Corporate Governance Report

<TRANSLATION>

July 9, 2020

Toyota Tsusho Corporation

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Securities Code: 8015

https://www.toyota-tsusho.com/english

Corporate governance at Toyota Tsusho Corporation (the "Company") is as follows:

I. Basic Policies for Corporate Governance, Capital Structure, Corporate Attributes and other Basic Information

1. Basic Policy

In the Toyota Tsusho Group's Fundamental Philosophy, the Toyota Tsusho Group (the "Group") has set forth the corporate philosophy "Living and prospering together with people, society, and the Earth, we aim to be a value-generating corporation that contributes to creation of a prosperous society." The Group has instituted the Behavioral Guidelines as a fundamental code of conduct for legally and appropriately realizing this philosophy as a good corporate citizen.

In keeping with this Fundamental Philosophy, the Company has instituted the Basic Policies on Establishing Internal Control Systems for the purpose of carrying on and deepening penetration of the Toyota Tsusho Group Way, which articulates the Group's unique values, beliefs, and daily principles of conduct, of promoting value creation from the customer's perspective, and of fulfilling the Group's social mission by establishing a "system for ensuring the appropriateness of the Company's operations."

On the basis of this fundamental philosophy, the Company will actively promote further management efficiency, transparency, rigorous compliance, and financial soundness. In addition, the Company will further enhance its public relations and investor relations activities to promote wider understanding of the Group.

[Reasons for not implementing each principle of the Corporate Governance Code]

The Company implements each principle of the Corporate Governance Code.

[Disclosure based on each principle of the Corporate Governance Code] **(Updated)**

[Principle 1.3]

The Company's dividend policy is to endeavor to maintain a stable dividend and

increase dividend per share, with a dividend payout ratio of 25% or more as a basic policy. The Company intends to use internally retained earnings to further enhance and strengthen its operational foundation and invest in business expansion to ensure future shareholder returns.

[Principle 1.4]

・Policies on strategic shareholdings

Maintaining and strengthening business relationships and cooperative relationships with a wide variety of companies is necessary for sustained enhancement of the Company's corporate value. The Company strategically holds limited shares of listed companies that are considered －from a medium- to long-term perspective－ to be beneficial and important as significant business/collaborative partners. When conducting reviews into whether the Company ought to continue holding its cross shares and the number of the cross shares it holds, the Company will comprehensively take into consideration profitability using self-devised cost-of-capital-based indicators as well as matters such as business relations with the partners concerned, and the results of these reviews shall be reported to the Board of Directors meeting once a year. The Company will reduce its holdings of cross shares where it is found that there are no grounds to continue holding them.

・Policy on the exercise of voting rights

Striving to maintain and strengthen partnership with investee companies, the Company engages in communications with these companies that contribute to enhancement of their shareholder interests and corporate value over the medium and long term. The Company's departments that manage investments take that perspective and appropriately exercise voting rights on the basis of multifaceted and comprehensive consideration of the situation of each investee company.

・Policy for when cross-shareholders (i.e. shareholders who hold a Company's share for the purpose of cross-shareholding) indicate that they want to sell the shares

If cross-shareholders seek to sell the shares, the Company will not hinder the sale of the cross-held shares. In such a case, if the Company has their shares for the purpose of cross-sharing, the Company will take appropriate measures to reduce those shares in accordance with the Company's policies on cross-shareholdings.

[Principle 1.5] [Supplementary Principle 1-5-1]

The Company presently has no plans to adopt takeover defense measures. If it were to do so in the future, it would adopt only measures it deems reasonable and necessary and fully explain them to shareholders.

[Principle 1-6]
The Company presently has no plans to adopt any capital policies that would result in a change in control of the Company or substantially dilute existing shareholders. If it were to do so in the future, it would adopt only policies it deems reasonable and necessary and fully explain them to shareholders.

[Principle 1-7]
The Company complies with the procedures set forth in the Companies Act concerning transactions involving conflict-of interest of directors and transactions by directors, and all transactions with non-director executive officers require reporting to and approval of the Board of Directors based on our Regulations of Board of Directors as well. Through such requirement, the Company believes such transactions are adequately supervised by the Board of Directors. In transactions between the Company and the Company's major shareholders or other related parties, the Company decides price and other terms and conditions on the basis of individual negotiations, as in the case of ordinary transactions, approves transactions in accordance with internal rules, and endeavors to ensure that related-party transactions do not harm the interests of the Company or the common interests of all shareholders.

[Principle 2.6]
To enable corporate pension funds to perform the functions expected of them as asset owners, the Company allocates to the fund secretariat human resources suitable for carrying out asset management, etc. and has out in place an Asset Management Committee in which the heads of the Finance Department, Accounting Department, and Global Human Resources Department participate as members. The Asset Management Committee deliberates on matters concerning fund management status, asset distribution, and future fund management policy. The Asset Management Committee, through its deliberations, confirms whether fund management is being implemented in accordance with the Basic Fund Management Policy and whether it is based on diversified investment conducted from a medium- to long-term perspective. The Company has also appointed an external consulting firm to complement internal professional expertise and knowhow while also ― by providing an independent

perspective ― helping to prevent conflicts of interest between the Company and beneficiaries of the pension funds.

[Principle 3-1 (i)]

The Company discloses the corporate philosophy, vision, mid-term business plan, and other information on the corporate website.

https://www.toyota-tsusho.com/english/company/vision.html

[Principle 3-1 (ii)]

Please see “I. 1. Basic Policy” of this report.

[Principle 3-1(iii)]

・Remuneration for directors comprises base fixed remuneration, performance-linked bonus, and transfer-restricted stock compensation. Bonus and transfer-restricted stock compensation are not paid to outside directors because of their independent position from business execution, and only fixed remuneration is paid to them.

