



Initiatives Related to Japan's Corporate Governance Code

BANDAI NAMCO Holdings Inc.

The mission of BANDAI NAMCO Holdings Inc. (“the Company”) and the BANDAI NAMCO Group (“the Group”) is to offer “Dreams, Fun and Inspiration,” through the products and services, aiming at the vision of becoming “The Leading Innovator in Global Entertainment.” In order to realize this mission and vision, the Company and the Group sufficiently understand the importance of various stakeholders related to the Company and have a basic management policy of maximizing the corporate value of the Company and its shareholders’ common interests over the mid-to long-term.

The Company believes that construction of a solid management foundation (corporate governance) is absolutely essential in order to emerge victoriously in the global competition of the fast-changing world of entertainment.

The status of the Company’s initiatives on each principle of the Japan’s Corporate Governance Code as well as the policies on initiatives are discussed below.

Section 1: Securing the Rights and Equal Treatment of Shareholders

General Principle 1

Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.

In addition, companies should secure effective equal treatment of shareholders.

Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

The Company recognizes that shareholders are important stakeholders with respect to the Company, and believes that building long-term relationships of trust with shareholders is one of important management issues. To this end, the Company strives to develop an environment to ensure effective equal treatment for all shareholders, including minority shareholders and foreign shareholders, and endeavors to develop an environment in which shareholders can exercise their rights appropriately and effectively.



Principle 1.1 Securing the Rights of Shareholders

Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the General Meeting of Shareholders.

The Company makes sure that all shareholders can effectively exercise their rights, and strives to develop an environment that promotes the exercise of voting rights and dialogue with shareholders.

Supplementary Principles

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

The Company's Board of Directors takes the results of the exercising of voting rights by shareholders at the General Meeting of Shareholders seriously, and uses such results to gain a detailed understanding of shareholders' thoughts, in addition to utilizing experts to analyze the pros and cons regarding proposals. In addition, the outcomes of such analyses are used to promote proactive dialogue with shareholders that can be utilized in the future management of the Company.

Supplementary Principles

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

When newly delegating certain powers of the General Meeting of Shareholders to the Board of Directors, the Company's Board of Directors recognizes that adequately fulfilling its corporate governance roles and responsibilities is important. As a part of agile and proactive policy for the return of profits to shareholders, resolution matters related

to the acquisition of treasury stock and interim dividends are delegated to the Board of Directors. The Company places the return of profits to shareholders as one of its highest priorities in its management, and thus executes the aforementioned policies in accordance with its basic policy to further strengthen the Group's competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Company's corporate value.

Supplementary Principles

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

The Company strives to ensure that the rights of all shareholders are equally secured, and gives adequate consideration with respect to the exercise of shareholder rights, including the exercise of rights by minority shareholders.

Principle 1.2 Exercise of Shareholder Rights at General Meeting of Shareholders

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

The Company recognizes that the General Meeting of Shareholders is the Company's highest decision-making body and a place to make decisions on important issues for the Company as well as to engage in constructive dialogue with shareholders.

The Company sets the date and location of the General Meeting of Shareholders so that as many shareholders as possible can attend the meeting, avoiding dates on which many other companies hold the meetings. In addition, the Company has established an environment where shareholders unable to attend the meeting are able to exercise their voting rights via the Internet or other means. Moreover, in the Notice of the General Meeting of Shareholders, the Company strives to use easy-to-understand explanation, using charts and tables, etc. to help shareholders understand the contents.

Supplementary Principles

- 1.2.1 Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at General Meeting of Shareholders.

In order to promote the understanding of purpose, including proposals, in the Notice of the General Meeting of Shareholders, the Company strives to use easy-to-understand explanation, using charts and tables, etc. to help shareholders understand the contents and strives to accurately provide information that will facilitate decision-making by shareholders.

In addition, the Company makes English version of the entire Notice of the General Meeting of Shareholders, not limited to reference documents for proposals, but also including business reports and financial statements, and posts it on the websites of Tokyo Stock Exchange as well as the Company's website.

Supplementary Principles

- 1.2.2 While ensuring the accuracy of content, companies should strive to send the Notice of the General Meeting of Shareholders early enough to give shareholders sufficient time to consider the proposals. During the period between the Board of Directors approval of convening the General Meeting of Shareholders and sending the Notice of the General Meeting of Shareholders, information included in the Notice of the General Meeting of Shareholders should be disclosed by electronic means such as through TDnet or on the company's website.

While making sure that the External Accounting Auditor has an appropriate amount of time to perform its audit and taking other factors into consideration, the Company strives to send the Notice of the General Meeting of Shareholders three weeks prior to the date of the General Meeting of Shareholders, so as to give shareholders sufficient time to consider the proposals. Furthermore, prior to sending out the notice, the Company discloses the notice on the website of Tokyo Stock Exchange as well as the Company's website.

Supplementary Principles

- 1.2.3 The determination of the date of the General Meeting of Shareholders and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

Recognizing that the General Meeting of Shareholders is an opportunity for constructive dialogue with shareholders, the Company sets the date of the meeting so that as many shareholders as possible can attend the meeting, avoiding dates on which many other companies hold the meetings.

Supplementary Principles

- 1.2.4 Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the Notice of the General Meeting of Shareholders.

The Company works to develop an environment that makes it easy for institutional investors and foreign shareholders to exercise their voting rights, and strives to make it more convenient for shareholders to exercise their voting rights by introducing an electronic voting system via the Internet, etc., and through the use of the Electronic Voting Platform.

In addition, to enable foreign shareholders to understand the contents as quickly and accurately as possible, the Company creates English version of the entire Notice of the General Meeting of Shareholders, not limited to reference documents for proposals, but also including business reports and financial statements, and posts it on the websites of Tokyo Stock Exchange as well as the Company's website.

Supplementary Principles

- 1.2.5 In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the General Meeting of Shareholders in attending the meeting or exercising voting rights, companies should work with the trust bank (*shintaku ginko*) and/or custodial institutions to consider such possibility.

In cases where substantial shareholders who hold shares in the name of a trust bank and/or custodial institution request to exercise their shareholder rights on their own at the General Meeting of Shareholders, the Company allows such shareholders to attend, provided that they have conducted the designated procedures in advance, such as showing proof that they are the substantial shareholders and showing proof in advance of voting rights exercise status.

Principle 1.3 Basic Strategy for Capital Policy

Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

The Company has adopted ROE (Return on Equity) as management performance indicators. Looking ahead, the Company shall strive to continue to secure ROE of 10% or more by aiming to further expand profits through execution of strategies under the Mid-term Plan, as well as by effectively utilizing stockholders' equity.

Also, the Company will provide a return to shareholders as a policy for the return of profits to shareholders that targets a consolidated payout ratio of 30%, based on stable annual dividend payments of 24 yen per share. Its fundamental policy is to consider using part of any profit, after deduction of dividends, to acquire treasury stock, after taking into account the amount of funds on hand, performance trends, recent share price trends, the existence or nonexistence of major investment proposals and other factors.

Principle 1.4 Cross-Shareholdings

When companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to doing so. In addition, the Board of Directors should examine the mid- to long-term economic rationale and future outlook of major cross-shareholdings on an annual basis, taking into consideration both associated risks and returns. The annual examination should result in the Board of Directors' detailed explanation of the objective and rationale behind cross-shareholdings.

