

[Point to note]

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Corporate Governance Report

CORPORATE GOVERNANCE

TRADERS HOLDINGS CO., LTD.

Last Update: August 10, 2023

TRADERS HOLDINGS CO., LTD.

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Securities code: 8704

<https://www.tradershd.com/en/>

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

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

1. Basic Views

The Group's Management Philosophy is to contribute to the development of society and the economy through financial services, aim to be an innovator in financial services, and value all people involved through sound business activities.

Based on this Management Philosophy, the Company recognizes that the establishment of corporate governance is indispensable to increase corporate value, maximize shareholder profits, and build good relationships with stakeholders.

Specifically, the Company believes that it is important for the President and other Directors, etc. who are entrusted with the management of the Group to exercise self-discipline, make appropriate management decisions based on their responsibilities, and pursue profits through the business operated by the Group, to ensure financial soundness and improve its reliability, to actively disclose information in order to fulfill accountability, to establish an effective internal control system, and for the Audit & Supervisory Board Members to maintain their independence and exercise sufficient auditing functions.

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

[Principle 2.3 Sustainability Issues, Including Social and Environmental Matters]

The Company has stated contributing to social and economic development through financial services in the Group's Management Philosophy. In June 2021, the Company established the ESG Promotion Committee (Members: President and Representative Director, Full-time Director, and Representative Directors of two business subsidiaries) and has established a system to regularly discuss various issues related to sustainability, including social and environmental issues. At present, although the Company has started initiatives in line with the materiality identified as an issue, it has not yet been able to sufficiently address issues related to sustainability. Going forward, the Company will continue to actively address issues through the Group's business activities while sharing awareness of the issues and sorting out the issues to be addressed at the ESG Promotion Committee, etc. In addition, the Company will regularly verify the details of the initiatives being implemented, post the details, etc. on the Company's website and disclosure documents as needed, and widely disseminate information to shareholders, investors, and all stakeholders. Going forward, the Company will carefully examine and implement the initiatives for the issues to be addressed based on a medium- to long-term perspective.

[Supplementary Principle 2.3.1]

The Company has stated contributing to social and economic development through financial services in the Group's Management Philosophy. In June 2021, the Company established the ESG Promotion Committee (Members: President and Representative Director, Full-time Director, and Representative Directors of two business subsidiaries) and has established a system to regularly discuss various issues related to sustainability, including social and environmental issues. At present, although the Company has started initiatives in line with the materiality identified as an issue, it has not yet been able to sufficiently address issues related

to sustainability. Going forward, the Company will continue to actively address issues through the Group's business activities while sharing awareness of issues and sorting out issues to be addressed at the ESG Promotion Committee, etc. In addition, the Company will regularly verify the details of the initiatives being implemented, post the details, etc. on the Company's website and disclosure documents as needed, and widely disseminate information to shareholders, investors, and all stakeholders. Going forward, the Company will carefully examine and implement the initiatives for the issues to be addressed based on a medium- to long-term perspective.

[Principle 2.4 Ensuring Diversity, Including Active Participation of Women]

The Company recognizes the importance of promoting diversity management as a cornerstone for improving corporate value, and has been conducting fair evaluations based on abilities, experience, business performance, etc., regardless of attributes such as gender and nationality, age, disability, etc., when making decisions on hiring and promotion. On the other hand, no specific indicators or target levels have been set for ensuring diversity, including women. In line with the clarification of the Human Resources Development Policy and the Policy for Improvement of the Internal Environment in 2023, the Company plans to provide training and re-skilling opportunities for human resources who respect diversity and have diverse attributes based on the policy.

[Supplementary Principle 2.4.1]

The Company established the Human Resources Development Policy in 2023 as follows: The Traders Group will provide opportunities for training and re-skilling to each individual human resource from the perspective of developing human resources who can share the Group's values, that is, human resources who 'value' all the people involved, respect 'compliance' and 'diversity,' and continue to tackle challenges for change. This policy further clarifies the importance of diversity and the development program for core human resources.

In addition, the Group has set a target ratio for female employees and disclosed it in securities reports, etc. as a guideline for ensuring diversity. In addition, at the Group's overseas subsidiaries located in the People's Republic of China (Dalian) and Vietnam (Hanoi), core businesses such as system development are carried out by non-Japanese employees, and approximately a majority of the Group's total workforce is comprised of non-Japanese employees. The Group as a whole is working to secure human resources on a global scale. In terms of the Group's hiring record, from the perspective of securing diverse abilities that are ready to be utilized, a large number of new employees are hired through hiring of experienced personnel.

Going forward, we will continue to develop an environment in which diverse human resources can play active roles on a global scale in line with the growth and expansion of our business. In addition, as our policy for developing an internal environment, we have established that "The Traders Group will engage in well-being management in order to protect the safety of the workplace and the physical and mental health of each and every employee, and to create a state in which employees are socially satisfied." In the future, we will strive to secure the sustainable diversity of human resources by developing a foundation through diversification of employment patterns and expansion of welfare benefits, enhancing internal training, raising awareness of respect for compliance such as harassment prevention measures, and fostering trust through regular personnel interviews.

[Supplementary Principles 3.1.3]

Based on the management philosophy of contributing to social and economic development through financial services, the Company established the ESG Promotion Committee in June 2021 and has established a system to discuss contributions to various issues related to sustainability. The Committee promotes discussions on medium-term initiatives, clarifies important issues (materiality) in the social and environmental fields, and posts and discloses the details mainly on initiatives in business activities on the Company's website. The Company will continue to deepen its consideration of sustainability and implement specific initiatives. In addition, since the importance of proactive investment in human capital based on management strategy is a cornerstone of corporate growth in terms of management strategy, the Company formulated and clarified the Human Resources Development Policy and the Policy for Improvement of the Internal Environment in 2023.

In the core business of providing financial transaction services in an Internet environment, which is a business domain, the sustained securing of system engineers who support pioneering system development and operation will be an important factor that determines its competitive advantage for further growth expansion. In the future, the Company will strive to disclose easy-to-understand information from the perspective of consistency with management strategy regarding the human capital aspect of securing DX human resources, an area that is becoming increasingly competitive worldwide, and the expansion of investment in

intellectual property that can be accumulated in system development and expansion of investment services.

