

[Translation]

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## CORPORATE GOVERNANCE REPORT

Last Update: June 27, 2024  
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The corporate governance of VT Holdings Co., Ltd. (the “Company”) is described below.

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

#### 1. Basic Views Updated

Based on the recognition that continuously building and maintaining an organizational structure that is able to swiftly respond to changes in the business environment is one of the key business issues for the Company group (the “Group”), the Company has adopted a holding company system delegating authority and placing the responsibility for managerial execution with each Group company so that each company may manage its business with speed and autonomy in pursuit of maximum business results. As a holding company, we also supervise each company’s business planning from the perspective of the Group’s overall optimization and determine the efficient allocation of management resources such as capital and human resources through continued monitoring and evaluation of the state of business execution.

The Company transitioned to a company with an Audit and Supervisory Committee pursuant to the resolution at the 42nd Ordinary General Meeting of Shareholders held on June 27, 2024, aiming to further strengthen the supervisory function of the Board of Directors by means of granting the Audit and Supervisory Committee the right to state its opinions at a General Meeting of Shareholders concerning the election and remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members), while the Audit and Supervisory Committee members, who are responsible for auditing and supervising the business execution of Directors, exercise their voting rights at meetings of the Board of Directors.

Moreover, the Company provides various committees with management oversight functions in addition to the Board of Directors and the Audit and Supervisory Committee as a means of internal control for the Group, clarifying their roles in management decision-making, business execution, and management supervision to promote greater transparency and fairness in management as well as thorough compliance.

In addition, the Company has established the Basic Policy on Corporate Governance below with respect to our adherence with the principles of the Corporate Governance Code.

#### (Basic Policy on Corporate Governance)

The Company views corporate governance as the basis of company activities in ensuring transparency, soundness, swiftness, and efficiency in corporate management and business execution for all stakeholders. By ensuring appropriateness in business through initiatives to develop the internal control system, which is the basis of corporate governance, we endeavor to ensure that corporate governance functions effectively, achieve sustainable growth as a Group, and improve medium- to long-term value.

##### 1. We shall endeavor to secure shareholder rights and equality.

In order to ensure shareholder rights and equality, we shall create the requisite environment to allow all shareholders, including minority shareholders, to appropriately exercise their voting rights, as well as properly and fairly disclose information at the appropriate time.

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2. We shall endeavor to achieve appropriate collaboration with other stakeholders in addition to shareholders.  
We aim to improve our Group corporate value in society by taking into consideration the interests of various stakeholders in addition to our shareholders, and building a favorable collaborative relationship with them.
3. We shall endeavor to appropriately disclose information and ensure transparency.  
Not only do we disclose information as mandated by laws and regulations, but we also extensively disclose information that is important to stakeholders accurately, swiftly, and in a way that is easily accessible.
4. We shall endeavor to properly execute the duties of the Board of Directors.  
The Board of Directors is responsible for the Group's sustainable growth and corporate value improvement through effective corporate governance, and to fulfill these responsibilities, they shall provide supervisory functions over general execution of business, and strive to make better decisions in achieving fair management.
5. We shall endeavor to achieve active and constructive dialogue with shareholders.  
In addition to the general meeting of shareholders, we provide opportunities for dialogue with shareholders through financial briefing meetings and investor briefing meetings, along with actively providing investor relations (IR) information as material for dialogue in order to deepen shareholder understanding of Group business and achieve active and constructive dialogue between the Company and shareholders.

**[Reasons for Noncompliance with the Principles of the Corporate Governance Code] Updated**

[Supplementary Principle 4.2.1 Roles and Responsibilities of the Board (2)]

The President & CEO has been entrusted by the Board of Directors to determine the amount of individual remuneration for each Director (excluding Directors who are Audit and Supervisory Committee Members) within the scope of remuneration approved at the general meeting of shareholders in accordance with Principle 3.1 iii). The President & CEO takes into comprehensive consideration each Director's position, an evaluation of the execution of his/her duties, the Company's performance and state of management over the past fiscal year, as well as the Company's medium- to -long-term performance and economic conditions, among others, and makes this determination based on a report by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will also proceed with discussions on a remuneration system that follows objective and transparent procedures and consider matters such as the ratio of remuneration linked to medium- to long-term business performance as well as the ratio of cash-based to stock-based remuneration.

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

[Principle 1.4 Cross-Shareholdings]

(Policy on Cross-Shareholdings and Reducing Cross-Shareholdings)

The Company permits shares to be held as cross-shareholdings only if, upon examining the economic rationale for the holding, the Company deems it to be appropriate from the overall perspective of maintaining and strengthening a business relationship and strategic alliance with the counterparty, as well as the growth potential and financial security of said counterparty.

Given the considerations noted above, the Board of Directors regularly reviews whether or not to continue holding such shares by taking into account earnings targets based on the cost of capital (the cost of equity and weighted average cost of capital (WACC)), actual returns, and trading conditions.

The Board of Directors found the returns of some individual holdings to fall below the WACC at its meeting in January 2024. However, it has determined that there are shares for which it is appropriate to continue the holding as well as it is appropriate to reduce the holding considering the degree to which said shares contribute to the Group's business earnings. The Company will promote the shares for which reduction is deemed to be appropriate through sufficient dialogues with the counterparty.

■ **Criteria for the Exercise of Voting Rights Pertaining to Cross-Shareholdings**

In exercising voting rights from shares of listed companies held, the Company considers the proposals and makes a comprehensive judgement as to whether they will contribute to improving the medium- to long-term value of the Company and contribute to common shareholder interest of the investee, and exercises its voting rights as appropriate.

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[Principle 1.7 Related Party Transactions]

When the Company engages in transactions with related parties such as Directors or major shareholders, the Company will implement procedures that comply with laws and regulations with respect to matters that formally constitute the appearance of a conflict of interest. In addition, in order to ensure that such transactions do not compromise the interests of the Company or the common interests of its shareholders, the Company requires deliberation and approval by the Board of Directors and other such procedures prescribed in the relevant regulations prior to executing such transactions.

The Board of Directors also periodically surveys all Directors to confirm the existence of any related party transactions, and has established a system for managing related party transactions.

[Supplementary Principle 2.4.1 Ensuring Diversity, Including Active Participation of Women]

The Group is of the belief that by recognizing and accepting differences in character and values, and by having an accurate grasp on societal changes and needs, it will be able to create new products and services. As such, the Group shall actively recruit outstanding talent regardless of gender, nationality, or other attribute.

Women in particular held approximately 5.4% of management positions as of March 2024, though we are aiming to increase this ratio to 10%. Meanwhile, we are not aware of any particular disparities in promotion to management positions based on nationality or time of hire, and as such have not currently set or disclosed targets for the promotion of foreign nationals and mid-career hires to management positions.