・The Company has established, as an advisory body to the Board of Directors, the Executive Compensation Committee, which is chaired by the Chairman of the Board, who holds no representation right and is a nonexecutive director, and the majority of which are independent outside directors. The Executive Compensation Committee deliberates on a policy to determine remunerations for individual directors as well as on the executive compensation system, an executive compensation proposal to be submitted to a general meeting of shareholders and other important matters for executive compensation. Considering the outcome of such deliberation, the Board of Directors resolves a policy to determine remunerations for individual directors, as well as an executive compensation proposal to be submitted to a general meeting of shareholders, and delegates to the President and Representative Director a determination of amounts of fixed remunerations and bonuses for individual directors to determine them flexibly and nimbly. The President and Representative Director determines amounts of compensations for individual directors in light of individual opinions heard from members of the Executive Compensation Committee and to accord with the policy to determine remunerations for individual directors.

・Fixed remuneration for directors in the form of monthly remuneration and an amount of remuneration for each individual director are determined at a reasonable level in consideration of his/her position and responsibilities while using remuneration data

from industry peers as a reference. A maximum amount of fixed remuneration for directors is 600 million yen a year (including 90 million yen a year for outside directors) (as resolved by the Ordinary General Meeting of Shareholders of June 23, 2020), and the Board of Directors determines a remuneration amount within this limit.

・Consolidated profit for the year (profit attributable to owners of the parent) is used as an indicator for computing amounts of performance-linked bonuses and transfer-restricted stock compensations as directors are held responsible for the consolidated profit of the Toyota Tsusho Group (including income and loss recorded temporarily or incidentally).

The Company pays bonus each fiscal year by resolution of an ordinary general meeting of shareholders and determines an amount of bonus for each individual director for a given fiscal year by adjusting 70% of total performance-linked compensation to be decided in accordance with the consolidated profit for the year (profit attributable to owners of the parent) on a position-by-position basis as required and considering his/her responsibilities and the state of execution of the duties.

・The Company grants transfer-restricted stock compensation at a certain time after conclusion of the ordinary general meeting of shareholders for a given fiscal year and determines an amount of transfer-restricted stock compensation for each individual director for a given fiscal year by adjusting 30% of total performance-linked compensation to be decided in accordance with the consolidated profit for the year (profit attributable to owners of the parent) on a position-by-position basis as required and considering his/her responsibilities and the state of execution of the duties. The transfer restrictions on transfer-restricted stock compensation for a director are lifted on a day on which he/she resigns from the Company. Compensation to be provided to target directors to grant transfer-restricted shares to them will be monetary claim, the total value of which will be not more than 200 million yen a year as a limit separate from the aforementioned fixed remunerations and bonuses for directors. The class of stock to be allocated will be common shares (those for which transfer restriction is imposed in an allocation agreement). The total number of shares to be issued or disposed of will be not more than 200,000 shares a year for target directors (as resolved by the Ordinary General Meeting of Shareholders of June 23, 2020). Specific timing of provision and allocation to individual target directors will be determined by the Board of Directors on the basis of deliberations by the Executive Compensation Committee.

・Only fixed remuneration is paid to Audit & Supervisory Board members in light of their role of appropriate auditing from an independent position. With respect to fixed remuneration for Audit & Supervisory Board members, the 2014 Ordinary General Meeting of Shareholders approved a payment limit of 16 million yen per month, and amounts for individual Audit & Supervisory Board members are decided by conference with the Audit & Supervisory Board within this remuneration limit. Executive retirement benefits are not paid to all directors and Audit & Supervisory Board members.

[Principle 3-1 (iv)]

・Policies

The Company defines its top management as being inside directors excluding the Chairman of the Board, Division CEOs, and Regional CEOs. When appointing senior executives, the Company comprehensively considers and appoints the right person for the right position that will enable appropriate and prompt decision-making at each role. The Company considers appointments of outside officers in accordance with the requirements set forth in the Companies Act and the independence standards established by financial instruments exchanges. Further, the Company has stipulated criteria for the dismissal of top managements in its internal regulations and such considerations are made in accordance with these regulations.

・Procedures

In its consideration of director nominations, the Company has established the Executive Appointment Committee, at which independent outside officers make up the majority, to consider the appointment or dismissal of top managements and make recommendations to the Board of Directors as reference for resolution.

Audit & Supervisory Board members are appointed by resolution of the Board of Directors after consultation of Audit & Supervisory Board.

[Principle 3-1 (v)]

The reasons for the election of individual directors and Audit & Supervisory Board members are described in the election proposals in the Reference Materials for the General Meeting of Shareholders.

For details, please refer to the Notice of Ordinary General Meeting of Shareholders posted on the corporate website.

[Supplementary Principle 4-1-1]

The following matters require judgement and resolution by the Board of Directors.

・Matters stipulated in laws and ordinances and the Articles of Incorporation;

・Matters delegated to the Board of Directors by resolution of the General Meeting of Shareholders; and

・Other important business matters.

Other matters are delegated to each director and the progress is reported to the Board of Directors as appropriate according to their degree of importance to the business. To allow its Board of Directors to devote more time to discussion, the Company raised some monetary thresholds for investments/expenditures requiring Board approval and delegated additional authority to executive personnel.

[Principle 4-9]

The Company's independent officers are selected from individuals who are able to reflect a wealth of experience, advanced professional knowledge, and wide-ranging insights in the Company's management and are able to actively and constructively offer their suggestions and views about enhancing the Company's corporate value over the medium and long term from a fair and neutral position and who satisfy the requirements for outside directors and outside auditors set forth in the Companies Act and the independence standards established by financial instrument exchanges.

