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CORPORATE GOVERNANCE REPORT

TOBU RAILWAY CO., LTD.

Last Update: November 24, 2021

TOBU RAILWAY CO., LTD.

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The corporate governance of TOBU RAILWAY CO., LTD. (the “Company”) is described below.

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

1. Basic Views

1. The mission of the Company (management philosophy, etc.), management strategies and management plan
The Company has set out “Tobu Group management philosophy” and “Tobu Group management policy” as its mission (management philosophy, etc.). In addition, to realize the sustainable development of society and the Group as a corporate group indispensable for society, the Company has identified “materiality (key issues)” and discloses them together with the “value creation process” on the Company’s website, etc. For fiscal 2021, the Company discloses its aims of securing consolidated recurring income and strengthening the management structure through reducing interest-bearing debt at the financial results briefing and on the Company’s website, etc.

(1) Tobu Group management philosophy

Tobu Group laid down the concepts of “dedication,” “enterprising spirit” and “affinity,” as the corner stone for its management.

Dedication:

Tobu Group will contribute to materializing an affluent society, based on the profound awareness that all of its businesses are supported by society.

Enterprising spirit:

Tobu Group will keep challenging with pioneering spirit to break a pathway to a new era, through constant self-improvement without complacency.

Affinity:

Tobu Group will contribute to the evolution of society by promoting its business as well as the welfare of its employees, based on the concept of congeniality among people and harmony with environment.

(2) Tobu Group management policy

Tobu Group will operate diversified and composite businesses on the basis of safety and security, including “transportation,” “leisure,” “real estate” and “retail distribution”, as a corporate group contributing to the development of the areas along its railway lines, through the businesses that closely support customers’ daily lives.

We will provide innovative and inventive services of high quality based on customer’s viewpoint, thereby aiming to create attractive destinations full of energy along the Tobu lines, providing the residents with comfortable lifestyle.

Tobu Group will fulfill its corporate social responsibility through achieving sustainable growth along

with local communities, as a corporate group that supports customers' lives by promoting eco-friendly management while constantly generating profit from its business operations.

Five items identified as materiality (key issues)

- (1) Sustainable development of local communities
- (2) Corporate governance contributing to creation of corporate value
- (3) Improvement of skills and capabilities of diverse employees
- (4) Reduction of environmental burden through further improvement of environmental advantage, etc.
- (5) Securing of safety and peace of mind, the backbone of all Group businesses

Based on the materiality described above, the specific value creation process of the Group has been prepared in accordance with The International <IR> Framework published by the International Integrated Reporting Council (IIRC).

For details of Tobu Group's approach to sustainability, please refer to the "Tobu Group's approach to sustainability," disclosed on April 30, 2021.

2. Basic views and policy on corporate governance

In order to earn trust of all its stakeholders including shareholders, and to ensure sustainable growth and enhancement of corporate value over medium to long-term, the Company believes that it is essential to establish fair and transparent management structure. We will further reinforce the Board of Directors, the Executive Officer system, and the Audit & Supervisory Board Members system, and actively make appropriate information disclosure on a timely basis. Furthermore, we will be committed to the enhancement of corporate governance, through conscientious corporate activities based on business ethics and compliance with laws and regulations.

In addition, under the views mentioned above, the Company will comply with all of the principles set forth in the Corporate Governance Code, respecting the purpose and intention ingrained therein, in an effort to enhance its corporate value.

3. The Company has, based on the awareness about the support it receives from the stakeholders, as well as the appreciation that it is vital to establish and practice code of conduct for its officers and employees, etc., set out "Tobu Group Compliance Basic Policy" (<http://www.tobu.co.jp/corporation/policy/>) as follows.

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

[Applicable code]

These are stated based on the Code following the revisions in June 2021.

The Company complies with all principles of the Corporate Governance Code.

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

[Applicable code]

These are stated based on the Code following the revisions in June 2021.

[Principle 1-4 Strategic Shareholdings]

The Company retains strategic shareholdings in comprehensive consideration of the smooth running of business through maintenance and reinforcement of relationships with business partners of the Company, and of synergy effects on the businesses of the Group. Our basic policy is to gradually reduce strategic shareholdings when they are no longer justified by an adequate rationale from a medium- to long-term perspective, based on the following verifications.

Regarding each listed stock held as strategic shareholdings, the Board of Directors annually conducts careful examinations to check progress regarding the achievement of the initial objectives of the acquisition of such holdings, and to verify whether the benefits and risks associated with such holdings are in line with profitability based on capital costs, etc., considering whether the initial objectives, such as “maintenance and reinforcement of business transactions” and “synergy effects on the businesses of the Group” have been met as the primary criteria. The Board also verifies listed stock held as strategic shareholdings by comprehensively taking into account the economic rationality, necessity and future prospects associated with continuing such holdings from a medium- to long-term perspective.

Voting rights for strategic shareholdings are exercised based on the consideration on whether or not such exercise contributes to a medium- to long-term increase in the corporate value of both the Group and the investees. Thus, with respect to proposals that are likely to impair the increase in corporate value of the Group and the investees over the medium- to long-term, we shall conduct a careful review regarding the exercise of voting rights, based on dialogue with the investees.

[Principle 1-7 Related Party Transactions]

Competing transactions and conflict of interest transactions conducted by Directors shall, in accordance with the laws and regulations as well as internal rules, be subject to prior approval by, and post-transaction report about their outcome to, the Board of Directors.

At present, there are no main shareholders holding 10% or more of the total number of voting rights of the Company. However, even when such shareholders exist, the Company shall conduct transactions appropriately and in a fair and transparent manner, so as not to harm the interest of the Company and the common interest of its shareholders.

[Supplementary Principle 2-4 (1) Ensuring Diversity in the Promotion, etc. of Core Human Resources]

In order for the Tobu Group to achieve sustainable growth, it is necessary to enhance the creativity of the Group and create new value and business opportunities by developing and promoting human resources with diverse knowledge and values, and to this end, we are promoting diversity, including encouraging women to play an active role.

We are promoting female Executive Officers through internal promotions in regard to the appointment of managerial positions that play a central role in management.

Going forward, we aim to further increase the ratio of females among candidates for managerial positions (assistants to Managers) by 50% from the current level and increase the ratio of females among new graduate hires to around 50% by fiscal 2025, in order to improve the ratio of females in managerial positions.

The Company recruits foreign nationals and encourages them to play an active role in order to provide a comprehensive response to measures aimed at foreign tourists visiting Japan in our Tourism business.

We are promoting mid-career hires to Executive Officer positions as management personnel capable of responding to drastic changes in the business environment and creating business.

In addition to further strengthening the promotion of diversity, including encouraging women to play an active role, we are striving to develop human resources in order to ensure diversity through measures such as providing opportunities for creative employees to grow, and drawing on the skills and capabilities of diverse employees to the utmost.

Furthermore, we are promoting health management so that employees can engage in business activities in good health and with vitality, and we are striving to improve productivity and secure human resources by improving the internal environment, including by enhancing the system to support employees in balancing work with childcare and nursing care activities.

Our basic views on human resources, and support, etc. for active participation of diverse human resource and diverse workstyles are disclosed on the Company’s website and in other publications.

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

In order to ensure constant pension payments to each participant in the years to come, the Company has developed the “Basic Policy for Pension Asset Management,” which shall serve as the basis for managing and investing pension assets.

For the investment of pension assets, the Company holds the “Asset Management Committee” in which the Executive Officers in charge of the Finance and Accounting Department and Human Resources Department, along with the General Managers of these Departments serve as Committee members, in order to ensure the safe and efficient management of pension assets. This Committee develops and reviews basic asset management policies, as well as strategic asset allocation (strategic asset mix), while evaluating, reviewing and monitoring external asset managers. In each Committee meeting, minutes are prepared to disclose the proceedings and results of the meeting. The secretariat of the Asset Management Committee is staffed with adequately qualified personnel from the Finance and Accounting Department, while the Human Resources Department serves as an observer.

The activities of the “Asset Management Committee” are reported to the “Governance Committee,” which is comprised of Representative Directors, Outside Directors and Audit & Supervisory Board Members for review and evaluation.

[Principle 3-1 Full Disclosure]

(i) The mission of the Company (management philosophy, etc.), management strategies and management plan
These are stated in “I. 1. Basic Views” of this report.

(ii) Basic views and policy on corporate governance
These are stated in “I. 1. Basic Views” of this report.

(iii) Policy and procedure for determining remuneration for Directors
The Company has established the “Nomination and Remuneration Committee,” the majority of whose members and its chairperson are Independent Outside Directors, as an advisory body to the Board of Directors. The “Policy for Determining Remuneration for Directors” is determined by the Board of Directors after the Board of Directors consults with and receives a report from the Committee. The policy stipulates that remuneration for Directors shall be determined in consideration of factors such as each individual’s position, responsibilities according to the duties they are in charge of, corporate and individual performance, management environment, and social conditions, with the objective of raising awareness of enhancing corporate value and social evaluation, as well as contributing to an increase in shareholder value. Remuneration for Directors is comprised of monetary compensation consisting of position-based basic remuneration and short-term incentive remuneration (individual performance-linked portion and the corporate performance-linked portion), and stock-based compensation as medium- to long-term incentive remuneration. Both types of remuneration are determined by Representative Director delegated through resolution of the Board of Directors, based on the results of consultations with, and reports from the Nomination and Remuneration Committee with regard to the appropriateness of remuneration levels.

