

Last Update:

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Tokai Tokyo Financial Holdings, Inc.

[Masataka Sato], [President and Representative Director]

Corporate Communications Department +81-3-3517-8618

8616

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

Contact:
Securities code:

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

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

1. Basic Views

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 the Corporate Governance Guideline and now hereby posts on its website the same for your reference.

(https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_guideline.pdf)

1. Basic Approach toward Corporate Governance

- (1) The Company respects the rights of its shareholders. It works to maintain a corporate environment in which such rights can be appropriately exercised and 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 respects sound business operations.
- (3) The Company discloses not only appropriate information required by laws, regulations, etc., but also the information it deems necessary to ensure fairness and transparency in its management.
- (4) The Company tries 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) The company undertakes constructive dialogue with shareholders through proactive IR and other activities to promote continuous growth and increase medium-to-long-term corporate value.

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 under 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 nomination of Director candidates and dismissal and remuneration of Directors.

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

The Company has Outside Directors representing the majority of its Board of Directors, and it, in principle, appoints an Outside Director as the Chairperson of the Board. As such, it ensures the effectiveness of the Board of Directors while maintaining a high level of transparency and fairness of deliberations. 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 are 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 individuals holding positions of Executive Directors primarily in charge of business execution or Non-executive Directors basically in charge of overseeing business execution.

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

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

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 rights as stated in Article 20 of its Corporate Governance Guideline and Attachment 5 thereof, “Policies on Cross-Shareholdings.” Further, concerning the rationale for cross-shareholding, we regularly check to see from an overall perspective whether the designed purpose adequately justifies the relevant cost. If we find any cross-shareholding unreasonable, we recognize such share(s) as those to be reduced in number. Please visit our website to see our Corporate Governance Guideline.

(https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_guideline.pdf)

[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 website to see our Corporate Governance Guideline. (https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_guideline.pdf)

[Supplementary principle 2.4(1)] Ensuring diversity in selecting core personnel

• We, as a group, consider the promotion of diversity and equal opportunity one of the crucial management strategy to respond to social changes. Concerning the human resource training and the Company’s efforts to raise its organizational readiness to promote and secure diversity, please refer to the “Other” section of 3. Status of Measures to Ensure Due Respect for Stakeholders,

under III. Implementation of Measures for Shareholders and Other Stakeholders of this report and our website.

(<https://www.tokaitokyo-fh.jp/en/sustainability/materiality-4/diversity/>)

• We formulated our General Employer Action Plan as per the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children. In the said plan, we set a 16% representation of managerial positions by females as a goal in promoting the empowerment of women in the workplace (as of April 1, 2024, the ratio was 14.7%) and the goal is to be achieved by the end of March 2026. 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 mid-careers in managerial positions* (that is 23.7% as of April 1, 2024). 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: not lower than either the Line Manager or the Grade 7 worker as at any one of the following: the Company, Tokai Tokyo Securities, which is our primary subsidiary, and Tokai Tokyo Service which hires workers on a continuing contract basis)

[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 Benefit 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 from occurring. 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]

We, as a group, formulate our Management Philosophy, Management Strategy, and Management Plans and post 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/en/corporate/policy/philosophy/>)

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

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

[Principle 3.1 (ii)] Disclosure improvement

[Basic idea of corporate governance and the related policy]

For basic idea of corporate governance and related policy, please refer to 1. Basic Views of I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information of this report.

[Principle 3.1 (iii)] Disclosure improvement

[Policy and procedures for the Board of Directors in determining the compensation for senior management/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 fostering or securing 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 a 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 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 a fixed salary to ensure their appropriate duty fulfillment of audit and 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 in the process of determining the compensation for Directors. Also, to further ensure objectivity and transparency in the process of 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 [Voluntary Established Committee(s)], II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in this report about the Nomination & Remuneration Committee.

(Procedures)

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 & Supervisory Committee on the result of such discussions.

The Board of Directors determined in its meeting held on June 26th, 2024, 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.

The Chairman and Representative Director, who is entrusted by the Board of Directors, determines the amount of compensation for individual Directors based on the report from the Nomination & Remuneration Committee.

[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 and dismissal 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. For 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 the Nomination & Remuneration Committee to ensure objectivity and transparency in the process of nominating Directors. Furthermore, to ensure objectivity and transparency in the process of nominating Executive Officers, the Company has established the Council for Officers’ Nomination besides the Nomination & Remuneration Committee. Please refer to [Voluntary Established Committee(s)], II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in this report about the Nomination & Remuneration Committee.

(Procedures)

In accordance with the above-mentioned policy, the Board of Directors determines the matter concerning the appointment of Directors not serving on the Audit & Supervisory Committee, after the discussion within itself based on the report from the Nomination & Remuneration Committee.

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

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

[Policy and 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 and dismissal 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 a Director serving on the Audit & Supervisory Committee, the Board of Directors makes the decision after receiving the report from the Nomination & Remuneration Committee subject to the consent from the Audit & Supervisory Committee.

Further, concerning the executive officers, 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 the 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 decide on the above-mentioned dismissal at the Board of Directors’ Meeting.

[Principle 3.1 (v)] Disclosure improvement

[Explanation of individual appointments/dismissals and nominations when the Board of Directors appoints/dismisses senior management and nominates Director candidates]

The reasons for the appointment of candidates for Directors are stated in the reference documents of the convocation notice when the proposal for the appointment of Directors is submitted to the General Meeting of Shareholders and are posted on the Company's website.

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

[Supplementary Principle 3.1(3)] Sustainability initiatives

- Please refer to our website and the Integrated Report for the details of the initiatives.

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

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

- We, the Company, published the SDGs Pledge to advance our endeavors toward the attainment of the Sustainable Development Goals proposed by the United Nations. In that conjunction, we decided on and announced the Materiality that we have drawn from our management philosophy and initiatives. Also, we set up internally the SVJ Council in April 2023 as the place for having comprehensive discussions regularly to explore the ideal state of the Company we should pursue as a group. This is our endeavor to advance our sustainability management.

- 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 gas emissions as per the GHG protocol, which is an international standard. Please visit our website to see all the aforementioned results.

(<https://www.tokaitokyo-fh.jp/en/sustainability/materiality-5/>)

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 4.1(1)] 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.