The Company has a basic policy of holding cross-shareholdings, provided that holding such shares can be recognized to contribute to increasing the Company's corporate value by further bolstering business partnerships and by maintaining and/or strengthening the stable business relationship with such companies. Such a determination is based on factors including the companies' business developments, the status of business with the companies and the market price of the shares.

Also, the Company periodically examines and considers whether or not to continue to hold key cross-shareholdings from a mid- to long-term perspective, taking into consideration both associated risks and returns. The Company also provides detailed explanations externally with respect to the objectives of holding cross-shareholdings.

In exercising the voting rights of cross-shareholdings, the Company does not unconditionally agree with the proposals of the companies whose shares it owns. Rather, voting rights are exercised based on whether or not the proposals will contribute to increasing the Company's corporate value through the maintenance and/or bolstering of the business partnership and business relationship with such companies.

Principle 1.5 Takeover Defense Measures

Takeover defense measures must not have any objective associated with entrenchment of the management or the Board of Directors. With respect to the adoption or implementation of takeover defense measures, the Board of Directors and Audit & Supervisory Board Members should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

The Board of Directors of the Company, to whom the shareholders have entrusted the management of the Company, views promoting the Mid-term Plan, strengthening corporate governance, promoting efficient management, reinforcing personnel strategies, reinforcing CSR (corporate social responsibility) activities, proactive IR activities and proactive policy for the return of profits to shareholders as some of the detailed strategies for increasing the corporate value. The Company recognizes implementing its management and business strategies to increase corporate value in accordance with these measures as an issue of utmost importance. As a result, the Company has not adopted takeover defense measures in the current situation.

Supplementary Principle

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

In the event that the Company's shares are the target of a tender offer, the Company will ask the party making the tender offer to explain its measures to increase the Group's corporate value. In addition, in response to the proposal from such party, the management team shall not take steps to guard its own interests, but shall provide an explanation to shareholders on the measures that can be taken that will facilitate a decision that places a top priority on further increasing the Group's corporate value.

Principle 1.6 Capital Policy that May Harm Shareholder Interests

With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the Board of Directors and Audit & Supervisory Board Members should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

If the Company implements a capital policy that results in the change of control or in significant dilution, the Board of Directors and Audit & Supervisory Board Members adequately examine the necessity and rationale of the policy, including the compliance with all relevant laws and regulations, including the rules of disclosure, and if necessary, discloses such information on the Company's website as well as provides an explanation at the General Meeting of Shareholders, the information session of the Financial Results, etc.

Principle 1.7 Related Party Transactions

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

When the Company engages in transactions with Directors, Audit & Supervisory Board Members, principal shareholders and/or other related parties, the Company shall receive approval for such transactions following deliberations by the Board of Directors, requesting the opinions of Outside Directors and Audit & Supervisory Board Members. Also, the Company has put in place a framework for requesting reports to the Board of Directors as needed with respect to the status of any transactions which present a conflict of interest. Furthermore, in the event of business transactions between related parties, such transactions are disclosed in accordance with laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, as well as pursuant to the regulations established by Tokyo Stock Exchange.

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

General Principle 2

Companies should fully recognize that their sustainable growth and the creation of mid- to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders.

The Board of Directors and the management team should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

The mission of the Company and the Group is to offer “Dreams, Fun and Inspiration,” through the products and services, aiming at the vision of becoming “The Leading Innovator in Global Entertainment.” Based on the mission and vision, in order to achieve sustainable growth and to increase corporate value over the mid- to long-term, the Company recognizes that it is absolutely essential to cooperate with the Company’s various stakeholders, including its employees, customers, business partners, creditors and local communities.

Also, in order to continue to offer “Dreams, Fun and Inspiration,” through the products and services, the Company recognizes that, regardless of country or region, complying with all laws, respecting the spirit of such laws, pursuing profits in a fair competition and contributing broadly to society through corporate activities are universal and important missions imposed on the Company for building a relationship of trust with society. Based on this belief, the Company has formulated the “BANDAI NAMCO Group Declaration of Compliance,” which is the code of conduct that each of the Company’s and the Group’s Directors, Audit & Supervisory Board Members and employees should comply with when executing business, and the content of the Declaration is widely ingrained in Directors, Audit & Supervisory Board Members and employees of the Company and the Group.

Principle 2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term

Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid- to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

The mission of the Company and the Group is to offer “Dreams, Fun and Inspiration,” through the products and services, aiming at the vision of becoming “The Leading Innovator in Global Entertainment.” In order to realize this mission and vision, the Company sufficiently understands the importance of its various stakeholders, has a basic management policy of maximizing the Company’s corporate value as well as shareholders’ common interests, and has formulated a Mid-term Plan in order to maximize corporate value. Details of the Mid-term Plan are disclosed on the

Company's website as well as explained at the General Meeting of Shareholders, the information session of the Financial Results, etc.

Furthermore, in order to ingrain the Mid-term Plan in the Directors, Audit & Supervisory Board Members and employees of the Company and the Group, the Company regularly holds internal seminars and strives to confirm that its people understand the plan.

Mid-term Plan URL <http://www.bandainamco.co.jp/en/about/midplan/index.html>

Principle 2.2 Code of Conduct

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

The Company recognizes that, regardless of country or region, complying with all laws, respecting the spirit of such laws, pursuing profits in a fair competition and contributing broadly to society through corporate activities are universal and important missions imposed on the Company for building a relationship of trust with society. Based on this belief, the Company has formulated the "BANDAI NAMCO Group Compliance Charter" which is the code of conduct that each of the Company's and the Group's Directors, Audit & Supervisory Board Members and employees should comply with when executing business.

In order to widely ingrain the "BANDAI NAMCO Group Compliance Charter" in Directors, Audit & Supervisory Board Members and employees of the Company and the Group, the Company strives to ingrain this spirit by making posters and requiring Group companies, including overseas subsidiaries, to display the posters.

Also, in order to promote an understanding of the detailed explanations of the each Declaration's provision as well as the objective behind its formulation, the Company has produced a handbook as a guide for the Declaration, which is distributed to Directors, Audit & Supervisory Board Members and employees of the Company and the Group.

Supplementary Principle

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

In order to review whether or not the meaning about the "BANDAI NAMCO Group Compliance Charter" is spread and the Declaration is being widely implemented, the Company is conducting e-learning using the Group intranet, targeting Directors, Audit & Supervisory Board Members and employees of the Company and the Group. In addition, the Company regularly conducts surveys in order to confirm that its people understand the Declaration, and uses these surveys for future activities to promote compliance.

The results of surveys, including the outcomes of e-learning and the extraction of problems, are shared with the Company's Directors and also the Board of Directors as needed.

Principle 2.3 Sustainability Issues, Including Social and Environmental Matters

Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

The Company has established the Group CSR Committee, which is chaired by the President and Representative Director of the Company and comprised by the major companies' Directors in charge of CSR as the committee members, to formulate policies and strategic goals of the Company and the Group concerning societal and environmental issues. In addition, the Company sets up the Group CSR Subcommittee, the committee's sub-committee, comprising employees in charge of CSR of the Group's major companies etc, which formulate and implement detailed action plans to achieve the strategic goals determined by the committee.

The Company also appoints a Director to be in charge of CSR (Chief Ecology Officer), who is charged with advancing CSR activities. Furthermore, once a year the Company issues Integrated Report and Booklet introducing CSR activities to report on the CSR activities, and this report is disclosed on the Company's website.

