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TOKAI Holdings Corporation

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Securities Code: 3167

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

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

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

1. Basic Views

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

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

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

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

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

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

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

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

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

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

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

1-4 (Cross-Shareholding)

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

(https://tokaiholdings.co.jp/english/ir/management/pdf/cgc_20211222_e.pdf)

1-7 (Related Party Transaction)

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

(https://tokaiholdings.co.jp/english/ir/management/pdf/cgc_20211222_e.pdf)

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

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

<Appointment of female managers>

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

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

The ratio of female managers in fiscal 2023 is 2.1%, but we aim to increase it to 10% by fiscal 2030.

<Appointment of foreigners to managerial positions>

The Group continues to recruit new graduates and mid-career workers regardless of nationality, and currently employs 24 foreigners. We do not set future targets as we promote candidates to managerial positions based on their abilities regardless of nationality.

<Appointment of mid-career hires to managerial positions>

The Group actively recruits mid-career employees throughout the year in line with business expansion. Currently, the percentage of mid-career hires for managerial posts is 34.6%, and the same percentage for executive posts is 24.3%.

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

<Human resource development policy and internal environment improvement policy>

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

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

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

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

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

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

3-1 (Ensuring Proper Information Disclosure and Transparency)

(1) Our business strategies and the mid-term management plan are described on our website (<https://tokaiholdings.co.jp/english/ir/management/>).

(2) The Basic Policy on Corporate Governance is published on our website (https://tokaiholdings.co.jp/english/ir/management/pdf/cgc_20211222_e.pdf).

(3) Our directors' compensation has a structure consisting of monthly compensation, bonuses and stock-based compensation and properly reflecting their duties and contribution to the company. The procedure to decide the amount of the compensation is that the representative director examines it in accordance with the policies above, taking advice from independent outside directors into account, and the board of directors approves the amount of the compensation.

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

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

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

The reasons for the election of candidates for each director during the term (appointed at the Company's 13th term shareholders meeting) are as stated in the proposal for election of directors of the 13th ordinary general meeting of shareholders notices disclosed on our website.

(https://www.tokaiholdings.co.jp/english/ir/library/pdf/meeting/2024_3/meeting13_e.pdf)

3-1-2 (Information disclosure in English)

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

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

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

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

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

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

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

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

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

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

Regarding investment in intellectual property, the Group has 3.36 million continuous transaction customers across the energy, information and communication, CATV, aqua, mobile, and security businesses. This expansion and overlap in the number of customers will be the foundation for the Group's growth. We will actively invest in customer acquisition activities while taking profitability into account, and we will also promote acquisition of customers with continuous transactions through M&A in an effort to expand our earnings base.

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

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

Regarding TCFD, our group believes that identifying and addressing climate change risks and opportunities using the TCFD framework, and integrating these into our management strategy, will contribute to the sustainable growth and enhancement of corporate value of our group. In line with the TCFD guidelines, we disclosed information for the first time in the fiscal year 2022. Moving forward, we will continue to strengthen our group's resilience to climate change challenges through scenario analysis, while also contributing to the realization of a sustainable society.

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

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

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

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

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

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

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

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

In addition, the position, career, and appointment of each director in the Company's "Notice of Convocation of the 13th Ordinary General Meeting of Shareholders"

(https://www.tokaiholdings.co.jp/ir/library/pdf/meeting/2024_3/meeting13.pdf) In addition to reasons, etc., the skills possessed by each Director and Audit & Supervisory Board Member are listed and disclosed using a skill matrix.

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

The status of concurrent posts of the Company's directors and corporate auditors of other listed companies is as described in the "Notice of Convocation of the 13th Ordinary General Meeting of Shareholders" disclosed on the Company's website.

(https://www.tokaiholdings.co.jp/english/ir/library/pdf/meeting/2024_3/meeting13_e.pdf)

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

The Board of Directors conducts self-evaluations by each director and auditor to analyze and assess the effectiveness of the entire Board. This is done to review the operation of the Board and further strengthen its supervisory functions.

In March 2024, based on a questionnaire conducted with the involvement and advice of a third-party organization, the Board of Directors discussed the results and concluded that the operation and effectiveness of the Board in the fiscal year 2023 were effective. It was analyzed and evaluated that the directors and auditors participated in the Board with an understanding of the management philosophy and strategy, improvements were made in the exchange of opinions and training between internal and external directors, and efforts were made to enhance the governance system of the entire group, with these efforts showing tangible results.

