

[Point to note]

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Corporate Governance Report

CORPORATE GOVERNANCE

TRADERS HOLDINGS CO., LTD.

Last Update: October 31th, 2025

TRADERS HOLDINGS CO., LTD.

Takayuki Kanamaru, Representative Director

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Securities code: 8704

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

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

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

1. Basic Views

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

In addition, we at the Group have newly formulated the following mission, vision, values, and taglines to serve as the starting point and guideline for all our future activities.

[MISSION]

Create New Value

[VISION]

TRADERS Group will become the “FinTech” Group most trusted by customers and realize a society in which everyone can invest in the future.

[VALUE]

• TRADERS HOLDINGS CO., LTD.

We will continue to take on the challenge of reform through management that respects compliance and diversity, while valuing all the people involved.

• TRADERS SECURITIES CO., LTD.

We will continue to take on the challenge of providing new services demanded by customers and society while contributing to the improvement of financial literacy.

• FleGrowth Co., Ltd.

We will continue to aim for the development of stable and innovative systems with a sense of speed while providing competitive services.

[Taglines]

“Making Finance More Interesting.”

Based on the challenge of creating an environment in which everyone, regardless of financial literacy, can invest with confidence, and on our track record of providing services from the customer's perspective, we hope to lower the hurdles of "finance" itself, and to make investing more anticipated and exciting for our customers.

We hope to lower the hurdles of "finance" itself, and to create a sense of anticipation and excitement about investing.

Based on this mission, vision, and values, we recognize that establishing corporate governance is essential for increasing corporate value, maximizing shareholder returns, and building good relationships with our stakeholders.

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

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

The Company implements all the principles of the Corporate Governance Code.

Disclosure Based on Each Principle of the Corporate Governance Code

[Principle 1.4: Cross-Shareholdings]

The Company does not have cross-shareholdings. The Company may hold such shares if the Board of Directors determines that holding them could lead to an increase in the corporate value of the Company taking into consideration the growth potential, future potential, business relationships, and other factors of the investee company. If the Company strategically holds listed shares, the Board of Directors will annually examine the appropriateness of the holding of such shares from a medium- to long-term perspective (such as the significance of holding such shares, the business relationship with the entity to which such shares are strategically held, and the economic rationality of holding such shares).

In addition, the Board of Directors will comprehensively deliberate on whether the exercise of voting rights pertaining to such shares will contribute to the enhancement of the Company's corporate value by maintaining and strengthening the business and business relationship with the Group.

[Principle 1.7: Related-Party Transactions]

The Company, in principle, does not engage in related-party transactions when the Company engages in transactions with officers or major shareholders, etc., in accordance with the Rules for Related-Party Transactions.

However, when the need arises to engage in related-party transactions, the Company has clarified the necessary procedures, etc. so as not to harm the interests of the Company (and shareholders as a whole).

The Board of Directors verifies and deliberates on the necessity and appropriateness of such transactions and the reasonableness of the transaction terms based on sufficient grounds in advance and makes decisions based on the opinions of independent outside directors.

[Supplementary Principle 2.4.1: Diversity and Human Resource Development Policy and Internal Environment Development Policy]

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

In addition, at the Group's overseas subsidiaries located in the People's Republic of China (Dalian) and Vietnam (Hanoi), core businesses such as system development, and the majority of our group's entire workforce is comprised of foreign employees, and our group as a whole is working to secure global human resources. We will continue to monitor various human resource

indicators, such as female and non-Japanese employees (annual trend analysis), and will continue our efforts to improve the desirable workplace environment (working environment) that directly leads to increased corporate value by capturing current trends on a case-by-case basis.

In terms of the Group's hiring record, from the perspective of securing diverse abilities that are ready to be utilized, a large number of new employees are hired through hiring experienced personnel.

Going forward, we will continue to develop an environment in which diverse human resources can play active roles on a global scale in line with the growth and expansion of our business. In addition, as our policy for developing an internal environment, we have established that "The Traders Group will engage in well-being management in order to protect the safety of the workplace and the physical and mental health of each and every employee, and to create a state in which employees are socially satisfied."

In the future, we will strive to secure the sustainable diversity of human resources by developing a foundation through diversification of employment patterns and expansion of welfare benefits, enhancing internal training, raising awareness of respect for compliance such as harassment prevention measures, and fostering trust through regular personnel interviews.

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

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

[Principle 3.1: Full Disclosure]

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

<Management Philosophy>

We will contribute to the development of society and the economy through financial services, aim to be an innovator in financial services, and value all people involved through sound business activities. Based on these management philosophies, in April 2024, the Group announced the "Traders Group Vision for 2027" to shareholders, investors, and all stakeholders as the medium-term management objectives of the Group's business strategy.

- ii) The basic views and policies on corporate governance are disclosed on the Company's website under "Corporate Governance Report," as well as in reports on corporate governance, securities reports, business reports, etc.
- iii) The basic policy for the remuneration of Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) is to set an appropriate level based on each responsibility. Specifically, it consists of basic remuneration, bonuses and retirement benefits, and stock compensation as non-monetary remuneration.
- The Company has determined the amount of basic remuneration and bonuses among the amount of remuneration for each Director and the timing of the payment thereof. The Board of Directors determines the specific content of compensation after consulting with and obtaining the advice of the Nomination and Compensation Committee in advance. Details of the content and procedures of the compensation systems are disclosed in the business report, on the Company's website, etc.
- iv) The Company's Board of Directors has established standards and procedures for the appointment and dismissal of candidates for Directors and Directors Who Are Audit & Supervisory Committee Members respectively. Executive Directors must have a high level of expertise in their area of responsibility and must be appropriate human resources to promote a highly efficient management system that can respond quickly, flexibly and appropriately to changes in the management environment.

