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Tokyu Fudosan Holdings Corporation

Hironori Nishikawa

President and Representative Director

Securities Code: 3289

<https://www.tokyu-fudosan-hd.co.jp/english/>

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

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

1. Basic Views

In order to fulfill its responsibility to its stakeholders including shareholders/investors, customers, Group employees, business partners and local communities surrounding Tokyu Fudosan Holdings Group (the “Group”) and future society, the Company strives to ensure its sustainable growth and increase corporate value over the medium and long term by engaging in social issues through its business. To that end, the Company will work to ensure soundness and transparency of management and build a corporate governance system that contributes to expediting decision making.

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

The Company implements each principle of the Corporate Governance Code.

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

[Principle 1.4 Policy for Cross-Shareholdings]

(1) Policy regarding shares as cross-shareholdings

The Company will hold cross shareholdings in cases where it judges that they will contribute to maintaining and increasing the Group’s corporate value from a perspective of importance to the medium- and long-term business strategy, reinforcing relationships with business partners, and maintaining a stable fund procurement environment.

Furthermore, in addition to verifying the appropriateness of each individual shareholding in light of the purpose of said holding, the Company will regularly conduct quantitative verification of matters such as the benefits, risks and capital cost of the holding, and present the results to the Board of Directors as reporting matters.

Stocks whose holding is deemed to have little meaning or effect will be sold as appropriate, giving due regard to share prices, market trends, and other information for consideration.

(2) Policy regarding exercise of voting rights

The Company shall exercise its voting rights related to cross-held shares on all proposals for voting after individually judging factors such as whether the proposal will contribute to increasing the Group’s shareholder value, and whether it is appropriate in light of the purpose of shareholding of the Company.

[Principle 1.7 Related Party Transactions]

All transactions with related parties, including officers and major shareholders, are carried out after the required decision has been made through a process of deliberation from specialist perspectives such as finance, accounting, taxation, and law, following the Company’s internal regulations in accordance with the scale and importance of the transaction. Transactions with a conflict of interest for Directors must be approved by the Board of Directors based on laws and

regulations, and the Board of Directors Regulations (excluding, however, cases where the transaction is an ordinary transaction as a general consumer, including purchasing over-the-counter goods, where the interests of the Company or the common interests of its shareholders are not harmed). When such a transaction has occurred, details are disclosed in the Annual Securities Report in accordance with laws and regulations.

[Supplementary Principle 2.3.1]

With the recognition that dealing with the issues surrounding sustainability including social and environmental issues is an important part of risk management, the Company has established the “Sustainability Committee,” which is under the direct authority of the President and Representative Director, and worked actively and proactively on those issues. The activities of the Sustainability Committee include developing initiative policies on various issues, managing progress, sharing information and reviewing effectiveness of management processes as necessary. The Committee reports regularly on the details of its activities to the Board of Directors.

In the “GROUP VISION 2030” and the “Medium-Term Management Plan 2025,” the Company identified the Group’s materialities in relation to issues surrounding sustainability, and examined opportunities and risks across its business activities. Details are disclosed on the Company’s website and in the Integrated Report.

Sustainability initiatives (English): <https://tokyu-fudosan-hd-csr.disclosure.site/en>
Medium-Term Management Plan 2025 (English):
<https://www.tokyu-fudosan-hd.co.jp/english/ir/mgtpolicy/mid-term-plan/>
Integrated Report (English):<https://www.tokyu-fudosan-hd.co.jp/english/ir/library/annualreport/>
Environmental Management Report (English):
<https://www.tokyu-fudosan-hd.co.jp/english/ir/library/environment/>

[Supplementary Principle 2.4.1]

The Group established the theme “create an organizational climate under which diverse human capital is enlivened” as materiality in its long-term vision “GROUP VISION 2030” announced in May 2021 and its “Medium-Term Management Plan 2025” announced in May 2022 to foster an innovative organizational climate with a sense of unity.

The Group believes that fostering an innovative organizational climate by promoting the active participation of diverse human capital is essential for the value creation of the Group. To bring this to reality, we have formulated our DE&I Vision, and are pushing forward while disclosing the status of its implementation in the Annual Securities Report and other documents.

We have established specific indicators, namely, the “ratio of females hired out of new graduates,” “ratio of female managers,” “ratio of female manager candidates,” “ratio of mid-career hired managers,” “ratio of childcare leave taken by male employees,” and “ratio of participation in training to deepen understanding of DE&I.” Details on the progress of each indicator are disclosed in the Annual Securities Report and other documents.

Policies for the human capital development and the internal environment improvement toward achievement of these indicators are systematized as part of our human capital strategy, which is linked to management strategy. The Group’s human capital strategy is threefold, specifically, “developing human capital who create value,” “developing organizations with diversity and a sense of unity,” and “enhancing motivation to work and ease of working .” Priority measures are set based on the above indicators as KPIs. Specific measures include the dissemination of top management messages to promote the DE&I Vision, training for executives, and cross-company networking support. In addition, measures for each Group company include increasing the ratio of women in charge of hiring, operating a promotion program for employees who have taken maternity or childcare leave, and working to lower goals for employees who are raising children, introduce shift work and a system to assign one task to multiple employees. We aim to achieve the KPI for the entire Group by horizontally deploying the systems and innovations of each company within the Group.

The Group operates its businesses in several overseas countries such as the United States and Indonesia, but the Company has neither set a target for nor disclosed information about appointment of foreign employees as managers, because many of the Group’s key offices are located in Japan, and the number of foreign employees is small..

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company accepts employees only from Group companies, and these employees are subject to the retirement benefit plans of the Company they originally joined. Additionally, the retirement benefit plans of each Group company consist primarily of defined contribution pension plans and lump-sum payments. Therefore, the corporate pension funds have limitations as asset owners.

With defined contribution pension plans, the Company confirms operations through selection of fund managers and investment products as well as provision of educational opportunities for employees regarding asset management and explanations at the time of joining the Company. Furthermore, the corporate pension funds conduct proper operation as asset owners by entrusting management to institutions that comply with the stewardship code, while appointing highly experienced managers to be in charge of the operation.

[Principle 3.1 Full Disclosure]

(1) Management philosophy, management strategy, and management plan

The Group has formulated and announced in May 2021 its long-term vision “GROUP VISION 2030” and long-term management policy with fiscal 2030 as the target year. Under the slogan, “WE ARE GREEN,” we aim to “realize a future where everyone can be themselves and shine vigorously.”

In May 2022, we formulated the “Medium-Term Management Plan 2025,” which covers the first half of the long-term management policy through fiscal 2025. Based on the Group policies “environmental management” and “DX” and the business policies “utilizing intellectual assets” and “co-creation with partners” set forth in the long-term management policy, we will promote the improvement of earnings power and efficiency for renewed growth in the post-COVID-19 era. In addition, we will strive to build a strong and unique business portfolio and realize our ideal vision.

Details can be found on the Company’s website under the “Message from the President.”

Message from the President (English): <https://www.tokyu-fudosan-hd.co.jp/english/about/message/>
Group Philosophy (Japanese): <https://www.tokyu.co.jp/company/about/>

Please refer to the following for the “GROUP VISION 2030.”

GROUP VISION 2030 (English): <https://www.tokyu-fudosan-hd.co.jp/english/ir/mgtpolicy/plan/>

Please refer to the following for the “Medium-Term Management Plan 2025.”

Medium-Term Management Plan 2025 (English):
<https://www.tokyu-fudosan-hd.co.jp/english/ir/mgtpolicy/mid-term-plan/>

In addition, the Company issues “Integrated Reports” in an effort to facilitate the understanding by stakeholders of the overall picture of the Group’s progress and creation of value in its business activities.

Integrated Report (English): <https://www.tokyu-fudosan-hd.co.jp/english/ir/library/annualreport/>

(2) Basic views on corporate governance

Please refer to “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information, 1. Basic Views” of this report.

(3) Policies and procedures in determining the remuneration of the senior management and Directors

Please refer to “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management, 1. Organizational Composition and Operation, Director Remuneration, Disclosure of Policy for Determining Remuneration Amounts and Calculation Methods” of this report.

