

CORPORATE GOVERNANCE REPORT

(English translation for reference purposes only)

Ichiyoshi Securities Co., Ltd.

Last updated: December 21, 2023

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Securities code: 8624 (Tokyo Stock Exchange)

<https://www.ichiyoshi.co.jp>

The status of the corporate governance of Ichiyoshi Securities Co., Ltd. (the “Company”) is as described below.

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

1. Basic views

The Company holds a motto of “Building a securities house like no other in Japan” and aims to be a “Name-brand boutique house in the finance and securities industry.” In its efforts for realization, the Company intends to heighten the fairness and transparency of management along its below-mentioned “Ichiyoshi Credo” (corporate philosophy) and to promote flexible and relevant decision-making, thereby maximizing earnings and corporate value while bolstering its corporate governance. The Company has also adopted a company with three committees system to tighten its surveillance capability over business executions and has in place an operating officer system to enhance the promptitude and effectiveness of business executions.

[Ichiyoshi Credo (corporate philosophy)]

Management philosophy: To remain a company of customers’ trust and choice.

Management objective: Name-brand boutique house in the finance and securities industry.

Action guidelines: Gratitude, Integrity, Courage, Responsiveness, Continuity and Long-Term Good Relation.

Based on the Ichiyoshi Credo, the Company has its raison-d’etre vis-à-vis each of its stakeholders:

Vis-à-vis employees: Respecting employees’ individuality and striving for human resource cultivation.
“The Ichiyoshi Spirit” -- Fighting on with passion and sincerity.
“Job Satisfaction” -- Building a free and invigorated corporate climate that optimizes employees’ abilities and creativity by prioritizing teamwork.

Vis-à-vis customers: Aiming to be every customer’s first choice.
“Customer Prioritization” -- Always providing advice with sincerity from the customer’s standpoint.
“Quality Services” -- Responding to social and market changes and providing high-quality products and services.

Vis-à-vis shareholders: Striving for continuous improvement in performance and corporate value.

“Return to Shareholders” -- Raising business profitability and strengthening financial health, then returning profits to shareholders.

“Information Disclosure” – Ensuring business management transparency through appropriate disclosure and investor relation activities.

Vis-à-vis society: Contributing to the development of society as a participant in the financial and securities markets.

“Social Responsibility” -- Complying with laws and regulations and behaving with high ethical standards.

“Social Contribution” -- Contributing to the development of regional communities and securities markets through corporate activities.

[Reasons for Non-Compliance with the Principles of the Corporate Governance Code]

The Company complies with all principles contained in Corporate Governance Code.

[Disclosures Based on the Principles of the Corporate Governance Code] [Update](#)

[Principle 1-4 --- Policy-based holdings of stocks]

As of June, 2023, the Company’s policy-based holdings of stocks amounted to 47 million yen, or 0.17% of its net assets. The purpose of policy-based holdings of stocks is limited to the case of apparently enhancing relationships with companies with which the Company has business relations. Other than in such exceptional cases, the Company has a policy not to do policy-based holdings of stocks. It is the Company’s policy to limit the sum of the holdings of investment securities and policy-based holdings of stocks to 10% or less of the Company’s net assets in accordance with the Board of Directors’ resolution. The Company does not have any cross-held stocks. The Board of Directors reviews and verifies, based on proposals made by the Investment Committee, each of potential and executed investments of policy-based holdings of stocks and scrutinizes their rationality, purpose and benefit as needed.

The Company’s voting rights on policy-based holdings of stocks is exercised after analyzing the condition of subject companies, and having a dialogue with subject companies and seriously judging whether proposed resolutions are conducive to the sustainable growth of subject companies and to the growth of the Company’s business.

[Principle 1-7 --- Matters Regarding Related-Party Transactions]

The Rules concerning the Board of Directors stipulate that related-party transactions require the Board of Directors’ resolutions in order not to jeopardize the interests of the Company and its shareholders. The directors and officers of the Company are obliged to answer to “Business Execution Confirmation” and “Questionnaire on Related-Party Transactions” every year.

[Supplementary Principle 2-4-1]

The Company prioritizes the development of human resources with high individual personality and teamwork spirit and builds its free and open corporate culture enriched by employees’ talent and creativity

as stated in its “Ichiyoshi Credo.” The Company is working to enhance our human capital as described below.

- Attitude toward human resource development

- (1) Human development policy

Since establishing “Ichiyoshi Credo” in 2006, the Company has striven to enhance a sustainable corporate value, at the same time emphasizing its engagement with various stakeholders through securities business.

While “Ichiyoshi Credo” points to the Company’s *raison-d’etre* in its relationship with various stakeholders, the Company recognizes that human resources are a target of priority investment in the belief that human resources themselves are the source of growth.

Thus, in the foregoing item of <Materiality> (Important tasks), the Company has put up “Furtherance of personnel education and training to cope with changing circumstances” as a task to be concretely tackled with on an on-going basis.

- (2) Training system

Under the customer-focused “Stock-type Business Model,” the Company need to provide an investment advice matching each customer’s intention and gaining his/her trust. In order to do that, the Company need to fulfill internal personnel training to enhance the quality of advisors. In addition, the Company has in place “Self-skill-promotion Program” and provides a subsidy for correspondence courses for securities analyst or certified financial planner or award incentive remuneration to an employee who has acquired such qualification. In addition, the Company has in place a system to provide a subsidy for tuition fee for correspondence courses for upskilling other than qualification.

- (3) Dispatching of employee to outside company as trainee

The Company has a policy to dispatch an employee as trainee to an outside company (whether it is a securities company or not) and have his/her knowledge and experience as trainee contribute to raising of effectiveness of, or improvement on, intra-company operations or administration.

- Policy toward improvement on in-house circumstances

- (1) Policy toward improvement on in-house circumstances

Since 2017, with respect to improvement on in-house circumstances, the Company has scrutinized more than 50 related items semi-annually to attain “Worker-friendly and worthwhile working place.” Thus, in the foregoing item of <Materiality> (Important tasks), the Company has put up “Furtherance of corporate culture to promote job satisfaction and employees’ sense of engagement,” “Realization of worker-friendly mood considering gender sensitiveness” and “Forming of personnel and wage system considering diverse types of working.” The Company naturally continues to tackle with “Worker-friendly and worthwhile working place.”

- (2) Policy toward diversity

The Company believes that the active involvement of female workers in the Company’s business

operations is indispensable to enhance the sustainable growth of its corporate value in the diversifying society. The Company is striving to improve working circumstances so that female workers can work lively and actively. Thus, the Company is proceeding with steps to decrease the difference in length of service between male and female workers and increase the ratio of female managers.

The Company also enhanced a system to balance work and home and made it easier to use the system. In the same spirit, the Company has in place systems to assist employees on leave or retired employees in returning to work.

< Progress toward diversity >		
	objective	As of March 31, 2023
Female managers' ratio:	20% or more(March 31, 2026)	16.1%
Ratio of paternity leaves:	70%	57.1%
Difference in average period of service between male and female employees:	Gender difference 3 years (March 31, 2026)	Male: 16 years and 11 months Female: 12 years and 9 months

< Progress of other initiatives >(As of March 31,2023)	
Wage difference between male and female employees:	70.8%
Female ratio of new recruits:	47.5% (new recruits in April 2023:19 women out of 40 recruits)
Ratio of usage of paid holiday:	58.9%

The Company has been actively hiring mid-career hires for about 20 years, and currently the ratio of mid-career hires to all employees is about 44%. We are also fair and proactive in appointing mid-career hires to management certificates.

<Ratio of mid-career recruits in managerial level>	<Ratio of female staff in managerial level>
End of March 2015: 49.0%	End of March 2015: 5.8%
End of March 2016: 49.2%	End of March 2016: 8.5%
End of March 2017: 51.2%	End of March 2017: 8.7%
End of March 2018: 51.2%	End of March 2018: 9.4%
End of March 2019: 53.7%	End of March 2019: 9.8%
End of March 2020: 52.0%	End of March 2020: 11.6%
End of March 2021: 47.5%	End of March 2021: 15.3%
End of March 2022: 45.8%	End of March 2022: 14.2%
End of March 2023: 47.0%	End of March 2023: 16.1%

(3) Policy toward working place circumstances

To proceed with “Worker-friendly and worthwhile working place,” it is important for the Company to have engagement with employees and understand how they are dealing with operations. The Company has a system where office or branch managers regularly have one-on-one meeting with each employee and conduct a questionnaire survey on employees using engagement tools. In addition to the questionnaire, the Company has a system to conduct a self-report survey and personnel department’s interview with each employee. All these systems are intended to assist deliberations on employees’ assignment to capability-worth places and recognition of their higher skills.

[Principle 2-6 ---Role as Asset Owner of Corporate Pension Plan]

The Company has in place a hybrid pension plan combining a defined benefit pension plan and a defined contribution pension plan. The Pension Meeting of the Company receives from the department in charge a quarterly report on the defined benefit pension management and an annual-account settlement report on the defined contribution plan (the both reports are originally presented by the pension plan manager) and annually decides on the basic rate of defined benefit pension plan for the coming year.

In addition to the Pension Meeting, the Pension Management Meeting is organized to formulate and review basic pension management policy, verify and review invested products and investment methods and monitor the pension plan manager.

[Principle 3-1 --- Enhanced Disclosure]

3-1-(1)

The Company has in place the “Ichiyoshi Credo” which contains management philosophy, management objective and action guidelines, and has formulated its 3-year medium-term management plan every three years since 1996, which have been published on its website.

3-1-(2)

The purpose of the Company’s corporate governance is to ensure that the management of the Company is performed in fairness in accordance with rules and regulations, and the Company’s corporate governance, along with its Internal Control System and Timely Disclosure System, forms the core body of the Company.

As part of its corporate governance efforts, the Company adopted its company with three committees system in June 2003, among many others.