Please visit our website for Corporate Governance Guideline.

(https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_guideline.pdf)

[Supplementary Principle 4.10(1)] 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 and 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, [Voluntary Established Committee(s)], II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight of this report.

[Supplementary Principle 4.11(1)] Preconditions for ensuring the effectiveness of the Board of Directors and the Audit & Supervisory Committee

[Skill combination possessed by Directors and the policy and procedures for the election of Directors]

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 effectively and efficiently. Further, it states that it strives to ensure diversity of gender and international background in composing its Board of Directors.

For the Corporate Governance Guideline, please see our website.

(https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_guideline.pdf)

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.

For the background of Outside Directors, please refer to [Directors], II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight of this report. For the skill matrix (main expertise and career background) of each Director, please refer to Attachment 1 [Committee membership]. For the policy and procedures for the election of Directors, please see [Principle 3.1(iv)], Disclosure Based on each Principle of the Corporate Governance Code, I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information.

[Supplementary Principle 4.11(2)] Preconditions for ensuring the effectiveness of the Board of Directors and the Audit & Supervisory Committee

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

In selecting a Director candidate, the Company verifies that the candidate can 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. Please visit our website for the details.

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

[Supplementary Principle 4.11(3)] 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 to increase the effectiveness of the Board of Directors. As a result of assessment and analysis for fiscal 2023, we concluded that the Company’s Board of Directors fulfilled its duty with respect to each point of scrutiny and from an overall perspective. The scrutiny examined the status of the Board’s task completion concerning its member composition, diversity, role, responsibility and authority, operation, the system to support Directors, clarification of the expected role to be performed by Outside Directors, management strategy, growth strategy, sustainability issues, problems carried over from the previous year, the composition and role of the Nomination & Remuneration Committee, Shareholders/investor relations, and others.

Please visit our website and see the results.

(https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_outline.pdf)

[Supplementary Principle 4.14(2)] Training for 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.

For the Corporate Governance Guideline, please visit our website.

(https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_guideline.pdf)

[Principle 5.1] Our policy of constructive dialogue with shareholders

We set forth the Policy on Dialogue with Shareholders and disclose it as Attachment 3 to the Corporate Governance Guideline.

For the Corporate Governance Guideline, please visit our website.

(https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_guideline.pdf)

[Management execution by paying attention to capital cost and the stock price of the Company] [Disclosure in English available]

[Updated: 2024/12 /24]

[Current status evaluation and policies and targets]

We formulated and publicized a medium-term management plan, “Beyond Our Limits” 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 (Group KGI) to be achieved through the execution of the plan. In addition, as KPIs for achieving the Group KGI, we have established financial KPIs linked to “The caliber enlargement as a financial service provider” and “Key measures to reach the New World” and “Social Value & Justice” KPIs. The numerical targets are set based on information available at the time of preparation and certain

assumptions deemed reasonable by the Company. The numerical targets may be revised if the market environment changes significantly.

An evaluation of the current status of the medium-term management plan is published in the Integrated Report.

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

In addition, the status of initiatives under the medium-term management plan and “Management execution by paying attention to capital cost and the stock price of the Company” is disclosed in the following financial results briefing materials.

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

Financial Results Briefing Materials (<https://www.tokaitokyo-fh.jp/en/investors/financial/presentation/>)

[Initiatives and implementation period]

The Financial KPIs and “Social Value & Justice” KPIs are disclosed in the Integrated Report regarding the measures to promote the achievement of the medium-term management plan.

In addition, the Company strives to enhance the stability of business performance by expanding stable revenues and diversifying revenue sources while pursuing growth in the Group's business performance. We publicize the review of dividend policy intending to enhance return to shareholder. (Please see the following section.) Through such actions, we will raise the predictability of our stability and growth. Our idea is to reduce the cost of the capital and raise the stock price of the Company by implementing the said actions. Accordingly, we will further enrich communication with our stakeholders including both shareholders and investors.

[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 return dividends to shareholders in a stable and continuous manner while promoting “The caliber enlargement as a financial service provider” and “Key measures to reach the New World” as stated in the medium-term management plan, and allocating the capital to spare for achieving the growth by M&A. By doing so, we will make effective use of Group capital to further increase corporate value over the medium-to-long-term.

We will fulfill the following regarding dividend payments to shareholders from the fiscal year ended in March 2024 during the remaining period of our current medium-term 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/aziJ.pdf>)

[The current status of dialogue with shareholders]

• The Company strives to engage in constructive dialogue with shareholders in order to contribute to the enhancement of corporate value over the medium-to-long-term. The person in charge of the General Planning Group, the General Manager of the Finance and Internal Control Planning Department, and the General Manager of the Public Relations and Investor Relations

Department engage in dialogue in cooperation with each division of the Company.

- In order to promote constructive dialogue with shareholders, the Company has taken the following measures.

- (1) Individual interviews with analysts and institutional investors after the announcement of financial results

- (2) Regular briefings for individual investors

- (3) Presentation of financial results to analysts and institutional investors by the Representative Director twice a year

- (4) Issuing integrated reports to deepen understanding of our strategies and values

- Opinions and requests received through the dialogue are reported to the Board of Directors and the management.

- The Company strives to disclose information fairly and promptly.

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	35,100,400	14.01
MUFG Bank, Ltd.	10,306,853	4.11
Custody Bank of Japan, Ltd. (Trust Account)	9,354,100	3.73
Mitsui Sumitomo Insurance Company, Limited	7,283,798	2.91
The Bank of Yokohama, Ltd.	7,014,553	2.80
Nippon Life Insurance Company	5,611,890	2.24
Sumitomo Mitsui Trust Bank, Limited	4,800,000	1.92
Meiji Yasuda Life Insurance Company	4,406,000	1.76
STATE STREET BANK WEST CLIENT-TREATY 505234	3,359,700	1.34
JP MORGAN CHASE BANK 385781	3,085,304	1.23

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-
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Name of Parent Company, if applicable	None
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Supplementary Explanation

- The status of major shareholders as above described was updated as of September 30, 2024.
- 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 9,961,059 shares of treasury stock.