In addition, we have established the Human Resource Training Policy and the Internal Environment Development Policy as a means of ensuring diversity in our core human resources. Based on these policies, we have implemented a system to subsidize the cost of acquiring qualifications and a remote work system in an effort to create an environment in which employees can flourish. For more information, please see our website (URL: <https://sdgs.vt-holdings.co.jp/eng/social/>).

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

The Company has introduced a defined contribution pension plan, and no conflicts of interest arise between the beneficiaries of the corporate pension funds and the Company. Therefore, in lieu of appointing, assigning, and training personnel to fulfill the functions expected of the pension fund as an asset owner, the Company provides employees with explanations regarding the selection of investment products and asset management under the defined contribution pension plan upon hire. The Company also provides regular educational opportunities to deepen employee understanding of the plan.

[Principle 3.1 Full Disclosure]

i. Company objectives (e.g., business principles), business strategies and business plans

The Company publishes its corporate philosophy, business principles, medium- to long-term vision, business expansion strategy and other information on the “IR Message from the President” and “Business Models for Achieving Growth” pages of its website.

IR Message from the President: <https://www.vt-holdings.co.jp/eng/ir/message.html>

Business Models for Achieving Growth: <https://www.vt-holdings.co.jp/eng/ir/business-model.html>

ii. Basic views and guidelines on corporate governance based on each of the principles of the Code

The Company views corporate governance as the basis of company activities in ensuring transparency, soundness, swiftness, and efficiency in corporate management and business execution for all stakeholders, including shareholders. By ensuring appropriateness in Group business through initiatives to develop the internal control system, which is the basis of corporate governance, we endeavor to ensure that corporate governance functions effectively, achieve sustainable growth for the Group, and improve medium- to long-term value.

iii. Board policies and procedures in determining the remuneration, etc. of senior management and Directors

The Company resolved, at its meeting of the Board of Directors held on May 27, 2024, to abolish the Retirement Benefit Plan for Officers at the conclusion of the 42nd Ordinary General Meeting of Shareholders held on June 27, 2024, and resolved, at the said General Meeting, to provide final retirement benefits and to partially revise the policy for determining the details of remuneration for individual Directors to the provisions described below.

Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company consists solely of fixed remuneration in the form of basic remuneration, and the Company’s basic policy is to determine an appropriate level of remuneration for each individual Director (excluding Directors who

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are Audit and Supervisory Committee Members) based on his/her responsibilities. The whole amount of remuneration for Outside Directors and Directors who are Audit and Supervisory Committee Members also consists solely of fixed remuneration in the form of basic remuneration in light of their responsibilities. The specific policies for each form of remuneration are as follows:

- Basic remuneration shall consist of fixed monthly remuneration and shall be determined according to the Director's position, responsibilities, and tenure in comprehensive consideration of market standards, the Company's performance, evaluation of the Director's execution of his/her duties, medium- to long-term economic conditions, and other factors.
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- The amount of individual remuneration, etc. for each Director (excluding Directors who are Audit and Supervisory Committee Members) shall be determined by the President & CEO, who has been entrusted by resolution of the Board of Directors with the authority to do so. To ensure that the President & CEO exercises this authority in a proper fashion, the Board of Directors shall consult with the Nomination and Remuneration Committee on proposed remuneration and seek its report, based on which the President & CEO shall make the said determination.
- The amount of individual remuneration for each Director who is an Audit and Supervisory Committee member shall be determined through consultation among Directors who are Audit and Supervisory Committee Members.

iv. Board policies and procedures in the appointment/removal of senior management and the nomination of Director candidates

The Company adopts policies 1 and 2 below for its procedures in selecting Director candidates. Each Outside Director is considered to possess independence to the Company by having no special personal, capital or business relationship or other interests in the Company in accordance with the independence criteria established by the Tokyo Stock Exchange. The reasons for the nomination of candidates for Outside Director are stated in the notice of the general meetings of shareholders and in the Annual Securities Report.

In addition, the Board of Directors shall make its determinations in removing Directors based on policy 3. below.

1. Nomination of candidates for Director (Excluding Directors who are Audit and Supervisory Committee members)

In appointing Directors (excluding Directors who are Audit and Supervisory Committee Members), nominations are made following deliberation by the Board of Directors based on a report by the Nomination and Remuneration Committee and in accordance with the selection criteria below.

[Selection criteria]

- (1) Understands the Company's corporate philosophy and business principles, and can be expected to contribute to the further growth and development of the Group's business through his/her exceptional ability to make management decisions and extensive experience
- (2) Able to understand and resolve issues pertaining to business management
- (3) Possesses a high degree of knowledge regarding laws and regulations and corporate ethics

2. Nomination of candidates for Director who is an Audit and Supervisory Committee Member

In appointing Director who is an Audit and Supervisory Committee Member, nominations are made following deliberation by the Board of Directors in accordance with the selection criteria below with consideration given to the opinions of Independent Outside Directors, and with the approval of the Audit and Supervisory Committee.

[Selection criteria]

- (1) Possesses a deep understanding of the Company's corporate philosophy, business principles, and business activities
- (2) Able to conduct audits and supervision from an independent and neutral perspective with a high level of expertise and knowledge
- (3) Able to contribute to improving the soundness and transparency of the Group by auditing and overseeing whether Directors (excluding Directors who are Audit and Supervisory Committee Members) are in full compliance with laws and regulations and the Articles of Incorporation in executing their duties

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### 3. Removal of Directors

The Board of Directors shall make decisions on proposals for the removal of Directors following deliberation based on a report by the Nomination and Remuneration Committee and in accordance with the removal criteria below.

[Removal criteria]

- (1) Committing an act that is offensive to public order and morals
- (2) Health reasons that make it difficult for the Director to continue engaging in his/her duties
- (3) Failure to perform duties that results in material damage to corporate value
- (4) Falling subject to the grounds for disqualification as Director provided for in Article 331, paragraph 1 of the Companies Act
- (5) Failure to meet the qualifications specified in the selection criteria

- v. Explanations with respect to the individual appointments/removals and nominations when the Board of Directors appoints/removes senior management and nominates Director candidates based on iv.

The reasons for the nomination of candidates for senior management and Outside Director are disclosed in the notice of the general meetings of shareholders.

[Supplementary Principle 3.1.3 Full Disclosure]

The Group has established the Sustainability Committee to promote sustainability management and discloses its Group-wide environmental and social contribution efforts on the Company's website (URL: <https://sdgs.vt-holdings.co.jp/eng/>).

In addition, the Company sees investing in human capital as a medium-term business issue. As such, the Company is working to create a system that will allow each and every employee to demonstrate his/her abilities by proactively investing in human resource development and in improving the Company's in-house environment based on the policies described under Principle 2.4.1. In order to leverage upon the intellectual property the Group has accumulated, we are also promoting not only patents and trademarks but digital transformation (DX) investment to make use of the Group's internal databases, know-how, customer networks and other intangible assets.

With regard to the impact of climate change-related risks and earning opportunities on the Company's business activities and revenue, we collect and analyze the requisite data for disclosure on our website in accordance with the TCFD framework (URL: <https://sdgs.vt-holdings.co.jp/eng/environment/>).