[Supplementary Principles 4.2.2]

At the ESG Promotion Committee established in June 2021, the Company decided on the policy on sustainability, promoted discussions on medium-term initiatives at the Committee, clarified important issues (materiality) in the social and environmental fields, and started initiatives in business activities. In addition, some details are disclosed on the Company's website and other published materials. Going forward, from the perspective of increasing the Group's corporate value over the medium to long term, the Company will continue to implement the policy while sharing the awareness of issues and discussing the issues to be addressed, such as responding to global environmental issues, considering the health and working environment of employees, and promoting fair and appropriate transactions with business partners. In addition, the Board of Directors evaluates and analyzes whether the allocation of management resources, including investments in human capital and intellectual property, and business strategies are being executed appropriately through deliberations on related proposals, and will continue to work to increase the effectiveness of supervision.

[Supplementary Principles 4.10.1]

The Company has not established a voluntary Nomination and Remuneration Advisory Committee. However, important matters concerning the remuneration and personnel affairs of Directors are determined by the Board of Directors, which includes two (2) Independent Outside Directors, after sufficient deliberation. The Company strives to ensure objectivity and transparency by holding discussions among the Directors in advance until the submission of proposals to the Board of Directors, and by taking the process of obtaining appropriate advice from the two (2) Independent Outside Directors as necessary. Therefore, the Company has determined that the Company has a system to fairly make decisions on important matters such as the nomination and remuneration of Directors.

[Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans]

The Company announced "Traders Group Vision for 2024" in December 2021, which summarizes the medium-term management goals, issues to be addressed, and the main points of the content of the Group's business strategy. Going forward, the Company will continue to consider setting and announcing the basic policy of capital policy and the target value of capital efficiency after determining the evaluation and measurement method of the Group's capital cost.

Disclosure Based on Each Principle of the Corporate Governance Code

[Principle 1.4 Cross-Shareholdings]

The Company does not hold cross-shareholdings. The Company may hold such shares if the Board of Directors determines that holding them could lead to an increase in the corporate value of the Company taking into consideration the growth potential, future potential, business relationships, and other factors of the investee company. If the Company strategically holds listed shares, the Board of Directors will annually examine the appropriateness of the holding of such shares from a medium- to long-term perspective (such as the significance of holding such shares, the business relationship with the entity to which such shares are strategically held, and the economic rationality of holding such shares). In addition, the Board of Directors will comprehensively deliberate on whether the exercise of voting rights pertaining to such shares will contribute to the enhancement of the Company's corporate value by maintaining and strengthening the business and business relationship with the Group.

[Principle 1.7 Related-Party Transactions]

The Company, in principle, does not engage in related-party transactions when the Company engages in transactions with officers or major shareholders, etc., in accordance with the Rules for Related-Party Transactions. However, when the need arises to engage in related-party transactions, the Company has clarified the necessary procedures, etc. so as not to harm the interests of the Company (and shareholders as a whole). The Board of Directors verifies and deliberates on the necessity and appropriateness of such transactions and the reasonableness of the transaction terms based on sufficient grounds in advance and makes decisions based on the opinions of independent outside directors.

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

As of the date of submission of this report, the Company has not adopted a corporate pension plan. If a plan is introduced in the future, the Company will take measures in accordance with the principles.

[Principle 3.1 Full Disclosure]

- i) The Group's management policies, initiatives, etc. are disclosed on the Company's website as well as in the Notice of Convocation of the General Meeting of Shareholders, securities reports, etc. The details are as follows.

<Management Philosophy>

We will contribute to the development of society and the economy through financial services, aim to be an innovator in financial services, and value all people involved through sound business activities. Based on these management philosophies, in December 2021, the Group announced the "Traders Group Vision for 2024" to shareholders, investors, and all stakeholders as the medium-term management objectives of the Group's business strategy.

- ii) The basic views and policies on corporate governance are disclosed on the Company's website The Company's View on Corporate Governance, as well as in reports on corporate governance, securities reports, business reports, etc.
- iii) The basic policy for the remuneration of Directors is to set an appropriate level based on each responsibility. Specifically, it consists of basic remuneration, bonuses and retirement benefits, and stock compensation as non-monetary remuneration. The Company has determined the amount of basic remuneration and bonuses among the amount of remuneration for each Director and the timing of the payment thereof. The Board of Directors determines the specific content of compensation after consulting with and obtaining the advice of Outside Directors in advance. Details of the content and procedures of the compensation systems are disclosed in the business report, the Company's website, etc.
- iv) The Company's Board of Directors has established standards and procedures for the appointment and dismissal of candidates for Directors and Audit & Supervisory Board Members, respectively. Executive Directors must have a high level of expertise in their area of responsibility, and must be appropriate human resources to promote a highly efficient management system that can respond quickly, flexibly and appropriately to changes in the management environment. Outside Directors must be able to monitor management from an objective standpoint with independence, without bias toward the interests of the management or specific interested parties and must have broad insight. Corporate Auditors must be people who recognize the roles and responsibilities of the Company and have broad insight, without bias toward the interests of the management or specific interest parties. When nominating candidates for Directors, the Board of Directors carefully considers and determines the candidates, taking into consideration the selection criteria. When nominating candidates for Corporate Auditors, the Board of Directors determines the candidates, taking into consideration the selection criteria and obtaining the prior deliberation and consent of the Board of Corporate Auditors.
- v) When the Board of Directors appoints or dismisses senior management and nominates candidates for Directors and Audit & Supervisory Board Members, the reasons and expected roles are stated and explained together with individual career summaries in the proposal for election of officers in the Notice of Convocation of the General Meeting of Shareholders. In addition, when a senior management member is dismissed, the background, reasons, etc. of the replacement are disclosed and explained.

[Supplementary Principles 4.1.1 Scope of Delegation to Management]

The Board of Directors shall make decisions on the execution of important business that are required to be decided by the Board of Directors pursuant to the basic management policy, laws and regulations, and the Articles of Incorporation.

