July 4, 2025

Matsui Securities Co., Ltd.

Efforts of the Company for Each Principle in the Corporate Governance Code

Matsui Securities Co., Ltd. (hereinafter referred to as “the Company”) believes that enhancing corporate governance is necessary to achieve sustainable growth and medium- to long-term improvement in corporate value. To do so, the Company establishes a basic policy: improving and operating a highly efficient management system that responds quickly, flexibly and appropriately to changes in the business environment; maintaining sound management and transparency of business and financial condition; and maintaining relationships of trust with stakeholders, including shareholders.

Section 1: Securing the Rights and Equal Treatment of Shareholders

General Principle 1
Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.
In addition, companies should secure effective equal treatment of shareholders.
Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

The Company ensures the rights of shareholders substantially and improves the environment in which the shareholders can properly exercise their rights by actively disclosing business and financial condition. The Company also gives sufficient consideration to ensuring equality among the shareholders and the exercise of rights granted minority shareholders and strives to assure the exercise of those rights.

Principle 1.1 Securing the Rights of Shareholders
Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general meeting of shareholders.

The Company actively discloses the business and financial condition and strives to improve the environment in which the shareholders can exercise voting rights smoothly so that the rights of shareholders can be substantially ensured at the general meeting of shareholders.

Supplementary Principle 1.1.1
When the Board of Directors recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.

In the event that a considerable number of votes were cast against, although the Company proposal was approved at the general meeting of shareholders, the Company shall analyze the reasons for the considerable number of opposition votes and shall publish those reasons to the shareholders as necessary.

Supplementary Principle 1.1.2
When proposing to shareholders that certain powers of the general meeting of shareholders be delegated to the Board of Directors, companies should consider whether the Board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the Board of Directors is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

The Articles of Incorporation of the Company provide that repurchase of own shares may be made by a resolution of the Board of Directors as a matter, the resolution of which is delegated by the general meeting of shareholders to the Board of Directors. If the Company proposes to the general meeting of shareholders to delegate part of resolution of a matter to the Board of Directors in the future, the Company shall determine, upon consideration, whether the Board of Directors fully performs its roles and responsibilities, based on the opinions of Outside Directors.

Supplementary Principle 1.1.3
Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tend to be prone to issues and concerns.

The Company gives sufficient consideration to ensuring equality among the shareholders and exercise of rights granted to minority shareholders. The Company strives to assure the exercise of the rights by determining the method of exercise of the rights in the Share Handling Regulation.

Principle 1.2 Exercise of Shareholder Rights at General Meeting of Shareholders
Companies should recognize that general meeting of shareholders is an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

The Company recognizes that the general meeting of shareholders is an opportunity to have constructive dialogue with shareholders. For that purpose, the Company improves the environment in which the shareholders can easily exercise voting rights by preparing various methods of exercising voting rights via the mail and the internet, and also determines the date and venue for the general meeting of shareholders so that as many shareholders as possible can attend.

Supplementary Principle 1.2.1
Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general meeting of shareholders.

The Company recognizes that the Company should provide quickly and properly the information which is deemed to contribute to appropriate judgment of the shareholders at the general meeting of shareholders. For that purpose, the Company has promptly published the notice of convocation of the general meeting of shareholders on the website of the Company and the Timely Disclosure Network (hereinafter referred to as "TDnet") operated by the Tokyo Stock Exchange. The Company also discloses the Japanese version of financial reports (*Yuukashouken houkokusho*) one week prior to the general meeting of shareholders. In addition, the Company has actively disclosed information, including the monthly data of business figures on the website in order to facilitate understanding of the business and financial conditions.

Supplementary Principle 1.2.2
While ensuring the accuracy of content, companies should strive to send convening notices for general meeting of shareholders early enough to give shareholders sufficient time to consider the agenda. During the period between the Board of Directors approval of convening the general meeting of shareholders and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the company's website.

The Company shall promptly disclose the materials of the general meeting of shareholders so that the shareholders can secure a sufficient review period for the agenda. The Company discloses the general meeting of shareholders materials on TDnet and its website at least three weeks before the date of the general meeting of shareholders, and sends out the convening notice (access notice) at least two weeks before the date of the general meeting of shareholders, in accordance with legal and regulatory requirements. In addition, the Company discloses as necessary the information deemed to contribute to the appropriate judgment of the shareholders at the general meeting of shareholders.

Supplementary Principle 1.2.3
The determination of the date of the general meeting of shareholders and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

The Company has held the general meeting of shareholders on Sundays every year since its shares listing in 2001 so that as many shareholders as possible can attend.

Supplementary Principle 1.2.4
Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general meeting of shareholders.
In particular, companies listed on the Prime Market should make the Electronic Voting Platform available, at least to institutional investors.

The Company accepts the exercise of voting rights via the Internet and the electronic voting platform. The Company prepares the English summary of the convening notice (access notice) and publishes it on its website before sending the convening notice.

Supplementary Principle 1.2.5
In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general meeting of shareholders in attending the general meeting of shareholders or exercising voting rights, companies should work with the trust bank and/or custodial institutions to consider such possibility.

If the institutional investors holding the shares in the name of trust banks (nominee) desire in advance to exercise their voting rights at the general meeting of shareholders, the Company shall determine the appropriateness of attendance at the general meeting of shareholders through prior consultations with the nominal shareholders as it is necessary to confirm that the institutional investors are the actual shareholders of the Company and avoid duplicate exercise of voting rights by the nominal shareholders.

Principle 1.3 Basic Strategy for Capital Policy
Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

The Company focuses its capital policy on harmonizing its three financial imperatives—maintaining an appropriate level of capital that strikes a balance between soundness and efficiency, making strategic investments that contribute to future growth, and returning profits to shareholders in a way that meets their expectations—and on pursuing growth in corporate value through these efforts.
The Company's basic policy for returning profits to shareholders is to pay dividends every fiscal year in accordance with business performance. The level of dividends is determined based on a dividend payout ratio of 60% or more and a dividend on equity (DOE) ratio of 8% or more, after comprehensive consideration of factors such as the optimal level of equity capital to support the Company's core margin transaction business and the strategic investment environment.

Principle 1.4 Cross-Shareholdings
When companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the Board of Directors should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. The results of this assessment should be disclosed.
Companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings, and vote in accordance with the standards.

Policy for cross-shareholdings of the Company and the benchmark for exercise of voting rights are as follows.

・Policy for Cross-Shareholdings
The Company shall not generally hold listed shares, however if the Company holds them due to a business alliance and any other reasonable management objectives, the Company shall regularly confirm that they are holdings corresponding to the objectives, and disclose its result.

・Benchmark for Exercise of Voting Rights on Cross-Shareholdings
Exercise of voting rights on cross-shareholdings shall be determined on a case-by-case basis. In the case that certain proposals might impair the corporate value of the subject

company, the Company will determine the exercise of the voting rights with particular attention.

Supplementary Principle 1.4.1
When cross-shareholders (i.e., shareholders who hold a company's shares for the purpose of cross-shareholding) indicate their intention to sell their shares, companies should not hinder the sale of the cross-held shares by, for instance, implying a possible reduction of business transactions.

At present, there is no cross-shareholder, however if cross-shareholders exist and they indicate intention to sell their shares, the Company shall take appropriate actions.

Supplementary Principle 1.4.2
Companies should not engage in transactions with cross-shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

At present, there is no cross-shareholder; however if important transactions arise with the cross-shareholders, the Company shall approve transactions at the Board of Directors as necessary in accordance with the laws and regulations as well as the Company's Internal Regulations (hereinafter referred to as the "Internal Regulations"), and shall determine implementation of the transactions. Accordingly, monitoring is conducted as to whether appropriate transactions are conducted to prevent the impairment of the interest of the Company and eventually the common interests of shareholders.

Principle 1.5 Anti-Takeover Measures
Anti-takeover measures must not have any objective associated with entrenchment of the management or the Board of Directors. With respect to the adoption or implementation of anti-takeover measures, the Board of Directors and Corporate Auditors should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

The Company has no plan to introduce anti-takeover measures.

Supplementary Principle 1.5.1
In case of a tender offer, companies should clearly explain the position of the Board of Directors, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

If the shares of the Company were subject to a takeover bid, the Company shall clearly explain the position of the Board of Directors and publish it to the shareholders as necessary. The Company shall respect the rights of shareholders and shall not prevent the shareholders from accepting the takeover bid.

Principle 1.6 Capital Policy that May Harm Shareholder Interests
With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the Board of Directors and Corporate Auditors should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

In the case that the Company implements certain capital measures that might result in changes of control or a large degree of dilution, the Company shall give sufficient consideration so as not to unfairly impair the existing shareholders' interests. The Board of Directors shall review the necessity and reasonability thereof, and the Company shall promptly disclose the content of the review and give sufficient explanations on the capital measures at the financial results briefing meetings and the general meeting of shareholders.

