (Audit & Supervisory Committee Member)	Joichi Yamazaki	Has attended 17 Directors Meetings out of 17 held in the FYE March 2023. Also, has attended 14 Audit & Supervisory Committee Meetings out of 14 held in the FYE March 2023.
Director (Audit & Supervisory Committee Member)	Ayako Ikeda	Has attended 17 Directors Meetings out of 17 held in the FYE March 2023. Also, has attended 17 Audit & Supervisory Committee Meetings out of 17 held in the FYE March 2023.

In order to enhance management transparency and soundness, the Company has appointed the suitable number of Outside Directors who possess considerable experience and deep insight, thereby improving the checking capability within the Board of Directors and the Audit & Supervisory Committee.

In addition, the Company operates two committees that are respectively composed of the members including both Representative Directors and the Directors and the Executive Officers who are designated on the basis of accord between the Representative Directors. One is the Management Committee established for the purpose of discussing general execution policy on the Company's business, and the other one is the Comprehensive Risk Management Committee, comprised of the Directors and the Executive Officers designated on the basis of accord between the Representative Directors. The members discuss the matters related to crisis management such as compliance, risk management, and disasters. The Management Committee Meeting and the Comprehensive Risk Management Committee Meeting are held, in principle, twice and once respectively every month.

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into the agreement with Directors (excluding Executive Directors, etc.) to limit the Directors' liability for compensation for damage that is stated in Article 423, Paragraph 1 of the Companies Act. The limit amount of liability for compensation for damages under the agreements is the total of amount as stipulated in Article 425, Paragraphs 1 and 2 of the Companies Act. This limited liability shall be accepted only if the Director (excluding Executive Director, etc.) performs his/her duties with a good manager's care and the resulted damages were not caused by gross negligence of his/her duty.

With respect to our accounting audit, we retain KPMG AZSA LLC as our accounting auditor under the audit contract lasting for a year with them and they perform accounting audit in accordance with the Company Act and the Financial Instruments and Exchange Act. The Certified Public Accountants who performed audit for the FYE March 2023 are the following and they are all Designated Limited Liability Partners.

Atsushi Fukui
Yoshihiro Matsuda

In addition, the above-mentioned accountants were assisted by 6 Certified Public Accountants and 28 other assistants*.

Note* Other assistants include those who passed CPA exams, tax accountants, and IT-audit specialists.

3. Rationale for the Corporate Governance System the Company Currently Maintains

The Company considers the enhancement of corporate governance to be one of its important tasks. So, the Company will reinforce and upgrade its corporate governance, aiming to raise the level of fairness and transparency in its management with an ultimate view to winning trust from various stakeholders, and continuously increasing corporate value.

The Company makes this endeavor in tandem with its efforts to maintain a corporate structure that allows swift decision-making and business execution. While the Company maintains the acquired strength of corporate governance (as exemplified by the majority presence of Outside Directors at the Board of Directors, and the assumption of the role of the Chairperson of Directors Meeting by Non-Executive Officer, and by other reforms), the Company believes that a clear distinction of roles between the ones assigned to Executive Director and the others to Non-Executive Director brings forth the following positive differences. By promoting an Audit & Supervisory Committee member up to a director's position, the said Director will be able to perform the checking to see if the Board of Directors executes businesses soundly and fairly in accordance with the basic management policy and the management plan established by the Board itself. This new duty will be an addition to the already existing duty of illegality or deviation checking over the Board of Directors. Thus, such a change will boost audit and supervision function of the Company. Further, the change will make it possible to delegate the decision-making authority concerning important business execution from the Board of Directors to the Executive Directors. This in turn improves the swiftness of decision-making and reduces reviews of perfunctory proposals by the Board of Directors in order to concentrate better on more strategic and deeper discussions. With a view to achieving the purposes mentioned above, the Company has made a transition to a "Company with an Audit & Supervisory Committee".