[Supplementary Principle 4-11-1]

The Company selects its directors from inside and outside the Company who have a wealth of experience, advanced professional knowledge, and wide-ranging insights so as to develop a system in which decision-making and oversight of management and execution are appropriately performed.

The Company comprehensively deliberates the members of the Board of Directors from the perspective of enabling appropriate and prompt decision-making and appointing the right person for the right position according to individual roles. The Board of Directors currently consists of a total of nine directors, including three independent outside directors.

The Company has appointed two persons who have appropriate knowledge of finance and accounting as Audit & Supervisory Board members. The Audit & Supervisory Board currently consists of five members, including three outside auditors, who supervise and check officers' business execution from an objective and professional perspective.

Please see "Principle 3-1 (iv)" of this report regarding policies and procedures for the

selection and appointment of directors.

[Supplementary Principle 4-11-2]
Concurrent service of directors and Audit & Supervisory Board members as officers of other listed companies is noted in the Notice of Ordinary General Meeting of Shareholders.

[Supplementary Principle 4-11-3]
In order to improve the effectiveness of the Board of Directors, the Company conducts an analysis and evaluation of the Board of Directors, and reports the findings to the Board of Directors every year. The outline of analysis and evaluation of the Board of Directors for FY2020 is below.

<<Outline of Evaluation>>
<Individuals Surveyed>
All 8 Members of the Board and all 5 Audit & Supervisory Board members
<Survey Method>
Questionnaire survey
<Matters Evaluated>
・Board composition, operation, proposal/deliberation processes, etc.
<Evaluation Results>
・The Company conducted a director effectiveness evaluation targeting Members of the Board and Audit & Supervisory Board Members for fiscal 2020.The collected survey responses were generally positive across all of the matters evaluated, confirming that the Board of Directors is functioning effectively.

・The survey confirmed that progress has been made over the past year in addressing issues identified in the previous fiscal year’s evaluation, namely, “revising the Board of Directors structure (changing from 11 directors to eight directors and from three independent outside directors among 11 directors to three independent outside directors among eight directors),” “changing time secured for a Board of Directors meeting (from 110 minutes to 170 minutes),” “letting a drafting division provide a prior briefing to outside directors,” and “continue meetings of outside officers at an increased frequency (from once a year to three times a year).” The Company will continue to make progress on these issues.

・In response to issues identified by the latest evaluation, the Company will endeavor

to further increase the Board of Directors' effectiveness by (1) continuing to deliberate on skills required by the Board of Directors, (2) sharing with the Audit & Supervisory Board questions and answers at a briefing meeting for outside directors before a Board of Directors meeting, (3) delegating authority to the executive side through revising the standard for amounts to be resolved by the Board of Directors, (4) having Board of Directors members provide an opportunity to deliberate on operations under a major theme after a Board of Directors meeting (three times a year), (5) further enhancing reporting on investor relations activities for shareholders and reporting on safety compliance management and integrated risk management at an increased frequency, (6) inventively providing an opportunity for outside directors to meet full-time audit & supervisory board members even amid the COVID-19 pandemic, (7) providing an opportunity for officers to communicate with each other informally after the end of the pandemic, (8) holding dialog meetings between outside officers and operating division executive officers concerning themes focused on important matters in a manner conducive to deliberation, (9) providing an opportunity for outside officers in the pandemic to better understand the business of the Group, and (10) continuing to hold a meeting of outside officers (twice a year).

[Supplementary Principle 4-14-2]

・The Company appropriately provides the elected members of the Board of Directors and Audit & Supervisory Board with information necessary for them to fully perform their functions. The Company also provides opportunities for directors and Audit & Supervisory board members to participate, at Company expense, in seminars, training, etc. conducted by third-party organizations necessary for the performance of their duties.

・In addition to providing orientation for newly appointed outside officers, the Company continuously arranges opportunities for them to understand the business activities of the Company and the Group, such as inspecting the actual situation on-site (Genchi Genbutsu) by visiting the Company's principal business entities and holding dialogues with employees.

・At least once a year, the Company holds Executive Review Meetings in which inside and outside officers participate. At the meetings, an intensive review of recent management issues is conducted, and information necessary for the performance of duties is provided.

[Principle 5-1]
The Board of Directors has approved the following policy.
Policy for development of systems and measures to promote constructive dialogue with shareholders
(i) The Company has appointed an executive officer of public affairs and an executive officer of investor relations.
(ii) The Company has formed a task team for the purpose of organic collaboration that supports dialogue.
(iii) General Meeting of Shareholders: The Company provides easy-to-understand explanations of the Company's business, organization, etc. and conscientiously answers questions from shareholders.
Individual investors: The Company regularly makes presentations at IR events and provides explanations of the Company.
Institutional investors: The Company holds quarterly results briefings.
Overseas investors: The Company provides explanations of the Company at forums held in Japan and meets regularly with major shareholders.
(iv) Feedback on shareholder opinions and concerns is provided to top managements as necessary.
(v) Insider information is appropriately managed in accordance with the Insider Trading Control Regulations instituted by the Company.