CSR Report URL

<http://www.bandainamco.co.jp/en/social/csreport/index.html>

Supplementary Principle

2.3.1 With the recognition that dealing with sustainability issues is an important element of risk management, the Board of Directors should take appropriate actions to this end. Given the increasing demand and interest with respect to sustainability issues in recent years, the Board of Directors should consider addressing these matters positively and proactively.

In order to deal with sustainability issues, the Company has established the four themes of “Safety and Cleanliness of Products and Services,” “Environmental Consideration,” “Policies Regarding Influence on Society of the Group’s Content and Products” and “Supply Chain Management,” which are themes of particular importance that must be worked on, as “BANDAI NAMCO Group’s Important CSR Themes.” In addition, strategic business unit (SBU) formulates its own “Important CSR Themes” and leverages the special characteristics of its operations to implement activities in accordance with those themes.

In order to grasp the societal needs surrounding the Group, the “BANDAI NAMCO Group’s Important CSR Themes” have been formulated based on individual interviews of outside experts, outside research reports and the Company’s management strategies.

Principle 2.4 Ensuring Diversity, Including Active Participation of Women

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

The Company and the Group strive to build workplace environments where all of the Group’s employees can work in a lively manner and approach their work with a sense of security, and provide a variety of support aimed at achieving work-life balance. In addition, personnel are hired and placed irrespective of gender, work experience, nationality or cultural background in an effort to ensure diversity. In particular, the Company and the Group proactively promote to create workplace environments in which female employees are able to raise their children with peace of mind. For example, the Company has instituted a variety of systems, such as flexible working arrangements using flextime and discretionary work system, childbirth allowance benefit system to support childbirth and child care and provision of facilities to day care centers certified by Tokyo Prefecture.

In addition to the childbirth allowance for a first and second child, an allowance system for supporting the birth and care of a third or subsequent child is introduced to the Group subsidiaries in Japan. They provide two million yen in order to support families in giving birth to and raising a third child and subsequent children, thereby helping employees to raise children.

Principle 2.5 Whistleblowing

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

The Company has established an appropriate framework concerning whistleblowing, including Risk Compliance Rules as internal rules related to whistleblowing, and these rules include detailed provisions concerning matters such as whistleblowing methods and about holding Group Risk Compliance Committee meetings to study and address whistleblowing if it occurs.

In addition, a Director in charge of compliance has been appointed to review whether or not the whistleblowing system is being managed appropriately, and to report on the status of implementation to the Board of Directors as necessary.

Supplementary Principle

2.5.1 As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management team (for example, a panel consisting of Outside Directors and Audit & Supervisory Board Members). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

In the Risk Compliance Rules, the internal rules related to whistleblowing, the Company does not restrict the method for whistleblowing, and has established a framework for whistleblowing in order to prevent the outbreak of crises by setting up a Compliance BOX in addition to allowing people to blow the whistle in writing or via e-mail. An external attorney-at-law is the point of contact for whistleblowing in writing or via e-mail, and the Company has also created an Audit & Supervisory Board Members hotline for employees to use to report directly to Audit & Supervisory Board Members.

Furthermore, the Risk Compliance Rules stipulate that whistleblowing reports must be kept confidential, and that information providers shall not be subject to any disadvantageous treatment.

Section 3: Ensuring Appropriate Information Disclosure and Transparency

General Principle 3

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

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

The Company recognizes that disclosing appropriate and reliable corporate information at an appropriate time and in a fair manner, without concealing information, is an important management issue to ensure management transparency, and is essential to gain the understanding and trust of all stakeholders. To this end, in addition to complying with laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, as well as the regulations set by Tokyo Stock Exchange, the Company proactively discloses information beyond that required by laws and regulations which the Company determines to be important for shareholders and other stakeholders.

Principle 3.1 Full Disclosure

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

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

- (i) In disclosing corporate information, the Company discloses appropriate information, including its IR policy, in a timely manner in accordance with the regulations stipulated in relevant laws and regulations such as the Financial Instruments and Exchange Act, as well as the regulations established by Tokyo Stock Exchange, and also aims to ensure the promptness and fairness of information such as by disclosing information on the Company's website.

The Company's IR policy, corporate philosophy, business strategies, Mid-term Plan and other materials are disclosed on the Company's website.

Corporate Philosophy URL	http://www.bandainamco.co.jp/en/about/philosophy.html
Mid-term Plan URL	http://www.bandainamco.co.jp/en/about/midplan/index.html
IR Policy URL	http://www.bandainamco.co.jp/en/ir/ir_policy.html

- (ii) The mission of the Company and the Group is to offer "Dreams, Fun and Inspiration," through the products and services, aiming at the vision of becoming "The Leading Innovator in Global Entertainment." In order to realize this mission and vision, the Company and the Group sufficiently understand the importance of various stakeholders related to the Company and have a basic management policy of maximizing the corporate value of the Company and its shareholders' common interests over the mid-to long-term. Furthermore, the Company believes that construction of a solid management foundation (corporate governance) is absolutely essential in order to emerge victoriously in the global competition of the fast-changing world of entertainment. In accordance with this philosophy, the Company has established a Basic Philosophy on Corporate Governance.

Basic Philosophy on Corporate Governance URL

<http://www.bandainamco.co.jp/en/ir/pdf/governance/policy.pdf>

- (iii) The remuneration system for Directors of the Company, excluding Outside Directors, has as its basic policy the creation of a remuneration framework which provides sustainable growth for the Company and improves the Company's corporate value in the mid- to long-term, by bringing out a healthy sense of entrepreneurship in its Directors while taking into account what level of remuneration will enable the Company to secure and retain top grade personnel, through promoting sharing value with the Company's shareholders and ensuring an adequate level of objectivity and transparency to fulfil its accountability obligations.

Specifically, in aspiring towards achieving the numerical targets listed in the three-year "Mid-term Plan of BANDAI NAMCO Group (from April 2015 to March 2018)" beginning in 2015, this remuneration system will clearly link performance towards these targets with remuneration, and increase the weight of performance-based remuneration.

The policy for remuneration, the remuneration framework and the structure for performance-based remuneration for Directors of the Company, excluding Outside Directors, shall be decided at Board of Directors meetings after receiving recommendations from a Personnel Committee of which a majority of the members are Independent Outside Directors, in order to elicit Outside Directors' adequate participation and appropriate advice. When the Committee is deliberating, sufficient information is provided to the Outside Directors to perform their analysis, including for instance by asking for advice from external specialist organizations where necessary.

Remuneration for the Outside Directors comprises base remuneration only, to ensure their independence, and the amount of remuneration for each Outside Director is determined by the Board of Directors.

- (iv) When electing members of senior management team and candidates for Director, the Company considers the necessary abilities, experience, personality and others according to the role, and decisions are made by the Board of Directors following discussions and recommendations by a Personnel Committee, of which Independent Outside Directors comprise the majority, as well as following interviews by Outside Directors. When electing candidates for Audit & Supervisory Board Members, the Company considers the necessary abilities, experience, personality and others according to the role, and decisions are made by the Board of Directors after receiving consent from the Audit & Supervisory Board.
- (v) Based on discussions by the Company's Personnel Committee and a resolution passed by the Board of Directors, the reasons for electing all candidates for Director and all candidates for Audit & Supervisory Board Member will be disclosed in the Notice of the General Meeting of Shareholders.