3. Corporate Attributes

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

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

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5. Other Special Circumstances which may have a 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 and Representative Director and the President and 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 Company and the said subsidiary have agreed to have prior consultation or subsequent report on the matters to be resolved at the General Meeting of Shareholders concerning the Company's important financial and business policies and important management matters, depending on their 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 Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Tsunehiro Nakayama	From another company												
Kazumasa Miyazawa	From another company												
Joichi Yamazaki	From another company												
Ayako Ikeda	Lawyer												
Katsuhiko Oota	From another company												

*Categories for "Relationship with the Company".

(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Tsunehiro Nakayama	-	○	-	<p>Mr. Nakayama commands high respect for the rich experience and insight he has acquired during his long service as a corporate manager in the 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 as an Outside Director to make important managerial decisions and to supervise business executions. The Company has designated Mr. Nakayama as an Independent Director because the Company 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.</p>
Kazumasa Miyazawa	-	○	-	<p>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 to make important managerial decisions and to supervise business executions. The Company has designated Mr. Miyazawa as an Independent Director because the Company 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.</p>
Joichi Yamazaki	○	○	-	<p>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</p>

				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 the 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 the 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 our management. The Company has designated Ms. Ikeda as an Independent Director because the Company 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.
Katsuhiko Oota	○	○	-	Mr. Oota, who has long served as a corporate manager in a major steel manufacturing company, is highly rated for his achievements and insight. The Company expects that he will use his rich experience and high insight long accumulated as a manager in the industry to perform the duty of supervising and auditing for the Company. The Company has designated Mr. Oota as an Independent Director because the Company has judged that he has no potential conflict with the interests of general shareholders as he has no special interest in the Company and thus, he is an appropriate person to protect general shareholders.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

To assist the duties of the Audit & Supervisory Committee and to support the smooth execution of its duties, the Audit & Supervisory Committee Office was established within the Audit Department with two members 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 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.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

The Company's Audit & Supervisory Committee gives the Audit Department, which conducts internal audit, orders and directions to conduct audit and they perform a hearing about the result of such audit. Further, the Committee will request the Audit Department to do an investigation or give the Department specific directions when necessary. The Audit Department is separated from the Company's business execution to strengthen internal auditing functions, 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 an 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 relationships, 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.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination & Remuneration Committee	5	0	1	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to 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 Directors, determining the compensation for, and other matters related to Directors, 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, as well as the method and the level of compensation for individual Directors using 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 & Supervisory Committee.

The Nomination & Remuneration Committee, as a rule, is comprised of more than four members selected and decided by the Board of Directors. One member is the Company's Chairman and Representative Director while the majority of the Committee's posts are filled by Outside Directors. Currently, the Committee is comprised of the Chairman and Representative Director, Tateaki Ishida, and four Outside Directors: Tsunehiro Nakayama, who is the Head of the Committee, Kazumasa Miyazawa, Ayako Ikeda, and Katsuhiko Oota. The term of the Committee members begins upon being elected at the Board of Directors' meeting that follows the conclusion of an Ordinary General Meeting of Shareholders and lasts until the conclusion of the next Ordinary General Meeting of Shareholders. The chairperson of the Committee is elected by a mutual vote from among the Committee members in accordance with the Rules of the Nomination & Remuneration Committee.

During the FYE March 2024, the Nomination & Remuneration Committee has held eight (8) meetings at the Company, and all the Committee members have attended all the eight (8) meetings, with the exception of one Outside Director, Kazumasa Miyazawa who has attended six (6) meetings. The primary agenda discussed in the said meetings include the following.

- May 2023: * The selection of Director candidates, Directors' bonus pool for the FYE March 2023
- June 2023: * Monthly compensation for Directors who serve on the Audit & Supervisory Committee for the FYE March 2024.
- August 2023: * Granting the 15th stock options to the Executive Officers of the Company and Tokai Tokyo Securities Co., Ltd.

Matters Concerning Independent Directors

Number of Independent Directors

5

Other Matters Concerning Independent Directors

The Company has established the “Independence Assessment Standard” regarding the independence of Outside Directors. In electing Outside Directors, the Company selects persons who satisfy such a standard and have no conflict of interests with the Company. 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

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Stock Options Scheme

Supplementary Explanation for Applicable Items

The issuance of the stock acquisition rights as stock options is implemented based on a resolution by the General Meeting of Shareholders. Upon resolution by the General Meeting of Shareholders, the number of actual allotments to be allowed is determined by the Board of Directors based on the recommendation of the Nomination & Remuneration Committee. The total compensation to each Executive Officer is paid as a combination of fixed salary and performance-based bonus generally in the ratio of 70% to 30%. Outside Directors and Directors who are Audit & Supervisory Committee Members receive fixed salary only. The performance-based bonus is determined in the following manner.

i. Bonus

To reflect the link with the short-term performance of the Company, bonuses are calculated by adding performance evaluations of divisions and individuals to consolidated performance based on return on equity (ROE).

Under the management plan, “Beyond Our Limits,” we set an ROE target of 12%, and the actual ROE we accomplished for the FYE March 2024 was 5.8%.

ii. Stock Options

The purpose of granting stock options is to provide an incentive to improve the performance of the entire Group over the medium to long term while aligning our interests with those of shareholders, thereby improving consolidated performance. Please refer to our Financial Statement, 4. Corporate Information, (1) Status of Shares etc., 2) Status of the share acquisition rights (i) Stock option plan for details on our stock option plan.

Persons Eligible for Stock Options

Internal Directors / Employees / Subsidiaries' Directors / Subsidiaries' Employees

Supplementary Explanation for Applicable Items

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 Remuneration

Status of Disclosure of Individual Director's Remuneration

No Disclosure for any Directors

Supplementary Explanation for Applicable Items

Directors who receive total consolidated compensation of ¥100 million or more are disclosed. The amount of compensation for Directors for the FYE March 2024 is as follows.

Internal Directors: ¥252 million* (for four (4) Directors)

* Including stock acquisition rights of ¥3 million granted as stock options

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

To enhance the objectivity and transparency of the process for nominating Director candidates, dismissing Directors, determining the compensation for, and other matters related to Directors, the Company has established the Nomination & Remuneration Committee. Please refer to I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information, [Disclosure Based on each Principle of the Corporate Governance Code] [Principle 3.1 (iii)] in this report for the policy on determining compensation calculation methods.