Additionally, the self-evaluation identified issues such as the need for sufficient follow-up after the implementation of important resolutions approved by the Board, and the need for discussions based on a thorough understanding of the alignment between the management strategy and the company's sustainable growth and corporate value.

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

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

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

(https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc_20211222_e.pdf)

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

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

(https://www.tokaiholdings.co.jp/english/ir/management/pdf/cgc_20211222_e.pdf)

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

【Initiatives for Achieving Management Conscious of Capital Cost and Stock Price】 Updated: 2024/11/18

Regarding our initiatives for achieving management conscious of capital cost and stock price, we have clearly defined our position by analyzing and evaluating our current situation, including PBR, ROE, PER, and comparing it with our competitors, in the "Initiatives for Achieving Management Conscious of Capital Cost and Stock Price" disclosed on May 23, 2024. Based on these current situation analyses, we have formulated initiatives for improving corporate value, mainly focusing on (1) efforts towards business portfolio management, (2) promotion of expansion and efficiency improvement in each business, and (3) initiatives towards ESG management.

For more details, please refer to the disclosure materials posted on our company's website.

<https://www.tokaiholdings.co.jp/ir/management/capitalmanagement.html> (Japanese)

https://www.tokaiholdings.co.jp/english/ir/news/pdf/20240523release_e.pdf (English)

2. Capital Structure

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

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	13,595,600	10.35
Aioi Nissay Dowa Insurance Co., Ltd.	7,559,820	5.76
Suzuyo Shoji Co., Ltd.	5,799,700	4.42
The Shizuoka Bank, Ltd.	4,065,527	3.10
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,986,887	3.04
TOKAI Group Employee Shareholders Association	3,892,501	2.96
Custody Bank of Japan, Ltd. (Trust account)	3,491,400	2.66
Sumitomo Mitsui Trust Bank, Limited	3,043,000	2.32
Astomos Energy Corporation	2,724,848	2.07
Meiji Yasuda Life Insurance Company	2,599,389	1.98

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

Supplementary Explanation Updated

In addition to the above, the Company holds 8,319,945 treasury shares, but is excluded from the major shareholders shown above.

3. Corporate Attributes

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

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

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

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 Board of Corporate Auditors
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[Directors]

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

Outside Directors' Relationship with the Company (1)

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

* Categories for "Relationship with the Company"

- * "○" when the Director presently falls or has recently fallen under the category;
- * "△" when the Director fell under the category in the past
- * "●" when a close relative of the Director presently falls or has recently fallen under the category;
- * "▲" when a close relative of the Director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/corporate auditor
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company where such post is served at concurrently with the post of the Company's outside director/corporate auditor (the director himself/herself only)

- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2) [Updated]

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masahiro Sone	○	Mr. Masahiro Sone had served as the representative director for Shizuoka Telecasting Co., Ltd. until June 2011, and concurrently served as a director and senior adviser for the same company until June 2015. Shizuoka Telecasting and the Company have a transaction related to public relations.	He was elected as an outside director with the expectation that he would participate in our decision-making from his fair and neutral position and provide us with appropriate advice and instructions regarding management based on his rich experience of and deep insight into corporate management. The Company believes that his independence is ensured because there is no material interest between him and the Company and no potential conflict of interests with general shareholders.
Nobuko Kawashima	○	Not applicable	Utilizing the specialized academic knowledge and wide-ranging insight cultivated as a university professor, we have been appointed as an outside director to participate in decision-making from a fair and neutral standpoint and to receive appropriate advice and guidance regarding management. In addition, we believe that independence is ensured because there is no special interest between her and the Company and it is judged that there is no risk of conflict of interest with general shareholders.
Kyoko Ueda	○	Not applicable	She has specialized knowledge in corporate governance, ESG, etc., and has been appointed as an outside director because he can participate in decision-making from a fair and neutral standpoint and provide appropriate advice and guidance regarding management. In addition, we believe that independence is ensured because there is no special interest between her and the Company and it is judged that there is no risk of conflict of interest with general shareholders.
Hiroshi Tsunemine	○	Mr. Hiroshi Tsunemine served as Senior Executive Officer of Shizuoka Bank, Ltd. until June 2017. There are transactions such	He was elected as an outside director with the expectation that he would participate in our decision-making from his fair and neutral position and provide

		as loan borrowings between the bank and our company.	us with appropriate advice and instructions regarding management based on his rich experience of and deep insight into corporate management. The Company believes that his independence is ensured because there is no material interest between him and the Company and no potential conflict of interests with general shareholders.
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[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Status of establishment of arbitrary committees, composition of committee members, attributes of chairperson (chairperson) [Update]

