Corporate Governance Report

[TRANSLATION]
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Last Update: December 23, 2024

Financial Partners Group Co., Ltd.
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Securities Code: 7148
https://www.fpg.jp/en/

The corporate governance of Financial Partners Group Co., Ltd. is described below.

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

1. Basic Views

The Company commits itself to having a management system that recognizes the importance of enhanced corporate governance, that serves as a mechanism to carry out transparent, fair and quick and decisive decision-making, and is essential to its sustainable growth and improvement of its enterprise value over the medium to long-term, from the standpoint of all stakeholders, including shareholders, customers, employees, and social communities.
From this point of view, the Company has a Board of Directors and an Audit & Supervisory Board which are mainly composed of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members, making several commitments including “separating of the supervisory function of the Board of Directors from the execution function of executive officers,” “strong independence of the Board of Directors,” “strengthening of the supervisory function of the Board of Directors” and “close information sharing and collaboration between independent outside Directors and the Audit & Supervisory Board.”
Furthermore, in order to achieve this, it is important to build a healthy corporate culture in accordance with the “FPG Group's basic code of ethics”. This is reflected as follows in the “FPG Group Compliance Policy”, which was renewed in October 2023, and is followed by our officers and employees.

(1) We conduct business activities in a straightforward manner based on high ethical standards.
(2) We will carry out honest, fair and customer-oriented business operations, taking into account the best interests of our customers.
(3) We respect the individuality and diversity of all parties involved.

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

[Supplementary Principles 4.1.3]
The Board of Directors recognizes that having a succession plan for the President & CEO is an important issue in the continuity of the Company’s sustainable growth. The Company has not yet established a specific succession plan, but the Board of Directors discusses the qualities and expertise required of its top executives.

[Supplementary Principles 4.2.1]
Executive officer compensation is determined by the Representative Director who has been delegated the authority by the Board of Directors to make determinations regarding compensation on the basis of a comprehensive judgment of the degree of contribution to results, the status of business operations, and other

factors.

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

[Principle 1.4] Cross-Shareholdings
The Company does not have any so-called cross-shareholdings for the purpose of maintaining business relationships.

[Principle 1.7] Related Party Transactions
Regarding transactions with related parties, the Company defines in the regulations that such transactions shall require an approval of the Board of Directors in advance pursuant to the Companies Act. In addition, the Company reports the transaction results to the Board of Directors and appropriately discloses them pursuant to the applicable laws and regulations.

[Supplementary Principles 2.4.1]
[Establishment and Implementation Status of Human Resources Development and Internal Environment Improvement Policies for Ensuring Diversity]
In October 2023, the Company established the “Basic Diversity and Human Resource Development Policy” to promote the development of human resources who respect diverse values and the creation of a workplace environment in which diverse human resources can play active roles. The content of these policies, efforts related to human resource and internal environment development, and recent results are disclosed in our Securities Report for the fiscal year ended September 2024. The Company has not disclosed at this time the targets for appointing women, foreign nationals and experienced candidates, as this is a matter for future consideration.

[Principle 2.6] Roles of Corporate Pension Funds as Asset Owners
The Company has introduced only defined contribution pension plans (corporate type), so does not have the function of an asset owner.

[Principle 3.1] Full Disclosure
The Company has endeavored to enhance its information disclosure as listed below, aiming to ensure the transparency and fairness of the decision-making and achieve effective corporate governance, in addition to carrying out a disclosure pursuant to the laws and regulations.

(1) The Company's management philosophy and management strategies are disclosed in the Company's website, materials for financial results and others.
(https://www.fpg.jp/en/company/philosophy.html)
(https://www.fpg.jp/en/ir/presentation.html)

(2) The basic policy of corporate governance is disclosed in “1. Basic Views” of “*I*. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information” of the Corporate Governance Report, annual securities report, and others.
(https://www.fpg.jp/en/ir/governance.html)

(3) The policies and procedures of the remuneration of Directors are described in the “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” of the “Director Remuneration” of the "1. Organizational structure, organizational management, etc." of the “*II* Status of business management organizations and other corporate governance systems related to management decision-making, execution and supervision" of the Corporate Governance Report and annual securities reports.
The remuneration for each Director or Audit & Supervisory Board Member is determined by the Board of Directors where Outside Directors account for a majority of votes, within the limits mentioned above, taking into account the business performance of the Company and other criteria.

(4) The appointment or dismissal of members of the executive management team is deliberated and decided by the Board of Directors, in accordance with the procedures and appointment/dismissal standards that are defined by internal rules. The submission of a nomination of a candidate for Director or Audit & Supervisory Board Member to the Ordinary General Meeting of Shareholders is deliberated and decided by the Board of Directors, in accordance with the procedures and nomination standards that are defined by internal rules. The consent of the Audit & Supervisory Board is obtained for the submission of a

resolution nominating an Audit & Supervisory Board Member.

(5) For individual appointments of executive officers to the executive management team, an explanation for the appointment is provided to the Board of Directors. The reason for the appointment of each candidate for Director or Audit & Supervisory Board Member is disclosed in the convocation notice of the Ordinary General Meeting of Shareholders. The reason for the appointment of each executive officer to the executive management team is not currently disclosed.

[Supplementary Principles 3.1.3]

(1) Sustainability initiatives

In October 2021, the Company established the “Basic Sustainability Policy” with a view to enhancing the Company’s medium- to long-term corporate value, and in order to promote specific initiatives around sustainability-conscious management and sustainability in general.

The “Basic Sustainability Policy” runs as follows:

[Basic Sustainability Policy]

Under the corporate philosophy of "Embracing the future through finance," the Company hopes to build a sustainable society and enhance the Company’s corporate value through the Company’s business activities. In all the Company’s undertakings, the company, along with the company’s stakeholders, will promote management that is conscious of the environment, society, and governance. In line with this, the Company will also contribute toward the accomplishment of sustainable development goals (SDGs) by setting out four focus areas related to SDGs and proactively working toward them.

[Four focus areas]

1. Contributing to the local economy and community
2. Implementing environmentally friendly initiatives
3. Respect for human rights and diversity, and reforming human resource development and work styles
4. Strengthening corporate governance

The latest efforts related to these four focus areas are disclosed in the Company's financial results briefing materials "FPG Consolidated Financial Results for the Fiscal Year Ended September 30, 2024 (October 1, 2023 - September 30, 2024)".
https://www.fpg.jp/en/ir/presentation.html)

(2) Investment in human capital and intellectual property

Investment in human capital is described in Supplementary Principle 2.4.1. The Company does not invest in intellectual property.

(3) Initiatives to Address Climate Change

Please refer to the materials at the end of this report for information on our initiatives for climate change-related risks and opportunities based on the TCFD.

[Supplementary Principles 4.1.1]

Items for resolution by the Board of Directors are clearly stipulated in the “Rules of the Board of Directors”, including items deemed necessary to submit to the Board of Directors pursuant to laws and ordinances and the Articles of Incorporation, and matters important for execution of business are decided by resolution of the Board of Directors. For matters other than those deemed to be necessary to submit to the Board of Directors under laws and ordinances or in the “Rules of the Board of Directors”, the authority to make decisions about business execution is delegated to the Representative Director or executive officers.

[Principle 4.9] Independence Standards and Qualification for Independent Directors

For the purpose of appointing an Independent Outside Director, the Company's basic policy is to appoint an eligible person who can provide appropriate supervision of the Company's management from his/her objective standpoint based on his/her abundant experience and extensive knowledge of business management and professional background, in compliance with the provisions of with the provisions of the Companies Act and the criteria on the independence of Outside Directors as stipulated in the "Guidelines Concerning Listed Examination, etc." defined by the Tokyo Stock Exchange (hereinafter, "TSE").