The Company has elected five Outside Directors. At the meeting of the Board of Directors, Outside Directors assume a function and role to ensure the adequacy and appropriateness of the Board of Directors' decision-making and execution of duties by proactively providing advice and suggestions from objective and neutral standpoints, having no potential conflict with the interests of general shareholders, and from comprehensive and professional viewpoints, based on respective abundant experience. Outside Directors also supervise the performance of Directors' duties.

III. The Measures Taken for Shareholders and other Interested Parties

1. Measures to Vitalize the General Meeting of Shareholders and Facilitate Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Dispatch of the Notification of General Meeting of Shareholders	The Company normally sends the notice of convocation of the General Meeting of Shareholders at the earliest possible time without waiting until the legal due date of two weeks prior to the date of the general shareholders meeting. The Company, for instance, sent the convocation notice of the 111th Ordinary General Meeting of Shareholders held in June 2023, three weeks before the day of the Meeting.
Electromagnetic Exercise of Voting Rights	The Company has adopted an electromagnetic method to facilitate the smooth exercise of voting rights.
Participation in the Electronic Voting Platform and Other Efforts to Enhance the Environment for the Exercise of Voting Rights by Institutional Investors	The Company makes the electronic voting platform available for institutional investors operated by ICJ, Inc.
Availability of the Convocation Notice (Summary) in English	The Company publishes the summarized notice of convocation in English on the Company's website (English site). The Company also posts the notice of convocation on the website of stock exchanges.
Others	For our shareholders to deliberate adequately the bills submitted to the Ordinary General Shareholders Meeting, we posted the notice of convocation on the website of the Company as well as that of stock exchanges on the date before it sends out such notice by surface mail. (we started posting on June 1, 2023) Also, we provided live coverage of the 111 th General Meeting of Shareholders by live streaming over the internet.

2. Investor Relations Activities

	Supplementary Explanations	Presentation by Representatives
Regular Investors' Meeting for Individual Investors	A Representative Director of the Company or other person provides a presentation at the investors' online meeting held in major cities throughout Japan, such as Tokyo and Nagoya. In addition, we video-recorded the subject presentation and posted that later on our website together with the supplementary information actually used at the time of the presentation.	Yes
Regular Investors' Meeting for Analysts and Institutional Investors	A Representative Director of the Company provided a presentation at the investors' meeting held twice a year in Tokyo. In addition, we video-recorded the subject presentation and posted that on our website later together with the supplementary information actually used at the time of the presentation. Also, we regularly receive visiting analysts and institutional investors to meet their research needs.	Yes
Regular Investors' Meeting for Overseas Investors	A Representative Director of the Company conducts meetings either onsite or online, addressing investors in Europe, the United States, and Asia. (He held the online meeting 8 times in the FYE March 2023, and the presentation material actually used is posted on the Company's website.	No
Posting of IR Materials on the Website	The information for Timely Disclosure, such as company information, the Financial Summary, Result Review, and Press Releases, as well as Integrated Report and Investor Relations, are posted on the Company's website.	