(iv) Policy and procedure for nominating candidates for Directors and Audit & Supervisory Board Members
The Company believes in “safety as the foundation of all businesses operated by the Tobu Group,” and thus is aware that ensuring safety in all businesses including railway business which provides social infrastructure, is the basis for earning trust from stakeholders as well as for achieving sustainable growth into the future. On such basis, the Company believes that it is desirable to have the Board of Directors composed of Directors promoted internally, who are not only well acquainted with the characteristics of the Company business, but also familiar with the indirect divisions that support each business and its operation, along with Independent Outside Directors who can contribute to enhancing supervisory function of the Board, as well as to ensuring fairness and transparency of management, as part of an effort to increase its corporate value. Maximum number of Directors is set at 15 on a combined basis of Inside/Outside Directors.

Currently, the Board of Directors is comprised of 12 Directors including four Independent Outside Directors who have a wealth of experience and insight as corporate executives and as outside directors of other listed companies, or as academics, having served important positions such as Commissioner General of National Police Agency, in an effort to attain a well-balanced mix of knowledge, experience, competence, gender, nationalities, career backgrounds, and age of the Board.

In order to strengthen the independence and objectivity of the functions of the Board of Directors, the Company has established the “Nomination and Remuneration Committee,” comprised of two Independent Outside Directors and one Representative Director, as an advisory body to the Board of Directors. The chair

of the Committee is selected from among the Independent Outside Directors.

The “Nomination and Remuneration Committee” shall review proposals for the nomination of candidates for Directors based on the Criteria for Nominating Candidates for Directors, etc., taking into consideration the balance between knowledge, experience and competence and the gender, nationalities, career backgrounds and age of the Board of Directors as a whole, and report the results thereof to the Board of Directors.

(Criteria for Nominating Candidates for Directors)

Candidate for Inside Director

- Well acquainted with the characteristics of the Company’s business, and familiar with the indirect divisions that support each business and its operation
- Possessing the personality, knowledge, experience and initiative that can lead and contribute to an increase in corporate value

Candidate for Outside Director

- Possessing a broad-based insight into management, and capable of providing opinions and advice regarding the business execution of the Directors from a standpoint that is independent from the management and from an objective point of view, thereby contributing to ensuring the efficiency and fairness of management
- Possessing a career background, experience and expertise that differs from those of the Directors elected from within the Company

The nomination of candidates for Directors shall be resolved by the Board of Directors, while respecting the content of the report obtained from the “Nomination and Remuneration Committee.”

Any member of the “Nomination and Remuneration Committee” may convene the Committee meeting as necessary, in order to enable the Committee to deliberate whenever a Director is deemed to be inadequately performing his/her role, or to have failed to meet the Criteria for Nominating Candidates for Directors.

The nomination of candidates for Audit & Supervisory Board Members is proposed at the General Meeting of Shareholders, following the deliberation at the Board of Directors, subject to the consent of the Audit & Supervisory Board.

The election and removal of Executive Officers shall also be deliberated and resolved at the Board of Directors meetings, which are attended by outside officers including Independent Outside Directors.

In the event that an Executive Officer is found to have committed a fraudulent act, wrongdoing or breach of faith, or there are concerns over his/her suitability for the position, such Executive Officer shall be removed based on the resolution of the Board of Directors.

(v) Explanation about the nomination, election and removal of individual Directors and the Audit & Supervisory Board Members

The reasons for the election of each candidate for Director or Audit & Supervisory Board Member are presented in the “Notice of the Annual General Meeting of Shareholders.” The “Notice of the Annual General Meeting of Shareholders” is posted on the Company’s website.

[Supplementary Principle 3-1 (3) Sustainability Initiatives, etc.]

The Company discloses the Group’s approach to sustainability and specific initiatives on the Company’s website.

The Company discloses its management strategy for sustainability, which effectively utilizes accumulated equity capital, and also discloses and provides specific information on the distribution of management resources, including investment in human capital and intellectual property, in a manner that is easy to understand in order to contribute to the sustainable growth of the Company, while keeping in mind consistency with our management strategy and management issues. In addition, the Board of Directors supervises the effectiveness of this management strategy.

[Supplementary Principle 4-1 (1) Scope of Matters Delegated to Management]

For the purpose of making decisions on the important management-related matters as well as of supervising business execution by individual Directors, a framework has been established in which the Board of Directors prescribe in the “matters subject to deliberation at the Board of Directors” matters including formulation of medium- to long-term business plan and decisions on important businesses, along with the matters stipulated under laws and regulations, and the Articles of Incorporation, while the Management Meeting deliberate on decision-making in the course of business execution, etc., delegated from the Board of Directors, and the Executive Officers execute business under the command and supervision of the Representative Directors based on the “Regulation on the Execution of Duties.”

[Principle 4-9 Independence Standard and Qualification for Independent Outside Directors]

The Company elects as Independent Outside Directors persons with broad insight into management, who can contribute to ensuring the efficiency and fairness of management, through offering opinions and advice on Directors' business execution, from an objective point of view, being independent from the management of the Company.

The standards for independence from the management are presented in "II. [Independent Directors/Audit & Supervisory Board Members] Matters relating to Independent Directors/Audit & Supervisory Board Members" of this report.

[Supplementary Principle 4-11 (1) Balancing Diversity and the Appropriate Scale of the Board of Directors, and Disclosure of the Skill Matrix, etc.]

Views on the balance, diversity, and scale of the Board of Directors are presented in "(iv) Policy and procedure for nominating candidates for Directors and Audit & Supervisory Board Members under I. 1. [Principle 3-1 Enhanced Information Disclosure]" of this report.

As of the Annual General Meeting of Shareholders held in June 2021, the approach to the composition of the Board of Directors and the skill matrix are presented in the "Notice of the Annual General Meeting of Shareholders."

At least one person who has management experience at other companies is appointed as an Independent Outside Director.

[Supplementary Principle 4-11 (2) Status of Concurrent Positions of Directors and Audit & Supervisory Board Members]

The status of concurrent positions of Directors and Audit & Supervisory Board Members is presented in the "Notice of the Annual General Meeting of Shareholders." The "Notice of the Annual General Meeting of Shareholders" is posted on the Company's website.

We believe that the current number of their concurrent position is within a reasonable range, in view of their attendance to the Board of Directors meetings and the Audit & Supervisory Board meetings.

[Supplementary Principle 4-11 (3) Analysis and Evaluation of Effectiveness of the Board of Directors and the Outline of the Results Thereof]

To ensure the effectiveness of the Board of Directors, an analysis and evaluation of the effectiveness of the Board of Directors is carried out annually on the basis of the self-evaluations conducted by each Director, etc., and the outline of the evaluation results thereof shall be disclosed in the Corporate Governance Report.

In the fiscal year ended March 31, 2021, we conducted a questionnaire survey utilizing a third party to increase objectivity, in the same way we did three years ago.

Evaluation was carried out first by conducting a questionnaire with each Director, etc., whose results were summarized and analyzed. Then evaluation results were finalized based on interviews with Representative Directors on the results of the questionnaire along with challenges facing the Board of Directors, together with the opinion of the Audit & Supervisory Board.

The evaluation results, namely, self-evaluation results mainly based on questionnaires with each of the Directors, etc. and third party evaluation results, confirmed that free and constructive discussions and exchanges of opinions took place under the facilitation of the chairperson. Accordingly, the Board of Directors was found to be largely functioning adequately, whereby its effectiveness was ensured.

Going forward, through more constructive discussions, we will work to strengthen and improve the strategic, judgment and supervisory functions, which are the roles of the Board of Directors. In addition, we believe that the Board of Directors needs to further strengthen its functions with regard to the following:

- (a) Further enhance reviews and discussion of medium-term management plans in light of changes in the business environment
- (b) Further enhance information provision to outside officers to facilitate their understanding of segments other than the railway business and Group companies
- (c) Provide opportunities for Outside Directors to confirm that candidates for Directors are qualified and suitable
- (d) Further enhance reports and discussion in a timely and appropriate manner on the progress of sustainability issues, etc.

[Supplementary Principle 4-14 (2) Policy for Training of Directors/Audit & Supervisory Board Members]

In order to help Directors/Audit & Supervisory Board Members to understand and carry out the roles and duties expected of them, the Company organizes lecture presentations as appropriate, while arranging for them to attend external seminars and symposiums, etc., if necessary, that can help them to carry out their duties, by

actively providing support including payment of associated expenses.

Newly appointed Directors/Audit & Supervisory Board Members shall be offered opportunities to have better understanding about the roles and duties expected of them and other relevant matters, while newly appointed Outside Directors/Outside Audit & Supervisory Board Members shall be offered opportunities to receive explanations about the corporate information including its management environment, etc.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

The Company appreciates that it must take appropriate measures to gain the understanding and trust of shareholders who are the providers of capital, with a view to achieving sustainable growth and enhancement of corporate value over medium to long-term. For such purpose, we are engaged in constructive dialogue with shareholders/investors as follows, in order to promote the understanding among, and support from shareholders/investors, in addition to securing the rights and equal treatment of shareholders.