[Supplementary Principle 4.1.1 Roles and Responsibilities of the Board (1)]

The Company clearly stipulates the authority of the Board of Directors and senior management in the Regulations of the Board of Directors, internal regulations, and the Regulations on Administrative Authority. The matters that require a resolution of the Board of Directors include the matters specified by laws and regulations and important matters related to business execution, personnel affairs, and shares and corporate bonds.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

The Company has adopted the independence criteria established by the Tokyo Stock Exchange and selects candidates for Independent Outside Director following deliberation by the Board of Directors based on said criteria.

[Supplementary Principle 4.10.1 Use of Optional Approach]

The Company has voluntarily established the Nomination and Remuneration Committee as an advisory body to the Board of Directors comprised of Independent Outside Directors as its principal members. The purpose of the Committee is to strengthen the independence, objectivity, and accountability of the Board of Directors pertaining to the nomination (including succession planning) of and remuneration for senior management and Directors.

The members and chairperson of the Nomination and Remuneration Committee shall be appointed by resolution of the Board of Directors. The Committee shall consist of at least three (3) Outside Directors and may also include Inside Directors as necessary. The Committee currently consists of four (4) Independent Outside Directors and one (1) Inside Director, with Independent Outside Directors comprising the majority. An Independent Outside Director serves as the chairperson.

The Board of Directors consults with the Nomination and Remuneration Committee in advance on matters related to nominations and remuneration, and makes decisions based on the Committee's report to ensure its proper involvement and counsel, including its perspectives on gender and other diversity-related matters as well as skills.

[Translation]

[Supplementary Principle 4.11.1 Preconditions for the Board Effectiveness]

The Company's Board of Directors shall be comprised of twelve (12) Directors (excluding Directors who are Audit and Supervisory Committee Members) or less, and the number of Directors who are Audit and Supervisory Committee Members shall be six (6) or less as stipulated in the Articles of Incorporation. The basic view of the Company is that the Board of Directors should be of an appropriate size to engage in effective discussions and be comprised of diverse personnel with a balance between the knowledge, experience, and abilities necessary to oversee the promotion of the Company's business strategy. The Company has prepared a skill matrix summarizing said knowledge, experience, and abilities, which is disclosed in the notice of the general meetings of shareholders and on the Company's website (URL: <https://www.vt-holdings.co.jp/about/officers.html>).

[Supplementary Principle 4.11.2 Preconditions for Board Effectiveness]

The Company has established internal regulations stipulating that Directors, excluding Outside Directors, must obtain approval from the Board of Directors to concurrently serve as an officer of another listed company. The Company has also established a system to oversee the status of concurrent positions held by all Directors. Said details are disclosed in the Business Report issued during the annual Ordinary General Meeting of Shareholders.

[Supplementary Principle 4.11.3 Preconditions for the Board Effectiveness]

1. Evaluation policy and processes

The Company has continuously conducted self-analysis and evaluations of the effectiveness of the Board of Directors since 2017 in order to improve its function and increase corporate value.

In order to ensure objectivity in our self-evaluation and analysis, we once again prepared a questionnaire in the fiscal year 2024 with the cooperation and advice of an external organization independent of the Company comprised of 52 questions, some of which were changed from the previous year. We adopted an anonymous format in which respondents return their answers to the external organization directly to ensure anonymity. In addition, an external organization conducted interviews with all Directors and all Audit and Supervisory Committee Members.

2. Summary of evaluation results and future efforts

Analysis of the responses found the evaluations to be generally positive, and we therefore regard the effectiveness of the Company's Board of Directors to have been secured.

The Board of Directors has voluntarily established Nomination and Remuneration Committee to address issues to be improved identified at the previous effectiveness evaluation, such as succession planning for the CEO and other top executives of the Board of Directors, the officer nomination process, and designing remuneration programs for the executive members of the Board of Directors. Thus, we believe that efforts have been made for measures and improvement in areas such as active participation by the Nomination and Remuneration Committee in formulation and operation of the succession plan for the CEO and the use of the skills matrix as reference in relation to the nomination of officers.

Meanwhile, the following issues were identified through this year's questionnaire. Efforts will be made to implement related improvements.

- Determine policies for the entire Group's business portfolio and periodically review such policies
- Verify investment into human capital and intellectual property and oversee the appropriate implementation of such investment
- Ensure the provision of better information to facilitate a good quality discussion

The issues identified through this year's questionnaire include those that can be improved in the short term and those that require sufficient consideration. Accordingly, the Company's Board of Directors will address these issues by responding to and considering them based on the results of this evaluation and will continue to make efforts to improve the function of the Board of Directors.

[Translation]

[Supplementary Principle 4.14.2 Director Training]

The Company is always collecting and providing information on matters related to its business, organization, financial accounting, as well as laws and regulations needed for Directors to fulfil their roles and functions. In addition, the Company continuously provides opportunities for Directors to acquire knowledge required for business operations, including through external training and in-house seminars.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company holds twice-a-year financial briefing meetings during which the President & CEO provides explanations and addresses questions. The presentation materials of financial results for these meetings are made public through the Company's website and other means. In addition, the Company has held its financial briefing meetings online via the Internet, archived videos of which are made available for streaming or by other means in an effort to create opportunities for more shareholders and potential shareholders to deepen their understanding of the Company.

The Company has adopted the following policy to ensure that active and constructive dialogue with shareholders contributes to the Company's sustainable growth and medium- to long-term increase in corporate value.

(Policy for Dialogue with Shareholders)

1. We shall strive to disclose information to our shareholders and enhance corporate value through constructive dialogue with them.
2. The Officer(s) in charge of IR shall respond to requests for dialogue (meetings) from shareholders to a reasonable extent based on the shareholders' intent.
3. The Officer(s) in charge of IR shall collaborate with the department(s) in charge of IR and other relevant internal departments to ensure that information reflecting the interests of shareholders can be provided as necessary.
4. The Officer(s) in charge of IR shall proactively implement and enrich IR activities such as financial briefing meetings and corporate briefing meetings as means of engaging in shareholder dialogue in addition to individual meetings.
5. The Officer(s) in charge of IR shall provide feedback to the Board of Directors as appropriate on the opinions, concerns, interests, and requests of shareholders that have been identified through dialogue with said shareholders and reflect these in the Company's management.
6. The Officer(s) in charge of IR shall manage undisclosed material internal information (insider information) in an appropriate manner in collaboration with the person(s) in charge of information management in accordance with the Company's internal regulations ("Regulations for Preventing Insider Trading").