Support System for 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.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)
After Retiring as Representative Director and President, etc. 0

Other Related Matters

The Company currently does not adopt the practice of retaining advisory positions (*Sodanyaku, Komon*, etc.). The Company has entered into service agreements with some of the individuals possessing specific areas of expertise and experience who used to work for the Company, with the intention of obtaining continued support from them. However, there is no system for persons who have retired from positions such as President and Representative Director.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (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 the majority are Outside Directors (five members)) and meetings are 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. The Company focuses its efforts on ensuring the effectiveness of the Board of Directors and increasing the transparency and fairness of discussions at Board of Directors meetings 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, the Company has shifted to a company with an Audit & Supervisory Committee to transfer decision-making authority on many important business execution matters from the Board of Directors to the Chairman and Representative Director and the President and Representative Director, thereby expediting decision-making and reducing the need to consider formal proposals in Board of Directors' Meetings to allow for more strategic and in-depth discussions. 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 (including three Outside Directors). Audit & Supervisory Committee Meetings are held in principle every month in accordance with the Rules of the Audit & Supervisory Committee. The duties of the Audit & Supervisory Committee include the audit of the execution of duties by Directors and the preparation of audit reports. Further, with the Internal Audit Department placed directly under the Audit & Supervisory Committee, the Committee receives reports on matters relating to business execution by giving the Internal Audit Department orders to conduct audits and obtaining reports therefrom.

The attendance record at Board of Directors' Meetings and Audit & Supervisory Committee Meetings during the FYE March 2024 is provided below.

Title	Name	Principle Activities
Chairman and Representative Director	Tateaki Ishida	Attended 13 Directors Meetings out of 13 held in the FYE March 2024.
President and Representative Director	Masataka Sato	Appointed on June 26, 2024.
Director	Naoko Kitagawa	Appointed on June 26, 2024.
Director	Tsunehiro Nakayama	Attended 13 Directors Meetings out of 13 held in the FYE March 2024.
Director	Kazumasa Miyazawa	Attended 10 Directors Meetings out of all the 10 held since he was appointed during the FYE March 2024.
Director (Audit & Supervisory Committee Member)	Tetsuji Oono	Attended 13 Directors Meetings out of 13 held in the FYE March 2024. Also, attended 16 Audit & Supervisory Committee Meetings out of 16 held in the FYE March 2024.
Director (Audit & Supervisory Committee Member)	Joichi Yamazaki	Attended 13 Directors Meetings out of 13 held in the FYE March 2024. Also, has attended 16 Audit & Supervisory Committee Meetings out of 16 held in the FYE March 2024.
Director (Audit & Supervisory Committee Member)	Ayako Ikeda	Attended 13 Directors Meetings out of 13 held in the FYE March 2024. Also, has attended 16 Audit & Supervisory Committee Meetings out of 16 held in the FYE March 2024.
Director (Audit & Supervisory Committee Member)	Katsuhiko Oota	Appointed on June 26, 2024.

In order to enhance management transparency and soundness, the Company has appointed a 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 composed of both Representative Directors as well as Directors and Executive Officers appointed by both Representative Directors. One is the Management Committee established to discuss general execution policy of the Company's business, and the other is the Comprehensive Risk Management Committee to discuss matters related to compliance, risk management, and disaster risk management. In principle, the Management Committee Meeting is held twice a month and the Comprehensive Risk Management Committee Meeting is held once a month.

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has agreed with Directors (excluding Executive Directors, etc.) to limit the Directors' liability for compensation for damage under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the agreements is the total amount as stipulated in Article 425, Paragraphs 1-(c) and 2 of the Companies Act. In addition, this limitation of liability is applicable only when a Director (excluding an Executive Director, etc.) has acted in good faith and without gross negligence in the performance of the duties that caused his/her liability.

We retain KPMG AZSA LLC as our accounting auditor under the audit contract that has lasted for two years with them, and they

have performed an accounting audit in accordance with the Company Act and the Financial Instruments and Exchange Act for the FYE March 2024. The Certified Public Accountants who performed the audit for the FYE March 2024 are the following and they are all Designated Limited Liability Partners.

Atsushi Fukui

Yoshihiro Matsuda

In addition, 5 Certified Public Accountants and 22 other assistants* assisted the above-mentioned accountants.

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

3. Reasons for Adoption of Current Corporate Governance System

The Company considers the enhancement of corporate governance to be one of its important tasks. 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.

While maintaining the strength of its corporate governance (as exemplified by the majority presence of Outside Directors in the Board of Directors, by clarifying the roles of Executive Directors and Non-Executive Directors and by selecting the Chairperson of the Board of Directors from Non-Executive Directors, etc.), the Company has shifted to a company with an Audit & Supervisory Committee. By promoting Audit & Supervisory Committee members up to a director's position, in addition to the legal compliance audit of the Board of Directors previously performed by the Corporate Auditors, Directors who are Audit & Supervisory Board Members will be able to audit whether business operations are being carried out in a sound, fair, and efficient manner in accordance with the basic management policy and management plan determined by the Board of Directors. This shift will boost the audit and supervision functions of the Company and will make it possible to transfer decision-making authority on many important business execution matters from the Board of Directors to the Executive Directors. This will expedite decision-making and reduce the need to consider formal proposals in Board of Directors Meetings to allow for more strategic and in-depth discussions.