- (i) Dialogue with shareholders/investors in general is promoted jointly by the Executive Officer in charge of General Affairs and Legal Department and the Executive Officer in charge of Finance and Accounting Department.
- (ii) To facilitate constructive dialogue with shareholders/investors, a framework has been established in which general affairs and legal division, finance and accounting division, corporate planning division, public relations division, etc. collaborate and share information.
- (iii) The Company is engaged in dialogue with shareholders through offering thorough explanation in response to queries from shareholders at the General Meeting of Shareholders, while organizing a tour of our business establishments for individual shareholders once a year, financial results briefings for institutional investors twice a year, and a tour of our business establishments along the Tobu railway lines also for institutional investors once a year. The Company posts on its corporate website, timely and as appropriate, IR information such as financial results and materials for timely disclosure, information for shareholders on the matters such as General Meeting of Shareholders and shareholder special benefits, and transmission of business information in the form of news release, in an effort to provide outgoing information flow as the basis for the dialogue with shareholders.
- (iv) As for dialogue with individual shareholders, staff in charge shall report on each dialogue to the Executive Officer in charge of General Affairs and Legal Department, which may, depending on the nature of dialogue, be shared among the management. Certain contents of the dialogue can also be reported to management as appropriate through a meeting body, etc. As for dialogue with institutional investors, implementation results of the financial results briefings for institutional investors shall also be reported to management through a meeting body, etc., while contents of individual interview with each institutional investor shall be reported, on a monthly basis, to management, Audit & Supervisory Board Members and the concerned division, in an effort to share information.
- (v) To prevent leakage of insider information in the course of dialogue with shareholders and investors, we implement thorough management of and training on insider information. Moreover, we arrange “silent period” from the day after the closing date up to the announcement of the financial results, during which no comment shall be made in response to any inquiries, including interviews.

Capital Structure

Foreign Shareholding Ratio

From 10% to less than 20%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
Master Trust Bank of Japan, Ltd. (trust account)	20,146,400	9.65
Custody Bank of Japan, Ltd. (trust account)	9,351,300	4.47
FUKOKU MUTUAL LIFE INSURANCE COMPANY	5,235,600	2.50
Mizuho Bank, Ltd.	4,653,209	2.22
STATE STREET BANK WEST CLIENT – TREATY 505234	4,026,198	1.92
Custody Bank of Japan, Ltd. (trust account 5)	3,196,200	1.53
Nippon Life Insurance Company	3,187,880	1.52
Custody Bank of Japan, Ltd. (trust account 6)	2,832,900	1.35
Custody Bank of Japan, Ltd. (trust account 7)	2,627,400	1.25
Saitama Resona Bank, Limited	2,541,769	1.21

Controlling Shareholder (except for Parent Company) —

Parent Company None

Supplementary Explanation

1. Apart from the shares listed in the Status of Major Shareholders above, FUKOKU MUTUAL LIFE INSURANCE COMPANY holds as trustee 1,164,000 shares in the Company in a retirement benefits trust, where the company retains the authority to give instruction on the exercise of voting rights.
2. Although the Report of Possession of Large Volume (the Change Report) relating to the Company has been submitted, the Company could not verify the number of shares effectively held by the aforementioned parties as of March 31, 2021, and thus prepared the Status of Major Shareholders above on the basis of the shareholder registry. Details of the Report of Possession of Large Volume (the Change Report) are contained in the Annual Securities Report.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Land transportation business
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100.0 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

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

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

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1. Organizational Composition and Operation

Organization Form

Company with Audit & Supervisory Board

[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	President
Number of Directors	12
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Mitsuyoshi Shibata	From another company											
Takaharu Ando	Other											
Noriko Yagasaki	Academic											
Masanori Yanagi	From another company								△			

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

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

c. Executive of a fellow subsidiary company of the Company

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

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

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director or Audit & Supervisory Board Member

g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which the Company's Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Director himself/herself only)

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

k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mitsuyoshi Shibata	○	—	<p>Mr. Mitsuyoshi Shibata has rich experience and broad insight as a corporate manager. We have determined that reflecting his experience and insight, etc. on management of the Company and his playing a supervisory role of business execution from an objective point of view, being independent from the management of the Company, will contribute to further improvement of corporate value. Therefore, we have elected him as an Outside Director.</p> <p>In addition, as the Company has determined that he is adequately independent by the “Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members,” he has been designated as an Independent Director of the Company.</p>

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Takaharu Ando	○	—	<p>Mr. Takaharu Ando has rich experience of serving in important positions, such as Commissioner General of National Police Agency, and broad insight, as well as experience of serving as outside directors at other companies. We have determined that reflecting his experience and insight, etc. on management of the Company and his playing a supervisory role of business execution from an objective point of view, being independent from the management of the Company, will contribute to further improvement of corporate value. Therefore, we have elected him as an Outside Director.</p> <p>In addition, as the Company has determined that he is adequately independent by the “Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members,” he has been designated as an Independent Director of the Company.</p>

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Noriko Yagasaki	○	—	<p>Ms. Noriko Yagasaki has rich experience and broad insight as an academic in transport policy and tourism policy, as well as experience as an outside director of other corporations. She is expected to contribute to ensuring efficiency and fairness of the management by providing opinions and advice regarding business execution from an objective point of view, being independent from the management. She also served as an Outside Director of the Company from June 2015 to May 2018, providing useful opinions and advice regarding business execution from an objective point of view, being independent from the management. We have determined her to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we have elected her as an Outside Director.</p> <p>In addition, as the Company has determined that she is adequately independent by the “Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members,” she has been designated as an Independent Director of the Company.</p>

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Masanori Yanagi	○	<p>Outside Director</p> <p>Mr. Masanori Yanagi engaged in the business execution of Development Bank of Japan Inc., but since June 2018, he has not engaged in the business execution of the bank, and three years have already passed. The Group has transactions of borrowing with the bank, and the amount of the Company's borrowing from the bank as of March 31, 2021 (¥189,329 million) was less than 12% of the Company's total consolidated assets. The bank is one of several lenders and not a lender on which the Company relies on to the extent that there are no alternatives for funding.</p>	<p>Mr. Masanori Yanagi has rich experience and broad insight as a corporate manager. He is expected to contribute to ensuring efficiency and fairness of the management by providing opinions and advice regarding business execution from an objective point of view, being independent from the management. We have determined him to be the proper person for pursuing further improvement of corporate value in the future. Therefore, we have elected him as an Outside Director.</p> <p>In addition, as the Company has determined that he is adequately independent by the "Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members," he has been designated as an Independent Director of the Company.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee

Established

Committee's Name, Composition, and Attributes of Chairperson
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

In order to review important matters regarding the nomination of, and remuneration for, Directors of the Company, the Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors, with a view to reinforcing functional independence and objectivity of the Board.

The Nomination and Remuneration Committee is comprised of two Outside Directors and a Representative Director (President). In addition, the chair of the Committee is selected from among the Outside Directors to ensure the independence of the Committee. The Nomination and Remuneration Committee reviews the adequacy of the proposal of nomination of Director candidates and the selection plan for Representative Directors, as well as the adequacy of the level of remuneration, organizing the Committee's opinion on these subjects, and reports to the Board of Directors. All committee members attend all meetings.

[Audit & Supervisory Board Members]

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

Cooperation among Audit & Supervisory Board Members, Independent Auditor, and Internal Audit Division

The Audit & Supervisory Board Members and the Independent Auditor are working in close collaboration through regular meetings and other means, actively exchanging opinions and information, in an effort to ensure efficient implementation of audits. They present and explain about the respective audit plans to each other. The Audit & Supervisory Board Members receive from the Independent Auditor the summary report on the results of the quarterly review on quarterly financial results and the summary report on the results of audit required under the Companies Act for the year-end financial results, along with the explanation about the main focus of audits, while receiving reports on the matters related to internal control over financial reporting, exchanging opinions

with the latter. Furthermore, the Audit & Supervisory Board Members attend audit visits and inspections conducted by the Independent Auditor, as appropriate.

The Audit & Supervisory Board Members and the internal audit division stay in close collaboration in executing auditing duties, including examination of the status of business operations and assets at the Company, as well as the Group companies, in an effort to ensure efficient implementation of audits. The Audit & Supervisory Board Members regularly receive reports on the results of audit and monitoring, etc. conducted by the internal audit division, exchanging opinions therewith, while effectively utilizing such results in carrying out audit by the Audit & Supervisory Board Members over the internal control system.

The Independent Auditor and the internal audit division have mutual communication and coordination as appropriate, while the internal audit division attends the audit visits conducted by the Independent Auditor as part of the working collaboration.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

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

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yuzaburo Mogi	From another company													
Shuji Fukuda	From another company													
Nobuhide Hayashi	From another company										△			

* 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. Executive of the Company or its subsidiary
 - b. Non-executive Director or accounting advisor of the Company or its subsidiaries
 - c. Non-executive Director or executive of a parent company of the Company
 - d. Audit & Supervisory Board Member of a parent company of the Company
 - e. Executive of a fellow subsidiary company of the Company
 - f. A party whose major client or supplier is the Company or an executive thereof
 - g. Major client or supplier of the Company or an executive thereof
 - h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as an Audit & Supervisory Board member
 - i. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
 - j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
 - k. Executive of a company, between which the Company's Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board member himself/herself only)
 - l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
 - m. Others

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

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Yuzaburo Mogi	○	—	<p>Mr. Yuzaburo Mogi has used his extensive experience and broad insight as a corporate manager in audit duties of the Company. By offering his opinions and advice on business execution of Directors from an objective point of view, being independent from the management of the Company, he plays an appropriate role in securing the sound and sustainable growth of the Company and in establishing a quality corporate governance system that earns the trust of society. Therefore, we have elected him as an Outside Audit & Supervisory Board Member.</p> <p>In addition, as the Company has determined that he is adequately independent by the “Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members,” he has been designated as an Independent Audit & Supervisory Board Member of the Company.</p>