Supplementary Principles

- 3.1.1 These disclosures should add value for investors, and the Board of Directors should ensure that information is not boiler-plate or lacking in detail.

The Company recognizes that disclosing appropriate and reliable corporate information at an appropriate time and in a fair manner, without concealing information, is an important management issue to ensure management transparency, and is essential to gain the understanding and trust of all stakeholders. Based on this recognition, the Company strives to provide detailed and easy-to-understand descriptions for disclosing information.

Supplementary Principles

- 3.1.2 Bearing in mind the number of foreign investors, companies should, to the extent reasonable, take steps for providing English language disclosures.

Considering the Company's shareholder composition, the Company provides information to foreign shareholders. This includes producing English versions of the Notice of the General Meeting of Shareholders, the Consolidated Financial Report, materials for the information session of the Financial Results and other materials, and posting such materials on the Company's English website.

Principle 3.2 External Accounting Auditors

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

The Company recognizes the responsibility that External Accounting Auditors owe toward shareholders and investors who use information, and that External Accounting Auditors ensure the reliability of information that listed companies disclose through the audits. Based on the recognition, the Company strives to secure an audit system under which the Audit & Supervisory Board Members, the Internal Auditing Division, the Accounting Division and other related divisions can exchange opinions with External Accounting Auditors whenever necessary, and work together to ascertain and identify problems related to the Group's business operations, as well as make improvement reports. In addition, the Company strives to secure an audit schedule and audit system which allow for the External Accounting Auditor to perform appropriate audits.

Supplementary Principles

3.2.1 The Audit & Supervisory Board should, at minimum, ensure the following:

- i) Establish standards for the appropriate selection of External Accounting Auditor candidates and proper evaluation of External Accounting Auditors; and
- ii) Verify whether External Accounting Auditors possess necessary independence and expertise to fulfill their responsibilities.

- (i) In exercising its right to decide proposals such as electing and dismissing the External Accounting Auditors, the Audit & Supervisory Board of the Company is expected to evaluate the appropriateness and suitability of the current External Accounting Auditors' auditing activities. In carrying out such evaluations, the Audit & Supervisory Board receives reports about the External Accounting Auditors from the management execution division, and, among other activities, communicates with the External Accounting Auditors, visits locations to check on audits and evaluates whether or not the External Accounting Auditors are maintaining audit quality and auditing appropriately.

In line with the items of the evaluation criteria table determined by the Audit & Supervisory Board, the result of the evaluation is checked by the full-time Audit & Supervisory Board Members, and all of the Audit & Supervisory Board Members evaluate it at the Audit & Supervisory Board meeting.

- (ii) Through the exchange of opinions with the External Accounting Auditors and via the report for audit implementation status from the External Accounting Auditors, the Company's Audit & Supervisory Board verifies whether the External Accounting Auditors possess the independence and the expertise.

Supplementary Principles

3.2.2 The Board of Directors and the Audit & Supervisory Board should, at minimum, ensure the following:

- i) Give adequate time to ensure high quality audits;
- ii) Ensure that External Accounting Auditors have access, such as via interviews, to the senior management team including the CEO and the CFO;
- iii) Ensure adequate coordination between External Accounting Auditors and each of the Audit & Supervisory Board Members (including attendance at the Audit & Supervisory Board meetings), the Internal Auditing Division and Outside Directors; and
- iv) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the External Accounting Auditors.

- (i) The Company emphasizes securing the accuracy of information, and strives to give adequate time to External Accounting Auditors to allow them to carry out high quality audits.
- (ii) Based on requests from External Accounting Auditors, the Company provides time for External Accounting Auditors to interview the management team, including the Representative Director, the CFO and other Directors.
- (iii) The Company recognizes that coordination between External Accounting Auditors and internal related bodies and related sections, including coordination with audits, is necessary to discover problems early and to ensure appropriate audits. From this standpoint, the Company ensures adequate coordination between External Accounting Auditors and Audit & Supervisory Board Members, the Internal Auditing Division and Outside Directors.
- (iv) In the event that the External Accounting Auditors discover misconduct and demand an appropriate response, or identify any inadequacies or concerns, based on instructions from the Representative Director, each responsible Director will take the central role in performing a speedy investigation and undertaking corrective measures. In regard to the Audit & Supervisory Board, the full-time Audit & Supervisory Board Members will take the central role in working with the Internal Auditing Division and other related divisions to perform an investigation and undertake corrective measures, as well as, following a report from the External Accounting Auditors, immediately request a report from the Directors and others. In addition, the Audit & Supervisory Board, if necessary, requests to establish an Investigation Committee, and strives to ascertain the facts based on the explanation from the Investigation Committee. Furthermore, based on the outcome of the investigation, the Audit & Supervisory Board monitors and verifies the status of responds by Directors and the Investigation Committee with respect to determining the cause, preventing recurrence and other matters.

Section 4: Responsibilities of the Board of Directors

General Principle 4

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

- (1) Setting the broad direction of corporate strategy;
- (2) Establishing an environment where appropriate risk-taking by the senior management team is supported; and
- (3) Carrying out effective oversight of Directors and the management team (including Executive Officers) from an independent and objective standpoint.

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

In order to establish an efficient management and execution framework, the Company has adopted Company with Audit & Supervisory Board, believing that the auditing system based on the Audit & Supervisory Board, including Independent Outside Audit & Supervisory Board Members, is an effective means of implementing the management oversight function. To complement this management oversight function, the Company has elected three Independent Outside Directors, thereby putting in place a highly effective framework to oversee Directors. Also, Independent Outside Directors and Independent Outside Audit & Supervisory Board Members have the important role of monitoring management through the implementation of objective, neutral auditing and supervision based on their high levels of independence and specialized knowledge. The Company believes that they are contributing to the bolstering of our internal control systems.

To complement the functions of the Board of Directors, the Company has established a Personnel Committee, of which the majority of members are Independent Outside Directors, to ensure the fairness and transparency of management by providing advice related to determination of Director's election and remuneration.

Furthermore, the Company has formed an Independent Directors and Audit & Supervisory Board Members Committee with the objective of evaluating from an objective standpoint, whether the Board of Directors is functioning appropriately. The Independent Directors and Audit & Supervisory Board Members Committee is comprised of just three Independent Outside Directors and three Independent Outside Audit & Supervisory Board Members, and its secretariat function is also established within a third-party specialist organization. This arrangement allows to maintain more effective oversight functions of the Board of Directors.

Principle 4.1 Roles and Responsibilities of the Board of Directors (1)

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

Recognizing its fiduciary responsibility to sustainably increase the Company's corporate value, in deciding basic policies such as business strategies and the Mid-term Plan, the Company's Board of Directors engages in constructive discussion through free and open exchange of opinions which includes Outside Directors and Outside Audit & Supervisory Board Members.

In the Group, each business domain is grouped into three strategic business units (SBUs): the Toys and Hobby, the Network Entertainment and the Visual and Music Production. Once a quarter, at the SBU Quarterly Report Meeting, the Representative Directors of each of the major companies of the SBUs present a report on the status of business execution and progress on management issues with respect to the operations they are responsible for, and discussions are held and issues pointed out as needed, thereby ensuring that the status of business is monitored.