	(https://www.tokaitokyo-fh.jp/) Such materials are also available on the English website. (https://www.tokaitokyo-fh.jp/en/)	
Establishment of the Department and/or Manager in Charge of IR	The Company has Corporate Communications Department.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Group sets forth the basic approaches to each stakeholder (clients, shareholders, local communities, employees, etc.) in the “Basic Compliance Policy” and “Tokai Tokyo Financial Group’s Ethical Code of Conduct” and it also endeavors to make such basic approaches known to all its officers and employees.
Implementation of Environmental Activities and CSR Activities, etc.	<p>The Group is undertaking initiatives for enlightening the younger generation on financial and economic issues through various actions, such as sending instructors to universities to offer credit-earning courses. Other activities include establishment of the Tokai Tokyo Scholarship Fund at Chukyo University with an idea of fostering the Chubu region’s manufacturing culture, sports (J. League, etc.), and cultural and artistic activities (sponsorship for art exhibitions, etc.).</p> <p>The Company is encouraging employees to follow summer business dress code known as “Cool Biz”, and attempting the Companywide energy saving by replacing equipment for lighting, air-conditioning, and information processing with the one that achieves higher energy efficiency. Furthermore, we are actively switching the Company cars to light vehicles of high mileage, hybrid cars, electric and fuel cell vehicles as part of energy-saving initiatives against global warming.</p>
Development of Policy on Information Provision to Stakeholders	The Company strives to ensure the proactive and appropriate disclosure of information, such as management policy and corporate information.
Others	<p>< Our HR strategy is designed to work in harmony with Management Strategy > The Company has constantly adapted its HR system to ever-evolving business model and maintained its working environment to allow employees to work flexibly. As an actual approach to link the HR strategy with the management strategy, the Company made a major shift to job-based HR practice in 2019. This shift made it possible to link the value of work with the level of compensation, and clarify the job description of respective positions within the Company. As a consequence, we can now assign personnel to more suitable position and carry out mid-career hires more smoothly.</p> <p>< Workplace Improvement Policy > In our management plan, we raised several important themes. We brought up two important catchwords in the plan, and they are “Enhance Financial Service Competence” and reach “Beyond Our Limits” by taking focused measures” Further, we set up the action guideline in the management plan, which goes as “Social Value comes first.” To achieve all these themes, we built human resources strategy around two conceptual axes. One is a “business competence enhancement” from aggressive perspective, and the other is “continuity and sustainability fulfillment” from defensive perspective. We will take actions alongside the said each axis, such as raising the engagement level of employees, and allocating 3% of the Company’s ordinary income for employee education. We set those as KPI tasks. These two actions are positioned as tasks under mid-to-long term management plan as well.</p> <p>Measures Actually Taken</p> <ul style="list-style-type: none"> • Start recruiting by respective departments to secure specialist talents • Implement Human Resources Development Program

- Select and send employees to MBA programs both in Japan and overseas
- Run Humanity Enhancement Program
- Encourage employees to reskill
- Support for Employees' multi-role assumption for Work, Child-Care and Family Nursing
- Conduct engagement survey
- Prevent harassment and others

<Human Resources Development Policy>

- Develop employees so that they become able to help customers build assets or increase capitals in assuming the mission of providing financial needs, and then ultimately contributing to the nation's economic growth
- Develop employees who design their own career paths and continue learning spontaneously
- Develop employees who deem changes as chances and take on new challenges

During the FYE in March 2024, we focused on the following actions in executing the HR Development Program.

- (1) Review on our current practice of young employees training
- (2) Spread support with career-path development and reskilling to employees at frontline
- (3) Nurture and secure human resources in DX field and specialists

For more details of our efforts, please refer to (3) Human Capital, 2. Our idea and actions related to sustainability, Chapter 4 of our Financial Statement (*Yuuka Shouken Houkokusho*), or visit our website, (<https://www.tokaitokyo-fh.jp/sustainability/training/>)

<Health & Productivity Management>

In 2019, the Company made a "Well-Being Declaration" in order to set the working environment easier for employees to stay working in good health for many years in a lively way. Further, the Company appointed CHO (Chief Health Officer) and established a Health Management Promotion Committee with a view to improving employees' overall health condition.

We monitor the physical condition of employees and identify problems to be addressed by reviewing the result of their physical checkups. We plan and implement various programs toward the goal of company-wide health management and promotion. Further, we evaluate the actual effect of the measures taken under the plan and set up a health promotion goal.

Please see our website for more details. (<https://www.tokaitokyo-fh.jp/sustainability/health/>)

Under the management plan, the Company shall keep promoting the advancement of all human resources in workplace without limiting to women but including senior employees with abundant experiences and all others.

