

## **Status of Compliance with Policies on Client-Oriented Business Conduct (January 2025)**

Morgan Stanley MUFG Securities Co., Ltd. (hereinafter referred to as “Morgan Stanley”) establishes policies for client-oriented business conduct based on the “Principles for Customer-Oriented Business Conduct” (the “Principle(s)”) published by the Financial Services Agency and the notes thereto.

Morgan Stanley’s status of compliance with these policies is as set out below. We will continue to provide periodic disclosures regarding the status of our compliance with such policies. Also, we will review the policies on a periodic basis and make a constant effort to provide our services in a client-oriented manner (corresponding to Principle 1).

### **1. Status of Compliance with Putting Clients First (Corresponding to Principle 2)**

At Morgan Stanley, we are committed to fostering and maintaining a culture based on our five core values: Do the Right Thing, Put Clients First, Lead with Exceptional Ideas, Commit to Diversity & Inclusion, and Give Back. Among such core values, “Put Clients First” are comprised of “Keep the client’s interests first,” “Work with colleagues to deliver the best of the Firm to every client,” and “Listen to what the client is saying and needs.” We strive to prevail a corporate culture of strict professional ethics and performance of duties with integrity in accordance with the core value to Put Clients First within all employees by specifying them as actions to be taken in our dealings with our clients in Morgan Stanley’s Code of Conduct and other global policies.

As part of the above, we deliver in-house trainings related to client-oriented business conduct including the details of Morgan Stanley’s Code of Conduct on a regular basis.

We have established our Action Plan stating “in regards to notes and funds structuring businesses where Morgan Stanley arranges and sells notes or funds to potentially be sold to retail investors through other securities firms, we will maintain a robust governance framework and continue our efforts to keep our products suitable and appropriate for retail investors and serve their best interests” and have established the Governance Committee related thereto. In addition to sharing the policies of domestic and overseas regulatory authorities and the status of distributors, the Governance Committee examines the merchantability of products originated by Morgan Stanley, confirms whether the efforts of the distributors handling such products are in line with our “Policies on Client-Oriented Business Conduct,” and leads the review and ongoing implementation of related in-house training.

Please refer to our [Code of Conduct](#) and [Summary of Our Policy on the Management of Conflict of Interests](#) available on Morgan Stanley website for greater detail.

### **2. Proper Management of Conflict of Interest (Corresponding to Principle 3)**

Pursuant to our core value to Put Clients First, we endeavor to place our clients’ interests first and manage conflicts appropriately between their interests and ours. Our Code of Conduct and related global policies provide explanations of situations where conflicts of interest may arise by providing specific examples and specify the actions officers and employees should take in those situations. Pursuant to such provisions and procedures, we endeavor to identify business conduct and practices that may pose a conflict (including potential conflict of interest) involving the interests of Morgan Stanley, its clients and/or its officers and employees and address, disclose and/or restrict such conflict pursuant to the global policy. Also, we deliver in-house trainings related to conflict of interest on a regular basis.

Please refer to our [Code of Conduct](#) and [Summary of Our Policy on the Management of Conflict of Interests](#) available on Morgan Stanley website for greater detail.

### **3. Clarification of Pricing and Applicable Fees for the Financial Products and Services (Corresponding to Principle 4)**

We endeavor to determine the terms and conditions of the financial products or services we offer to our clients in a fair manner in compliance with the applicable laws and regulations and our internal policy on pricing for the financial products and services. Our global policy stipulates that the pricing and fees for

financial products or services should be reasonable and fair taking into consideration various factors including, but not limited to, the nature, volume and maturity of the relevant transaction, type of transaction execution, market conditions (including market events and volatility), cost of capital and client characteristics.

We disseminate within Morgan Stanley through trainings and the like to provide an appropriate explanation with respect to the fees for the financial products or services when we deliver information regarding such products or services in compliance with the aforementioned policies and procedures. Also, we endeavor to ensure transparency of pricing for the financial products or services so that our clients can make appropriate investment decisions based on sufficient information.

#### **4. Providing Important Information in an Understandable Manner (Corresponding to Principle 5)**

We have established an internal system that includes our policies for providing clients with important information regarding financial products and services, and based thereon, we endeavor to provide a plain and clear information regarding the terms and conditions of the financial product or services, risk embedded in such products or services, and relevant market conditions, in light of our clients' asset status, investment experience and objectives as well as the level of risk tolerance, etc. Products sold and recommended by Morgan Stanley may include products that are made up of multiple financial instruments as packages (structured bonds, etc.), and we will also provide appropriate explanations accordingly depending on our clients.

In addition, after a transaction has been conducted with the client, if there is a major change in market conditions that may affect the transaction, we will contact the client as necessary to confirm the future measures and strive to provide services in the clients' best interest.

#### **5. Providing Suitable Service for Clients (Corresponding to Principle 6)**

We have established Solicitation Policy, and we strive to offer financial products and services suitable to our clients in an appropriate manner in accordance with our policies related to the Solicitation Policy.

Upon initiating transactions with our clients, we will conduct sufficient due diligence on our clients including but not limited to their asset status, investment experience and objectives. We then scrutinize whether a transaction is suitable for a particular client under the particular circumstances and, if there are any issues or concerns, strive to address them appropriately through dialogue with the client.

When we introduce a new or complex product, we determine such introduction upon conducting detailed analysis and strict examination such as on the potential risk our clients may take in accordance with our internal policies and offer the product to clients who are deemed suitable for such product.

Furthermore, we do not trade with individual clients directly; however, based on the requests and the like of other distributors, we may originate retail structured products and sell such products to such distributors. In such cases, we assess the suitability of such distributors in accordance with the retail structured products business policies and procedures in a manner designed to ensure that proper solicitation and marketing is conducted by such distributors.

Please refer to our [Solicitation Policy](#) available on Morgan Stanley website for greater detail.

#### **6. Proper Training and Incentives for Employees (Corresponding to Principle 7)**

In order to prevail Morgan Stanley's five core values which include Put Clients First and a corporate culture in accordance therewith within Morgan Stanley, we deliver mandatory training to our officers and employees on a regular basis and strive to ensure thorough compliance with our policies and procedures.

Also, we take strict action against a breach of these core values and policies. We respect to incentives for our officers and employees, we regularly review our incentive compensation programs. We have implemented an employee performance evaluation and compensation determination processes designed to ensure that each employee's compliance with the five core values and the policies will be reviewed and considered during those processes.