

Ensuring Compliance

Compliance Basic Policy

The Group positions compliance as one of the most crucial management issues, and is engaged in thorough compliance based on the following three principles.

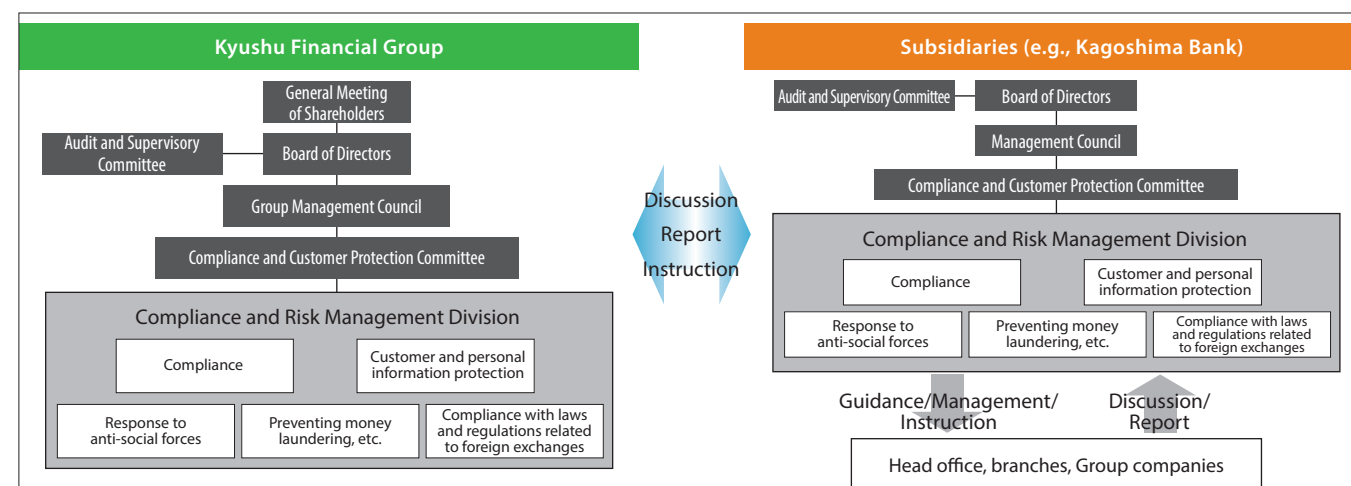
1. We recognize our social responsibilities and public mission, and we earn the trust of society through the sound and appropriate operation of our business.
2. We adhere to laws and regulations, rules, and internal regulations, and we carry out sincere and fair corporate activities based on social norms and management philosophy.
3. In order to ensure the soundness and appropriateness of our business operations, we break off any relations with anti-social forces, etc. that threaten the order and safety of society.

Compliance Management System

The Group is engaged in thorough compliance by establishing the "Compliance Basic Policy," which sets out its basic stance and approach towards compliance.

The Group has established a Compliance and Risk Management Division as a division to oversee compliance matters of the Group, and convenes the Compliance and Customer Protection Committee chaired by the President. In the Committee, we report and hold discussions on the status of compliance management, management of customer protection, and handling of anti-social forces, the status of management to prevent money laundering, and compliance with laws and regulations related to foreign exchanges, in our efforts to maintain and enhance our compliance system.

Additionally, we have formulated a compliance program as a specific practical plan for each year to achieve thorough compliance and by doing so we are engaged in the strengthening of our compliance system.



Customer and Personal Information Protection

Customer protection

The Group develops a system for management of customer protection, etc. as part of its efforts to protect customers' interest and improve the convenience for customers. Specifically, we classify customer protection management into five categories: customer explanation management, customer support management (response to customer inquiries and complaints), customer information management, outsourcing management, and conflict of interest management. We ensure that each of these categories is appropriately managed.

Personal information protection

The Group develops a system for appropriate management of customer information to ensure that the Group's officers and employees comply with the Act on the Protection of Personal Information, the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures, and other relevant laws and regulations, and consequently to ensure appropriate protection and use of customer information. We appropriately take care of customer information and make sure it is kept accurately and confidentially to prevent loss or leakage, thereby ensuring that customer information is safely managed.

Exclusion of Anti-Social Forces

The Group is resolutely against anti-social forces who pose a threat to the order and safety of civil society, and we are carrying out efforts to create a system that blocks out relations with anti-social forces, as well as making efforts to eradicate all dealings with anti-social forces. Specifically, we are strengthening our response towards the exclusion of dealings with anti-social forces through the creation of a response policy and regulations, etc. against anti-social forces, the expansion of Group-wide anti-social forces database, and the introduction of anti-social forces exclusionary provisions in our legal contracts.

Our Basic Response Policy to Anti-Social Forces is available on the Company's website.

<https://www.kyushu-fg.co.jp/antisocial>



Initiatives for Preventing Money Laundering, etc. and Compliance with Laws and Regulations related to Foreign Exchanges

With the recognition that the deterrence of organized crime by preventing money laundering and terrorism financing ("money laundering, etc.") is a universal issue, the Group is fully committed to preventing money laundering, etc. as one of the highest priorities in the management of its business, and complies with relevant laws and regulations such as the Act on Prevention of Transfer of Criminal Proceeds and the Foreign Exchange and Foreign Trade Act, while working to establish a high-level management system as required in the relevant guidelines, etc. Specifically, the entire Group is working to enhance the identification, evaluation and reduction of money laundering and other risks, by establishing Group-wide policies and regulations. A cross-divisional cooperation system is being developed by establishing the Money Laundering and Other Financial Crime Control Office within the Compliance and Risk Management Divisions at both Higo Bank and Kagoshima Bank, with an officer in charge of risk management taking responsibility for money laundering, etc. In addition, various training programs for officers and employees are being expanded, and they are also being encouraged to obtain relevant qualifications in order to enhance the effectiveness of our initiatives.

Our Basic Policies for Preventing Money Laundering and Terrorism Financing is available on the Company's website.

<https://www.kyushu-fg.co.jp/laundrying>



Whistleblowing System

We have set up a whistleblowing system called Compliance Hotline. All officers and employees across the Group can directly report to the Hotline, facilitating the prevention as well as early detection and correction of compliance-related problems including the violation of laws and regulations and harassment. The Hotline is operated in accordance with the spirit and purpose of the revised Whistleblower Protection Act, which came into force in June 2022, and its guidelines as part of our efforts to improve our self-corrective function. We have established a whistleblowing hotline run by external attorneys in addition to the Compliance and Risk Management Division, etc. within the Group to accept reports regardless of whether they are made anonymously or using their real name, and have given consideration to enable officers and employees to use the hotline, etc. with peace of mind by ensuring the anonymity and fairness of information such as taking appropriate steps to ensure whistleblowers are not identified and specifying that whistleblowers must not be treated unfairly.

Response to the Financial ADR System

Our subsidiaries have contracts with the designated ADR institutions shown in the table below in order to resolve complaints and disputes from a fair and neutral standpoint.

Designated ADR Institutions	Higo Bank and Kagoshima Bank		Kyushu FG Securities
	Customer Relations Center, Japanese Bankers Association	Trust Consultation Center, Trust Companies Association of Japan	Financial Instruments Mediation Assistance Center