Outside Directors must be able to monitor management from an objective standpoint with independence, without bias toward the interests of the management or specific interested parties and must have broad insight. Directors Who Are Audit & Supervisory Committee Members must be people who recognize the roles and responsibilities of the Company and have broad insight, without bias toward the interests of the management or specific interest parties.

When nominating candidates for Directors, the Board of Directors carefully considers and determines the candidates, taking into consideration the selection criteria. When nominating candidates for Directors Who Are Audit & Supervisory Committee Members, the Board of Directors determines the candidates, taking into consideration the selection criteria and obtaining the prior deliberation and consent of the Audit and Supervisory Committee.

- v) When the Board of Directors appoints or dismisses senior management and nominates candidates for Directors excluding Directors Who Are Audit and Supervisory Committee Members and Directors Who Are Audit & Supervisory Committee Members, the reasons and expected roles are stated and explained together with individual career summaries in the proposal for election of officers in the Notice of Convocation of the General Meeting of Shareholders. In addition, when a senior management member is dismissed, the background, reasons, and other details of the replacement will be disclosed and explained.

[Supplementary Principles 3.1.3: Sustainability Initiatives]

Based on our management philosophy of “contributing to social and economic development through financial services,” we have established an ESG Promotion Committee and continue to implement initiatives to address various issues in line with our Sustainability Policy, which is linked to the Group's business activities. We have positioned financial and economic education activities, which are closely related to the Group's business, as a particularly important issue (materiality), and have published a wide range of activities centering on efforts to improve financial literacy among young people on our website and in various disclosure materials and have made public announcements regarding these efforts.

The Group will continue to actively promote sustainability activities that contribute to sustainable (cyclical) corporate growth together with society and the environment through its mainstay businesses of finance and system development and will continuously disclose such efforts.

In addition, as the importance of proactive investment in human capital based on management strategy is the cornerstone of corporate growth in terms of management strategy, we clarified our human resource development policy and internal environment development policy in 2023, and thereafter, have been strengthening qualification support systems (for training and reskilling) that will help ensure diversity, including women, and promote their activities. We have also been working to develop a fair and transparent personnel evaluation system, and by enhancing other internal communication systems and welfare programs, and thereby provide opportunities for the effective development and recruitment of talented human resources with diverse attributes. We will continue our efforts to improve the desirable workplace environment (working environment), which directly leads to an increase in corporate value, by appropriately grasping (analyzing) the dynamics of the human capital indicators in our annual securities report.

Furthermore, in the business domain of providing financial transaction services in the Internet environment, the system engineers who support the development and operation of pioneering systems and their sustainable recruitment are also important factors that determine competitive advantage for further growth and expansion in the future.

We will continue to actively invest in intellectual property as part of our management strategy, strengthen the human capital aspect of securing and training DX human resources, which is becoming increasingly intense worldwide, and the intellectual property strategy that can be accumulated through the expansion of system development and investment services, and at the same time, we will implement easy-to-understand information disclosure.

[Supplementary Principles 4.1.1: Scope of Delegation to Management]

The Board of Directors shall make decisions on the execution of important business tasks that are required to be decided by the Board of Directors pursuant to the basic management policy, laws and regulations, and the Articles of Incorporation. However, the Company's Rules for the Board of Directors clearly specify the content and scope of such decisions to be deliberated and decided by the Board of Directors (agenda items). In addition, in accordance with the Company's Administrative Authority Regulations, which stipulate the approval authority (approval standards) of each organization according to the importance of the matter, the amount of money, etc., the scope of business delegation is determined according to the position, etc., and the authority and responsibility are clarified.

[Principle 4.9: Independence Standards and Qualification for Independent Directors]

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

[Principle 4.10.1: Appropriate involvement and advice from independent outside directors through the establishment of an independent Nomination and Compensation Advisory Committee]

The Company has transitioned from a company with a board of corporate auditors to a company with an audit committee system by resolution of the 25th Ordinary General Meeting of Shareholders held in June 2024. In conjunction with this change, a voluntary Nomination and Compensation Committee, whose main members are outside directors, was established under the Board of Directors in order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the nomination and compensation of directors and senior management. Each committee shall have at least three members and shall consist of officers (directors and outside directors) selected with the approval of the Board of Directors, and the chairperson and a majority of the committee members shall be outside directors. The Committee deliberates on the nomination of directors and senior management, compensation, and other matters requested by the Committee members, and reports the results of its deliberations to the Board of Directors. In addition to the nomination and remuneration of senior management and directors, the Nomination and Compensation Committee also deliberates on policies related to the formulation and operation of succession plans and matters related to the training of directors, etc. Through such deliberations, the Committee considers the composition of the Board of Directors, including ensuring the diversity of the Board of Directors and the skills it should possess, as well as opportunities to further strengthen its functions. Through these deliberations, the Company plans to create opportunities for deliberations that will contribute to further strengthening the functions of the Board of Directors, such as ensuring its diversity and the skills it should possess.

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

The Company formulates the skills and abilities that should be possessed by the Board of Directors as the necessary skills and abilities considering the Group's business characteristics, management environment, management strategy, etc. These skills and abilities are listed in a matrix that clarifies the criteria for selecting Directors (candidates) and published in the Notice of Convocation, etc.

The composition of the Board of Directors consists of three full-time directors who have business knowledge, experience, and management skills from many years of involvement in business since the early days of financial derivatives trading (FX business), and knowledge of marketing, which is an important element of the Group's business, and four outside specialists as Outside Directors (half of the Directors) who are highly knowledgeable in their respective fields of expertise and have a legal perspective from having a lawyer's license and a financial, accounting, and tax perspective from having a certified public accountant's license and a certified tax accountant's license.