The Company believes that the company with three committees system is the most effective system for corporate governance. The following are reasons why the Company moved to the company with three committees system:

- To separate the function of the Board of Directors (which include decision on basic management policy and material business matters and supervision on duty performances of directors and officers) and the function of executive officers (which includes execution of business decisions), thereby speeding up management decision-making and enhancing the flexibility of business execution.

- To ensure the wholesome growth of the Company, enhance the transparency of corporate management, operate the Company's business from the standpoint of shareholders and further strengthen the corporate governance.
- To employ outside directors well experienced in laws, accounting and corporate management whose expert views and opinions will benefit the management of the Company.

3-1-(3)

The individual remunerations of the Company's directors and executive officers are decided by the Remuneration Committee. The Remuneration Committee consists of 3 directors of whom 2 are outside directors. The following is an outline of the policy of the Remuneration Committee for the determination of individual remunerations and related procedures:

- Basic policy:
To lift the desire and will of directors and executive officers for company management and derive their utmost management capability, so that they will contribute to the achievement of desired business result.
- Contents of remunerations:
Remunerations of directors and executive officers shall consist of "Monthly Basic Remuneration," "Remuneration Linked to Business Result," "Stock-Related Remuneration" and "Non-monetary Remuneration (such as a residential subsidy for living apart from family)."
- Procedures:
The Remuneration Committee meets each director and executive officer twice every year to rate his/her performance and decide his/her remuneration.
The policy and procedures for determination of individual remunerations of directors and executive officers are disclosed in the notice of shareholders' meeting and the annual securities report.

3-1-(4)

The Company is a company with three committees system. A proposed resolution for nominees for directors or dismissal of incumbent directors to be submitted every year to the shareholders' meeting is decided at the Nominating Committee which consists of independent outside directors as majority members and is chaired by an independent outside director. The nomination and/or dismissal of executive officers is made by the Board of Directors. The specific policy and procedures for nomination and/or dismissal are disclosed in the notice of the shareholders' meeting and the annual securities report.

3-1-(5)

The selection of nominees for directors and dismissal of incumbent directors to be submitted to the shareholders' meeting shall be decided by the Nominating Committee in accordance with the criteria established by the Nominating Committee.

The following are the selection criteria for nominees as established by the Nominating Committee and included in the Notice of 81st Annual Meeting of Shareholders:

For inside directors;

- Superb management sense
- Superb leadership, foresightedness and planning ability
- High law-abiding nature
- Personal magnetism in and out of the Company
- Healthiness physically and mentally

For outside directors;

- High personality and insight
- Plentiful experience and expertise in business operations
- High law-abiding nature
- Unwavering independency as outside director
- Healthiness physically and mentally
- Qualification both as outside director under Enforcement Regulations of the Company Law and as independent director having no conflict of interest with shareholders under the Regulations of the Tokyo Stock Exchange

The reasons for the selection of nominees for directors at the last shareholders' meeting are disclosed in the attachment hereto.

With respect to the appointment or dismissal of executive officers, they should be qualified to make business executions entrusted by the Board of Directors.

[Supplementary Principle 3-1-3]

“Ichiyoshi Credo” is a basis for the Company's sustainable growth.

In order to build a “Name-brand Boutique House” which is a management goal under “Ichiyoshi Credo” and realize the management philosophy for “Remaining as a Company of Customers' Trust and Choice,” the Company regards the expansion of “customers' assets in custody” as an overriding item of its management strategy and its most important management index.

“Customers' assets in custody” is a barometer for customers' trust and represents the Company's basic corporate strength.

By expanding “customers' assets in custody,” the Company aims to make a fundamental shift of its business model from “flow-type” mainly based on brokerage commissions to “stock-type (asset-accumulation type) chiefly based on trailer and management fees on investment trust funds and fund-wrap account fees.

Hence, the Company will concentrate its personnel, assets and capital on the following areas:

1. Staff training to enhance the quality of advisors and headquarter staff.
2. Expansion of store network in around Tokyo.

3. Hybrid customer approach and advice using digital devices and face-to-face meeting.
4. Setting up of Ichiyoshi Financial Advisors to utilize its channels.
5. Pursuance of belief in “Not selling products simply because they are popular.”
6. “Triangle Pyramid Management” based on the comprehensive strength of the Ichiyoshi group consisting of Ichiyoshi Securities, Ichiyoshi Research Institute, Ichiyoshi Asset Management, Ichiyoshi Business Service and Ichiyoshi Financial Advisers.
7. High-level legal compliance with customers’ interests in focus.
8. High-level corporate governance.
9. Creation of worker-friendly and worthwhile workplace.

The Company has adopted, for the past 20 years, “cost coverage ratio” to measure the progress of its shift to “stock-type (asset-accumulation type) business model.”

The cost coverage ratio represents the ratio at which operating cost and expenses are covered by the sum of retailer fees and management fees on investment trust funds and fund-wrap account fees.

The cost coverage ratio in fiscal 2000, the first fiscal year of its application, was approximately 7%, that in fiscal 2012 was approximately 27% and that in fiscal 2022 was 53.5%.

This steady rise in the ratio indicates how the shift to “stock-type (asset-accumulation type) business model” has progressed.

The Company is attitude toward sustainability as described below.

[Corporate Philosophy]

The Company has made efforts to “Build a company like no others so far in Japan” based on “Ichiyoshi Credo” as a pillar of its corporate philosophy. The Credo records “the Company’s Principles and Action Guidelines” which directors, officers and employees all hold as their common measure of value for the Company’s raison-d’etre in the community.

Raison-d’etre for stakeholders and the Company’s attitude

- | | |
|---|--|
| <p>1. Vis-à-vis employees</p> <ul style="list-style-type: none"> • Work-friendly and worthwhile offices • Training system | <p>2. Vis-à-vis customers</p> <ul style="list-style-type: none"> • Business operations based on customer-first attitude • Asset management matching customers’ needs |
| <p>3. Vis-à-vis shareholders</p> <ul style="list-style-type: none"> • Return to shareholders • Corporate governance • Compliance system • Disclosure policy | <p>4. Vis-à-vis Society</p> <ul style="list-style-type: none"> • Contribution to development of regional communities and securities market through business activities • Social Contribution |

(For further information, please log on to the Company’s website : <https://www.ichiyoshi.co.jp/esg>)

<Basic Policy and Operational System to Promote Sustainability>

In addition to promoting Corporate Philosophy further, the Company has in place “Basic Policy for Sustainability” to contribute to realizing a sustainable society.

○Basic Policy for Sustainability

The Company will deal with various tasks relating to circumstances, society and community under “Ichiyoshi Credo”, thereby contributing to the development of, and improvement on, circumstances, society and community. Through such contribution, the Company seeks to grow continuously in the finance and securities industry, at the same time building a more solid business model and raising its corporate value.

<<Materiality> (Important tasks)>

The Company has defined material tasks to be tackled with. Such material tasks exist not only within the Company but also in the society as a whole. The Company makes it a rule to observe developments in the solution of such tasks and make periodical reevaluation of them.

○Vis-à-vis employees

- Furtherance of corporate culture to promote job satisfaction and employees' sense of engagement.
- Furtherance of personnel education and training to cope with changing circumstances.
- Realization of worker-friendly mood considering gender sensitiveness.
- Forming of personnel and wage system considering diverse types of working

○Vis-à-vis Customers

- Promotion of “Stock-Type Business Model” with stress on customers’ asset formation based on medium- to long-term diversified investments.
- Enhancement of research capability, investment capability and advice capability to cope with trading orders based on customers’ own judgment.
- Improvement on services and digitalization in order to contribute to customers’ convenience.

○Vis-à-vis Shareholders

- Enhancement and maintenance of highly effective and transparent governance.
- Effective use of capital and realization of shareholder return.
- Building of system to prevent any deed contrary to professional ethics and compliance.
- Promotion of risk control including from climate change.

○Vis-à-vis Society

- Furtherance of dealing with reduction of CO2.
- Furtherance of dealing with social contribution.
- Contribution to enhancing financial literacy.
- Developing and handling of products contributing to SDGs.

●Risk relating to climate change and effect on business activities and revenue made by revenue opportunity

In order to effect appropriate asset valuation and proper asset allocation in the management of

customers' accounts on a medium- to long-term basis, the Company needs a consistent and appropriate disclosure of information regarding climate change-related risks to investment target companies and their earnings. The lack of such disclosure would cause troubles to the management of customers' financial assets, such as the loss of stability of customers' asset management and the lowering of medium-to long-term investment performance. If that should happen, customers' trading opportunities with the Company might decrease, resulting in the lowering of the Company's earnings. Conversely, if investment target companies make consistent and appropriate disclosure of information, it will contribute to the stability of the Company's customers' asset management and to the raising of medium- to long-term performances of their investments. Such condition may help the Company increase its earnings.

Hence, Ichiyoshi Research Institute (IRI), which has long specialized in research on small-and medium-cap growth companies, has now adopted ESG achievement (including the handling of climate change) as one of its important criteria for the selection of research target companies. The result of IRI's research is applied to the management of the Company's customers' assets.

Ichiyoshi Asset Management (IAM), a subsidiary of the Company, also applies IRI's research result on ESG to its management of investment trust funds.

Furthermore, IAM manages an investment trust fund, "Ichiyoshi ESGs Small-and Medium-Cap Stock Fund," which has now an asset balance of about 20 billion yen.

Thus, the Company believes that customers' assets and the asset balance of IAM's publicly-offered investment trust funds are one of useful indicators of how climate change and its risk have affected the Company's business activities and earnings.

● Response to climate change based on TCFD proposal

Having formulated the "Basic Policy for Sustainability," the Company has defined material tasks to be tackled with (Materiality). Selecting out "Approach to CO2 Reduction" among others for the benefit of the society, the Company intends to make contribution as member of society.

Considering the importance of public disclosure of climate-related financial information, the Company has agreed with TCFD (Task Force on Climate-related Financial Disclosures) and is exerting to fulfill its information disclosure.