[Principle 5-2]
The Company discloses the mid-term business plan and other information on the corporate website.
https://www.toyota-tsusho.com/english/ir/management/plan.html

2. Capital Structure

Percentage of shares held by overseas investors	20 % or more, less than 30 %

[Principal Shareholders] **(Updated)**

Name	Number of Shares Held	Percentage(%)
Toyota Motor Corporation	76,368,939	21.69
Toyota Industries Corporation	39,365,134	11.18
The Master Trust Bank of Japan, Ltd.	36,778,700	10.45

(trust account)		
Custody Bank of Japan, Ltd. (Trust Account)	15,442,700	4.39
MUFG Bank, Ltd.	8,098,635	2.30
Sumitomo Mitsui Banking Corporation	4,249,589	1.21
Custody Bank of Japan, Ltd. (Trust Account 9)	3,629,800	1.03
Nippon Life Insurance Company	3,522,468	1.00
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	3,272,500	0.93
Towa Real Estate Co., Ltd.	3,205,950	0.91

Controlling shareholders (except parent company)	None

Parent company	None
Stock exchange listings of parent company	None

Supplemental Remarks

None

3. Corporate Attributes

Stock exchange listings	Tokyo Stock Exchange (first section), Nagoya Stock Exchange (first section)
Fiscal year end	March
Industry	Wholesale trade
(Consolidated) Number of Employees	Over 1,000
(Consolidated) Net Sales	Over JPY 1 trillion
Number of consolidated subsidiaries	Over 300

4. Policies rerating to measures for protecting minority shareholders when conducting transactions etc. with controlling shareholders

None

5. Other Special Items Exerting a Significant Impact on Corporate Governance (Updated)

1. Our policy on group management and significance of owning listed subsidiaries

The Company owns Tomen Devices Corporation (first section of the Tokyo Stock Exchange) and Elematec Corporation (first section of the Tokyo Stock Exchange) as listed subsidiaries.

Our corporate philosophy says that living and prospering together with people, society, and the globe, we aim to be a value-generating corporation that contributes to creation of a prosperous society.

Toward maximizing the corporate value of the entire Company group under this corporate philosophy, we think that it is highly significant to own Tomen Devices Corporation, which is strong in marketing function as a world-class distributor for semiconductor manufacturers, and Elematec Corporation, which is strong in site skills catering for diverse customer needs due to having networks in countries around the world and in locations in Japan. In our view, to keep these firms listed to respect their autonomy and independence will contribute to synergy within the Company group to expand our operations, considering competition and market conditions in the business domains for these listed subsidiaries.

2. Governance system and effectiveness securement at listed subsidiaries

To ensure that the Company group's operations are efficient and transparent to make its governance system effective, the Company works to ensure compliance and put its financial position on a sound footing under its Audit & Supervisory Board system and divisional consolidated business administration while endeavoring to optimize our consolidated operations such as by sharing our corporate philosophy and business strategies. We strive to ensure that duty execution by subsidiary directors etc. is compliant with laws and the Articles of Incorporation by dispatching directors and audit & supervisory board members to our listed subsidiaries to thus have them supervise and audit such execution.

Besides having listed subsidiaries' rules clarify approval authority at them, the Company attaches importance to their autonomy and independence. With independent

officers being elected by them, they ensure the autonomy and independence to prevent any conflict of interest with minority shareholders, something made possible by having independent officers supervise duty execution by directors.

3. Framework to ensure the appropriateness of operation at the Company group

The Company exercises its shareholder rights at a general meeting of shareholders of listed subsidiaries of it while ensuring to clarify approval authority at the subsidiaries with rules laid down by them and to attach importance to their autonomy and independence.

Although various business transactions are entered into between the Company and its listed subsidiaries, prices and other transaction terms and conditions are determined similarly to those for ordinary transactions through individual negotiations. The relationship and transactions between them have nothing that limits their independence.

II. Organizational Structure for Managerial Decision-Making, Execution, Supervision and other Corporate Governance Structure

1. Organizational Structure and Operational Management

Type of Organization	Company with Audit & Supervisory Board

[Board of Directors]

Number of directors stipulated in Articles of Incorporation	No maximum limitation
Directors' term of office stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairman of the Board (unless double as the President)
Number of directors **(Updated)**	9
Appointment of Outside Directors	Yes
Number of Outside Directors	4
Number of Outside Directors designated as Independent Director	3

Relationship with the Company (1) (Updated)

Name	Attribute	Relationship with the Company*									
		a	b	c	d	e	f	g	h	i	j	k

Kumi Fujisawa	From another company											
Kunihito Koumoto	Academic											
Didier Leroy	From another company					△		△				
Yukari Inoue	From another company											

* Categories for relationship with the Company

"○" when the said individual presently falls or has recently fallen under each of the following categories;

"△"when the said individual fell under each of the following categories in the past.

"●"when a close relative of the said individual presently falls or has recently fallen under each of the following categories; "▲"when a close relative of the said individual fell under each of the following categories in the past.

a. Executive of a listed company or its subsidiary

b. Executive of non-executive director of the parent company of a listed company

c. Executive of a fellow subsidiary company of a listed company

d. The party whose principal client or supplier is a listed company or executive thereof

e. Principal client or supplier of a listed company or executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as an executive

g. Principal shareholder of a listed company (executive of the said corporate shareholder if the principal shareholder is a legal entity)

h. Executive of a client or supplier company of a listed company (which does not correspond to any of d, e, or f, above) (the said individual only)

i. Executive of a company, between which and the Company outside directors are mutually appointed (the said individual only)

j. Executive of a company or organization that receives a donation from a listed company (the said individual only)

k. Other

Relationship with the Company (2) (Updated)

Name	Independent director	Supplemental information on corresponding items	Reason for selecting as outside director (and reason for appointing as independent director)
Kumi Fujisawa	○	-	Ms. Kumi Fujisawa has held experience and advanced expertise in a wide

			range of fields such as investment, international finance, and diversity, which she has cultivated through her activities at Sophina Bank, where she serve as representative director, government ministries agencies and public interest corporations. The Company has elected Ms. Fujisawa as a candidate for outside director expecting to provide us advice on the professional perspective on new businesses and diversity management promoted by the Company, and to supervise the execution of duties by directors. As there is no special relationship between Ms. Fujisawa and the Company, the Company has designated her as an independent officer.
Kunihito Koumoto	○	-	Mr. Kunihito Koumoto has a high level of

			academic knowledge cultivated as a researcher at universities and research institutes for many years. The Company has elected Mr. Koumoto as a candidate for outside director because it believes that he is capable of providing advice on the Company's management from a sophisticated academic perspective as the Company responds to advanced technological innovation in the future and to supervise the execution of duties by directors. As there is no special relationship between Mr. Koumoto and the Company, the Company has designated him as an independent officer.
Didier Leroy	-	Mr. Didier Leroy over a period of 5 years from June 2015 to June 2020 served as Director of Toyota	Mr. Didier Leroy has held abundant management experience and advanced expertise in