(Status of Implementation of Dialogues with Shareholders)

The status of the implementation of dialogues with shareholders for the fiscal year ended March 31, 2024, is as follows:

- (1) Persons who basically engage in dialogues with shareholders
  - Individual dialogue with institutional investors (President, General Manager of the Administration Division)
  - Financial briefing meetings for analysts and institutional investors (President, General Manager of the Administration Division)
- (2) Overview of shareholders who participated in dialogues

We conducted the face-to-face dialogues with analysts and fund managers for shareholders in Japan and overseas. In addition, President and General Manager of the Administration Division as explainer conducted a lively question-and-answer session at the financial briefing meeting and facilitated proactive dialogues.
- (3) Main themes of dialogues and interests of shareholders

We are exchanging wide-ranging opinions on topics, such as capital policy, including the summary of financial results earnings forecast, and shareholder returns, and medium- to long-term policy regarding M&A.
- (4) Status of feedback to the senior management and the Board of Directors regarding opinions and concerns learned through the dialogue and actions taken based on the dialogues

Opinions and concerns from shareholders are periodically reported at the Board of Directors meetings and are shared as appropriate between the senior management and the department in charge of IR.

[Action to Implement Management That is Conscious of Cost of Capital and Stock Price (Under Consideration)]

[Disclosure in English is Available]

The Board of Directors is considering future policies and specific measures based on the analysis and evaluation of

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the current status of the Company's cost of capital, profitability of capital, and market valuation. The Company will promptly disclose the details as soon as they are determined.

## 2. Capital Structure

Percentage of Foreign Shareholders	10% or more but less than 20%
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### [Status of Major Shareholders] **Updated**

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
S&I Co., Ltd	16,863,488	14.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,079,500	10.89
Mitsui Sumitomo Insurance Company, Limited	7,662,000	6.38
Custody Bank of Japan, Ltd. (Trust Account)	6,621,700	5.51
Sompo Japan Insurance Inc.	4,000,000	3.33
Aioi Nissay Dowa Insurance Co., Ltd.	3,702,000	3.08
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,702,000	3.08
Kazuho Takahashi	3,577,800	2.97
Junko Takahashi	3,248,400	2.70
Morgan Stanley MUFG Securities Co., Ltd.	2,018,197	1.68

Controlling Shareholder (Excluding Parent Company)	—
Parent Company	None

### Supplementary Explanation **Updated**

The information listed in [Status of Major Shareholders] in 2. Above is as of March 31, 2024. The percentages in [Status of Major Shareholders] in 2. above have been calculated less the number of treasury shares.

## 3. Corporate Attributes

Listed Stock Market and Market Segment	Tokyo Stock Exchange Prime Market Nagoya Stock Exchange Premier Market
Fiscal Year-End	March
Type of Business	Retail
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (consolidated) as of the End of the Previous Fiscal Year	100 billion yen or more but less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more but less than 100

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



[Translation]

## Shareholder

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### 5. Other Special Circumstances Which May Have Material Impact on Corporate Governance Updated

#### <Group Management Views and Policies>

Based on the recognition that continuously building and maintaining an organizational structure that is able to swiftly respond to changes in the business environment is one of the key business issues for the Group, the Company delegates authority and places the responsibility for managerial execution with each Group company so that each company may manage its business with speed and autonomy in pursuit of maximum business results. As a holding company, we also supervise each company's business planning from the perspective of the Group's overall optimization and determine the efficient allocation of management resources such as capital and human resources through continued monitoring and evaluation of the state of business execution.

#### <Significance of Having Listed Subsidiaries>

The Company is the parent company of listed subsidiaries, Trust Co., Ltd. (TSE Standard Market; Securities Code: 3347) and AMG Holdings Co., Ltd. (TSE Standard Market, NSE Main Market; Securities Code: 8891). Trust Co., Ltd. is involved in the used car export business, contributing to the Group by expanding its sales area and increasing value added to its products. The company's clients are largely overseas customers, and we believe that being listed helps garner trust from these overseas clients in particular.

AMG Holdings Co., Ltd. is involved in the housing-related business, contributing to the Group by not only diversifying its fields of business but also helping develop our automotive businesses by building dealerships through its subsidiaries. We believe that the company's listing facilitates its access to information on real estate projects and also enables its subsidiaries to engage in transactions that require creditworthiness.

In addition to the above, we also believe that keeping both companies as listed subsidiaries is important from the perspective of attracting capable human resources, improving management expertise, and developing a comprehensive administrative management system.

#### <Measures to Ensure the Effectiveness of Listed Subsidiaries' Governance Systems>

As of the date of submission, AMG Holdings Co., Ltd. has appointed two (2) Independent Outside Directors out of its three (3) Directors who are Audit and Supervisory Committee Members, while Trust Co., Ltd. has appointed two (2) Independent Outside Directors out of its seven (7) Directors and two (2) Independent Outside Audit & Supervisory Board Members out of its three (3) Audit & Supervisory Board Members. The Company believes that both companies have secured systems to protect the rights of general shareholders and make independent decisions.

In addition to the above, the Company has established and administers the Regulations for the Management of VT Holdings Affiliates in order for the Company and Group companies to conduct business in an appropriate and smooth manner, and for each Group company to exercise its autonomy while collaborating with the Company to grow as a group. We have exempted our listed subsidiaries from the application of the provisions requiring parent company approval with respect to matters such as resolutions of the Board of Directors, and believe that we have ensured greater independence and autonomy for these subsidiaries than our non-listed subsidiaries.

[Translation]

## II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organizational Form	Company with Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation <u>Updated</u>	18
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors <u>Updated</u>	14
Appointment of Outside Directors	Appointed
Number of Outside Directors <u>Updated</u>	6
Number of Outside Directors Designated as Independent Officers <u>Updated</u>	6

Outside Directors' Relationship with the Company (1) <u>Updated</u>
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Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hisatake Yamada	Lawyer											
Miki Shinjo	From another company											
Mari Fujitani	Certified public accountant											
Masahisa Kato	From another company											
Kazunori Shibata	Certified public accountant											
Yuichi Kakura	Lawyer											

\* 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 Business executor of the Company or its subsidiary

b Business executor or non-executive director of a parent company of the Company

c Business executor of a fellow subsidiary of the Company

d A party whose major business partner is the Company or a business executor thereof

e Major business partner of the Company or a business executor thereof

f Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company in addition to officer remuneration

g Major shareholder of the Company (or a business executor thereof if the shareholder is a legal entity)

h Business executor of a business partner of the Company (that does not fall under d, e, or f) (only the Director himself/herself)

i Business executor of a company with which the Company mutually appoints outside officers (only the Director himself/herself)

[Translation]

- j Business executor of a company or organization that receives donations from the Company (only the Director himself/herself)
- k Others