(For further information, please log on to the Company's website : <https://www.ichiyoshi.co.jp/esg>)

(1) Governance

The Company has in place "Sustainability Promotion Meeting" as a conference body to plan, enforce and improve how to promote sustainability enhancement. The Meeting is under the supervision of the Board of Directors and the chairman of the Meeting is the incumbent executive president, who will make periodical reports on the Meeting to the Board of Directors. The secretariat for the Meeting is "Sustainability Promotion Room" which acts as center of sustainability promotion of the Company.

(2) Strategy

With respect to risks arising to the Company arising from climate change include a risk brought

up by moving to low-carbon economy and a risk related to physical change brought up by climate change. With respect to opportunities, the Company has evaluated imaginable effects from the point of views of products/services and market. With factors taken into consideration, the Company believes that there will not be material effects on the Company’s business, but the Company will continue to periodically watch changes in circumstances.

(3) Risk management

Since the Company believes that risks relating to climate change will have wide-ranging effects on the Company’s business as financial-instruments dealer, the Company regards the related risks as major ones and will have the “Risk Management Committee” manage them. The proceedings at the Committee will be reported to “Internal Governance Committee,” which will convey the result of deliberations to the Board of Directors.

(4) Indices and objects

In order to enhance conformity with GHG Protocol (international standard) concerning supply-chain emission, the Environmental Agency and the Ministry of Economy, Trade and Industry have formulated guidelines. In accordance with the guidelines, the Company has its GHG emission (Scope 1, 2). Based on the emission, the Company evaluates risks and opportunities relating to climate change and measures a progress on its response.

	<GHG emission (unit: t-CO2)>		
	Scope 1	Scope 2	Total
Fiscal 2022	505.15	933.72	1,438.87

For human capital, please refer to [Supplementary Principle 2-4-1]

In the course of its business, the Company is actively involved in the contribution to the lowering of environmental burden and realization of non-carbon society. Specifically, the company cars have been switched to ecologically-friendly cars, is severely controlling the temperature of air conditioners, using recycled paper and vegetable oil ink and promoting online meetings in and out of the Company and online seminars for customers to reduce CO2 emissions in connection with the movement of people. The Company is also changing various procedures with customers into online-based ones, resulting in less use of paper.

In addition to these activities, in areas where the Company cannot make contributions through its mainline financial services, the Company has made donations in line with the spirit of “Ichiyoshi Credo” for more than 20 years, one of such donations being “Ichiyoshi Mangrove Project” which copes with climate change.

[Supplementary Principle 4-1-1]

The power and role of the Board of Directors are stipulated in the Regulations of the Board of Directors (the “Board”). The basic function of the Board is “to resolve on legally-required matters, decide or approve

basic management policies and material matters on business executions and supervise business executions by directors and executive officers”.

Executive officers are appointed by resolution of the Board of Directors. The scope and contents of their business executions are stipulated by the Regulations of Executive Officers. Their term of office is 1 year. Executive Chairman, Executive President, Executive Deputy President, Senior Managing Executive Officer, Managing Executive Officer and Representative Executive Officer are appointed by resolution of the Board of Directors.

[Principle 4-8—Effective use of independent and outside directors] [Supplementary Principle 4-8-1]

[Supplementary Principle 4-8-2]

In order for independent and outside directors to perform their role and responsibility for the sustainable growth of the Company and the medium- to long-term enhancement of its corporate value, the Company has in place the “Meeting of Directors without Executive Power” and the “Meeting of Independent and Outside Directors.” The Meeting of Independent and Outside Directors has its head independent and outside director who officiates for liaison with the management team and for relationship enhancement among independent and outside directors.

[Principle 4-9 --- Judging criteria and quality for independent outside directors]

Outside directors of the Company are required to meet with conditions set out in the Company Law, to be independent as defined under the Regulations of the Tokyo Stock Exchange and satisfy the selection criterion for outside directors laid out by the Nominating Committee of the Company.

The outside directors of the Company provide the Company with fair and objective views and opinions and their respective experience and expertise, as detailed in the attached skill matrix, are reflected on the Company’s management.

[Supplementary Principle 4-11-1]

The Board of Directors of the Company is basically constituted to contain both inside and outside directors equipped with experience and expertise, as detailed in the attached skill matrix, thus maintaining the balanced diversity in terms of knowledge, experience and capability. The number of directors is limited to 10.

[Supplementary Principle 4-11-2]

The Company’s notice of annual shareholders’ meeting and annual securities report disclose whether the directors have the position of director on another listed companies or not.

[Supplementary Principle 4-11-3]

Since before the installation of the corporate governance code, the Company has had in place the company-with-three-committees system separating decision-making and execution with outside directors consulting fully with executing officers. Currently, as before, free and open discussions are being made at

meetings of the Board of Directors, with executing officers listening to comments by outside directors. When there arise matters requiring more data in the eyes of outside directors, such matters will be treated as items of continued deliberation, thereby ensuring transparency.

In order to further ensure the effectiveness of the Board of Directors, the following measures are being taken:

(1) Meeting of Directors without Executive Power/Meeting of Independent and Outside Directors

The meeting of directors without executive power is held with the Chairman of the Board of Directors acting as chairman for the purpose of supervising the Company's management from the independent and objective points of view. At the meeting, exchanges of views on securities industry, economy, social matters, beside the management of the Company are made freely and openly, thereby ensuring the effectiveness of the Board of Directors. Such meetings were held 14 times for the fiscal year ended March 31, 2023.

The meetings of independent and outside directors were held twice for the fiscal year ended March 31, 2023 for the purpose of exchanging and sharing views widely on the Company's business as a whole.

(2) Conducting of questionnaire on effectiveness of Board of Directors

Since 2017, questionnaire to all directors has been conducted for the purpose of surveying the performance and effectiveness of the Board of Directors. 32 items in the questionnaire are intended to test whether the Board of Directors is properly functioning. The results are used to improve on problem areas and strengthen the Company's advantages, thereby continuously ensuring the effectiveness of the Board of Directors.

With respect to the effectiveness of the Board of Directors as a whole for the fiscal year ended March 31, 2023, the Company believes that the running of the Board of Directors was made in a proper manner, that deliberations at the Board of Directors' meetings were actively made by taking advantage of each director's knowledge and experience and that the Board of Directors' ability to supervise business executions functioned effectively.

For reference, Japan Corporate Governance Research Institute (JCGR) has been conducting research on corporate governance status with stress on the effectiveness of the board of directors through its questionnaires sent to companies listed on the Prime Section of the Tokyo Stock Exchange. JCGR revised the contents of the questionnaire with the substantial reallocation of score points among items in 2019. Based on the revised format, Ichiyoshi was ranked 8th in the JCG Index in 2022 (7th in 2021).

[Supplementary Principle 4-14-2]

The Company believes that directors need training to keep up quality and ability as director, and along this belief, provides the following courses to inside directors: occasional lectures by in-house advisers versed in financial and capital markets, bureaucracy, political circles and journalism; participations in meetings of the "Experts Committee" whose consists of experts in various fields; attendances at seminars outside the Company; and legal training by the Company's legal counsel.

[Principle 5-1 --- Policy for constructive dialogue with shareholders]

● System for shareholders' inquiry:

The officer in charge of the Public Relations Office and/or the officer in charge of the Administrative Department are primary officers in charge of shareholders' inquiry. With respect to individual shareholder's inquiry by telephone or his/her request for individual meeting, the Public Relations Office and/or the Administrative Department act as service window for their inquiry or request. With respect to inquiry from institutional investors investing on their stewardship guidelines or their request relating to an IR meeting, the Public Relations Office acts as service window, and the officer in charge of the Public Relations Office and/or the President, as occasion warrants, may respond.

● Direct IR activities vis-à-vis individual shareholders:

At the shareholders' meeting, the President gives an IR-colored report on business activities, spending enough time on the question-and-answer session. In addition, the Company participates in an information meeting designed for individual investors and issues a semi-annual business report (describing business results and topics) to shareholders.

● Direct IR activities vis-à-vis institutional investors:

The Company organizes a semi-annual "Business-Result Reporting Meeting for Institutional Investors". As occasion arises, an officer in charge of finance visits and talks with institutional investors. With respect to overseas institutional investors, in principle, the Company organizes once a year an overseas IR program where the President faces overseas institutional investors and exchange views with them. In addition, the Company occasionally holds telephone conferences with overseas institutional investors, receives institutional investors' visits from inside and outside Japan. The Company annually publishes "Investors Guide" both in Japanese and English for distribution to institutional investors inside and outside Japan and for use in IR meetings.

As regards information disclosure, the Company has in place "Information Disclosure Meeting" which pre-checks and approves press releases and other timely disclosures in accordance with its information disclosure rules. The internal information disclosure rules are designed to enhance the timeliness and transparency of disclosure.

● Setting up Information Disclosure Meeting:

For the purpose of handling the above-mentioned information, the Company put in place the Information Disclosure Meeting. Ahead of making a press release or timely disclosure, information included in the press release or timely disclosure is reviewed by the Information Disclosure Meeting for approval. Timeliness and transparency are secured under the rules of the Information Disclosure Meeting.

[Principle 5-2]

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

In order to meet expectations of all stakeholders, including shareholders, of Ichiyoshi Securities Co., Ltd. (the "Company"), the Company has worked on business management by maintaining a full awareness not only of the level of revenue and profit on the profit &

loss statement but also of the cost of capital and return on capital on the balance sheet so that it will lead to an increase in corporate value on a medium- to long-term basis and realize a sustainable growth.

PBR (price book-value ratio) is one of corporate-value barometers based on the balance sheet and a product of ROE (return on equity) and PER (price earnings ratio), and the Company regards the raising of ROE, or rather the raising of return on capital by maintaining the high level of equity ratio, as the most important for the improvement of PBR.