Supplementary Principles

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

The Company is a pure holding company, and most of the Representative Directors of the major subsidiaries concurrently serve as Directors of the Company. Therefore, Directors are able to deliberate on measures to address issues which overlap among the multiple business domains of Group companies, and quickly ascertain specific problems and address them. Meanwhile, in executing business, significant authority is delegated to major subsidiaries, thus enabling prompt execution of business.

The Company's Board of Directors decides important matters related to the Company and the Group, such as matters stipulated in laws and regulations or in the articles of incorporation, M&A, organizational restructuring, the election of major subsidiaries' Directors and Audit & Supervisory Board Members and the acquisition and disposal of assets with large monetary value. Concerning matters resolved by the Company's Board of Directors and matters delegated the authority as the business execution of subsidiaries, rules for criteria for matters on the Board of Directors meeting agenda, etc., have been prepared and clarified.

Supplementary Principles

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

The Company formulates a Mid-term Plan spanning a period of three years, and the entire Group works to execute management strategies and business strategies aimed at achieving the Mid-term Plan's targets. The achievements and problems of each Mid-term Plan are used to formulate the following Mid-term Plan, and the plans are explained at the information session of the Financial Results, General Meeting of Shareholders and other appropriate settings.

Mid-term Plan URL <http://www.bandainamco.co.jp/en/about/midplan/index.html>

Supplementary Principles

- 4.1.3 Based on the company objectives (business principles, etc.) and specific business strategies, the Board of Directors should engage in the appropriate oversight of succession planning for the CEO and other top executives.

The Company has set the term for Directors at one year, and every year the Company undertakes a review to ensure an optimal management framework. The Company has also established internal rules with respect to retirement age for Directors, and in addition to building a framework promoting a cycle of management authority, the Company has its own program to develop future senior management candidates. When nominating the next Representative Director and new Directors, a Personnel Committee, of which the majority of members are Independent Outside Directors, evaluates the Directors and candidates, thereby ensuring a highly transparent and fair nominating system for successors.

Principle 4.2 Roles and Responsibilities of the Board of Directors (2)

The Board of Directors should view the establishment of an environment that supports appropriate risk-taking by the senior management team as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management team when approved plans are implemented.

Also, the remuneration of the management should include incentives such that it reflects mid- to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

The Company recognizes that the activity of making proposals carried out by the management team, which is responsible for the execution of business, is essential to ensure the Company's vitalization and continuous growth. Proposals to the Board of Directors and individual Directors are accepted at any time without restrictions on method or form.

The remuneration system for Directors of the Company, excluding Outside Directors, has as its basic policy the creation of a remuneration framework which provides sustainable growth for the Company and improves the Company's corporate value in the mid- to long-term, by bringing out a healthy sense of entrepreneurship in its Directors while taking into account what level of remuneration will enable the Company to secure and retain top grade personnel, through promoting sharing value with the Company's shareholders and ensuring an adequate level of objectivity and transparency to fulfil its accountability obligations.

Given this basic policy, the Company's remuneration system comprises a base remuneration as a fixed compensation (including remuneration whereby a fixed proportion of the base remuneration is contributed to the shareholding association for Directors and officers to buy back the Company's shares and hold such shares for the duration of the tenure of the relevant Director), performance-based bonuses as variable remuneration, and Performance based stock compensation.

Supplementary Principle

- 4.2.1 In order for management team remuneration to operate as a healthy incentive for sustainable growth, the proportion linked to mid- to long-term results and the balance of cash and stock should be set appropriately.

In order to function as one of incentives, the remuneration system for Directors of the Company, excluding Outside Directors, shall comprise fixed remuneration consisting of the base remuneration (including remuneration whereby a fixed proportion of the base remuneration is contributed to the shareholding association for Directors and officers to buy back the Company's shares and hold such shares for the duration of the tenure of the relevant Director),

performance-based bonuses as variable remuneration, and Performance based stock compensation.. Each remuneration standard is determined utilizing a management remuneration database with which data on remunerations are aggregated and analyzed by an external specialist organization, setting objective benchmarks in light of the scales of the Company's business operations and so on, and comprehensively taking into consideration the proportion of performance-based bonuses for mid- to long-term within annual total remuneration and the level of difficulty of achieving business performance targets. Where the standard performance for the period of the Mid-term Plan has been achieved, the ratio of fixed remuneration to variable remuneration within annual total remuneration shall be about 50:50, and the ratio of share-type remuneration shall be slightly more than 20%.

Principle 4.3 Roles and Responsibilities of the Board of Directors (3)

The Board of Directors should view the effective oversight of the management team and Directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management team.

In addition, the Board of Directors should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems.

Also, the Board of Directors should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management team and controlling shareholders.

From the standpoint of seeking appropriate involvement and advice of Independent Outside Directors, the Company has established a Personnel Committee comprising a majority of Outside Directors, thereby ensuring fair and highly transparent Director evaluations.

The Company has also established a section within the Corporate Planning Division dedicated to ensuring that corporate information is disclosed appropriately and in a timely manner. Important corporate information is reported to the Board of Directors as needed following confirmation by the Director in charge of IR. Furthermore, in order to ensure the accuracy and precision of corporate information, the Company has constructed a framework for reporting from the Company and each Group company.

The Company provides a system for events when the Company engages in a transaction with its related parties to enable it to request the opinions of Outside Directors and Audit & Supervisory Board Members, and have the Board of Directors engage in deliberations, upon which approval for the transaction may be obtained. In addition, as needed, the Board of Directors demands reports on the status of such transactions which involve conflicts of interest.

Supplementary Principles

- 4.3.1 The Board of Directors should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures and reflect the results of company performance.

From the standpoint of seeking appropriate involvement and advice of Independent Directors, the Company has established a Personnel Committee comprising a majority of Outside Directors and ensures that the election and dismissal of Directors are based on highly transparent and fair procedures such as the holding of individual interviews by the Personnel Committee when electing Director candidates.

Supplementary Principles

- 4.3.2 The establishment of effective internal control and proactive risk management systems for compliance and financial reporting has the potential of supporting sound risk-taking. The Board of Directors should place priority on the appropriate establishment of such systems and the oversight of whether they effectively operate, and should not limit itself to the examination of compliance with respect to specific business operations.

In order to effectively oversee management team of the Company and the Group, the Company's Board of Directors believes that it is essential to put in place an appropriate risk management system and internal control system. Assuming the appropriate evaluation of the Company's performance and other aspects, the Company believes that it is necessary to secure the reliability of information disclosure, including financial information, and the Company's Board of Directors places priority on the appropriate establishment and operation of such systems.

Principle 4.4 Roles and Responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board

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

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

The Company's Audit & Supervisory Board Members and the Audit & Supervisory Board have clarified the roles and responsibilities of Audit & Supervisory Board Members and the readiness required to fulfill these roles and responsibilities, and have also established guidelines detailing the audit framework in order to perform such duties and the standards and actions involved in audits, thereby ensuring that appropriate decisions are made from an independent and objective standpoint.

In addition, the Audit & Supervisory Board Members and the Audit & Supervisory Board ensure transparent and fair decision-making by the Company through their work to establish a high quality corporate governance system. They should not interpret their defensive function too narrowly, and should positively and proactively express their views at Board of Directors meetings or to Directors and/or employees.