(4) Policies and procedures in the appointment or dismissal of the senior management and the nomination of candidates for Directors and Audit & Supervisory Board Members

In selecting candidates for Directors, the Board of Directors presupposes that the candidates have appropriate character and knowledge for a Director, as well as no health issues that would impede them from executing their duties. In addition, we give consideration to the overall balance of the Board of Directors to ensure that it is diverse.

As candidates for Directors from within the Company, we select personnel who have insight and judgment with a view to achieving management indicators and other targets in medium- to long-term management plans, etc.

As candidates for Outside Directors, we select personnel who have extensive experience in fields such as management, legal affairs, finance, and accounting, while having sensible, objective perspective, and who can raise and discuss problems about growth strategies and the enhancement of governance from an independent standpoint. Candidates for Outside Directors are selected based on the premise that they will not hold concurrent positions as a director, corporate auditor, or executive officer at more than five listed companies other than the Company.

Nomination of senior management and Director candidates are determined by the Board of Directors after deliberation by the Nomination and Compensation Committee.

The necessary response with regard to the dismissal of the senior management shall be deliberated and decided by the Board of Directors after consulting with the Nomination and Remuneration Committee in the event of any fraudulent or unjust behavior by the senior management, such as violating the details stipulated in internal regulations, or in the event that it is deemed that the person’s qualifications as senior management are markedly lacking.

As for candidates for Audit & Supervisory Board Members, the Audit & Supervisory Board receives proposals of personnel who have appropriate character for an Audit & Supervisory Board Member, as well as having no health

issues that would impede them and the insight required for auditing duties, and after the proposal is consented by the Audit & Supervisory Board, the candidates are nominated by the Board of Directors.

(5) Explanations with respect to the individual appointments, dismissals, and nominations

For the reasons for the nomination of Directors and Audit & Supervisory Board Members, please refer to the “Notice of Convocation of the 8th Ordinary General Meeting of Shareholders.”, “Notice of Convocation of the 10th Ordinary General Meeting of Shareholders.”, “Notice of Convocation of the 11th Ordinary General Meeting of Shareholders.”

Notice of Convocation of the 8th Ordinary General Meeting of Shareholders (English):

https://www.tokyu-fudosan-hd.co.jp/pdf/english/ir/stockandbond/generalmeeting/H_amg2021_1.pdf

Notice of Convocation of the 10th Ordinary General Meeting of Shareholders (English):

https://www.tokyu-fudosan-hd.co.jp/pdf/english/ir/stockandbond/generalmeeting/H_amg2023_1.pdf

Notice of Convocation of the 11th Ordinary General Meeting of Shareholders (English):

https://www.tokyu-fudosan-hd.co.jp/pdf/english/ir/stockandbond/generalmeeting/H_amg2024_1.pdf

Furthermore, it is the Company’s policy to provide necessary explanations with respect to the dismissal of Directors and Audit & Supervisory Board Members.

[Supplementary Principle 3.1.3]

The Company discloses its sustainability initiatives on its website and in the Integrated Report as necessary.

Sustainability initiatives (English): <https://tokyu-fudosan-hd-csr.disclosure.site/en>

Integrated Report (English): <https://www.tokyu-fudosan-hd.co.jp/english/ir/library/annualreport/>

In relation to the impact of climate change on financials, the Company implements initiatives using the TCFD’s framework.

● Support for TCFD recommendations

The Company believes that climate change creates new business opportunities as well as risks. Also, in light of the importance of climate-related financial disclosures, the Company announced its support for the TCFD recommendations in March 2019. The Company also participates in the TCFD Consortium, an organization in Japan that discusses TCFD initiatives. Utilizing the TCFD recommendations, the Company is implementing measures in the frameworks of governance, strategies, risk management and indicators and targets.

● Scenario analysis

To further promote environmental management for tackling climate change, the Company increased scenarios and made re-verification in fiscal 2020, and in fiscal 2023, along with reflecting the latest scenarios to analysis, formulated its “Transition Plan toward Decarbonized Society .”The Company analyzes the risks and opportunities in its businesses under the 1.5°C, 3°C and 4°C scenarios, with 2030 and 2050 set as target years and with an expanded scope of businesses, including the urban development business, resort business, residential business and renewable energy business.

TCFD Disclosure(English): <https://tokyu-fudosan-hd-csr.disclosure.site/en/themes/58>

Sustainability, Environmental Conservation Initiatives, Climate Change(English):

<https://tokyu-fudosan-hd-csr.disclosure.site/en/themes/25>

Transition Plan toward Decarbonized Society(English):

<https://tokyu-fudosan-hd-csr.disclosure.site/en/environment/transition-plan>

[Supplementary Principle 4.1.1]

The Board of Directors develops internal rules such as the Board of Directors Regulations and the Duty Authority Regulations in addition to the matters stipulated in laws and regulations and the Articles of Incorporation. Based on these, the Board of Directors conducts decision-making on important matters related to the Group’s management, such as the management policies, business plans, and large-scale investment plans.

Authority for execution of business and decisions on such execution for matters other than the important matters listed above is delegated to Group Executive Committee and other subordinate meeting bodies, and officers and so forth in charge of the business operations, while the Board of Directors monitors the status of performance of duties of the meeting bodies and officers and so forth.

In addition, both financial and non-financial information which helps the Board of Directors make a broad management decision or provide supervision is presented to the Board of Directors as reporting matters as necessary.

[Principle 4.8 Effective Use of Independent Outside Directors]

For the Company's corporate governance, Independent Outside Directors are to have rich experience in management and a high level of discernment and character and related matters, as well as understanding the Group's wide-ranging business domain and the value they create, and to provide advice from a broad, high-level perspective. At the same time, they are to appropriately supervise business execution by the management team from a position that is independent from them. The Company believes this as their important roles and duties.

In addition, the Company considers that it is appropriate that Independent Outside Directors should account for at least one third of the Directors. The ratio of Independent Outside Directors is 38%

In accordance with Supplementary Principle 4.8.2 of the Japanese Corporate Governance Code, the Company selects its lead Independent Outside Director from the perspective of establishing a system for communication and coordination with management and cooperation with the Audit & Supervisory Board Members or the Audit & Supervisory Board. The Company's current lead Independent Outside Director is Mr. Makoto Kaiami.

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

The Company deems Outside Directors to be independent when, in addition to meeting the independence standards for independent officers stipulated by the Tokyo Stock Exchange, none of the following have applied for any of the previous three fiscal years.

- (1) An executive of a business partner to which the Company's net sales account for 2% or more of the Company's consolidated net sales
- (2) An executive of a business partner whose net sales to the Company account for 2% or more of the business partner's net sales
- (3) An executive of a lender from which the Company borrows funds that account for 2% or more of the Company's consolidated total assets
- (4) An executive of a major shareholder or investor of the Company with an investment ratio of 10% or more
- (5) A consultant, accounting professional, or legal professional who receives remuneration of more than ¥10 million a year from the Company besides officer remuneration
- (6) A spouse or relative within two degrees of kinship of the Director, etc. of the Company or a consolidated subsidiary

[Supplementary Principle 4.10.1]

Please refer to "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management, 1. Organizational Composition and Operation, Directors, Supplementary Explanation" of this report.

[Supplementary Principle 4.11.1]

As the Company is a company with an Audit & Supervisory Board, the Board of Directors is required to be effective as a supervisory body as well as to make decisions on the execution of important duties as provided by the Companies Act. Accordingly, it is preferable that the composition of the Board of Directors is diverse and that it possesses the skills required to achieve long-term management policies and advance medium-term management plans. We have determined seven skillsets that we would like the overall Board of Directors to possess. These are corporate management, environment/sustainability, accounting/finance, legal affairs /compliance/ risk management, global, personnel/labor, and digital transformation (DX). These skillsets are used as criteria for considering Director candidates.

For the skill matrix of Directors, please refer to the "Notice of Convocation of the Ordinary General Meeting of Shareholders."

Notice of Convocation of the 11th Ordinary General Meeting of Shareholders (English):

https://www.tokyu-fudosan-hd.co.jp/pdf/english/ir/stockandbond/generalmeeting/H_amg2024_1.pdf

Considering the need to supervise the Group's wide-ranging business domains and the necessary ratio of Independent Outside Directors, the Company has appointed 13 Directors.