However, the Company's Rules for the Board of Directors clearly specify the content and scope of such decisions to be deliberated and decided by the Board of Directors (agenda items). In addition, in accordance with the Company's Administrative Authority Regulations, which stipulate the approval authority (approval standards) of each organization according to the importance of the matter, the amount of money, etc., the scope of business delegation is determined according to the position, etc., and the authority and responsibility are clarified.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

The Company has established the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members by the Board of Directors for the purpose of clarifying the independence standards for judging and certifying Outside Directors and Outside Audit & Supervisory Board Members as independent officers. In addition to the independence standards set forth by the Tokyo Stock Exchange, if the Company determines that the requirements set forth in the said standards of the Company are satisfied after conducting an investigation within a reasonable scope, the Company shall certify that the said officers have independence and carefully consider candidates based on the said standards.

[Supplementary Principles 4.11.1 Approach, etc. Concerning Diversity of the Board of Directors]

The Company formulates the skills and abilities that should be possessed by the Board of Directors as the necessary skills and abilities considering the Group's business characteristics, management environment, management strategy, etc. These skills and abilities are listed in a matrix that clarifies the criteria for selecting Directors (candidates) and published in the Notice of Convocation, etc. The composition of the Board of Directors consists of three full-time Directors who have business knowledge and experience and management capabilities that have been involved in business for many years since the dawn of the financial derivatives business (FX business) and skills, etc. related to marketing, which is an important element for the Group's business, and two outside experts (one-third or more of the Directors) who have a legal perspective qualified as an attorney-at-law and a financial and accounting perspective qualified as a certified public accountant and have deep knowledge in their respective specialized fields. Considering the content and scale of the financial instruments business, which is the Company's main axis, the Company has determined that the Board of Directors has sufficient diversity and balance to properly perform its functions and efficiently ensure effectiveness.

[Supplementary Principles 4.11.2 Status of Concurrent Positions Held by Directors and Audit & Supervisory Board Members]

The status of concurrent positions held by Directors and Audit & Supervisory Board Members at other listed companies is stated every year in the Securities Report and the Notice of Convocation of the General Meeting of Shareholders (Materials for Proposals for Election), etc.

Currently, one Outside Audit & Supervisory Board Member serves concurrently as Director and Audit & Supervisory Committee Member or concurrently holds a post at another listed company. The Company has determined that there are no conflicts of interest among the Directors and Audit & Supervisory Board Members of the Company. When appointing Directors and Audit & Supervisory Board Members (to be proposed), the Company confirms in advance that there are no obstacles to the Directors and Audit & Supervisory Board Members continuously fulfilling their responsibilities in the Company's positions, and that there are no conflicts of interest, etc., between the Directors and Audit & Supervisory Board Members and the companies at which they hold concurrent positions, by conducting hearings in advance through interviews. Other directors and Audit & Supervisory Board Members do not concurrently serve as officers of other listed companies. To appropriately fulfill the roles and responsibilities of the Directors and Audit & Supervisory Board Members of the Company, the Company recognizes that the status of concurrent positions is within a reasonable range, and the Directors and Audit & Supervisory Board Members secure the necessary time and effort according to each job responsibility and fulfill their expected roles and responsibilities.

[Supplementary Principles 4.11.3 Evaluation of the Effectiveness of the Board of Directors]

Since April 2022, the Company has analyzed and evaluated the effectiveness of the Board of Directors as a whole and disclosed a summary of the results. To increase the effectiveness of the Board of Directors, the Company will conduct a self-evaluation and analysis questionnaire for all Directors and Audit & Supervisory Board Members every fiscal year.

[Supplementary Principles 4.14.2 Policy on Training for Directors and Audit & Supervisory Board Members]

The Company provides and introduces opportunities for training necessary for Directors and Audit & Supervisory Board Members to fulfill their roles and responsibilities on an ongoing basis. Directors and Audit & Supervisory Board Members shall conduct internal training sessions hosted by the Company, study sessions with invited external lecturers, and training sessions for officers at the Corporate Governance Committee.

Directors and Audit & Supervisory Board Members of the Company actively participate in and attend seminars and training sessions organized by related organizations and institutions such as the Tokyo Stock Exchange, the Japan Institute of Directors, and the Japan Audit & Supervisory Board Members Association, as well as training sessions on business conducted by the organizations to which professional experts belong, and other private external training sessions. The Company strives to have its members continuously

acquire and refine the necessary knowledge to sufficiently fulfill the responsibilities and roles of the Board of Directors.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

To achieve proactive, continuous, and constructive communication with shareholders and investors, the Company will disclose information on the Company's management and financial conditions in a timely, appropriate, and fair manner, and actively disseminate information not only on the details of the Group's business but also on related market environments and management environments, to deepen understanding of the Group. The establishment of systems and initiatives to promote constructive dialogue with shareholders are as follows.

- i) The Company has appointed and designated a Director (Information Handling Officer) in charge of the IR & Public Relations Department, which is the department in charge of IR, as a person who is responsible for overall constructive dialogue with shareholders and investors. The Director, in cooperation with other management, shall develop an internal system to enhance dialogue and have dialogue.
- ii) In order to effectively conduct dialogue with shareholders and investors and ensure its effectiveness, the Company has established the IR & Public Relations Department as a contact point for external dialogue. In addition, the Director in charge of the IR & Public Relations Department (Information Handling Officer) leads the integrated aggregation of internal information to promote dialogue, organic cooperation among internal divisions to have dialogue, and disclosure (disclosure) of various types of information.
- iii) In response to requests for individual meetings from shareholders and investors, the Company will actively conduct such meetings for the purpose of engaging in dialogue that contributes to the medium- to long-term improvement of the Company's corporate value. In addition, the Company will strive to further expand and deepen the content of information disclosure mainly through the Company's website and by listening to (grasping) the opinions of general individual shareholders, who account for a large number in the Company, through individual emails, etc. In addition, the Company will strive to strengthen initiatives that contribute to promoting understanding of the Company by providing the Company's information (company briefings and business briefings) to analysts, shareholders, investors, the media, etc. as necessary and diversifying the means of providing such information (including the use of online media).
- iv) The Company reports to the Board of Directors, either semi-annually or as appropriate, various types of information or concerns that have been identified through dialogue with shareholders and investors and are deemed to contribute to the Company's management, as well as the status and transition of the composition of shareholders in the shareholder register, to share information appropriately with Directors and Audit & Supervisory Board Members.
- v) With regard to the management of insider information at the time of dialogue, the Company engages in dialogue after continuously implementing initiatives to ensure effectiveness by educating internal personnel about the handling (management) of information and fair disclosure, and thoroughly familiarizing them with internal rules on the management of important information. In addition, the Company takes multiple measures to prevent the leakage of important information by setting a certain period of silence (period for refraining from responding) until the date of the announcement of financial results and limiting interviews.