Supplementary Principle

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

Given their characteristics as full-time members, full-time Audit & Supervisory Board Members proactively strive to create the auditing environment and gather internal information, as well as monitor and verify the status of the structure

and operation of internal control system on a daily basis. Given factors such as their independence and the reasons that they were elected, Outside Audit & Supervisory Board Members recognize that they are expected in particular to objectively perform audits and express their views from a neutral position, and frankly ask questions and state their opinions to the Representative Director and the Board of Directors.

The Audit & Supervisory Board should consider matters related to information exchange and cooperation with Outside Directors, and strive to ensure the effectiveness of audits.

Principle 4.5 Fiduciary Responsibilities of Directors and Audit & Supervisory Board Members

With due attention to their fiduciary responsibilities to shareholders, the Directors, Audit & Supervisory Board Members and the management team of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

Directors of the Company recognize their fiduciary responsibility to sustainably raise corporate value, while Audit & Supervisory Board Members recognize their fiduciary responsibility to ensure management soundness targeting a sustainable increase in corporate value. As a result, both Directors and Audit & Supervisory Board Members act to fulfill their respective roles.

Principle 4.6 Business Execution and Oversight of the Management

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

The Company is a pure holding company, and its full-time Directors do not serve concurrently as Executive Directors of major subsidiaries and keep a certain distance from the business execution carried out by operating subsidiaries. Meanwhile, by having most of the Representative Directors of major subsidiaries concurrently serve as Directors of the Company, Directors are able to deliberate on measures to address issues which overlap among the multiple business domains of Group companies, and quickly ascertain specific issues and problems and address them. Also, in executing business, significant authority is delegated to major subsidiaries, which allows for the prompt execution of business. Moreover, the Company elects three Outside Directors, all of whom have a high degree of independence, and there is no risk of any conflicts of interest with general shareholders. All of the three Outside Directors express their views from an independent and proactive standpoint, thereby ensuring a highly efficient oversight framework.

Principle 4.7 Roles and Responsibilities of Independent Outside Directors

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

- i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid- to long-term;
- ii) Monitoring of the management through important decision-making at the Board of Directors including the appointment and dismissal of the senior management team;
- iii) Monitoring of conflicts of interest between the company and the management team or controlling shareholders; and
- iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management team and controlling shareholders.

The Company's three Independent Outside Directors include a manager who has had a long career in company management and an attorney-at-law with deep knowledge about compliance and internal control and who possesses a broader managerial perspective an expert who teaches about corporate strategy .Each of these Independent Outside Directors express their objective views based on their respective knowledge and experience, thereby assuming responsibility for the management oversight function.

As members of the Personnel Committee, the three Independent Outside Directors ensure highly transparent and fair procedures for electing and dismissing Directors, including offering their opinions about matters such as the evaluation and election of Directors to the Representative Directors.

Principle 4.8 Effective Use of Independent Outside Directors

Independent Outside Directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies should therefore appoint at least two Independent Outside Directors that sufficiently have such qualities.

Irrespective of the above, if a company in its own judgement believes it needs to appoint at least one-third of Directors as Independent Outside Directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should disclose a roadmap for doing so.

In order to allow Independent Outside Directors to fulfill their roles and responsibilities with the aim of contributing to the Company's sustainable growth and mid- to long-term increase in corporate value, the Company has a basic

policy of electing at least two Independent Outside Directors, in accordance with the standards for the independence of Independent Outside Directors established by the Company. Under the policy, the Company has appointed three Independent Outside Directors. Going forward, the Company will continually consider an appropriate framework according to changes of the environment surrounding the Company and the status of the Group and other factors.

Supplementary Principles

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

In order for Outside Directors to exchange information and develop a shared awareness among themselves from an objective standpoint, the Company has established an Independent Directors and Audit & Supervisory Board Members Committee comprising Independent Outside Directors and Independent Outside Audit & Supervisory Board Members, as well as opportunities for training, etc.

Supplementary Principles

4.8.2 Independent Outside Directors should endeavor to establish a framework for communicating with the management team and for cooperating with Audit & Supervisory Board Members or the Audit & Supervisory Board by, for example, appointing the lead Independent Outside Director from among themselves.

The Independent Directors and Audit & Supervisory Board Members Committee comprising Independent Outside Directors and Independent Outside Audit & Supervisory Board Members appoints a lead Independent Outside Director in order to reinforce the framework for communicating with management team and for cooperating with Audit & Supervisory Board Members.

Principle 4.9 Independence Standards and Qualification for Independent Outside Directors

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

The Company has established the Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members in order for them to fulfill their roles and responsibilities with the aim of contributing to the Company's sustainable growth and mid- to long-term increase in corporate value. The standards are disclosed in the Notice of the General Meeting of Shareholders, the annual security report, the corporate governance report and other disclosure materials. The Company has elected Independent Outside Directors who satisfy the standards stipulated by the Companies Act and Tokyo Stock Exchange, as well as the Company's independence standards, and who possess a high level of independence and present no risk for conflicts of interest with general shareholders.

Standards for Independence of Outside Directors and Outside Audit & Supervisory Board

Members URL

<http://www.bandainamco.co.jp/en/ir/pdf/governance/independence.pdf>

Principle 4.10 Use of Optional Approach

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

The Company is Company with Audit & Supervisory Board. In order to have Independent Outside Directors provide appropriate advice and be involved in matters such as the remuneration policy, remuneration framework and structure for performance-based remuneration for Directors excluding Independent Outside Directors, as well as the evaluation and selection of Directors, the Company has voluntarily established a Personnel Committee comprising a majority of Outside Independent Directors, and the Company enhances the governance bodies which restrain arbitrary decision-making by the Representative Director concerning Director election, remuneration and other issues.

Supplementary Principle

4.10.1 If the organizational structure of a company is either Company with Audit & Supervisory Board or Company with Supervisory Committee and Independent Outside Directors do not compose a majority of the Board of Directors, in order to strengthen the independence, objectivity and accountability of Board of Directors functions on the matters of nomination and remuneration of the senior management team and Directors, the company should seek appropriate involvement and advice from Independent Outside Directors in the examination of such important matters as nominations and remuneration by, for example, establishing optional advisory committees under the Board of Directors to which Independent Outside Directors make significant contributions.

Three of the Company's 10 Directors are Independent Outside Directors, which is less than one-half of the Board of Directors. However, each of the Independent Outside Directors utilizes his/her expertise and experience to express

his/her views, and the Company otherwise strives to ensure a framework in order to strengthen the Board of Directors' oversight function and bolster its accountability.

In addition, as an optional body, the Company has established a Personnel Committee, comprising members more than one-half of whom are Independent Outside Directors, which allows the Company to seek appropriate involvement and advice of Independent Outside Directors regarding matters such as Director nominations and remuneration. Furthermore, the Independent Directors and Audit & Supervisory Board Members Committee evaluates whether or not the Board of Directors is functioning appropriately, and this is referred to in determining the Board of Directors' framework for the following fiscal period.

Principle 4.11 Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness

The Board of Directors should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity and appropriate size. In addition, at least one person who has appropriate expertise on finance and accounting should be appointed as Audit & Supervisory Board Member.

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

The Company's Board of Directors is comprised of Executive Directors who execute agile business operations and have thorough knowledge of the Company's businesses or company operations, etc., as well as Outside Directors who possess advanced expertise and are capable of providing management advice and oversight based on a wide range of viewpoints. The Company also strives to have the Board of Directors with a good balance of knowledge, experience and skills so that the Board of Directors can effectively fulfill its roles and responsibilities, and it is constituted in such a manner as to achieve both diversity and appropriate size. Furthermore, at least one person who has appropriate expertise in finance and accounting is elected to the Board of Directors.