		Motor Corporation, a major shareholder and business partner of the Company. Presently, he serves as Chairman of Toyota Motor Europe NV/SA, a consolidated subsidiary of Toyota Motor Corporation. Although various business transactions are done between the Company and Toyota Motor Corporation and/or Toyota Motor Europe NV/SA, the Company decides prices and other transaction terms and conditions through individual negotiations, as in the case of ordinary transactions.	the global and automobile industry which he has cultivated through various posts at Toyota Motor Corporation and its affiliate. The Company has elected Mr. Leroy as a candidate for outside director because it believes that he is capable of providing advice from a professional perspective on the mobility field that the Company is promoting and the overall business of our company from a professional perspective and to supervise the execution of duties by directors.
Yukari Inoue	○	-	Ms. Yukari Inoue has held abundant management experience and advanced expertise in a global company in the consumer business. The Company has elected Ms. Inoue as a

			candidate for outside director because it believes that she is capable of providing advice on the Company's management from a professional perspective in the Life & Community field promoted by the Company, the Company business in general, diversity management, as well as globalization, and supervise the execution of duties by directors.

[Optional Committee]

Any optional committee equivalent to the Nomination Committee or Remuneration Committee	Yes

Establishment of optional advisory committees, committee composition, and attributes of the chairperson (Updated)

Optional committee equivalent to Nomination Committee

Committee			Executive Appointment Committee			
Committee Members	Full-time Members	Internal Directors	Outside Directors	Outside Experts	Others	Chairperson
5	-	2	3	-	-	Internal Director

Optional committee equivalent to Remuneration Committee

Committee	Executive Compensation Committee

Committee Members	Full-time Members	Internal Directors	Outside Directors	Outside Experts	Others	Chairperson
5	-	2	3	-	-	Internal Director

Supplemental Remarks (Updated)

The Company has established the Executive Appointment Committee and Executive Compensation Committee as discretionary advisory committees to the Board of Directors. The Chairman of the Board who is a non-executive director serves as chairperson for both of committees. Each committee consists of five members, three independent outside directors and two directors. With the view of improving the objectivity and increasing the transparency of the decision-making process of the Board of Directors, both of the committees are comprised of a majority of independent outside directors.

Executive Appointment Committee deliberates appointment or dismissal policy of directors, auditors and top management and executive personnel plan, establishes and operates CEO succession development plan, deliberates any other important matters related to executive personnel, and reports to the board of directors.

Executive Compensation Committee discusses executive compensation system, decision policy and important matters about executive compensation, deliberates executive compensation plan, and report to the board of directors.

<Composition of Executive Appointment Committee and Executive Compensation Committee> As of June 24, 2021

*Jun Karube (Chairman of the Board, Chairperson of the committees)
*Ichiro Kashitani (President & CEO)
* Kumi Fujisawa (Independent outside director)
* Kunihito Koumoto (Independent outside director)
* Yukari Inoue (Independent outside director)

[Audit & Supervisory Board Members]

Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board Members stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board	5

Members	

Status of Cooperation between Audit & Supervisory Board members, the Accounting Auditor, and the Corporate Internal Auditing Department

The Audit Department conducts internal audits of the Company and Group companies in accordance with the audit policy and plan approved by the executive vice president in charge of the Audit Department in conformance with the Company's Internal Audit Regulations. The Audit Department holds monthly meetings with the Audit & Supervisory Board members, reports on audit results and exchanges views, and endeavors to improve audit quality and efficiency. In addition, Audit Department performs duties related to the evaluation of internal controls over financial reporting and holds meetings with the Audit & Supervisory Board members every month to exchange opinions.

Statutory audits involving auditing of the performance of duties by directors focused on the status of internal controls, mainly compliance and the risk management system, are conducted in accordance with the audit policy and plan approved by the Audit & Supervisory Board, which consists of five Audit & Supervisory Board members elected at the General Meeting of Shareholders (two full-time and three part-time outside Audit & Supervisory Board members). Audits are also conducted of the appropriateness of the results of audits conducted by the independent auditors.

Appointment of Audit & Supervisory Board Members (Independent)	Yes
Number of Audit & Supervisory Board (Independent)	3
Number of Audit & Supervisory Board Members (Independent) designated as independent officers	2

Relationship with the Company (1)

Name	Attribute	Relationship with the Company *											
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shuhei Toyoda	From another company						○							
Yuichiro Kuwano	Attorney at Law													
Tsutomu Takahashi	Certified Public Accountant													

* Categories for relationship with the Company

"○" when the said individual presently falls or has recently fallen under each of the following categories; "△" when the said individual fell under each of the following categories in the past.