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
K Power Co., Ltd.	4,924,000	17.14
J & R Ltd	3,355,560	11.68
Takayuki Kanamaru	1,273,400	4.43
Taka Kanamaru	1,040,015	3.62
JPMorgan Securities Japan Co., Ltd.	866,223	3.02
Asahi Kosan Co., Ltd.	788,720	2.75
Takata Co., Ltd.	780,000	2.72
Rakuten Securities, Inc.	705,500	2.46
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	486,044	1.69
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	446,500	1.55

Name of Controlling Shareholder, if applicable
(excluding Parent Companies)

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Name of Parent Company, if applicable

NONE

Supplementary Explanation

The above status of major shareholders is based on the shareholder register as of March 31, 2023.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Standard Market, Tokyo Stock Exchange
Fiscal Year-End	March
Business Sector	Securities & Commodity Futures
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	100 or more but fewer than 500
Net Sales (Consolidated) for the Previous Fiscal Year	Less than 10 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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

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

The Company does not have a parent company or a listed subsidiary and does not fall under this category.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with an Audit and Supervisory Board*
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*Referred to as a "Company with a *Kansayaku* Board" in the Corporate Governance Code reference translation

Directors

Number of Directors Stipulated in Articles of Incorporation	11
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	5
Election of Outside Directors	Yes
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masayuki Ichikawa	CPA											
Daisuke Kawabata	Lawyer											

*Categories for "Relationship with the Company".

(The table uses "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity.
- Major client of the Company or a person who executes business for said client.
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masayuki Ichikawa	○	Representative, Ichikawa Certified Public Accountant Office	Considering Mr. Masafumi Ichikawa's extensive experience as a certified public accountant, the Company believes that he is capable of supervising the management of the Company from an outside perspective. Although he has not been involved in corporate management other than as an outside officer, the Company has determined that he will be able to appropriately perform his duties as an Outside Director based on the above reasons. In addition, he does not fall under any of the above a. to k., and the Company has determined that there is no risk of a conflict of interest with general shareholders.
Daisuke Kawabata	○	Partner Lawyer, Hibiya-Mitsuke Law Office	In light of Mr. Daisuke Kawabata's extensive experience as an attorney-at-law up to now, the Company believes that he is capable of supervising the management of the Company from an outside perspective. Although he has not been involved in corporate management, he has deep knowledge in corporate legal affairs and financial legal affairs. The Company has determined that he will be able to perform his duties appropriately. In addition, he does not fall under any of the above a. to k., and the Company has determined that there is no risk of a conflict of interest with general shareholders.

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

No

Audit and Supervisory Board Members*

*Referred to as "*kansayaku*" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Yes
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	No upper limit
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Company's Basic Policy on Internal Control states that the status of internal audits is one of the matters to be reported to the Audit & Supervisory Board by Directors and employees. The status of individual internal audits is reported to the Audit & Supervisory Board and opinions are exchanged. In addition, the Audit & Supervisory Board Members hold meetings, etc. regularly or as needed.

For internal audits and audits by Audit & Supervisory Board Members, the President is appointed as the officer in charge of internal audits, two persons in charge of internal audits of the Company and Group subsidiaries are assigned to the Internal Audit Department, and an Inspection Department has been established at Traders Securities. In addition, in accordance with the provisions of the Basic Policy on Internal Controls and the Internal Audit Rules, the Company strives to complement and synergize audits by Audit & Supervisory Board Members and internal audits through meetings, etc. held by Audit & Supervisory Board Members and the Internal Audit Department regularly or as necessary.

Regarding the status of cooperation with the Accounting Auditor, the Internal Audit Department exchanges information mainly on matters related to financial reporting, and the Audit & Supervisory Board receives quarterly reports from the Accounting Auditor on the accounting audit procedures and the summary of audit results and exchanges opinions. In addition, full-time Audit & Supervisory Board Members receive reports from the Accounting Auditor on the audit plan, priority audit items, the status of audits, etc. as needed during the fiscal year, hold discussions, and strive to deepen cooperation with the Accounting Auditor.

Appointment of Outside Audit and Supervisory Board Members	Yes
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	1

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

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroshi Sugekawa	Tax Accountant													
Kenta Asaeda	Lawyer													

*Categories for "Relationship with the Company".

(The table uses "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity.
- Major client of the Company or a person who executes business for said client.
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- Other

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

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroshi Sugekawa		Representative member, TGN TOKYO Accounting Firm	In light of Mr. Hiroshi Sugekawa's extensive experience as a tax accountant and as a member of the House of Representatives, the Company has judged that he can be expected to supervise management from an external perspective. Although he is not involved in management, he has the ability, knowledge and experience to accurately and fairly audit the execution of duties. The Company has determined that he is qualified to be an Audit & Supervisory Board Member.
Kenta Asaeda	○	Partner Lawyer, Ushigomebashi Law Offices	Mr. Kenta Asaeda is well versed in corporate legal affairs as an attorney-at-law. He is appointed as an outside Audit & Supervisory Board Member of a listing company. The Company has determined that he has sufficient insight to govern corporate management. In addition, as stated on the left, he does not fall under any of the above a. to m., and the Company has determined that there is no risk of a conflict of interest with general shareholders.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

3

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company has designated three Independent Officers, two Outside Directors and one Outside Audit & Supervisory Board Member. The Directors and the Audit & Supervisory Board Members have no personal or capital relationships, except for holding the Company's shares, and have no business relationships or other interests that would allow them to obtain a large amount of money or other assets. Therefore, they are unlikely to have conflicts of interest with general shareholders and have a high degree of independence.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Other

Supplementary Explanation for Applicable Items

[Introduction of a restricted stock compensation plan]

The Company has introduced the Restricted Stock Compensation Plan for the purpose of providing Directors, excluding Outside

Directors, with an incentive to sustainably increase the Company's corporate value and further promoting shared value with shareholders.