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Shuji Fukuda	○	—	<p>Mr. Shuji Fukuda is expected to use his rich experience and broad insight as a corporate manager in audit duties of the Company. By offering opinions and advice on business execution of Directors from an objective point of view, being independent from the management of the Company, he is expected to play an appropriate role in securing sound and sustainable growth of the Company and in establishing a quality corporate governance system that earns the trust of society. Therefore, we have elected him as an Outside Audit & Supervisory Board Member.</p> <p>In addition, as the Company has determined that he is adequately independent by the “Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members,” he has been designated as an Independent Audit & Supervisory Board Member of the Company.</p>

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Nobuhide Hayashi	○	<p>Outside Audit & Supervisory Board Member Mr. Nobuhide Hayashi engaged in the business execution of Mizuho Bank, Ltd., but since April 2017, he has not engaged in the business execution of the bank, and four years have already passed. The Group has transactions of borrowing with the bank, and the amount of the Company's borrowing from the bank as of March 31, 2021 (¥102,296 million) was less than 7% of the Company's total consolidated assets. The bank is one of several lenders and not a lender on which the Company relies on to the extent that there are no alternatives for funding.</p>	<p>Mr. Nobuhide Hayashi is expected to use his rich experience and broad insight as a corporate manager in audit duties of the Company. By offering opinions and advice on business execution of Directors from an objective point of view, being independent from the management of the Company, he is expected to play an appropriate role in securing sound and sustainable growth of the Company and in establishing a quality corporate governance system that earns the trust of society. Therefore, we have elected him as an Outside Audit & Supervisory Board Member.</p> <p>In addition, as the Company has determined that he is adequately independent by the "Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members," he has been designated as an Independent Audit & Supervisory Board Member of the Company.</p>

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/
Audit & Supervisory Board Members

7

Matters relating to Independent Directors/Audit & Supervisory Board Members

1. The Company has designated all Outside Directors and Outside Audit & Supervisory Board Members who meet the standards as Independent Directors/Audit & Supervisory Board Members.
2. Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members
The Company deems Outside Directors and Outside Audit & Supervisory Board Members to be independent when they do not fall under any of the following items.
 - (1) A principal shareholder who holds 10% or more of the total number of voting rights of the Company at the end of the fiscal year, or its executive person
 - (2) Of the lenders to the Company, a financial institution or other principal creditor that the Company depends upon for funding to the extent that it is not replaceable at the end of the fiscal year, or its executive person
 - (3) Of the business partners of the Company, a party which receives the payment of 2% or more of the consolidated operating revenue for the fiscal year from the Company at the end of such fiscal year, or its executive person
 - (4) Of the business partners of the Company, a party which pays to the Company at the end of the fiscal year of the party 2% or more of the consolidated operating revenue for such fiscal year, or its executive person
 - (5) A person who receives from the Company donations or subsidies of an annual amount exceeding ¥10 million during the fiscal year, or its executive person
 - (6) An attorney, certified public accountant, tax accountant, consultant or the like who receives from the Company remuneration other than the remuneration as Director or Audit & Supervisory Board Member of an annual amount exceeding ¥10 million during the fiscal year
 - (7) A person who belongs to an organization such as a corporation (law firm, audit firm, tax accountant firm, consulting firm, etc.) or a union that receives from the Company money or other financial benefits whose amount exceeds 2% of consolidated operating revenue for the fiscal year of such organization
 - (8) A person who served as an executive person of the Company or its subsidiaries during the past 10 years.
 - (9) The “fiscal year” mentioned in Item 1 to 7 falls under a year within the past three years.
 - (10) When a person who falls under any of Item 1 to 8 serves in an important position, his/her spouse or relatives within the second degree of kinship
3. The Company has, in the “Supplementary Explanation of the Relationship” concerning Independent Directors/Audit & Supervisory Board Members, not mentioned transactions that are similar to general consumer transactions involving immaterial amount of payment.

[Incentives]

Incentive Policies for Directors

Other

Supplementary Explanation

Remuneration for individual Directors is comprised of monetary compensation consisting of position-based basic remuneration and short-term incentive remuneration (individual performance-linked portion and the corporate performance-linked portion), and stock-based compensation as medium- to long-term incentive remuneration.

Recipients of Stock Options

Supplementary Explanation

—

[Director Remuneration]

Disclosure of Individual Director's Remuneration

No Individual Disclosure

Supplementary Explanation

The amounts of remuneration paid in the fiscal year ended March 31, 2021, in consideration of the execution of duties by Directors and the Audit & Supervisory Board Members of the Company is as follows.

¥260 million paid as monetary compensation for Directors

¥48 million paid as stock-based compensation for Directors

¥68 million paid as monetary compensation for the Audit & Supervisory Board Members

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has established the "Nomination and Remuneration Committee," the majority of whose members and its chairperson are Independent Outside Directors, as an advisory body to the Board of Directors. The "Policy for Determining Remuneration for Directors" is determined by the Board of Directors after the Board of Directors consults with and receives a report from the Committee. The policy stipulates that remuneration for Directors shall be determined in consideration of factors such as each individual's position, responsibilities according to the duties they are in charge of, corporate and individual performance, management environment, and social conditions, with the objective of raising awareness of enhancing corporate value and social evaluation, as well as contributing to an increase in shareholder value. Remuneration for individual Directors is comprised of monetary compensation consisting of position-based basic remuneration and short-term incentive remuneration (individual performance-linked portion and the corporate performance-linked portion), and stock-based compensation as medium- to long-term incentive remuneration. Details of the policy are contained in the Annual Securities Report.

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

Staffs of the department in charge of providing support to Outside Directors and Outside Audit & Supervisory Board Members, or staffs of General Affairs and Legal Department, provide explanation to Outside Directors and Outside Audit & Supervisory Board Members themselves or through their secretaries, by telephone or visit in person.

[Details of persons who have retired from Representative Director and President, etc.]

Names, etc. of Consultants, Advisors, etc. who are former President and Representative Director, etc.

Name	Title/Position	Description of Duties	Working Arrangement/ Compensation (Full-time/ Part-time, With/Without Compensation, etc.)	Date of Retirement from the President, etc.	Term of Office
—	—	—	—	—	—

Total Number of Consultants, Advisors, etc., Who Are Former President and Representative Director, etc.

0

Other Matters

Though the Articles of Incorporation prescribe that “The Company may appoint Consultants by resolution of the Board of Directors,” the Company has no Consultants at the moment.

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

1. Outline of the corporate governance system

The Board of Directors of the Company, which is comprised of 12 Directors including four Outside Directors, makes comprehensive and strategic management decisions based on the Rules of the Board of Directors in addition to making decisions on matters stipulated under laws and regulations, while supervising business execution by individual Directors. The Chairperson of the Board of Directors is the President, and regular meetings of the Board of Directors are, in principle, held once a month. All Directors attend all meetings, and the status of attendance by Outside Directors is contained in the Business Report. Furthermore, the Company increases the mobility of management by clarifying executive authorities and responsibilities through the introduction of the Executive Officer system and, as for executive functions, by establishing a system in which Executive Officers elected by the Board of Directors execute business under the authority and responsibility stipulated in the “Regulation on the Execution of Duties” under the command and supervision of Representative Directors.

Outside Directors are playing important roles in ensuring efficiency and fairness of management, as their presence at the Board of Directors meetings prompts Directors to explain about execution of their duties with the awareness that Outside Directors are present, while they have their objective opinions and advice reflected on the management. In order to review important matters regarding the nomination of, and remuneration for, Directors of the Company, the Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors, with a view to reinforcing functional independence and objectivity of the Board. The Nomination and Remuneration Committee is comprised of two Outside Directors and a Representative Director (President), and the chair of the Committee is selected from among the Outside Directors. The Nomination and Remuneration Committee reviews the adequacy of the proposal of nomination of Director candidates and the selection plan for Representative Directors, as well as the adequacy of the level of

remuneration, organizing the Committee's opinion on these subjects, and reports to the Board of Directors. All committee members attend all meetings.

The "Management Meeting" comprised of Directors, Managing Executive Officers and other Executive Officers with higher executive titles, along with Audit & Supervisory Board Members, deliberates and decides on business execution delegated from the Board of Directors, while sharing important information concerning the management of the Company.

At the "Board of Executive Officers" comprised of Directors, all Executive Officers and Audit & Supervisory Board Members, the status of business execution and the progress status of the management plan are reported on a quarterly basis, while business development for the next fiscal year and other matters are reviewed by sharing business information.

Moreover, the Company is, with a view to establishing business ethics and furthermore enhancing compliance awareness among its officers and employees, with the aim to ensure credibility of its internal control system, striving for promoting compliance-based management through regularly holding the "Compliance Committee" established to provide support and guidance to the officers and employees practicing compliance, along with the development of compliance training system based on the specific guidelines for the daily business conduct under the "Tobu Group Compliance Basic Policy."

Furthermore, to further increase the effectiveness of corporate governance at the Company, the Company has established the "Governance Committee" comprised of the President as chairman and Representative Directors, Outside Directors and Audit & Supervisory Board Members as members thereof. The Governance Committee receives activity plans, activity reports and suggestions from chairmen of the "Compliance Committee," "Risk Management Committee" and other committees, deliberates and evaluates the content, and report to the Board of Directors, thereby enhancing the supervisory function of the Board of Directors. The Chairperson of the Governance Committee is an Outside Director.

The names of the members of the various bodies are contained in the "Overview of Officers" of the Annual Securities Report.

2. Other matters relating to corporate governance

(1) Development of a risk management system

With regard to risk management, the "Risk Management Committee," which is established as an organizational body that formulates risk management guidelines and coordinates risk management, holds meetings on a regular basis. In addition, extraordinary meetings may be held ad-hoc in the event of a risk situation to urgently discuss and implement countermeasures.