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

Supplementary explanation

By ensuring the transparency and objectivity of the nomination of directors, the evaluation of remuneration, and the decision-making process, we will strengthen the independence, objectivity and accountability of the functions of the Board of Directors, and further enhance our corporate governance system. The committee was established with the aim of enhancing its quality, and is chaired by an independent outside director. The members of this committee are elected by resolution of the Board of Directors, and as of the date of submission, there are seven members (Masahiro Sone, Katsuo Oguri, Junichi Yamada, Masahiro Goto, Nobuko Kawashima, Ryoko Ueda, and Tetsuya Numano). In the fiscal year 2023, meetings were held five times, and the specific matters discussed included the promotion and compensation of our group executives, the composition of our board of directors, and the succession planning for the CEO and other key positions. These topics were subject to discussions and exchanges of opinions. Regarding attendance, out of the seven members in fiscal year 2023 (Masahiro Sone, Katsuo Oguri, Junichi Yamada, Masahiro Goto, Nobuko Kawashima, Ryoko Ueda, and Tetsuya Numano), five members (Masahiro Sone, Katsuo Oguri, Junichi Yamada, Masahiro Goto, and Nobuko Kawashima) attended all five meetings, Ryoko Ueda attended three out of three meetings, and Tetsuya Numano attended two out of three meetings.

[Corporate Auditors]

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

Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments

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

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors [Updated]	3
Number of Independent Corporate Auditors [Updated]	3

Outside Corporate Auditors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Masayuki Atsumi	Lawyer														○
Matsubuchi Toshiro	CPA														○
Yoichi Obuchi	From another company										△				

* Categories for "Relationship with the Company"

- * "○" when the corporate auditor presently falls or has recently fallen under the category;
- * "△" when the corporate auditor fell under the category in the past
- * "●" when a close relative of the corporate auditor presently falls or has recently fallen under the category;
- * "▲" when a close relative of the corporate auditor fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. Corporate auditor of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a corporate auditor
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the corporate auditor himself/herself only)
- k. Executive of a company where such post is served at concurrently with the post of the Company's outside director/corporate auditor (the corporate auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the corporate auditor himself/herself only)
- m. Others

Outside Corporate Auditors' Relationship with the Company (2) Updated

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
Masayuki Atsumi	○	N/A	We have appointed him as an Outside Audit & Supervisory Board Member

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

[Independent Directors/Corporate Auditors]

Number of Independent Directors/Corporate Auditors	[Update]	7
Matters relating to Independent Directors/Corporate Auditors		

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
Supplementary Explanation	
The Company aims to improve mid- and long-term business performance and increase motivation to	

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

Recipients of Stock Options

Employees, Subsidiary Directors, Subsidiary Employees

Supplementary Explanation

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

[Director Remuneration]

Disclosure of Individual Directors' Remuneration

We do not disclose individual remuneration

Supplementary Explanation

The amounts of compensation for directors and corporate auditors in FY2023 were as below:
 121 million yen for two directors (Fixed remuneration 96 million yen, bonus 14 million yen, non-monetary remuneration 10 million yen)
 20 million yen for two auditor (Fixed remuneration 20 million yen)
 55 million yen for nine outside directors (Fixed remuneration 55 million yen)

* In addition to the above, there are three directors with no compensation. They are directors concurrently serving as officers for subsidiaries, and received 137 million yen in total as officer compensation from those subsidiaries.

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

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

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

a. Remuneration for the Company's directors shall be within the remuneration limit determined at the General Meeting of Shareholders, and will appropriately reflect the job responsibilities and degree of contribution to the business, taking into account management content, economic conditions, individual director evaluation results, balance with employee salaries, etc. Our basic policy is to establish a remuneration system that This policy was deliberated at the Nomination and Compensation Committee meeting held on April 19, 2024, and was submitted to the Board of Directors meeting held on April 25, 2024 to resolve the decision policy.

b. Outline of the content of the decision policy

Remuneration for directors consists of fixed remuneration (monthly remuneration), bonuses, and non-monetary stock remuneration. However, in view of their duties, outside directors will not be paid non-monetary stock-based compensation.

i. Fixed remuneration, etc.