[Introduction of bonuses (monetary compensation)]

As a rule, bonuses are paid at a certain time each year, such as after the end of the Ordinary General Meeting of Shareholders, in an amount determined by comprehensively taking into account the Group's performance indicators, the degree of achievement of target values, and future performance forecasts, in order to raise awareness of the need to improve business performance each fiscal year.

Persons Eligible for Stock Options	Employees / Subsidiaries' Directors / Subsidiaries' Employees Updated
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Supplementary Explanation for Applicable Items Updated
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The purpose of granting stock options is to further strengthen the link between the Company's business performance and stock value and to further increase the motivation and morale of the Company's employees and the directors and employees of the Company's subsidiaries to contribute to the improvement of business performance and the enhancement of corporate value over the medium to long term.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors
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Supplementary Explanation for Applicable Items
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[Total amount of remuneration for Directors in the fiscal year ended March 2023] Eight (8) Directors: 334 million yen

Note 1: The amount of remuneration, etc. for Directors includes the remuneration for two Directors (including one Outside Director) who retired at the conclusion of the 23rd Ordinary General Meeting of Shareholders held on June 28, 2022.

The amount of remuneration, etc. during appointment is included.

Note 2: At the 23rd Ordinary General Meeting of Shareholders held on June 28, 2022, it was approved that the amount of remuneration, etc. for the Company's Directors (including basic remuneration, bonuses, retirement benefits for Directors and Audit & Supervisory Board Members, and any other money received from the Company as consideration for the execution of duties; excluding the employee portion of salaries for Directors who concurrently serve as employees) shall not exceed 500 million yen per year (including 80 million yen for Outside Directors). The number of Directors (excluding Outside Directors) at the time of the conclusion of the General Meeting of Shareholders is four (4).

Note 3: Total amount of remuneration, etc. for persons whose total amount of remuneration, etc. is 100 million yen or more

Name	Total amount of compensation, etc.	Officer Category	Company Category	Basic Compensation	Bonus	Restricted stock compensation (non-monetary compensation, etc.)
<p>Full name: Takayuki Kanamaru Total amount of remuneration, etc.: 203 million yen Classification of officers: Director Company classification: Submitting company Basic remuneration: 78 million yen Bonus: 21 million yen Restricted stock compensation (non-monetary compensation, etc.): 104 million yen</p>						

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

At the meeting of the Board of Directors held on May 25, 2022, the Company resolved the policy for determining the details of remuneration, etc. for individual Directors as follows.

1. Basic Policy

The basic policy for the remuneration of individual Directors is to set an appropriate level in light of their respective responsibilities. Specifically, the remuneration consists of basic remuneration, bonuses and retirement benefits, and non-monetary stock compensation.

2. Basic remuneration (monetary remuneration)

The basic remuneration shall be a fixed monthly remuneration, and shall be determined by comprehensively taking into account the trends in the Group's management environment and business performance, etc., the scope and scale of each director's area of responsibility, the extent of his / her responsibility and influence on the Group's management, past results and performance, and expected future roles, etc.

3. Bonus (monetary compensation)

In order to raise directors' awareness of the need to improve business performance in each fiscal year, bonuses shall be paid at a certain time each year, in principle, after the conclusion of the Ordinary General Meeting of Shareholders, based on the Group's performance indicators, the degree of achievement of target values, and other factors, and after comprehensive consideration of future performance forecasts.

4. Retirement benefits (monetary compensation)

Retirement benefits shall be paid at the time of retirement in an amount determined in consideration of the duties, years in office, achievements, etc. of the relevant Director in accordance with the Regulations on Retirement Benefits for Officers separately determined by the Board of Directors to reward the Director for his/her service during his/her tenure. Retirement benefits shall be paid to Outside Directors.

5. Restricted Shares (non-monetary remuneration)

Non-monetary compensation shall be restricted stock to strengthen the linkage with long-term business performance and improvement of enterprise value during the term of office. In principle, non-monetary compensation shall be delivered at a certain time every year, such as after the end of the Ordinary General Meeting of Shareholders, by paying in all monetary compensation claims provided by the Company as a contribution in kind.

The amount and number of Restricted Shares to be issued shall be determined based on the basic compensation amount of the Eligible Persons and on the numerical value calculated by multiplying the basic compensation amount by a certain payment coefficient. The transfer restriction period for Restricted Shares shall be thirty (30) years from the delivery date, and in the event that the Director retires from the position of Director with a justifiable reason, the time when the transfer restriction is lifted shall be reasonably adjusted as necessary. Non-monetary remuneration shall be paid to Directors excluding Outside Directors.

6. Ratio of Remuneration, etc.,

The amount of bonus and restricted stock for Individual Directors shall be an appropriate ratio in consideration of the Group's business performance, the level of other companies, the economic environment, etc., so that the incentive effect for improving the performance of each Director can be expected, based on the purpose of the Corporate Governance Code, while using the basic remuneration amount as the basis for calculation.

7. Other important matters

The Board of Directors shall determine the details of the amount of base remuneration and bonus among the amount of individual remuneration for each Director and the timing of the payment thereof, after consulting with and obtaining reports from Outside Directors.

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

The Secretariat of the Board of Directors sends the materials of the Board of Directors to Outside Directors and Outside Audit & Supervisory Board Members in advance, provides supplementary explanations, etc. as necessary, and reports and explains, etc. as appropriate on other matters and information that are deemed important. There are no appointed staff members to support

Outside Directors and Outside Audit & Supervisory Board Members, but the person in charge provides appropriate support as necessary. The Company's Basic Policy on Internal Control provides that the Audit & Supervisory Board may request the Board of Directors to assign assistants to follow the instructions of the Audit & Supervisory Board Members.