[Supplementary Principles 4.10.1]

In order to strengthen corporate governance and ensure diversity in gender, skills and other areas, the majority

of members of our Board of Directors are independent outside directors. In deliberations on important agenda items submitted to the Board of Directors, including executive officer and director nominations and remuneration for directors, we will continue to work to ensure independence and objectivity of the Board of Directors by receiving appropriate participation and counsel from independent outside directors.

[Supplementary Principles 4.11.1]
Our Board of Directors consists of individuals from a variety of industries and areas of business, and gives adequate consideration to diversity in terms of gender and nationality through the appointment of female and overseas directors. In addition, in order for the Board of Directors to effectively make important decisions and supervise business execution with consideration to the Company's business strategies, and for the Board of Corporate Auditors to fully exercise its audit functions, we have identified requisite skills that directors and corporate auditors should possess. We have appointed independent outside directors as a majority, as well as four independent outside directors with management experience at other companies. We have intentionally streamlined the number of directors on the Board to a smaller scale to allow for practical discussions. With regard to director candidates, we allocate appropriate personnel with abundant experience and broad knowledge in corporate management and specialty fields based on procedures and standards stipulated by the rules.
The so-called "skill matrix," which visualizes the knowledge, experience, and capabilities of directors and auditors, is disclosed in the convocation notice for the 23rd Ordinary General Meeting of Shareholders held on December 20, 2024.
(https://www.fpg.jp/en/ir/meeting.html)

[Supplementary Principles 4.11.2]
The record of attendance at the meeting of the Board of Directors or the Audit & Supervisory Board by Directors and Audit & Supervisory Board Members of the Company and their concurrent positions are disclosed in the convocation notice of the Ordinary General Meeting of Shareholders. (https://www.fpg.jp/en/ir/meeting.html)

[Supplementary Principles 4.11.3]
To analyze and evaluate the effectiveness of the Board of Directors during the fiscal year ended September 30, 2024 (October 1, 2023-September 30, 2024), all Directors and Audit & Supervisory Board Members completed a self-evaluation using a signed “Self-Evaluation Questionnaire” created based on discussions at the regular meeting of the Board of Directors (held on October 22, 2024). Each question on the questionnaire allowed for responses on both a scale of one to five and in the form of a text comment.

The results of the survey are summarized as follows:
(1) Size and composition of the Board of Directors
There were many generally positive responses. In terms of the knowledge, experience and capabilities of directors, it has been expressed that many of the directors have diverse experience and backgrounds, which is satisfactory in terms of skills and diversity. It has also been widely expressed that the appointment of an additional two female directors is expected to improve diversity and revitalize the Board of Directors, and that this is generally satisfactory.

(2) Conduct of Board meetings
There were many generally positive responses. It has been expressed that deliberation time was generally satisfactory, with some flexibility to take more time depending on the content of the deliberations.

(3) Board deliberations
There were many generally positive responses. It has been expressed that considerable discussions are conducted on the Business Management Policy, and that this is generally satisfactory. It has also been expressed that monitoring of Group companies needs to be followed up more regularly in the future.

(4) Coordination and support for Outside Directors
There were many generally positive responses. It has been expressed that there was smooth communication through the participation of Outside Directors in bi-annual company-wide meetings, and that this is generally satisfactory.

(5) Shareholder support
There were many generally positive responses. It has been expressed that information was disseminated to shareholders through IR activities in an appropriate and timely manner, and that this is generally satisfactory.

[Supplementary Principles 4.14.2]
The Company has a system in place for the convenience of each of the Directors and Audit & Supervisory Board Members to provide them opportunities, arrangements and costs for the acquisition of knowledge that are necessary for the fulfillment of his/her duty, including the renewal of such knowledge on a continuing basis, as well as for the acquisition of external governance knowledge, as necessary.

[Principle 5.1]
The Company believes it important to promote a constructive dialogue with shareholders for its sustainable growth and improvement of its enterprise value over the medium to long-term. Therefore, the Company has a basic policy to disclose information to wider audiences, make timely, appropriate and fair disclosure of information, and ensure the transparency of corporate activities. Based on this policy, the Company has implemented the following initiatives:
(1) The Company places IR staff in the Corporate Planning Department and causes the Executive Officer in charge of the Corporate Planning Department to oversee the IR activities.
(2) We strive to improve individual shareholders and investors' understanding of the Company by publishing summaries of financial results briefings on our website. We also utilize phone and email, etc.
(3) For corporate shareholders and institutional investors, the Company holds online financial results briefings once every six months, as well as conferences (including international conferences) and one-to-one talks. Summaries of the financial results briefings are disclosed on the Company’s website.
(4) The Company indicates an e-mail address and telephone number for IR inquiries on the Company’s website, and makes replies to inquiries from shareholders and investors, as appropriate, as immediately as possible.
(5) For insider information management, the Company established the “FPG Group Rules for Prevention of Insider Trading” with which the officers and employees are required to strictly comply, in order to maintain proper control of material facts and prevent any insider trading.
(6) From a fair disclosure standpoint, the Company controls undisclosed material facts and definitive financial information as material information and discloses material information appropriately when there is an obligation to do so.

[Principle 5.2] Formulation and Publication of Business Strategies and Plans
Implementing Management that is Conscious of Cost of Capital and Stock Price
The Company believes that in order to achieve sustainable growth and improve corporate value in the medium to long term, it is crucial to accurately understand its own capital costs and manage the business with a focus on capital profitability.
Regarding capital costs, we annually identify 'shareholder capital cost', which corresponds to the expected return rate for shareholders.
Furthermore, the Company positions the consolidated return on equity (hereinafter referred to as "ROE") as an important indicator for capital profitability, and the Company is promoting its business with the awareness that ROE should exceed the shareholder capital cost.
The trend of ROE over the most recent fiscal year is shown on page 24, "Key Management Indicators" of the "Financial Results Presentation for FY 9/2024 (October 1, 2023 – September 30, 2024)”. The Company has achieved capital profitability that significantly exceeds the shareholder capital cost.
The Company will continue to aim for sustainable growth and improve its corporate value over the medium to the long term. .
Furthermore, as stated on page 19, its basic policy regarding shareholder returns is to implement continuous and stable dividends while securing the internal reserves necessary to sustainably grow and improve corporate value, with a guideline consolidated dividend payout ratio of 50%.

Financial Results Presentation for FY 9/2024 (October 1, 2023 – September 30, 2024)
(https://www.fpg.jp/en/ir/presentation.html)

[Status of Dialogue with Shareholders, etc.]

The Company continues to engage in active dialogue with shareholders and investors. The Company will continue to strive to increase its market evaluation (stock price) by providing corporate information useful for investment decisions, such as our management status, financial situation, and performance trends, through fair, appropriate, and timely IR activities, and through receiving appropriate evaluations from shareholders and investors. For the status of our dialogue, please refer to "2. IR Activities" in "III. Implementation of Measures for Shareholders and Other Stakeholders" in this document.