Specifically, the Company will aim to complete its management target of customer-focused “Stock-Type Business Model,” and make efforts to expand customers’ assets in custody chiefly based on investment trust funds and wrap-account assets, both the sources of stable revenue, so that it will achieve return on capital surpassing the cost of capital and sustainable growth.

Since an increase in customers’ assets in custody and a rise in revenue are proved to have a correlation with each other, the Company believes that the increase in customers’ assets in custody itself will lead to the growth of revenue and further that the accompanying increase in stable income, such as trailer fees, fund management fees and wrap-account fees, will result in a rise in the interest coverage ratio (the ratio at which the stable income covers selling, general and administrative expenses), resulting in the raising of PBR.

Therefore, the Company regards the cost coverage ratio (the ratio at which the sum of trailer fees, fund management fees and wrap-account fees covers the selling, general and administrative expenses) as an index to measure the progress in “Customers’ Assets in Custody” and the completion of “Stock-Type Business Model,” and has adopted “the cost coverage ratio” as the most important management target. The cost coverage ratio is also included in the current Medium-Term Management Plan “3-D” together with “Customers’ Assets in Custody” and “ROE” as targets.

The Medium-Term Management Plan “3-D” targets “Customers’ Assets in Custody of 3 trillion yen,” “Cost Coverage Ratio of approximately 70%” and “ROE of 10%” and foresees PBR of approximately 1.2 times at the end of the Plan (as compared to 0.7times as of March 31, 2023).

Numerical targets contained in “3-D”

Items	Targeted figures(as at March 31, 2026)
Customers’ assets in custody	3 trillion yen
Cost coverage ratio*	70%
ROE (return on equity)	10%

*Cost coverage ratio is the ratio at which the sum of trailer fees, fund management fees and wrap-account fees covers the selling, general and

administrative expenses.

(For further information, please log on to the Company's website :

<https://www.ichiyoshi.co.jp/about/plan>)

(For English publication: <https://www.ichiyoshi.co.jp/english/plan>)

2. Capital Structure

Shareholding ratio by foreign shareholders	Less than 10%
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<Major shareholders> (as of March 31, 2023)

Name of shareholder	No. of shares held (in thousands)	% of total

The Master Trust Bank of Japan, Ltd. (Trust Account)	4,502	13.33
Custody Bank of Japan, Ltd. (Trust Account)	1,214	3.59
Nomura Research Institute, Inc.	879	2.60
Ichiyoshi Securities Employee Shareownership Association	806	2.38
SSBTC CLIENT OMNIBUS ACCOUNT	677	2.00
Katsuhiko Yamanaka	400	1.18
State Street Bank and Trust Company 505044	390	1.15
JAFCO Group Co., Ltd.	300	0.88
JP Morgan Chase Bank 385781	266	0.79
HEIWA REAL ESTATE CO., LTD.	245	0.72

Controlling shareholder	-----
Parent company	None

● Supplementary Explanation:

Major shareholders' holdings are as of March 31, 2023.

- The Company had 6,668,000 treasury shares as of March 31, 2023.
- Although Mitsui Sumitomo Trust Asset Management Co. Ltd. and its joint shareholder, Nikko Asset Management Co. Ltd., are mentioned as holding such number of shares as written below in the Report on Large Shareholding dated July 6, 2022 (for which the mandatory reporting date should have been June 30, 2022), the Company could not confirm such shareholding as of March 31, 2023. Hence, the names of these two shareholders were not included in the above-mentioned list of large shareholders.

The following are the contents of the change.

	No. of shares held	Rate of ownership
Mitsui Sumitomo Trust Asset Management Co. Ltd.	1,220,000 shares	3.02%
Nikko Asset Management Co. Ltd.	508,000 shares	1.26%

3. Although Wellington Management Company LLP and its joint shareholder, Wellington Management International Ltd., are mentioned as holding such number of shares as written below in the Report on Large Shareholding dated March 7, 2023 (for which the mandatory reporting date should have been February 28, 2023), the Company could not confirm such shareholding as of March 31, 2023. Hence, the names of these two shareholders were not included in the above-mentioned list of large shareholders.

The following are the contents of the change.

	No. of shares held	Rate of ownership
Wellington Management Company LLP	909,000 shares	2.25%
Wellington Management International Ltd.	803,000 shares	1.99%

3. Corporate Attributes

Listed Stock Market and Market Section	The Prime Market at Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Securities and Commodities Futures
Number of Employees (consolidated) as of the End of the Last Fiscal Year	Between 500 and 1000
Revenue (consolidated) for the Last Fiscal Year	Between 10 billion yen and 100 billion yen
Number of Consolidated subsidiaries as of the End of the Last Fiscal Year	Less than 10

4. Guidelines Regarding Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Conditions with Potentially Significant Effects on Corporate Governance

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

1. Organizational Structure and Operation

Organizational structure	Company with three committees (Nominating, Audit and Remuneration)
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<Directors>

Maximum number of seats on the Board of Directors pursuant to the Company's Articles of Incorporation	10
Term of office of directors pursuant to the Articles of Incorporation	1 year
Chairman of the meetings of the Board of Directors	Chairman of the Board of Directors (except when concurrently serving as president)
Number of directors currently in office	8

<Outside Directors>

Number of outside directors currently in office	5
Number of outside directors qualifying as independent	5

(1) Outside directors' Relationship with the Company:

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Akira Gokita	Attorney at law												○
Kenro Kakeya	External												○
Yoko Mashimo	Other								△				
Eiji Hirano	Other								△				
Yuko Numata	Scholar								○				

* Choices concerning the relationship with the Company.

If the director currently falls or has recently fallen under any item from item a to item k, ○ is printed under the applicable item

If the director fell under any item in the past, △ is printed under the applicable item.

* If any close relative of the director falls under any item currently or as of a recent date, ● is printed under the applicable item. If any close relative of the director fell under any item in the past, ▲ is printed under the applicable item.

a= An Executive of the Company or its subsidiaries

b=An Executive or non-executive director of the parent company of the Company

c=An Executive of a brother company of the Company.

d=A person whose major client or supplier is the Company or an executive thereof.

e=A major client or supplier of the Company or an executive thereof.

f=A consultant, accountant or attorney at law who receives a large amount of monetary consideration or other assets from the Company other than remuneration as director or officer.

g=A major shareholder the Company (if such major shareholder is a legal entity, an executive of such legal entity).

h=An executive of a client or supplier of the Company (who does not fall under items d, e and f above) (applicable to the director himself/herself only).

i =An executive of a company which employs the same outside director as the Company (applicable to the director himself/herself only).

j=An executive of an institution that receives a donation from the Company (Applicable to the director himself/herself only).

k=Others.

(2)Outside directors' relationship with the Company:

Name	Committees*			Independent	Supplementary description	Reasons for appointment
	(a)	(b)	(c)			
Akira Gokita	○		○	○	Attorney at law with Gokita & Miura Law Office and outside director of Sanwa Holdings Corporation	The Nominating Committee believes that he is qualified for outside directorship selection criteria and that he is equipped with expertise and profound knowledge and experience as former public prosecutor and attorney-at-law. Therefore, the Nominating Committee has judged that he can contribute to the management of the Company by providing his deep insight and advice based on such experience and enhance the Company' governance capability. He or his close relative is neither an executive of the Company's affiliated companies nor an executive of a major client or supplier of the Company, nor the Company's major shareholder or executive of it, and does not receive any monetary consideration other than remuneration as the Company's director. He is therefore defined as independent director having no conflict of interest with shareholders. He is designated as Head Outside Independent Director.
Kenro Kakeya		○		○	Chairman of the	The Nominating Committee believes

Name	Committees*			Independent	Supplementary description	Reasons for appointment
	(a)	(b)	(c)			
					Board of Directors of Kakeya Komuten Co. , Ltd.	that he is qualified for outside directorship selection criteria and that he is equipped with profound knowledge and experience as former Nippon Keizai Shimbun (Japan Economic Journal) reporter and current business owner. Therefore, the Nominating Committee has judged that he can contribute to the management of the Company by providing his deep insight and advice based on such experience and enhance the Company' governance capability. He or his close relative is neither an executive of the Company's affiliated companies nor an executive of a major client or supplier of the Company, nor the Company's major shareholder or executive of it, and does not receive any monetary consideration other than remuneration as the Company's director. He is therefore defined as independent director having no conflict of interest with shareholders.
Yoko Mashimo				○	She is the head of Specified Labor & Social Security Personnel Management Office. She has been a consultant for the Company as labor and social security	The Nominating Committee believes that she is qualified for outside directorship selection criteria and that she is equipped with expertise and profound knowledge and experience as labor and social security attorney. Therefore, the Nominating Committee has judged that she can contribute to the management of the Company by

Name	Committees*			Independent	Supplementary description	Reasons for appointment
	(a)	(b)	(c)			
					<p>attorney since 2006. Effective as of May 2021, she retired from the consultancy.</p>	<p>providing her deep insight and experience from the female point of view and enhance the Company's governance capability.</p> <p>She has been a consultant for the Company as labor and social security attorney. Effective as of May 2021, she retired from the consultancy. Since her remuneration as such consultant during the period was about 1.4 million yen per year, the Nominating Committee has judged that her independency as outside director is maintained.</p> <p>She or her close relative is neither an executive of the Company's affiliated companies nor an executive of a major client or supplier of the Company, nor the Company's major shareholder or executive of it, and does not receive any monetary consideration other than remuneration as the Company's director. She is therefore defined as independent director having no conflict of interest with shareholders.</p>
Eiji Hirano	○		○	○	<p>Currently Deputy Chairman at MetLife Insurance Co. Ltd. and director of Riken Co. Ltd. and director NTT DATA Co. Ltd.</p> <p>He was advisor to the Company for 3</p>	<p>The Nominating Committee believes that he is qualified for outside directorship selection criteria and that he is equipped with expertise and profound knowledge and experience as former director at the Bank of Japan. Therefore, the Nominating Committee has judged that he can contribute to the management of the Company by</p>