IV. Matters Related to the Internal Control Practice

1. Fundamental Policy about Internal Control System and the Current Status

The Company has established the basic policy in accordance with the Companies Act and Ordinance for Enforcement of the Companies Act regarding the development of the system to ensure the propriety of the Company's business activities (hereinafter referred to as the "Internal Control System") as follows.

1. The System to Ensure the Propriety of the Company's Operation

The Company shall keep the system in good working order by modifying it when necessary, and operate it suitably to secure the propriety of the Group's operation.

- (1) As the holding company that administrates the Group's entire operation, the Company shall formulate the basic policy governing the Group companies, and at the same time, it shall establish a reporting routine to its Board of Directors. By practicing such steps, the Company shall keep the system workable.
- (2) The Group, in order to secure sound internal control system, shall formulate a management philosophy, ethical code and compliance policy of the Group and make all those known thoroughly to all the people in its Group companies. As such, we make it imperative for all the Directors and Employees in the Group to comply with laws and regulations and various rules.
- (3) In accordance with the "Control Rules for Affiliates and Subsidiaries" and the "Risk Management Rules," the Company exercises control, for instance, by having such group companies report on the status of their respective operations and risk management practices and through other measures. Also, the Company advices on their practices of management and risk control.
- (4) In accordance with the "Control Rules for Affiliates and Subsidiaries" and the "Internal Audit Rules," the Audit Department shall perform audit on a subsidiary specified and they shall submit the result to the Committee and the President & Representative Director. The Committee then submits the result to the Board of Directors.
- (5) In accordance with the "Control Rules for Affiliates and Subsidiaries," the Board of Directors shall request a subsidiary to submit the notice in advance when such subsidiary makes decision on important managerial issues and they grant advance authorization, if appropriate, of such notice. Also, the Board shall have the subsidiaries and affiliates submit respective financial statements every quarter to themselves in order to the grasp financial conditions of those group companies.
- (6) To secure the fairness and the reliability of the Company's financial reporting, the Company establishes the basic rule pertaining to financial reporting from internal control perspective, as well as develop and maintain suitable relevant system for implementation. The President & Representative Director shall review the status of maintenance and implementation of internal control as it relates to financial reporting, and makes a final assessment of the actual exercise of the said internal control. The President & Representative Director then reports his assessment of the result to the Board of Directors.

2. Systems to Ensure Duty Execution by Directors and Employees to Comply with the Laws, Regulation and the Articles of Incorporation they are subject to

The Company shall maintain and administer the system necessary to ensure Directors, Executive Officers and Employees of both the Company and the its subsidiaries comply with the Laws, Regulation that they are subject to while they execute their respective duties.

- (1) The Board of Directors shall consist of the Directors who are the members of the Audit & Supervisory Committee and other Directors (*i.e.* Executive Directors and Non-Executive Directors), and the roles of respective type of Directors shall be clarified.
- (2) The Board of Directors shall formulate the fundamental rule such as the Group's Basic Compliance Policy, and the Group's Ethical Code of Conduct that map out the compliance system the Directors and the Employees of the Company and its subsidiaries observe, and the Board shall ensure fulfillment of such rule.
- (3) With a view to ensuring the effectiveness of compliance with the Laws and the Regulations that the Group is subject to, the Board of Directors shall set up such organs as 1. Comprehensive Risk Management Committee designed to suggest the measures the Group should take to establish an adequate compliance system, 2. Comprehensive Risk Management Department especially assuming duties of supervising, guiding, and monitoring the Group's compliance. Comprehensive Risk Management Department shall grasp and report the status of the Group's compliance to the

Comprehensive Risk Management Committee, and then the Committee shall further report to the Board of Directors.