The decision shall be made based on the basic policy of a above and the internal rules regarding executive compensation, etc., with comprehensive consideration. The fixed remuneration will be a monthly fixed remuneration, and if a bonus is paid, it will be paid in July.

ii. Non-monetary stock compensation

Stock compensation is determined by calculating the amount of benefits based on the points calculated by the following formula stipulated by the Executive Stock Benefit Regulations.

Points = Points by position x Performance evaluation coefficient according to performance during the evaluation period

The indicator for performance evaluation is determined by selecting the consolidated operating income for the relevant fiscal year and depending on the performance compared to the previous fiscal year and the degree of achievement of the performance forecast. The performance evaluation coefficient is 1.0 if consolidated operating income is above the previous year and achieves the forecast, and 0.9 if the consolidated operating income is above the previous year and above 90% to less than 100% of the forecast. If profit is higher than the previous year and less than 90% of the forecast, the performance evaluation coefficient will be 0.5. If the consolidated operating income is less than the previous year and the forecast is achieved, the performance evaluation coefficient will be 0.5. Consolidated operating income is less than the previous year and the forecast is not achieved. In the case of, the performance evaluation coefficient is 0.0.

The reason why we chose this indicator is because it is a numerical value that indicates the results of the company's original sales activities, and we believe that it is the most appropriate criterion for evaluating performance over the course of a year.

In addition, in order to strengthen the compensation structure linked to medium- to long-term improvement of corporate value, stock compensation will be provided with the Company's stock according to the number of points granted when officers retire.

iii. Policy for Determining Compensation Ratio

Regarding remuneration for directors excluding outside directors, the ratio of fixed remuneration, etc. to non-monetary remuneration is 95% fixed remuneration, etc. and 5% non-monetary remuneration for the President and Representative Director, and 96% fixed remuneration, etc. and non-monetary remuneration 4 for Representative Director and Managing Director. % and This ratio is the ratio of the amount paid when fixed compensation, etc. is the median value for the relevant position, and non-monetary compensation is the actual value for fiscal 2023. The amount paid will also vary.

c. Reasons why the Board of Directors determined that the content of individual director remuneration, etc. for the current fiscal year is in line with the decision policy.

In determining the content of compensation, etc. for individual directors, the Nomination and Compensation Committee determines the results of individual director evaluations, fixed compensation amounts, bonus amounts, and non-monetary stock compensation amounts in line with the decision policy. Since we have confirmed in deliberations that the Board of Directors has made decisions based on the above, we have determined that the Board of Directors will basically respect the reports and follow the decision-making policy.

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

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

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

[Status of Persons Who Have Retired from the President]

Name and Other Information of Councils, Advisers or Others Who Have Formerly Served as the President of the Company	
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Name	---
Title / Position	---
Duties	---
Work Form / Conditions (Full-time or Part-time, Remuneration)	---
Date of Retirement from the President	---
Term	---

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

The Company has a system of advisors and advisors, but currently none of the former presidents and representative directors have resigned.
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2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Updated]

<p>1. Overview</p> <p>In November 2015, we established the We have established a basic corporate governance policy and are working to enhance corporate governance.</p> <p>The Board of Directors of the Company consists of 10 or less directors as stipulated in the Articles of Incorporation, of which 4 are outside directors, and the President and Representative Director serves as chairman.</p> <p>In order to ensure an effective management system and substantive discussion at the Board of Directors, which is required of a holding company that manages the execution of the Group's business, the Board of Directors should be composed of the necessary and appropriate number of people. We also give due consideration to the perspective of securing professionalism and expertise.</p> <p>The four outside directors are independent outside directors appointed in accordance with the independence standards stipulated by the Tokyo Stock Exchange.</p> <p>Our company is a company with a board of auditors, and there are four auditors, three of whom are outside auditors, and the full-time auditor serves as the chairman of the board of auditors.</p> <p>The Audit & Supervisory Board meets once a month to receive reports on important matters related to audits and to discuss or make resolutions.</p> <p>We audit the execution of duties by directors through participation in major meetings such as the Board of Directors and audits of operations and accounting.</p> <p>The Audit & Supervisory Board regularly convenes outside directors to strengthen cooperation with outside directors and exchange information.</p> <p>In order to promote the sustainability of the Group, the Sustainability Promotion Committee evaluates and verifies the status of efforts to achieve the goals of materiality (important issues). Deliberations on orders,</p>
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etc., in advance deliberations on agenda items to be submitted to the Boards of Directors of the Company and Group companies at the Executive Committee, and reports and deliberations on the progress of projects promoted by the Company and Group companies, at the Business Operation Committee of major Group companies. Deliberation on issues and solutions for grasping the status of business promotion and achieving management goals, and deliberation on the appropriateness of content when submitting annual securities reports and quarterly reports at the Disclosure Review Committee. The Litigation Review Committee deliberates on important lawsuits.