Nomination of senior management and Director candidates are determined by the Board of Directors after deliberation by the Nomination and Remuneration Committee.

[Supplementary Principle 4.11.2]

In appointing Outside Directors, it is presupposed that candidates will not concurrently serve as Director, Audit & Supervisory Board Member, or Operating Officer at more than 5 listed companies other than the Company. The notice of convocation of the Ordinary General Meeting of Shareholders for each year lists the status of any significant concurrent positions outside the Company of officers. The notices of convocation of the Ordinary General Meeting of Shareholders can be viewed on the Company's website.

Relevant information on meeting of shareholders (English):

[Supplementary Principle 4.11.3]

In order to ensure the soundness and transparency of management, the Board of Directors of the Company is working on continuous improvements by evaluating its effectiveness every year based on the opinions, etc. of individual Directors and Audit & Supervisory Board Members, and sharing matters required to further improve effectiveness at Board of Directors meetings. In fiscal 2023, we conducted interviews as well as a questionnaire to facilitate a more in-depth exploration of opinions, and together with utilizing an external consultant to design and compile an objective questionnaire and interviews, received evaluation from a third-party attorney-at-law who has no advisory connections to the Company.

One example of how effectiveness has been raised is from the fiscal 2022 evaluation, in which there were opinions from the Board of Directors that they expected advance distribution of materials for Board of Directors meetings, etc., as well as regular reporting on management strategies. Consequently, we devised operational measures that would stimulate discussions through the early distribution of materials for Board of Directors meetings, etc., and also reported at Board of Directors meetings concerning the DX-related field and human resources strategy. In addition, based on the opinion that it is necessary to more proactively communicate the Group's initiatives regarding non-financial information to enhance stakeholder understanding, we strengthened information dissemination through the Integrated Report, Environmental Management Report, DX Report, Sustainability website, and other means. Based on these efforts, the fiscal 2023 evaluation reconfirmed that the effectiveness of the Board of Directors continued to be ensured.

In consideration of the opinions, etc. indicated in the questionnaire and interviews, we will continue to strive for an effective Board of Directors that will raise corporate value over the medium- to long-term.

[Supplementary Principle 4.14.2]

To promote understanding of the roles and responsibilities required of the Directors and the Audit & Supervisory Board Members, the Company provides opportunities such as external training and seminars so they may acquire necessary knowledge on the Company's business, finances, organization, compliance, and other matters as well as necessary knowledge related to education that they should receive as Directors and Audit & Supervisory Board Members.

Moreover, Outside Directors and Audit & Supervisory Board Members are given clear explanations of the management strategy and business activities as appropriate at the time of and after their appointment in order to promote their understanding of the Group. In addition, once a year, we hold in-house training for officers to improve their insight that will contribute to future management. In fiscal 2023, we conducted a training themed "Co-creation with Generative AI that Leads to a New Future."

[Principle 5.1 Policy for Dialogue with Shareholders]

The Company proactively conducts IR activities to promote constructive dialogue with its shareholders. Please refer to the Company's IR Policy for details including its initiatives and policies.

IR policy (English): <https://www.tokyu-fudosan-hd.co.jp/english/ir/mgtpolicy/policy/>

Sustainability initiatives (English): <https://tokyu-fudosan-hd-csr.disclosure.site/en>

For further reference, the Company's website also has information on the Group's disclosure items and so forth based on the respective principles of the Japan's Corporate Governance Code.

Corporate Governance (English): <https://www.tokyu-fudosan-hd.co.jp/english/about/governance/>

The Company is working on constructive dialogue with shareholders and investors in order to contribute to sustainable growth and the increase of corporate value over the medium and long term. In addition to individual interviews, the Company is proactively working on dialogue by the President, officers in charge and divisions in charge, including through regular investor briefings for analysts and institutional investors as well as regular investor briefings for individual investors. The Company periodically reports the opinions of shareholders and investors obtained through this dialogue to the Board of Directors, and uses them to improve management.

[Actions to Achieve Cost of Capital and Stock Price Conscious Management]

Please refer to the following for the "Actions to Achieve Cost of Capital and Stock Price Conscious Management."

Financial Highlights FY2023 (English):

<https://www.tokyu-fudosan-hd.co.jp/english/ir/library/presentation/>

[Status of Dialogues with Shareholders]

Please refer to the following for the "Status of Dialogues with Shareholders."

Regarding our dialogue with investors and analysts (English):

<https://www.tokyu-fudosan-hd.co.jp/english/ir/mgtpolicy/relationship/>

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Percentage (%)
The Master Trust Bank of Japan ,Ltd.(Trust account)	115,260,200	16.01
TOKYU CORPORATION	114,479,190	15.90
Custody Bank of Japan, Ltd.(Trust account)	55,349,550	7.69
Tokyu Fudosan Holdings Employee Shareholding Association	12,862,625	1.79
Sumitomo Mitsui Trust Bank, Limited	12,140,500	1.69
The Dai-ichi Life Insurance Company, Limited	11,934,877	1.66
SSBTC CLIENT OMNIBUS ACCOUNT	9,652,651	1.34
BNYM AS AGT/CLTS 10 PERCENT	9,037,624	1.26
JPMorgan Securities Japan Co., Ltd.	8,479,859	1.18
JP MORGAN CHASE BANK 385781	8,289,490	1.15

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange (Prime Market)
Fiscal Year-End	March
Type of Business	Real Estate
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Operating revenue (consolidated) for the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

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

5. Special Circumstances Which May Have Material Impact on Corporate Governance [updated]

(1) Information disclosure by listed companies that have other affiliated companies

[Tokyu Corporation (“Tokyu”)]

- Approach and policy with regard to Group management at other affiliated companies, etc.
- ◇ Relationship between the Company and other affiliated companies, etc.
- Tokyu holds 16.06% of the Company’s voting rights (including indirect holdings). Since the percentage of voting rights exercised at the Company’s General Meeting of Shareholders is approximately 85%, Tokyu’s influence through its voting rights holdings is limited.
- As for personal relationships, the Chairman of the Board and Representative Director of Tokyu serves as a Director of the Company, and the Chairman of the Company serves as a Director of Tokyu. However, we recognize that the Company’s independence is ensured by the independent formulation of management policies, promotion of business portfolio strategies, and the conduct of fundraising, including the operation of cash management systems.
- The Tokyu Group aims for a community that leverages both physical and technological infrastructure to grow sustainably and bring together work, play, and living in “Greater Shibuya area.”* The Group and Tokyu, with our differing business models, leverage our mutual strengths, and together promote community development.
- *Greater Shibuya area is defined as an area within a 2.5 kilometer radius of Shibuya Station.
- Approach, measures, etc. on securing independence from other affiliated companies, etc., necessary from the viewpoint of protecting minority shareholders
- ◇ Minimal concern about the risk of conflicts of interest between the Company’s minority shareholders and other affiliated companies, etc.
- The Group and Tokyu promote business activities while maintaining a collaborative relationship, although transactions between the Group and Tokyu are limited, having amounted to less than 1% of consolidated operating revenue in fiscal 2023. In addition, there are no restrictions on conditions of transactions with Tokyu, which are determined in a similar manner to ordinary transactions with business partners with whom the Company has no capital relationship.
- Contracts concerning the details to be stated as the approach and policy with regard to Group management
- There are no relevant contracts, etc.