Considering the content and scale of the financial instruments business, which is the Company's main axis, the Company has determined that the Board of Directors has sufficient diversity and balance to properly perform its functions and efficiently ensure effectiveness.

[Supplementary Principles 4.11.2: Status of Concurrent Positions Held by Directors]

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

Currently, one Outside Director Who Is an Audit & Supervisory Committee Member serves concurrently as a Director Who Is an Audit & Supervisory Committee Member at another listed company.

The Company has determined that there are no conflicts of interest among the Directors and Director Who Is an Audit & Supervisory Committee Member of the Company. When appointing Directors and Directors Who Are Audit & Supervisory Committee Members (to be proposed), the Company confirms in advance that there are no obstacles to the Directors and

Directors Who Are Audit & Supervisory Committee Members continuously fulfilling their responsibilities in the Company's positions, and that there are no conflicts of interest, etc., between the Directors and the companies at which they hold concurrent positions, by conducting interviews in advance.

Other directors do not concurrently serve as officers of other listed companies. To appropriately fulfill the roles and responsibilities of the Directors of the Company, the Company recognizes that the status of concurrent positions is within a reasonable range, and the Directors secure the necessary time and effort according to each job responsibility and fulfill their expected roles and responsibilities.

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

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

[Supplementary Principles 4.14.2: Policy on Training for Directors]

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

Directors and Directors Who Are Audit & Supervisory Committee Members of the Company actively participate in and attend seminars and training sessions organized by related organizations and institutions such as the Tokyo Stock Exchange, the Japan Institute of Directors, Kansakonwakai (Audit Forum), and the Japan Audit & Supervisory Board Members Association, as well as training sessions on business conducted by the organizations to which professional experts belong, and other private external training sessions. The Company strives to have its members continuously acquire and refine the necessary knowledge to sufficiently fulfill the responsibilities and roles of the Directors and Directors Who Are Audit & Supervisory Committee Members of the Company.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

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

- i) The Company has appointed and designated a Director (Information Handling Officer) in charge of the IR & Public Relations Department, which is the department in charge of IR, as a person who is responsible for overall constructive dialogue with shareholders and investors. The Director, in cooperation with other management, shall develop an internal system to enhance dialogue and have dialogue.
- ii) In order to effectively conduct dialogue with shareholders and investors and ensure its effectiveness, the Company has established the IR & Public Relations Department as a contact point for external dialogue. In addition, the Director in charge of the IR & Public Relations Department (Information Handling Officer) leads the integrated aggregation of internal information to promote dialogue, organic cooperation among internal divisions to have dialogue, and disclosure of various types of information.
- iii) In response to requests for individual meetings from shareholders and investors, the Company will actively conduct such meetings for the purpose of engaging in dialogue that contributes to the medium- to long-term improvement of the Company's corporate value. In addition, the Company will strive to further expand and deepen the content of information disclosure mainly through the Company's website and by listening to (grasping) the opinions of general individual

shareholders, who account for a large number in the Company, through individual emails, etc. In addition, the Company will strive to strengthen initiatives that contribute to promoting understanding of the Company by providing the Company's information (company briefings and business briefings) to analysts, shareholders, investors, the media, etc. as necessary and diversifying the means of providing such information (including the use of online media).

- iv) The Company reports to the Board of Directors, either semi-annually or as appropriate, various types of information or concerns that have been identified through dialogue with shareholders and investors and are deemed to contribute to the Company's management, as well as the status and transition of the composition of shareholders in the shareholder register, to share information appropriately with Directors.
- v) With regard to the management of insider information at the time of dialogue, the Company engages in dialogue after continuously implementing initiatives to ensure effectiveness by educating internal personnel about the handling (management) of information and fair disclosure, and thoroughly familiarizing them with internal rules on the management of important information. In addition, the Company takes multiple measures to prevent the leakage of important information by setting a certain period of silence (period for refraining from responding) until the date of the announcement of financial results and limiting interviews.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Initial)
Availability of English Disclosure	Available

Explanation of Actions

Our measures to achieve cost of capital and stock price conscious management are described in the "Financial Results for the Fiscal Year Ended March 31, 2025(FY 2025/3)."

Based on the recognition of the importance of effective use of capital to increase corporate value, we regard ROE as an important management indicator, and our goal is to maintain ROE in the 25% range.

https://www.tradershd.com/pdf/news/20250430_FinancialResults.pdf

2. Capital Structure Updated

Foreign Shareholding Ratio	10% or more but less than 20%
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Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
K Power Co., Ltd.	5,875,400	22.03
J & R Ltd	3,355,560	12.58
Taka Kanamaru	1,040,015	3.90
Asahi Kosan Co., Ltd.	788,720	2.96
Takayuki Kanamaru	777,100	2.91
BBH BOSTON CUSTODIAN FOR JAPAN EQUITY PREMIUM FUND OF UBS UNIVERSAL 620373	591,000	2.22
Toshihiko Fukui	584,200	2.19
BNP PARIBAS LUXEMBOURG/2S/JASDEC/FIM/	480,000	1.80

LUXEMBOURG FUNDS/UCITS ASSETS		
COHJU Corporation	412,766	1.55
Namito Fukui	400,600	1.50

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	None

Supplementary Explanation **Updated**

The above status of major shareholders is based on the shareholder register as of September 30, 2025.