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

i) Corporate Governance System

The Company has a Board of Directors, an Audit & Supervisory Board and an accounting auditor. In order to ensure efficient and prompt decision-making, the Board of Directors holds regular meetings on a monthly basis and as needed and operates as a decision-making and supervisory body for management in accordance with the Articles of Incorporation, the Companies Act, and other laws and regulations. The Board of Directors consists of five members: Takayuki Kanemaru, Representative Director, Chairman and President, who serves as Chairman of the Board; Masayuki Niizuma; Takeshi Kanemaru; Masashi Ichikawa; and Daisuke Kawabata. Two members, Masashi Ichikawa and Daisuke Kawabata, are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.

The Company is a company with an Audit & Supervisory Board. The Audit & Supervisory Board consists of three full-time Audit & Supervisory Board Members, Shinichi Omata, Hiroshi Sugekawa, and Kenta Asaeda. Hiroshi Sugekawa and Kenta Asaeda are Outside Audit & Supervisory Board Members as prescribed in Article 2, Item 16 of the Companies Act. These Outside Audit & Supervisory Board Members consist of one tax accountant and one attorney-at-law and they conduct highly transparent audits based on their high level of expertise in tax and corporate legal affairs and strict professional ethics. The Company gives Audit & Supervisory Board Members the authority to attend important meetings, request reports on matters to be resolved and the status of activities, or request proposals for items to be designated, and strives to ensure that the auditing function works effectively by deepening cooperation with the Representative Directors, the Internal Auditing Department, and the Accounting Auditors. Furthermore, the Company has established the Corporate Governance Committee (Chairman: Corporate Attorney of the Company, Members: Takayuki Kanemaru, Masayuki Niizuma, Takeshi Kanemaru, Masashi Ichikawa, Daisuke Kawabata, Shinichi Omata, Hiroshi Sugekawa, and Kenta Asaeda), and invites external experts to share information and exchange opinions on the Group's corporate governance. The members of the Corporate Governance Committee are nominated by the Audit & Supervisory Board and elected by the Board of Directors, and the members can make recommendations to the Representative Directors and the Board.

ii) Business execution and internal control system

The Company has established an effective chain of command by clarifying the division of duties and authority of duties for Directors and employees. In addition, the Company has established an internal control system from organizational, personnel, and technical aspects by actively and transparently disclosing information centered on the Information Handling Manager and by appropriately managing the Group.

In addition, at Traders Securities, which is the core of the Group's business, by holding the Compliance Committee and the Risk Management Committee including top management, ensuring compliance and risk management, and developing an effective internal control system centered on the Chief Internal Control Officer, the Company has incorporated into the business flow a check process in which there is a primary check by the person in charge of each department, a secondary check by the Internal Control Department, and a tertiary check by the Inspection Department and this ensures the appropriateness of business execution.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the Audit & Supervisory Board system. The Audit & Supervisory Board, which includes multiple Outside Audit & Supervisory Board Members with legal qualifications and expert knowledge in financial accounting, etc., audits the Board of Directors to ensure the effectiveness of governance. In addition, the Board of Directors, which has the functions of management decision-making and managing and supervising the execution of business, meets once a month, in principle, to report on and explain important management matters.

In addition, the Board of Directors has established a system in which Outside Directors, who have a high level of experience in and knowledge of management, can provide objective advice from an independent standpoint and appropriately supervise management.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company strives to send out notices of convocation earlier than the statutory deadline.
Electronic Exercise of Voting Rights	From the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2018, in addition to the conventional exercise of voting rights in writing, the Company has increased the convenience for shareholders to exercise their voting rights by introducing an electronic voting environment provided by the administrator of the shareholder register.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The electronic voting platform has been used since the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2023.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Notice of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2023, is now available in English.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has established the Disclosure Policy and announced it on the Company's website.	
Regular Investor Briefings held for Analysts and Institutional Investors	In the fiscal year ended March 31, 2023, the Company began holding financial results briefings for analysts and institutional investors.	No
Online Disclosure of IR Information	Financial results, press releases, and other materials are posted.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Investor Relations Department	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has established the Information Disclosure Regulations and encourages compliance with them. The Information Disclosure Regulations are based on fair and highly transparent disclosure to prevent insider trading and proactively fulfill the duty of accountability to investors. This is our basic policy.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company has established a Disclosure Policy to clarify its stance on information disclosure. This information is available on our website.
Other	The Company has established an information management system and a disclosure system centered on the person responsible for handling information.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company believes that it is essential to develop, evaluate and improve the internal control system to conduct appropriate corporate governance. The internal control system of the Company has been resolved by the Board of Directors as the Basic Policy on Internal Control in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act. The current Basic Policy on Internal Control is as follows.

1. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
 - 1) The Group has established the Traders Group Compliance Manual, the Ethics Code, etc., and directors and employees shall not only execute their duties in accordance with laws and regulations, the Articles of Incorporation, internal rules, etc., but also provide valuable financial services to customers with higher ethics.
 - 2) We will respond to anti-social forces that threaten the order and safety of civil society in a resolute and organized manner in cooperation with lawyers, the police, etc.
 - 3) The Board of Directors shall make decisions on the execution of business and supervise the duties of Directors so as to satisfy legality based on laws and regulations and appropriateness based on management decisions.
 - 4) Audit & Supervisory Board Members shall exercise the authority prescribed by laws and regulations and audit the execution of duties by Directors.
 - 5) The Corporate Governance Committee, which includes outside experts and Audit & Supervisory Board Members, shall be held regularly to exchange opinions on corporate governance, etc.
 - 6) A Compliance Committee shall be established in each securities subsidiary that conducts the main business of the Group, and business operations shall be conducted in compliance with the Financial Instruments and Exchange Act and other laws and regulations under the supervision of the Internal Administration Supervisor.
 - 7) The Company shall establish a hotline that connects to internal and external whistle-blowers (law offices, the Company's General Affairs Department, and full-time Audit & Supervisory Board Members) and establish a mechanism for consultation and whistleblowing (hereinafter referred to as the whistle-blowing system).
 - 8) Violation of laws and regulations by employees shall be subject to punishment by the Disciplinary Committee in accordance with the Work Rules, etc.
2. System for the storage and management of information related to the execution of duties by directors
 - 1) The Company has established the Document Management Rules, and important documents (including electromagnetic records), including minutes of important meetings and other information related to the execution of duties by Directors, shall be appropriately stored and managed in accordance with the provisions of such Rules.
 - 2) Retained documents shall be maintained in a condition in which they can be inspected without delay if so requested by Directors and Audit & Supervisory Board Members.
 - 3) The Company shall establish various regulations concerning information security and protect and manage information assets with a subsidiary that centrally manages the Group's IT systems playing a central role.
3. Regulations and other systems concerning the management of risk of loss
 - 1) Directors shall endeavor to identify, evaluate and manage various risks based on an understanding of the various risks associated with the Group's business and an awareness of the importance of conducting risk management in an integrated manner.
 - 2) The securities subsidiaries that conduct the main business of the Group shall establish a Risk Management Committee and implement risk management under the supervision of the officer in charge of risk management in accordance with internal rules such as the Basic Policy for Risk Management, the Risk Management Rules, and the Detailed Rules for Risk Management Rules, after clarifying the roles of each division.
 - 3) The Company shall establish a Contingency Plan to prepare for unexpected events such as disasters, accidents, and system failures.
4. System to ensure efficient execution of duties by Directors and employees

- 1) The Board of Directors shall be operated in accordance with the Articles of Incorporation and the Regulations of the Board of Directors and shall meet regularly each month or as needed.
 - 2) Directors and employees shall execute business efficiently, flexibly and promptly by closely exchanging opinions and sharing information.
 - 3) In order to ensure the efficient execution of duties by Directors and employees, the Company shall establish the Organization Rules, Division of Duties Rules, Administrative Authority Rules, and *Ringi* Rules.
5. Systems to ensure the appropriateness of business operations in the corporate group consisting of the Company and its parent company and subsidiaries
- 1) The Company's Directors receive reports from the Representative Directors, etc. of subsidiaries and affiliates (hereinafter referred to as "Subsidiaries, etc.") at the Company's Board of Directors' meeting regularly held every month and the Management Committee's meeting regularly held every month, and work to share information on the direction of business operations, business execution, and risk management of Subsidiaries, etc.
 - 2) In accordance with the Regulations on the Management of Subsidiaries and Affiliated Companies, the Company shall receive reports from subsidiaries, etc. at the Management Committee and manage the Group.
 - 3) The Internal Audit Department of the Company shall conduct internal audits on subsidiaries, etc. within the scope of laws and regulations and the Internal Audit Rules.
 - 4) In order to ensure the reliability of the Group's financial reporting, the Company shall develop, operate and evaluate internal controls over financial reporting in accordance with laws and regulations.
6. Matters related to employees assigned to assist the duties of Audit & Supervisory Board Members when requested by Audit & Supervisory Board Members, matters related to the independence of such employees from Directors, and matters related to ensuring the effectiveness of instructions to such employees
- 1) Company Auditors may request the Board of Directors to appoint employees who are subject to the instructions of Company Auditors (hereinafter referred to as "Assistants to Company Auditors").
 - 2) The prior consent of the Board of Corporate Auditors is required for personnel changes, personnel evaluations, and disciplinary actions of assistants to Corporate Auditors.
 - 3) Company auditors may request the Board of Directors to determine matters regarding the independence of the company auditor's assistants from the Directors.
 - 4) Company auditors may submit a request to the Board of Directors regarding matters related to ensuring the effectiveness of instructions given by company auditors to assistants.
7. System for reporting to Audit & Supervisory Board Members
- 1) In addition to statutory matters, Directors and employees (including Assistants to Company Auditors) shall, without delay, report to Company Auditors or Audit & Supervisory Board regarding matters that may have a material impact on the Company and the Group, matters resolved at important meetings, important matters related to compliance and risk management, the whistleblowing system, status of internal audits, etc.
 - 2) Directors and employees (including Assistants to Company Auditors) shall promptly report the status of business execution, etc. at the request of Audit & Supervisory Board Members.
 - 3) For subsidiaries, the term "Directors and employees (including Assistants to Company Auditors)" in the preceding two paragraphs shall be replaced with "Directors, Audit & Supervisory Board Members, members who execute business, and employees of subsidiaries, or persons who receive reports from these persons" for application.
8. System to ensure that persons who report to Audit & Supervisory Board Members are not treated disadvantageously due to such reporting
- 1) Directors and employees (including assistants to Audit & Supervisory Board Members) who make reports to Audit & Supervisory Board Members shall not be treated disadvantageously on the grounds that they have made such reports.
 - 2) It shall be clearly stated that whistle-blowers under the whistle-blowing system shall not be subjected to disadvantageous treatment, retaliation, or discrimination, and consideration shall be given to privacy and human rights.

3) For subsidiaries, the term “Directors and employees (including assistants to Audit & Supervisory Board Members)” in Paragraph 1 shall be rephrased as “Directors, Audit & Supervisory Board Members, members who execute business, and employees of subsidiaries, or persons who receive reports from these persons” and this shall be applied mutatis mutandis in conjunction with the preceding paragraph.

9. Matters related to policies on procedures for advance payment or reimbursement of expenses arising from the execution of duties by Audit & Supervisory Board Members and other processing of expenses or obligations arising from the execution of duties by Audit & Supervisory Board Members

1) In accordance with the Regulations of the Board of Company Auditors, Company Auditors may resolve at the Board of Company Auditors meeting matters deemed necessary for Company Auditors to perform their duties, such as audit policies, audit methods, and budgets for audit expenses.

2) Audit & Supervisory Board Members may, after the fact, claim reimbursement from the Company for urgent or extraordinary expenses incurred in the execution of their duties.

10. Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

1) Audit & Supervisory Board Members shall hold regular meetings to facilitate mutual communication with Representative Directors.