The Company has established the Group Compliance and Risk Management Committee to share reports on internal control deficiencies, major complaints, and incidents within group companies, as well as measures to prevent recurrence. The committee also promotes compliance training throughout the year and aims to improve internal controls.

2. Audit

The Company is a company with a Board of Auditors, and in accordance with the audit policy and audit plan, we audit the execution of duties by directors and the status of the construction and operation of the internal control system. The Board of Auditors consists of four members: one full-time auditor and three part-time auditors, all of whom are outside auditors. In the fiscal year 2023, the Board of Auditors held 14 meetings, during which it evaluated and discussed proposals for the appointment and reappointment of accounting auditors, agreed on proposals for the appointment of auditors, prepared audit reports, selected the chairperson, selected the full-time auditor, selected specific auditors, formulated audit policies and audit plans, determined auditor remuneration, agreed on the remuneration of accounting auditors, and made resolutions regarding the appropriateness of accounting audits. Additionally, opinion exchange meetings were held with accounting auditors, outside directors, and full-time auditors of subsidiaries.

The activities of our full-time auditor include attending important meetings such as the Executive Committee and the Compliance and Risk Management Committee, conducting hearings with directors and executive officers, holding liaison meetings with full-time auditors of subsidiaries, receiving reports on internal audits from the internal audit department, and gathering information through hearings on internal reports from the compliance department. Through these audit activities, the full-time auditor grasps the decision-making process and the status of internal control execution and reports to the Board of Auditors.

Regarding the internal audit of the entire Group, since the group reorganization and conversion to a holding company in April 2011, the Group Audit Office (16 people in total, including the head of the office, as of the date of submission), which is an organization independent from the business execution department, Based on the annual plans and policies formulated each fiscal year, we conduct audits of our group companies. In fiscal 2023, we will conduct 12 audits of accounting, operations, labor, environment, etc., and 374 audits to evaluate the effectiveness of internal controls., 14 information security review audits, a total of 402 internal audits. Internal audits are conducted regularly and as needed to assess the appropriateness of policies, plans, and procedures regarding overall business activities, the effectiveness of business operations, and compliance with laws and regulations. We are doing The results of internal audits are reported to the presidents, general managers, business managers, corporate auditors, and internal control departments of each Group company, shared within the Group as necessary, and regularly reported to the Board of Directors and Board of Corporate Auditors. increase. In addition, regarding the improvement of the items pointed out by the audits, we cooperate with the compliance departments of each company, conduct continuous follow-ups, and confirm the establishment status of the improvements. In addition, the internal audit department regularly exchanges information and opinions with the auditors, outside directors, and accounting auditors of each group company, and works to ensure appropriate business execution.

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

We are developing various businesses for 3.66 million consumer customers and corporate customers, with the energy business, CATV business, and broadband business as our core business.

Each group company strives to realize the Group's management policy and achieve its goals, such as expanding business and enhancing customer service, through transactions in close proximity to customers.

By dispatching directors to each group company, we are working to improve governance through each company's board of directors. In addition, by having the representatives of major group companies concurrently serve as part-time directors of the Company, we are working to quickly absorb opinions from

group companies and unify the intentions of the group.
 In addition, the Company has appointed four outside directors and three outside corporate auditors. Outside directors participate in decision-making from a fair and neutral standpoint and provide appropriate advice and guidance regarding management. Since then, they have been monitoring, making proposals, and giving advice to the directors, and are fully working to strengthen the management supervision function.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

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

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	A financial results briefing is held semiannually to explain financial results, the mid-term business plan and future business development to institutional investors and analysts.	Yes
Regular Investor Briefings for Overseas Investors	The representative and directors in charge visit each overseas institutional investor regularly.	Yes
Posting of IR Materials on Website	The website was launched on April 1, 2011 to publish 1) statements of accounts; 2) materials for the financial results briefings; 3) securities reports; 4) communications to shareholders; and 5) materials for the general meetings of shareholders (notices of convocation and resolutions) in "IR Resources" inside "Investor Relations."	