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
HT Holdings Co., Ltd.	24,300,000	28.74
The Master Trust Bank of Japan, Ltd. (Trust account)	10,361,900	12.26
Custody Bank of Japan, Ltd. (Trust account)	3,560,000	4.21
Hisanaga Tanimura	2,199,600	2.60
JPMorgan Securities Japan Co., Ltd.	856,014	1.01
STATE STREET BANK WEST CLIENT-TREATY 505234	851,300	1.01
JP MORGAN CHASE BANK 385781	804,720	0.95
CENTRAL TANSHI Co., LTD.	721,600	0.85
STATE STREET BANK AND TRUST COMPANY 505001	664,714	0.79
STATE STREET BANK AND TRUST COMPANY 505103	579,121	0.69

Controlling Shareholder (except for Parent Company)	None
Parent Company	None

Supplementary Explanation	Updated

① The status of the above major shareholders is based on the list of shareholders as of September 30, 2024. ② The Company holds 862,189 shares of treasury stock, but this is excluded from the above status of major shareholders. The percentage (%) is calculated after deducting treasury stock.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	September
Type of Business	Securities & Commodity Futures
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	100 or more, but less than 500
Updated Sales (consolidated) as of the End of the Previous Fiscal Year	JPY100 billion or more, but less than JPY1 trillion
Number of Consolidated Subsidiaries	Less than 10

as of the End of the Previous Fiscal Year	

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

None

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

None

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	President
Number of Directors	7

[Outside Directors]

Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Keiko Ohara	Attorney at law											
Eiji Sakomoto	CPA								○			
Yutaka Tajima	From another company								△			
Elizabeth Masamune	From another company								△			
Hanako Muto	From another company											

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;
"▲"when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive Director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/an Audit & Supervisory Member
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
i. Executive of a company, between which and the Company outside Directors/ Audit & Supervisory Members are mutually appointed (the Director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Keiko Ohara	○	【Significant concurrent positions】 Partner, Kamiyacho International Law Office Outside Director, FUJI KYUKO CO., LTD. Outside Audit & Supervisory Board Member, TAISEI CORPORATION	[Reasons for appointment as an Outside Director] Although she has never been directly involved in company management beyond her role as an outside director, she has abundant experience as a lawyer and has specialized and advanced knowledge on international corporate legal affairs. She has been appointed as an outside director based on the judgment that she can perform her duties objectively and fairly. [Reasons for designation as an Independent Director] The Company designated her as an Independent Director because she has no special interest in the Company and there are no matters that may be considered to be problematic in terms of the criteria for independence that have been specified by the exchange and, as a result, the Company has judged that a conflict of interest with general shareholders is unlikely to arise.
Eiji Sakomoto	○	【Significant concurrent positions】 Representative Director, Ginza K.T.C Consulting	[Reasons for appointment as an Outside Director] As a certified public accountant and tax accountant, he has a high level of

		Inc. Senior Partner, Ginza K.T.C. Tax Corporation Representative Director, Shochikueigagekijo Co., Ltd. Director, Nagatanien Holdings Co., Ltd.	expertise, a wealth of experience, and a great deal of insight in the areas of finance and accounting. He also has extensive experience managing companies. He has been appointed as an outside director based on the judgment that he can perform his duties objectively and fairly. [Reasons for designation as an Independent Director] The Company designated him as an Independent Director because he has no special interest in the Company and there are no matters that may be considered to be problematic in terms of the criteria for independence that have been specified by the exchange and, as a result, the Company has judged that a conflict of interest with general shareholders is unlikely to arise.
Yutaka Tajima	○	【Significant concurrent positions】 None	[Reasons for appointment as an Outside Director] He has extensive experience and advanced, specialized knowledge in the real estate business, having been involved in the development and management of various real estate properties in Japan and overseas over many years at a major domestic real estate company, as well as having acted as the manager of a real estate company. He has been appointed as an outside director based on the judgment that he can perform his duties objectively and fairly. [Reasons for designation as an Independent Director] The Company designated him as an Independent Director because he has no special interest in the Company and there are no matters that may be considered to be problematic in terms of the criteria for independence that have been specified by the exchange and, as a result, the Company has judged that a conflict of interest with general shareholders is unlikely to arise.
Elizabeth Masamune	○	【Significant concurrent positions】 Managing Director, @Asia Associates Japan, Inc. President, Awaji Youth Federation, Pasona Group Inc.	[Reasons for appointment as an Outside Director] She has worked as a diplomat for many years, is skilled in international relations, and has a wealth of experience and deep insight into international business. In addition, as a manager, she is providing consulting services related

		External Director, Faith, Inc. External Director, ARAKAWA CHEMICAL INDUSTRIES, LTD. External Director, ASTERIA Corporation	to changing the mindset of working women and developing global human resources. She has been appointed as an outside director based on the judgment that she can perform her duties objectively and fairly. [Reasons for designation as an Independent Director] The Company designated her as an Independent Director because she has no special interest in the Company and there are no matters that may be considered to be problematic in terms of the criteria for independence that have been specified by the exchange and, as a result, the Company has judged that a conflict of interest with general shareholders is unlikely to arise.
Hanako Muto	○	【Significant concurrent positions】 Outside Director, CYBERDYNE, Inc.	[Reasons for appointment as an Outside Director] She has worked as a public relations and IR manager at listed companies where she utilized her experience as a securities analyst at a major banking think tank and has extensive experience and deep insight into consulting related to corporate human resources strategies and organizational reform. She has been appointed as an outside director based on the judgment that she can perform her duties objectively and fairly. [Reasons for designation as an Independent Director] The Company designated her as an Independent Director because she has no special interest in the Company and there are no matters that may be considered to be problematic in terms of the criteria for independence that have been specified by the exchange and, as a result, the Company has judged that a conflict of interest with general shareholders is unlikely to arise.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established

[Audit & Supervisory Members]

Establishment of Audit & Supervisory Board	Established

Maximum Number of Audit & Supervisory Board Member Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Member	3

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Office

Audit & Supervisory Board Members conduct an audit while sharing information with the accounting auditor through interviews and reports, etc. In addition, Audit & Supervisory Board Members cooperate with the Internal Audit Office for conducting an audit, while sharing information through interviews, verification of internal audit results, and presence for the audit, as necessary.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Member	3
Number of Independent Audit & Supervisory Board Member	3

Outside Audit & Supervisory Board Member's Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hideyuki Kawashima	From another company													
Kazuhide Yamauchi	From another company										△			
Ryoko Sasamori	From another company										○			

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;
"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;
"▲"when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive Director or accounting advisor of the Company or its subsidiaries
c. Non-executive Director or executive of a parent company of the Company
d. Audit & Supervisory Board Member of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a company, between which and the Company outside Directors/ Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
m. Others

Outside Audit & Supervisory Board Member's Relationship with the Company (2) Updated

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hideyuki Kawashima	○	【Significant concurrent positions】 Audit & Supervisory Board Member, FPG Securities Co., Ltd. Audit & Supervisory Board Member, FPG Trust Co., Ltd. Audit & Supervisory Board Member, Only You Air Co., Ltd. Audit & Supervisory Board Member, & OWNERS Co., Ltd.	The Company appointed him as Outside Audit & Supervisory Board Member to benefit from his abundant experience and track record and extensive knowledge of audit work. In addition, the Company designated him as an Independent Director, since he is acknowledged to have no special interests in the Company and not to cause any conflict of interest with the general shareholders of the Company.
Kazuhide Yamauchi	○	【Significant concurrent positions】 Outside Director and Audit and Supervisory Committee Member, DIGITAL HOLDINGS, INC.	The Company appointed him as Outside Audit & Supervisory Board Member to benefit from his abundant experience and track record and extensive knowledge of audit work. In addition, the Company designated him as an Independent Director, since he is acknowledged to have no special interests in the Company and not to cause any conflict of interest with the general shareholders of the Company.
Ryoko Sasamori	○	【Significant concurrent positions】 None	The Company appointed her as Outside Audit & Supervisory Board Member to benefit from her abundant experience and track record and extensive knowledge of audit work. In addition, the Company designated her as an Independent Director, since she is acknowledged to have no special interests in the Company and not to cause any conflict of interest with the general shareholders of the Company.

[Independent Directors/ Audit & Supervisory Board Members]

Number of Independent Director/ Audit & Supervisory Board Member	8

Matters relating to Independent Directors/ Audit & Supervisory Board Members

All of the Outside Directors meeting the qualification of Independent Director have been designated as Independent Directors.