Principle 1.7 Related Party Transactions
When a company engages in transactions with its Directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the Board of Directors should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the Board in approving and monitoring such transactions, these procedures should be disclosed.

If important transactions arise with related parties, the Company shall approve them at the Board of Directors as necessary in accordance with the laws and regulations as well as the Internal Regulations, and shall determine implementation of the transactions. Accordingly, monitoring is conducted as to whether appropriate transactions are conducted to prevent the impairment of the interest of the Company and, eventually, the common interests of shareholders. The terms and conditions of the transactions with the related parties are set on equal terms with general transactions, considering the market price, based on the opinions of external experts. The summaries of important transactions with the related parties are disclosed in the Japanese version of financial reports (*Yuukashouken houkokusho*), if any.

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

General Principle 2
Companies should fully recognize that their sustainable growth and the creation of mid- to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders.
The Board of Directors and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

The Company recognizes that it is essential to have cooperation with all stakeholders including shareholders for sustainable growth and improvement of medium- to long-term corporate value. In order to realize cooperation with stakeholders, the Company has established the Code of Conduct and has clarified the basic attitude toward each stakeholder.

Principle 2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term
Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid- to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

Our corporate philosophy (MISSION) is “Supporting the prosperous lives of customers,” and our corporate goal (VISION) is “Delivering valuable financial products and services to retail investors.” In realizing our MISSION and VISION, we believe that providing superior customer experience value is of utmost importance.
By maintaining a strong financial base and providing a stable trading system and customer-oriented support system, we believe that responding to our customers' trust as a financial institution and maintaining and developing solid corporate activities will lead to “a sense of security in investing itself and in choosing a brokerage firm”, which we have defined as our first value to offer. In addition, we have defined “providing diverse ideas” regarding investment as our second value, in order to make investing itself fun, more accessible and attractive, and to make it an intellectually stimulating experience that leads to discovery and growth in the lives of our customers. These ideas are expressed in our corporate slogan, “As

a reliable securities broker, we make investment fun and interesting".

Principle 2.2 Code of Conduct
Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The Board of Directors should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization, including the front line of domestic and global operations.

The Company establishes and complies with six values of the code of conduct regarding appropriate cooperation with stakeholders, respect for their interests, and sound ethics in business activities.

(i) Customer-Driven
(ii) Evolving
(iii) Commitment
(iv) Teamwork
(v) Fact-Based Judgment
(vi) Contributing to Society

For the details of the Code of Conduct, refer to the website of the Company.
https://www.matsui.co.jp/company/information/philosophy/

Supplementary Principle 2.2.1
The Board of Directors should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company's corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.

The Company establishes its corporate mission, vision and code of conduct, and conducts training for officers and employees at least once a year to foster a corporate culture and practice that respects the spirit and intent of these principles. As the training incorporates the most recent topics, the Company strives to make it in line with the reality of business situations. The Company holds workshops that all employees participate in to promote and deepen understanding of its corporate mission, vision, and code of conduct. Additionally, the

Company has created a brand equity pyramid that structurally identifies the various components of the Matsui Securities brand, including the corporate mission, vision and code of conduct. To promote understanding of the pyramid, a Company-wide project team has been established and the Company is implementing initiatives conceived by employee themselves. Furthermore, the results of training are reported to the Board of Directors.

Principle 2.3 Sustainability Issues, Including Social and Environmental Matters
Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

The Company's mission is "Supporting the prosperous lives of customers" and its vision is "Delivering valuable financial products and services to retail investors". The Company recognizes that collaboration with all stakeholders, including shareholders, is essential to achieve its mission and vision.
In addition, the Company has established a code of conduct for its officers and employees: (i) "customer-driven", (ii) "evolving", (iii) "commitment", (iv) "teamwork", (v) "fact-based judgment", and (vi) "contributing to society". These values serve as the foundation for realizing collaboration with its stakeholders.

Supplementary Principle 2.3.1
The Board should recognize that dealing with sustainability issues such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid- to long-term.

The Company's response to issues related to sustainability is as follows.

1. Governance
The Company has a system where the Board of Directors supervises important matters related to sustainability. The Board of Directors supervises the status of individual measures based on material issues that should be prioritized and that substantially impact the medium- to long-term improvement of corporate value or resolution of material issues, and they are reassessed in response to changes in the business environment and the equivalent. Also, the Corporate Planning Department is the Company's secretariat for promoting sustainability.

2. Risk Management

By identifying material issues, the Company aims to understand and evaluate the impact of sustainability-related risks and opportunities it faces. The Board of Directors deliberates on and finalizes the material issues based on the draft formulated by the Corporate Planning Department, which serves as the secretariat. The process for specifying material issues is as follows.

a. Make a List of Candidates for Material Issues

Refer to various international guidelines such as the Sustainability Accounting Standards Board (SASB) standards, Global Reporting Initiative (GRI) standards, and Sustainable Development Goals (SDGs) to list issues that are highly relevant to our business and corporate culture.

b. Evaluation of Importance

Through dialogue with stakeholders such as customers, shareholders and employees, the Company grasps their expectations of the Company, and extracts important issues from the list of issues.

c. Identification of Material Issues

With regard to the extracted issues, items that contribute to social sustainability and have a significant impact on the Company's medium- to long-term growth and their relevance to the Company's management strategy are evaluated, and important issues that should be addressed as a priority are identified through discussions at the Board of Directors.

Following are the material issues identified by the Company.

<table>
<tr><td rowspan="4">Business operations</td><td rowspan="2">Sound development of society</td><td>Improving access to financial markets</td></tr>
<tr><td>Efforts to improve the fairness of the securities market</td></tr>
<tr><td rowspan="2">Support for investment and asset building</td><td>Providing various financial products and services</td></tr>
<tr><td>Providing easy-to-understand information</td></tr>
<tr><td rowspan="6">Management foundation</td><td rowspan="3">Well-being and diversity of directors
and employees</td><td>Recruitment, retention, and development of diverse human resources</td></tr>
<tr><td>Develop diverse careers and expertise</td></tr>
<tr><td>Creating a rewarding work environment</td></tr>
<tr><td rowspan="3">Management structure to support business growth</td><td>Enhancement of corporate governance</td></tr>
<tr><td>Thorough compliance</td></tr>
<tr><td>Maintaining advanced information security</td></tr>
</table>

3. Strategy

Sound Development of Society and Support for Investment and Asset Building

The Company strives to provide products and services designed to lower the barriers to entry and simple and easily understandable services from the perspectives of improving access to financial markets, efforts to improve the fairness in the securities market, and providing easy-to-understand information. Moreover, the Company is promoting the spread of varied information to help customers investment in financial products, improving the convenience of trading and information platforms, and strengthening the customer support system. The Company is expanding its lineup of products and services from the perspective of “providing various financial products and services”.

Well-being and Diversity of Directors and Employees

Our basic policy is to promote the development of an organization with a diverse workforce, including people of all gender identities, ages, and professional backgrounds. We have also set an organizational goal of “becoming an organization in which each employee has a sense of ownership and is autonomous in learning and growing,” aiming for growth of the Company along with the growth of each individual.

Management Structure to Support Business

The Company aims to maintain sound corporate governance and highly reliable internal organization from the perspectives of enhancement of corporate governance and thorough compliance.

4. Metrics and Targets

Some items under material issues and the progress of corresponding measures cannot necessarily be measured quantitatively. The Company’s metrics and targets relate to the well-being and diversity of directors and employees. They are described in Principle 2.4.

For more information, refer to the website of the Company.

https://www.matsui.co.jp/company/sustainability/materiality/

Principle 2.4 Ensuring Diversity, Including Active Participation of Women

Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

a. Policy on Human Resource Development

The Company sets out a policy to promote building the organization with diverse human resources, such as varied gender, age, and work experience. The Company aims to meet its organizational goal of growing together with individual employees who feel a sense of ownership, grow independently, and recognize each other's diverse perspectives. The Company has divided its strategy into six items: "recruitment," "assignments," "retention," "human resource development," "evaluation," and "remuneration," and it has developed action plans for each.

1) Recruitment

In order to optimize the long-term age structure in the organization, we hire new graduates on an ongoing basis each year, and we also hire mid-career workers as needed to provide the immediate human resources required for the organization.

2) Assignments

The Company flexibly allocates human resources with a small-scale system and identifies the individual preferences and aptitudes of each employee and its needs.

3) Retention

The Company is committed to providing onboarding support to help new graduates and mid-career hires become familiar with the organization and achieve results more quickly. Prior to joining the Company, prospective employees have regular opportunities for interviews with the human resources department and roundtable discussions with senior employees, which help to promote understanding of our businesses and allay any concerns. After joining the Company, we provide opportunities for interaction among employees, including team building, training on the financial industry, introductions and interaction opportunities with each department.