"●" when a close relative of the said individual presently falls or has recently fallen under each of the following categories; "▲" when a close relative of the said individual fell under each of the following categories in the past.

a. Executive of a listed company or its subsidiary

b. Non-executive directors or accounting advisors of the listed company or its subsidiaries

c. Executive or non-executive director of the parent company of a listed company

d. Parent company of Audit & Supervisory Board Members of listed company

e. Executive of a fellow subsidiary company of a listed company

f. The party whose principal client or supplier is a listed company or executive thereof

g. Principal client or supplier of a listed company or executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as an executive

i. Principal shareholder of a listed company (executive of the said corporate shareholder if the principal shareholder is a legal entity)

j. Executive of a client or supplier company of a listed company (which does not correspond to any of f, g, or h, above) (the said individual only)

k. Executive of a company, between which and the Company outside directors are mutually appointed (the said individual only)

l. Executive of a company or organization that receives a donation from a listed company (the said individual only)

m. Other

Relationship with the Company (2)

Name	Independent Audit & Supervisory Board Member	Supplemental information on corresponding items	Reason for selecting as Audit & Supervisory Board Member
Shuhei Toyoda	-	Mr. Shuhei Toyoda serves as Chairman of Toyota Boshoku Corporation, a business partner of the Company. Although	After holding positions including Director of Toyota Motor Corporation and President of Toyota Boshoku

		there are various business transactions between the Company and Toyota Boshoku Corporation, the Company decides price and other terms and conditions on the basis of individual negotiations, as in the case of ordinary transactions.	Corporation, Mr. Shuhei Toyoda has served as Chairman of Toyota Boshoku Corporation since June 2015. The Company has elected him as an outside Audit & Supervisory Board member because it believes that he is capable of appropriately auditing the execution of duties by the Company's directors from an objective perspective, since he has been involved in corporate management for many years as an executive and has a wealth of experience and considerable knowledge of all aspects of management.
Yuichiro Kuwano	○		Mr.Yuichiro Kuwano has been active as an attorney-at-law for many years. The Company has elected him as outside Audit &

			Supervisory Board member because it believes that he is capable of appropriately auditing the execution of duties by the Company's directors from a neutral and objective perspective based on a wealth of experience and expert knowledge of the legal field. As there is no special relationship between Mr. Kuwano and the Company, the Company has designated him as an independent officer.
Tsutomu Takahashi	○	-	Mr. Tsutomu Takahashi has worked as a certified public accountant for many years, holds important positions at KPMG Azusa LLC, and has a wealth of experience and considerable specialized knowledge concerning corporate accounting, corporate auditing,

			and compliance. The Company has elected him as an outside Audit & Supervisory Board member because it believes that he is capable of appropriately auditing the execution of duties of the Company's directors from a neutral and objective perspective. As there is no special relationship between Mr. Takahashi and the Company, the Company has designated him as an independent officer.

[Independent Directors and Audit & Supervisory Board Members]

Number of independent directors and Audit & Supervisory Board Members	5

Matters relating to independent directors and Audit & Supervisory Board Members (Updated)

Principal Concurrent Posts
<Outside Director>
・Ms. Kumi Fujisawa: SophiaBank Limited (Representative Director), The Shizuoka Bank (Outside Director), CREEK & RIVER Co., Ltd. (Outside Director), CellSource Co., Ltd. (Outside Director)
・Ms. Yukari Inoue: Kellogg Japan G.K (President and CEO), Suntory Beverage & Food Ltd (Outside Director)
<Outside Audit & Supervisory Board Members>

・Mr. Yuichiro Kuwano: Takagicho Law Office (Representative Lawyer), Shobunsha Publications, Inc. (Outside Director) ・Mr. Tsutomu Takahashi: SKY Perfect JSAT Holdings Inc. (Corporate Auditor), Mizuho Trust & Banking Co., Ltd. (Member of the Board of Directors [Audit & Supervisory Committee Member])

[Incentives]

Incentives Policies for Directors	Introduced performance-linked compensation system

Supplemental Remarks on This Item

For details, please see “I.-1. Basic Policy [Disclosure based on each principle of the Corporate Governance Code] Principle 3-1 (iii)” of this report.

Recipients of Stock Options	None

Supplemental Remarks on This Item

[Remuneration of Directors]

Disclosure of remuneration of individual directors	The remuneration of some individual directors is disclosed

Supplemental Remarks on This Item (Updated)

Details of directors’ remuneration are disclosed in annual securities reports and made available for public inspection on the corporate website (https://www.toyota-tsusho.com/ir/). (Japanese version only) Details of directors’ remuneration for fiscal 2020 are as follows. Total amount of remuneration: JPY 508 million for 13 directors (of which, JPY 57 million for 5 outside directors)

Policy on Determining Remuneration Amounts and Calculation Methods	Yes

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods (Updated)

Please see I-1. Basic Policy [Disclosure based on each principle of the Corporate

Governance Code] Principle 3.1(iii) of this report.

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

The Company distributes to the outside directors in advance materials on agenda items to be proposed to the Board of Directors and, in principle; the secretariat of the Board of Directors (Corporate Planning Department) explains the agenda items in advance. In addition, the Company has assigned a full-time staff to assist with the duties of the Audit & Supervisory Board members, including the outside Audit & Supervisory Board members.

[Status of Persons Who Have Retired as President and Representative Director, Chief Executive Officer, etc.] **(Updated)**

Name of Consultants, Advisors, etc. who were Formerly President and Representative Director, Chief Executive Officer, etc.

Name	Title and Position	Description of Business	Form and Conditions of Employment (Full-time, Part-time, Paid or Unpaid, etc.)	Date of Retirement as President, etc.	Term of Office
-	-	-	-	-	-

Total Number of Consultants, Advisors, etc. Who Were Formerly President and Representative Director, Chief Executive Officer	None

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

The Company has nine directors, four of whom are outside directors. The Company has adopted the Audit & Supervisory Board system for auditing of directors' execution of duties, which is conducted by five Audit & Supervisory Board members elected at the General Meeting of Shareholders, three of whom are outside Audit & Supervisory Board members. The Company manages its consolidated subsidiaries through a divisional system. It

currently has seven operating divisions, an Administrative Division and other organizational units that report directly to executive vice presidents. Each operating division is headed by an executive officer appointed as a Division CEO. Division CEOs practice expeditious management in close contact with frontline personnel.
To further segregate duty execution by the entity-level management (directors) and that by divisions (executive officers), the Board of Directors chaired by a non-executive director strengthens a function to supervise the status of duty execution while continuing to clarify authority and responsibility and bolster internal control.