[Incentives]

Incentive Policies for Directors	Not implemented

Supplementary Explanation Updated

For Executive Directors, considering their role that involves execution of operations, individual fixed remuneration takes into account factors such as the business performance and amount of remuneration from the previous financial year, along with any sales estimates for the current period that have already been disclosed. For Outside Directors, considering their role in the supervisory function, no incentives such as stock options are granted.

Recipients of Stock Options	None

Supplementary Explanation

None

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	None

Supplementary Explanation Updated

Executive compensation for the fiscal year ending September 30, 2024 Remuneration for Directors ¥148 million Remuneration for auditors ¥27 million Total ¥175 million (including remuneration for outside Directors or outside auditors of ¥66 million)

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods Updated

At the Board of Directors meeting on August 23, 2024, the Company passed a resolution for a policy whose content included individual remuneration for members of the board. When drawing up remuneration proposals for directors, the professional responsibility and position of all directorial staff is taken into consideration, with particular attention paid to directorial roles that perform a business management function. Several factors are considered for executive directors, particularly roles that involve execution of operations as well as business leadership, such as the business performance and amount of remuneration from the previous financial year, along with any sales estimates for the current period that have already been disclosed. These considerations are then discussed with the outside directors, and individual fixed remuneration proposals are created for each director based on these discussions. Finally, an annual remuneration figure for each individual is determined by the Board of Directors, based on the proposals. A "total amount scope

system" for the remuneration of directors, which only specifies an upper limit for the total amount of remuneration, has been adopted at the Ordinary General Meeting of Shareholders. Remuneration for directors is determined on an individual basis at Board of Directors meetings, and the total amount of remuneration must fall within this scope. There are no performance-based or non-monetary elements to remuneration for directors; remuneration for directors consists of a single fixed figure. Directors are paid an annual salary in 12 monthly installments according to their tenure, and there are no systems in place by which directors are paid any further remuneration following the termination of their duties, such as retirement benefits. The Board of Directors deems the individual remuneration amount for directors in any given business year to be the amount calculated in accordance with the processes in the policy detailed above.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

Matters related to reporting and contact necessary for the Outside Directors and outside auditors shall be taken care of, as required, by full-time auditors, Head of Accounting Department, Head of Corporate Planning Department and other relevant personnel. Accordingly, the Company has established systems to prevent any occurrence of information gap.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Updated

Decisions (Overview of Current Corporate Governance System)

The Company introduced the executive officer system under which individual business fields are executed by executive officers appointed by the Board of Directors. On the other hand, the Board of Directors focuses on making decisions on important management matters and supervising the execution of business operations. Accordingly, thanks to this system, the Company has improved the efficiency of management through quick decision-making and enhancement of the execution function.

[Board of Directors and Board of Executive Officers]
As of the date hereof, the Board of Directors consists of seven Directors. The Board of Directors' meetings are held once a month, or in a timely manner, if needed. The Company has appointed five Independent Outside Directors who are familiar with international corporate legal affairs and financial accounting in order to ensure the transparency and fairness of the management as well as to achieve growth in the financial sectors where a high degree of expertise is required.
The Company has appointed sixteen executive officers as of the date hereof. Under the direction and supervision of a Representative Director, each executive officer fulfills his/her duties in accordance with decisions of the Board of Directors, and within the scope of authority and responsibility as defined in the regulations, etc. In addition, the Board of Executive Officers' meetings are held, as needed, under the chair of the chief executive officer, the position of which is concurrently undertaken by a Representative Director.

[Audit & Supervisory Board]
As of the date hereof, the Audit & Supervisory Board is composed of three Audit & Supervisory Board Members, including one Full-time Audit & Supervisory Board Member. The Audit & Supervisory Board' meetings are held at least once a month, or in a timely manner, if needed. Each Audit & Supervisory Board Member conducts a corporate audit based on the audit plan formulated by the Audit & Supervisory Board, and audits and oversees the execution of business by Directors. In addition, in order to further strengthen the audit function, the Company appointed three outside auditors with abundant knowledge and experience.

[Internal Audit Office]
Internal Audit Office is an organization independent from the other bodies under the direct control of president. The Company places one dedicated staff responsible for evaluating the effectiveness of internal controls over the Company's business activities in general.

[Accounting Auditor]
The Company appointed Ernst & Young Shin Nihon LLC as accounting auditor.

[Other]

The Company has entered into agreements with its Outside Directors and Outside Audit & Supervisory Board Members to limit their liability for damages as defined in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427 of the Companies Act. The maximum amount of liability for damages of Outside Directors under these agreements is the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act.
In order to ensure thorough compliance, the Company convenes meetings of the Compliance Committee under the chair by chief executive officer. In addition, in order to strengthen the risk management and crisis management systems, the Company holds meetings of the Risk Management Committee.

3. Reasons for Adoption of Current Corporate Governance System

The Company introduced the executive officer system under which individual business fields are executed by executive officers appointed by the Board of Directors. On the other hand, the Board of Directors focuses on making decisions on important management matters and supervising the execution of business operations. Accordingly, thanks to this system, the Company has improved the efficiency of management through quick decision-making and enhancement of business execution.
The Company aims to further strengthen the monitoring and supervisory functions of the Board of Directors, by its appointment of five Independent Outside Directors out of the total of seven Directors.
In addition, the Company adopted the form of a company with an Audit & Supervisory Board, with the belief that it is the most appropriate system to conduct an audit of Directors' business operations by Audit & Supervisory Board Members in the light of enhancing the soundness and transparency of the management.
As for the Audit & Supervisory Board, each of the three auditors are independent outside auditors. Thus, the Company ensures the transparency and fairness of the management by auditing the execution of duties by Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	― It was sent no less than three business days earlier than the statutory date. In addition, we have started providing materials electronically via the Company website and the Tokyo Stock Exchange website prior to the dates required by law.
Scheduling AGMs Avoiding the Peak Day	− The Company welcomes the attendance of as many shareholders as possible at the Ordinary General Meeting of Shareholders. That is the reason why the Company has refrained from holding AGMs on the peak days for the convenience of the shareholders of the Company.
Allowing Electronic Exercise of Voting Rights	− Since the 15th Ordinary General Meeting of Shareholders of the Company held on December 21, 2016, the Company has enabled the exercise of voting rights electronically through the designated “electronic voting exercise website”.
Participation in Electronic Voting Platform	− Since the 15th Ordinary General Meeting of Shareholders of the Company held on December 21, 2016, institutional investors have been able to electronically exercise their voting rights through the “Electronic Voting Platform” that is operated by ICJ Inc.
Providing Convocation Notice in English	− Convocation Notice in English has been provided since the 18th Ordinary General Meeting of Shareholders of the Company held on December 20, 2019.
Other	− We live stream our Annual General Meeting and accept questions received in advance through our website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	− The Company has established a disclosure policy, and this policy is publicly available on the company's website. − https://www.fpg.jp/en/ir/disclosure.html	
Regular Investor Briefings for Individual Investors	− The Company participated in investor briefings hosted by securities companies .	None
Regular Investor Briefings for Analysts and Institutional Investors	− Financial results briefing sessions for analysts and institutional investors are held twice a year following the announcement of full-year financial results and second-quarter financial results. − We accept independent IR interviews with analysts and domestic institutional investors.	Yes
Regular Investor Briefings for Overseas Investors	− The Company participated in regular IR conference meetings for overseas investors hosted by securities companies in Japan. − The Company accepts individual IR interviews from overseas institutional investors on a regular basis.	Yes
Posting of IR Materials on The Website	− The Company posts on its website financial information, timely disclosure documents other than financial information, advertising materials, annual securities reports and quarterly reports, IR information briefing materials, corporate governance reports, convocation notices of the Ordinary General Meeting of Shareholders, shareholders news and annual reports. − https://www.fpg.jp/en/ir/index.html	
Establishment of Department and/or Manager in Charge of IR	− The Corporate Planning Department is responsible for IR. − Executive Officer managing the Corporate Planning Department is appointed as the IR officer. − IR staff is placed in the Corporate Planning Department.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	− The FPG Group Compliance Policy bylaws stipulate that all stakeholders should be respected and that adequate communication should be conducted.
Formulation of Policies on the Provision of Information to Stakeholders	− The FPG Group Compliance Manual stipulates that financial reporting should be fair and reliable, and that information disclosure should be conducted at appropriate timing so that the Company will be trusted and supported by all stakeholders. In addition, the FPG Group Compliance Policy stipulates that the Company conducts customer-oriented business operations with integrity and fairness, taking into account the best interests of our customers. Handling of internal information is appropriately managed based on the "FPG Group Rules for Prevention of Insider Trading" and the "Basic Rules on Protection of Personal Information."