Name	Committees*			Independent	Supplementary description	Reasons for appointment
	(a)	(b)	(c)			
					years from October 2014 to September 2017.	providing his deep insight and advice based on such experience and enhance the Company's governance capability. He was advisor to the Company for 3 years from October 2014 to September 2017. His annual remuneration from the Company was approximately 3.6 million yen. He or his close relative is neither an executive of the Company's affiliated companies nor an executive of a major client or supplier of the Company, nor the Company's major shareholder or executive of it, and does not receive any monetary consideration other than remuneration as the Company's director. He is therefore defined as independent director having no conflict of interest with shareholders.
Yuko Numata		○	○	○	Full-time Professor, Global Business Research Course at Professional Graduate School of Meiji University. She was a consultant for the Company since 2013. Effective as of March 2022, she retired from the consultancy.	The Nominating Committee believes that she is qualified for outsider directorship selection criteria and that she is equipped with expertise and profound knowledge and experience as researcher and scholar of management strategy of U.S. and Japanese financial institutions. Therefore, the Nominating Committee has judged that she can contribute to the management of the Company by providing her deep insight and experience from the female point of view and enhance the Company's governance capability. She has been a consultant for the

Name	Committees*			Independent	Supplementary description	Reasons for appointment
	(a)	(b)	(c)			
						Company since 2013. Effective as of March 2022, she retired from the consultancy. Since her remuneration as such consultant during the period was about 3.6 million yen per year, the Nominating Committee has judged that her independency as outside director is maintained. She or her close relative is neither an executive of the Company's affiliated companies nor an executive of a major client or supplier of the Company, nor the Company's major shareholder or executive of it, and does not receive any monetary consideration other than remuneration as the Company's director. She is therefore defined as independent director having no conflict of interest with shareholders.

* (a) = Nominating Committee

(b) = Remuneration Committee

(c) = Audit Committee

<Committees>

Composition of each committee and attributes of committee chairman:

	Number of Members	Number of full-time Members	Number of inside directors	Number of outside directors	Attributes of chairman
Nominating Committee	3	1	1	2	Outside director
Remuneration Committee	3	1	1	2	Outside director
Audit Committee	3	0	0	3	Outside director

<Executive Officers>

Number of Executive Officers	2
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Concurrent positions:

Name	Authority to Represent the Company	Concurrently serving as director	Member of Nominating Committee	Member of Remuneration Committee	Concurrent status as employee
Hirofumi Tamada	Yes	Yes	No	No	No
Shoichi Yamazaki	No	Yes	No	No	No

<Audit System>

Appointment of directors and/or employees to support the Audit Committee	Appointed
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Matters relating to the independence of directors and/or employees from executive officers:

The Company has in place the Office of Audit Committee to support the Audit Committee. The Office of the Audit Committee is staffed with employees who provide support the members of the Audit Committee in the performance of their duties and administrative tasks of the Audit Committee. In order to secure the independence of such employees from executive officers, their transfer, and valuation and disciplinary actions against them shall require approval by the Audit Committee or any member of the Audit Committee so assigned.

Cooperation among the Audit Committee, accountants and the Internal Audit Division:

<Cooperation between the Audit Committee and accountants>

The Audit Committee receives an annual accounting plan from the accountants and hears accounting work schedule and material auditing items from them. Further, the Audit Committee regularly hears results of accounting work and the status of the internal control system from accountants and exchange views and opinions with accountants.

<Cooperation between the Audit Committee and the Internal Audit Division>

The Audit Committee hears policies and plan for internal audit and inspection from the Internal Audit Department and the Inspection Department (the both department hereinafter referred to as the "Internal Audit Division"). Further, the Audit Committee at its meeting held once or more a month in principle receives a report on internal audit result and inspection and hears a detailed description thereon, and, as need be, holds an ad-hoc meeting with the Internal Audit Division, thereby sharing concurrent information and ensuring the effectiveness and efficiency of the auditing function.

<Independent Directors>

Number of independent directors	5
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Matters relating to independent directors:

Outside directors who are qualified as independent are all appointed as independent directors of the Company.

<Incentives>

Incentive policies for Directors and/or executive officers	Business result-linked remuneration, stock options
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Supplementary explanation:

Remuneration Linked to Business Result shall be individually determined by the Remuneration Committee through interview and hearing with each of directors and executive on his contribution to business result and degree of performance of role/duty while the aggregate amount of remunerations for directors and executive officers are fixed based on consolidated current income and consolidated net income.

Stock-related Remuneration shall be determined individually by taking account of potential effect of payment of this remuneration on management.

Recipients of Stock options	Inside directors, executive officers and employees of the Company, directors and employees of subsidiaries and others
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Supplementary explanation:

Stock options are offered to enhance the recipients' incentives for higher business result and secure capable personnel.

<Remuneration for directors and executive officers>

Disclosure of individual director's remuneration	Not disclosed
Disclosure of individual executive officer's remuneration	Not disclosed

Supplementary information:

For the fiscal year ended March 31, 2023, the Company paid the total remunerations of 271 million yen to 11 Directors (of which the total remuneration of 89 million was paid to 7 outside directors).

There was no one who received remuneration of 100 million yen or more on a consolidated basis. Thus, there is no disclosure of individual remuneration.

The number of outside directors includes two who retired during the fiscal year ended March 31, 2023.

The aggregate amount of remunerations for directors and executive officers are disclosed in the Company's securities report and business result report. (Business result is also described on page 53 of the Notice of 81st Annual Shareholders' Meeting on the Company's website : <https://www.ichiyoshi.co.jp/stockholder/presentation>).

Policy on determining remuneration amounts and calculation methods	Established
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Disclosure of policy on determining remuneration amounts and calculation methods:

(i) Basic policy:

To lift the desire and will of directors and executive officers for company management and derive their utmost management capability, so that they will contribute to the achievement of desired business result.

(ii) Contents of remunerations:

Remunerations of directors and executive officers of the Company shall consist of "Monthly Basic Remuneration," "Remuneration Linked to Business Result," "Stock-related Remuneration" and "Non-monetary Remuneration" (such as housing allowance for persons living independently of their families for business reasons).

(iii) Policy for determining each of the above-mentioned remunerations by the Remuneration Committee:

- (a) Monthly Basic Remuneration shall be individually determined by the Remuneration Committee through interview and hearing with each of directors and executive officers on his degree of execution of management strategies, degree of management contribution and performance result while the basic standard remuneration of each director and executive officer is fixed based on the contents of role/charge of his position as director or executive officer.
- (b) Remuneration Linked to Business Result shall be individually determined by the Remuneration Committee through interview and hearing with each of directors and executive on his contribution to business result and degree of performance of role/duty while the aggregate amount of remunerations for directors and executive officers are fixed based on consolidated current income and consolidated net income.
- (c) Stock-related Remuneration shall be determined individually by taking account of potential effect of payment of this remuneration on management.
- (d) Non-monetary Remuneration, such as for rent allowance for persons living apart from his family, shall be provided appropriately as required by business activities of each director and executive officer in the light of social norms.

<Support System for Outside Directors>

Notice and report to outside directors are made based in the following manner:

Notice of, and report on, the respective meetings of the Board of Directors, the Remuneration Committee and the Nominating Committee are undertaken by the Secretariat Department.

Notice of, and report on, the meeting of the Audit Committee is undertaken by the Office of Audit Committee.

Outside directors are systematically entitled to attend various relevant meetings. In the event that any outside director is unable to attend the relevant meeting, the minutes of the meeting is sent to him/her from the related department or office for information sharing.

<Status of persons who have retired from a position such as Representative Director and President>

Name and etc. of Counselors, Advisors and etc., who have formerly served as Representative Director and President, etc., of the Company : None.

Total number of Counselors, Advisors and etc., who have formerly served as Representative Director and President, etc., of the Company : None.

Other Matters : None.

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

<Outline of corporate governance system>

To raise the efficiency of management and strengthen governance functions, the Company has in place a company with three committees system which clearly separates business execution and management supervision functions.

Business execution is performed by executive officers elected by the directors. The Company also has in place the

system of the Operating Officers who execute business operations under the directions of the Executive Officers , thereby enabling prompt business decisions by a limited number of executive officers and enhancing the capability of business executions.

The supervising function of management is performed by the Board of Directors of which outside directors account for the half.

The Company has in place the Internal Control Committee to act as a centralized control unit for the Company and its subsidiaries.

a. Board of Directors:

The Board of Directors currently consists of 3 inside directors and 5 outside directors. The Board of Directors as a decision-making organ resolves on items stipulated by laws and the Articles of Incorporation, decides or approves basic management policies and important matters concerning management and supervise the performance of duties by directors and executive officers. The meeting of the Board of Directors is held once a month in principle.

b. The Committee of Executive Officers:

The Committee of Executive Officers consists of 2 executive officers. The Committee of Executive Officers resolves on matters entrusted by the Board of Directors and coordinates activities among them for their smooth execution. The meeting of the Committee of Executive Officers is held twice a month in principle.

<Three statutory committees>

The Company has in place the company with three committees system under which the majority of members of each of the three statutory committees are outside directors.

a. The Nominating Committee

The Nominating Committee consists of the Chairman of the Board of Directors and two outside directors, all appointed by the Board of Directors. The Nominating Committee decides on the nominees for directors or directors to be dismissed and submit them to the shareholders' meeting for approval in accordance with the Rules of the Nominating Committee. The meeting of the Nominating Committee is held twice a year in principle.

b. The Audit Committee

The Audit Committee consists of three outside directors appointed by the Board of Directors. The Audit Committee audits the performance of duties by the directors and the executive officers, prepares an audit report and a draft resolution to appoint or dismiss accountants to be submitted to the shareholders' meeting for approval. In the event of rejection of reappointment of accountants, the Audit Committee describes the reason therefor. The Audit Committee audits the legality and appropriateness of decision-making by directors and executive officers and the status of development of the Internal Control System in accordance with the auditing policy and the role-division set by the Audit Committee. The meeting of the Audit Committee is held once or more a month in principle.

c. The Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board of Directors and two outside directors. The Remuneration Committee reviews and decides on the individual remunerations of directors and executive

officers in accordance with the Rules of the Remuneration Committee. The meeting of the Remuneration Committee is held twice or more a year in principle.