- (4) Audit & Supervisory Committee shall check to see how the Company's business is executed by way of internal auditing. The audit Department shall administer an internal audit and the Department shall report the result to the Committee and the President & Representative Director. The Committee then shall report on the result of such audit to the Board of Directors.
- (5) For the purpose of prevention, early detection, and correction of illegal and inappropriate actions, we shall set up an internal reporting system (whistleblowing system) referred to as the "group compliance hotline" and maintain the system to ensure its functionality.
- (6) The Company shall ensure that we face the group performing anti-social actions with resolute posture and attitude, allowing such group no chance to deal with us.
- (7) The Company shall exert its efforts to prevent money laundering considering that the funds passing through our Group may potentially be used to provoke various criminal and terrorist actions.

3. Systems Ensuring Effective Duty Execution by the Board of Directors

The Company shall maintain and operate the system that is necessary to secure the effective working of the Board of Directors.

- (1) The Board of Directors shall consist of Directors with diverse backgrounds of expertise and experience designing its overall potential resources to be effectively and efficiently utilized. Also, the Board shall exert its utmost efforts to diversify the gender and ethnicity of its members.
- (2) The Board of Directors shall improve its functional environment to help the Company's management leaders take proper risks uninhibited by unreasonable constraints. Also, the Board shall ensure suitable and right diversity in the context of the Company's varying strategic stages and avoid fixing its members.
- (3) The Company shall set up the Nomination & Remuneration Committee as an advisory organ to secure objectivity and transparency with respect to the process of appointing a Director candidate or reappointing and dismissing the Director.
- (4) The Board of Directors shall draft the bill to be submitted to the Shareholders Meeting pertaining to the election and the dismissal of the Director. Such submission shall be made based on the qualifying requirement of the Director candidate and only after the discussion with the Nomination & Remuneration Committee.
- (5) The Board of Directors shall improve the effectiveness of its function by making its overall review and assessment.

4. Systems to Ensure the Efficient Execution of Duties by Directors

The Company shall maintain and operate the system that is necessary to secure the effective working of the Board of Directors.

- (1) With a view to reinforcing the business execution function, as well as encouraging lively discussions and swift decision-making all by the Directors Meetings, the Company's Board of Directors shall entrust entirely or partly the decision-making for the matters of business execution with the Chairman & Representative Director and the President & Representative Director as per the Company's Articles of Incorporation. Exceptions, however, are the matters that the relevant laws and regulations specifically require the decision to be made by the Board of Directors.
- (2) The Company shall establish the Management Committee Meeting, an organ consisting of the Chairman & Representative Director, the President & Representative Director as well as the Directors and Executive Officers to be appointed by the said two Representative Directors on the basis of their mutually accorded basis to discuss the general execution policy on the Company's business.
- (3) The Directors shall perform their duties suitably and efficiently in accordance with the rules of the Board of Directors and Management Meeting concerning the authorities and the decision-making rights allowed to them

5. Systems for Storing and Managing the Information Concerning the Duty Execution by Directors

In accordance with the Laws and Regulations, and Internal Rules, the Company shall store and maintain the information together with the related materials. Audit & Supervisory Committee Members may inspect such documents when necessary.

6. The rules for managing the risk of loss occurrence

The Company shall maintain and operate the system that is necessary to exercise adequately the Group's overall risk management.

- (1) In order to respond to various risks arising from its business operation, the Company shall appoint a responsible department for the risk management of each different risk category based on its Risk Management Rules, and it manages the Group's overall risk in an integrated manner.
- (2) The Company shall establish a Comprehensive Risk Management Committee so that the Committee monitors and controls the actual risk management practice handled by each different responsible department. The Committee shall regularly report the said status to the Audit & Supervisory Committee.

7. The organizational arrangement concerning the Employees and the Directors suitable to assist the Audit & Supervisory Committee

The Company shall maintain and operate the system that is necessary to have the Directors and the Employees assist the duty of the Audit & Supervisory Committee.