IV. Matters Related to the Internal Control System

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

In order for the Company to develop and promote a system that is necessary to ensure the appropriateness of the business operations of the Company as well as those of the group consisting of the Company and its subsidiaries, the Board of Directors of the Company resolved as follows regarding the basic policy on internal control system pursuant to the Companies Act.

(1) System to ensure compliance of the execution of duties by Directors and employees with laws, regulations, and the Articles of Incorporation

① The Company shall place the already established the "FPG Group Compliance Policy" as its basic policy on compliance with laws and maintenance of ethics. The Company also shall disseminate to Directors and employees the policy that shall be positioned as one of the most important issues on the business conduct, and require them to observe and implement the policy.

② The Board of Directors shall review the compliance system on a regular basis through reporting from the "Compliance Committee" established for the purpose of discussing important matters related to compliance, with the aim of identifying and rectifying the problems.

③ The Company shall ensure day-to-day mutual surveillance on the compliance status of the execution of duties by Directors and employees with laws and regulations, internal rules, and regulations etc. On the other hand, Audit & Supervisory Board Members and Internal Audit Office shall cooperate with each other to verify the validity of the compliance system. In addition, the Company shall establish a whistle-blower system, and set up a hotline against scandals or doubtful conduct with compliance problems with the aim of securing early detection and corrective actions. If a person is found to be in violation of the "FPG Group Compliance Policy," he/she shall be strictly punished, including disciplinary action, in accordance with the "Employee Work Regulations".

④ The Company shall strengthen the supervisory function for the execution of duties by Directors and employees, by appointing more than one Outside Director.

⑤ The Company clearly defines and thoroughly disseminates procedures based on the established the "Basic Policy on Response to Antisocial Forces" and severs any relations with antisocial forces and organizations that pose a threat to the order and safety of society, while responding to them in a resolute manner in cooperation with police and attorneys.

⑥ In order to ensure the reliability of financial reporting required by the Financial Instruments and Exchange Act, the Company shall establish the "Basic Policy on Internal Control over Financial Reporting," and make development and operation of the internal control over financial reporting appropriately.

⑦ The Company shall strengthen the Compliance Department, through cooperation with the Legal Department, so as to accurately understand laws and regulations applicable to the business of the Company, as well as the latest information, such as Supervision Guidelines and Inspection Manual of the Financial Services Agency, make required amendments to the internal regulations upon revision of the relevant laws, and disseminate the information to the relevant departments to develop a legal compliance structure.

(2) System for storage and management of information related to execution of duties by Directors

① With regard to the duties of executive Directors and executive officers, the records of all documents (including electronic information), such as minutes of the Board of Directors' meetings and minutes of the Board of Executive Officers' meetings, shall be prepared, stored and managed in an appropriate manner in accordance with the already established the "Regulations of the Board of Directors "and the "Regulations of the Executive Officers".

② Audit & Supervisory Board Members and Internal Audit Office shall cooperate with each other, and conduct an audit on the storage and management of information on a regular basis.

③ Personal information shall be strictly and properly managed in compliance with applicable laws and regulations and the "Personal Information Protection Basic Rules."

④ Directors and executive officers shall rapidly and comprehensively gather information that requires disclosure and implement timely and appropriate disclosure in compliance with laws and statutory

regulations.

(3) Regulations and other systems concerning loss risk management

① The Company will comprehensively develop and improve the company-wide risk management system in accordance with the Company's already established the "FPG Group Basic Risk Management Regulations" by establishing a General Risk Management Division made up of independent, specialized departments, and a Risk Management Committee, all of whom will be answerable to the highest risk-management authorities in the company.

② In executing the business strategy, the Company's basic policy is to take any reasonable risks necessary to achieve the business plan, to the extent controlled by the Board of Directors. In managing risk, the Company's identify risks within FPG that might have a particularly significant impact on business as major risks, which are monitored, evaluated, and reported on in order to ensure the health of the Company's capital while presenting a foundation for allocating revenue that is proportionate to risk in a stable manner.

③ The Risk Management Division will manage risk in a comprehensive manner by continually identifying and monitoring the current state and any changes relating to major risks, and report to the Board of Directors and the Risk Management Committee in a timely and appropriate manner. The approach to major risks may be revised as necessary, taking into account any changes to FPG's business characteristics, risk profile, etc.

④ The risk management system and management method will be regularly reviewed, continually updated and maintained.

⑤ To cope when there is a natural disaster, pandemic, social infrastructure outage or other emergency, the Company shall formulate principles of conduct and principles to ensure safety pursuant to the "FPG Group Emergency Response Regulations". It shall also establish a disaster management system through which it engages in activities such as drafting disaster prevention plans as well as a response system through which it shall engage in activities such as setting up a response headquarters when there is an emergency. To prevent the unexpected, the Company shall consider scenarios that could result in significant damage to the Company, such as a major disaster or a new flu epidemic. To cope in the unlikely event of a disaster that causes significant damage to the Company, in order to minimize the damage to the business and disruption of operations, the Company shall draft the "FPG Group Business Continuity Plan (BCP)" beforehand with the aim of improving the effectiveness of business continuity readiness.

(4) System to ensure efficient execution of duties by Directors

① The Company shall introduce the executive officer system in order to speed up decision-making, enhance the supervisory function and improve the efficiency of execution of operations by the Board of Directors, and delegate the authority of business execution to the Board of Executive Officers or each executive officer, to the extent permitted by the laws and regulations. Under the direction and supervision of the Representative Director, each executive officer shall fulfill his/her duties in accordance with decisions of the Board of Directors, and within the scope of authority and responsibility as defined in the regulations, etc.

② As the basis of the framework to ensure the efficient execution of duties by Directors, the Board of Directors shall be held every month as a general rule, and on an extraordinary basis as needed. The Board of Directors shall make decisions flexibly and secure mutual surveillance on the execution of duties. The procedures of the Board of Directors and the scope of authority thereof shall be reviewed and revised at any time, based on the already established "the Regulations of the Board of Directors," and strict management shall be carried out in line therewith.

③ In order to ensure effective business operations by Directors and executive officers, the Company shall clarify the matters regarding the basic authority of duties and responsibilities of Directors and executive officers on the basis of the already established internal rules, namely, the "Regulations of the Board of Directors ", the "Regulations of the Executive Officers", the "Organization Rules" , the "Administrative Authority Regulations" and the "Segregation of Duties Regulations", ensuring the appropriate and efficient management of the organization.

④ The Board of Directors shall define the Company's corporate philosophy, formulate a business

management policy and annual plan, disseminate them to Directors and employees, and make efforts to conduct appropriate business management in order to ensure efficient operation of duties by Directors.