The Company also has a job rotation system based on a membership-typed organization to develop human resources through various career paths, allowing employees to experience working in multiple departments over a decade after graduation. In addition, the Company has introduced professional positions in its job system to ensure that employees are equipped with specialized skills, providing an opportunity for employees to independently consider their career paths.

4) Human Resource Development

To foster people capable of success over the long term in a rapidly changing business environment, the Company has established a Company-wide training and reskilling system. We have clearly defined the skills that new employees should acquire each year and recommend a structured training program for mid-level employees, and offered support in terms of time and money for professional development. In FY2023, the time and cost of training per employee exceeded the Company's targets. The Company works to facilitate an environment for human resource development through external training which can be taken on different themes, as well as workshops where employees can exchange opinions while considering their aims for the organization. Moreover, the Company is working to create an organization with good communication where employees can easily consult with each other: it has introduced a 360-degree feedback system to have employees improve each other and recommends one-on-one meetings between employees and supervisors.

5) Evaluation

The Company has stipulated the accountability of each job position to support every employee's growth and ensure fair evaluations. Accountability is the Company's standard for evaluation. It is defined as the expected roles of employees according to each job position from three perspectives: "awareness, motivation and attitude", "ability to perform job duties", and "leadership and management".

6) Remuneration

The Company's basic policy is maintaining and pursuing a competitive remuneration system. It emphasizes providing appropriate remuneration linked to fair individual evaluations based on socioeconomic conditions, rather than relying solely on regular salary increases or base pay adjustments.

b. Policy on Workplace Environment Creation

The Company establishes an internal multipurpose communication space to support employee interaction and create an environment where ideas can be generated through conversation. This space is utilized as a meeting room, cafeteria and venue for internal events. The Company also supports diverse working styles with a remote work system, staggered working hours and paid leave by the hour, along with childcare leave and reduced working hour systems. Regarding employees' health and working environment, the Company carries out stress check tests for all employees and provides face-to-face guidance by industrial physicians as necessary.

In addition, the Company supports the financial wellness of its employees through the provision of a defined contribution pension system, a plan subsidizing employee stock ownership, a training program and a qualification incentive system to promote financial literacy. Furthermore, the Company strives to create a workplace environment that gives employees peace of mind when it comes to giving birth to and rearing children. It has been certified by the Minister of Health, Labour and Welfare (Kurumin Certification) as a company that supports child-rearing.

The Company considers the engagement of each and every employee crucial for achieving its organizational goal of “becoming an organization in which each employee has a sense of ownership and is autonomous in learning and growing.” The Company conducts an annual engagement survey, where engagement is defined as “feeling empathy with the Company’s principles, policies, and goals, being self-motivated to work, and having deep commitment to colleagues and the Company”. Its scores have grown every year since the first survey was conducted in FY2019. The Company believes that improving employee engagement will lead to higher corporate value. Therefore, it will continue to introduce systems and measures incorporating employee-initiated action plans.

The Company’s metrics related to its human capital for FY2024 are as follows:

Gender ratios

	Men	Women
Total	66.7%	33.3%
Managers	85.1%	14.9%

Ratio of new graduates/mid-career professionals

	New graduate hires	Mid-career professional hires
Total	59.3%	40.7%
Managers	61.7%	38.3%

Age composition

20–29	30–39	40–49	50 or over
30.2%	29.6%	23.8%	16.4%

Paid leave use

Days of leave taken	Rate of leave use
17.7 days	80.7%

Childcare leave

Women	Men
100%	100%

Re-skilling

Hours per employee	Cost per employee
25.0 hours	126,000 yen

In its general employer action plan, based on the Act on Promotion of Women’s Participation and Advancement in the Workplace (plan period: April 1, 2022 to March 31, 2027), the Company set the goals of having at least 35% female employees and at least 15% female managers. The ratios of female employees and managers in FY2024 are as shown in the above tables.

Supplementary Principle 2.4.1
Companies should present their policies and voluntary and measurable goals for ensuring diversity in promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status. In addition, in light of the importance of human resource strategies for increasing corporate value over the mid- to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

As stated in Principle 2.4.

Principle 2.5 Whistleblowing
Companies should establish an appropriate framework for whistle-blowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the Board of Directors should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.

The Company has introduced a whistle-blowing system in which employees are able to report to a third-party organization delegated by Japan Securities Dealers Association. In the event that the third-party organization receives a whistle-blowing report from employees, the Audit & Supervisory Committee and the person in charge are supposed to receive reports from the organization. A direct line of contact with the person in charge at the Internal Audit Department is also established for whistle-blowing with respect to illegal activities in the Company. These frameworks are clearly provided in the Internal Regulations and are thoroughly published to employees by posting in the Company’s Intranet.
Disadvantageous treatment of whistle-blowers is prohibited by the Internal Regulations.

Supplementary Principle 2.5.1
As a part of establishing a framework for whistle-blowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of Outside Directors and Outside Corporate Auditors). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

As stated in Principle 2.5.

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners
Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

The Company has not adopted a corporate pension plan under the management of instructions from the Company, and has no plan to introduce a corporate pension plan.

Section 3: Ensuring Appropriate Information Disclosure and Transparency

General Principle 3

Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance.

The Board of Directors should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.

The Company recognizes that proper information disclosure is essential for performing accountability as a listed company and building and maintaining trustworthy relationships with shareholders and other stakeholders. The Company practices this recognition by actively disclosing information, including monthly business figures and non-financial information, in an Integrated Report on its website. It does so to promote understanding of its business and financial conditions and to make disclosures required by laws and regulations.

Principle 3.1 Full Disclosure

In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:

(i) Company objectives (e.g., business principles), business strategies and business plans;
(ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;
(iii) Board of Directors policies and procedures in determining the remuneration of the senior management and Directors;
(iv) Board of Directors policies and procedures in the appointment/dismissal of the senior management and the nomination of Directors and Corporate Auditors candidates; and
(v) Explanations with respect to the individual appointments/dismissal and nominations based on (iv).

(i) Our corporate philosophy (MISSION) is “Supporting the prosperous lives of customers,” and our corporate goal (VISION) is “Delivering valuable financial products and services to retail investors.” In realizing our MISSION and VISION, we

believe that providing superior customer experience value is of utmost importance.
By maintaining a strong financial base and providing a stable trading system and customer-oriented support system, we believe that responding to our customers' trust as a financial institution and maintaining and developing solid corporate activities will lead to “a sense of security in investing itself and in choosing a brokerage firm”, which we have defined as our first value to offer. In addition, we have defined “providing diverse ideas” regarding investment as our second value, in order to make investing itself fun, more accessible and attractive, and to make it an intellectually stimulating experience that leads to discovery and growth in the lives of our customers. These ideas are expressed in our corporate slogan, “As a reliable securities broker, we make investment fun and interesting”.
To embody our corporate slogan, we aim to provide “a stable trading environment” that earns the trust of our customers, “a wide variety of products that meet various customer needs” which lower the hurdles to starting investments and deliver opportunities for discovery and growth to more customers, “products and services with low trial barriers,” “simple and easy-to-understand services,” and aiming to take online securities one step further, “personalized services” that provide detailed responses in line with each customer's needs.
Furthermore, the Company has maintained an efficient operational structure by concentrating its management resources on online-based business. With the expansion of online-centric communication, we believe that the superiority of online-based business will further increase, and we will maintain our policy of concentrating on online-based business models.

(ii) The Company believes that enhancing corporate governance is necessary to achieve sustainable growth and medium- to long-term improvement in corporate value. To do so, the Company establishes a basic policy: improving and operating a highly efficient management system that responds quickly, flexibly and appropriately to changes in the business environment; maintaining sound management and transparency of business and financial conditions; and maintaining trustworthy relationships with stakeholders, including shareholders.

(iii) Executive Directors and Executive Officers remuneration includes basic remuneration and stock options, considering their position, roles and performance. By contrast, stock options are not granted to Outside Directors (except for Directors who are Audit & Supervisory Committee members) to ensure independence, and only basic remuneration is paid. The Nomination and Remuneration Committee, consisting of the President & CEO and all Outside Directors who are not Audit & Supervisory Committee members, determines remuneration for Directors and Executive Officers. Only basic remuneration in proportion to full-time or part-time service and within the range of the total amount specified by the resolution of the general meeting of shareholders will be paid as remuneration to Directors who are Audit & Supervisory Committee members, considering their independence in auditing the duties of Directors (excluding Directors who are Audit & Supervisory Committee members). In addition, the individual compensation of Directors who are Audit & Supervisory Committee members is determined through consultation among such Directors, within the range of the total amount specified by the resolution of the general meeting of shareholders.