3. Corporate Attributes

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

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

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

K Power Co., Ltd. directly owns 22.21% of the Company's voting rights and is classified as another related company.
K Power Co., Ltd. is an unlisted asset management company of the founding family, and there are no transactions between the Company and K Power Co., Ltd.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of	11
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Incorporation	
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Yes
Number of Outside Directors	4
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masashi Ichikawa	CPA											
Daisuke Kawabata	Lawyer											
Hiroshi Sugekawa	Tax Accountant											
Kenta Asaeda	Lawyer											

*Categories for "Relationship with the Company."

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

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

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masashi Ichikawa		○	—	Although Mr. Ichikawa has not been involved in corporate management other than as an outside officer, he has extensive experience as a certified public accountant, and the Company believes that he can supervise the management of the Company from an outside perspective. In addition, he does not fall under any of the above a. to k., and the Company has designated him as an independent

				director since there is no risk of a conflict of interest with general shareholders.
Daisuke Kawabata		○	—	Although Mr. Kawabata has never been involved in corporate management, considering his extensive experience as an attorney-at-law, he has been able to provide management oversight of the Company's management from a fair standpoint, mainly based on his legal professional perspective. He is appointed as an outside director in the expectation that he will appropriately perform his duties as an outside director of the Company. In addition, he does not fall under any of the above a. to k., and the Company has designated him as independent director since there is no risk of a conflict of interest with general shareholders.
Hiroshi Sugekawa	○		—	Based on his extensive experience as a certified tax accountant and member of the House of Representatives, we believe that Mr. Sugawara will be able to perform his duties appropriately considering his extensive professional knowledge and broad insight in the field of tax accounting. Although he has no direct experience in corporate management, he is appointed as an outside director as a member of the Audit Committee in the expectation that he will apply his knowledge and experience to the supervision of the Company's management, etc., from a standpoint independent of the management team that conducts business operations.
Kenta Asaeda	○	○	—	Mr. Asaeda is well versed in corporate legal affairs as an attorney at law and has sufficient insight to audit corporate management through his appointment as an outside director of a listed company as a member of the Audit and Supervisory Committee. Although he has no experience of being directly involved in corporate management other than being an outside officer, we have appointed him as an outside director as a member of the Audit Committee in the expectation that he will apply his expertise and experience to the supervision of the Company's management from a standpoint independent of the management team that executes business operations. In addition, he does not fall under any of the above a. to k., and the Company has designated him as independent director since there is no risk of a conflict of interest with general shareholders.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee

Not Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Audit & Supervisory Committee discusses the internal audit plan with the Internal Audit Department in advance. In addition, the Internal Audit Division shall report regularly to the Audit & Supervisory Committee results and other matters, and the Audit & Supervisory Committee may request the Internal Audit Division to investigate as necessary. In addition, directors, and the Audit & Supervisory Committee members request information necessary for the execution of their duties from the relevant divisions and the Board of Directors Administration Office as appropriate, and the relevant divisions, etc. that are requested to provide such information shall respond appropriately.

In addition, if there are any questions or unclear points regarding the various materials provided by the Company, they request additional materials or explanations, and strive to smoothly collect the information and materials necessary for them to make their own decisions. The General Affairs Department, which also serves as the secretariat of the Board of Directors, plays a central role in providing support to the Company's directors and Audit and Supervisory Committee members to promote smooth operations. In addition, to enhance the effectiveness of audit operations by the Audit and Supervisory Committee, the Company promptly responds to requests to assign individual employees to assist the Audit and Supervisory Committee in its duties.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

The Company's Internal Audit Department discusses with the Audit Committee prior to the formulation of the "Annual Internal Audit Plan," and the Internal Audit Manager reports the audit results to the Audit Committee on an individual basis. In addition, monthly meetings are held with the Audit Committee, including the internal audit departments of subsidiaries, to share and understand information on the status of implementation of internal audits and evaluation of internal control over financial reporting, and to enhance the effectiveness of organizational audits, appropriate collaboration is ensured. In addition, in cooperation with the accounting auditors, our Internal Audit Department holds meetings with the accounting auditors in the course of accounting audits, quarterly reviews, and internal control audits related to financial reporting, and also shares information by submitting internal audit reports, trails, and other materials in a timely manner.

Voluntary Established Committee(s)

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

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
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Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation

To strengthen the effective corporate governance system by strengthening the supervisory function of the Board of Directors of the Company, the Company has established the Nomination and Remuneration Committee, which is positioned by the Board of Directors as its advisory body, to ensure the fairness, transparency and objectivity of procedures concerning nomination and compensation, etc. of Directors. The Nomination and Remuneration Committee of the Company consists of five (5) members, three (3) outside directors and two (2) inside directors, and is chaired by an outside director.

Matters Concerning Independent Directors

Number of Independent Directors	3
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Other Matters Concerning Independent Directors

The Company nominates persons who satisfy the requirements set forth in the Independence Criteria for Outside Officers independently established by the Board of Directors of the Company, in addition to the criteria for Independent Officers set forth by the Tokyo Stock Exchange, and who have a high level of insight and abundant knowledge and experience in their fields of expertise that enable them to provide supervision and advice from an external and fair standpoint.

Incentives

Implementation Status of Measures Related to Incentives Granted to Directors	Other
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Supplementary Explanation for Applicable Items

[Introduction of a restricted stock compensation plan]

The Company has introduced the Restricted Stock Compensation Plan for the purpose of providing Directors, excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors, with an incentive to sustainably increase the Company's corporate value and further promoting shared value with shareholders.