⑤ The Company shall establish other internal regulations, to ensure efficient execution of duties by Directors.

⑥ The Internal Audit Office shall conduct internal audits to ascertain the status of the operations in the preceding items and make improvements, and the Board of Directors shall review the system annually based on reports from the internal audits.

⑦ Directors may receive advice from outside experts such as lawyers or certified public accountants at the Company's expense if deemed to be necessary.

(5) System to ensure appropriate operations in the Group consisting of the Company and its subsidiaries

① The Company shall establish the "Rules for Management of Affiliated Companies" to ensure appropriate business operations of subsidiaries in line with the management policy of the Group and effective management by the Company. On that basis, the Company shall ensure that Directors and employees of subsidiaries will perform their duties in compliance with laws and regulations and the Articles of Incorporation, and put in place a system that matters relating to the execution of duties by Directors of subsidiaries will be reported in a timely manner.

② The Company shall appoint Directors or employees of the Company or other suitable personnel to be Directors of its subsidiaries, cause the subsidiaries to put in place and operate a system to ensure the adequacy of financial reporting by the subsidiaries, and supervise the status of business operations by the Company so as to secure efficient execution of duties by Directors of the subsidiaries. In particular, important matters of each subsidiary shall be deliberated by the Board of Executive Officers of the Company or submitted to the Board of Directors of the Company.

③ Pursuant to the "FPG Group Basic Risk Management Regulations." The Company shall manage the risks of the entire Group, including subsidiaries, and promote the development and enhancement of the risk management system of the subsidiaries.

(6) Matters related to employees assigned to assist Audit & Supervisory Board Members in their duties in the event Audit & Supervisory Board Members request such employees

If there is a request from the Audit & Supervisory Board Members to assign employees to assist their duties, the Board of Directors shall make a decision as to the number of employees to assist the Audit & Supervisory Board Members, their authority, the department to which the employees belong, their rights to supervise and command and other matters in consultation with Audit & Supervisory Board Members, and promptly conduct a personnel announcement, etc. to assign employees to support the auditing work.

(7) Matters related to independence of the employees prescribed in the preceding paragraph from Directors and to ensuring the effectiveness of instructions given by Audit & Supervisory Board Members to the employees

In order to achieve the independence of the employees assigned to assist the auditor as mentioned in the previous paragraph as well as to ensure the effectiveness of instructions given by Audit & Supervisory Board Members to the employees, the employees shall not be directed or commanded by any person other than the Audit & Supervisory Board Members, and the personnel matters (personnel relocation, personnel evaluation, or disciplinary punishment, etc.) concerning the employees shall be performed by the Representative Director with prior consent of Audit & Supervisory Board Members.

(8) System to help Directors and employees report Audit & Supervisory Board Members and other systems relating to reporting to the Audit & Supervisory Board Members

① Audit & Supervisory Board Members may attend meetings of the Board of Directors and the Board of Executive Officers, and those of the Company's subsidiaries and other important meetings, receive reports concerning the execution of duties, and express opinions.

② Major approval documents and other internal important documents of the Company and its subsidiaries shall be circulated to Audit & Supervisory Board Members, or, upon request, the relevant documents and materials, etc. shall be immediately submitted and made available to Audit & Supervisory Board Members.

③ Audit & Supervisory Board Members shall hold opinion exchange meetings with the Representative Director on a regular basis regarding the state of progress of corporate audits and important audit tasks, and may receive, if required, reports and explanation from other Directors and employees of the Company and Directors, Audit & Supervisory Board Members and employees of its subsidiaries regarding the status of their business and assets and other matters.

④ Upon detection of any fact potentially causing material damage to the Company or its subsidiaries, matters in violation with laws and regulations or the Articles of Incorporation, and extremely unjust matters, Directors and employees of the Company, as well as Directors, Audit & Supervisory Board Members and employees of its subsidiaries shall immediately notify the information to the Audit & Supervisory Board Members.

⑤ Audit & Supervisory Board Members shall receive audit reports from the Internal Audit Office.

⑥ In addition to the matters as prescribed in the preceding items, the Company shall put in place reporting systems in the relevant rules and regulations of the Company and its subsidiaries, in order to secure a system where Directors and employees of the Company and Directors, Audit & Supervisory Board Members and employees of its subsidiaries, as well as those who receive information therefrom shall report to Audit & Supervisory Board Members.

⑦ The Company shall stipulate in the relevant internal rules and regulations that whistleblowers will not suffer from any disadvantageous treatment due to their submission of reports.

(9) Matters concerning policies relating to the procedures on advance payments or reimbursement of costs arising from the execution of the duties by Audit & Supervisory Board Members and the other treatment of costs or debts arising from the execution of their duties

When an Audit & Supervisory Board Member claims for advance payment or reimbursement of costs or repayment of debts arising from the execution of his/her duties pursuant to Article 388 of the Companies Act, the Company shall immediately pay such costs or debts, except where deemed unnecessary for the execution of his/her duties.

(10) In addition to the matters as mentioned above, other systems to ensure that audits by Audit & Supervisory Board Members shall be carried out effectively.

① Directors and executive officers shall be familiar with the "Standards for Audits conducted by Audit & Supervisory Board Members" clarifying the responsibilities of auditors, their preparation, the audit system, the criteria of auditing and the action guidelines, as well as the audit plan formulated each year, and adequately recognize the importance and usefulness of the role of audits conducted by Audit & Supervisory Board Members and to develop the appropriate environment to secure the effective implementation thereof.

② When deemed necessary, Audit & Supervisory Board Members may require cooperation from the Internal Audit Office on specific matters, in consultation with the Representative Director or the equivalent. In addition, Audit & Supervisory Board Members may require collaboration on audits from any department, office or branch office, as required from time to time.

③ The Representative Director shall organize the framework to secure the operation of the Audit & Supervisory Board through integrated collaboration between the Audit & Supervisory Board Members of the Company and those of its subsidiaries, reporting of audit results to the subsidiaries, and exchange of opinions with representatives of the subsidiaries.

④ Audit & Supervisory Board Members shall secure close cooperation with the accounting auditor, including exchange of information and opinions, through mutual discussions, in order to increase the quality and efficiency of audit work. In addition, the Tripartite Liaison Committee meetings shall be held by and among the Audit & Supervisory Board Members, the accounting auditor and the Internal Audit Office.

⑤ When Audit & Supervisory Board Members deem it necessary when an audit is being performed, they shall be able to receive advice from outside experts including lawyers and certified public accountants. Any expenses or obligations arising as a result thereof shall be discharged in accordance with the guidelines prescribed in the preceding paragraph.

2. Basic Views on Eliminating Anti-Social Forces

Updated

The Company has the basic policy to refuse and exclude any relationship with anti-social forces and organizations that threaten the order and safety of civil society. In addition, the Company shall put in place a system to refuse and exclude any relationship with anti-social forces and organizations, specifically by gathering information about anti-social forces, in close cooperation among departments, and preventing any transactions with anti-social forces through establishment of the framework for communication with external specialized agencies. The details of the established framework are as follows.

(1) The Company designated the Compliance Department as the department with overall responsibility for antisocial forces. The department shall have centralized administrative control on matters related to anti-social forces, providing guidance and support on responses for each department. If deemed important for the management of the Company, the Compliance Department shall immediately report it to the management team. In addition, the General Manager of Compliance at the headquarters and the branch manager and sales manager at each branch and sales office have been appointed as employees in charge of undue claims, and notifications on the appointments have been issued.

(2) The Company established a framework to collect and exchange necessary information, through close relationships with outside specialized organizations, such as the police and the National Center for Removal of Criminal Organizations.