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. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the 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 legally required date of two weeks prior to the meeting. The Company, for instance, sent the convocation notice of the 112th Ordinary General Meeting of Shareholders held on June 26, 2024, three weeks before the day of the meeting.
Electronic Exercise of Voting Rights	The Company has adopted an electronic method to facilitate the smooth exercise of voting rights via PC or cellular phones. Shareholders now are able to access the dedicated website for exercising their voting rights; (https://www.web54.net)
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company makes the electronic voting platform operated by ICJ, Inc. available for institutional investors.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders 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 the stock exchanges.
Other	For our shareholders to adequately deliberate 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 the stock exchanges on the date before it sends out such notice by surface mail. (mailing started on May 28, 2024) Also, we provided live coverage of the 112th Ordinary General Meeting of Shareholders by live streaming over the internet.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	<p>A Representative Director of the Company or other person provides a presentation at the investors' meeting held in major cities throughout Japan, such as Tokyo and Nagoya and online. In addition, we video-record the subject presentation and, in principle, post that on our website later together with the supplementary information used at the time of the presentation.</p> <p>*Actual presentation performed during the FYE March 2024: December 27, 2023 (online), February 2, 2024 (Tokyo), March 6, 2024 (Nagoya)</p>	Held

Regular Investor Briefings held for Analysts and Institutional Investors	<p>A Representative Director of the Company provides a presentation at the investors' meeting held twice a year in Tokyo. In addition, we video-record the subject presentation and, in principle, post that on our website later together with the supplementary information used at the time of the presentation. Also, we regularly receive visiting analysts and institutional investors to meet their research needs.</p> <p>*Actual presentation performed during the FYE March 2024: May 25, 2023, November 22, 2023</p>	Held
Regular Investor Briefings held for Overseas Investors	<p>A Representative Director of the Company conducts meetings in Europe, the United States, and Asia or online (held 19 times in the FYE March 2024) In principle, the presentation material used is posted on the Company's website.</p>	Held
Online Disclosure of IR Information	<p>Financial summaries, financial highlights, press releases, annual reports and shareholder news are provided.</p> <p>(https://www.tokaitokyo-fh.jp/)</p> <p>Such materials are also available on the English website.</p> <p>(https://www.tokaitokyo-fh.jp/en/)</p>	
Establishment of Department and/or Placement of a Manager in Charge of IR	<p>The Company has a Corporate Communications Department.</p>	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Group sets forth its basic approach to each stakeholder (clients, shareholders, local communities, employees, etc.) in the “Basic Compliance Guideline,” “Ethical Code of Conduct,” and “Corporate Governance Guideline” and it endeavors to make such basic approaches known to all its officers and employees.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>The Company formulated its environmental policy to utilize finite resources effectively and leave them for the next generation to assume a part of social responsibility. We are paying attention and taking action to solve environmental issues while engaging in business operations. As part of our efforts to address global warming and climate change, we are switching to high-efficiency lighting and air conditioning systems and are also actively switching to fuel-efficient mini-vehicles, hybrid cars, electric vehicles, and fuel cell (hydrogen) vehicles. Please refer to our website for more details about our initiatives:</p> <p>(https://www.tokaitokyo-fh.jp/en/sustainability/materiality-5/)</p> <p>In addition, based on our belief in valuing the community and people, we are supporting activities that boost the manufacturing culture in the Chubu region, as well as sports, cultural, and artistic activities, through the Tokai Tokyo Foundation. These include the Nagoya University “Global Education Promotion Project” and grants for continuing the tradition of festival events, as well as support through Chukyo University’s “Tokai Tokyo Athlete Development Scholarship.”</p> <p>Please see our website for details.</p> <p>(https://www.tokaitokyo-fh.jp/en/sustainability/materiality-3/)</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company strives to ensure the proactive and appropriate disclosure of information, such as management policy and corporate information.
Other	<p><Our HR strategy is designed to work in harmony with management strategy></p> <p>The Company has constantly adapted its HR system to an ever-evolving business model and maintained its working environment to allow employees to work flexibly. As an 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. Consequently, we can now assign personnel to more suitable positions and carry out mid-career hires more smoothly.</p> <p><Workplace Improvement Policy></p> <p>To achieve the key phrases in our management plan, “the caliber enhancement as a financial service provider” and “key measures to reach the new world” as well as our principle “Social Value & Justice’ comes first” we have established a human resources strategy based on two pillars: “business reinforcement” as an offensive perspective and “corporate continuity and sustainability” as a defensive perspective. We have established the promotion of specific initiatives for each human</p>

resource strategy, in particular, to improve employee engagement and to invest 3% of the previous fiscal year's ordinary income in education and training into human resources as “Social Value & Justice” KPI for the medium-term management plan.

Initiatives

- Recruit by department to secure specialist talent
- Encourage employee promotion
- Young employee’s development program
- Select and send employees to MBA programs both in Japan and overseas
- Run Humanity Enhancement Program
- Encourage employees to reskill
- Support employees’ work-life balance regarding childbirth, childcare and nursing
- Conduct engagement survey
- Eliminate harassment and others

<Human Resources Development Policy>

- Develop human resources who can contribute to the asset formation and capital enhancement of clients by fulfilling the role of a financial service provider
- Develop employees who design their own career paths and continue learning spontaneously
- Develop employees who see changes as chances and take on new challenges

Our priority measures for FYE March 2025 are as follows

- (1) Drive forward young employees training
- (2) Spread support with career-path development and reskilling to employees at the frontline
- (3) Nurture and secure human resources in the DX field and specialists

For more details of our efforts, please refer to “II. Business Overview, 2. Approach to Sustainability and Sustainability Initiatives (3) Human resource strategy” of our Financial Statement (Yuuka Shouken Houkokusho).

<Health & Productivity Management>

In 2019, the Company made a “Well-Being Declaration” as a measure to create an environment in which employees can work for a long period of time in a healthy and lively manner. Further, the Company appointed a Chief Health Officer (CHO) and established a Health Management Promotion Committee with a view to improving employees’ overall health. 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/en/sustainability/materiality-4/>)

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 experience and all others.

IV. Matters Concerning the Internal Control System

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

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has established the following basic policy on the development of systems to ensure the proper conduct of the Company's business (hereinafter referred to as the "internal control system").

1. System to ensure the appropriateness of operations in the Tokai Tokyo Financial Group

The Company shall develop and operate the systems necessary to ensure the appropriateness of the Group's operations.

