

Message from the CCO

Striving to Be a Corporate Group Trusted by All Stakeholders

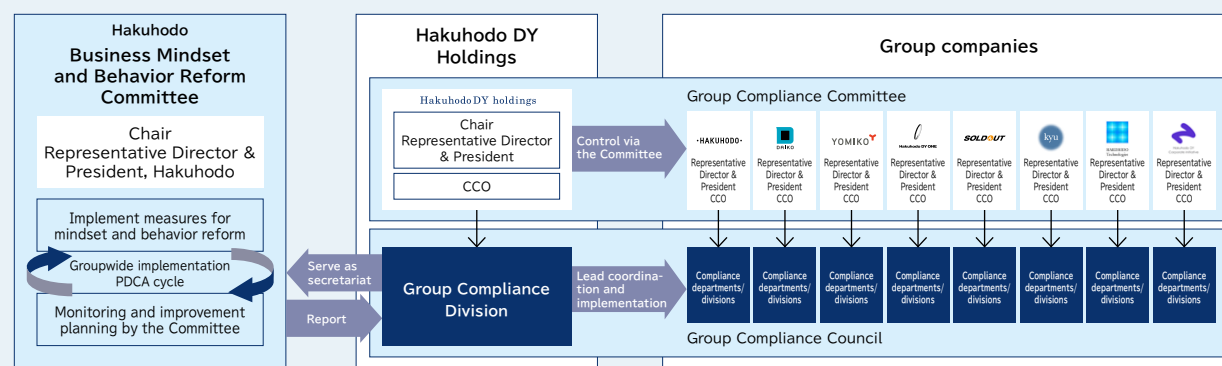


The Hakuhold DY Group is united in its commitment to ensuring thorough compliance with laws and regulations and to conducting corporate activities based on the highest ethical standards, so that we can firmly secure the trust of all our stakeholders and continue to meet their expectations.

Implementation Structure to Enhance Compliance Throughout the Hakuhold DY Group

At the Hakuhold DY Group, compliance activities are implemented under the Group Compliance Committee, chaired by the representative director and president of

Groupwide Structure for Compliance Implementation



Hakuhold DY Holdings, with the president and chief compliance officer (CCO) of each Group company serving as members.

The Group Compliance Council, comprising the people responsible for compliance at the principal operating companies, has been established as a sub-body of this committee. Based on the Group's compliance policy, it implements measures to thoroughly prevent recurrence of misconduct, to avert problems before they occur, and to raise compliance standards across the Group as a whole. In addition, to ensure thorough recurrence prevention in response to incidents that occurred within the Hakuhold Group, we have established the Business Mindset and

Behavior Reform Committee, chaired by the representative director and president of Hakuhold Inc. This committee is working to strengthen the compliance implementation PDCA cycle. The initiatives developed are shared Groupwide by the Group Compliance Division, which supports implementation in each company.

By uniting all employees to reinforce strict legal compliance, prevent recurrence, and further raise compliance awareness, we will continue to strengthen the Groupwide compliance systems.

I thank you for your understanding and continued support.

Message from the CCO

Initiatives of the Business Mindset and Behavior Reform Committee

In December 2023, Hakuodo established the Business Mindset and Behavior Reform Committee. Under this committee, four subcommittees were organized: Rebuilding Ethics and Basic Mindset, Clarifying and Ensuring Adherence to Transaction Rules, Introducing HR and Evaluation Mechanisms to Raise Awareness, and Revising Business Processes and Systems. These subcommittees carry out a variety of initiatives to reform employee mindsets and ensure thorough compliance.

In addition, the committee conducts a compliance awareness survey of all employees each year, using the results to refine and update its measures. At present, it is advancing practical initiatives that operate on two fronts: improving each employee's understanding of compliance and rules, and strengthening integrity.

These initiatives are disseminated to Group companies through the Group Compliance Council, contributing to raising compliance standards across the entire Group.

(1) Rebuilding Ethics and Basic Mindset

A variety of initiatives are being implemented with the goal of establishing integrity and ensuring that every employee possesses a strong sense of compliance. These include management messaging, formulation and dissemination of slogans, and the development of compliance policies for each organization to drive mindset reform from the top down. In addition, the compliance training framework has been revised to strengthen basic knowledge and rule comprehension. Dialogue-based training for all managers has been newly introduced, using real-life scenarios where misconduct could occur as discussion topics to foster integrity. Efforts have also been made to create an open workplace environment, while reinforcing awareness of the whistleblowing system, to make it easier than ever for employees to seek advice.

(2) Clarifying and Ensuring Adherence to Transaction Rules

To ensure proper transactions with clients, annual training is conducted for all front-office organizations. In addition, a database has been constructed to formalize and make visible the transaction rules for each client. This allows not only those directly responsible but also the headquarters management sections to confirm the rules at any time, helping prevent misconduct or inappropriate transactions caused by misunderstandings.

(3) Introducing HR and Evaluation Mechanisms to Raise Awareness

Mechanisms are being introduced into HR and evaluation systems that incorporate compliance perspectives in various ways. Employees assigned to the same client for extended periods are now identified, enabling systematic reassignment. Compliance indicators have also been strengthened in performance evaluations and hiring assessments. Furthermore, a 360-degree survey has been introduced for managers, with the results used in appointment and dismissal decisions.

(4) Revising Business Processes and Systems

A fraud risk detection tool has been introduced that enables cross-sectional analysis of various business-related data, creating a framework for mechanically detecting and monitoring irregular transactions. This has enabled a certain level of early detection of abnormal transactions, including those not identified by human oversight.

Overall Initiatives of the Business Mindset and Behavior Reform Committee (Main Measures)