Outside Directors' Relationship with the Company (2) Updated

Name	Audit and Supervisory Committee Member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Hisatake Yamada		○	—	<p>He has extensive experience and expertise as a lawyer, as well as a strong commitment to legal compliance, and has helped to strengthen the compliance systems of the Company and Group companies. He is expected to offer appropriate advice and statements benefiting stakeholders on the Board of Directors, etc. Accordingly, we have continuously appointed him as Outside Director. Moreover, he satisfies the independence criteria required of Independent Officers. The Company has designated him as an Independent Officer focusing on the protection of general shareholders to have him provide accurate advice and supervise the Company's management from a fair and neutral perspective as an Outside Director.</p>
Miki Shinjo		○	—	<p>In her long career in the administrative divisions of primarily foreign-owned companies, she has extensive experience in finance and accounting as CFO, as well as wide-ranging knowledge with an international perspective. Accordingly, we have appointed her as Outside Director based on the judgment that she can appropriately supervise and provide advice on the execution of duties by the Directors, particularly from the viewpoint of financial accounting, by utilizing her expertise in this area. Moreover, she satisfies the independence criteria required of Independent Officers. The Company has designated her as an Independent Officer focusing on the protection of general shareholders to have her provide accurate advice and supervise the Company's management from a fair and neutral perspective as an Outside Director.</p>
Mari Fujitani		○	—	<p>She has extensive experience and wide-ranging knowledge as an accountant and is expected to contribute to enhancing the corporate governance of the Company and Group companies, as well as strengthening the supervisory function and ensuring the transparency of the Board of Directors. Accordingly, we have appointed her as Outside Director. Moreover, she satisfies the independence criteria required of Independent Officers. The Company has designated her as an Independent Officer focusing on the protection of general shareholders to have her provide accurate advice and supervise the Company's management from a fair and neutral perspective as an Outside Director.</p>

[Translation]

Masahisa Kato	○	○	—	He has played a leading role for listed companies in areas of the Companies Act and stock administration for many years in his career, and he is well versed in corporate governance, an area that has been increasingly emphasized in recent years. Accordingly, we have appointed him as Outside Director based on the judgment that he will leverage such experience and knowledge to strengthen the audit system of the Company. Moreover, he satisfies the independence criteria required of Independent Officers. The Company has designated him as an Independent Officer focusing on the protection of general shareholders to have him provide accurate advice and supervise the Company's management from a fair and neutral perspective as an Outside Director.
Kazunori Shibata	○	○	—	He has worked as a certified public accountant for many years and has extensive knowledge and experience in finance, accounting, and taxes. Using his expertise based on his knowledge and experience, he has provided appropriate advice and recommendations that contribute to maintaining and strengthening the Company's corporate governance. Moreover, he satisfies the independence criteria required of Independent Officers. The Company has designated him as an Independent Officer focusing on the protection of general shareholders to have him provide accurate advice and supervise the Company's management from a fair and neutral perspective as an Outside Director.
Yuichi Kakura	○	○	—	He has contributed to maintaining and enhancing the Company's compliance and corporate governance based on his extensive knowledge and experience as a lawyer. Accordingly, we have appointed him as Outside Director based on the judgment that his high degree of expertise makes him essential in ensuring the legality of the Company's management decisions. Moreover, he satisfies the independence criteria required of Independent Officers. The Company has designated him as an Independent Officer focusing on the protection of general shareholders to have him provide accurate advice and supervise the Company's management from a fair and neutral perspective as an Outside Director.

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson Updated

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	4	2	1	3	Inside Director

Appointment of Directors and employees to assist with Not appointed

[Translation]

the duties of the Audit and Supervisory Committee Updated	
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Reason for Adoption of the Current Corporate Governance System Updated

The Audit and Supervisory Committee has not appointed any employee to assist with the duties of the Audit and Supervisory Committee as information is collected through Directors who are Full-time Audit and Supervisory Committee Members or through collaboration with the Internal Audit and Supervisory Office, which is an internal audit department, and Accounting Auditor. If the Audit and Supervisory Committee requests that an employee be appointed to assist with the duties thereof, the Company shall assign the necessary personnel to do so.

Collaboration Among the Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Department Updated

The Company holds quarterly three-way audit meetings conducted by its Audit and Supervisory Committee, Accounting Auditor, and Internal Audit and Supervisory Office, during which Audit and Supervisory Committee receives reports from the Accounting Auditor and Internal Audit and Supervisory Office on their plans, details on the implementation thereof, and said results. The Audit and Supervisory Committee, meanwhile, provides both other parties with explanations on its audit policies and audit plans and provides and exchanges information as appropriate. In this way, the Company strives to ensure mutual collaboration in its internal audits, Audit and Supervisory Committee audits, and accounting audits.

Full-time Audit and Supervisory Committee Members strive to conduct audits more effectively and efficiently by exchanging information with the Accounting Auditor as necessary and appropriate and by cooperating with the Accounting Auditor to conduct audits in its presence and on the internal control system.

The Internal Audit and Supervisory Office, which reports directly to the President & CEO, formulates its internal audit policy, internal audit implementation plans, and the details of its internal audits each fiscal year based on discussions with Audit and Supervisory Committee Members and shares information on and its recognition of priority issues. It then reports to and exchanges opinions with the Audit and Supervisory Committee on the implementation status and results of its internal audits. In doing so, the Internal Audit and Supervisory Office works together to enhance the effectiveness and efficiency of the Company's audit function. In addition, Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee accompany internal audit activities to more accurately grasp the current state of the business, Audit and Supervisory Committee Members also interview the persons in charge on site, inspect documents, and perform on-the-spot surveys to conduct audits more effectively.

Voluntary Establishment of Committee(s)

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson Updated

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
All Committee Members	5	5
Full-time Members	2	2
Inside Directors	1	1
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

[Translation]

Supplementary Explanation **Updated**

The Company has voluntarily established the Nomination and Remuneration Committee as an advisory body to the Board of Directors comprised of Independent Outside Directors as its principal members. The purpose of the Committee is to strengthen the independence, objectivity, and accountability of the Board of Directors pertaining to the nomination (including succession planning) of and remuneration for senior management and Directors. The members and chairperson of the Nomination and Remuneration Committee shall be appointed by resolution of the Board of Directors. The Committee shall consist of at least three (3) Outside Officers and may also include Inside Directors as necessary. The Committee currently consists of four (4) Independent Outside Directors and one (1) Inside Director, with Independent Outside Directors comprising the majority. An Independent Outside Director serves as the chairperson.

The Board of Directors consults with the Nomination and Remuneration Committee in advance on matters related to nominations and remuneration, and makes decisions based on the Committee's report to ensure its proper involvement and counsel, including its perspectives on gender and other diversity-related matters as well as skills.

**[Independent Officers]**

Number of Independent Officers <b>Updated</b>	6
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Other Matters Relating to Independent Officers

The Company designates all Outside Directors who satisfy the criteria for Independent Officers as Independent Officers.

**[Incentives]**

Implementation of Measures to Provide Incentives to Directors	Not implemented
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Supplementary Explanation for the Applicable Items

The Company discloses its policy as described in [Reasons for Non-compliance with the Principles of the Corporate Governance Code]: [Supplementary Principle 4.2.1 Roles and Responsibilities of the Board (2)].