[Introduction of bonuses (monetary compensation)]

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

Persons Eligible for Stock Options	Employees / Subsidiaries' Directors / Subsidiaries' Employees
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Supplementary Explanation for Applicable Items

The purpose of granting stock options is to further strengthen the link between the Company's business performance and stock value and to further increase the motivation and morale of the Company's employees and the directors and employees of the Company's subsidiaries to contribute to the improvement of business performance and the enhancement of corporate value over the medium to long term.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

- Directors (excluding Audit & Supervisory Board Members and Outside Directors) 382 million yen (base compensation: 161 million yen, bonus: 55 million yen, restricted stock compensation: 165 million yen) 3 persons
- Audit & Supervisory Board Members (excluding Outside Directors) 10 million yen (base compensation: 10 million yen) 1 person
- Corporate Auditors 8 million yen (base compensation: 3 million yen, bonus: 4 million yen) 1 person
- Outside Directors 42 million yen (base remuneration: 33 million yen, bonus: 8 million yen) 4 persons

(Notes)

1. The total amount of non-monetary compensation to directors (excluding outside directors) consists of 165 million yen in restricted stock compensation.
2. The amount of monetary compensation for Directors (excluding Directors who are members of the Audit Committee) was resolved at the 25th Ordinary General Meeting of Shareholders held on June 26, 2024, to be within 500 million yen per year (of which 80 million yen per year is for Outside Directors, and excludes employee salaries for Directors who concurrently serve as employees). The number of Directors (excluding Directors who are members of the Audit Committee) as of the conclusion of the said Ordinary General Meeting of Shareholders is five (5) (including Directors who are members of the Audit Committee). Separately from monetary compensation, the Company resolved at the 25th Ordinary General Meeting of Shareholders held on June 26, 2024, that the amount of stock-based compensation shall be no more than 300 million yen per year, and the maximum number of shares shall be no more than 800,000 shares per year (excluding Directors who are members of the Audit Committee and Outside Directors). The number of Directors (excluding Directors who are members of the Audit Committee and Outside Directors) as of the conclusion of the said Ordinary General Meeting of Shareholders is three (3).
3. The amount of monetary remuneration for Directors who are members of the Audit Committee was resolved at the 25th Ordinary General Meeting of Shareholders held on June 26, 2024, to be no more than 150 million yen per year. As of the conclusion of the said General Meeting of Shareholders, the number of Directors who are members of the Audit and Supervisory Committee is 3 (including 2 Outside Directors).
4. Individual remuneration is disclosed in the Annual Securities Report for those whose total amount of consolidated remuneration, etc., exceeds 100 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods

Yes

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

At the meeting of the Board of Directors held on May 23, 2024, the Company resolved the policy for determining the details of remuneration, etc. for individual Directors as follows.

1. Basic Policy

The basic policy for the remuneration of individual Directors excluding Directors Who Are Audit and Supervisory

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

2. Basic remuneration (monetary remuneration)

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

3. Bonus (monetary compensation)

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

4. Retirement benefits (monetary compensation)

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

5. Restricted Shares (non-monetary remuneration)

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

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

6. Ratio of Remuneration, etc.

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

7. Other important matters

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

Support System for Outside Directors

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

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

The Company has established the Audit and Supervisory Committee, and by granting voting rights at the Board of Directors to

Directors Who Are Audit & Supervisory Committee Members, the Company aims to strengthen the audit and supervisory functions of the Board of Directors, further enhance corporate governance, and improve corporate value.

To ensure efficient and flexible decision-making, the Board of Directors holds regular meetings monthly and as needed and operates as a decision-making body and a supervisory body for management in accordance with the Articles of Incorporation and the Companies Act and other laws and regulations.

The Board of Directors, chaired by Representative Director, Chairman and President (Takayuki Kanamaru), consists of a total of eight Directors: five Directors who are not Audit & Supervisory Committee Members (Takayuki Kanamaru, Takeshi Kanamaru, Masayuki Niizuma, Masashi Ichikawa, and Daisuke Kawabata) and three Directors Who Are Audit & Supervisory Committee Members (Shinichi Omata, Hiroshi Sugekawa, and Kenta Asaeda). Four of these Directors (Masashi Ichikawa, Daisuke Kawabata, Hiroshi Sugekawa, and Kenta Asaeda) are Outside Directors as provided for in Article 2, Item 15 of the Companies Act. Three of the Outside Directors satisfy the requirements for Independent Directors stipulated by the Tokyo Stock Exchange.

They supervise the execution of business and express necessary opinions as Independent Directors at the Board of Directors meetings while maintaining their independence without being biased toward the interests of the management or specific stakeholders. In addition, the Board of Non-Executive Officers' Meetings are held regularly every month among the Outside Directors and Full-time Audit and Supervisory Committee Member to share information on matters to be resolved by the Directors and other important matters related to the Group's management and to exchange opinions prior to making decisions, thereby ensuring close cooperation among the Outside Directors.

The Audit and Supervisory Committee consists of three members: Full-time Audit and Supervisory Committee Member Shinichi Omata, and Outside Directors Who Are Audit & Supervisory Committee Members Hiroshi Sugekawa and Kenta Asaeda.

The Audit and Supervisory Committee audits the status of the execution of duties by Directors and works to ensure that audits are conducted effectively by cooperating with the accounting auditors. Full-time Directors Who Are Audit and Supervisory Committee Members utilize their characteristics as full-time employees to participate in regular internal meetings, conduct regular interviews with senior management and employees, and check business execution processes such as decision-making processes.

Through these activities, the Directors Who Are Audit and Supervisory Committee Members strive to collect and monitor detailed information not only on matters related to management but also on Group companies daily.

By providing explanations to Outside Directors Who Are Audit & Supervisory Committee Members with their own knowledge, the the Full-time Directors Who Are Audit and Supervisory Committee Members promote the understanding of Outside Directors Who Are Audit & Supervisory Committee Members and enhance the effectiveness of audits and monitoring by the Audit and Supervisory Committee.