- (1) As the holding company overseeing the business of the Group, the Company shall establish a basic policy on the management of Group companies and develop a management system for Group companies by establishing a reporting system to the Board of Directors, etc.
- (2) In order to ensure a sound internal control system as a group, the Company and its subsidiaries shall establish a management philosophy, Group Code of Ethical Conduct and Group Compliance Basic Policy, shall disseminate these and other principles to group companies and shall ensure that Directors and employees of the Company and its subsidiaries comply with laws, regulations, and other rules.
- (3) In accordance with the Regulations for Management of Affiliated Companies and Regulations on Risk Management, the Company shall implement controls such as requesting reports from subsidiaries on their management details and risk management status and provide management guidance and guidance on the development of risk management systems as necessary.
- (4) In accordance with the Regulations for Management of Affiliated Companies and the Regulations on Internal Audit, audits of subsidiaries are conducted by the Audit Department, the results of which are reported to the Audit & Supervisory Committee, which in turn reports them to the Board of Directors and the President and Representative Director.
- (5) In accordance with the Regulations for Management of Affiliated Companies, when a subsidiary intends to decide on an important management matter, the subsidiary shall be requested to submit the decision in advance and, if necessary, prior approval shall be given. In addition, to understand their financial position, they shall report their financial results to the Board of Directors on a quarterly basis.
- (6) In order to ensure the adequacy and reliability of financial reporting, basic rules on internal control over financial reporting shall be established, and the necessary systems shall be built, maintained, and operated appropriately. The President and Representative Director shall carry out a final assessment of the effectiveness of the maintenance and operation of internal control over financial reporting about the Group and report the results of this assessment to the Board of Directors.

2. Systems to ensure that the execution of duties by Directors and employees complies with laws, regulations, and the Articles of Incorporation

The Company shall develop and operate the systems necessary to ensure that the execution of the duties of the directors, executive officers and employees of the Company and its subsidiaries complies with laws, regulations, and rules.

- (1) The Board of Directors shall consist of directors who are members of the Audit & Supervisory Committee and other Directors ("Executive Directors" and "Non-executive Directors"), and their respective roles shall be clearly defined.
- (2) The Board of Directors shall establish basic norms, such as the Group Compliance Policy and the Group Code of Ethical Conduct, as a system for compliance with laws, regulations and rules by the Directors and employees of the Company and its subsidiaries and shall strive to implement these.
- (3) In order to ensure the effectiveness of compliance with laws, regulations and other rules, the Board of Directors shall establish the Comprehensive Risk Management Committee as an organization to report on measures to establish a Group compliance system, and the Comprehensive Risk Compliance Department as a specialized department to oversee, guide and monitor Group compliance. The status of the Group's compliance is ascertained by the Comprehensive Risk Compliance Department, which reports to the Comprehensive Risk Management Committee, which in turn reports to the Board of Directors.
- (4) The Audit & Supervisory Committee checks the status of business execution through internal audits. The Audit Department conducts internal audits and reports the results and other information to the Audit & Supervisory Committee. The Audit & Supervisory Committee reports the results and other matters to the Board of Directors and the President and Representative Director.
- (5) An internal reporting system (Group Compliance Hotline) shall be established for the purpose of deterrence, early

- detection and correction of illegal and inappropriate acts, and efforts shall be made to ensure its effectiveness.
- (6) The Group shall take a resolute attitude towards forces and organizations that engage in anti-social activities and shall establish a system to ensure that it does not conduct any business with them.
 - (7) The Group shall endeavor to prevent money laundering, eyeing activities that funds transacted through the Group may be used for various crimes and terrorism.

3. Systems to ensure the effectiveness of the Board of Directors

The Company shall develop and operate the necessary systems to ensure the effectiveness of the Board of Directors.

- (1) The Board of Directors shall comprise a diverse range of Directors with different backgrounds in terms of expertise and experience, to ensure the effective and efficient performance of its functions. It shall also endeavor to ensure diversity in terms of gender and internationality.
- (2) The Board of Directors shall strive to create an environment that supports appropriate risk-taking by senior management. It also endeavors to ensure the diversity of the Board of Directors as it should be, considering the strategic stage of the company and avoiding the fixation of Directors.
- (3) The Nomination & Remuneration Committee shall be established as an advisory body to the Board of Directors of the Company to ensure objectivity and transparency in the decision-making process about the nomination (including reappointment) and dismissal of Directors.
- (4) The Board of Directors decides on the content of proposals for the nomination and dismissal of directors to be submitted to the General Meeting of Shareholders in accordance with the relevant laws and regulations, after receiving a report from the Nomination & Remuneration Committee following deliberations based on the criteria for the election of Director candidates.
- (5) The Board of Directors analyses and evaluates the Board of Directors to improve its effectiveness.

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

The Company shall establish and operate the necessary systems to ensure that the Directors' duties are performed efficiently.

- (1) In order to invigorate the discussions of the Board of Directors and speed up decision-making, the Board of Directors of the Company, in accordance with the Articles of Incorporation, delegates all or part of the decisions on the execution of business affairs, other than those exclusively determined by law, to the Chairman and the President and Representative Director.
- (2) In order to discuss the overall execution policy of the Company's business, a management committee consisting of the Chairman, the President and Representative Director and Directors and executive officers appointed by agreement among them shall be set up.
- (3) The Directors shall execute their duties properly and efficiently in accordance with the authority of duties and decision-making rules based on the Board of Directors Policies and the Executive Committee Policies.

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

In accordance with laws, regulations and various internal policies, information relating to the execution of duties by Directors is held and managed together with related documents. The Audit & Supervisory Committee has access to such information.

6. Policies and other systems for managing the risk of loss

The Company shall establish and operate the systems necessary for the proper management of risks for the Group as a whole.

- (1) In order to prepare for various risks arising from the conduct of business, the Company shall manage the risks of the entire Group in an integrated manner by designating a responsible department for each risk category in accordance with the Regulations on Risk Management.
- (2) The Comprehensive Risk Management Committee shall be established to identify and manage the status of risk management for each responsible department and report the results regularly to the Board of Directors and the Audit & Supervisory Committee.

7. System, etc. concerning Directors and employees to assist the duties of the Audit & Supervisory Committee

The Company shall establish and operate the necessary systems concerning directors and employees to assist the duties of the Audit & Supervisory Committee.

- (1) In order to increase the effectiveness of the Audit & Supervisory Committee, the Board of Directors shall establish the Audit & Supervisory Committee Office, which is independent of the operational executors, as an organization to assist the Audit & Supervisory Committee in its duties, and shall appoint directors and employees to assist the Audit & Supervisory Committee in its duties (hereinafter referred to as “Assistant Employees etc.”) with the consent of the Audit & Supervisory Committee.
- (2) The Audit & Supervisory Committee Office is independent of the operational executors and carries out its duties in accordance with the instructions and orders of the Audit & Supervisory Committee and reports the results of its work to the Audit & Supervisory Committee.
- (3) The Board of Directors shall respect the independence of the Audit & Supervisory Committee Office from the executives and endeavor to ensure the effectiveness of the instructions given to the Audit & Supervisory Committee’s assistant employees etc.
- (4) The personnel of the employees belonging to the Audit Department shall be determined in accordance with the opinion of the Audit & Supervisory Committee so that they do not hinder the proper performance of their duties.