(2) Status of system development to ensure the appropriateness of business operations of subsidiaries of submitting company

To ensure appropriateness of business operations of the Group, the Group Administration Division that is responsible for the management of subsidiaries, etc., manages and supports the execution of business at subsidiaries, etc., in accordance with the "Group Companies Management Regulations." To further enhance monitoring of the Group companies and improve effectiveness of the internal control system on the Group level, the Company has developed a system within the Group Administration Division, composed of ten staff including the General Manager, in which the monitoring of the Group companies and guidance for the improvement of their findings are implemented consistently. Internal audit of monitoring activities thereof is carried out by the internal audit division. In addition, the "Tobu Group Corporate Meetings" and other meetings are held on a regular basis, to communicate the Group management policies and share management information, and to promote collaboration with subsidiaries, etc., with a view to enhancing corporate value of the Group. In addition, the Company is, with a view to enhancing fairness and transparency of management, engaged in the activities such as the presentation of corporate information through corporate website, along with the IR activities including financial results briefings and the tour of our business establishments along the Tobu railway lines, as part of further effort to provide appropriate information disclosure on a timely basis.

3. Views on the functions and roles played by Outside Directors or Outside Audit & Supervisory Board Members and the status of their election

Outside Directors are playing important roles in ensuring efficiency and fairness of management, as their presence at the Board of Directors meetings prompts Directors to explain about execution of their duties with the awareness that Outside Directors are present, while they have their objective opinions and advice reflected on the management. In order to review important matters regarding the nomination of, and remuneration for, Directors of the Company, the Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors, with a view to reinforcing functional independence and objectivity of

the Board. The Nomination and Remuneration Committee is comprised of two Outside Directors and a Representative Director (President), and the chair of the Committee is selected from among the Outside Directors. The Nomination and Remuneration Committee reviews the adequacy of the proposal of nomination of Director candidates and the selection plan for Representative Directors, as well as the adequacy of the level of remuneration, organizing the Committee's opinion on these subjects, and reports to the Board of Directors.

The Company ensures audit effectiveness, by appointing three Outside Audit & Supervisory Board Members who are independent, and not classified as a person who may be subject to significant degree of control by the management, or who may exert significant degree of control over the management, and that with extensive experience and broad insight as corporate manager. Outside Audit & Supervisory Board Members are playing important roles in ensuring fairness of management and contributing to enhancing corporate governance, as their presence prompts Directors to explain about execution of their duties with the awareness that Outside Audit & Supervisory Board Members are present, while they have their objective opinions and advice reflected on the management.

4. Mutual collaboration between supervision/audit by Outside Directors or Outside Audit & Supervisory Board Members, internal audit, audit by the Audit & Supervisory Board Members, and accounting audit, as well as the relationship between them and the internal control division

Outside Directors, at the Board of Directors, perform supervisory function from an objective standpoint over the decision on the countermeasures proposed as appropriate by Representative Directors and Executive Officers as a result of an internal audit, while enhancing the effectiveness of supervisory operation based on the audit report presented by the Audit & Supervisory Board Members and the Independent Auditor.

Outside Directors also engage in the decision on the Internal Control Basic Policy at the Board of Directors, while receiving reports on the development and actual operation thereof.

Outside Audit & Supervisory Board Members receive reports on the results of audit by the internal audit division on a regular basis through the Audit & Supervisory Board as well as Audit & Supervisory Board Members, and utilize such results for the purpose of audit by the Audit & Supervisory Board Members of the internal control system. Meanwhile, Outside Audit & Supervisory Board Members receive from the Audit & Supervisory Board Members briefing documents on audit and quarterly review plans by the Independent Auditor, summary report on the results of the quarterly review, and explanation about the progress of audit visits and inspections conducted by the Independent Auditor. In addition, Outside Audit & Supervisory Board Members receive explanation about the main focus of audits, etc., for the year-end financial results as well as the report on the matters regarding the internal control over the financial reporting, from the Independent Auditor following his attendance to the Audit & Supervisory Board meeting, while exchanging opinions therewith, thereby enhancing the audit effectiveness.

Furthermore, Outside Audit & Supervisory Board Members receive reports from Directors and Executive Officers as well as the internal control division through the Audit & Supervisory Board, etc., on the development and operation of the internal control system, on a regular basis or as appropriate, while requesting explanation as necessary.

5. Status of audits

- (1) Status of audits by Audit & Supervisory Board Members

- (a) Organization, staff and procedures for audits by Audit & Supervisory Board Members

The Company currently has five Audit & Supervisory Board Members, of whom a majority of three are Outside Audit & Supervisory Board Members. Audit & Supervisory Board Members Messrs. Naotaka Nakajima and Tomoya Sugiyama as well as Outside Audit & Supervisory Board Member Mr. Shuji Fukuda possess considerable expertise in finance and accounting earned through years of experience in the finance and accounting division. Outside Audit & Supervisory Board Member Mr. Shuji Fukuda is qualified as a tax accountant. In addition, three full-time assistants to the Audit & Supervisory Board Members are assigned, whose appointment and transfer are implemented subject to the consultation with the Audit & Supervisory Board Members.

- (b) Activities of Audit & Supervisory Board Members and the Audit & Supervisory Board

Six meetings of the Audit & Supervisory Board were held during the fiscal year under review. The status of attendance of each Audit & Supervisory Board Member is shown below. The Audit & Supervisory Board mainly deliberated on audit plans and conducted reports on audit results.

Name	Meetings held	/	Meetings attended (*1)
Naotaka Nakajima	6	/	6

Ikuro Toyoda	1	/	1 (*2)
Hiroya Otsuka	5	/	5 (*3)
Yuzaburo Mogi	6	/	6
Osamu Shoda	1	/	1 (*2)
Takashi Kobayashi	1	/	1 (*2)
Shuji Fukuda	5	/	5 (*3)
Nobuhide Hayashi	5	/	5 (*3)

*1 Based on the number of meetings held during each member's term of office

2 Retired on June 23, 2020

3 Assumed office on June 23, 2020

The main matters for discussion at meetings of the Audit & Supervisory Board include the preparation of audit report, the selection of Audit & Supervisory Board Members, audit methods and methods for investigating the status of operations and assets, and other matters concerning the execution of duties by Audit & Supervisory Board Members. In addition, it engages in discussion regarding matters related to the appointment, dismissal and non-reappointment of the Independent Auditor, consent to compensation for the Independent Auditor and other matters to be resolved by the Audit & Supervisory Board.

Audit & Supervisory Board Members attend the Board of Directors meetings, while engaging in the audit of the execution of duties by Directors and Executive Officers, bearing risk management in mind, through the measures including attendance to important meetings such as Management Meetings, inspection of important authorization documents, theme-specific audit of the Group companies, hearing from Directors, Executive Officers and General Managers, holding of the Group Audit & Supervisory Board meetings, attendance to the financial results briefings at the Group companies, and examination of business operation as well as assets at the Company and the Group companies, all in accordance with audit policy, audit plan and audit work assignment formulated based on the "Standards for Audit by the Audit & Supervisory Board Members" set out by the Audit & Supervisory Board, reporting the progress of such activities to the Audit & Supervisory Board held on a regular basis, forming audit opinion based on deliberation over the audit results, in an effort to ensure audit effectiveness.

In the meantime, the Audit & Supervisory Board Members receive reports from Directors and Executive Officers, as well as the internal control division, on the development and operation of the internal control system, and reports from the Independent Auditor on the execution and results of audits, regularly and as appropriate, while requesting explanation as necessary. Moreover, the Audit & Supervisory Board Members exchange opinions with Representative Directors as appropriate on management policies and the important challenges the Company must address, to improve audit effectiveness.

(2) Status of internal audits

(a) Organization, staff and procedures for internal audits

For the purpose of internal audit of the Company, the internal audit division with four staff including the General Manager established within the Internal Audit Department reviews and evaluates the execution of business from the viewpoints of both legality and rationality, feeding back the information based on the audit results as well as advice/recommendations for improvement to Representative Directors, audited department and other concerned parties, thereby aiming to achieve operational improvement and management streamlining.

(b) Mutual coordination between the internal audit, audit by the Audit & Supervisory Board Members, and accounting audit

The Audit & Supervisory Board Members and the Independent Auditor are working in close collaboration through regular meetings and other means, actively exchanging opinions and information, in an effort to ensure efficient implementation of audits. They present and explain about the respective audit plans to each other. The Audit & Supervisory Board Members receive from the Independent Auditor the summary report on the results of the quarterly review on quarterly financial results and the summary report on the results of audit required under the Companies Act for the year-end financial results, along with the explanation about the main focus of audits, while receiving reports on the matters related to internal control over financial reporting, exchanging opinions with the latter. Furthermore, the Audit & Supervisory Board Members attend audit visits and inspections conducted by the Independent Auditor, as appropriate.

The Audit & Supervisory Board Members and the internal audit division stay in close collaboration in executing auditing duties, including examination of the status of business operations and assets at the Company, as well as the Group companies, in an effort to ensure efficient implementation of audits. The Audit & Supervisory Board Members

regularly receive reports on the results of audit and monitoring, etc. conducted by the internal audit division, exchanging opinions therewith, while effectively utilizing such results in carrying out audit by the Audit & Supervisory Board Members over the internal control system.

The Independent Auditor and the internal audit division have mutual communication and coordination as appropriate, while the internal audit division attends the audit visits conducted by the Independent Auditor as part of the working collaboration.