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (excluding the case where the person concurrently serves as President)
Number of Directors	13
Appointment of Outside Director	Appointed
Number of Outside Directors	5
Number of Independent Officers Designated from among Outside Directors	5

Outside Directors' Relationships with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Makoto Kaiami	Attorney at law												
Satoshi Miura	From another company												
Tsuguhiko Hoshino	Others												
Yumiko Jozuka	Others												
Akiko Uno	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. An executive of the Company or its subsidiaries

b. An executive or a non-executive Director of a parent company of the Company

c. An executive of a fellow subsidiary company of the Company

d. A party whose major business partner is the Company or an executive thereof

e. A major business partner of the Company or an executive thereof

f. A consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director

g. A major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. An executive of a business partner of the Company (which does not correspond to any of d., e., or f.) (the Director himself/herself only)

i. An executive of a company, between which and the Company Outside officers are mutually appointed (the Director himself/herself only)

j. An executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

Outside Directors' Relationships with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Makoto Kaiami	○	—	<p>The Company has appointed Mr. Kaiami as an Outside Director in the hope that he will supervise the management of the Company utilizing his knowledge in corporate legal affairs, compliance and risk management gained as a judge and attorney at law and offer advice on the execution of duties based on his insight and opinions from a viewpoint of stakeholders. There is no legal advisory contract between Mr. Kaiami and the Company.</p> <p>As an Outside Director, Mr. Kaiami plays a role in strengthening the function of supervising the Board of Directors, etc., from</p>

			<p>an objective standpoint, and it is not expected that any conflict of interest with general shareholders will arise in the future.</p> <p>Therefore, the Company designated Mr. Kaiami as an independent officer.</p>
Satoshi Miura	○	—	<p>Mr. Miura has assumed key positions at NTT group, a telecommunications operator that serves public interest, and possesses extensive experience and broad insight in management of holding companies from a long-term and sustainable perspective, overseas businesses, human resources development, labor affairs and digital transformation. The Company has appointed Mr. Miura as an Outside Director in the hope that he will supervise the management of the Company utilizing his experience and knowledge, and offer advice on the execution of duties based on his insight and opinions from a viewpoint of stakeholders.</p> <p>As an Outside Director, Mr. Miura plays a role in strengthening the function of supervising the Board of Directors, etc., from an objective standpoint, and it is not expected that any conflict of interest with general shareholders will arise in the future. Therefore, the Company designated Mr. Miura as an independent officer.</p>
Tsuguhiko Hoshino	○	—	<p>The Company expects that Mr. Hoshino will supervise the management of the Company utilizing his knowledge in accounting, finance, legal affairs, compliance and risk management as well as global perspectives gained in the course of his duties at the Ministry of Finance and National Tax Agency as well as through establishment of the Financial Services Agency and so forth that he addressed while in office, in addition to offering advice on the execution of duties based on his insight and opinions from a viewpoint of stakeholders. Thus the Company has appointed Mr. Hoshino as an Outside Director.</p> <p>As an Outside Director, Mr. Hoshino plays a role in strengthening the function of supervising the Board of Directors, etc., from an objective standpoint, and it is not expected that any conflict of interest with general shareholders will arise in the future. Therefore, the Company designated Mr. Hoshino as an independent officer.</p>
Yumiko Jozuka	○	—	<p>The Company expects that Ms. Jozuka will supervise the management of the Company utilizing her knowledge in legal affairs, compliance, risk management, human resources development, labor affairs, environment and sustainability gained in the course of her duties at the Health, Labour and Welfare Ministry as well as through her efforts to promote the work style reform and</p>

			<p>women's participation and advancement in the workplace that she addressed while in office, in addition to offering advice on the execution of duties based on her insight and opinions from a viewpoint of stakeholders. Thus the Company has appointed Ms. Jozuka as an Outside Director.</p> <p>As an Outside Director, Ms. Jozuka plays a role in strengthening the function of supervising the Board of Directors, etc., from an objective standpoint, and it is not expected that any conflict of interest with general shareholders will arise in the future. Therefore, the Company designated Ms. Jozuka as an independent officer.</p>
Akiko Uno	○	-	<p>The Company expects that Ms. Uno will supervise the management of the Company utilizing her knowledge in legal affairs, compliance and risk management, human resources development, labor affairs and digital transformation gained in the course of her duties at Shiseido Company, Limited as well as through duties as a full-time Audit & Supervisory Board Member of Shiseido Company, Limited, in addition to offering advice on the execution of duties based on her insight and opinions from a viewpoint of stakeholders. Thus the Company has appointed Ms. Uno as an Outside Director.</p> <p>As an Outside Director, Ms. Uno plays a role in strengthening the function of supervising the Board of Directors, etc., from an objective standpoint, and it is not expected that any conflict of interest with general shareholders will arise in the future. Therefore, the Company designated Ms. Uno as an independent officer.</p>

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established
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Status of Establishment of Voluntary Committees, Composition of Members of the Committee and Attributes of the Chair of the Committee

	Voluntary Committee Equivalent to Nominating Committee	Voluntary Committee Equivalent to Remuneration Committee
Name of Committee	Nomination and Remuneration Committee	Nomination and Remuneration Committee
Total Committee Members (persons)	5	5
Full-time Committee Members (persons)	0	0
Inside Directors (persons)	2	2
Outside Directors (persons)	3	3

Outside Experts (persons)	0	0
Others (persons)	0	0
Committee Chair (Chairman)	Outside Director	Outside Director

Supplementary Explanation

The Nomination and Remuneration Committee has been established as an advisory committee to the Board of Directors with the aim to enhance the fairness and transparency of procedures concerning the nomination and remuneration of Directors and Operating Officers. The Company's internal regulations stipulate that the Chairperson shall be an Independent Outside Director and that the majority of members shall be Independent Outside Directors. "Matters related to the nomination of candidates for Director and Operating Officers," "matters related to the remuneration, etc. of Directors and Operating Officers," etc. are decided by the Board of Directors after consultation with the Nomination and Remuneration Committee. The Nomination and Remuneration Committee is comprised of the following five members, three of whom are Independent Outside Directors. The chairperson is Mr. Makoto Kaiami, an Independent Outside Director.

Independent Outside Director: Makoto Kaiami

Independent Outside Director: Satoshi Miura

Independent Outside Director: Tsuguhiko Hoshino

Chairman and Representative Director: Kiyoshi Kanazashi

President and Representative Director: Hironori Nishikawa

In addition, the status of activities in the previous fiscal year is as follows.

Position	Name	Attendance / Number of times held	Specific considerations (Main advisory items)
Chair	Makoto Kaiami (Independent Outside Director)	100% (4/4)	<ul style="list-style-type: none"> · Individual evaluation of performance-based remuneration (bonus) for Executive Directors and Operating Officers for fiscal 2022 · Remuneration for Outside officers · Election of Representative Directors, Directors with Special Titles, and lead Independent Outside Directors · Election of Chair and Members of the Nomination and Compensation Committee · Transfer of Representative Director at a subsidiary company (change of President) · Structure of Directors, Operating Officers, and Audit & Supervisory Board Members in fiscal 2024
Member	Satoshi Miura (Independent Outside Director)	100% (4/4)	
Member	Tsuguhiko Hoshino (Independent Outside Director)	100% (4/4)	
Member	Kiyoshi Kanazashi (Chairman and Representative Director)	100% (4/4)	
Member	Hironori Nishikawa (President and Representative Director)	100% (4/4)	

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Division

(Mutual Cooperation among Audit & Supervisory Board Members' Audits, Financial Audits and Internal Audit Division)

Audit & Supervisory Board Members (Audit & Supervisory Board), Accounting Auditor and the Internal Audit Division share their respective audit plans and status of audit implementation with one another, and maintain close links, such as by exchanging appropriate information to help them in their own audit activities.

The Audit & Supervisory Board receives reports from the Accounting Auditor on business risks, priority audit points, quarterly reviews, and the results of audits of the financial results for the full year, and also holds discussions with the Accounting Auditor with regard to key audit matters (KAM). In addition, full-time Audit & Supervisory Board Members exchange opinions with the Accounting Auditor as appropriate regarding individual business events and matters to be noted in the financial results for each period.

The Internal Audit Division reports the audit results to the full-time Audit & Supervisory Board Members on a quarterly basis, conducts internal control evaluations related to financial reporting in cooperation with the Accounting Auditor, and reports the evaluation results as at the end of the fiscal year under review to the Audit & Supervisory Board. The General Manager of the Internal Audit Division attends meetings of the Audit & Supervisory Board to understand the status of Audit & Supervisory Board Members' audits, and communicates with the full-time Audit & Supervisory Board Members as appropriate to exchange opinions.