Recipients of Stock Options	
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Supplementary Explanation for Applicable Items

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**[Director Remuneration]**

Disclosure of Individual Director Remuneration	No individual disclosure
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Supplementary Explanation for the Applicable Items **Updated**

Director and Audit & Supervisory Board Member remuneration for the fiscal year ended March 31, 2024 was as follows. Remuneration for eight (8) Directors: 305 million yen  
Remuneration for four (4) Audit & Supervisory Board Members: 24 million yen

\* The Director remuneration above includes provision for retirement benefits for directors (and other officers) of 52 million yen recorded for the fiscal year.

\* The Audit & Supervisory Board Member remuneration above includes provision for retirement benefits for

[Translation]

directors (and other officers) of 3 million yen recorded for the fiscal year.

- \* The remuneration paid to Directors does not include the portion of employee's salary for Directors who concurrently serve as employees.

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

The Company discloses its policy as specified in [Disclosure Based on the Principles of the Corporate Governance Code]: [Principle 3.1 Full Disclosure].

[Support System for Outside Directors] **Updated**

Outside Directors are provided with information and explanations on a regular basis of at least once per month (for one to two hours) in principle in conjunction with meetings of the Board of Directors.

We also believe that the level of remuneration for their services is appropriate taking into consideration their valuable advice and suggestions meant to further stimulate the Board of Directors and Audit and Supervisory Committee, enhance the Company's management, and increase transparency in management.

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

The Company has specifically established a system of corporate governance through the following management functions in order to achieve transparency and fairness in management, separation between management decision-making and business execution, and an objective management oversight system while promoting thorough compliance.

1. Business Execution Function  
(Board of Directors)

The Board of Directors is comprised of fourteen (14) Directors (of whom six (6) are Independent Outside Directors) chaired by the President & CEO. The Board ensures diversity in its composition by appointing individuals with the skills and attributes necessary to oversee our Group companies engaged in an array of businesses. In addition, the Company ensures that at least one-third of its Directors are Independent Outside Directors to strengthen the supervisory function of the Board of Directors and maintain fairness and transparency, and sets the term of office for Directors to one (1) year in order to clearly define their management responsibilities.

The composition of the Board of Directors is outlined on our website (URL: <https://www.vt-holdings.co.jp/about/officers.html>).

Furthermore, based on Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with each Outside Director to limit his/her liability for damages under Article 423, paragraph 1 of that Act. The maximum amount of liability for damages based on the agreement will be the greater of 1 million yen or the minimum limited liability provided for by laws and regulations.

(Nomination and Remuneration Committee)

The Company established the Nomination and Remuneration Committee in March 2022 as an advisory body to the Board of Directors. The members of the Nomination and Remuneration Committee shall consist of at least three (3) Independent Outside Directors, and may also include Inside Directors as necessary.

The Nomination and Remuneration Committee receives consultations from the Board of Directors on matters related to nominations and remuneration, deliberates on said matters, and provides a report to the Board of Directors. The Board of Directors then makes its decision based on the report. In this way, the Nomination and Remuneration Committee's involvement and advice helps ensure objectivity and fairness in the Board of Directors' decisions regarding Director nominations and remuneration.

As of the date of submission, Independent Outside Directors comprise the majority of the Nomination and Remuneration Committee's members as follows, and an Independent Outside Director serves as the chairperson.

Chairperson: Hisatake Yamada (Independent Outside Director)

[Translation]

Members: Miki Shinjo (Independent Outside Director), Mari Fujitani (Independent Outside Director), Masahisa Kato (Independent Outside Director), Ichiro Yamauchi (Inside Director)

(Other Committees, Etc.)

○ Group Strategy Committee

The Group Strategy Committee, which consists of the Company's and each Group company's management, meets quarterly to examine projects important in managing the Group in a multifaceted approach and carefully discuss them to ensure that the entire Group is unified in its decisions.

○ Investment Committee

The Investment Committee, which serves as an advisory body to the Company's Board of Directors, is chaired by an Outside Director and is comprised of other Outside Directors as well as outside experts including lawyers and Certified Public Accountants as external members. Committee meetings are attended by the Company's Representative Director, Senior Managing Directors, Managing Directors, and Full-time Audit and Supervisory Committee Members as requested. Meetings are held from time to time as necessary during which deliberations are made ahead of meetings of the Board of Directors to determine whether the Company's corporate acquisitions and strategic partnerships are appropriate, reasonable, and consistent with the Basic Policy of the Group from an independent standpoint based on the multifaceted expert viewpoints of each Committee member.

○ Group Risk Management Committee

The Company has established the Group Risk Management Committee chaired by and partly composed of the Company's Directors to properly manage risk throughout the entire Group and enhance corporate value. In principle, the Committee meets twice a year to decide how to respond to material risks to the Group management and monitor the status of said response.

○ Group Compliance Committee

To enable oversight of the Group compliance framework, the Group Compliance Committee has been established. The Committee meets twice a year in principle to share information on compliance within the Group as well as discuss important issues and form policies for each company, thereby promoting compliance across the entire Group.

○ Sustainability Committee

The Sustainability Committee has been established to actively and aggressively address issues surrounding sustainability and make efforts to achieve the SDGs from the perspective of improving our medium- to long-term corporate value.

## 2. Audit and Supervisory Function

(Audit and Supervisory Committee Member Audits)

Audit and Supervisory Committee Member audits are conducted based on the audit plan established by the Audit and Supervisory Committee, which consists of two (2) Full-time Audit and Supervisory Committee Members and two (2) Part-time Audit and Supervisory Committee Members (of whom three (3) are Outside Directors) to ensure the legality and appropriateness of the Company's business execution.

Kazunori Shibata, who is an Outside Director, has considerable knowledge of finance and accounting from his experience as a Certified Public Accountant and Certified Public Tax Accountant. Yuichi Kakura, who is also an Outside Director, has considerable knowledge of the law from his experience as a lawyer. In addition, Outside Director Masahisa Kato has played a leading role for listed companies in areas of the Companies Act and stock administration for many years and has wide-ranging experience and knowledge in corporate governance. Inside Director Hirokazu Ando has served as a compliance promotion officer for the Company and the Group for many years and has wide-ranging experience and knowledge. The composition of the Audit and Supervisory Committee is outlined on our website (URL: <https://www.vt-holdings.co.jp/about/officers.html>).

The Audit and Supervisory Committee monitors the overall status of the Company's business execution by attending key meetings, receiving business reports from Directors, auditing the operations of affiliate companies, discussing the appropriateness of audit methods of the Accounting Auditor, and exchanging information with the Internal Audit and Supervisory Office. The Audit and Supervisory Committee reports on the results of audits at meetings of the Board of Directors and provides advice or recommendations for corrective action.

Furthermore, based on Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with each Audit and Supervisory Committee Member to limit his/her liability for damages under Article 423, paragraph 1 of that Act. The maximum amount of liability for damages based on the agreement will be the greater of 1 million yen or the minimum limited liability provided for by laws and regulations.