In addition, Outside Directors Who Are Audit & Supervisory Committee Members, who account for most of the Directors Who Are Audit and Supervisory Committee Members, are qualified as certified tax accountants and attorneys at law, respectively, and conduct highly transparent audits based on a high level of expertise in tax, accounting and corporate legal affairs and strict professional ethics. Directors Who Are Audit & Supervisory Committee Members attend important meetings, and request reports on matters to be resolved and the status of activities or grant the authority to request the submission of designated items for deliberation. By deepening cooperation with the Representative Director and the Internal Audit Division, the Directors Who Are Audit and Supervisory Committee Members strive to ensure that the organizational auditing function works effectively.

The Nomination and Remuneration Committee, a majority of whose members are Outside Directors, has been established as a voluntary advisory body to the Board of Directors to further enhance the effective corporate governance system by strengthening the objectivity, transparency and fairness of procedures related to the nomination, remuneration, etc. of Directors. Its main role is to deliberate and report on matters such as the policy and criteria for the appointment and dismissal of Directors, the remuneration system for Directors, and the policy for determining remuneration, which have been consulted by the Board of Directors.

In addition, the Company has established the Corporate Governance Committee (Chairperson: the Company's corporate lawyer; members: all Directors) and invites external experts to share information and exchange opinions on the Group's

corporate governance. The members of the Corporate Governance Committee are nominated by the Audit and Supervisory Committee and appointed by the Board of Directors. The members are allowed to make recommendations to the Representative Directors and the Board of Directors on the policies and matters formulated or confirmed by the Corporate Governance Committee.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the structure of a company with an Audit and Supervisory Committee in order to further strengthen business execution and corporate governance, which enables the Company to quickly respond to changes in the management environment. To this end, the Company has elected multiple Outside Directors who do not execute business on their own, thereby separating business execution and supervisory functions based on a multifaceted perspective and a high level of professional knowledge. In addition, the Company has further strengthened the audit and supervisory functions of the Board of Directors by granting voting rights of the Board of Directors to Directors Who Are Audit & Supervisory Committee Members. Furthermore, the Company can promote the realization of flexible decision-making by delegating part of the decisions on important business execution to Executive Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

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

2. Status of IR-related Activities Updated

	Supplementary Explanation	Explanation by a Representative Director or a Representative Executive Officer
Formulation and Publication of Disclosure Policies	The Company has established the Disclosure Policy and announced it on the Company's website.	
Regular Investor Briefings Held for Individual Investors	In the fiscal year ended March 31, 2023, the Company began holding financial results briefings for analysts and institutional investors.	No
Online Disclosure of IR Information	Financial results, press releases, and other materials are posted.	
Establishment of Department and/or Placement	Investor Relations Department	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	One of the Management Principles of the Group is to value all people involved through sound business activities. We believe that building good relationships with all stakeholders will contribute broadly to society and further improve the corporate value of the Group. To practice appropriate collaboration with stakeholders and create a better corporate culture, the Company has established the Compliance Manual a code of conduct to be observed by every officer and employee in the execution of their duties. The manual stipulates the importance of respecting the position of stakeholders and is widely disseminated among the officers and employees of the Group. In addition, the President and Representative Director and other members of the management team share the importance of appropriate collaboration not only with shareholders but also with stakeholders other than shareholders through opportunities to explain the management policy and future vision directly to senior employees and Group officers on a regular or as-needed basis. Going forward, the Board of Directors and the management team will take the lead in creating a corporate culture and culture that respects the rights and positions of stakeholders and sound business ethics.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	One of the management principles of the Group is to contribute to the development of society and the economy through financial services. The ESG Promotion Committee, in which the management of the Group participates, has established a system for discussing contributions to various issues related to sustainability, has formulated materiality issues to be addressed by the Group, and is actively continuing sustainability initiatives including CSR activities. The contents of the report are posted on the Company's website and in securities reports and other disclosure and public materials. We believe that it is essential for the Group to grow sustainably (in a cyclical manner) together with society and the environment through the financial business and system development business, and we will continue to actively engage in such initiatives. As the importance of actively investing in human capital based on a management strategy is the cornerstone of corporate growth in terms of management strategy, the Company has formulated a policy for human resource development and a policy for the development of an internal environment, clarified these policies, and disclosed and announced the selection of indicators and the setting of targets from the perspective of ensuring diversity within the Company, including the promotion of active participation of women, in securities reports, etc. Details of the Group's sustainability initiatives are available on the Company's website. https://www.tradershd.com/sustainability/
Formulation of Policies, etc. on Provision of Information to Stakeholders	We recognize that disclosing appropriate information about our group and ensuring management transparency are essential not only for the

understanding of all stakeholders, but also for protecting investors and ensuring the credibility of the capital market, and we strive to enhance such disclosure under our information disclosure policy.

In addition to the timely disclosure required by the Financial Instruments and Exchange Law and other relevant laws and regulations and the Tokyo Stock Exchange, we voluntarily disclose information (including non-financial information) deemed important to our shareholders and other stakeholders in a timely manner so that it is as useful as possible. We will also proactively disclose other relevant information through various media, including our website, in order to deepen understanding of our group.

Our information disclosure policy is available on our website.