- (1) With an aim to improve the functional effectiveness of the Audit & Supervisory Committee, the Board of Directors shall set up the Audit & Supervisory Committee Office as an organ supplementing the function of the said Committee which is independent of business execution personnel and the Board shall select Directors and Employees suitable to assist the Committee (hereafter "Supporting Employees and others") subject to the consent by the Committee.
- (2) The Audit & Supervisory Committee Office shall perform its duty independent of the business execution personnel following the instruction and order from the Audit & Supervisory Committee.
- (3) The Board of Directors shall respect the independence of the Audit & Supervisory Committee Office from the business execution personnel and thus ensure effectiveness of the direction issued by the Audit & Supervisory Committee to the Supporting Employees and others.
- (4) The personnel matter of those belonging to Audit Department shall be decided not to hinder suitable duty execution based on the opinion of the Audit & Supervisory Committee.

8. The System for Reporting to the Audit & Supervisory Committee

The Company shall maintain and operate the system that is necessary to ensure reporting to the Audit & Supervisory Committee.

- (1) The Audit & Supervisory Committee members may examine the following records and documents at any time for fulfilling their duties: Management Meeting, Attendance Record of Comprehensive Risk Management Committee meetings, minutes of other important meetings, record of decision makings and others.
- (2) The President & Representative Director shall report on the actual case of internal reporting made via the Group Compliance Hotline with no delay to full-time member of Audit & Supervisory Committee or the Audit & Supervisory Committee.
- (3) The Audit & Supervisory Committee shall receive reports from the Accounting Auditor, Directors, Employees and others as necessary and they shall request additional reporting if necessary.
- (4) The Company shall not treat Directors, Employees and others who report to the Audit & Supervisory Committee in the manner unfavorable to such reporter by reason of the reporting.

9. The System to Ensure Effective Audit Execution by Audit & Supervisory Committee

The Company shall maintain and operate the system that is necessary to ensure effective audit execution by the Audit & Supervisory Committee.

- (1) The President & Representative Director, Audit & Supervisory Committee Members, and the Accounting Auditor shall have the opportunity to exchange opinions regularly to improve communication among themselves.
- (2) The Company ensures that Audit & Supervisory Committee Members have the opportunity to obtain advice on auditing from legal and accounting professionals.
- (3) Audit & Supervisory Committee Members may receive advance payment or reimbursement of expenses from the Company arising from the execution of their duties.

2. Fundamental Views on Eliminating Antisocial Forces and our preparedness

The current status of the Company's preparedness for the elimination of antisocial forces is as follows.

The Group has formulated the "Rules on Eliminating Any Relation with Antisocial Forces" and established a system to ensure cutting off any relation between antisocial forces and any company of Tokai Tokyo Financial Group.

The Group clarifies in its "Tokai Tokyo Financial Group's Ethical Code of Conduct" and "Code of Ethics" that the Group consistently and resolutely confronts antisocial forces and will not enter into any transactions with antisocial forces, and makes such policy known to all of its officers and employees.

In addition, Anti-money Laundering Department, which is responsible for handling the matter associated with antisocial forces for the Group, collects and analyzes information and discusses countermeasures by constructing the database that unitarily manages such information so that the departments and the group companies have access to such data.

If any employee receives any information on antisocial forces or confronts any unreasonable demand from such forces, such employee shall promptly and adequately inform management to that effect, and at the same time, the Company works to ensure the thorough elimination of antisocial forces by maintaining constant close cooperation with certain parties, such as the police office having jurisdiction and the Japan Securities Dealers Association.

V. Other

1. Adoption of Anti-Takeover Policy

Adoption of Anti-Takeover Policy	None
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Supplementary Explanation

The Company terminated the measures against the “Countermeasures against the Large-Scale Purchase of the Company Shares (Anti-Takeover Policy)” at the conclusion of the 110th Ordinary General Meeting of Shareholders held in June 2022, and formulated at the same time the basic policy regarding the control of the Company (the basic policy defining the requirement to be met by the party who rules decision making on the Company’s financial and business policy) and disclosed on our website. (Attachment 6: Corporate Governance Guideline. <https://www.tokaitokyo-fh.jp/corporate/governance/>)

We describe below the aforementioned basic policy.