3. Reasons for Adoption of Current Corporate Governance System

The system of a Company with an Audit & Supervisory Board is the foundation of the Company's corporate governance. The Company has adopted the current corporate governance system to ensure management soundness by means of the following.
・Strengthening of appropriate decision-making and management oversight, reflecting the expert and objective perspective of outside directors
・Strengthening of auditing and checking of the performance of duties by directors from an expert perspective and shareholders' perspective by outside Audit & Supervisory Board members
・Greater speed and efficiency in decision-making through an executive officer system

III. Implementation for Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights (Updated)

	Supplemental Remarks
Early Notification of General Meeting of Shareholders	The Company distributes convocation notices of the general meeting of shareholders early (three weeks before holding the Ordinary General Meeting of Shareholders).
Scheduling of the General Meeting of Shareholders Avoiding the Peak Day	The Company schedules the meeting before dates on which general shareholders' meetings of companies are concentrated.
Electronic Exercise of	The Company enables the exercise of voting rights via the Internet by personal computer, smartphone or mobile telephone using a

Voting Rights	system operated by the shareholder registry administrator.
Participation in Electronic Voting Platform	The Company ensures sufficient time for consideration by institutional investors using an electronic voting platform for institutional investors operated by ICJ Corporation.
Providing Convocation of Notice in English	The Company prepares summary English-language convocation notices and posts them on the corporate website.
Other	To vitalize the general meeting of shareholders and facilitate exercise of voting rights, the Company shows on the corporate website a date of holding the general meeting of shareholders, as well as a notice of the general meeting of shareholders (containing business report), no later than a date on which to send out a notice of the general meeting of shareholders.

2. Investor Relation Activities (Updated)

	Supplemental Remarks	Presentation/Explanation by representative directors
Preparation and Publication of Disclosure Policy	The Company has instituted a disclosure policy and the Disclosure Regulations and announced and declared on the corporate website that it will systematically engage in effective, consistent information disclosure.	
Regular Briefings for Individual Investors	The Company periodically participates in investor relations events for individual investors hosted or supported by securities exchanges, securities companies, newspaper publishers, and other external organizations and holds Company briefings conducted by Chief Financial Officer, the Finance Department manager or IR Group leader. During fiscal 2020, the Company took various measures to keep securing interface with individual investors amid	No

	the COVID-19 pandemic, such as having articles carried on investor relations magazines as a new attempt besides holding online briefing meetings totaling five.	
Regular Briefings for Analysts and Institutional Investors	The Company holds quarterly results briefings (with the Company representative providing explanations at the full-year and half-year results briefings). During fiscal 2020, the Company held a total of four briefings. Furthermore, according to the needs of investors, the Company hold business briefings and facility tours at any time.	Yes
Regular Briefings for Overseas Investors	The Company participates in forums for foreign investors held in Japan and holds Company briefings conducted by the Finance Department manager, and the IR Group leader. During fiscal 2020, the Company worked to have dialogue opportunities by continually organizing one-on-one meetings in the form of telephone conference or Zoom session with a focus on investors based in Europe, Asia, and the Middle East amid the COVID-19 pandemic.	No
Posting IR Materials on Website	The Company posts the following materials and information, among others, in the Investor Relations section of the corporate website (URL: https://www.toyota-tsusho.com/english/ir/) Medium- to long-term business strategy; financial and operating performance highlights; financial statements; various	

	type of reports; integrated reports; briefing materials; shareholder, share, corporate bond, and ratings information; FAQ and answers.
Establishment of Department and/or Manager in Charge of IR	・Department in charge of investor relations: Finance Department, IR Group ・Officer in charge of investor relations: Chief Financial Officer (CFO) ・Person responsible for investor relations clerical liaison: IR Group leader
Other	・The Company receives opinions and suggestions on management and strategies and feeds them back into business management, through routine meetings between Japanese and foreign institutional investors and securities analysts and the department in charge of investor relations, and periodic small meetings between these stakeholders and the Company's top management. ・The Company annually publishes an Integrated Report in both Japanese and English to better communicate with and promote understanding among its stakeholders, particularly Japanese and foreign institutional and individual investors.

3. Measures to Ensure Due Respect for Stakeholders

	Supplemental Remarks
Implementation of environmental activities, CSR activities, etc.	Sustainability for the Company is defined as the Group's continuous growth with society, creating economic value while addressing environmental and social challenges, through the realization of our corporate philosophy which describes the significance of the Group's existence and its ideal image and which clarifies the intention of management initiatives. As for business

	activities of environmental and social issues, the Group expand the environmentally responsible business, including recycling and renewable energy. In addition, the Company progressively reorganized CSR Committee into Sustainability Management Committee, and the committee discusses, determines and promotes the Group's sustainability strategy. Details of its sustainable initiatives and activities are introduced in the integrated report published annually and corporate website.
Development of Policies on Information Provision to Stakeholders	The Company has instituted a disclosure policy and the Disclosure Regulations and systematically engages in effective, consistent information disclosure to achieve the following objectives. ・Build relationships of trust with stakeholders through proactive, effective information disclosure and fulfillment of accountability. ・Strive for timeliness and fairness in information disclosure and contribute to appropriate share price formation and formation of reputation in society that correctly reflect the Company's corporate value. ・Feed back to management the opinions of stakeholders and contribute to enhancement of corporate value through interactive communication with stakeholders.