(iv) The Company establishes the qualifications and expertise that the Board of Directors should possess, and in selecting individual Directors, the Board appoints human resources who meet the qualifications and expertise that the Board of Directors requires. The Company nominates people as Executive Directors and Executive Officers who deeply empathize with the Company's mission and vision, have advanced expertise in assigned business areas, and are suitable for promoting the highly efficient management system capable of responding to changes in the business environment quickly, flexibly and appropriately. For Outside Directors who are not Audit & Supervisory Committee members, personnel who can monitor management from an objective and independent standpoint without favoring the interest of the senior management and particular interested persons and have a wide range of knowledge are nominated. For Directors who are not Audit & Supervisory Committee members, personnel who do not favor the interest of the senior management and particular interested persons, recognize the roles and responsibilities the Company has to fulfill in community and society, and have a wide range of knowledge are nominated. In nominating the candidates for Directors and Executive Officers, the Board of Directors reviews and determines the proposal that the Nomination and Remuneration Committee prepares. In nomination of the candidates for Directors who are Audit & Supervisory Committee members, the Board of Directors reviews and determines the proposal that the Nomination and Remuneration Committee prepares with the consent of the Audit & Supervisory Committee.

(v) Reasons with respect to the individual appointments and nominations of Directors candidates are described in the convening notice of the general meeting of shareholders and disclosed on the Company's website. For the details, refer to the website of the Company.

The convening notice of the general meeting of shareholders:
https://www.matsui.co.jp/company/ir/stockholder/meeting/

Website:
https://www.matsui.co.jp/company/sustainability/governance/corp-governance/

Supplementary Principle 3.1.1
These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the Board of Directors should ensure that information is not boiler-plate or lacking in detail.

The Company recognizes that proper information disclosure in a timely manner is essential for performing its accountability as a listed company and building and maintaining trustworthy relationships with stakeholders, including shareholders. In order to practice the recognition, the Company tries to describe initiatives plainly and specifically. In addition, the Company issues an Integrated Report that summarizes the efforts toward improving corporate value and achieving sustainable growth in a more understandable manner, including messages and examples from the management team.

Supplementary Principle 3.1.2
Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures.
In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.

The Company maintains the English website exclusively for investor relations, based on the ratio of foreign investors among the shareholders, and in the website the Company discloses in English the materials related to financial results, the Japanese version of financial reports (*Yuukashouken houkokusho*), the convening notice of the general meeting of shareholders, press releases and other monthly data of business figures. The Company also discloses in English "Efforts of the Company for Each Principle in the Corporate Governance Code".

Supplementary Principle 3.1.3
Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual propertyies in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.
In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

Our sustainability initiatives are described in Principle 2.3 and Supplementary Principle 2.3.1.

In its overall sustainability initiatives, the Company evaluates the impact of climate change-related risks and profit opportunities on its business activities and revenue. As a result of these evaluations, the Company recognizes that climate change can affect the business activities of various companies and indirectly affect our business through the affected financial markets. However, the Company views that the direct impact of climate change on our business is limited in light of the characteristics of our business.

For more information, refer to the website of the Company.
https://www.matsui.co.jp/company/sustainability/environment/

Principle 3.2 External Accounting Auditors
External Accounting Auditors and companies should recognize the responsibility that External Accounting Auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.

The Company strives to maintain close cooperation with the External Accounting Auditor through dialogue or exchange of views and opinions between the External Accounting Auditor and Internal Audit Department or Audit & Supervisory Committee. The Company takes actions toward ensuring appropriate audit by establishing the system in which each relevant department shall provide necessary materials promptly at the request of the External Accounting Auditor.

Supplementary Principle 3.2.1
The Board of Corporate Auditors should, at minimum, ensure the following:
(i) Establish standards for the appropriate selection of External Accounting Auditor candidates and proper evaluation of External Accounting Auditors; and
(ii) Verify whether External Accounting Auditors possess necessary independence and expertise to fulfill their responsibilities.

The Audit & Supervisory Committee takes the following actions.

(i) The Company selects the External Accounting Auditor after confirming whether the External Accounting Auditor candidates have sufficient knowledge, experiences and capability to conduct appropriate financial audit and establish adequate auditing system to maintain independence of auditing and to ensure quality of financial audit. Based on audit activities and response to the governance code of the accounting firm, and validation results of external evaluation institutions, the Audit & Supervisory Committee evaluates the appropriateness and validity of audit activities of the External Accounting Auditor. With reference to the "Guideline for Dismissal or Non-reappointment of External Accounting Auditor" defined by the Audit & Supervisory Committee, the Company reviews whether reappointment of the External Accounting Auditor is reasonable.

(ii) Through exchanges of views and opinions with the External Accounting Auditor, the Company confirms its independence and expertise.

Supplementary Principle 3.2.2
The Board of Directors and the Board of Corporate Auditors should, at minimum, ensure the following:
(i) Give adequate time to ensure high quality audits;
(ii) Ensure that External Accounting Auditors have access, such as via interviews, to the senior management including the CEO and the CFO;
(iii) Ensure adequate coordination between External Accounting Auditors and each of the Corporate Auditors (including attendance at the Board of Corporate Auditors meetings), the internal audit department and Outside Directors; and
(iv) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the External Accounting Auditors.

(i) The officer in charge of accounting and the Audit & Supervisory Committee receive the reports of the audit plan developed by the External Accounting Auditor and the reports on the results of audit in order to confirm that sufficient time spent on audit is secured.

(ii) The Company ensures opportunities for interviews with t the President & CEO and the officers in charge of relevant operations at the request of the External Accounting Auditor.

(iii) The Audit & Supervisory Committee keeps collaboration with the External Accounting Auditor by conducting hearings of the summary of audit plan, key audit matters (KAM), focused items of audit and audit results, etc., from the External Accounting Auditor. Internal Audit Department exchanges views and opinions with the External Accounting Auditor as necessary and Outside Directors who are not Audit & Supervisory Committee members receive the views and opinions of the External Accounting Auditor as necessary.

(iv) The Audit & Supervisory Committee is supposed to take appropriate actions through consultations thereon in the event that the External Accounting Auditor reported on fraud. For any other inadequacies and problems, the Company ensures the opportunities for the External Accounting Auditor to indicate to the officer in charge of accounting and the Audit & Supervisory Committee.

Section 4: Responsibilities of the Board of Directors

General Principle 4

Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid- to long-term and enhance earnings power and capital efficiency, the Board of Directors should appropriately fulfill its roles and responsibilities, including:

(i) Setting the broad direction of corporate strategy;

(ii) Establishing an environment where appropriate risk-taking by the senior management is supported; and

(iii) Carrying out effective oversight of Directors and the management from an independent and objective standpoint.

Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization – i.e., Company with the Board of Corporate Auditors (where a part of these roles and responsibilities are performed by Corporate Auditors and the Board of Corporate Auditors), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.

The Company has adopted a management structure with the Board of Directors as the organization for management decision-making and supervision, and the Management Committee, which is composed of Executive Officers (who have advanced expertise), as the organization for controlling overall business execution. The Company responds properly and timely to the business environment, which is impacted by rapidly changing financial markets. With respect to the monitoring of management, Outside Directors make up a majority of Directors, and the Company believes that with supervision by the Outside Directors and auditing by the Audit & Supervisory Committee, the monitoring system is fully functioning sufficiently. All Executive Officers attend Board of Directors' meetings, where they make reports on business execution and provide sufficient information for appropriate decision-making by the Board of Directors, of which Outside Directors make up a majority.

The Company determines the direction of management strategies at Board of Directors' meetings and Management Committee, and the details are disclosed in the financial statement information materials in a timely manner. Business execution decisions for matters other than those requiring deliberation by the Board of Directors are delegated to the Management Committee, which is composed of Executive Officers. The Company has thus established a business execution structure that supports appropriate risk taking by executives. In addition, the Company has established an internal control system to ensure the legality and appropriateness of business, and has a structure for properly understanding and managing risks.

Principle 4.1 Roles and Responsibilities of the Board of Directors (1)
The Board of Directors should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities. It should engage in constructive discussion with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.

The Company conducts constructive discussions on its mission and vision, the direction of the Company and the management strategies, and the detailed management plans at Board of Directors' meetings, and determines the contents. The Board of Directors receives reports as necessary from Executive Directors and Executive Officers on the execution of duties they are in charge of, as well as the detailed progress of management plans, and monitors the management.

Supplementary Principle 4.1.1
The Board of Directors should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.

The Company establishes the Board of Directors as the decision-making and supervising organization of the management and the Management Committee as the organization to control overall business execution based on decision making by the Board of Directors. An overview of those organizations is disclosed in the Japanese version of financial reports (*Yuukashouken houkokusho*) and in corporate governance reports.

The Board of Directors is supposed to make decisions on the basic policy for the management and important business execution which are matters determined to be decided by the Board of Directors by the laws and regulations and the Articles of Incorporation, and the scope and contents are stipulated in the "Regulation for the Board of Directors".

For decision making and business execution other than the above, the authorities of approval are clearly assigned in the "Regulation for Report of Authorization and Application for Approval" to the decision-making entities, including the Management Committee, Executive Officers and the head of each department.