We consider that the party who controls the Company must always recognize where the opportunity of our corporate value generation lies and secure and further enrich our corporate value, and in turn shareholders’ common interests (referred to as “the Group’s common interests” hereafter) as well.

If beneficial to the Group’s common interests, the Company’s Board of Directors does not indiscriminately reject what we call a “hostile takeover” that bypasses the board’s resolution process. Further, we consider that the decision on whether we accept the take-over bid entailing the transfer of the control of a public company should be made in the end based on the shareholders’ intentions. In that case, we think it vital to take enough time and opportunities in advance to provide you, valuable shareholders, with sufficient information so that you can make your judgment. As stated in the foregoing, the Company terminated the measures against the “Countermeasures against the Large-Scale Purchase of the Company Shares (Anti-Takeover Policy)” at the conclusion of the 110th Ordinary General Meeting of Shareholders held in June 2022. The situation regarding this matter remains unchanged up to now since then. So, in the case where any party institutes the Large-Scale Purchase of the Company Shares (Takeover Bid), we will ask such party to offer satisfactory information and allow ample time so that you as valuable shareholders can make proper judgments.

2. Other Matters Concerning Corporate Governance System

■ Disclosure Procedures Concerning the Decision Facts

After the Board of Directors resolves material matter, the person responsible for handling the Company’s information determines whether such matter falls under the category to be disclosed timely in light of the regulations set forth by stock exchanges. If such responsible person determines that the information on the matter falls under the category that requires disclosure, then the person provides instructions to the department in charge of disclosure while ensuring thorough management of the subject information.

■ Disclosure Procedures Concerning the Facts of Occurrence

The person responsible for handling the Company’s information collects the material information about facts that occur to the Company and this responsible person* evaluates how the fact may impact the business operations, operating results, and financial standing of the Company including consolidated subsidiaries and determines whether such fact falls under the category to be disclosed timely in light of the regulations set forth by stock exchanges. If such a responsible person* determines that the fact requires timely disclosure, then the person reports promptly to the President & Representative Director about the fact while ensuring thorough management of the relevant information.

