

# Corporate Governance Guidelines

Established on November 10, 2015

Amended and entered into force on June 29, 2021

## Chapter 1 General Provisions

### Article 1 Purpose

The purpose of these guidelines is to achieve the best corporate governance for our society and the global business environment through the realization of Tokyu Corporation's corporate philosophy, in order to enhance corporate value and continue to be a corporate group that is needed by society.

### Article 2 Fundamental views on corporate governance

As a company responsible for the infrastructure of society, Tokyu Corporation will ensure fairness and transparency in management and fulfill its duty of accountability to shareholders and other stakeholders in order to achieve sustainable growth and increase corporate value over the mid to long term.

### Article 3 Status of these guidelines

With respect to corporate governance, Tokyu Corporation considers these guidelines next in status after the Companies Act, other relevant laws and ordinances, and the Articles of Incorporation, and will base the development of its corporate governance system on those sources.

## Chapter 2 Shareholder Relations

### Article 4 Respecting the right to vote

1. The exercise of voting rights at shareholders meetings is the shareholders' right, and Tokyu Corporation will endeavor to allow shareholders to exercise their voting rights appropriately.
2. Tokyu Corporation will ensure that shareholders have sufficient time to consider the contents of convocation notices for shareholders meetings and other relevant documents by sending those documents out at an early stage and publishing their contents on its website.
3. Tokyu Corporation will develop an environment that enables all shareholders to exercise their voting rights, such as by making it possible for shareholders to vote electronically.

### Article 5 Shareholders meetings

1. The Shareholders Meeting consists of the shareholders and is the highest decision-making organ of the company. The will of the shareholders must be appropriately reflected.
2. Tokyu Corporation will appropriately set dates and deadlines with respect to the Shareholders Meeting in order to achieve a constructive dialogue with shareholders based on the accurate sharing of information.
3. In order to foster a relationship of trust with shareholders, Tokyu Corporation will provide sufficient explanations to and have sufficient dialogue with shareholders at shareholders meetings.

#### **Article 6            Preventing transactions that conflict with shareholder interests**

1. In order to protect shareholder interests, Tokyu Corporation will prevent directors and corporate auditors of Tokyu Corporation, and other parties related to Tokyu Corporation, from abusing their position and engaging in transactions that conflict with the interests of shareholders or Tokyu Corporation.
2. With regard to transactions with directors, corporate auditors and major shareholders, important or non-standard transactions will require the approval of the Board of Directors.

#### **Article 7            Dialogue with shareholders**

1. Tokyu Corporation will disclose important information about the execution of business to shareholders in a manner that is proactive, timely and appropriate.
2. Tokyu Corporation will disclose information in a way that is easy to understand and through diverse methods that allow easy access.
3. Tokyu Corporation will endeavor to achieve strong communication and foster a relationship of trust with shareholders based on management meetings with shareholders led by the president or the executive officer in charge of IR.

#### **Article 8            Cross Holdings**

1. Tokyu Corporation will, through the maintenance and strengthening of its relationships with business partners, hold shares that are judged to contribute to the business development of Tokyu Corporation and its consolidated subsidiaries, with a view to the smooth implementation of Tokyu Corporation's long-term business and financial strategies. In addition, the Board of Directors will assess the need for each of Tokyu Corporation's all listed cross-holdings every year from qualitative perspective considering long-term business and financial strategies, and quantitative perspective considering the economic rationale such as dividends. When it is recognized that cross-holding is not appropriate based on the above-mentioned assessment, Tokyu Corporation will review the holding of such cross-holding, such as reducing the number of shares, considering the condition of the share market, etc.
2. When exercising the voting rights of cross-holdings, a comprehensive judgment will be appropriately made after assessing each individual element, such as whether the resolution will contribute to the enhancement of shareholder value in the mid to long term and whether it will undermine the purpose of Tokyu Corporation's cross-holding.

## **Chapter 3      Corporate Governance System**

### **Article 9            Execution of business and auditing system**

1. Tokyu Corporation will select as its corporate governance system “company with a board of corporate auditors,” whereby the corporate auditors and Board of Corporate Auditors will audit the execution of business by the directors and executive officers.
2. In order to clearly delineate the decision-making and supervisory functions and the business execution function, Tokyu Corporation will adopt the executive officer system, whereby the Board of Directors and its constituent directors will perform the functions of decision-making and supervision, and the executive officers will perform the business execution function.

### **Article 10          Role of the Board of Directors**

1. The Board of Directors, with the aim of realizing Tokyu Corporation’s corporate philosophy by building the best corporate governance, will perform its supervisory function and make the best decisions through fair judgment.
2. The Board of Directors will make decisions regarding the important matters specified in law and ordinance, the Articles of Incorporation and the Board of Directors Regulations, and supervise the directors’ performance of their duties.
3. The Board of Directors will delegate decision-making regarding matters other than those provided for in the preceding paragraph to the executive officers for more maneuverable and flexible execution of business and more active management.
4. The Board of Directors will endeavor towards the realization of the corporate philosophy and the mid to long term growth of the corporate value and common interests of the shareholders, and will be responsible for fairly judging and dealing with any action that may harm those objectives after sufficient consideration from multiple perspectives.
5. The Board of Directors will (i) establish mid-term business plans, etc., (ii) confirm and examine progress toward and, where necessary, take measures regarding performance targets, and (iii) endeavor to appropriately disclose information, for the sustainable growth and enhanced mid to long term corporate value of Tokyu Corporation and to improve profitability, capital efficiency and the like.
6. The Board of Directors will have the executive officers report on the performance of their duties to at Board of Directors meetings in order to supervise the execution of business.
7. The Board of Directors will dismiss representative directors and directors who are appointed as executive officers, upon consulting the matter to the Personnel Committee, in the case of conducting legal violation or difficulties in performing their duties for any reasons, etc.