(Internal Audits)

Internal audits at the Company are conducted by the Internal Audit and Supervisory Office, an organization



[Translation]

that reports directly to the President & CEO comprised of two (2) members. It periodically audits the status of the Company's and Group companies' business execution from the perspective of efficiency and compliance with laws and regulations, the Articles of Incorporation, and internal regulations, and carries out evaluations, makes proposals, and reports the results to the Board of Directors and Audit and Supervisory Committee.

(Accounting Audits)

There are no special interests between the Company and its Accounting Auditor, Tokai Audit Corporation, or the engagement partners engaged in audits of the Company. The Company has entered into an audit agreement with the corporation, which the Company compensates based on the agreement. The names of the Certified Public Accountants who performed services for the Company during the fiscal year ended March 31, 2024 are as follows:

Hisataka Goto, Mitsuhiro Okuni, and Chihiro Achiwa, Representative and Engagement Partners of Tokai Audit Corporation

(Eight (8) other Certified Public Accountants, one (1) junior accountant, and one (1) other staff also assisted in the audits)

### 3. Determination of Remuneration

Remuneration for each Director (excluding Directors who are Audit and Supervisory Committee Members) is determined by the President & CEO, who has been entrusted by resolution of the Board of Directors with the authority to do so, within the scope of the total amount approved at the general meeting of shareholders in accordance with Principle 3.1 iii) of the Corporate Governance Code. To ensure that the President & CEO exercises this authority in a proper fashion, the Board of Directors shall consult with the Nomination and Remuneration Committee on proposed remuneration and seek its report, based on which the President & CEO is to make said determination.

Remuneration for each Audit and Supervisory Committee Member is determined based on discussions by the Audit and Supervisory Committee Members within the scope of the total amount approved at the general meeting of shareholders, taking into consideration the Company's performance as well as each Audit and Supervisory Committee Member's role and contributions.

### 3. Reasons for Adoption of Current Corporate Governance System Updated

The Company has adopted its current corporate governance system as it believes that the appropriateness of the Company's operations is ensured by having Outside Directors with expert knowledge and a wide-ranging experience who supervise business execution from an independent and objective standpoint, as well as Inside Directors who are Full-time Audit and Supervisory Committee Members from the Company, who are well versed in the Group's businesses, conduct respective audits in cooperation with the Accounting Auditor and its internal audit departments.

The Company has appointed six (6) highly independent Outside Directors who comprise one-third of the Board of Directors. These Outside Directors maintain close collaboration with the Audit and Supervisory Committee and also serve as chairperson of the Investment Committee and the Nomination and Remuneration Committee the Company has established, aiming to enhance the objectivity and transparency of management's decision-making.

## III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Exercise of Voting Rights by Electromagnetic Means	Shareholders are able to exercise their voting rights via the Internet by accessing the website for exercising voting rights designated by the Company from a computer, smartphone, or other device.
Participation in Electronic Voting Platform and Other Efforts to Improve the Environment for Exercising Voting Rights for Institutional Investors	The Company uses the voting platform operated by ICJ, Inc.
Provision of Convocation Notice (Summary) in English	English translations of our convocation notices (extract) are published on the voting platform.

[Translation]

## 2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	We have established the IR Policy based on our Basic Policy on Corporate Governance and published it on our website ( <a href="https://www.vt-holdings.co.jp/ir/policy.html">https://www.vt-holdings.co.jp/ir/policy.html</a> ).	
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds twice-a-year financial briefing meetings during which the President & CEO provides explanations and addresses questions. The presentation materials of financial results for these meetings are made public through the Company's website. In addition, the Company has held its financial briefing meetings online via the Internet, archived videos of which are made available for streaming or by other means in an effort to create opportunities for more shareholders and potential shareholders to deepen their understanding of the Company.	Yes
Publication of IR Materials on Website	We publish our Summary of Consolidated Financial Results, Timely Disclosure Materials, Presentation Materials of Financial Results, and other materials on the IR section of the Company's website ( <a href="https://www.vt-holdings.co.jp/ir/index.html">https://www.vt-holdings.co.jp/ir/index.html</a> ).	
Establishment of an IR section (staff)	The section in charge is the Management Planning Group of the Administration Department in the Management Strategy Division.	

## 3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Stipulation of Internal Regulations for Respecting the Position of Stakeholders	We have established the Basic Policy on Corporate Governance which views corporate governance as the basis of company activities in ensuring transparency, soundness, swiftness, and efficiency in corporate management and business execution for all stakeholders, stipulating that the Company will respect the position of its stakeholders.
Environmental protection activities, CSR activities, etc.	As part of our CSR activities, we provide humanitarian aid to Ukraine, donate to the Nagoya University Foundation, and provide aid to victims of the earthquake in Turkey and Syria. We disclose information on our sustainability and CSR activities and other initiatives on the sustainability page of our website ( <a href="https://sdgs.vt-holdings.co.jp/eng/">https://sdgs.vt-holdings.co.jp/eng/</a> ).
Development of Policies on Information Provision to Stakeholders	We have established the IR Policy based on our Basic Policy on Corporate Governance and published it on our website ( <a href="https://www.vt-holdings.co.jp/ir/policy.html">https://www.vt-holdings.co.jp/ir/policy.html</a> ).

## IV. Matters Related to the Internal Control System

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

The Company's Board of Directors has adopted the following resolution regarding a system to ensure that Directors are in compliance with laws and regulations and the Articles of Incorporation in executing their duties, as well as other systems to ensure the appropriateness of the Company's operations. The Company has developed its internal systems based on this resolution.

[Translation]