(3) In addition to stipulating the exclusion of antisocial forces as part of the social code of conduct in the "FPG Group Compliance Manual", we have developed "Procedures for Excluding Antisocial Forces" as well as the "Manual for Dealing with Unjust Demands", and have established a system for countermeasures and reporting information from departments.

(4) The Company incorporates the responses to anti-social forces in the compliance education and disseminates them through the internal training program and other programs.

(5) The Company defined the basic policy against anti-social forces, which is posted on the Company's website.

① We will refuse and exclude any relationships with antisocial forces.

② We will work as an organization and properly to prevent damages caused by antisocial forces in cooperation with external professional institutions, including the police, such as the police and the National Center for Removal of Criminal Organizations and lawyers.

③ We will reject any unreasonable demands from anti-social forces and take firm legal actions.

④ We will never give any financial and economic benefits to anti-social forces nor engage in deals behind the scene to conceal the business with anti-social forces.

⑤ The company will ensure the safety of officers and employees who deal with unreasonable demands by antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None

Supplementary Explanation

2. Other Matters Concerning to Corporate Governance System

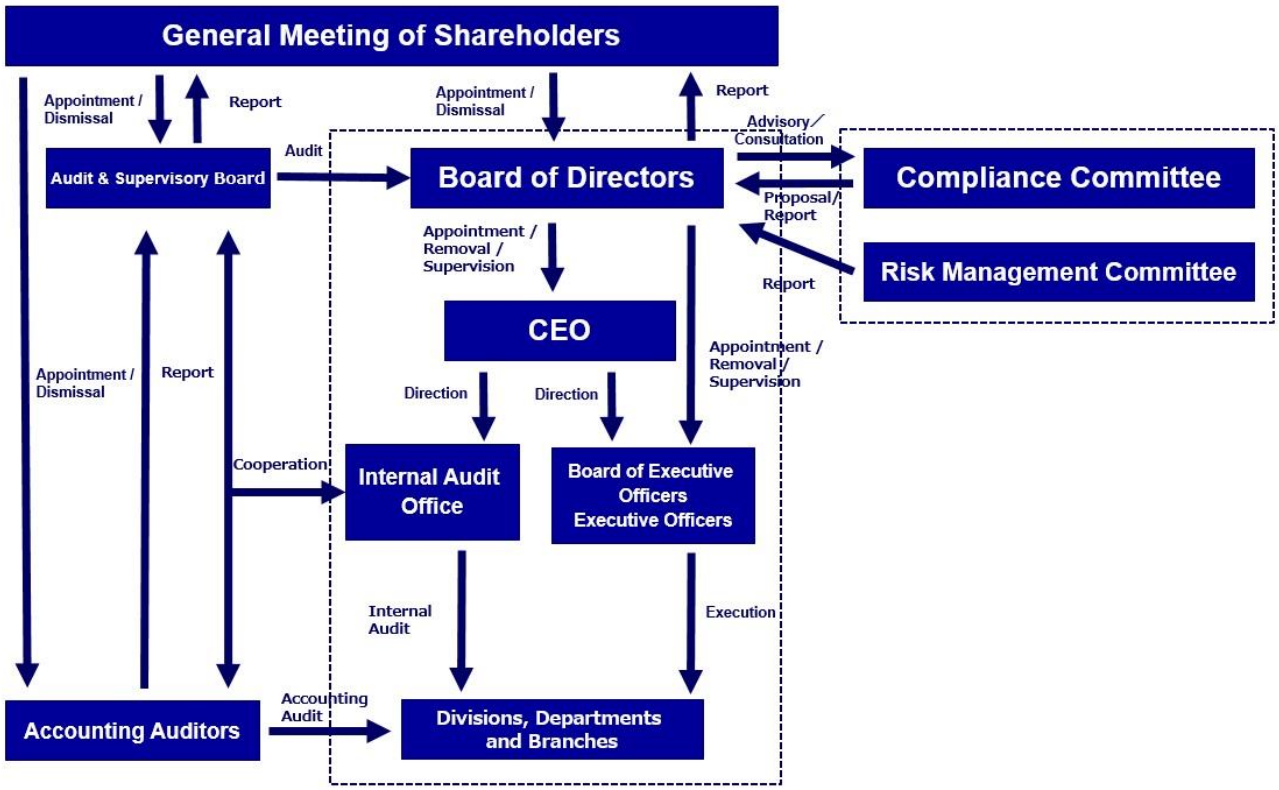
(1) Basic policy concerning timely disclosure

With regard to corporate information, the Company shall recognize itself as a listed company and disclose its corporate information to its shareholders, investors and other interested parties, in a timely and appropriate manner in compliance with the Rules on Timely Disclosure of the Tokyo Stock Exchange, applicable laws and regulations or other rules.

(2) Internal system for ensuring the timely disclosure of corporate information

The Company established the “FPG Group Rules for Prevention of Insider Trading” to define the management of material facts and the external disclosure thereof. The rules stipulate the framework that all and any material facts which officers and employees have come to know shall be reported to the Executive Officer in charge of the Compliance Department serving as the Chief Information Officer. The Executive Officer in charge of the Compliance Department will make judgment as to whether the relevant information is subject to timely disclosure or not, in consultation with the Representative Executive Officer, and in accordance with the Rules on Timely Disclosure of the Tokyo Stock Exchange and other laws and regulations. The Accounting Department is responsible for the procedures for timely disclosure. Corporate information shall be disclosed through the Timely Disclosure Network (TDnet) provided by the Tokyo Stock Exchange, and also disseminated widely by posting on the Company's website.

Overview of the Corporate Governance System



FPG Financial Partners Group

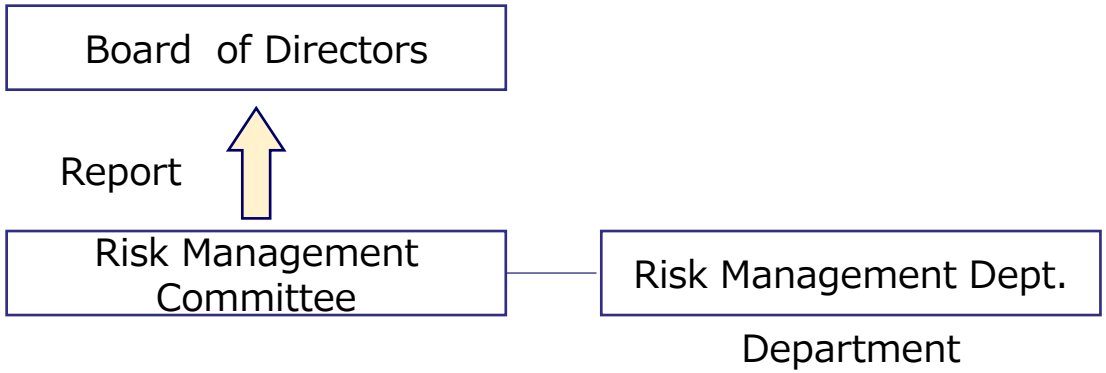
Information Disclosure Based on TCFD Recommendations

Financial Partners Group Co., Ltd.
(Prime Market of TSE, Code : 7148)

Governance and Risk Management

Governance

The Risk Management Committee (Chairman: Representative Executive Officer) is in charge of the Risk Management Department, which is part of the Risk Management Division. The Committee examines and deliberates on the climate change risks anticipated by our company. Reports and deliberations made by the Risk Management Committee are reported to the Board of Directors.