8. System for reporting, etc. to the Audit & Supervisory Committee

The Company shall establish and operate the necessary systems for reporting to the Audit & Supervisory Committee.

- (1) Audit & Supervisory Committee members may attend meetings of the Management Committee, the Comprehensive Risk Management Committee, and other meetings, and may inspect the minutes of important meetings, records of decisions and other documents at any time.
- (2) The President and Representative Director shall report to the full-time Audit & Supervisory Committee Member or the Audit & Supervisory Committee in a timely manner on the status of reports from the internal reporting system (Group Compliance Hotline).
- (3) The Audit & Supervisory Committee may receive reports and request further reports from the accounting auditors, Directors, employees, and other persons as necessary.
- (4) The Company shall not treat any Director, employee or other person who reports to the Audit & Supervisory Committee in a disadvantageous manner on account of such report.

9. Other systems to ensure that the audit of the Audit & Supervisory Committee is carried out effectively

The Company shall establish and operate the necessary systems to ensure that the audits of the Audit & Supervisory Committee are carried out effectively.

- (1) The President and Representative Director, members of the Audit & Supervisory Committee and the Independent Auditor shall have regular opportunities to exchange opinions to promote mutual communication.
- (2) Opportunities are ensured for Audit & Supervisory Committee members to receive advice on audit work from legal and accounting experts.
- (3) Audit & Supervisory Committee members may receive advance payments or reimbursement from the company for expenses incurred in the performance of their duties.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

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, the Anti-money Laundering Department, which is responsible for handling matters associated with antisocial forces for the Group, collects and analyzes information and discusses countermeasures by constructing a 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 Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

The Company abolished countermeasures against large-scale purchases of the Company's shares (Anti-Takeover Policy) at the conclusion of the 110th Ordinary General Meeting of Shareholders held June 2022. At the same time the Company formulated "Basic Policies on Control of the Company (Basic Policies on the Status of Persons Who Control Decisions on the Company's Financial Standing and Business Policies)" in Attachment 6 of the Corporate Governance Guidelines. Please refer to the Company's website for the Corporate Governance Guidelines:

(https://www.tokaitokyo-fh.jp/asset/pdf/corporate/governance_guideline.pdf)

The basic policy is described below.

The Company believes that the person who controls decisions on the Company's financial and business policies needs to understand the source of the corporate value of the Group and be able to continuously and sustainably secure and improve the corporate value of the Group and the common interests of shareholders (Corporate Value, etc. of the Group).

The Company's Board of Directors shall not categorically deny a so-called "hostile takeover" conducted without the approval of the Company's Board of Directors as long as it contributes to the corporate value, etc. of the Group. In addition, the Company believes that the decision on whether or not to accept a purchase proposal that involves a transfer of control of a public company should ultimately be made based on the will of the shareholders. As a prerequisite, the Company believes that it is important to secure the necessary and sufficient time and opportunity for shareholders to decide based on necessary and sufficient information. At the conclusion of the 110th Ordinary General Meeting of Shareholders held June 2022, the Company decided not to continue countermeasures against large-scale purchases of the Company's shares (Anti-Takeover Policy). However, the Company will request those who intend to conduct a large-scale purchase by stocks of the Company to provide necessary and sufficient information so that shareholders can make an appropriate judgment on whether or not the large-scale purchase should be conducted, and at the same time, will endeavor to secure sufficient time for consideration by shareholders.

2. Other Matters Concerning the Corporate Governance System

· Information Disclosure System for Decision Facts

After approval by the Board of Directors of the Company, the person in charge of handling information shall determine whether or not the important corporate information related to the decision fact falls under the matters prescribed in the regulations on timely disclosure specified by the exchange, and if it does, he / she shall ensure thorough information management and give instructions to the department in charge of disclosure.

· Information Disclosure System for Facts that have Occurred

Important corporate information regarding facts that have occurred is collected by the person in charge of handling information. He / she shall determine the impact of such facts on the business operations, operating results, and financial position of the Company, including consolidated subsidiaries, and whether or not they fall under the matters prescribed in the rules on timely disclosure prescribed by the exchange, and shall ensure thorough information management and promptly report to the President

and Representative Director.

The person in charge of handling information shall give instructions to the department in charge of disclosure if the matters specified in the relevant rules are applicable.

(“The person in charge of handling information” refers to the information handling manager prescribed in the rules of the Exchange.)