1. System to ensure that Directors and employees are in compliance with laws and regulations and the Articles of Incorporation in executing their duties
  - (1) We have established the Group Code of Conduct and the Compliance Rules which are thoroughly communicated to ensure that Directors and employees comply with laws and regulations and the Articles of Incorporation.
  - (2) We have established the Compliance Promotion Office in order to promote compliance, which shall conduct trainings and other educational activities for Directors and employees in addition to preparing related regulations. The Group Compliance Committee has also been established, chaired by the Officer in charge of compliance, which oversees and manages compliance efforts across the entire company.
  - (3) The Company has established a third-party whistleblower framework to allow for the early detection and correction of improper and illegal activity.
2. System for storing and managing information related to Directors' execution of duties
  - (1) Information and documents related to Directors' execution of duties ("information on the execution of duties") shall be properly stored and managed in accordance with laws and relations as well as the Company's internal regulations under the responsibility of the Director and General Manager of the Administration Division.
  - (2) The Director and General Manager of the Administration Division shall create a database of information on the execution of duties related to important issues within the Company, and establish a system that enables prompt search into the existence of said documents, etc. and the status of their storage.
3. Regulations and other systems for managing risk of loss
  - (1) The Company shall respond to risks that could have material impact on management by eliminating potential risks, preventing their occurrence, and preventing their recurrence in accordance with the VT Risk Management Regulations.
  - (2) The Company has established the Group Risk Management Committee, chaired by the Officer in charge of risk management, which shall manage risk for the entire Group, including subsidiaries, via the committees and working groups that have been established for each type of risk.
  - (3) The Internal Audit and Supervisory Office, an organization that reports directly to the President & CEO, shall formulate audit plans and conduct internal audits in accordance with the Internal Audit Regulations, and shall report immediately to the President & CEO in the event that business execution activity that poses risk of loss is discovered through internal audits.
4. System to ensure that Directors execute their duties efficiently
  - (1) Each line of business shall work to achieve the goals of the annual plan and medium-term business plan formulated based on the Company's business principles. Business reports shall be made to periodically review whether said business plans are progressing according to their original schedule.
  - (2) Applicable matters with regard to business execution shall be brought to the Board of Directors in accordance with the Regulations on the Board of Directors, and sufficient materials on agenda items shall be distributed to all Officers at the meeting of the Board of Directors based on the Company's management decision-making principles.
  - (3) Authority over day-to-day business execution shall be delegated according to the Regulations on Administrative Authority, the Regulations on Division of Duties, and other rules. The persons in charge at each level shall execute their duties in accordance with these regulations.
5. System to ensure the appropriateness of operations in the corporate group comprised of the Company and its subsidiaries
  - (1) The Company has established a system to have its subsidiaries report to it on matters pertaining to their management and which requires the Company's approval on important issues according to the Regulations for the Management of VT Holdings Affiliates. The Company has also established a system for the early detection and correction of improper and illegal activity as a corporate group by administering a whistleblower framework.
  - (2) The Company manages the risk of loss at each of its subsidiaries through the Group Risk Management Committee as well as the committees and working groups that have been established for each type of risk.
  - (3) When necessary, Officers and/or employees of the Company shall assume the role of officer at subsidiaries to enable the efficient execution of duties in a coordinated manner as a corporate group, and to provide guidance and supervision to ensure the appropriateness of business operations.
  - (4) The Company has thoroughly communicated the Group Code of Conduct and the Compliance Rules it has

[Translation]

stipulated to the Group, and by establishing the Group Compliance Committee as a Group-wide organization, has developed a system to ensure compliance with laws and regulations, the Articles of Incorporation, and other various rules and regulations.

- (5) The Internal Audit and Supervisory Office, in collaboration with the Group's internal audit departments, shall ascertain the status of subsidiaries' compliance with laws and regulations, the articles of incorporation, and other various rules and regulations.
6. Employees who have been requested by the Audit and Supervisory Committee to assist it in its duties, the independence of said employees from Directors, and measures to ensure the effectiveness of instructions given to said employees by the Audit and Supervisory Committee
  - (1) Should an Audit & Supervisory Committee request that an employee assist it in its duties, the Company shall assign the necessary personnel to do so.
  - (2) Authority to direct the said employee shall be deemed to be delegated to the Audit and Supervisory Committee, and the appointment, transfer, and HR evaluation of the said employee shall require prior consent from the Audit and Supervisory Committee.
7. System for filing a report with the Audit and Supervisory Committee and system to ensure that persons who have filed such a report are not subject to disadvantageous treatment for filing said report
  - (1) The Company's Directors and employees shall promptly report the occurrence or possible occurrence of any matter that may cause the Company material loss or the discovery of any illegal or improper conduct by a Director or employee to the Audit and Supervisory Committee. In addition, should any director, audit & supervisory board member, or employee of a subsidiary, or any person who has been notified by them, becomes aware of such fact, he/she shall promptly report said fact to the Company's Audit and Supervisory Committee.
  - (2) The Company's Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee may request reports, explanations, or the submission of materials regarding the status of business execution from Directors and employees of the Company and directors, audit & supervisory board members, and employees of subsidiaries.
  - (3) Audit and Supervisory Committee Members shall receive reports on the Company's important issues in a timely manner by attending key meetings such as the Management Meeting, and also regularly exchange information with the audit & supervisory committee members of subsidiaries to receive reports on important issues of Group companies.
  - (4) The Company shall prohibit the disadvantageous treatment of any person who has filed a report as described in the preceding paragraphs on the grounds of having filed said report.
8. Policy regarding the treatment of expenses and liabilities incurred by Audit and Supervisory Committee Members in executing their duties  
In order to ensure the effectiveness of audits, the Company shall allocate an annual budget for expenses incurred in connection with the execution of Audit and Supervisory Committee Members' duties and prepay or reimburse expenses paid outside of the budget in accordance with laws and regulations. Audit and Supervisory Committee Members shall take due care to ensure efficiency and appropriateness when incurring such expenses.
9. Other systems to ensure that Audit and Supervisory Committee Members perform audits effectively  
The Board of Directors has established a system whereby Audit and Supervisory Committee Members may attend meetings of the Board of Directors and other key meetings and shall provide regular opportunities for them to exchange opinions with the President & CEO, the Internal Audit and Supervisory Office, and the Accounting Auditor.

## **2. Basic Views on Eliminating Antisocial Forces and State of Related Efforts**

1. In order to prevent damage caused by antisocial forces and eliminate said antisocial forces, the Company's Group Code of Conduct stipulates that the Company is "fully aware that giving in to the demands of antisocial forces such as organized crime groups, corporate racketeers, and terrorist groups will ultimately encourage antisocial acts, and will take a firm stand against these antisocial forces to the best of its ability avoiding any and all involvement." The Company shall thoroughly communicate this stance to all Directors and employees.
2. Should unreasonable demands be made by antisocial forces, the Company shall organize a system necessary to address the situation with the Compliance Promotion Office as the supervising department and respond in collaboration with external specialist organizations such as legal counsel, the police, and the Aichi Prefecture Center for Removal of Criminal Organizations.

[Translation]

## V. Other

### 1. Adoption of Anti-takeover Measures

Adoption of Anti-takeover Measures	Not adopted
Supplementary Explanation	

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### 2. Other Matters Concerning the Corporate Governance System

#### Overview of Timely Disclosure System

The state of the Company's internal system for the timely disclosure of corporate information is as follows.

Material facts about the Company and Group companies are reported to the Representative Director and the person in charge of information handling, and material information is determined according to the applicable timely disclosure rules and the relevant laws and regulations. Information that has been reported, discussed, and deemed to be subject to disclosure by the Board of Directors or other organization in accordance with the Company's internal regulations is disclosed in a fair, timely, and appropriate manner.

Information for disclosure is identified and managed by the corporate planning departments, and then provided to investors in a fair manner by the Director and General Manager of the Administration Division, who is the person in charge of information handling.

#### <Timing of Disclosures>

Material corporate information and financial information are promptly disclosed upon resolution or decision by the Board of Directors or other organization. Information related to facts which have occurred is promptly disclosed upon recognition of the fact after determining whether timely disclosure is necessary.

#### <Content of Disclosures>

The Company discloses sufficient information necessary for investors to make proper judgements, and strives to provide accurate information based on the advice and opinions of its auditing firm regarding financial results.