	The English website was also published for overseas investors.	
Establishment of Department and/or Manager in Charge of IR	The Public Relations & Investor Relations Office, an organization under the direct control of the president, is in charge of arranging financial results briefings and individual meetings, as well as responding to inquiries.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Implementation of Environmental Activities, CSR Activities etc.	<p>The TOKAI Group Policy on the Environment prescribes the following action guidelines:</p> <ol style="list-style-type: none"> 1. Harmony of environmental preservation and social development 2. Compliance with environmental laws and regulations 3. Reduction in greenhouse effect gases and environmental burdens of customers 4. Reduction in environmental burdens of TOKAI Group 5. Enhancement of the awareness of environmental issues and continuous improvement of environment management activities 6. Coexistence with local communities
Formulation of policies, etc. related to information provision to stakeholders	In order to gain further trust from our stakeholders, we actively engage in voluntary disclosures in addition to timely disclosures based on the Financial Instruments and Exchange Act and the Securities Listing Regulations set by the stock exchange. We strive for transparent information disclosure through our company website and PR information on TDnet.
Others	<ol style="list-style-type: none"> 1. Diversity Promotion <p>The Company is promoting the following initiatives as an opportunity to promote career advancement and awareness raising of female employees.</p> <ol style="list-style-type: none"> (1.) Implementation of "Diversity Promotion Project"-Formulation of action plan in the Women's Achievement Promotion Act, etc. (2.) Implementation of "Women Careers Promotion Education Program"-Create awareness of promoting female employees (3.) Implementation of "Women Employee Training" 2. Health Management <p>Recognizing that "health of employees" is an important asset of the TOKAI group and society, we announced the "TOKAI Group Health Declaration" in June 2016. And, in June 2018, to promote health management more actively, the Company established the "TOKAI Group Health Management Policy" which is consists of three pillars: "Health promotion," "Health and safety," and "Work style reform." The Company is promoting various measures based on this general policy.</p> <p>Our group's efforts in health management have been recognized twice in the past by being selected as a 'Health & Productivity Stock.' Additionally, we have been awarded the 'Certified Health & Productivity Management Organization 2024 (Large Enterprise Category) White 500' for eight consecutive years. In March 2021, we received the highest rank in the 'DBJ Health Management Rating (Health Management)' by Development Bank of Japan Inc., among other high evaluations.</p> 3. Work Style Reform <p>The Company has introduced "flex time system", "at-home work</p>

	<p>system", "coexistence support of treatment and work" etc., and will continue to realize work-life balance and support coexistence of childcare / care and work etc. We will work actively to create an environment in which each employee can work, lively, and work brilliantly, and aim to achieve the corporate philosophy "For the lives of customers. We will continue to grow and develop together with the region and the earth."</p>
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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