(3) Status of accounting audits

(a) Name of audit firm
KPMG AZSA LLC

(b) Length of continuous service
34 years

This period represents the length of time since the year when the principal engagement partner of the joint audit office that was the Independent Auditor joined Asahi Shinwa & Co., one of the predecessors of the present Independent Auditor, KPMG AZSA LLC, as an employee. The joint audit office had been engaged in auditing as the Independent Auditor for a period of 12 years.

(c) Names of the certified public accountants who conducted the audit
Kazuhiko Azami, Masakuni Noguchi and Yu Kohno

(d) Composite of the team of assistants engaged in the audit
15 certified public accountants and 25 other staff

(Note) Other staff includes successful applicants of the certified public accountant examination and the staff responsible for system audit.

(e) Policy and reasons for selection of audit firm

In order to ensure the appropriateness and credibility of the accounting audit, an audit firm selected which conducts appropriate audits as professional experts and maintains a fair and unbiased attitude from an independent standpoint. The Company receives explanations and reports with regard to the independence and expertise from the audit firm by means of notifications related to Article 131 of the Regulation on Corporate Accounting.

(f) Evaluation of the audit firm by the Audit & Supervisory Board Members and the Audit & Supervisory Board

In order to appropriately evaluate the audit firm based on the “Standards for Audit by the Audit & Supervisory Board Members,” the Company confirms the appropriateness and credibility of the accounting audit by receiving reports and explanations regarding the internal control system and appropriately evaluating the audit firm through attendance at the audits, etc.

3. Reasons for Adoption of Current Corporate Governance System

As per the above system, the Company, aiming to increase the mobility of management, has introduced the Executive Officer system and clarified executive authorities and responsibilities, thereby establishing a system in which Executive Officers execute business under the command and supervision of Representative Directors to whom decision-making authorities on business execution have been delegated from the Board of Directors, while the Board of Directors strengthens its functions with management decision-making and supervision of business execution as its primary role. The Company believes that it has already built up a necessary and sufficient corporate governance system, having established a framework with features, including implementation of supervision by the Board of Directors including Outside Directors as well as effective audit conducted by the Audit & Supervisory Board Members including the Outside Audit & Supervisory Board Members, for the purpose of ensuring fairness and efficiency in the execution of duties by Representative Directors and Executive Officers, establishment of various bodies including the “Nomination and Remuneration Committee” and the internal audit division, promotion of compliance-based management, and the development of a risk management system, apart from limiting Directors’ term of office to one year to clarify management responsibilities.

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 Explanation
Early Notification of General Meeting of Shareholders	<p>The initiatives adopted with respect to the Annual General Meeting of Shareholders held in June 2021</p> <ul style="list-style-type: none">- Notice of the meeting was mailed on June 1, 2021, 21 days prior to the scheduled date of the meeting.- Prior to the mailing, the notice was posted on the websites of Tokyo Stock Exchange as well as the Company on May 25, 2021, 28 days prior to the scheduled date of the meeting.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	<p>From the Annual General Meeting of Shareholders held in June 2017, the Company has been holding the meeting by avoiding the peak day.</p>
Allowing Electronic Exercise of Voting Rights	<p>The Company started adopting this method from the Annual General Meeting of Shareholders held in June 2014.</p>
Participation in Electronic Voting Platform	<p>The Company started to participate in the electronic voting platform from the Annual General Meeting of Shareholders held in June 2014.</p>
Providing Convocation Notice (Summary) in English	<p>English version (summary) of the notice was posted on the websites of Tokyo Stock Exchange as well as the Company on May 25, 2021, 28 days prior to the scheduled date of the meeting.</p>
Other	<ul style="list-style-type: none">- From the Annual General Meeting of Shareholders held in June 2020, the Company started posting a video featuring the matters to be reported on the Company's website approximately two weeks prior to the scheduled date of the meeting.- From the Annual General Meeting of Shareholders held in June 2021, the Company started live video streaming of the meeting (hybrid participation-type virtual shareholder meeting) online.

2. IR Activities

	Supplementary Explanation	Presentation by Representative
Preparation and Publication of Disclosure Policy	This information is published on the Company's website (https://www.tobu.co.jp/ir/outline/)	
Regular Investor Briefings for Analysts and Institutional Investors	Twice a year (after the year-end settlement as well as the second quarter settlement), the President personally explains about the financial results, the progress of business plan, and other matters. Furthermore, tour of the Group's business establishments is organized once every year.	Yes
Posting of IR Materials on Website	This information is published on the Company's website (https://www.tobu.co.jp/ir/bs/). Contents of the information posted: Presentation materials for the financial results briefing, the FACT BOOK, questions and answers from the financial results briefing, Monthly Report of Operations, etc.	
Establishment of Department and/or Manager in Charge of IR	Department in charge: Finance and Accounting Department Responsible person: General Manager of the Finance and Accounting Department Responsible person for administrative liaison: Manager in charge of IR in the Finance and Accounting Department	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	For the purpose of conscientious and appropriate corporate activities for stakeholders, action guidelines are set out in the “Tobu Group Compliance Basic Policy” and the “Compliance Manual.”
Implementation of Environmental Activities, CSR Activities, etc.	This information is published on the Company’s website (https://www.tobu.co.jp/corporation/). Contents of the information posted: approach to sustainability, social contribution and relationship with the local community, regarding the environment, relationship with employees, corporate governance, Social and Environmental Report, and regarding safety “Social and Environmental Report” is periodically prepared once a year and published on the above website.
Development of Policies on Information Provision to Stakeholders	For the purpose of timely and appropriate information disclosure, action guidelines are set out in the Tobu Group Compliance Basic Policy and the “Compliance Manual.”
Other	Since railway business involves working early morning/late night shifts, the Company did not actively recruit female staff until 1999 when regulation restricting female workers from working late at night was lifted. Thereafter, the Company has been endeavoring to expand the scope of career opportunities for women, while committed to developing an environment in which female staff can stay working utilizing their talent. So far the Company has adopted various systems at more far-reaching levels than required by laws, including staggered commuting system, reemployment system, maternity leave system and child-rearing support allowance, to develop an environment featuring 100% childcare leave utilization, 100% short-hour work-shift/staggered commuting utilization, and less than 10% job turnover within the first three years of coming back from childcare leave, and thereby developed an environment allowing workers to stay working with peace of mind, which serves as the basis for promoting female employees to managerial staff. The Company will keep promoting diversity, including encouraging women to play an active role, to develop a work environment where all employees can play an active role with their diverse assets in full play. Further details are published on the Company’s website (https://www.tobu.co.jp/corporation/employee/activity/).

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

1. Contents of the resolution at the Board of Directors concerning the system
 - (1) System to ensure that Directors, Executive Officers and employees of the Company execute their duties in compliance with laws and regulations, and the Articles of Incorporation

To ensure that Directors, Executive Officers and employees make decisions and execute business in compliance with laws and regulations, and the Articles of Incorporation, the Company formulates the “Tobu Group Compliance Basic Policy” as principles of conduct related to compliance along with its action guidelines in the form of the Compliance Manual and Compliance Card, which are distributed to Directors, Executive Officers and employees, followed up by the compliance training on a continuous basis. Meanwhile, the Company develops and promotes a compliance-based management system by establishing a specific department dedicated to coordination of compliance initiatives across the Company, contact desk for compliance-related whistleblowing and consultation, and the “Compliance Committee” for the purpose of monitoring the progress of the compliance promotion.
 - (2) System for the storage and management of information concerning the execution of duties by Directors of the Company

In accordance with laws and regulations, and the internal regulations, the Company appropriately store and manage the documents regarding the execution of duties and decision-making by Directors, such as the minutes of the Board of Directors meetings and circulars for approval.
 - (3) System for the regulations and other arrangement to manage the risk of loss at the Company

For the purpose of managing risk such as accidents and disasters, the Company formulates the “Risk Management Regulations” and other regulations as part of the internal rules, while the responsible department prepares and distributes manuals, etc. Meanwhile, the “Risk Management Committee,” which is established as an organizational body that coordinates risk management, holds meetings on a regular basis for the purpose of sharing risk information, as well as ad hoc meetings in the event of risk for the purpose of developing a framework for urgent consultation on, and implementation of, the countermeasures.
 - (4) System to ensure efficient execution of duties by Directors of the Company

The Company executes its business under the authority and responsibility based on the “Regulation on the Execution of Duties.” The Company regularly holds the Board of Directors meetings, for the purpose of making decisions on the important management-related matters based on the Rules of the Board of Directors, as well as of supervision over the execution of business by Directors. Furthermore, in order to complement the function of the Board of Directors as well as to improve management efficiency, the Management Meetings are held on a regular basis, for the purpose of deliberation over business execution delegated from the Board of Directors, as well as sharing of important information concerning business operation, etc.
 - (5) System to ensure the appropriateness of business operations of the corporate group comprised of the Company and its subsidiaries, etc.

The Company establishes a system to ensure the appropriateness of business operations by executing its business under the authority and responsibility based on the “Regulation on the Execution of Duties,” etc. and having the internal audit division conduct audit of each department. Furthermore, the Company establishes a specific department that is responsible for the management of subsidiaries, etc., thereby building up a system to manage and support the execution of business at subsidiaries, etc., in accordance with the Group Companies Management Regulations, to ensure within the subsidiaries, etc., the framework for reporting to the Company, risk management framework, and the framework for ensuring efficiency in business execution, while the Company, in order to further reinforce the Group governance, carries out monitoring of subsidiaries, etc., and provides guidance for the improvement of their

findings through the collaboration with audit & supervisory board members of subsidiaries, etc., as well as the promotion of information sharing and information accumulation in accordance with regulations regarding monitoring of the Group companies. Moreover, the Company develops the Group-wide compliance-based management system in collaboration with subsidiaries, etc., through holding the “Tobu Group Corporate Meetings” on a regular basis and other measures, to communicate the Group management policies and share the information regarding the progress of business execution at subsidiaries, etc., along with management information. Furthermore, the Company develops a system to ensure the appropriateness of business operations concerning financial reporting in accordance with the relevant laws and regulations, including Financial Instruments and Exchange Act, to ensure the credibility of financial reporting, while making assessment of effectiveness of financial reporting, along with improvements to shortcomings.