Supplementary Principle 4.1.2

Recognizing that a mid-term business plan (*chuuki-keiei-keikaku*) is a commitment to shareholders, the Board of Directors and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

The volatile nature of the financial markets greatly affects securities, the Company's main business. If the Company were to operate its business in line with a Medium-Term Management Plan, waves of change might arrive before it executes its strategies and measures. This would risk neglecting initiatives that could respond promptly to changes in financial markets and customer needs. Recognizing this, the Company does not formulate a med-term management plan. However, investing in businesses for future growth is essential, so the Company has formulated a fiscal year management plan based on the market conditions and competitive environment. The management plan consists of four axes, "business plan", "sales plan", "IT plan", and "organization plan", based on the main management issues. The Company explains important issues on the management plan, those initiatives and progress at the financial results briefing meetings and the general meeting of shareholders.

The Company conducts constructive discussions on the direction of the Company and the management strategies, and the detailed management plans at Board of Directors' meetings and determines the contents. Specifically, based on the market environment, trends in the securities brokerage industry, competitive landscape and customer needs, etc., the Board of Directors examines short-term and medium- to long-term efforts such as measures related to business expansion, including introduction of new products, new services, and new trading platforms, etc., and investment in IT systems for securing the stability of the trading platform, the lifeline of an online securities broker. The Board of Directors reviews the progress and priority thereof.

Supplementary Principle 4.1.3

Based on the company objectives (business principles, etc.) and specific business strategies, the Board of Directors should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

The Nomination and Remuneration Committee, consisting of the President & CEO and all

Outside Directors who are not Audit & Supervisory Committee members, properly proposes the succession plan for the CEO of the Company, and the Board of Directors reviews it and makes a final determination.

Principle 4.2 Roles and Responsibilities of the Board of Directors (2)
The Board of Directors should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented.
Also, the remuneration of the management should include incentives such that it reflects mid- to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

The Company delegates decisions on business execution matters other than those requiring deliberation by the Board of Directors to the Management Committee, which is composed of Executive Officers. The Company has thus established a business execution structure that supports appropriate risk taking by executives.

The Company has built an internal control system which ensures legality and appropriateness of operations and has established a system to properly understand and manage risks.

With regard to remuneration for Executive Directors and Executive Officers, in addition to basic remuneration, stock options as compensation have been introduced for the purpose of motivating and incentivizing them to improve the Company's business performance.

Supplementary Principle 4.2.1
The Board of Directors should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately.

With regard to remuneration for Executive Directors and Executive Officers, in addition to basic remuneration, as stated below, stock options as compensation are introduced for the purpose of motivating and incentivizing them to improve the Company's business performance. The Nomination and Remuneration Committee, consisting of the President & CEO and all Outside Directors who are not Audit & Supervisory Committee members, determines basic remuneration for Executive Directors and Executive Officers. The Nomination and Remuneration Committee prepares a detailed plan of stock options as compensation, and the Board of Directors will review it and make a final determination.

(i) Basic remuneration
Total annual amount of less than ¥300 million for Directors (¥50 million or less for Outside Directors who are not Audit & Supervisory Committee members) as approved by the general meeting of shareholders

(ii) Stock options as compensation
Total annual amount of less than ¥200 million for Directors as approved by the general meeting of shareholders

(iii) Percentage of basic remuneration and stock options as compensation
70% for basic remuneration and 30% for stock options as compensation

Only basic remuneration in proportion to full-time or part-time service and within the range of the total amount determined by the general meeting of shareholders will be paid as remuneration to Directors who are Audit & Supervisory Committee members, considering the independence in auditing the duties of Directors (excluding Directors who are Audit & Supervisory Committee members). In addition, the individual compensation of Audit & Supervisory Committee members who are Directors is determined through consultation among such Directors, within the range of the total amounts specified by the resolution of the general meeting of shareholders.

Supplementary Principle 4.2.2
The Board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value over the mid- to long-term.
In addition, in light of the importance of investments in human capital and intellectual properties, the Board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company.

Our corporate philosophy (MISSION) is "Supporting the prosperous lives of customers," and our corporate goal (VISION) is "Delivering valuable financial products and services to retail investors." The Company recognizes that collaboration with all stakeholders, including shareholders, is essential to achieve its mission and vision. This is its basic policy.
In addition, the Company established six code of conduct items that serve as the foundation for realizing collaboration with its stakeholders: (i) "customer-driven", (ii) "evolving", (iii)

“commitment”, (iv) “teamwork”, (v) “fact-based judgment”, and (vi) “contributing to society”.
The Company holds constructive discussions on its mission, vision, code of conduct, and the direction of management strategies, as well as detailed management plans at Board of Directors’ meetings, based on which their contents are determined. The allocation of management resources, including investments in human capital, and business portfolio strategies are also factored into management plans. The Company believes that executing strategies based on the management plans will lead to activities that contribute to its sustainable growth. The Board of Directors engages in oversight by receiving updates on the status of business execution and detailed progress with regard to the management plans.

Principle 4.3 Roles and Responsibilities of the Board of Directors (3)
The Board of Directors should view the effective oversight of the management and Directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management.
In addition, the Board of Directors should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems.
Also, the Board of Directors should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.

The Nomination and Remuneration Committee, consisting of the President & CEO and all Outside Directors who are not Audit & Supervisory Committee members, evaluates each Executive Director and Executive Officer, and properly reflects the evaluation in its assessment of the management.

The Company appoints the information manager responsible for control of material information in the “Regulation for Timely Disclosure of Material Information” and builds the system to carry out proper information disclosure in a timely manner. In addition to disclosure required by the laws and regulations, additional value-added information including the monthly data of business figures is actively disclosed on the website of the Company in order to facilitate understanding of the business and financial conditions.

For internal control and risk management, the Company has built an internal control system which ensures legality and appropriateness of operations in order for officers and employees to securely comply with the laws and regulations, including establishment of the Internal Regulations and compliance manual, etc., and assignment of the persons in charge of compliance at each department. The Company also prepares the system to properly understand and manage risks through conducting audits by the Audit & Supervisory Committee and the Internal Audit Department and establishment of the “Regulation for risk management for major operations”.

If important transactions arise with related parties, the Company shall approve transactions at the Board of Directors as necessary in accordance with the laws and regulations as well as the Internal Regulations, and shall determine implementation of the transactions. Accordingly, monitoring is conducted as to whether appropriate transactions are conducted to prevent impairment of the interest of the Company and eventually the common interest of shareholders. For the terms and conditions of the transactions with related parties, they are set on equal term with general transactions, considering the market prices, based on the opinions of the external experts. The summaries of the important transactions with the related parties are disclosed in the Japanese version of financial reports (*Yuukashouken houkokusho*), etc.

Supplementary Principle 4.3.1

The Board of Directors should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures via an appropriate evaluation of the company’s business results.

For appointment and dismissal of Directors and Executive Officers, the Nomination and Remuneration Committee, consisting of the President & CEO and all Outside Directors who are not Audit & Supervisory Committee members, prepares a proposal for candidates considering the position, roles and performance, and the Board of Directors reviews it and determines.

Supplementary Principle 4.3.2

Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the Board of Directors should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources.

The Company recognizes the appointment and dismissal of the CEO including succession planning for the CEO is the most important aspect of strategic decision-making. The Nomination and Remuneration Committee, consisting of the President & CEO and all Outside Directors who are not Audit & Supervisory Committee members, makes a proposal for appointment and dismissal of the CEO, and the Board of Directors reviews it and makes a final determination.

Supplementary Principle 4.3.3
The Board of Directors should establish objective, timely, and transparent procedures such that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that the CEO is not adequately fulfilling the CEO's responsibilities.

The Nomination and Remuneration Committee, consisting of the President & CEO and all Outside Directors who are not Audit & Supervisory Committee members, makes a proposal for appointment and dismissal of the CEO, and the Board of Directors reviews it and makes a final determination.
To remain a "value-creating company", the Company has clarified its commitment for the business results as the Company set out the management objectives and aims to attain a high ROE level that exceeds the cost of equity capital (currently 8%), which is an important factor when evaluating the business results of the Company. The Nomination and Remuneration Committee sets the competencies required of the CEO, and is involved in the evaluation and decisions on continuation of the CEO, so that the dismissal of the CEO when necessary shall be fulfilled through fair and highly transparent procedures.

Supplementary Principle 4.3.4
The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The Board of Directors should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.

The Compliance Department confirms compliance with the laws and regulations and makes efforts to prevent violations before they occur. The Company establishes departments in charge of monitoring its system risks and its credit risks to customers, which deal with the management of various risks and prevention thereof. The Internal Audit Department evaluates the risk of the entire company and prepares an internal audit plan every year, and reports it to the Board of Directors. The Board of Directors monitors the risk management status of the entire company by receiving the reports from each department and the report for the results of the internal audit.