<https://www.tradershd.com/sustainability/governance/disclosure/>

IV. Matters Concerning the Internal Control System

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

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

1. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

- 1) The Group has established the Traders Group Compliance Manual, Basic Compliance Policy, the Ethics Code, etc., and directors and employees shall not only execute their duties in accordance with laws and regulations, the Articles of Incorporation, internal rules, etc., but also provide valuable financial services to customers with the highest ethics.
- 2) We shall respond to anti-social forces that threaten the order and safety of civil society in a resolute and organized manner in cooperation with lawyers, the police, etc.
- 3) The Board of Directors shall make decisions on the execution of business and supervise the duties of Directors so as to satisfy legality based on laws and regulations and appropriateness based on management decisions.
- 4) Directors Who Audit & Supervisory Board Committee Members shall exercise the authority prescribed by laws and regulations and audit the execution of duties by Directors excluding Directors Who Are Audit & Supervisory Board Committee Members.
- 5) The Corporate Governance Committee, which includes Directors and outside experts, shall be held regularly to exchange opinions on corporate governance, etc.
- 6) A Compliance Committee shall be established in each securities subsidiary that conducts the main business of the Group, and business operations shall be conducted in compliance with the Financial Instruments and Exchange Act and other laws and regulations under the supervision of the Internal Administration Supervisor.
- 7) The Company shall establish a hotline that connects to internal and external whistleblowers (law offices, the Company's General Affairs Department, and full-time Directors Who Are Audit & Supervisory Committee Members) and establish a mechanism for consultation and whistleblowing (hereinafter referred to as the whistleblowing system).
- 8) Violation of laws and regulations by employees shall be subject to punishment by the Disciplinary Committee in accordance with the Work Rules, etc.

2. System for the storage and management of information related to the execution of duties by directors

- 1) The Company has established the Document Management Rules, and important documents (including electromagnetic records), including minutes of important meetings and other information related to the execution of duties by Directors, shall be appropriately stored and managed in accordance with the provisions of such Rules.
- 2) Retained documents shall be maintained in a condition in which they can be inspected without delay if so requested by

Directors.

- 3) The Company shall establish various regulations concerning information security and protect and manage information assets with a subsidiary that centrally manages the Group's IT systems playing a central role.

3. Regulations and other systems concerning the management of risk of loss

- 1) Directors shall endeavor to identify, evaluate and manage various risks based on an understanding of the various risks associated with the Group's business and an awareness of the importance of conducting risk management in an integrated manner.
- 2) The securities subsidiaries that conduct the main business of the Group shall establish a Risk Management Committee and an IT System Risk Management Committee, and implement risk management under the supervision of the officer in charge of risk management in accordance with internal rules such as the Basic Policy for Risk Management, the Risk Management Rules, and the Detailed Rules for Risk Management Rules, after clarifying the roles of each division.
- 3) The Company and its subsidiaries shall establish a Contingency Plan to prepare appropriate crisis management activities from the perspective of corporate defense and business continuity in preparation for the occurrence of unforeseen and serious situations such as disasters, accidents and system failures.

4. System to ensure efficient execution of duties by Directors and employees

- 1) The Board of Directors shall be operated in accordance with the Articles of Incorporation and the Regulations of the Board of Directors and shall meet regularly each month or as needed.
- 2) Directors and employees shall execute business efficiently, flexibly and promptly by closely exchanging opinions and sharing information.
- 3) In order to ensure the efficient execution of duties by Directors and employees, the Company shall establish the Organization Rules, Division of Duties Rules, Administrative Authority Rules, and Ringi Rules.

5. Systems to ensure the appropriateness of business operations in the corporate group consisting of the Company and its parent company and subsidiaries

- 1) The Company's Directors receive reports from the Representative Directors, etc. of subsidiaries and affiliates (hereinafter referred to as "Subsidiaries, etc.") at regular monthly meetings of the Company's Board of Directors and regular meetings of the Managing Directors' Meeting and the Management Committee held every month, and work to share information on the direction of business operations, business execution, and risk management of subsidiaries, etc.
- 2) In accordance with the Regulations on the Management of Subsidiaries and Affiliated Companies, the Company shall receive reports from subsidiaries, etc. at the Management Committee and manage the Group.
- 3) The Internal Audit Department of the Company shall conduct internal audits on subsidiaries, etc. within the scope of laws and regulations and the Internal Audit Rules.
- 4) In order to ensure the reliability of the Group's financial reporting, the Company shall develop, operate and evaluate internal controls over financial reporting in accordance with laws and regulations.

6. Matters related to employees assigned to assist the duties of Directors Who Are Audit & Supervisory Committee Members when requested by Audit & Supervisory Committee Members, matters related to the independence of such employees from Directors, and matters related to ensuring the effectiveness of instructions to such employees.

- 1) Directors Who Are Audit & Supervisory Committee Members may request the Board of Directors to appoint employees who are subject to the instructions of Directors Who Are Audit & Supervisory Committee Members (hereinafter referred to as "Assistants to Audit & Supervisory Committee").
- 2) The prior consent of the Audit & Supervisory Committee is required for personnel changes, personnel evaluations, and disciplinary actions of assistants to the Audit & Supervisory Committee.
- 3) Directors Who Are Audit & Supervisory Committee Members may request the Board of Directors to determine matters regarding the independence of the Audit & Supervisory Committee's assistants from the Directors.
- 4) Directors Who Are Audit & Supervisory Committee Members may submit a request to the Board of Directors regarding matters related to ensuring the effectiveness of instructions given by Audit & Supervisory Committee Members to

assistants.