- (6) Matters regarding the system concerning the employees to assist the execution of duties by the Audit & Supervisory Board Members if such employees are required by the Audit & Supervisory Board Members, and regarding the reassurance of independence of such employees from Directors of the Company, as well as of the effectiveness of the instructions to such employees by the Audit & Supervisory Board Members of the Company

The Company appoints full-time staff under the Audit & Supervisory Board Members, who assist the execution of duties by the Audit & Supervisory Board Members of the Company based on the instructions thereof. Appointment and transfer of such full-time staff under the Audit & Supervisory Board Members are implemented subject to the consultation with the Audit & Supervisory Board Members.

- (7) System for allowing Directors/employees, etc. of the Company and its subsidiaries, etc., to report to the Audit & Supervisory Board Members of the Company, as well as the system for ensuring that any person who has made report to the Audit & Supervisory Board Members of the Company will not be subjected to unfair treatment because of making such report

The Audit & Supervisory Board Members of the Company attend the Board of Directors meetings and other internal meetings, including the Management Meetings where important management-related matters are reported and deliberated, while inspecting circulars for approval and other important documents concerning business execution and decision-making, requesting explanation from Directors, Executive Officers or employees of the Company as necessary and also receiving reports on the audits carried out by the internal audit division. The Audit & Supervisory Board Members of the Company also receive reports on the execution of business at subsidiaries, etc., through organizing the “Group Audit & Supervisory Board” meetings and other measures, while receiving on a regular basis reports on the monitoring, together with guidance for the improvement of their findings, of subsidiaries, etc., conducted by a department dedicated to the management of subsidiaries, etc., to complement and strengthen the duties of the audit & supervisory board members of subsidiaries, etc. The Company and its subsidiaries, etc., develop a whistleblowing system, prescribing appropriate treatment of the whistleblowers.

- (8) Matters regarding the policy for the processing of expenses or obligations arising from the execution of duties by the Audit & Supervisory Board Members of the Company, including the procedures for the advance payment or reimbursement of such expenses

The Company cooperates with the execution of duties by the Audit & Supervisory Board Members of the Company, and bears the various expenses necessary for their audit.

- (9) Other system to ensure effective execution of audit by the Audit & Supervisory Board Members of the Company

The Audit & Supervisory Board Members of the Company regularly hold the Audit & Supervisory Board meetings based on the audit policy and audit plan formulated based on the “Standards for Audit by the Audit & Supervisory Board Members,” while specifying the matters to be reported from Directors of the Company, exchanging opinions with Representative Directors as appropriate on the management policy, important challenges the Company must address, etc.

2. Outline of the operation of the internal control system

(1) Initiatives for compliance

The Company and the Group companies have endeavored to develop and enhance the compliance-based management system across the Group, staying focused on promoting compliance awareness, using the “Tobu Group Compliance Basic Policy” as principles of conduct, implementing measures including training in relation to enforcement of the Revised Labor Measures Comprehensive Promotion Act (Anti-Harassment Act) and other various trainings on compliance, while prescribing appropriate treatment of the whistleblowers.

Meanwhile, the “Tobu Group Liaison Council” has been organized with a view to eliminating anti-social forces, to ensure ongoing framework for reinforcing the protection against anti-social forces and sharing information and countermeasures, etc., across the Group.

(2) Initiatives for risk management

For the purpose of risk management, regular meetings of the “Risk Management Committee” and the “Risk Management Working Group,” a body for providing recommendations and reporting to the Committee, were held twice each, to promote the risk prevention and awareness.

In addition, the Risk Management Committee held meetings as appropriate with the aim of achieving an agile response to national and local government policy, as well as daily changes in the number of cases of the disease, in order to ensure the Group’s business execution and business continuity through a swift and effective response to COVID-19.

As measures to tackle the spread of COVID-19, the Company changed the working hours to promote staggered commuting, and actively adopted working from home and at satellite offices, etc., to ensure a system that enables business continuity and reduce infection risk, in accordance with matters indicated by the Risk Management Committee. In addition, under the state of emergency, the Company strived to reduce physical attendance targeting 30% at the head office, moved up the time last trains depart according to requests from national and local governments, and made concerted efforts together with society.

Furthermore, the Company promoted initiatives to prevent COVID-19 infection based on the “Guideline for Railway Operators to Prevent the Spread of COVID-19,” so customers can use the railway with a peace of mind.

As part of the disaster countermeasures, the Company actively engaged in various disaster drills, including the implementation of a drill for the safety confirmation system to check post-disaster safety of all employees, etc., along with other drills as an effort to develop disaster-preparedness as a railway operator, such as drill of establishing an emergency headquarters in conjunction with the Disaster Reduction Day and Disaster Reduction Week, and the comprehensive emergency drill.

(3) Initiatives for safety measures

For the purpose of maintenance and enhancement of the safety management system, the Company ensured and promoted implementation of safety measures through verification and inspection of the practice of such measures at each department, at the “Railway Management Conference” and the “Committee for Promoting Safety including Railway Accident Prevention,” etc., held on a monthly basis, while promoting exchange of opinions between the field operations division and the head office division, and verifying the progress of the field work as well as various initiatives, through the “Meeting for Exchanging Opinions between the Field Operations and the Head Office” and “Safety Patrols,” etc. In addition, the Company conducted safety audit for the purpose of verification, assessment and improvement to ensure appropriate operation of the safety management system at each department of the Railway Business Division, and checked the status of implementation of PDCA cycle.

Also, “The 10th Tobu Group Transport Operators Safety Promotion Liaison Meeting” was held for the purpose of enhancing the safety management system at each Group company, whereby

progress of the safety-related initiatives was reported from each company.

- (4) Initiatives for enhancing efficiency in business execution as well as for the storage and management of information related to business execution

Through the introduction of the Executive Officer system, the Company has established a system in which Executive Officers execute matters determined by the Board of Directors and daily business activities under the command and supervision of Representative Directors, thereby ensuring the separation of business execution and the supervisory function of the Board of Directors, and the Company has clarified the responsibility and authority of Executive Officers to establish a system for flexible decision-making. In addition, in order to strengthen the supervisory function of the Board of Directors over the Company and achieve effective corporate governance, the Company held two meetings of the “Governance Committee” chaired by an Outside Director.

Twelve meetings of the Board of Directors were held to make decisions on the important management-related matters, as well as to supervise the execution of duties by individual Directors, while the proceedings of the meeting are recorded in the form of the minutes, stored and managed appropriately. Proposals for the Board of Directors meeting are presented to each attendee beforehand to ensure adequate deliberation.

Meanwhile, for the purpose of complementing the function of the Board of Directors as well as for improving management efficiency, 25 Management Meetings were held taking advantage of IT systems such as the web conferencing system and deliberated on business execution delegated from the Board of Directors in an appropriate and timely manner.

Furthermore, in April 2020, the Company has fully implemented approvals through the electronic approvals system, aiming to further strengthen internal controls, while also promoting systems to support agile and effective business execution in light of more work done from home and at satellite offices, etc. due to the spread of COVID-19.

- (5) Initiatives for ensuring the appropriateness of the business operation within the Group

With respect to the Group companies, guidance and supervision over the business execution at each company have been provided on a daily basis, primarily by the Group Administration Department, while the “Tobu Group Corporate Meetings” were held twice, inviting the management of each company, as part of an effort to thoroughly communicate the Group management policy. The Internal Audit Department carried out internal audit for the purpose of reinforcing and enhancing monitoring function over the Company and Group companies, as well as further enhancing the effectiveness of the internal control system at the Group level. In addition, the Group Administration Department carried out monitoring of Group companies with regard to the management of non-current assets, which are important accounting items, as well as compliance with the Fire Service Act, and initiatives related to information security.

With respect to the internal control over financial reporting, status of its development and operation was assessed, and review of business process was requested for the areas requiring improvements, which were followed up by the verification of the progress status and improvement results of the remedial measures taken.

Moreover, for the purpose of further strengthening the internal control of the Tobu Group, the Company continuously implemented training for new directors who assumed the office of directors of Group companies, while implementing audit operation training including practical support, for audit & supervisory board members of the Group companies, and also worked to strengthen monitoring and engage in collaboration with the audit & supervisory board members of each company, aiming to reconfirm the roles and responsibilities of audit & supervisory board members.

- (6) Initiatives for ensuring the effectiveness of audit by the Audit & Supervisory Board Members

The Audit & Supervisory Board Members attended important meetings, including the Board of Directors meetings, Management Meetings, meetings of the Board of Executive Officers, meetings of the Governance Committee, meetings of Liaison Meeting for Revitalization of Railway Area, and the financial results briefings at the Group companies, while inspecting important authorization documents, etc., receiving reports from the Internal Audit Department and the Group Administration Department on the audit results describing the status of internal control, along with hearing from Directors, Executive Officers and General Managers of various departments for collecting information, thereby carrying out audit of the execution of duties and decision-making by Directors and Executive Officers.