For internal control on financial reporting procedure (J-SOX), the Company assigns the persons in charge across the Company to address the matter and builds the system to receive appropriate audit of External Accounting Auditors.

Principle 4.4 Roles and Responsibilities of Corporate Auditors and the Board of Corporate Auditors

Corporate Auditors and the Board of Corporate Auditors should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of Directors' duties, appointment and dismissal of Corporate Auditors and External Accounting Auditors, and the determination of auditor remuneration.

Although so-called "defensive functions", such as business and accounting audits, are part of the roles and responsibilities expected of the Corporate Auditors and the Board of Corporate Auditors, in order to fully perform their duties, it would not be appropriate for the Corporate Auditors and the Board of Corporate Auditors to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at Board of Directors' meetings and to the management.

The Audit & Supervisory Committee is comprised of four members: one Executive Director with rich experience in the fields of compliance and internal auditing and three Outside Directors, including a certified public accountant with extensive knowledge of finance and accounting, an attorney with extensive knowledge of legal affairs and compliance, and a former director of a foreign company with extensive knowledge of finance, accounting and internal auditing, and they properly express their opinions and views at Board of Directors' meetings, utilizing their knowledge and experiences. The three Outside Directors who are Audit & Supervisory Committee members satisfy the requirements for independent officers determined by the Tokyo Stock Exchange and maintain independence not favoring the interest of the senior management and particular interested persons.

Supplementary Principle 4.4.1

Given that not less than half of the Board of Corporate Auditors must be composed of Outside Corporate Auditors and that at least one full-time Corporate Auditor must be appointed in accordance with the Companies Act, the Board of Corporate Auditors should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, the Corporate Auditors or the Board of Corporate Auditors should secure cooperation with Outside Directors so that such Directors can strengthen their capacity to collect information without having their independence jeopardized.

The three Outside Directors who are Audit & Supervisory Committee members satisfy the requirements for independent officers determined by the Tokyo Stock Exchange and maintain independence not favoring the interest of the senior management and particular interested persons. They exchange opinions and gather information with the Executive Director who is a full-time Audit & Supervisory Committee member on a regular basis and increase effectiveness of the audit. Outside Directors who are Audit & Supervisory Committee members exchange information and share recognition with one another at meetings comprised only of Outside Directors.

Principle 4.5 Fiduciary Responsibilities of Directors and Corporate Auditors
With due attention to their fiduciary responsibilities to shareholders, the Directors, Corporate Auditors and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

The senior management of the Company recognizes that it is required to act in the best interests of the Company and common interests of shareholders while executing their fiduciary responsibilities to shareholders and securing appropriate cooperation with stakeholders. In order to secure thereof, in addition to thorough compliance with the contents described in the "Efforts of the Company for Each Principle in the Corporate Governance Code", the Company has actively provided the information which is deemed to be material for stakeholders.

Principle 4.6 Business Execution and Oversight of the Management
In order to ensure effective, independent and objective oversight of the management by the Board of Directors, companies should consider utilizing Directors who are neither involved in business execution nor have close ties with the management.

The Company has Outside Directors comprising a majority of the Board of Directors to ensure highly effective oversight of management.

Principle 4.7 Roles and Responsibilities of Independent Directors

Companies should make effective use of Independent Directors, taking into consideration the expectations listed below with respect to their roles and responsibilities:

(i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid- to long-term;

(ii) Monitoring of the management through important decision-making at the Board of Directors including the appointment and dismissal of the senior management;

(iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and

(iv) Appropriately representing the views of minority shareholders and other stakeholders in the Board of Directors from a standpoint independent of the management and controlling shareholders.

(i) The five Outside Directors of the Company have a great deal of experience and a wide range of knowledge as a Director and former Corporate Auditor of a listed company, the former head of a brokerage firm, asset management companies, a financial information service company, and a consulting company, a former inspector of the Financial Services Agency, an attorney, and a certified public accountant. They provide advice on various matters, including the management strategies of the Company based on such experiences and knowledge.

(ii) Outside Directors monitor the management, including development and decision making for the direction of management strategies and detailed business plan of the Company and supervise business execution of Executive Directors and Executive Officers. As members of the Nomination and Remuneration Committee, Outside Directors who are not Audit & Supervisory Committee members are involved in decision-making processes for important matters such as proposal of appointment and dismissal of Directors, decisions regarding basic remuneration for Directors and Executive Officers, and proposal of incentive compensation for Directors and Executive Officers.

(iii) Outside Directors recognize the situation in which the founding family owns majority shares of the Company and supervise any potential conflicts of interests between the Company and the senior management or particular interested persons.

(iv) Outside Directors satisfy the requirements for independent officers determined by the Tokyo Stock Exchange and express their opinions considering the interest of stakeholders including minority shareholders, while maintaining independence, not favoring the interest of the senior management and particular interested persons.

Principle 4.8 Effective Use of Independent Directors
Independent Directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as Independent Directors (two directors if listed on other markets) that sufficiently have such qualities.
Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of Directors if listed on other markets) as Independent Directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of Independent Directors.

Considering that the founding family is a major shareholder, the Company has appointed five Independent Directors who satisfy the requirements for independent officers determined by the Tokyo Stock Exchange. The current total number of Directors is nine, a majority of whom are Independent Directors, which enables discussions reflecting the opinions from an independent and objective standpoint, not favoring the interests of the senior management and particular interested persons.

All Executive Officers attend meetings of the Board of Directors, where they make reports on business execution and provide sufficient information for appropriate decision-making by the Board of Directors, of which Outside Directors make up a majority.

Supplementary Principle 4.8.1
In order to actively contribute to discussions at the Board of Directors, Independent Directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of Independent Directors (executive sessions) would be one way of achieving this.

The Company holds regular meetings, comprised only of Outside Directors to build a system of collaboration among independent and outside officers, and promotes them to exchange information and to share recognition from an independent and objective standpoint.

Supplementary Principle 4.8.2
Independent Directors should endeavor to establish a framework for communicating with the management and for cooperating with Corporate Auditors or the Board of Corporate Auditors by, for example, appointing the Lead Independent Director from among themselves.

The Company elects a Lead Independent Director, and this Director leads the improvement of the system for communicating and coordinating with senior management. The Company holds regular meetings, comprised only of Outside Directors to build the system of collaboration among independent and outside officers.

Supplementary Principle 4.8.3
Companies that have a controlling shareholder should either appoint at least one-third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.

The Company does not have a controlling shareholder.
Considering that the founding family is a major shareholder, the Company establishes a system to monitor conflicts of interest between major shareholders and minority shareholders to strengthen governance by having a Nomination and Remuneration Committee, which consists of Outside Directors as main members and is chaired by an Outside Director.

Principle 4.9 Independence Standards and Qualification for Independent Directors
Boards of Directors should establish and disclose independence standards aimed at securing effective independence of Independent Directors, taking into consideration the independence criteria set by securities exchanges.
The Board of Directors should endeavor to select Independent Director candidates who are expected to contribute to frank, active and constructive discussions at Board of Directors' meetings.

The Company has appointed independent Outside Directors, who satisfy the requirements for independent Outside Directors determined by the Tokyo Stock Exchange. Each independent Outside Director maintains independence, not favoring the interest of the senior management and particular interested persons.

For Outside Directors who are not Audit & Supervisory Committee members, personnel, who can monitor management from an objective and independent standpoint and have a wide range of knowledge, are nominated as candidates. For Outside Directors who are Audit & Supervisory Committee members, personnel, who recognize the roles and responsibilities the Company has to fulfill in the community and society, and have a wide range of knowledge, are nominated as candidates.
In addition to the requirements for independence determined by the Tokyo Stock Exchange, the Company established the following criteria for determining whether there is any risk of shareholders' exercise of voting rights being affected by transactions or donations by independent officers.

(i) Those with prior affiliation with transaction counterparties: Those whose total transactions in the last fiscal year amounted to either less than 1% of the Company's or counterparty's annual operating revenue, or less than 10 million yen.

(ii) Those with a prior affiliation with donation recipients: Those who received donations from the Company of less than 10 million yen per year in the last fiscal year.

Principle 4.10 Use of Optional Approach
In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

The Company has established the Nomination and Remuneration Committee, which consists of Outside Directors as main members and is chaired by an Outside Director, and builds systems for obtaining appropriate involvement and advice regarding important matters such as nomination, dismissal, evaluation and remuneration of Directors and Executive Officers to strengthen governance.

Supplementary Principle 4.10.1

If the organizational structure of a company is either a Company with the Board of Corporate Auditors or Company with Supervisory Committee and Independent Directors do not compose a majority of the Board of Directors, in order to strengthen the independence, objectivity and accountability of Board of Directors functions on the matters of nomination (including succession plan) and remuneration of the senior management and Directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the Board, to which such committees make significant contributions.

In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.

