

May 28, 2024

T&D Holdings, Inc.

Masahiko Moriyama, Representative Director and President

(Securities Code: 8795, TSE First Section)

## **Our View on Proxy Advisory Firm ISS's Recommendation to Vote Against Proposal 2 of the Company's 20th Ordinary General Meeting of Shareholders**

T&D Holdings, Inc. ("the Company") of the T&D Insurance Group hereby provides its view on the report issued by a proxy advisory firm Institutional Shareholder Services Inc. (hereinafter, "ISS") recommending that our shareholders vote against the election of respective director nominee Hirohisa Uehara and Masahiko Moriyama in Proposal 2 of the Company's 20th Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2024.

We request that our shareholders review the following information to gain better understanding on the Proposal.

### 1. ISS's recommendation to vote against the Proposal

ISS has established a quantitative benchmark in its proxy voting guidelines for Japan stating it recommends shareholders to vote against the election of the top executives to the board of directors, if the balance of cross-shareholdings accounts for 20% or more of its consolidated net assets.

The ratio of our strategic cross-shareholdings has dropped from 23% as of March 31, 2023 to 17% as of March 31, 2024 as a result of our efforts to reduce strategic cross-shareholdings, as per provided in page 63 of the Notice of Convocation of the Ordinary General Meeting of Shareholders.

Notice of Convocation of the Ordinary General Meeting of Shareholders

<https://www.td-holdings.co.jp/en/ir/stock/meeting/>

Provided, however, ISS determined that the information disclosed on the Notice of Convocation of the Ordinary General Meeting of Shareholders fell short of the disclosure guidelines\* set forth by ISS, and deemed the annual securities report (*Yuhō*) for fiscal 2022 to be the most current disclosure. Based on this judgment, ISS applies its policy based on the ratio as of March 31, 2023 and recommends our shareholders to vote against the election of top executive of the Company for the board of directors.

\* ISS has set its benchmark on cross-shareholdings, and has a policy to recommend shareholders to vote against the election of top executive(s) as director nominee(s) if the total of the balance sheet amount of investment shares held for any purpose other than pure investment purpose and the value of off-balance sheet shares that are deemed to be held by the company (known as *minashi hoyu kabushiki* in Japanese) (Note) accounts for 20% or more of the net assets of the company.

(Note) Shares to which the company does not hold ownership but reserves the right to vote or give instruction on the voting right.

## 2. The Company's view

The Company recognizes that lack of information on the status of off-balance sheet shares that are deemed to be held by the Company (known as *minashi hoyu kabushiki* in Japanese) in the Notice of Convocation of the Ordinary General Meeting of Shareholders was determined to fall short of ISS's disclosure guidelines.

For the status of *minashi hoyu kabushiki*, there were no applicable shares in fiscal 2022, and there are not applicable shares also in fiscal 2023. Accordingly, the ratio of cross-shareholdings to the Group's consolidated net assets as of March 31, 2024 is 17%, remaining unchanged from the information provided in the Notice of Convocation of the Ordinary General Meeting of Shareholders.

The Group has been working on phased reduction of the balance of cross-shareholdings with an aim to enhancing capital efficiency.

The ratio of the balance of cross-shareholdings to net assets has dropped to 17% as of March 31, 2024, below the 20%, the target level of the Group Long-term Vision.

From fiscal 2024 onward, we continue to reduce the balance of cross-shareholdings, aiming to achieving zero [0] of such shareholdings except for the shares of business partners and collaborating business partners, etc. by the end of fiscal 2030.

We request that our shareholders understand that the ratio of the balance of cross-shareholdings to consolidated net assets of the Group has been reduced to the 17% level as of March 31, 2024, and that the Company has clarified its policy to further reduce the balance of cross-shareholdings after in fiscal 2024 onward. We would like to ask your understanding of the Proposal.

### (Reference) Balance of cross-shareholdings

	FY2022		FY2023	
	Number of issues (Issues)	Total amount on the balance sheet (Millions of yen)	Number of issues (Issues)	Total amount on the balance sheet (Millions of yen)
Unlisted shares	102	14,505	102	14,329
Shares other than unlisted shares	53	216,343	41	226,528
Total	155	230,848	143	240,858
Consolidated net assets	—	993,681	—	1,409,926
Ratio of cross-shareholdings to consolidated net assets (%)	—	23%	—	17%

※The figures of unlisted shares and shares other than unlisted shares represent the sum of the shares held by Taiyo Life Insurance and Daido Life Insurance.

※There are no applicable shares deemed to be held by the Company (*minashi hoyu kabushiki*).