Six meetings of the Audit & Supervisory Board were held in accordance with the annual audit

policy and audit plan, while opinions were exchanged between the Audit & Supervisory Board Members, Representative Directors and the Independent Auditor. Furthermore, four meetings of the Group Audit & Supervisory Board were held whereby reports were made by the audit & supervisory board members of the Group companies, while reports were made as appropriate on the important matters and information such as audit results, by directors and employees of the Group companies, as well as the Group Administration Department and the Internal Audit Department. At the same time, a system is in place in which the Audit & Supervisory Board Members receive reports concerning whistleblowing within the Company, while the appropriate Audit & Supervisory Board Members receive reports on whistleblowing within the Group companies from the concerned Group companies or the Group Administration Department.

In the meantime, three full-time staffs were placed to assist the execution of duties by the Audit & Supervisory Board Members based on the instruction of the Audit & Supervisory Board Members, and the expenses required in the course of their activities were borne by the Company.

2. Basic Views on Eliminating Anti-Social Forces

1. Basic principles

The Company shall stand firmly against the anti-social forces that threaten order and security of civic society, rejecting categorically any demand, etc. therefrom.

2. Status of development

The Company has, with a view to preventing the anti-social forces from interfering with its management activities, as well as from inflicting damage, introduced the anti-social forces exclusion clause in the wording of contracts with business partners, while including in the Compliance Manual the procedure to deal with the anti-social forces, as measures to ensure that such procedure be known to all officers and employees. In order to be prepared against undue demand by the anti-social forces, General Affairs and Legal Department has been appointed as the department responsible for coordinating actions against the anti-social forces, including development of close collaboration, from peacetime, with the external expert organizations such as the police authority, Tokyo Metropolitan Center for Elimination of Crime Syndicates and attorneys, for gathering and managing information on the anti-social forces, while relevant trainings are provided to the Group companies as appropriate through the “Tobu Group Liaison Council.” In the event of undue demand by the anti-social forces, actions to be taken shall follow the basic and specific procedures to deal with such demand as part of the countermeasures against the anti-social forces including organized crime groups, as presented by Tokyo Metropolitan Center for Elimination of Crime Syndicates, etc.

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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Supplementary Explanation

The Company decided, by the resolution at the Annual General Meeting of Shareholders held on June 23, 2021, to introduce countermeasures in response to large-scale purchase of shares of the Company with a view to preventing abusive acquisition of the Company, etc., as an initiative for ensuring its corporate value and common interests of its shareholders, as well as ensuring and enhancing public interest, safety, and user benefits in social infrastructure businesses including the transportation business and the radio tower business.

For details of the aforementioned countermeasures, please refer to the “Notice of Countermeasures to Large-scale Purchase of Shares of the Company (Takeover Defense Measures),” disclosed on May 18, 2021, as posted on the website of the Company (<https://www.tobu.co.jp/ir/>).

For the Company’s basic policy with respect to the attitude which ought to be taken by persons who control over the decisions on the financial as well as business policies of the Company, please refer to the Annual Securities Report.

2. Other Matters concerning Corporate Governance System

[Outline of Timely Disclosure System]

1. Basic Stance on Timely Disclosure

The Company has, for the purpose of ensuring management transparency to shareholders, investors and society in general, set out the policy for active disclosure of information such as operating results and status of business under the IR guidelines, which is posted on the Company’s website.

Furthermore, the “Tobu Group Compliance Basic Policy” has been established as guidelines for the officers and employees of the Group, in which our primary attitude is described in a statement “On the basis of the trust of investors earned through timely and appropriate information disclosure, we will promote conscientious corporate activities, aiming to enhance corporate value through business development flexibly adapting to the change in business environment,” in an effort to have it known across the Group.

2. Internal System for Timely Disclosure

Timely disclosure of the corporate information subject to timely disclosure in accordance with the rules of Tokyo Stock Exchange, and other information that may influence the share price of the Company (hereinafter collectively the “information for timely disclosure”) is managed as follows, by the Executive Officer in charge of General Affairs and Legal Department acting as the officer responsible for handling information.

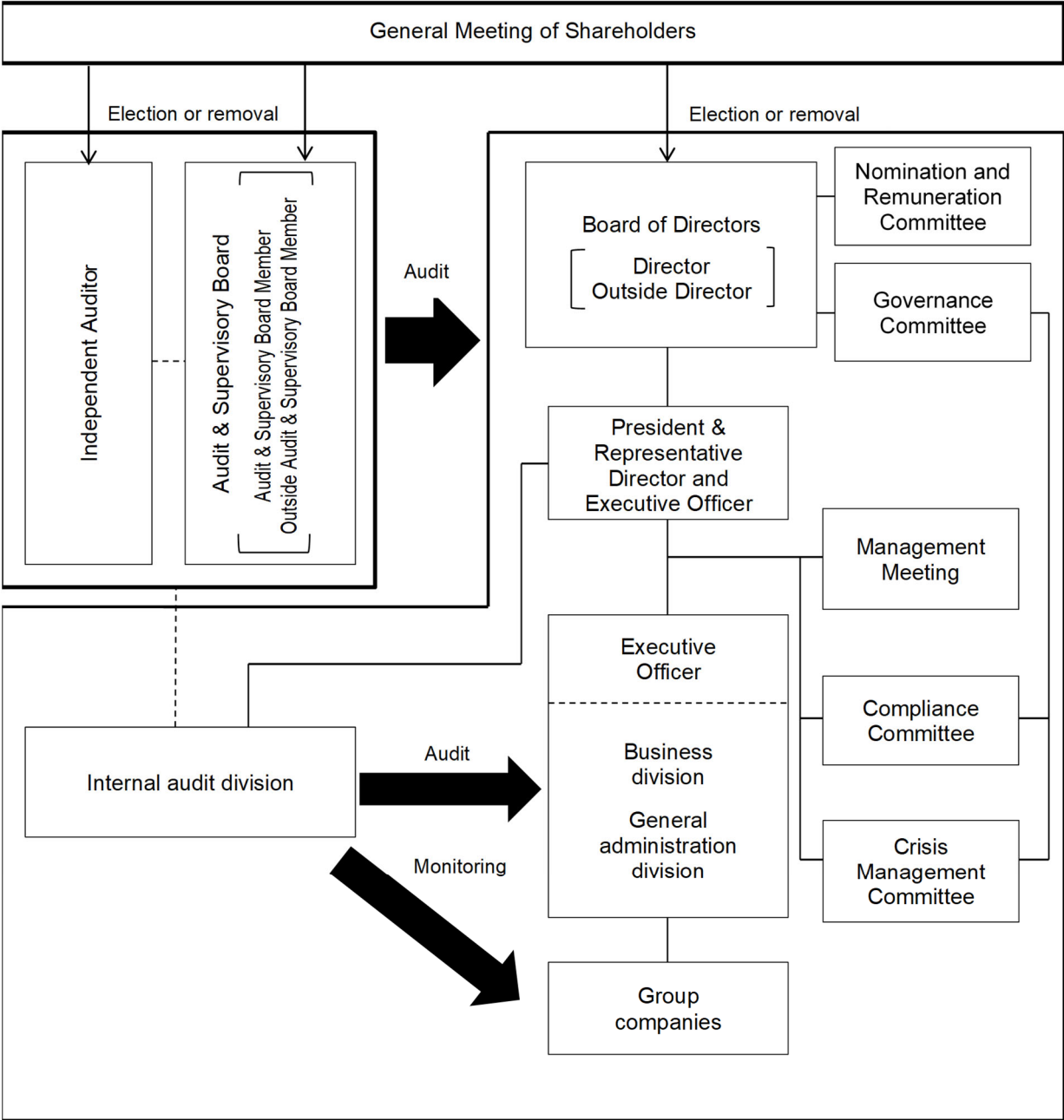
(1) Collection of information for timely disclosure and decision to make timely disclosure

In the event of information for timely disclosure arising at each department as well as the Group company, the concerned department (Group Administration Division of the Company in the case of information arising in the Group companies) verifies such information, and reports it to the General Affairs and Legal Department. If it is not certain whether such information constitutes the information for timely disclosure, concerned officers including primarily the Executive Officer in charge of General Affairs and Legal Department consults to determine whether such information should be subject to timely disclosure.

(2) Timely disclosure to Tokyo Stock Exchange

Management decisions and financial information are approved first by the Board of Directors, and then they are further approved by the President, Representative Directors, and the officer in charge of the General Affairs and Legal Department and served for timely disclosure by the General Affairs and Legal Department. Regarding occurrences of events, they are approved by the President, Representative Directors, and the Executive Officer in charge of General Affairs and Legal Department and served for timely disclosure by the General Affairs and Legal Department after the events occurred.

Corporate Governance Structure of the Company



Outline of the timely disclosure system

Information for timely disclosure

Information on the Group companies	Financial information	Management decisions	Occurrence of events
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Department in charge



Group Administration Division	Finance and Accounting Department	Corporate Planning Department, Group Administration Division, General Affairs and Legal Department, Finance and Accounting Department, etc.	
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Collection of information for timely disclosure



General Affairs and Legal Department

Decision to make timely disclosure



Subject to discussion by the concerned officers including primarily the Executive Officer In charge of General Affairs and Legal Department (officer responsible for handling information)
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Approval for the management decisions and the financial information



The Board of Directors, etc.



Approval for the disclosure of the information for timely disclosure



President, Representative Directors, Executive Officer in charge of General Affairs and Legal Department
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Timely disclosure



General Affairs and Legal Department



Tokyo Stock Exchange