The Nomination and Remuneration Committee, consisting of the President & CEO and all Outside Directors who are not Audit & Supervisory Committee members, is chaired by an Outside Director and has a majority of Outside Directors as members, so as to enhance independence and objectivity. The roles of the Committee are proposal of appointment and dismissal of Directors and Executive Officers, decisions regarding basic remuneration for Directors and Executive Officers, and proposal of stock options as compensation to Directors and Executive Officers. The Nomination and Remuneration Committee is involved in the judgment of important matters in response to consultations from the Board of Directors, and restrains the discretion of senior management including the President & CEO.

Principle 4.11 Preconditions for the Board of Directors and the Board of Corporate Auditors Effectiveness

The Board of Directors should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender, international experience, work experience and age, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as Corporate Auditors. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as a Corporate Auditor.

The Board of Directors should endeavor to improve its function by analyzing and evaluating effectiveness of the Board as a whole.

The Company has adopted a management structure with the Board of Directors as the decision-making and supervising organization of the management, and the Management Committee, which is composed of Executive Officers (who have advanced expertise) as the organization to control overall business execution, and responds properly and timely to the business environment, which is impacted by rapidly changing financial markets.

The Company establishes the qualifications and expertise that the Board of Directors should possess, and in selecting individual Directors, the Board appoints personnel who meet the qualifications and expertise required of the Board of Directors. When nominating Directors, the Company's policy is to appoint people deemed to have sufficient qualifications as a Director of the Company from the standpoint of knowledge, experience and ability, without regard to attributes such as gender or professional background.

The Company's Board of Directors is comprised of two Executive Directors who are concurrently Executive Officers as representatives of business execution, one Executive Director as a representative of the founding family, considering that the founding family is a major shareholder, one Executive Director who is an Audit & Supervisory Committee member well-versed in compliance and internal audits, as well as Outside Directors who are a former Director and Corporate Auditor of a listed company, a former head of a brokerage firm, asset management companies, financial information service company, and a consulting company, a former inspector of the Financial Services Agency, an attorney, and a certified public accountant. The Company stipulates in its Articles of Incorporation that the number of Directors who are not Audit & Supervisory Committee members shall be no more than 10, and the number of Directors who are Audit & Supervisory Committee members shall be no more than four. However, considering the appropriate Board size for promoting a highly efficient management system, the Company has currently appointed a total of nine Directors (three Executive Directors, two Outside Directors who are not Audit & Supervisory Committee members, one Executive Director who is an Audit & Supervisory Committee member, and three Outside Directors who are Audit & Supervisory Committee members). Two of the nine Directors are women.

The Audit & Supervisory Committee is comprised of four members: one Executive Director with rich experience in compliance and internal auditing, along with three Outside Directors, including one with experience as a corporate auditor of a listed company, a certified public accountant with extensive knowledge of finance and accounting, an attorney with extensive knowledge of legal affairs and compliance, and a former director of a foreign company with extensive knowledge of finance, accounting and internal auditing.

With respect to the monitoring of management, the Company appoints multiple Outside

Directors, with supervision conducted by Outside Directors and audits by the Audit & Supervisory Committee. The Company has established the Nomination and Remuneration Committee, consisting of the President & CEO and all Outside Directors who are not Audit & Supervisory Committee members, and builds systems for obtaining appropriate involvement and advice from Outside Directors regarding important matters such as nomination, dismissal, evaluation and remuneration of Directors and Executive Officers. Based on the above, the Company believes that the effectiveness of the Board of Directors is secured, and the function of the Board is improved. To further strengthen its management function, the Company analyzed and evaluated the effectiveness of the Board of Directors and confirmed that there were no major issues with its effectiveness. On the other hand, the Company's Board of Directors confirmed the necessity of further deepening discussions and promoting initiatives regarding the roles and composition of the Board of Directors.

Based on this result, the Company works to improve the effectiveness of the Board of Directors.

Supplementary Principle 4.11.1

The Board of Directors should identify the skills, etc., that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the Board as a whole, and also on diversity and appropriate board size. Consistent with its view, the Board of Directors should establish policies and procedures for nominating Directors and disclose them along with the combination of skills, etc., that each Director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix." When doing so, independent director(s) with management experience in other companies should be included.

Regarding the structure of the Board of Directors, policies and procedures for appointment of Directors are stated in Principle 3.1 (iv) and Principle 4.11. The skills matrix of Directors is disclosed in the convening notice of the general meeting of shareholders and on the Company's website.

The convening notice of the general meeting of shareholders:
https://www.matsui.co.jp/company/ir/stockholder/meeting/

Website:
https://www.matsui.co.jp/company/sustainability/governance/corp-governance/

Supplementary Principle 4.11.2
Outside Directors, Outside Corporate Auditors, and other Directors and Corporate Auditors should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where Directors and Corporate Auditors also serve as Directors, Corporate Auditors or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.

The Company has disclosed the situations in which Directors also serve as Director or Corporate Auditor at other listed companies in the Japanese version of financial reports (*Yuukashouken houkokusho*), the convening notice of the general meeting of shareholders, corporate governance reports and the website of the Company.

Currently, two Audit & Supervisory Committee members who are Outside Directors also serve as Outside Directors and Outside Corporate Auditors of other listed companies, but the other Directors do not concurrently serve as officers of other listed companies. The state of concurrently held positions is within a reasonable scope, and members secure the necessary time and effort to perform their expected roles and responsibilities appropriately.

Supplementary Principle 4.11.3
Each year the Board of Directors should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each Director. A summary of the results should be disclosed.

As stated in Principle 4.11, the Company analyzed and evaluated the effectiveness of the Board of Directors and confirmed that there were no major issues with the effectiveness of the Board of Directors. When the Company confirmed this, it utilized a third-party organization that conducted a questionnaire and interview for all Directors, summarized the evaluations and issues regarding the effectiveness of the Board of Directors, and then extracted common issues. It confirmed that there were no major issues with the effectiveness. The Company's Board of Directors has further deepen discussions and promote initiatives regarding the roles and composition of the Board of Directors based on them.

A summary of the evaluation of effectiveness is disclosed on the Company's website.
Website: https://www.matsui.co.jp/company/sustainability/governance/corp-governance/

Principle 4.12 Active Board Deliberations

The Board of Directors should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by Outside Directors.

The Company has a variety of discussions and proactive exchange of opinions among Directors without distinction of any kind at Board of Directors' meetings. Outside Directors give their opinions to the Board of Directors based on their specialized knowledge, abundant experience, and external perspectives, and make proposals as necessary.

Supplementary Principle 4.12.1

The Board of Directors should ensure the following in relation to the operation of Board meetings and should attempt to make deliberations active:

(i) Materials for Board of Directors' meetings are distributed sufficiently in advance of the meeting date;

(ii) In addition to board materials and as necessary, sufficient information is provided to Directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding);

(iii) The schedule of Board of Directors' meetings for the current year and anticipated agenda items are determined in advance;

(iv) The number of agenda items and the frequency of Board of Directors' meetings are set appropriately; and

(v) Sufficient time for deliberations.

(i) Materials for each agenda at Board of Directors' meetings are generally furnished to each Officer at least two business days before the date designated to the meeting and each Officer participates in Board of Directors' meetings after spending sufficient time of review on the agenda.

(ii) The Company attempts to make deliberations at the Board meeting active through furnishing sufficient information such as market environment and trend of the securities brokerage industry in addition to materials for each agenda.

(iii) The Company determines the annual schedule of Board of Directors' meetings before commencement of the fiscal year and notifies to each Officer to prepare the environment raising attendance.

(iv) In addition to holding regular Board of Directors' meetings once a month, the Company holds extraordinary Board of Directors' meetings as necessary. The matters to be discussed at referred to the Board of Directors are defined in the "Regulation for the Board of Directors", and not only the above, important matters of management are widely discussed at Board of Directors' meetings.

(v) Time limit is not set for Board of Directors' meetings and sufficient deliberation time is secured.

Principle 4.13 Information Gathering and Support Structure
In order to fulfill their roles and responsibilities, Directors and Corporate Auditors should proactively collect information, and as necessary, request the company to provide them with additional information.
Also, companies should establish a support structure for Directors and Corporate Auditors, including providing sufficient staff.
The Board of Directors and the Board of Corporate Auditors should verify whether information requested by Directors and Corporate Auditors is provided smoothly.

Directors shall require the secretariat office for Board of Directors' meeting and department in charge to provide necessary information, and the offices and departments shall promptly furnish the information. For support to Directors, the Company has established the support system including furnishing of information by providing sufficient staff as the secretariat office which mainly consists of Corporate Planning Department and Legal Affairs Department. In particular, for new Directors and Outside Directors, the Company has prepared the system enabling full sharing of the internal information necessary to perform their duties through the secretariat office and officers in charge. The Company continues to provide training for them on business environment and management issues as necessary after Directors have taken office.

Supplementary Principle 4.13.1
Directors, including Outside Directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, Corporate Auditors, including Outside Corporate Auditors, should collect information appropriately, including the use of their statutory investigation power.