<Other committees>

a. The Management Committee

The Management Committee consists of such directors and executive officers as the Chairman of the Board of Directors nominates. The Management Committee is an advisory body to the Board of Directors and, as such, reviews important and/or urgent matters for the smooth management of business and reports the result of such reviews to the Board of Directors.

b. The Internal Control Committee

The Internal Control Committee consists of 3 inside directors. The Internal Control Committee, aiming at assuring centralized internal control system over the Company and its subsidiaries, sets the internal control policy and reviews individual important matters concerning internal control. The meeting of the Internal Control Committee is held once a month in principle.

c. The Meeting of Non-executive Directors

The meeting consists of Chairman of the Board of Directors and 5 other outside Directors who exchange views and information on the Ichiyoshi group, the securities industry and economic system and conditions.

d. The Meeting of Independent Outside Directors

Independent and outside directors actively contribute to discussions at meetings of the Board of Directors by exchanging and sharing their views and insights from independent standpoints, thereby enhancing the effectiveness of the Board of Directors. The Meeting of Independent and Outside Directors has its head independent and outside Directors.

e. The Committee of Outside Experts

The Committee of Outside Experts consists of 6 members, appointed by the Board of Directors, who have outstanding personality and insight and are independent of the Company. The Committee of Outside Experts deliberates on important management matters, as requested by the Board of Directors, independently, fairly and from the neutral standpoint, and provides the Board of Directors with their advice and recommendation based on such deliberation. The meeting of the Committee of Outside Experts is held once every 3 months in principle.

<Other meetings>

The Company has in place “Sustainability Promotion Meeting” as a conference body to plan, enforce, check and improve how to promote sustainability enhancement, and the Risk Management Meeting (to consult on and cope with company-wide risk management), the Unified Compliance Meeting (to advise and follow up on review items at individual compliance meetings), and the Individual Compliance Meeting (to seek out risk items at individual sections for understanding and review), all as sub-bodies to the Internal Control Committee. In addition, the Company has in place the Information Disclosure Meeting (to make proper, comprehensive and timely disclosure of any material event as it ever happens), and the IT Meeting (to review matters on IT investment and management and information security), both as decision-making organs of the Committee of Executive Officers.

<The function and role of outside directors for corporate governance, and coordination and cooperation among Internal Audit, audit by the Audit Committee and Accountants' audit and their relationship with the Internal Control Division>

The outside directors of the Company are charged with the responsibility of supervising the management of the Company and reflecting their expertise and experience on the management of the Company as a whole from the independent and neutral standpoint with no conflict of interests with shareholders.

The Company has in place a company with three committees system under which each of the three statutory committees consists of three members. The two out of three members in each committee are outside directors, forming a majority.

The outside directors receives reports on each business execution division at meetings of the Board of Directors and the Management Committee and exchange views with the Internal Audit division, the Internal Control Division and accountants, thereby enhancing their management supervision function.

<Status of accountants' audit>

The certified public accountants who performed the audit of the financial statements of the Company for the fiscal year ended March 31, 2023, were Mr. Hiroshi Fukumura and Mr. Toshihiro Morishige. They belong to EY ShinNihon LLC. The number of certified public accountants who worked with them in the audit was 4, and in addition, there were 12 assistants for them.

3. Reasons for Adoption of Current Corporate Governance System

The Company believes that the company with three committees system is the most suitable system which further enhances the transparency and flexibility of management decision-making, the promptitude and effectiveness of business execution and the surveillance over business execution, and decided to adopt the company with three committees system in June 2003.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Efforts for Active Meetings of Shareholders and Smooth Exercise of Voting Rights

Items	Supplementary explanation
Early notification of shareholders' meeting	<p>Considering the awareness among shareholders of the new system and the convenience of the new system from the shareholders' standpoint, the Company has decided to send Notice of 81st Annual Shareholders' Meeting and Materials for Shareholders' Meeting by mail as well as on the Company' website and the Company mailed its notices of shareholders' meeting (held in June 2023) 25 days prior to the meeting.</p> <p>The Company publishes the notice of shareholders' Meeting on its websit (held in June 2023) at least one month prior to the meeting.</p>

Scheduling the date of the shareholders' meeting to avoid peak days	The Company started to hold the shareholders' meeting on Saturday beginning with the shareholders' meeting in 2001.
Exercise of voting rights by electronic means	The Company has introduced the voting method by way of Internet for the benefit of shareholders unable to attend the shareholders' meeting in person.
Participation in electronic voting platform and other efforts to improve environment for exercising voting rights by institutional investors.	Effective as from the shareholders' meeting held in June 2008, institutional investors have become able to use the electronic voting platform for institutional investors operated by ICJ, Inc.
Providing the notice of shareholders' meeting in English.	The Company prepares the notice of shareholders' meeting in English and makes it public on its website.
Others	To provide shareholders with information as promptly as possible, the Company publishes the notice of shareholders' Meeting both in Japanese and English on its website at least one month prior to the meeting. At the shareholders' meeting, the Company clearly explain to shareholders about business result and future plan. An annual calendar is being mailed to every shareholder holding a voting unit of 100 shares or more as a complimentary gift.

2. IR Activities

Items	Supplementary explanation	Presentation by the corporate representative
Preparation and publication of Disclosure policy	The Company believes that it is one of the management's important tasks to make a timely and accurate disclosure of the status of the Company to all stakeholders. Such disclosure is made pursuant to laws and regulations, including the related provisions in the Financial Instruments and Exchange Law, and further in accordance with the Credo of the Company.	
Regular briefings for individual investors	Briefings for individual investors are not regularly organized. However, the Company participates in "Information Meetings for Retail Investors", where the Company has the opportunity to talk to retail investors about management policy, financial condition, dividend policy and capital policy.	Yes
Regular briefings for analysts and institutional investors	The Company started, effective as from fiscal year ended March 31, 2000, to hold briefings for analysts	Yes

	<p>and institutional investors twice a year where the Company talks about its management policy, financial condition, dividend policy and capital policy.</p> <p>As for such briefing for 2020 and thereafter, the Company has been taking flexible policies from the view point of the prevention of the Covid-19 infection.</p> <p>Such flexible policies include the distribution of relevant data.</p>	
Regular briefings for overseas investors	<p>The corporate representative of the Company visited institutional investors in England and the U.S. (from 2005 to 2009) and institutional investors in the U.S. (from 2013 to 2016). From 2017, the Representative visited institutional investors in England.</p> <p>With respect to 2020 and 2021, the Company suspended its briefing for overseas investors due to the spread of the Covid-19 pandemic. The Company resumed them in 2022 and visited the United States.</p> <p>The Company has an English section on its website where it discloses financial data and press releases. The Company also proactively receives foreign institutional investors' visits for business briefings and exchange of views and responds to overseas enquiries by phone.</p> <p>The Company intends to continue its IR activities overseas.</p>	Yes
Disclosure of IR materials on the Company's website	<p>Annual securities report, timely-disclosed materials, business-result briefing materials, shareholders' meeting materials, Investors' Guide and other IR-related materials are published in the Company's website. Timely-disclosed materials, business-result briefing materials, the notice of annual meeting of shareholders and Investors' Guide are also published in English.</p>	

Department (person responsible) for IR	Public Relations Office.	
Others	Simple-format business report and company guide pamphlet are also prepared.	

3. Measures to Ensure Due Respect for the Stakeholders' Standpoints

Items	Supplementary explanation
Setting internal rules to ensure due respect for the positions of stakeholders	The Company declared its commitment to respect all stakeholders by setting the Company's Credo (management philosophy, management objective and action guidelines) on March 24, 2006.
Environmental conservation initiatives and CSR activities	<p>The Company has made efforts to "Build a company like no others so far in Japan" based on "Ichiyoshi Credo" as a pillar of its corporate philosophy. The Credo records "the Company's Principles and Action Guidelines" which directors, officers and employees all hold as their common measure of value for the Company's raison-d'être in the community.</p> <p>(Vis-à-vis customers)</p> <ul style="list-style-type: none"> ○Asset-accumulation type business model for customer-first priority ○Unwavering belief in "Do not sell products simply because they are popular" ○Conviction in providing order-made products for each customer ○Approach to economic and social changes (management of assets in low-interest age) ○Approach to fin-tech age (hybridized sales activities and improvement on productivity) ○Approach to changes in banking and securities industries (business management on customer-first basis) ○Approach to 100-year life expectancy (asset management matching longer healthy longevity) ○Raising funds for Ichiyoshi's SDGs-focused small- and mid-cap fund <p>(Vis-à-vis employees)</p> <ul style="list-style-type: none"> ○Worker-friendly and worthwhile working place <ul style="list-style-type: none"> ● System of helping staff balance work and home life ● System of helping to reinstate