Appointment of Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Officers Designated from among Outside Audit & Supervisory Board Members	2

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

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Katsunori Takechi	Attorney at law													
Takahiro Nakazawa	Certified Public Accountant													

* Categories for "Relationship with the Company"

* "○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

"△" when the Audit & Supervisory Board Member fell under the category in the past

* "●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

"▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

a. An executive of the Company or its subsidiaries

b. A non-executive Director or accounting advisor of the Company or its subsidiaries

c. An executive or a non-executive Director of a parent company of the Company

d. An Audit & Supervisory Board Member of a parent company of the Company

e. An executive of a fellow subsidiary company of the Company

f. A party whose major business partner is the Company or an executive thereof

g. A major business partner of the Company or an executive thereof

h. A consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as an Audit & Supervisory Board Member

i. A major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

j. An executive of a business partner of the Company (which does not correspond to any of f., g., or h.) (the Audit & Supervisory Board Member himself/herself only)

k. An executive of a company, between which and the Company Outside officers are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. An executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Katsunori Takechi	○	—	<p>The Company has appointed Mr. Takechi as an Outside Audit & Supervisory Board Member in the hope that he will utilize his specialized insight as an attorney at law and extensive experience regarding corporate legal affairs for the surveillance system of the Company. Additionally, there are no advisory agreements between Mr. Takechi and the Company.</p> <p>As an Outside Audit & Supervisory Board Member, Mr. Takechi plays a role in the function of monitoring the management, etc. from an objective standpoint, and it is not expected that any conflict of interest with general shareholders will arise in the future. Therefore, the Company has designated Mr. Takechi as an independent officer.</p>
Takahiro Nakazawa	○	—	<p>The Company has appointed Mr. Nakazawa as an Outside Audit & Supervisory Board Member in the hope that he will utilize his expert insight gained through many years of experience in auditing and advisory services at leading audit corporations for the surveillance system of the Company. Additionally, there are no advisory agreements between Mr. Nakazawa and the Company.</p> <p>As an Outside Audit & Supervisory Board Member, Mr. Nakazawa plays a role in the function of monitoring the management, etc. from an objective standpoint, and it is not expected that any conflict of interest with general shareholders will arise in the future. Therefore, the Company has designated Mr. Nakazawa as an independent officer.</p>

[Independent Officer(s)]

Number of Independent Officers	7
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Matters relating to Independent Officers
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[Incentives]

Implementation of Measures to Provide Incentives to Directors	Introduction of performance-based remuneration system, others
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Supplementary Explanation

As incentive compensation for Directors, the Company has introduced bonuses (performance-based compensation, etc.), which are paid after comprehensively taking into consideration the results of a single fiscal year, the degree to which management plans were achieved, ESG initiatives, and other factors, and stock-based compensation (non-monetary compensation, etc.), which raises awareness of their contribution to improving the Company's performance and corporate value over the medium to long term by sharing benefits and risks of stock price movements with shareholders.

For details, please refer to "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management, 1. Organizational Composition and Operation, Director Remuneration, Disclosure of Policy for Determining Remuneration Amounts and Calculation Methods" of this report.

Recipients of Stock Options	
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Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Individual disclosure of only certain items
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Supplementary Explanation

Officer remuneration, etc. for the Company's Directors in the previous fiscal year is as follows.

(1) Total Amount of Remuneration, etc. by Category of Officers, Total Amount of Remuneration, etc. by Type, and Number of Officers Who Received Remuneration, etc.

Category of officers	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc. by type (million yen)			Number of officers receiving payment (persons)
		Basic remuneration	Bonuses	Stock-based compensation	
Directors (excluding Outside Directors)	355	143	160	52	9
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	59	59	-	-	3
Outside officers	74	74	-	-	7

(Note 1) Stock-based compensation falls under the category of non-monetary compensation, etc.

(Note 2) The number of persons and amounts of remuneration shown above include one Directors and one Audit & Supervisory Board Member who resigned at the closing of 10th Ordinary General Meeting of Shareholders held on June 28, 2023.

- (Note 3) The amount of bonuses includes the provision for bonuses for Directors (and other officers) for the previous fiscal year.
- (Note 4) The amount of stock-based compensation is the provision for share awards for directors (and other officers) based on the stock granting trust in the previous fiscal year. The provision for share awards for directors (and other officers) is calculated based on the book value of the shares of the Company acquired through the trust using money contributed by the Company as the source of funds.
- (Note 5) The Company determines the bonus amounts for individual Executive Directors by taking into comprehensive consideration the indicators stated in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management, 1. Organizational Composition and Operation, Director Remuneration, Disclosure of Policy for Determining Remuneration Amounts and Calculation Methods” of this report. The results for the previous fiscal year were consolidated operating profit of ¥120,238 million, operating profit margin of 10.9%, ROE of 9.6%, and the ratio of EBITDA to net interest-bearing debt of 9.4 times.

(2) Total Amount of Consolidated Remuneration, etc. of Persons Whose Total Amount of Consolidated Remuneration, etc. is ¥100 Million or More

For those whose total amount of consolidated remuneration, etc. is ¥100 million or more, individual remuneration is disclosed in the Annual Securities Report.

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

(1) Matters Concerning the Policies Related to the Determination of Compensation for Individual Directors and Other Such Matters

The Company has adopted policies related to the determination of compensation for individual Directors and other such matters (the “Determination Policy”) which was resolved at the Board of Directors meeting held on March 4, 2022, after consulting the Nomination and Compensation Committee. An overview of the details is as follows.

We have two basic policies in the determination of remuneration. The first is to maintain a level that is able to acquire and retain talented human resources and incentivize them to perform their duties, and the second is to have in place a system and structure that encourage their sense of contribution to increasing corporate value and shareholder value over the medium and long term.

Levels for remuneration for individual executive Directors are determined based on fixed differences in positions and on the basis of the level of remuneration for the President and Representative Director, with reference to the objective data of remuneration surveys by external research organizations. The level of remuneration for the President and Representative Director (monetary compensation plus stock-based compensation), which serves as the basis, is set around 0.1% of the operating profit for the previous consolidated fiscal year, in principle, which is adjusted by factoring in extraordinary income and losses and levels of remuneration at industry peers, among other factors. The system of remuneration consists of monthly remuneration, bonuses and stock-based compensation. Monthly remuneration (basic remuneration paid monthly) is a consideration for the day-to-day execution of internal operations, whereas bonuses (performance-based remuneration) comprehensively take into consideration the business results in a single fiscal year and the achievement level of management plans, as well as ESG initiatives. Stock-based compensation (non-monetary compensation, etc.) is designed to have executive Directors share the benefits and risks of stock price fluctuations with shareholders and increase the contribution to the improvement of medium- and long-term earnings performance and corporate value. The composition ratio of monthly remuneration, bonuses and stock-based compensation is set around 5 : 4 : 1.

Monthly compensation is calculated and paid based on this percentage. The standard bonus amount is set at 100%, and the amount of the bonus for each individual is determined by varying the amount from 40% to 160% based on consolidated business results and individual performance according to role, and is paid once a year. Evaluation based on consolidated business results mainly focuses on consolidated operating profit but also includes comprehensive consideration of factors such as operating profit margin, ROE, the ratio of EBITDA to net interest-bearing debt, and ESG initiatives, while individual performance is evaluated on factors such as the business results of the organization the individual is responsible for and their contribution to achieving management plans. These indicators are selected with the aim of promoting medium- to long-term growth in corporate value by comprehensively evaluating not only performance in a single fiscal year, but also steady progress in management plans and initiatives in non-financial areas. In principle, stock-based compensation is paid in the form of Company shares at the time of the retirement of the Company’s Directors, with the amount based on a number of points awarded to each Director in the trust-type stock compensation system.

Remuneration for non-executive Directors consists solely of basic remuneration (fixed remuneration) paid monthly, in light of their role of supervising the management of the Company from an independent, objective standpoint. The level

of remuneration is set at a level required for inviting human resources sought by the Company, with reference to the objective data of remuneration surveys conducted by external research organizations.
 In addition, as details of remuneration, etc. of each Director for the previous fiscal year are decided after consulting the Nomination and Remuneration Committee in the decision-making process, the Company's Board of Directors has judged that these details are in line with the Policy.