Attachment 1 Committee membership

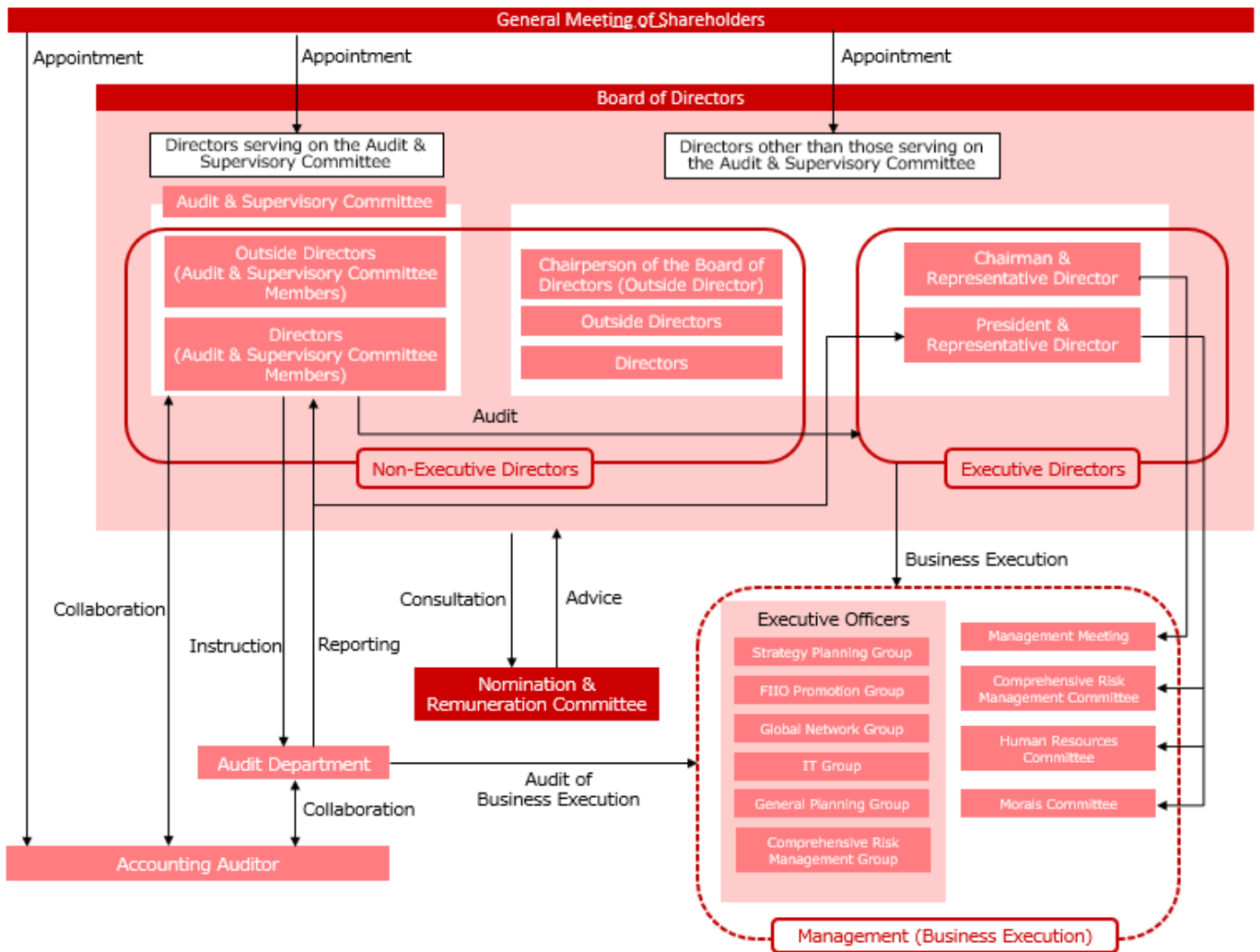
Composition of the Board of Directors (skill matrix)

Composition of each committee

Expertise and background

Name	Title/role		Composition of each committee				Expertise and background							
			Audit & Supervisory Committee	Nomination & Remuneration Committee	Comprehensive Risk Management Committee	Human Resources Committee	Business administration	Overseas assignment	Legal	Financial Accounting	Finance economics	Administration	ICT	Sustainability
Tateaki Ishida	Chairman & Representative Director	Business Execution		○	○	○	○	○		○	○		○	○
Masataka Sato	President & Representative Director	Business Execution			○	○	○	○		○	○		○	○
Naoko Kitagawa	Director	Non-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	○							○	○			
Joichi Yamazaki	Outside Director	Independent Director	○							○		○	○	○
		Non-Business Execution												
Ayako Ikeda	Outside Director	Independent Director	○	○				○	○					
		Non-Business Execution												
Katsuhiko Oota	Outside Director	Independent Director	○	○			○	○		○	○			
		Non-Business Execution												

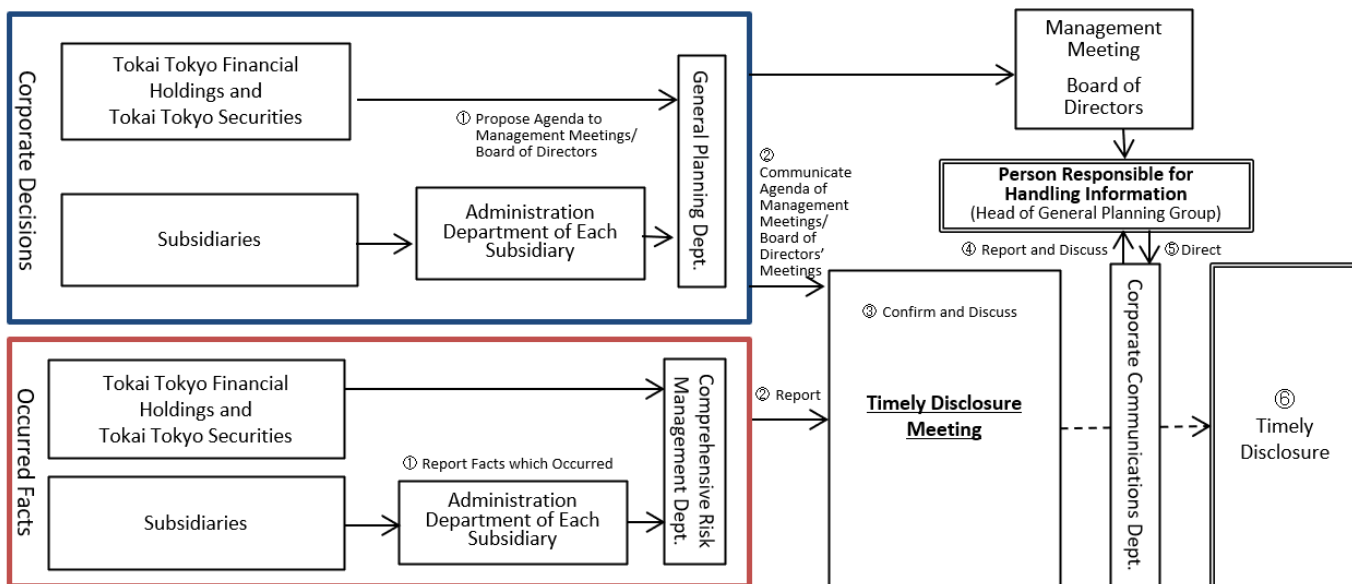
Attachment 2 Corporate Governance System



Attachment 3 Company Structure for Timely Disclosure

Tokai Tokyo Financial Holdings, Inc.

《Company Structure for Timely Disclosure》



END