Risk Management

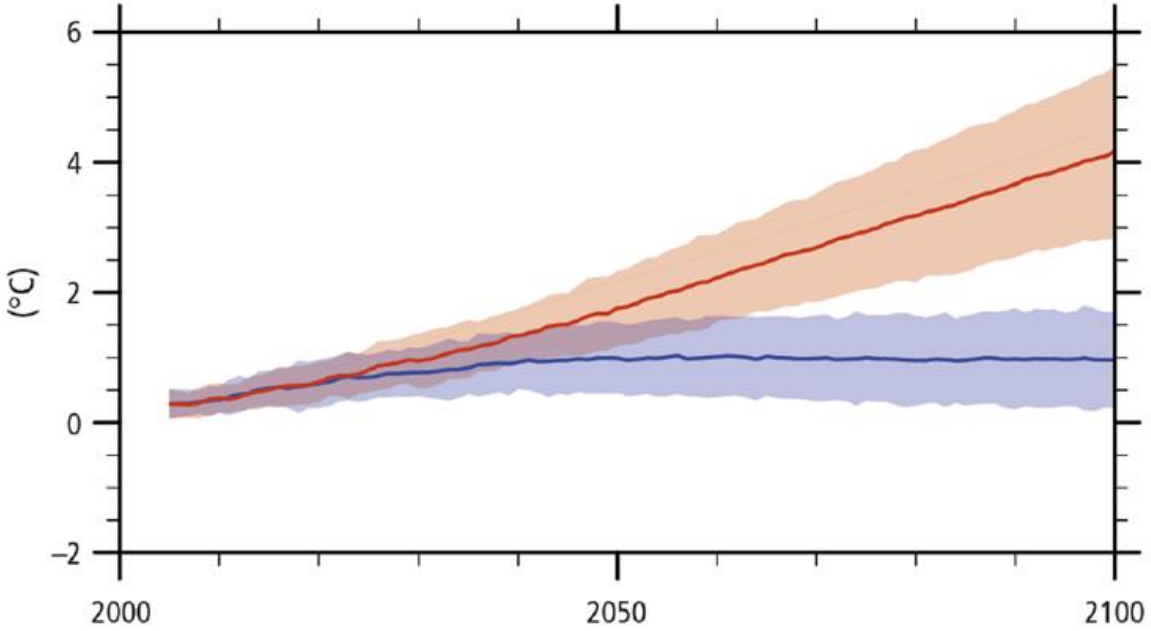
In response to the climate change risks anticipated within our company, the relevant risk departments conduct risk assessments and develop and implement action plans. The Risk Management Department consolidates these efforts and regularly reports the status to the Risk Management Committee, chaired by our Representative Executive Officer, who is the Chief Risk Management Officer. The committee accumulates the reported information to ensure continuous improvement in our efforts to address climate change risks.

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Scenario Selection and Business Impact Evaluation

Regarding highly uncertain climate change risks, we considered society in 2050 using two scenarios: 2°C and 4°C.

Forecast of Global Average Surface Temperature Change (Difference from 1986–2005 Average)



4°C scenario: If global warming countermeasures beyond the current level are not taken, the temperature will rise by 3.2 to 5.4 degrees Celsius compared against the Industrial Revolution.

2°C scenario: If strict measures are taken, the temperature will rise by 0.9 to 2.3 degrees Celsius compared against the Industrial Revolution.

- In the 2°C scenario, there is a risk that asset prices will be affected if regulations are tightened rapidly. However, we anticipate further revenue opportunities arising from growing demand for assets that are more environmentally friendly.
- Although the 4°C scenario assumes no strict regulations, it does assume renewed demand for fuel-efficient assets due to rising energy prices.

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Anticipated Risks and Impact

Category			Anticipated Risks and Impact on the Company	Impact Level
Transition risk	Regulatory risk		There is a risk of increased costs for complying with tighter regulations and policy changes, which could adversely affect the Company's financial position (liquidity), for example, increased tax burden due to the introduction of a carbon tax. A direct impact is not very likely.	Small
	Market risk	Asset obsolescence	In existing projects, there is a risk of unforeseen declines in asset prices and eventual asset obsolescence as a result of long-term reduced demand for non-environmentally friendly assets. It is conceivable that there may be cases where the lessee does not exercise the right to purchase items that have already been sold.	**Small - Medium**
		Lessees' credit deterioration	There is a risk that the lessee's credit will deteriorate due to increased costs in addressing climate change risk. It is possible that this will affect the formation of new projects and that explanations will need to be provided to investors midway through the fiscal year.	**Small - Medium**
		Incurring additional costs	There is a risk of incurring additional costs arising from changes in environmental standards that would require us to take measures to maintain the value of investment assets. It is possible that some projects will require additional costs to be borne by investors.	Small
		Deterioration of investment stance of investors	There is a risk that investors will become reluctant to invest in non-environmentally friendly assets and lessees. It is possible this will have a negative impact on sales of new projects. However, this could possibly be addressed by the appropriate selection of projects.	Small
		Deterioration of banks' lending stance	There is a risk that lending institutions will take a firmer stance on assets and lessees that are not environmentally friendly, reducing opportunities for project origination. This could have a negative impact on sales of new projects. However, this could possibly be addressed by the appropriate selection of projects.	Small
	Reputation risk		There is a risk that our reputation will damage due to delays addressing climate change risks. This could adversely affect our stock price, external ratings and liquidity. However, this could possibly be addressed by the appropriate climate change risk management.	Small
Physical risk	Acute risk	Our company's disaster risk	There is a risk of damage to our offices and assets due to extreme weather.	Small
			There is a risk of damage to our assets due to extreme weather. In our US real-estate investment business, it is possible that damage caused by fires, hurricanes, etc. could have an adverse impact of occupancy rates and operations. However, this can be dealt with via appropriate insurance coverage.	Small
		Lessees' damage risk	If a lessee suffers damage due to extreme weather, there is a risk that the lessee's business performance and finances could be adversely affected due to interruption of business activities, disaster recovery costs, etc.	Small

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Anticipated Opportunities and Impact

Category		Anticipated Opportunities and Impact on the Company	Impact Level
Opportunities	Products and Services	Anticipated Scenarios ➢ Expansion of products and services that support decarbonization Business opportunities ➢ Increase in leasing fund projects through proactively promoting transition finance for airlines and shipping companies ➢ Differentiation from competitors through providing a real estate fractional ownership investment product targeting environmentally friendly real estate ➢ Increased number of investors aiming to contribute toward decarbonization	**Large**
	Reputation risk	Anticipated Scenarios ➢ Expansion of new business development through the widespread adoption of renewable energy and energy-saving technologies Business opportunities ➢ Creation of new products and services using solar power generation and other renewable energy facilities as investment projects (using government subsidies and other public incentives)	**Small**

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Metrics and Targets

CO2 emissions

Aggregation target period : October 2023 to September 2024
Calculation period : FPG and Domestic consolidated subsidiary *
（FPG Trust, FPG Securities, Only you Air and & OWNERS）

Scope	Category	GHG emissions
Scope1	Aircraft fuel use （Owned by Only you Air）	445.9 tCO2
Scope2	Use of electricity	114.0 tCO2
	Use of city gas	5.1 tCO2
Scope3	3. Energy activity (Fuel energy activities not included in Scope 1/2)	128.0 tCO2e
	6. Business trip	37.6 tCO2
	7. Employee commuting	73.0 tCO2
	8. Leased assets (upstream) (gasoline use of leased vehicles)	97.1 tCO2
		900.7 tCO2

*Subsidiaries and trusts used as non-consolidated silent partnership operators, etc. in the lease fund business and domestic real estate fund business are not included in the calculations.

Target

In recent years, decarbonization efforts have been required in various industries. Going forward, we will promote global environmentally friendly initiatives, and we will gather and analyze the necessary data to fulfill our disclosures of information, including indicators and targets related to climate change risk, in accordance with the TCFD framework.

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