On top of this, the Company has formed an Independent Directors and Audit & Supervisory Board Members Committee with the objective of evaluating from an objective standpoint, whether the Board of Directors is functioning appropriately. The Independent Directors and Audit & Supervisory Board Members Committee is comprised of just three Independent Outside Directors and three Independent Outside Audit & Supervisory Board Members, and its secretariat function is also established within a third-party specialist organization. Through the Independent Directors and Audit & Supervisory Board Members Committee's evaluation of the Board of Directors, the Company analyzes the effectiveness of the Board of Directors, and aims to improve its function.

Supplementary Principles

4.11.1 The Board of Directors should have a view on the appropriate balance between knowledge, experience and skills of the Board of Directors as a whole, and also on diversity and appropriate Board of Directors size. Consistent with its view, the Board of Directors should establish policies and procedures for nominating Directors and disclose them along with its view.

The Company's Board of Directors is comprised of Executive Directors who execute agile business operations and have thorough knowledge of the Company's businesses or company operations, etc., as well as Outside Directors who possess advanced expertise and are capable of providing management advice and oversight with a wide range of viewpoints. The Board of Directors is constituted in such a manner as to achieve both diversity and appropriate size.

The election of Directors is based on candidates possessing broad knowledge and experience required for decision-making on company management, as well as possessing the track record and insight in the fields and businesses they have experience in which are required in order to provide management oversight. The Company also has a basic policy of electing at least two Independent Outside Directors.

Specifically, the election of Outside Directors is made with consideration for an appropriate balance of individuals who possess a wealth of experience as corporate managers, individuals who possess deep academic knowledge on corporate strategy, and attorneys-at-law and other individuals who have thorough knowledge regarding compliance and other aspects of internal control.

Moreover, the Company has voluntarily established a Personnel Committee, the majority of which members are Independent Outside Directors. The Board of Directors makes decisions on the election of Directors following discussions and recommendations within the committee as well as based on interviews by Independent Outside Directors.

Supplementary Principles

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

One of the Company's three Outside Directors serves concurrently as an officer at another listed company. Two of three Outside Audit & Supervisory Board Members of the Company serve concurrently as Directors, Audit & Supervisory Board Members or the management at other listed companies, etc. The Company believes that the number of companies at which these individuals serve concurrently as Directors, Audit & Supervisory Board Members or the

management is a reasonable number, and believes that these members are able to appropriately carry out oversight and auditing of the Company.

The status of Outside Directors and Outside Audit & Supervisory Board Members' important concurrent positions at other companies is disclosed each year in the Notice of the General Meeting of Shareholders, in the annual security report, the corporate governance report and other disclosure materials.

Supplementary Principles

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

The Company has formed an Independent Directors and Audit & Supervisory Board Members Committee with the objective of evaluating from an objective standpoint, whether the Board of Directors is functioning appropriately. The Independent Directors and Audit & Supervisory Board Board Members Committee is comprised of just three Independent Outside Directors and three Independent Outside Audit & Supervisory Board Members, and its secretariat function is also established within a third-party specialist organization. This arrangement allows to preserve more effective oversight function in the Board of Directors.

In addition, with the objectives of heightening the effectiveness of the Board of Directors and increasing corporate value, evaluations of the effectiveness of the Board of Directors will be conducted periodically. Specifically, after responses to questionnaires (Note) are obtained from all Directors and Audit & Supervisory Board Members, the Independent Directors and Audit & Supervisory Board Members Committee will conduct analysis and verification based on the results and provide their opinions to the Board of Directors. Based on these opinions, the Board of Directors will share the results of the evaluation of present circumstances as well as issues, and will hold constructive discussions regarding future action plans. An overview of the results of the evaluation is disclosed through information disclosure, etc., on the Company's website.

(Note) Major items in the evaluation of the Board of Directors

Composition of the Board of Directors, administration of the Board of Directors, Board culture, roles and contributions, leadership, corporate strategy decision-making and goal setting, risk understanding and response, sound decision-making, monitoring of management resources, monitoring of execution and performance, responses to stakeholders

Principle 4.12 Active Board of Directors Deliberations

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

At Board of Directors meetings, Outside Directors actively state their opinions based on their respective experience and knowledge, and engage in free, open and constructive discussions, and proactively make improvement proposals, etc., as needed.

Supplementary Principle

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

- i) Materials for Board of Directors meetings are distributed sufficiently in advance of the meeting date;
- ii) In addition to Board of Directors materials and as necessary, sufficient information is provided to Directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding);
- iii) The schedule of Board of Directors meetings for the current year and anticipated agenda items are determined in advance;
- iv) The number of agenda items and the frequency of Board of Directors meetings are set appropriately; and
- v) Sufficient time for deliberations.

The Company's Board of Directors has a basic policy of holding ordinary meetings of the Board of Directors once a month in principle, but also holding extraordinary meetings of the Board of Directors as the situation dictates. In order to ensure that all Directors and Audit & Supervisory Board Members can attend the meetings, the annual schedule of meetings is determined and provided to the Board of Directors Members prior to the start of the fiscal year.

In principle, agenda items and materials for Board of Directors meetings are distributed to Directors and Audit & Supervisory Board Members via the intranet at least three days prior to the Board of Directors meeting. However, the Company strives to secure opportunities for advanced preparations, such as setting up opportunities for direct briefings. Also, Board of Directors meetings are held so as to ensure sufficient time for deliberations.

Principle 4.13 Information Gathering and Support Structure

In order to fulfill their roles and responsibilities, Directors and Audit & Supervisory Board Members should proactively collect information, and as necessary, request the company to provide them with additional information.

Also, companies should establish a support structure for Directors and Audit & Supervisory Board Members, including providing sufficient staff.

The Board of Directors and the Audit & Supervisory Board should verify whether information requested by Directors and Audit & Supervisory Board Members is provided smoothly.

The Company has established an environment in which Directors and Audit & Supervisory Board Members can make requests to the relevant divisions for information necessary to execute their responsibilities, and divisions that are requested to provide information offer such information in a prompt manner.

As a support structure for the Company's Directors and Audit & Supervisory Board Members, the division that serves as the Board of Directors secretariat plays the central role in providing support. In the event that such support division is asked by an Audit & Supervisory Board Member to provide employees to assist with performing responsibilities, the support division is able to respond promptly.

Supplementary Principles

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

As needed, the Company's Directors will request that additional information be provided by divisions that have put items on the agenda or by the relevant Directors, and ensure that they obtain information that contributes to prompt and decisive decision-making.

Audit & Supervisory Board Members, in addition to the above, work with the Internal Auditing Division to collect information necessary in order to perform audits and, centered on the full-time Audit & Supervisory Board Members, make requests to the Executive Sections for information.

Supplementary Principles

4.13.2 Directors and Audit & Supervisory Board Members should consider consulting with external specialists at company expense, where they deem it necessary.

Where they deem it necessary in order to execute their duties, the Company's Directors and Audit & Supervisory Board Members proactively utilize consultants and other external specialists. In accordance with the Company's internal rules, expenses incurred in conjunction with such activities are paid for by the Company.