	<ul style="list-style-type: none"> ● Health management system ● FC system ● System of re-employment & re-contract ● Return-to-work system ● Holiday-accumulation system for sickness <p>○ Active participation by female workers and appointment of female managers</p> <p>(Vis-à-vis shareholders)</p> <p>○ Return to shareholders</p> <p>○ Corporate governance</p> <ul style="list-style-type: none"> ● Holding of shareholders' meeting on Saturday since 2001 <p>○ Company with three-committees system and executive officer system</p> <ul style="list-style-type: none"> ● Putting in place the company-with-three-committees system since June 2003 ● Putting in place the operating officer system in February 2009 <p>○ Compliance system</p> <ul style="list-style-type: none"> ● Compliance with laws and regulations and reporting of any infraction thereof ● Thoroughness on fair financial transactions ● Enforcement of 7 customer-focused standards including the conviction of "Not selling products simply because they are popular" since 2006 ● Prevention of bribery ● Prevention of money-laundering <p>○ Risk management</p> <ul style="list-style-type: none"> ● Improvement and strengthening of risk management system ● Securing of financial health and transparency ● Coping with environmental and social risks <p>(Vis-à-vis society)</p> <p>○ Mangrove project</p> <ul style="list-style-type: none"> ● planted 455,000 mangroves since 2009 <p>○ Training of guide dog project</p> <ul style="list-style-type: none"> ● 7 dogs have come into service since 2005 <p>○ Pediatric medicine project</p> <ul style="list-style-type: none"> ● Provided approximately 1,017,000 pediatric vaccines since 2009
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	<ul style="list-style-type: none"> ○ School building construction project <ul style="list-style-type: none"> ● Built 12 school houses in 8 Asian nations since 1996 ○ Environmental conservation (eco-car, recycled paper, air-conditioner) ○ Head office rooftop vegetable garden projects <p>(For further information, please log on to the Company's website : https://www.ichiyoshi.co.jp/esg/relation)</p>																		
Development of policies on information disclosure to stakeholders	The Company developed its disclosure policy on February 1, 2009, to set its basic policy on information disclosure.																		
Others	<p>With respect to female participation, the Company has in place proactive measures to help women employees work actively and be promoted to managerial levels. To be specific, the Company aims to raise the ratio of female managers by reducing the difference in service period between men and women and by other means conducive to increasing the number of female managers.</p> <p>As of April 1, 2023, the Company had 43 female workers in managerial positions (including 8 branch managers).</p> <p>(Percentage at which female workers account for managerial positions)</p> <table style="margin-left: 40px;"> <tr><td>As of the end of March 2015:</td><td>5.8%</td></tr> <tr><td>As of the end of March 2016:</td><td>8.5%</td></tr> <tr><td>As of the end of March 2017:</td><td>8.7%</td></tr> <tr><td>As of the end of March 2018:</td><td>9.4%</td></tr> <tr><td>As of the end of March 2019:</td><td>9.8%</td></tr> <tr><td>As of the end of March 2020:</td><td>11.6%</td></tr> <tr><td>As of the end of March 2021:</td><td>15.3%</td></tr> <tr><td>As of the end of March 2022:</td><td>14.2%</td></tr> <tr><td>As of the end of March 2023:</td><td>16.1%</td></tr> </table> <p>As part of assistance for female workers, the Company has in place several plans, including maternity leave and short-working time, so that female workers can juggle the obligations of job and home-making and stay on the job longer.</p> <p>Further as part of promoting job opportunity for women, the Company has in place the "Return to Work System" to re-employ female workers who have retired due to marriage, childbirth and child-bearing.</p>	As of the end of March 2015:	5.8%	As of the end of March 2016:	8.5%	As of the end of March 2017:	8.7%	As of the end of March 2018:	9.4%	As of the end of March 2019:	9.8%	As of the end of March 2020:	11.6%	As of the end of March 2021:	15.3%	As of the end of March 2022:	14.2%	As of the end of March 2023:	16.1%
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As of the end of March 2021:	15.3%																		
As of the end of March 2022:	14.2%																		
As of the end of March 2023:	16.1%																		

	<p>Setting up of “Customers’ Trust Enhancement Committee”</p> <p>Adopting its credo (management philosophy) of “Remaining a Company of Customers’ Trust and Choice” in 2006, the Company has put up the motto of “advising customers sincerely from their perspective” and “providing customers with high-quality products and services matching changes in market conditions and circumstances.”</p> <p>In order to assist in realization of the motto, the Company set up the “Customers’ Trust Enhancement Committee” in May 2017. The Company will review operational procedures from customers’ perspective and improve on ways of providing products and services, thereby further enhancing customers’ trust.</p> <p>“Worker-friendly and Rewarding Office”</p> <p>In order to realize the New Medium-Term Management Plan and build a “Name-Brand Boutique House” in the finance and securities industry, it is essential to further raise the motivation, productivity and performance of each employee. Hence, the creation of worker-friendly and worthwhile offices is in the Company’s focus.</p> <p>To be specific, the Company will review everything from operational procedures to personnel system to labor condition and put review-based results into practice as they arise. In the fiscal year ended March 31, 2017, the Company already enforced “leaving office on time every Friday,” “restriction on overtime,” “promotion of use of paid holiday,” “review of special leave system,” “introduction of support for accident and sickness emergency,” “expansion of personnel training system” and “renewal of facilities such as employee dormitories.”</p>
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IV. Matters Relating to Internal Control System

1. Basic View on Internal Control System and Status of the System

The Company has the basic view that it is most important to develop and operate such corporate structure as to effectively make its internal control system function effectively in such a way as to reward stakeholders, including shareholders, customers and trading partners, through its business activities. Based on this basic view, the Company has set its internal control system as below and has in place the organizational structure as attached hereto.

<The system required for execution of duty by the Audit Committee>

(a) Matters relating to Directors and Employees Assisting the Audit Committee in its Performance of Duty:

The Company shall put in place an Audit Committee Office which assists the Audit Committee in its

performance of duty. Employees shall be posted in the Audit Committee Office to assist the Audit Committee's work.

- (b) Matters relating to the Independence from Executive Officers of Directors and Employees Assisting the Audit Committee in its Performance of Duty:

To ensure their independence from executive officers, the removal, evaluation and disciplinary actions for employees working in the Audit Committee Office shall be subject to the approval of the Audit Committee or any member of the Audit Committee so authorized by the Audit Committee.

- (c) Matters relating to the ensuring of effectiveness of instructions to directors and employees assisting the Audit Committee in its performance of duty:

To ensure the effectiveness of instructions from the Audit Committee, employees at the Audit Committee Office shall be full-timers and shall assist in audit work under instructions from Audit Committee members in accordance with "Audit Committee Rules."

- (d) System relating to report to the Audit Committee:

- (i) When Audit Committee members request the officers and employees of the Company to report on the execution of business operations, the officers and employees shall promptly make such report to Audit Committee members or the Audit Committee.
- (ii) When the officers and employees of the Company and its subsidiaries detect an action outside the lawful scope of the Company's business or deeds illegal or in contravention of the Company's Articles of Incorporation or a matter likely to cause a material damage, they shall report to the Audit Committee in writing or verbally.
- (iii) Any person who has received from the officers and employees of the Company and its subsidiaries a report on an action outside the lawful scope of the Company's business or a deed illegal or in contravention of the Company's Articles of Incorporation or a matter likely to cause a material damage shall report to the Audit Committee in writing or verbally.

- (e) System to ensure that a person who has reported to the Audit Committee shall not be maltreated due to his reporting;

The Company shall insert into its "Office Regulations" a clause that the person who has reported to the Audit Committee as stated in the above-mentioned provision (d) shall not be maltreated.

- (f) Matters relating to procedures for advance payment or reimbursement of expenses incurred in execution of duty by Audit Committee members and matters relating to policy on treatment of other expenses or debt incurred in execution of duty by Audit Committee members:

When Audit Committee members demand advance payment or reimbursement of expenses incurred or to be incurred in their performance of duty or other expenses relating to their duty, the Company shall promptly comply with such demand in principle.

- (g) System to ensure the effectiveness of audit work by the Audit Committee:

- (i) The members of the Audit Committee shall attend meetings of the Board of Directors and the Management Committee to grasp the process of decision-makings and business executions.
- (ii) The Chairman of the Audit Committee shall attend the Internal Control Committee as a member of the latter committee.

- (iii) Members of the Audit Committee may attend other meetings where and as necessary.
- (iv) The members of the Audit Committee may examine duty performances of officers and employees, and operations and financial conditions of the Company's subsidiaries in accordance with the "Audit Committee Regulations."
- (v) The Audit Committee shall maintain relationship with internal audit divisions and receive their periodical internal audit reports.

<System to Ensure Compliance of Duty Performance by Executive Officers with Laws and Regulations and Articles of Incorporation>

- (a) System relating to the preservation and management of information concerning duty performance by executive officers:
 - (i) The Company shall preserve and manage material documents in a proper manner in accordance with the "Executive Officers Regulations."
 - (ii) The Company shall make a complete preservation and management of information concerning duty performance by executive officers in accordance with "Information Security Policy," "Private Information Protection Regulations," "Regulations Concerning Treatment of Private Information and Private Data" and "Information Security Guidelines."
- (b) Regulations and system relating to management of risk potentially causing loss:
 - (i) The Company shall put in place "Risk Management Regulations," and clarify a responsible department/section for each categorized risk.
 - (ii) The Company shall put in place a Risk Management Council which consults on matters concerning risk management and regularly reports to the Internal Control Committee. The Chairman of the Internal Control Committee shall report to the Board of Directors as needed.
 - (iii) The Company shall put in place "Regulations Concerning BCP (business continuity plan) to cope with potential risks in times of disaster and ensure the continuity of business and promote systematically education and training for disaster-prevention, thereby enhancing disaster-prevention awareness and preparation.
 - (iv) When it becomes difficult to maintain and continue the operations system at the Company's head office due to the occurrence of disasters, the Company shall put in place the Business Continuity Planning Headquarters, thereby controlling any damages and getting operations back on track immediately.
- (c) System to ensure the effective performance of duty by Executive Officers:
 - (i) The Company shall establish an operating officers system to further strengthen its business execution capabilities and ensure flexible decision-makings by fewer executive officers.
 - (ii) The Board of Directors shall clarify the division of duties and authorities of executive officers, and improve a system to ensure the proper and effective performance of duty by executive officers and receive report on their performance of duty on a regular basis.
- (d) System to ensure the compliance of duty performance by employees with laws and regulations and Articles of Incorporation:
 - (i) The Company shall put in place its "Credo" consisting of "Management Philosophy," "Management

Objectives” and “Action Guidelines,” drive them home to employees and ensure employees’ observance of them.