(2) Date and Details of Resolution at the General Meeting of Shareholders Pertaining to Determination of Remuneration, Etc., for Officers

The annual amount of monetary remuneration for Directors was resolved not to exceed ¥600 million (however, not including the employee salaries paid to Directors concurrently serving as employees) at the 1st Ordinary General Meeting of Shareholders held on June 26, 2014. The number of Directors at the closing of said Ordinary General Meeting of Shareholders was nine.

For the stock-based compensation for Directors, a stock granting trust has been set up for Directors (excluding Outside Directors and non-executive Directors) and Operating Officers with whom the Company has concluded mandate contracts (only Operating Officers designated by the Company's Board of Directors), with a maximum of 130,000 points (1 point equates to 1 share) per fiscal year, granted, in principle, at the time of retirement, pursuant to the resolution at the 8th Ordinary General Meeting of Shareholders held on June 25, 2021. The Company may revoke all or part of the points granted to those who are deemed to have caused disadvantage or inconvenience to the Company. The number of Directors who were eligible for the system at the closing of said Ordinary General Meeting of Shareholders was eight.

The annual amount of monetary remuneration for Audit & Supervisory Board Members was resolved not to exceed ¥120 million at the 1st Ordinary General Meeting of Shareholders held on June 26, 2014. The number of Audit & Supervisory Board Members at the closing of said Ordinary General Meeting of Shareholders was four.

(3) Matters pertaining to Authority to Make Decisions concerning Remuneration, etc. for Directors

For remuneration for each Director, the President and Representative Director determines the specific details of the remuneration amount within the total amount of remuneration resolved at the General Meeting of Shareholders and the delegated resolution implemented by the Board of Directors within the framework of the Policy resolved by the Board of Directors. In the previous fiscal year, Hironori Nishikawa, President and Representative Director, made decisions based on the delegated authority through the above process.

The delegated authority includes setting the remuneration level table for executive Directors, conducting bonus evaluations, and setting the base remuneration amount for non-executive Directors. The reason for delegating these authorities is to enable flexible setting of remuneration amounts to achieve the objectives set in the basic policy of the Policy, and also because it is appropriate for the President and Representative Director, who has the highest responsibility for management and execution, to make these decisions.

As a measure taken by the Board of Directors to ensure that the delegated authority is properly exercised, the President and Representative Director, who is delegated by the Board of Directors, decides the remuneration proposal in accordance with the Policy after consulting with the Nomination and Remuneration Committee. The remuneration, etc. for Directors for the previous fiscal year was determined in accordance with this policy.

[Supporting System for Outside Directors and/or Outside Audit & Supervisory Board Members]

Outside Directors and Outside Audit & Supervisory Board Members are given clear explanations of management strategy and business activities upon assuming their positions in order to promote their understanding of the Group. Moreover, the Office of Corporate Auditors, which is an organization independent from the business executives, provides support to the Outside Audit & Supervisory Board Members to help them smoothly fulfill their auditing duties. And, in addition to being given appropriate information from the Board of Directors Administrative Bureau (Group General Administration Department) and other departments, the Outside Directors are given information as the situation dictates.

[Retired presidents/CEOs holding advisory positions (Executive Advisors, Advisors, etc.)]

Information on retired presidents/CEOs holding advisory positions (Executive Advisors, Advisors, etc.)

Name	Job title/position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/CEO ended	Term
—	—	—	—	—	—

Total Number of Retired presidents/CEOs holding advisory positions (Executive Advisors, Advisors, etc.)	—
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Others

The Company has a system of advisory positions (Executive Advisors/Advisors, etc.); however, as of June 2023, there are no retired presidents/CEOs holding advisory positions (Executive Advisors, Advisors, etc.).

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

Current Corporate Governance System

The Company positions the Board of Directors as the second-highest management decision-making body after the General Meeting of Shareholders. The Board of Directors resolves the Company's management policies and important matters relating to the Group's business execution in compliance with the provisions of laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations, and supervises the Directors' performance of duties. The Board of Directors is comprised of Directors and holds a regular Board of Directors meeting once a month in principle, as well as holding extraordinary Board of Directors meetings as needed.

In addition, the status of activities of the Board of Directors in the previous fiscal year is as follows.

Name	Number of times held /Attendance	Specific Considerations (Main Points)
Kiyoshi Kanazashi (Chairman)	100% (12/12)	· Progress of the Medium-Term Management Plan and portfolio management
Hironori Nishikawa	100% (12/12)	
Hitoshi Uemura	100% (12/12)	· Evaluation of the effectiveness of the Board of Directors
Masashi Okada	100% (2/2) *1	
Shohei Kimura	100% (12/12)	· Verification of the rationality of cross-shareholdings
Yoichi Ota	100% (12/12)	
Hiroaki Hoshino	100% (12/12)	· IR activities reports
Shinichiro Usugi	100% (10/10) *2	
Hirofumi Nomoto	100% (12/12)	· Economic and business environment outlook
Makoto Kaiami (Independent Outside Director)	100% (12/12)	
Saeko Arai (Independent Outside Director)	100% (12/12)	· Activities reports from the Risk Management Committee, Sustainability Committee, and Information Security Committee
Satoshi Miura (Independent Outside Director)	100% (12/12)	
Tsuguhiko Hoshino (Independent Outside Director)	100% (12/12)	· Monitoring of the progress made on previous resolutions of the Board of Directors
Yumiko Jozuka (Independent Outside Director)	100% (12/12)	

*1 Retirement at the 10th Ordinary General Meeting of Shareholders held on June 28, 2023

*2 Appointment at the 10th Ordinary General Meeting of Shareholders held on June 28, 2023

Audit & Supervisory Board Members audit the performance of duties of the Directors as an independent organization entrusted by the shareholders. The Audit & Supervisory Board is comprised of Audit & Supervisory Board Members and

determines audit policy pursuant to laws and regulations and the Articles of Incorporation, in accordance with the Audit & Supervisory Board Regulations, the Audit & Supervisory Board Member Audit Standard, etc. It also forms an audit opinion based on reports from each Audit & Supervisory Board Member. Two of the Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members.

In order to fulfill its responsibilities to stakeholders, the Company strives to ensure sustainable corporate growth and increase corporate value over the medium and long term by engaging in social issues through its business. To that end, the Company will work to ensure soundness and transparency of management and build a corporate governance system that contributes to expediting decision making.

Process for Enhancing Business Execution and Supervisory Functions, etc.

(1) Establishment of the Group Executive Committee

The Group Executive Committee has been established as an organization to deliberate, discuss, and report on Group management policy, management strategy, and important plan proposals and execution proposals related to Group management, and to deliberate, discuss, and report on subsidiaries' important investment plan proposals, execution proposals, and business strategy proposals. The Group Executive Committee is composed of Chairman, President and Representative Director, the Directors, and below them, such as the Operating Officers, and meets once a month in principle.

(2) Establishment of the Nomination and Compensation Committee

Please refer to “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management, 1. Organizational Composition and Operation, Directors, Supplementary Explanation” of this report.

(3) Appointment of Operating Officers

The Operating Officer System has been adopted to separate management and business execution functions, streamline management, and expedite decision making and so forth.

(4) Term of Office of Directors

To clarify the management responsibility of Directors and establish a system that is able to respond rapidly to changes in the management environment, the term of office of Directors is set at one year.

(Strengthening the Function of Audit & Supervisory Board Members)

Outside Audit & Supervisory Board Members Katsunori Takechi and Takahiro Nakazawa, and Full-time Audit & Supervisory Board Member Masaoki Kanematsu and Akiko Enokido have considerable knowledge of finance and accounting. Full-time Audit & Supervisory Board Members Kazuo Mochida and Masaoki Kanematsu concurrently serve as part-time corporate auditors of major subsidiaries. They communicate with directors and corporate auditors of subsidiaries to understand the corporate Group status and share the status of daily audits with Outside Audit & Supervisory Board Members.

As a system to support the auditing operations of Audit & Supervisory Board Members, we established the Office of Audit & Supervisory Board Members, an organization independent from those who execute business, with three dedicated staff members.

Notes: Ms. Akiko Enokido's name on the family register is Akiko Hoshina.