Supplementary Principles

4.13.3 Companies should ensure coordination between the Internal Auditing Division, Directors and Audit & Supervisory Board Members. In addition, companies should take measures to adequately provide necessary information to Outside Directors and Outside Audit & Supervisory Board Members. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by Outside Directors and Outside Audit & Supervisory Board Members are appropriately processed.

To ensure cooperation with Directors and Audit & Supervisory Board Members, the Company has adopted a framework in which problems related to business execution are ascertained through interviews of the Internal Auditing Division and through regular reports, and improvement measures are promptly planned. The Company has not established a division responsible for internal communication and coordination based on instructions from Outside Directors and Outside Audit & Supervisory Board Members, but each of divisions is able to respond to requests at all times.

Principle 4.14 Director and Audit & Supervisory Board Member Training

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

The Company's Directors and Audit & Supervisory Board Members strive to acquire the necessary knowledge and

new knowledge according to the current times, as well as improve their abilities, by actively participating in training sessions for Directors and Audit & Supervisory Board Members held by the Company, seminars held by the Group Audit & Supervisory Board Member Council, as well as outside seminars held by organizations to which the Company belongs as a member.

In accordance with the Company's internal rules, expenses incurred in conjunction with attending seminars and inviting outside lecturers, etc., are paid for by the Company.

Supplementary Principles

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

When new Directors and Audit & Supervisory Board Members assume their positions, the Company provides them with opportunities to actively participate in outside seminars, etc., in order to gain the wide-ranging knowledge for decision-making on company management as well as to obtain the knowledge required to execute business. Even after assuming their positions, the Company invites attorneys-at-law, specialists from various fields, and other outside lecturers to provide training, and otherwise helps the Company's Directors and Audit & Supervisory Board Members to regularly brush up on their knowledge as needed.

Supplementary Principles

4.14.2 Companies should disclose their training policy for Directors and Audit & Supervisory Board Member.

The Company has a basic policy of continuously providing the training opportunities needed in order for the Company's Directors and Audit & Supervisory Board Members to fulfill their roles and responsibilities.

The Company's Directors and Audit & Supervisory Board Members strive to acquire the necessary knowledge and new knowledge according to the current times, as well as improve their abilities, by actively participating in training sessions for Directors and Audit & Supervisory Board Members held by the Company, seminars held by the Group Audit & Supervisory Board Member Council, as well as outside seminars held by organizations to which the Company belongs as a member. Also, when new Directors and Audit & Supervisory Board Members assume their positions, the Company provides them with opportunities to actively participate in outside seminars, etc., in order to gain the wide-ranging knowledge needed to make company management decisions as well as to obtain the knowledge required to execute business.

Section 5: Dialogue with Shareholders

General Principle 5

In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the General Meeting of Shareholders.

During such dialogue, senior management team and Directors, including Outside Directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

The Company recognizes that in order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, it is important to seriously listen to the opinions of shareholders through proactive dialogue, and reflect such opinions in the Company's management. To this end, the Company has appointed a Director in charge of IR, has established an IR section, and proactively creates opportunities for dialogue with shareholders.

Principle 5.1 Policy for Constructive Dialogue with Shareholders

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

In order to promote constructive dialogue with shareholders, the Company has appointed a Director in charge of IR and has established an IR section, and has a basic policy of carrying out the initiatives discussed below.

In promoting constructive dialogue with shareholders, organic cooperation is formed between the internal sections such as those responsible for corporate planning, accounting and finance and legal affairs.

Sessions or teleconferences primarily for institutional investors are held along with the disclosure of operating results each quarter. The Company's Representative Director, the Director in charge of IR, the Representative Directors of major subsidiaries and other important executives attend these meetings and provide explanations from a variety of angles.

The Director and the employee who are in charge of IR hold individual meetings with institutional investors after disclosing operating results each quarter, and also hold small conferences or other events as needed in line with the Company's activities.

Multiple times per year, the Company's Representative Director or Director in charge of IR set up individual

meetings with foreign institutional investors. In addition, sessions for individual investors are held in key cities in Japan multiple times per year.

The Director in charge of IR provides an overview of such meetings to the Board of Directors as needed.

When engaging in dialogue with shareholders, regardless of whether it is an information session of the Financial Results or other type of meeting, the Company strives to carefully manage information in accordance with the “Rules for Preventing Insider Trading and Business Transactions,” an internal set of rules aimed at preventing insider trading and business transactions, based on the idea that it is crucial to ensure equality among shareholders in regard to the handling of important facts that have not been publicly announced.

Supplementary Principles

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

Taking the requests and interests of shareholders into consideration, the Director and the employee who are in charge of IR and others take the central role in engaging in individual meetings with shareholders.

Supplementary Principles

- 5.1.2 At minimum, policies for promoting constructive dialogue with shareholders should include the following:
- i) Appointing a member of the management team or a Director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below;
 - ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;
 - iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);
 - iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management team and the Board of Directors; and
 - v) Measures to control insider information when engaging in dialogue.

In order to promote constructive dialogue with shareholders, the Company has appointed a Director in charge of IR and has established an IR section, and has a basic policy of carrying out the initiatives discussed below.

In promoting constructive dialogue with shareholders, organic cooperation is formed between the internal sections such as those responsible for corporate planning, accounting and finance, and legal affairs.

Sessions or teleconferences primarily for institutional investors are held along with the disclosure of operating results each quarter. The Company's Representative Director, the Director in charge of IR, the Representative Directors of major subsidiaries and other important executives attend these meetings and provide explanations from a variety of angles.

The Director and the employee who are in charge of IR hold individual meetings with institutional investors after disclosing operating results each quarter, and also hold small conferences or other events as needed in line with the Company's activities.

Multiple times per year, the Company's Representative Director or Director in charge of IR set up individual meetings with foreign institutional investors. In addition, sessions for individual investors are held in key cities in Japan multiple times per year.

The Director in charge of IR provides an overview of such meetings to the Board of Directors as needed.

When engaging in dialogue with shareholders, regardless of whether it is an information session of the Financial Results or other type of meeting, the Company strives to carefully manage information in accordance with the "Rules for Preventing Insider Trading and Business Transactions," an internal set of rules aimed at preventing insider trading and business transactions, based on the idea that it is crucial to ensure equality among shareholders in regard to the handling of important facts that have not been publicly announced.

Supplementary Principles

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

Based on the shareholder registry as of the end of March and September each year, the Company uses a specialized vendor to identify the substantial shareholders who cannot be ascertained on the shareholder registry, thereby identifying the shareholder ownership structure.

Principle 5.2 Establishing and Disclosing Business Strategy and Business Plan

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policy, and present targets for profitability and capital efficiency. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources and specific measures that will be taken in order to achieve their plans and targets.

The Company strives to promote understanding among shareholders by formulating a Mid-term Plan every three years, and presents in the plan the Company's management and business strategies, as well as numerical targets such as net sales and operating income. Furthermore, the Company indicates targets such as ROE and dividend payout ratio, and provides explanations with respect to the measures that will be taken to achieve these plans and targets at the General Meeting of Shareholders, the information session of the Financial Results and other appropriate occasions.

The Company may revise the Mid-term Plan as needed, depending on the business environment, recent operating performance, and social and economic conditions at the time. When changes are made, an explanation will be provided at the General Meeting of Shareholders, the session of the Financial Results and other appropriate occasions.

END

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