<p>(1) The system to ensure that directors, executive officers and employees of the Group exercise their duties in accordance with law and the articles of incorporation:</p> <p>a. The Company will establish a corporate culture in which directors, executive officers and employees of the Group comply with law, the articles of incorporation and social norms. It will do so by developing regulations for compliance of the Group and always maintaining/operating them effectively based on the common charter of corporate behavior of the Group and TOKAI-WAY, the common philosophy of the Group.</p> <p>b. To achieve it, the Group Compliance & Risk Management Committee horizontally administers compliance effort of the Group as a whole, and each group company's compliance promotion organization under the Committee provides compliance education and training to its directors, executive officers and employees.</p> <p>c. The Group Audit Office of the Company audits the compliance effort and its implementation in each group company in cooperation with the Group Compliance & Risk Management Committee and reports the audit results to the Group Compliance & Risk Management Committee.</p> <p>d. In accordance with the Group's regulations on internal control, the Company decides policies regarding construction, establishment, and assessment of internal control for the Group as a whole. The internal control promotion organization of each group company assesses the establishment and operation of its internal control based on those policies and reports the assessment results and the assessment process to the Compliance & Risk Management Office.</p> <p>e. If directors, executive officers, and employees find a material violation of law in business execution and other significant facts related to compliance, they shall report the fact to the Compliance & Risk Management Office or a corporate auditor. The Office or the corporate auditor shall inspect the fact in cooperation with the Group Audit Office of the Company and report the results to the Group Compliance & Risk Management Committee as well as the board of directors and the audit and supervisory board of each company.</p> <p>f. The Compliance & Risk Management Office works to effectively operate the whistle-blowing system in accordance with the Group Internal Communication System. The whistle-blowing shall be generally based on the help line system. The regulations explicitly state that the whistle-blower will not suffer a disadvantage due to the whistle-blowing, and this has been made known to directors, executive officers and employees of the Group. The content of whistle-blowing via this system shall be shared with corporate auditors as necessary.</p> <p>g. If corporate auditors of each group company find a problem in the operation of the compliance system or the whistle-blowing system in their own company, they may provide an opinion and request developing improvement measures.</p> <p>h. In accordance with the code of corporate behavior, the Group establishes a system to take organizational measures to eliminate anti-social forces and strengthens cooperation with the police and other relevant agencies.</p> <p>(2) Matters regarding storage and management of information on the execution of duties by directors and executive officers of the Group</p> <p>a. The Group records and stores information on the execution of duties by directors and executive officers in the form of documents (including electronic records) in accordance with the regulations on document management of each company.</p> <p>b. The Group defines retention periods of documents and specific methods to access them, including places and time, in the regulations on document management of each company, and always keeps those documents accessible in preparation for access requests from directors, executive officers or corporate auditors.</p> <p>(3) Regulations and other systems regarding the Group's management of risks of loss</p>
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a. In the Company, the Compliance & Risk Management Office administers and manages risk information of the Group as a whole in accordance with the regulations on group risk management. Each group company assesses its own risks based on its regulations on risk management that were separately established, and regularly reports the results to the Compliance & Risk Management Office. The Compliance & Risk Management Office regularly reports the risk situation of the Group to the Group Compliance & Risk Management Committee as well as the board of directors and the audit and supervisory board of the Company.

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

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

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

a. Because important matters affecting the Group as a whole need to be decided carefully by considering them from diverse points of view, such matters shall be referred to the management strategy meeting, the investment committee or the business management committee hosted by the Company for adequate discussion prior to the board of directors meeting of each company.

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

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

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

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

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

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

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

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

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

a. Each group company promptly reports important matters affecting each group company's business or business performance to the audit and supervisory boards of the Company and each group company in

accordance with the Regulations concerning the Procedure for Matters to Be Reported to the Audit and Supervisory Board by Directors, Executive Officers, and Employees. Note that, as described in (1) e., matters regarding compliance may be reported directly to corporate auditors of each group company.

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

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

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

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

* An overview of the operations of the internal control system is described in the business report attached to the convocation notice of the general meeting of shareholders and disclosed on our website.

(https://www.tokaiholdings.co.jp/ir/library/pdf/meeting/2024_3/meeting13_2.pdf) (Japanese)

2. Basic Views on Eliminating Anti-Social Forces

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

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

2. Other Matters Concerning to Corporate Governance System

The Company has defined the following in the articles of incorporation:

(1) The Company's Articles of Incorporation stipulate that the number of Directors of the Company shall be ten (10) or less.

(2) Resolution of election of director

With regard to the resolution for the election of directors, the Company's Articles of Incorporation stipulate that the shareholders with one-third or more of the shareholders who can exercise the voting rights attend and that a majority of the voting rights be exercised. In addition, the articles of incorporation stipulate that the election of directors shall not be made by cumulative voting.

(3) Matters that may be resolved at a general meeting of shareholders by the board of directors.

1. Acquisition of treasury stock

Pursuant to Article 165, Paragraph 2 of the Companies Act, the Articles of Incorporation of the Company stipulate that the Company may acquire its own shares through market transactions by resolution of the Board of Directors to implement flexible capital policies.

2. Interim dividend

In order to enable agile redistribution of profits to shareholders, the Company may provide dividends of surplus (interim dividends), as prescribed in Article 454 (5) of the Companies Act and based on a resolution of the board of directors meeting, to shareholders listed or recorded on the final shareholder list as of September 30 of every year.

(4) Special resolution requirements for general meeting of shareholders

Regarding the requirement for special resolutions of the general meeting of shareholders as prescribed in Article 309 (2) of the Companies Act, the Company defines that the meeting shall require the attendance of shareholders holding one-third or more of voting rights of shareholders who can exercise voting rights and votes equivalent to two-thirds or more of those voting rights. The purpose of this is to ensure smooth operation of the general meeting of shareholders by relaxing the quorum of special resolutions at the general meeting of shareholders.

TOKAI Group's Corporate Governance System