2) Audit & Supervisory Board Members may independently obtain the assistance of lawyers, certified public accountants and other experts as necessary.

3) The Audit & Supervisory Board Members shall exchange opinions with the Internal Audit Department periodically and as needed to strengthen cooperation.

4) Audit & Supervisory Board Members have the authority to attend meetings, etc. of the Company and its subsidiaries as observers, and to submit agenda items and matters for consideration to the meetings, etc.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Group's Basic Policy on Anti-Social Forces stipulates that as part of the system to ensure that the execution of duties by directors and employees is in compliance with laws and regulations as well as the Articles of Incorporation, the Group will take a firm and organized stance against anti-social forces that pose a threat to the order and safety of civil society, in cooperation with lawyers, the police, and other parties. The Group discloses this on its website as part of its efforts to block relationships with anti-social forces.

The Company is a member of the Association for the Prevention of Special Violence in the Tokyo Metropolitan Police Department (Council for the Prevention of Special Violence in the Shibuya Area) and the Tokyo Citizens' Center for the Promotion of the Movement to Expel Organized Crime Groups, and its securities subsidiaries are members of the Tokyo Citizens' Center for the Promotion of the Movement to Expel Organized Crime Groups, and the Company is working to develop systems to eliminate anti-social forces within the Group.

The Basic Policy on Anti-Social Forces and the Ethics Code, which are the internal rules of securities subsidiaries, also stipulate that the Company shall take a firm stance against forces and organizations that engage in anti-social activities and shall not conduct any transactions with them. In addition, the Company periodically conducts internal training for all officers and employees of the Company and its subsidiaries on how to respond to anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	No
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Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

The Company believes that in order to establish effective corporate governance and internal controls, it is important to clarify its corporate philosophy and management policy, and to strive for continuous improvement in line with them.

Based on the so-called PDCA cycle, we recognize that it is our continuing challenge to make it our corporate culture to continuously aim for further improvement by making *planning, execution, audit* and *review* one cycle.

(Overview of the Timely Disclosure System)

1. Basic Policy

The Company, as a listed company, has established the Information Disclosure Rules to conduct fair, timely and appropriate disclosure. The basic principles of the Company are to continuously conduct highly transparent information disclosure based on the Rules, to prevent insider trading and contribute to fair price formation, and not only to comply with laws and regulations but also to actively fulfill its accountability.

2. Internal System

To implement the above basic policy, the Company has established the following information disclosure system led by the person in charge of handling information.

First, to appropriately recognize facts related to timely disclosure, the Company's officers strive to understand the purpose of laws and regulations, requirements, and the importance of disclosure through meetings where important information can be shared, such as the Board of Directors, the Executive Committee, and the Corporate Governance Committee.

In addition, by establishing regular and non-regular communication media between the Company and its subsidiaries, the Company strives to grasp important information generated by consolidated subsidiaries in a timely and appropriate manner.

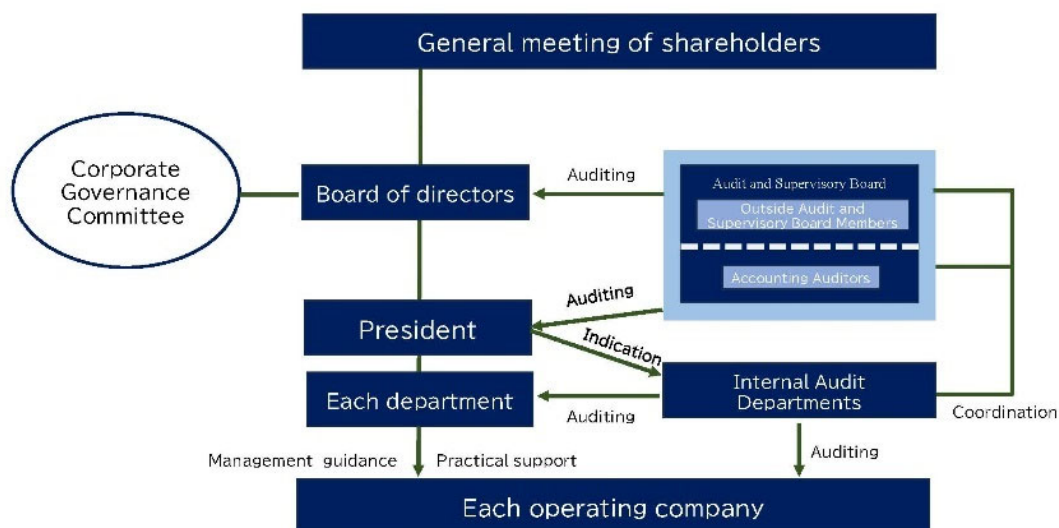
Second, with regard to the actual execution, in the case of a determined fact (including financial information), it is subject to the decision of the decision-making body, and in the case of a fact that has occurred, subject to the recommendation of the IR and Public Relations Department, the department in charge of disclosure operations prepares disclosure documents, and after legal, financial, and IR checks them, the Information Handling Officer makes a decision and decides whether or not to disclose.

In addition, after it is determined that information should be disclosed in a timely manner, the Company has established a system to promptly execute the prescribed procedures based on the Company's Information Disclosure Regulations, such as disclosure on the Electronic Disclosure System of the Tokyo Stock Exchange, posting on the Company's website, and posting on the Tokyo Stock Exchange's website.

Third, the Internal Audit Department conducts ex-post facto checks to determine whether the Company's system for timely disclosure and the status of its execution are appropriate considering laws, regulations, and the Company's rules, and gives consideration to the development of a system that can be expected to be continuously improved.

Reference 1

Schematic diagram



Reference 2

Board Skill Matrix

Name	Takayuki Kanamaru	Masayuki Niizuma	Takeshi Kanamaru	Masashi Ichikawa	Daisuke Kawabata
Corporate management, business strategy	●	●			
Financial business experience	●	●			
Marketing, sales			●		
Global business			●		
Legal & compliance		●			●
Finance, accounting, tax		●		●	
Risk management, governance, internal control				●	●