## **Article 11           Composition of the Board of Directors**

The Board of Directors will aim to construct a management system with appropriately-functioning governance by selecting, through the Personnel Committee, director candidates who excel in both personality and knowledge and who possess strong managerial abilities and an intimate understanding of all areas of Tokyu Corporation's business, and outside directors with rich experience and broad-ranging knowledge.

## **Article 12           Advance distribution of materials for board meetings**

1. In order to achieve substantial discussion at Board of Directors meetings, materials related to the agenda will be distributed to the directors and corporate auditors prior to meetings. However, discussion on a matter of special urgency may take place at a Board of Directors meeting without distributing materials in advance.
2. The directors and corporate auditors will take sufficient care in their treatment of information to preserve the confidentiality of discussions at, and materials from, Board of Directors meetings.

## **Article 13           Standards for determining the independence of Outside Officers (outside directors and outside corporate auditors)**

Tokyu Corporation will determine to be independent any person who, in addition to meeting the independence standards specified by the Tokyo Stock Exchange, does not fall under any of the following:

- (i) an executive of a business partner that constituted 2% or more of the consolidated sales of Tokyu Corporation in any of the last three financial years;
- (ii) an executive of a business partner that constituted 2% or more of the sales of Tokyu Corporation in any of the last three financial years;
- (iii) an executive of a lender, the amount lent to Tokyu Corporation by whom has constituted 2% or more of the consolidated total assets of Tokyu Corporation in any of the last three financial years;
- (iv) an executive of a major shareholder or investee in which Tokyu Corporation has held a contribution ratio of 10% or more in any of the last three financial years;
- (v) a consultant, accounting expert or legal expert who has received remuneration of more than JPY 10 million per year from Tokyu Corporation in any of the last three financial years; or
- (vi) a spouse or family member within the second degree of kinship of a director or the like of Tokyu Corporation or a consolidated subsidiary thereof.

## **Article 14           Lead independent outside director**

The Board of Directors will appoint one lead independent outside director in order to strengthen cooperation between the independent outside directors and the executive department, the corporate auditors, and other organs, and promote an active and effective discussion at Board of Directors meetings.

## **Article 15          Advisory committees**

1. Tokyu Corporation has, as advisory organs to the Board of Directors, a Governance Committee, a Personnel Committee and a Compensation Committee, in order to improve managerial fairness and transparency with respect to corporate governance matters in general, matters relating to the selection of director candidates, appointment of executive officers and the like, and matters relating to the compensation of directors and the like.  
The chairperson of each committee specified in the preceding paragraph is appointed by the Board of Directors from Outside Officers.

## **Article 16          Evaluation of the Board of Directors**

Each year, Tokyu Corporation will analyze the operational efficiency of board meetings and the validity and effectiveness of board resolutions through self-reporting and other methods to ensure valid and effective decision-making by the Board of Directors, and disclose the results of that analysis.

## **Article 17          Role of the Board of Corporate Auditors**

1. The Board of Corporate Auditors will audit the performance of duties by the directors and executive officers, determine the content of proposals to the Shareholders Meeting regarding the appointment, dismissal or non-appointment of an accounting auditor, audit the company accounts, and perform other tasks specified by law and ordinance.
2. With respect to matters necessary to audit the performance of duties by the directors and executive officers, the Board of Corporate Auditors will endeavor toward higher-quality, more efficient auditing by receiving timely and appropriate reports from the directors, employees and accounting auditor, and sharing information as necessary with the accounting auditor, internal audit department and outside directors.

## **Article 18          Composition of the Board of Corporate Auditors**

The Board of Directors will strive to construct a system that can correctly and appropriately audit the management of Tokyu Corporation by selecting, with the consent of the Board of Corporate Auditors, corporate auditor candidates with rich experience, broad knowledge in finance, accounting, and legal etc., and a sufficient understanding of the business and finances of Tokyu Corporation.

## **Article 19          Effective use of independent experts**

The Board of Directors, Board of Corporate Auditors and the committees may, if necessary, request the advice of an independent outside expert at the company's expense.

## **Article 20          Compensation of officers**

1. The Board of Directors will delegate to the Compensation Committee, and the Compensation Committee will determine, the compensation, etc., of directors through fair and transparent deliberations and within the range of amounts approved by the Shareholders Meeting.
2. A certain proportion of the compensation, etc., received by directors (not including outside directors) will be linked to that the company's performance.
3. The compensation, etc., of corporate auditors will be based on a separate system to that of directors, to be determined through consultations of the Board of Corporate Auditors and within the range of amounts approved by the Shareholders Meeting.

## **Article 21 Whistleblowing**

1. Tokyu Corporation will establish a whistleblowing system for the purpose of making it possible for employees to share information about unlawful or inappropriate acts or the like without fear of disadvantage, and objectively examining and making appropriate use of the information received.
2. The operating status of the whistleblowing system will be periodically reported to the Board of Directors.

## **Article 22 Management of the corporate pension funds**

1. Tokyu Corporation will set the basic policy and management guidelines for the management of the corporate pension fund to ensure the stable payment of annuity to the beneficiaries.
2. Tokyu Corporation will entrust the management of its corporate pension fund to the external institutions, and will monitor the management status appropriately.

## **Article 23 Accounting auditor**

1. The accounting auditor is responsible for ensuring the reliability of the financial reports, which is an important role in achieving the best corporate governance.
2. The accounting auditor's independence from Tokyu Corporation must be ensured.
3. The accounting auditor's audit engagements must be systematically managed to control audit quality.

## **Article 24 Amendments**

These guidelines may be amended by a resolution of the Board of Directors.