Directors, including Outside Directors require each department for necessary information and collect for themselves in order to conduct transparent, fair, timely and decisive decision making or to acquire the specialized laws and regulations necessary to perform their duties.

Directors carry out active discussions and problem presentations among Directors for the purpose of contributing to quality of performance and decision making.

The Audit & Supervisory Committee obtains the necessary information in close cooperation with Directors, the Internal Audit Department and the Compliance Department, and as necessary, exercise investigation authority based on the laws and regulations in order to fulfill their roles.

Supplementary Principle 4.13.2
Directors and Corporate Auditors should consider consulting with external specialists at company expense, where they deem it necessary.

The Company actively utilizes external experts such as attorneys, tax attorneys, and certified public accountants in business execution, which requires professional knowledge and views, including accounting, taxation, interpretation of laws and regulations, litigation and audit. Expenses are properly treated under the Internal Regulations.

Supplementary Principle 4.13.3
Companies should ensure coordination between the internal audit department, Directors and Corporate Auditors by establishing a system in which the internal audit department appropriately reports directly to the board and the board of Corporate Auditors in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to Outside Directors and Outside Corporate Auditors. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by Outside Directors and Outside Corporate Auditors are appropriately processed.

The Company has established an Internal Audit Department to strive to maintain soundness for proper business execution. Persons in charge of the Internal Audit Department maintain independence under the manager exclusively assigned to the duty and works in close cooperation with the Internal Control Supervisory Manager, the officer in charge and the Audit & Supervisory Committee. The persons give instructions on correction and request for improvement of the business execution based on internal audit under the supervision thereof. The results of internal audit are promptly and directly reported to Directors.

The Company has assigned the Corporate Planning Department and Legal Affairs Department as the secretariat office in charge of communications and coordination with Outside Directors.

Principle 4.14 Training for Directors and Corporate Auditors

New and incumbent Directors and Corporate Auditors should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable to each Director and Corporate Auditor along with financial support for associated expenses. The Board of Directors should verify whether such opportunities and support are appropriately provided.

Directors make efforts for diligent study to perform their roles and duties properly by acquiring professional knowledge necessary to perform the duties from such external experts as attorneys, certified public accountants and consultants.

Supplementary Principle 4.14.1

Directors and Corporate Auditors, including Outside Directors and Outside Corporate Auditors, should be given the opportunity when assuming their position to acquire necessary knowledge on the company’s business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent Directors should also be given a continuing opportunity to renew and update such knowledge as necessary.

The Company provides Directors including Outside Directors with opportunities such as internal training to acquire necessary knowledge including legal liabilities, businesses and operations, finance and accounting, and organization, etc., of the Company on and after assuming the post.

Supplementary Principle 4.14.2

Companies should disclose their training policy for Directors and Corporate Auditors.

As stated in Principle 4.14.1.

Section 5: Dialogue with Shareholders

General Principle 5
In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general meeting of shareholders.
During such dialogue, senior management and Directors, including Outside Directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

The Company recognizes that it is essential to maintain constructive dialogues with shareholders and investors to realize sustainable growth and mid to long-term improvement of corporate value.

For that purpose, the Company has established an Investor Relations (IR) team, mainly led by the officer in charge of IR and strives to create opportunities to deepen understanding of the management strategies and business and financial condition of the Company. Specifically, the Company holds financial results briefing meetings once every quarter and both the President & CEO and the CFO attends the meeting. In addition, the IR team actively responds to individual meetings with investors.

The Company regards the general meeting of shareholders as an opportunity for constructive dialogue with individual shareholders and then holds the general meeting of shareholders on Sundays enabling many individual shareholders to attend and secures sufficient time for question-and-answer session.

Principle 5.1 Policy for Constructive Dialogue with Shareholders
Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The Board of Directors should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

The Company has established an IR team comprised of the officer in charge of IR and the IR Department, and actively responds to requests from shareholders and investors and holds meetings with them. The Company holds financial results briefing meetings every quarter.

The feedback of the contents of the dialogue with shareholders and investors are made to the Board of Directors from time to time by the officer in charge of IR, which are utilized for appropriate responses and business execution.

In order to facilitate constructive dialogue with shareholders and investors, it is important to build and maintain a relationship of trust with them, and for that purpose, the Company recognizes it is essential to make appropriate information disclosure. In order to practice the recognition, the Company actively discloses information of the management strategies and the business and financial conditions on the website of the Company other than the disclosure required by the laws and regulations, including monthly data of the business figures such as the revenue status of major businesses and stock brokerage commissions, which have a significant impact on earnings.

Supplementary Principle 5.1.1
Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, Directors, including Outside Directors, and Corporate Auditors, should have a basic position to engage in dialogue (management meetings) with shareholders.

The officer in charge of IR is generally responsible for handling dialogue (management meetings) with shareholders and investors. the President & CEO or Outside Directors shall selectively respond to interviews or meetings with some shareholders and investors as necessary to accommodate their requests.
This fiscal year, the Company held meetings with Japanese and foreign investors (fund managers and analysts). In the past, the Company also held meetings at which the lead Outside Director responded to requests from institutional investors. Furthermore, the Company actively engages in shareholder relations (SR) activities, and meets annually with persons responsible for exercising voting rights among major asset management companies, based on the record of voting rights exercised at the general meeting of shareholders.

Supplementary Principle 5.1.2

At minimum, policies for promoting constructive dialogue with shareholders should include the following:

(i) Appointing a member of the management or a Director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items (ii) to (v) below;

(ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;

(iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);

(iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the Board of Directors; and

(v) Measures to control insider information when engaging in dialogue.

(i) The Company has appointed an officer in charge of IR, who is responsible for the overall system to facilitate constructive dialogues with shareholders and investors.

(ii) In the dialogues with shareholders and investors, the IR Department is the contact, which actively accepts individual interviews or meetings and also maintains close cooperation with each related department to be capable of flexible information collection.

(iii) Other than individual interviews and meetings, the Company holds financial results briefing meetings on a quarterly basis, where the President & CEO and the CFO attends the meeting to give explanations.

(iv) The contents of the dialogue with shareholders and investors shall be reported at Board of Directors' meeting to share the information as necessary through the officer in charge of IR.

(v) In order to prevent leakage of financial results information and ensure fairness, the Company holds the silent period before the announcement of financial results and thoroughly controls insider information by refraining from answers or comments to inquiries about financial results.

Supplementary Principle 5.1.3
Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

The Company confirms the ownership structure of the shareholders with respect to the list of shareholders as of the end of March and September every year. Based on the list of shareholders as of the end of March, the Company conducts investigation of institutional investors in Japan and overseas to identify the shareholders substantially holding the shares of the Company to grasp the actual shareholders. The information which was proved by the investigation is utilized for IR activities. The Company also makes analysis of the shareholders in terms of the number of shareholdings and years of holding, etc., as necessary.

Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of equity capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.

As stated in Principle 4.1.2, the Company has not prepared a mid-term business plan. However, the Company prepares a fiscal year management plan based on the market conditions and competitive environment. The Company's management objectives are: 1) to provide high-value-added services and obtain appropriate returns commensurate with value of offered, 2) to aim to increase profits and shareholder value through effective utilization of management resources, and 3) to achieve ROE above cost of equity (currently 8%). Information regarding ROE is disclosed in the financial statements, the annual securities reports and the convening notice of the general meeting of shareholders. For the past three years, ROE has been higher than the cost of equity capital (8%).

Annual securities reports:
https://www.matsui.co.jp/company/ir/finance/finance_report/
The convening notice of the general meeting of shareholders:
https://www.matsui.co.jp/company/ir/stockholder/meeting/

The Company focuses its capital policy on harmonizing its three financial imperatives—maintaining an appropriate level of capital that strikes a balance between soundness and efficiency, making strategic investments that contribute to future growth, and returning profits to shareholders in a way that meets their expectations—and on pursuing growth in corporate value through these efforts.

The Company's basic policy for returning profits to shareholders is to pay dividends every fiscal year in accordance with business performance. The level of dividends is determined based on a dividend payout ratio of 60% or more and a dividend on equity (DOE) ratio of 8% or more, after comprehensive consideration of factors such as the optimal level of equity capital to support the Company's core margin transaction business and the strategic investment environment.

Supplementary Principle 5.2.1

In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the Board and the status of the review of such portfolio.

The Company's management strategy entails a detailed plan for closing the gap between the Company's future targets and current figures, as well as fulfilling the Company's mission and vision. For the Company, challenges and strategies are two sides of the same coin, and the Company recognizes that addressing management issues is itself a strategy and measure that will drive the Company's growth. The Board of Directors conducts constructive discussions on the vision, management strategies, and the annual management plans that include measures to realize them, and determines the contents. The management plans include important issues in each business field and those initiatives. The Company explains its progress at financial results briefing meetings and the general meeting of shareholders.