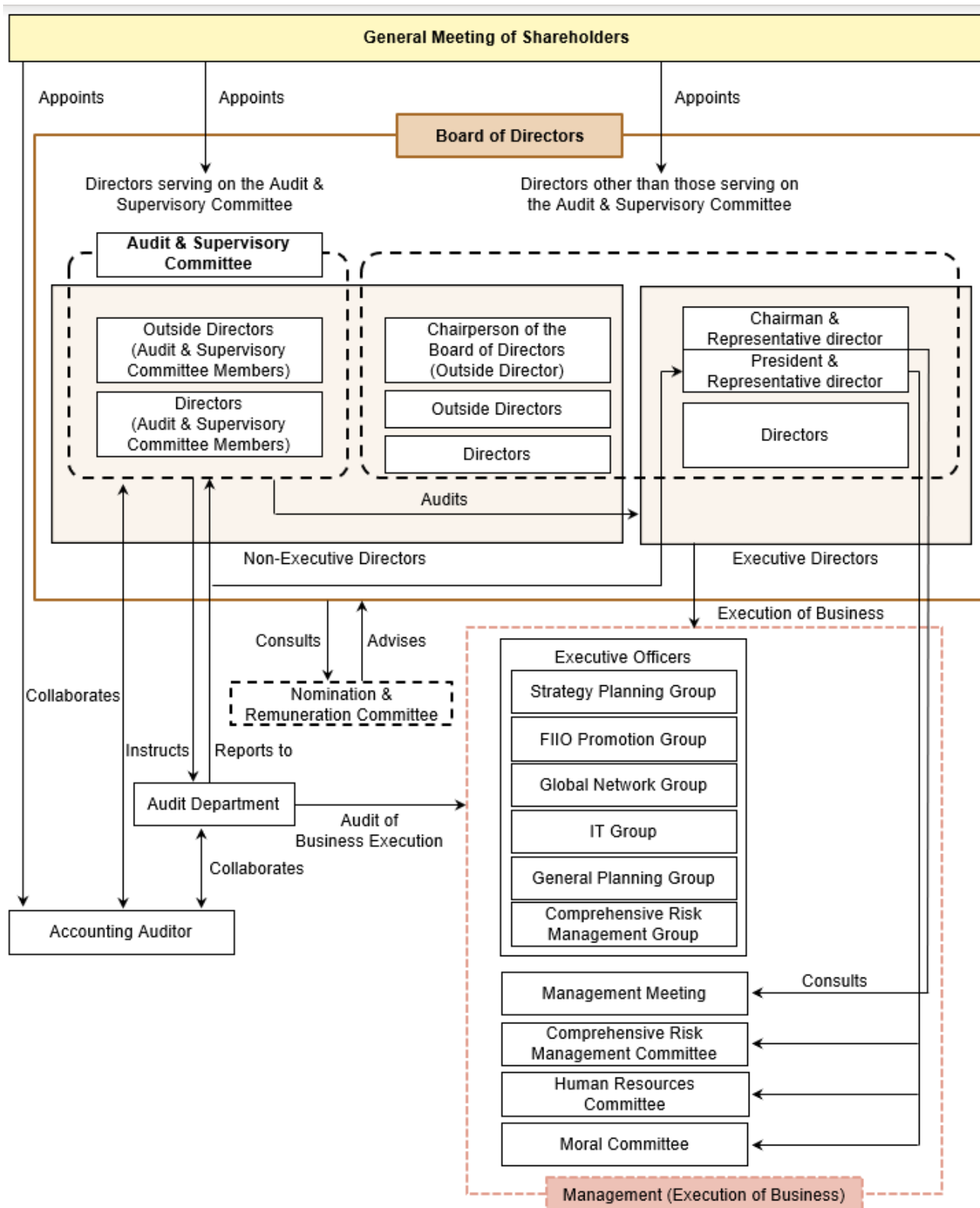
If such fact falls under the category to be disclosed timely in light of the regulations set forth by stock exchanges, the responsible person* also gives instructions to the department in charge of disclosure.

* A person responsible for handling the information means the person responsible for handling information as specified under the regulations of stock exchanges.

Attachment 1 Committee membership

Name	Title / role			Committees				Person's main professional background								
				Audit & Supervisory Committee	Nomination & Remuneration Committee	Comprehensive Risk Management Committee	Human Resources Committee	Business administration	Overseas assignment	Legal	Financial accounting	Finance economics	Government	ICT	Sustainability	
Tateaki Ishida	Chairman & Representative Director		Business Execution		○	○	○	○	○			○	○		○	○
Ichiro Goda	President & Representative Director		Business Execution			○	○	○				○	○		○	○
Masanori Hayashi	Director & Deputy President		Business Execution			○	○	○					○			○
Tsunehiro Nakayama	Outside Director	Independent Director	Non-Business Execution		○			○	○			○	○			
Kazumasa Miyazawa	Outside Director	Independent Director	Non-Business Execution		○			○	○					○	○	
Tetsuji Oono	Director		Non-Business Execution	○								○	○			
Keisuke Inoue	Outside Director	Independent Director	Non-Business Execution	○				○			○		○			
Joichi Yamazaki	Outside Director	Independent Director	Non-Business Execution	○	○						○		○	○		○
Ayako Ikeda	Outside Director	Independent Director	Non-Business Execution	○	○				○	○						

Attachment 2 Corporate Governance System



Tokai Tokyo Financial Holdings, Inc.

Timely Disclosure Structure of the Company