(Limited Liability Agreement)

The Company has entered into agreements with part-time Directors and Audit & Supervisory Board Members who meet the requirements stipulated in Article 2, Item 15 or 16 of the Companies Act, which provides that if they perform their duties in good faith and without gross negligence, their liability under Article 423, Paragraph 1 of the Companies Act shall be limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

As part of its corporate governance efforts, the Company has chosen to become a company with an Audit & Supervisory Board, whereby the Audit & Supervisory Board and its members audit the execution of duties by Directors and Operating Officers. In order to clarify the management decision-making, supervisory functions and business execution functions, the Company has introduced an “Operating Officer System” in addition to the mandatory functions of the General Meeting of Shareholders, Board of Directors, and Audit & Supervisory Board, to strengthen corporate

governance functions, with Directors responsible for management decision-making and business execution supervision functions and Operating Officers responsible for business execution functions.

The ratio of Outside Audit & Supervisory Board Members to the total number of Audit & Supervisory Board Members is one half. In addition to attending Board of Directors meetings, the Audit & Supervisory Board Members listen to the Board of Directors, peruse documentation on important decisions, and investigate the status of assets, and so forth, in order to rigorously audit the Directors' and Operating Officers' performance of duties, as well as maintaining close contact with the internal audit division and the accounting auditor.

The Company believes that a ratio of more than one-third of Independent Outside Directors on the Board of Directors is appropriate, and the current ratio is 38%.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Allowing Electronic or Magnetic Exercise of Voting Rights	Implemented since the 1st Ordinary General Meeting of Shareholders (June 2014).
Participation in Electronic Voting Platform and Other Initiatives to Improve the Environment for Exercising Voting Rights by Institutional Investors	The Company participates in an electronic voting platform (Tokyo Stock Exchange platform).
Providing Convocation Notice (Summary) in English	Provided since the 1st Ordinary General Meeting of Shareholders (June 2014).
Others	Live-streamed on the Internet (virtual general meeting (participatory))

2. IR Activities

	Supplementary Explanations	Explanation by the Representative in Person
Regular Investor Briefings for Analysts and Institutional Investors	Held after the announcement of financial results for the full year and the half year.	Yes
Posting of IR Materials on Website	Financial summaries, reference material, timely disclosures, and investors briefing presentation materials are posted on the website, and explanations from the presentation are also posted along with the investors briefing presentation materials. (URL: https://www.tokyu-fudosan-hd.co.jp/english/ir/library/)	
Establishment of Department and/or Manager in Charge of IR	The Corporate Communication Department IR Office is in charge of IR activities.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Implementation of Environmental Activities, CSR Activities, etc.	The Group has established the Sustainability Committee composed of officers in charge at each Group company to foster compliance-based management, environmental management and social contribution activities.

Other	The Sustainability Committee is making ongoing effort to promote diversity of human resources, including expanding opportunities of participation offered to women and promotion of women.
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IV. Matters Related to the Internal Control System

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

The Group has taken active steps to put in place and implement internal control systems for all members of the Group, including the Board of Directors and other organizations, managements and employees, with the aims of thoroughly implementing compliance-based management, ensuring proper business operations, achieving management priorities such as earnings targets by raising the levels of efficiency and effectiveness, as well as practicing appropriate disclosure of information; all of which will contribute to the sustainable development of the Group and the consistent improvement of its corporate value.

In addition, Audit & Supervisory Board Members are monitoring and validating the progress and operation of its internal control system development.

Status of Internal Control System

(1) Tokyu Fudosan Holdings Group Code of Conduct

The Group has established the Tokyu Fudosan Holdings Group Code of Conduct to promote observance of laws and regulations, and so forth, and appropriate corporate activities. The Group will require all officers and employees to understand the Code and act in accordance with it.

(2) System relating to Directors' performance of duties

To ensure their duties are performed appropriately, the Directors realize appropriate performance in line with the Duty Authority Regulations and the Decision Regulations, which clearly set out the authority and responsibilities of Directors with regard to the performance of duties in order to promote organized and efficient management, and conduct decision making on important matters through meeting bodies such as the Board of Directors and Group Executive Committee. Furthermore, the introduction of the Operating Officer System has clearly separated management decision-making and supervisory function from the business execution function, strengthening the function of the Directors and ensuring the efficiency of their duties.

(3) Compliance system

The Group establishes a compliance division and strives to raise awareness among all officers and employees and to ensure compliance-based management in line with the Tokyu Fudosan Holdings Group Code of Conduct.

Specifically, to practically implement the Tokyu Fudosan Holdings Group Code of Conduct, the Group formulated the Tokyu Fudosan Holdings Group Compliance Manual which provides detailed rules based on the Compliance Regulations, provides guidance to all officers and employees, and conducts periodic compliance training and so forth to ensure thorough awareness of compliance. At the same time, the Group provides information internally on the establishment and revision of laws and regulations and develops various legal manuals and so forth to develop an environment for observing laws and regulations while performing duties. Furthermore, the Group has established a Compliance Helpline Counter (a whistleblowing system) to prevent and rectify the violation and so forth of laws and regulations. The Company has also established an external helpline counter that connects to external attorneys at law in addition to the internal helpline counter that connects directly within the Company. Under this whistleblowing system, the content of the information reported to the external helpline counter is not only reported to the corresponding department inside the Company, but also, to enable judgment independent from the management, is reported to the full-time Audit & Supervisory Board Members.

(4) Internal audit system

The Company has established a Group Internal Audit Department to conduct internal audits on the overall operations of the Company and its subsidiaries to effectively contribute to achieving management objectives by reviewing and evaluating, from a fair and objective standpoint, the management and operational systems and business execution status across all management activities, and by providing advice and proposals for improvement and rationalization of operations.

To ensure the independence and fairness of internal audits, the Group Internal Audit Department is independent from the departments that execute business operations, and is positioned under the President and CEO. In addition to the President and CEO, its reporting line maintains reporting channels to the Board of Directors and to the Audit & Supervisory Board and its members.

(5) Risk management system

The Risk Management Committee and the Group Executive Committee each manage individual material risks, depending on the type of risk, while the Risk Management Committee manages the overall risk and reports to the Board of Directors.

The Risk Management Committee manages the Group's priority countermeasure risks that are considered to require management across the Group, and grasps and evaluates the risk management status of each Group company.

We designate a department to be in charge of the Group's priority countermeasure risks and thoroughly implement the PDCA cycle of risk management. In addition, the Risk Management Committee grasps and evaluates the risk management status of each Group company to strengthen the risk management system of the entire Group.

Furthermore, in addition to ensuring the appropriateness of the risk management system and the tasks carried out for risk management through internal audits, the Company also carries out audits relating to serious risks in a planned fashion commensurate to the level of priority. In the event of an urgent and serious risk of loss, the Company carries out appropriate information distribution and decision-making in accordance with its Emergency Response Provisions, and responds accurately to minimize damages.

(6) Information management system

The Company has formulated the "Basic Policy on Information Management" and related provisions to ensure that officers and employees of the Group recognize the importance of managing the information that they handle in business operations and manage it appropriately. Based on the policy, the Company is fostering information sharing to increase business efficiency, preventing the leakage of secrets, and disclosing information in an appropriate manner.

Minutes of Board of Directors meetings, documentation on managerial decisions, and other information relating to the Directors' performance of duties are also kept and managed appropriately, and these archives are made available for the Directors and Audit & Supervisory Board Members to view at any time as needed.

As for electronic information, the Company has set the Information Security Detailed Rules, which include all matters to be observed by officers and employees, such as the rules on the monitoring of employees' access to information by information managers and on the use of computer terminals.

Moreover, the Company has established the Provision of Insider Trading Prohibition to prevent insider tradings infringing on the Financial Instruments and Exchange Act.

(7) Internal Control Systems within the Group

The Company has formulated the Tokyu Fudosan Holdings Group Code of Conduct to ensure proper business operations of the Group as a consolidated corporate group and to ensure management based on compliance and so forth, as well as striving to promote compliance-based management throughout the entire Group.

Business management of the Group includes discussion and coordination of targets, policies, and business plans as a consolidated corporate group, and sharing of these with all Group companies.