7. System for reporting to Audit & Supervisory Committee

- 1) In addition to statutory matters, Directors (excluding Directors Who Are Audit & Supervisory Committee Members) and employees (including Assistants to the Audit & Supervisory Committee) shall, without delay, report to the Audit & Supervisory Committee regarding matters that may have a material impact on the Company and the Group, matters resolved at important meetings, important matters related to compliance and risk management, the whistleblowing system, status of internal audits, etc.
- 2) Directors (excluding Directors Who Are Audit & Supervisory Committee Members) and employees (including Assistants to the Audit & Supervisory Committee) shall promptly report the status of business execution, etc., at the request of Directors Who Are Audit & Supervisory Committee Members.
- 3) For subsidiaries, the term “Directors (excluding Directors Who Are Audit & Supervisory Committee Members) and employees (including Assistants to the Audit & Supervisory Committee)” in the preceding two paragraphs shall be replaced with “Directors, Audit & Supervisory Board Members, members who execute business, and employees of subsidiaries, or persons who receive reports from these persons” for application.

8. System to ensure that persons who report to the Audit & Supervisory Committee are not treated disadvantageously due to such reporting

- 1) Directors (excluding Directors Who Are Audit & Supervisory Committee Members) and employees (including Assistants to the Audit & Supervisory Committee) who make reports to Directors Who Are Audit & Supervisory Committee Members shall not be treated disadvantageously on the grounds that they have made such reports.
- 2) It shall be clearly stated that whistleblowers under the whistleblowing system shall not be subjected to disadvantageous treatment, retaliation, or discrimination, and consideration shall be given to privacy and human rights.
- 3) For subsidiaries, the term “Directors (excluding Directors Who Are Audit & Supervisory Committee Members) and employees (including assistants to the Audit & Supervisory Committee)” in Paragraph 1 shall be rephrased as “Directors, Audit & Supervisory Board Members, members who execute business, and employees of subsidiaries, or persons who receive reports from these persons” and this shall be applied mutatis mutandis in conjunction with the preceding paragraph.

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

- 1) In accordance with the Regulations, the Directors Who Are Audit & Supervisory Committee members may resolve at the Directors Who Audit & Supervisory Committee meeting matters deemed necessary for Audit & Supervisory Committee to perform their duties, such as audit policies, audit methods, and budgets for audit expenses.
- 2) Directors Who Are Audit & Supervisory Committee Members may, after the fact, claim reimbursement from the Company for urgent or extraordinary expenses incurred in the execution of their duties.

10. Other systems to ensure that audits by Directors Who Are Audit & Supervisory Committee Members are conducted effectively

- 1) Directors Who Are Audit & Supervisory Committee Members shall hold regular meetings to facilitate mutual communication with Representative Directors.
- 2) Directors Who Are Audit & Supervisory Committee Members may independently obtain the assistance of lawyers, certified public accountants and other experts as necessary.
- 3) The Directors Who Are Audit & Supervisory Committee Members shall exchange opinions with the Internal Audit Department periodically and as needed to strengthen cooperation.
- 4) The Directors Who Are Audit & Supervisory Committee Members have the authority to attend meetings, etc. of the Company and its subsidiaries as observers, and to submit agenda items and matters for consideration to the meetings, etc.

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

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

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

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

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	No
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Supplementary Explanation for Applicable Items
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2. Other Matters Concerning the Corporate Governance System

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

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

(Overview of the Timely Disclosure System)

1. Basic Policy

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

2. Internal System

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

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

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

Second, with regard to the actual execution, in the case of a determined fact (including financial information), it is subject to the decision of the decision-making body, and in the case of a fact that has occurred, subject to the recommendation of the IR

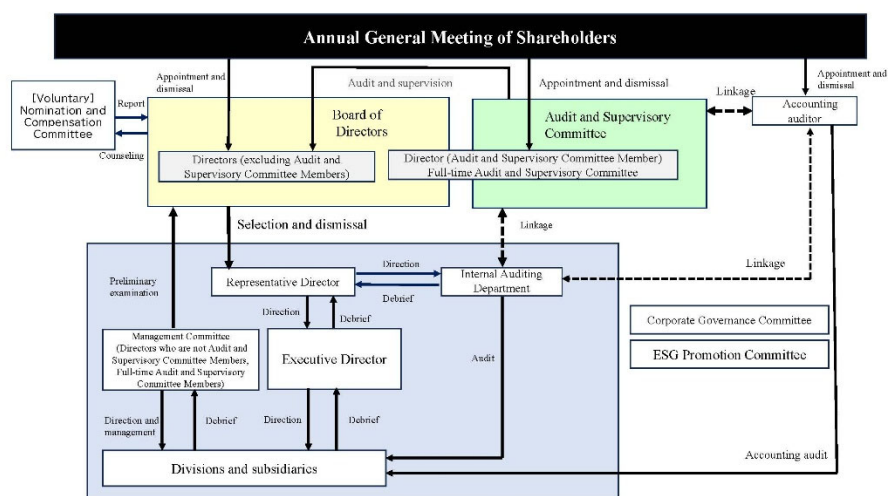
and Public Relations Department, the department in charge of disclosure operations prepares disclosure documents, and after legal, financial, and IR and Public Relations Departments checks them, the Information Handling Officer makes a decision and decides whether or not to disclose.

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

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

References

Schematic diagram



Board Skill Matrix

Name	Title	Corporate Management / Business Strategy	Financial business experience	Marketing/ Sales	Global business	Legal / Compliance	Finance / Accounting / Tax	Governance / Internal Control / Risk Management
Takayuki Kanamaru	Representative President	●	●					
Takeshi Kanamaru	Representative Executive Vice President	●		●	●			
Masayuki Niizuma	Executive Managing Director	●	●			●	●	
Masashi Ichikawa	Outside Director						●	●
Daisuke Kawabata	Outside Director					●		●
Shinichi Omata	Director (Full-time Audit and Supervisory Committee Member)		●					●
Hiroshi Sugekawa	Outside Director (Audit and Supervisory Committee Member)						●	●
Kenta Asaeda	Outside Director (Audit and Supervisory Committee Member)					●		●