IV. Matters Related to the Internal Control System

1. Basic Policy on Internal Control System and Implementation Status (Updated)

[Basic Policy]

In the Toyota Tsusho Group's Fundamental Philosophy, the Toyota Tsusho Group (the "Group") has set forth the corporate philosophy "Living and prospering together with people, society, and the Earth, we aim to be a value-generating corporation that contributes to creation of a prosperous society." The Group has instituted the Behavioral Guidelines as a fundamental code of conduct for legally and appropriately realizing this philosophy as a good corporate citizen.

In keeping with this fundamental philosophy, the Company has instituted the Basic Policies on Establishing Internal Control Systems for the purpose of carrying on and deepening penetration of the Toyota Tsusho Group Way, which articulates the Group's unique values, beliefs, and daily principles of conduct, of promoting value creation from the customer's perspective, and of fulfilling the Group's social mission by establishing a "system for ensuring the appropriateness of the Company's operations."

[Implementation Status]
The Company has instituted the Basic Policy on Development of Internal Control Systems, clearly defined the duties of directors and developed a system capable of timely and appropriately confirming the status of development of systems that ensure the appropriateness of the Company's operations. The Company revises the basic policy in accordance with changes in the management environment. The status of implementation to date is as follows.

1. Compliance system
The Company has developed a "system for ensuring that the performance of duties of directors and employees complies with laws and regulations and the Articles of Incorporation," distributed standard and portable editions of the Global Code of Conduct & Ethics to all officers and employees, and established the Sustainability Management Committee chaired by the president. The Company promotes information sharing and mutual checks and balances among the officers through such forums as the Executive Officers Meeting.

2. Risk management system
The Company has developed "Regulations and other systems related to the management of risk of losses" and institutes management regulations, conducts training, and distributes manuals related to various risks. The Company has prepared management regulations or guidelines for risks pertaining to business execution that require particular caution, namely, business investment and loan risk, credit risk, market risk, and occupational health and safety, and environment risks, and appropriately identifies and manages these risks. The Company is developing appropriate management systems at concerned departments to deal with information security, crisis management, and other issues. In addition, the ERM Committee endeavors to identify risks companywide and discover risk-related issues.

3. Information management system
The Company has developed a "system relating to the retention and management of information relating to the performance of duties by directors and employees," instituted document regulations and document handling standards relating to document retention, and designated departments responsible for document retention and retention periods for each type of document.

4. System for ensuring the propriety of operations of the corporate group

In the Group, in accordance with policies on divisional consolidated management, a consolidated business plan including subsidiaries has been formulated, and the Board of Directors supervises the information ascertained and managed about the financial details and important matters of business execution in accordance with management policies aligned with the systems and other characteristics of each subsidiary. Accordingly, the Company exercises its shareholder rights at a general meeting of shareholders of listed subsidiaries of it while making sure to clarify approval authority at the subsidiaries with rules laid down by them and to attach importance to their autonomy and independence. Moreover, regarding important matters for the Group, the Company requires the responsible department to have prior consultations or reporting. For risk management, in accordance with the Basic Policy for Risk Management, the Company engages in necessary examination and monitoring of business processes of subsidiaries and strives for early detection and prevention of risks. In addition, the Company and its group companies share the spirit of the Toyota Tsusho Group's Fundamental Philosophy and the Global Code of Conduct & Ethics which provides more specific behavioral guidelines of the Group, and ensure compliance with laws, regulations, and social ethics.

2. Basic Policy on Excluding Antisocial Forces and Implementation Status

The Toyota Tsusho Group Compliance Manual based on the Global Code of Conduct & Ethics (COCE) stipulates that the group takes a firm stance toward antisocial forces and organizations that threaten the order and safety of civil society and the Company firmly has a policy of rejecting any demand from antisocial forces and organizations.

To accomplish this, the Company regularly cooperates with outside specialized agencies such as the National Center for Removal of Criminal Organizations and the Organized Crime Control Bureau of Police Headquarters and has developed a system for dealing with antisocial forces. The Company's Nagoya Head Office is a member of the Aichi Prefecture Corporate Defense Council, and receives guidance and shares information as a member.

In the event that an unreasonable demand is received from antisocial forces, the General Affairs Department, as the designated department responsible for responding, takes a resolute stance and responds in cooperation with the police and other relevant agencies and an attorney.

V. Other

1. Defense Against Takeovers

Defense Measures Against Takeovers	None

Supplemental Remarks on This Item

The Company has not introduced takeover defense measures at this time.

2. Other Matters Concerning Corporate Governance System(Updated)

Overview of the Timely Disclosure System

The Company has instituted as Disclosure Regulations activities policies and mechanisms for all officers and employees to systematically engage in effective, consistent information disclosure to accomplish the following items.

1) Build relationships of trust with stakeholders through proactive, effective information disclosure and fulfillment of accountability.
2) Strive for timeliness and fairness in information disclosure and contribute to appropriate share price formation and formation of reputation in society that correctly reflect the Company's corporate value.
3) Feedback to management the opinions of stakeholders and contribute to enhancement of corporate value through interactive communication with stakeholders.

<Internal Systems Related to Management and Timely Disclosure of Company Information>

Under the Disclosure Regulations, all officers and employees promptly report to the Chief Strategy Officer and the department responsible for information disclosure (Public Affairs Department) about matters decided at committee meetings and important information occurring at the Company and its subsidiaries in accordance with the division of their duties. After receiving reports, the Chief Strategy Officer and department responsible for information disclosure rigorously implement internal information management, judge the necessity of timely disclosure of the information, and timely disclose information requiring disclosure.

[Corporate Governance Structure (As of April, 2021)] (Updated)