In business management, the Company receives reports and consultations regarding the progress and important matters in administrative and operational management of each Group company through meeting bodies and individual discussions and contact points in accordance with the Group management consignment agreements concluded with subsidiaries. The Company provides advice, guidance, and approval as necessary. Moreover, the Company also conducts appropriate internal audits.

2. Basic Views on Eliminating Anti-social Forces and Progress of Related Effort

Initiatives to Eliminate Anti-social Forces

(1) Basic views

From a perspective of ensuring compliance-based management and corporate defense, the Company has no involvement with anti-social forces and takes a resolute stand against unjust demands.

(2) Status of preparation for eliminating anti-social forces

The Group rejects relationships with anti-social forces, and if an individual employee is confronted with illegal or unjust behavior or demands, they do not respond individually, but rather make contact with the Group General Administration Department responsible and consult with them, then respond as an organization. Specifically, based on a code of conduct regarding anti-social forces set out in the Company's internal control system based on the Companies Act, the System for Ensuring Appropriate Business Operations and the Tokyu Fudosan Holdings Group Code of Conduct, measures and other practical procedures in the Guidelines for Anti-social Forces and the Anti-social Forces Policy Manual have been established to prevent incidents from occurring. Furthermore, as part of their compliance training, the Company conducts education and awareness-raising for all employees. It has also built close relationships with external organizations such as the police and attorneys at law.

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 Corporate Governance System

Overview of Timely Disclosure System

(1) Internal system relating to timely disclosure of company information

The Company provides fair, timely, and appropriate disclosure of information to all stakeholders, and strives to conduct appropriate public relations activities as a corporation while endeavoring so as to obtain an accurate evaluation and understanding of the Company's management status and corporate activities.

The Company's internal system includes the Corporate Communication Department, the Group General Administration Department, and the Group Corporate Planning Department which manage the timely disclosure of company information based on the Division of Duties and the Duty Authority Regulations.

The Company has also formulated the "Basic Principles on Information Management" and related provisions, which regulate the timely and appropriate response to external requests for disclosure. Meanwhile, the responsible Operating Officer has overall responsibility for control of information management and strives to propose systems for information management in general, direct and manage their implementation, and conduct periodic inspections and periodic training activities for employees.

With regard to matters decided and events and facts at the Company and its subsidiaries and so forth, the Company has a system for communicating such requests to the Group Corporate Planning Department, Group General Administration Department, and Group Finance Department, and centralizing the response to them there. Based on the timely disclosure guidelines set forth by the Tokyo Stock Exchange, a general discussion and examination is conducted within the Corporate Communication Department, the Group General Administration Department, and the Group Corporate Planning Department, and with the approval of the President and Representative Director, or if necessary, through an internal decision-making process, the information is promptly disclosed.

With regard to the procedures for disclosing information, in principle the Company discloses information through the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange, and then without delay makes announcements to media institutions and undertakes other disclosure procedures as provided for by laws and regulations, and other rules. Furthermore, the information will also be posted on the Company's website promptly after disclosure.

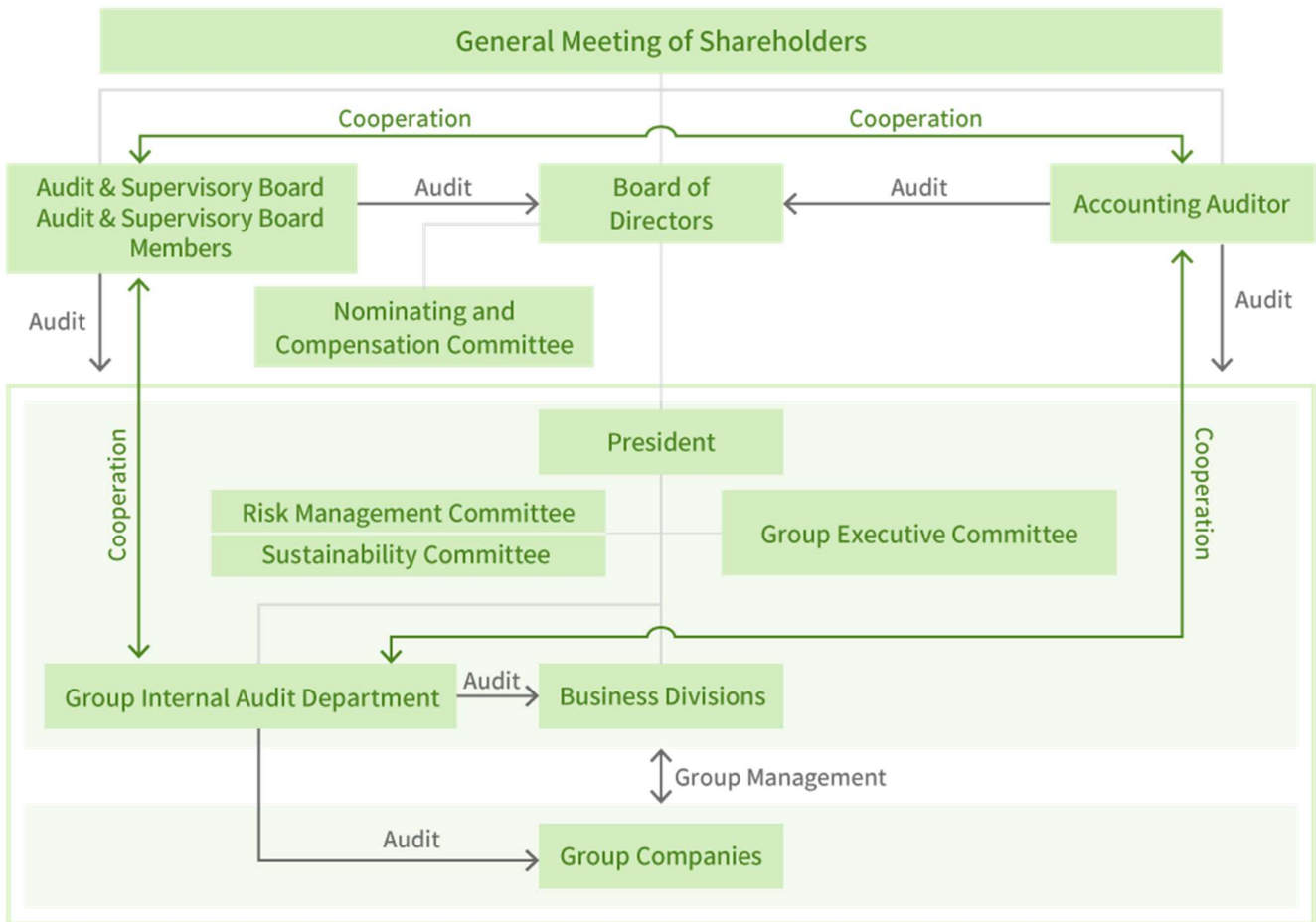
Moreover, items for statutory disclosure pursuant to the Financial Instruments and Exchange Act, such as financial results and other financial information, are drafted by the Corporate Communication Department and Group General Administration Department and submitted via an internal decision-making process to the Kanto Local Finance Bureau and provided for public inspection.

(2) Verification function, etc., of internal systems relating to timely disclosure of company information

The Group Internal Audit Department is established as an independent organization from other departments to assist in effectively achieving the Company's management targets. To this end, it reviews and evaluates administrative and operational management systems and the status of business execution for management activities in general in terms of their legality and rationality from a fair and objective standpoint, and makes accurate reports to the President and Representative Director and on the status of management. Furthermore, based on these results, the Department also provides information as well as advice and proposals for improving and streamlining business operations. The Group Internal Audit Department conducts internal audits of all internal business operations and the business operations of associates within the scope permitted by laws and regulations and so forth, in accordance with an annual audit plan and other guidelines. Moreover, the Group General Administration Department and Group Legal Affairs Department will prepare manuals and widely promote observance of the norms by implementing risk management training and other measures. In this way, the Company will promote proper business operations to help ensure timely and appropriate information disclosure.

Based on the auditing standards applicable to Audit & Supervisory Board Members, the Audit & Supervisory Board Members monitor and verify the status of creation and operation of systems of information preparation and disclosure for the purposes of statutory disclosure, etc.

[Schematic Diagram of Corporate Governance System]



[Overview of Timely Disclosure System (Schematic Diagram)]