- (ii) The Company shall put in place “Regulations Concerning Division of Operations” and “Regulations Concerning Operational Authorities,” which shall clarify the duty and authority of each employee, thereby ensuring the proper performance of duty by employees.
- (iii) The Board of Directors shall approve of the Company’s compliance program every fiscal year and strive to follow up on the effectiveness the program.
- (iv) The Company shall put in place internal regulations, manuals and guidebooks in compliance with laws, rules and regulations and organize appropriate internal training programs to drive them home to employees.
- (v) The Company shall put in place an internal audit department, which performs an internal audit, thereby ensuring the efficiency and effectiveness of internal control.

<System to Ensure the Appropriateness of Operations at the Company’s Group Consisting of the Company and Its Subsidiaries>

- (a) System relating to reporting to the Company on matters concerning duty performance by directors and officers of the Company’s subsidiaries:
 - (i) The directors and officers of the subsidiaries shall report to the Company on material matters concerning the subsidiaries in accordance with “Management Regulations for Subsidiaries.”
 - (ii) The joint meeting of presidents of the subsidiaries shall be organized, thereby enhancing information-sharing between the Company and the subsidiaries.
- (b) Regulations and system relating to management of loss risk of the Company’s subsidiaries:

The Company shall insert into its “Risk Management Regulations” a clause concerning the risk management system of the subsidiaries, thereby improving risk management system at the subsidiaries.
- (c) System to ensure efficiency of duty performance by directors and officers of the Company’s subsidiaries:
 - (i) The Company shall clarify the division of duties and authorities of directors and officers of the subsidiaries and improve a system to ensure their proper and efficient performance of duty.
 - (ii) The subsidiaries shall establish an operating officers system to further strengthen their business execution capabilities and ensure flexible decision-makings by fewer directors and officers
 - (iii) The Board of Directors shall receive business execution reports from the directors and officers of the subsidiaries on a regular basis.
- (d) System to ensure the compliance of duty performance by directors, officers and employees of the Company’s subsidiaries with laws, regulations and Articles of Incorporation:
 - (i) The Company’s subsidiaries shall put in place their “Credo” consisting of “Management Philosophy,” “Management Objectives” and “Action Guidelines,” drive them home to employees and ensure employees’ observance of them.
 - (ii) The Company’s subsidiaries shall put in place “Regulations Concerning Division of Operations” and “Regulations Concerning Operational Authorities,” which shall clarify the duty and authority of each employee, thereby ensuring the proper performance of duty by employees.

- (e) Other systems to ensure the appropriateness of business operations at the Company and its subsidiaries:
 - (i) The Company shall put in place an independent outside expert committee to obtain its advice and proposal on matters concerning business management.
 - (ii) The Company shall deliberate on matters concerning internal control at its Internal Control Committee.
 - (iii) The Company shall put in place a whistle-blowing system for the purpose of preventing violations of laws and regulations and detecting in advance deplorable incidents with respect to business executions by the Company and its subsidiaries.

<System to Ensure the Reliability of Financial reports by the Company and its subsidiaries>

To secure the reliability of financial reports, the Company and its subsidiaries shall make improvements on their internal control system relating to the preparation of financial reports in compliance with the Financial Instruments and Securities Exchange Law, endeavor for the proper operation of the system and keep in place a scheme to evaluate the operation regularly.

2. Basic View and Status to Shut out Anti-Social Forces

- (a) The Company and its subsidiaries shall stand firm against, and shall not trade with, anti-social forces who may threaten civil society order or safety.
- (b) The Company and its subsidiaries shall draw up and make public “Basic Policy to Shut off Relations with Anti-social Forces” to prevent any damage at the hands of any member or members of anti-social forces.
- (c) The Company shall appoint an unjustified-demand-prevention officer at its head office and at each of branch offices, have him/her take necessary training and enlighten its officers and employees on the matter.
- (d) The Company will liaison with outside expert persons or organizations, such as police, a center for violence prevention, Securities Safety Measures Assistance Center and lawyers, to further strengthen its efforts to shut off relations with anti-social forces.

V. Others

1. Adoption of Anti-Takeover Measures

Adoption of anti-takeover measures	Not adopted
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Supplementary explanation:

If there emerges any move to make a large-scale acquisition of the Company’s share certificates, however, the Company will immediately strive for the collection and disclosure of information necessary for shareholders’ appropriate judgment and the Board of Directors of the Company will take every proper action and measures authorized under the Company Law, relevant laws and the Articles of Incorporation of the Company.

2. Other matters relating to corporate governance system

None.

Attachment

[Reasons for Selection of Nominees for Directors]

Names of nominees	Reasons for selection
Masashi Takehi	<p>He formerly served as managing director of Nomura Securities Co. Ltd. and then served as representative director and chief executive president of the Company successively. Since becoming a director and executive chairman of the Company in April 2012 and chairman of the Board of Directors of the Company in April 2018, he has taken on management and supervising responsibility for the Company and its group companies. Considering his qualification for inside directorship selection criteria and his management achievement and experience so far, the Nominating Committee has judged that he can apply his deep insight on securities business and securities industry and his superb managerial capability to the management of the Company.</p>
Hirofumi Tamada	<p>Since joining the Company in 1998, he has taken positions successively at the Advisors Division, Advisor Support Division and Control/Planning Division. Since being appointed as President and Representative Executive Officer in April 2020, he presided over business operations as head of the Company. Considering his qualification for inside directorship selection criteria and his achievement, the Nominating Committee has judged that he can apply his deep knowledge and profound experience acquired through his appointments at various divisions, including the Advisors Divisions, to the management of the Company.</p>
Shoichi Yamazaki	<p>Since joining the Company 2015, he took charge of various Head Office divisions as operating officer. He became Executive Officer in charge of administrative and control divisions at Head Office in 2020. Since becoming Managing Executive Officer in April 2021, he has taken charge of finance, management, administrative, control and system divisions and subsidiaries. Since being appointed as Managing Executive Officer and Director in June 2021, he has assisted the President. Considering his qualification for inside directorship selection criteria and his business achievement, the Nominating Committee has judged that he can apply his superb insight and knowledge acquired through his experience at various divisions to the management of the Company.</p>
Akira Gokita	<p>He has provided the Company with his fair and objective views as Head of Outside and Independent Directors of the Company. The Nominating Committee believes that he is qualified for outside directorship selection criteria and that he is equipped with expertise and profound knowledge and experience as former public prosecutor and attorney-at-law. Therefore, the Nominating Committee has judged that he can contribute to the management of the Company by providing his deep insight and advice based on such experience and enhance the Company' governance capability. There is no conflict of interest between Mr. Gokita and the Company.</p> <p>He will have served the Company as outside director for 13 years by the conclusion of the shareholders' meeting.</p>

Kenro Kakeya	<p>He has provided the Company with his fair and objective views as outside director of the Company. The Nominating Committee believes that he is qualified for outside directorship selection criteria and that he is equipped with profound knowledge and experience as former Nippon Keizai Shimbun (Japan Economic Journal) reporter and current business owner. Therefore, the Nominating Committee has judged that he can contribute to the management of the Company by providing his deep insight and advice based on such experience and enhance the Company's governance capability. There is no conflict of interest between Mr. Kakeya and the Company.</p> <p>He will have served the Company as outside director for 13 years by the conclusion of the shareholders' meeting.</p>
Yoko Mashimo	<p>She has provided the Company with her fair and objective views as outside director of the Company. The Nominating Committee believes that she is qualified for outsider directorship selection criteria and that she is equipped with expertise and profound knowledge and experience as labor and social security attorney. Therefore, the Nominating Committee has judged that she can contribute to the management of the Company by providing her deep insight and experience from the female point of view and enhance the Company's governance capability. There is no conflict of interest between Ms. Mashimo and the Company.</p> <p>She will have served the Company as outside director for 2 year by the conclusion of the shareholders' meeting.</p>
Eiji Hirano	<p>He has provided the Company with his fair and objective views as outside director of the Company. The Nominating Committee believes that he is qualified for outside directorship selection criteria and that he is equipped with expertise and profound knowledge and experience as former director at the Bank of Japan. Therefore, the Nominating Committee has judged that he can contribute to the management of the Company by providing his deep insight and advice based on such experience and enhance the Company's governance capability. There is no conflict of interest between Mr. Hirano and the Company.</p> <p>He will have served the Company as outside director for 1 year by the conclusion of the shareholders' meeting.</p>
Yuko Numata	<p>She has provided the Company with her fair and objective views as outside director of the Company. The Nominating Committee believes that she is qualified for outsider directorship selection criteria and that she is equipped with expertise and profound knowledge and experience as researcher and scholar of management strategy of U.S. and Japanese financial institutions. Therefore, the Nominating Committee has judged that she can contribute to the management of the Company by providing her deep and wide insight from the female point of view and enhance the Company's governance capability. There is no conflict of interest between Ms. Numata and the Company.</p> <p>She will have served the Company as outside director for 1 year by the conclusion of the shareholders' meeting.</p>

Skill Matrix of Directors

Names of nominees	Status	Experience and expertise						
		Business management / governance	Securities business	Finance / accounting	Law/ compliance	Internal Control / risk management	Personnel / labor / general affairs	Global
Masashi Takehi	Chairman of the Board of Directors	○	○	○	○	○	○	○
Hirofumi Tamada	Director, Representative Executive Officer & President	○	○			○	○	
Shoichi Yamazaki	Director & Senior Managing Executive Officer	○	○	○	○	○	○	
Akira Gokita	Outside Director	○		○	○	○		
Kenro Kakeya	Outside Director	○	○				○	○
Yoko Mashimo	Outside Director				○		○	○
Eiji Hirano	Outside Director	○		○		○		○
Yuko Numata	Outside Director	○	○	○				○

(Schematic chart of Information Disclosure)

