



Basic Philosophy on Corporate Governance

BANDAI NAMCO Holdings Inc.

Basic Philosophy on Corporate Governance

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.

1. Basic Policy on Securing the Rights and Equal Treatment of Shareholders

(1) Basic Policy

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 shall develop an environment to ensure effective equal treatment for all shareholders, including minority shareholders and foreign shareholders, and endeavor to develop an environment in which shareholders can exercise their rights appropriately and effectively.

(2) Securing the Rights of Shareholders

The Company shall ensure that all shareholders can effectively exercise their rights, and strive to develop an environment that promotes the exercise of voting rights and dialogue with shareholders.

- i) The Company shall strive to ensure that the rights of all shareholders are equally secured, and give adequate consideration with respect to the exercise of shareholder rights, including the exercise of rights by minority shareholders.

- ii) The Company's Board of Directors shall take the results of the exercising of voting rights by shareholders at the General Meeting of Shareholders seriously, and use 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 shall be used to promote proactive dialogue with shareholders that can be utilized in the future management of the Company.

- iii) 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.

(3) Exercise of Shareholder Rights at General Meeting of Shareholders

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.

- i) The Company shall set 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 shall establish an environment where shareholders unable to attend the meeting are able to exercise their voting rights via the Internet or other means.

Also, the Company works to develop an environment that makes it easy for institutional investors and foreign shareholders to exercise their voting rights, and shall strive 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.

- ii) In the Notice of the General Meeting of Shareholders, the Company shall strive to use easy-to-understand explanation, using charts and tables, etc. to help shareholders understand the contents.

Moreover, the Company shall make 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 post it on the websites of Tokyo Stock Exchange as well as the Company's website.



- iii) 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 shall strive 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 shall disclose the notice on the website of Tokyo Stock Exchange as well as the Company's website.
- iv) 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 shall allow 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.

(4) Basic Strategy for Capital Policy

- i) 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.
- ii) The Company shall 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.

(5) 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.

- i) The Company shall periodically examine and consider 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 shall also provide detailed explanations externally with respect to the objectives of holding cross-shareholdings.



- ii) 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.

(6) Takeover Defense Measures

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 the measures as an issue of utmost importance. As a result, the Company has not adopted takeover defense measures in the current situation.

In the event that the Company's shares are the target of a tender offer, the Company shall 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.

(7) Capital Policy that May Harm Shareholder Interests

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 shall 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, disclose such information on the Company's website and provide an explanation at the General Meeting of Shareholders, the information session of the Financial Results, etc.

(8) Related Party Transactions

- i) 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.

- ii) The Company shall 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 shall be 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.

2. Basic Policy on Appropriate Cooperation with Stakeholders Other Than Shareholders

(1) Basic Policy

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.

(2) Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term

In order to realize mission and vision, the Company and the Group shall sufficiently understand the importance of their various stakeholders, have a basic management policy of maximizing the Company’s corporate value as well as shareholders’ common interests, and formulate a Mid-term Plan in order to maximize corporate value.

Mid-term Plan URL

<http://www.bandainamco.co.jp/en/about/midplan/index.html>

(3) Code of Conduct

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.

- i) 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.

iii) 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 shall strive 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 each provision of “BANDAI NAMCO Group Compliance Charter” as well as the objective behind its formulation, the Company produces 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.

Furthermore, 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 shall conduct e-learning using the Group intranet, targeting Directors, Audit & Supervisory Board Members and employees of the Company and the Group.

ii) The Company shall regularly conduct surveys in order to confirm that its people understand the “BANDAI NAMCO Group Compliance Charter” and use these surveys for future activities to promote compliance. The results of surveys, including the outcomes of e-learning and the extraction of problems, shall be shared with the Company’s Directors and also the Board of Directors as needed.

(4) Sustainability Issues, Including Social and Environmental Matters

i) The Company shall establish 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 etc 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 shall set up the Group CSR Subcommittee, the committee’s sub-committee, comprising employees in charge of CSR of the Group’s major companies, which formulate and implement detailed action plans to achieve the strategic goals determined by the committee.

ii) The Company shall also appoint a Director to be in charge of CSR (Chief Ecology Officer), who is charged with advancing CSR activities. Furthermore, once a year the Company shall issue Integrated Report and Booklet introducing CSR activities to report on the CSR activities, and this report will be disclosed on the Company’s website. CSR Report URL <http://www.bandainamco.co.jp/en/social/csrreport/index.html>

iii) In order to deal with sustainability issues, the Company shall establish 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) shall formulate its own “Important CSR Themes” and leverages the special characteristics of its operations to implement activities in accordance with those themes.

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

(5) Ensuring Diversity, Including Active Participation of Women

The Company and the Group shall 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 shall be hired and placed irrespective of gender, work experience, nationality or cultural background in an effort to ensure diversity.

- i) The Company and the Group shall 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.
- ii) 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.

(6) Whistleblowing

The Company shall establish 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.

- i) In the Risk Compliance Rules, the Company shall not restrict the method for whistleblowing, and establish 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.

- ii) A Director in charge of compliance shall be 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.

3. Basic Policy on Ensuring Appropriate Information Disclosure and Transparency

(1) Basic Policy

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 shall proactively disclose information beyond that required by laws and regulations which the Company determines to be important for shareholders and other stakeholders.

(2) Full Disclosure

In disclosing corporate information, the Company shall disclose 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 aim to ensure the promptness and fairness of information such as by disclosing information on the Company's website.

IR Policy URL http://www.bandainamco.co.jp/en/ir/ir_policy.html

(3) External Accounting Auditors

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.

- i) The Company shall strive 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 shall strive to secure an audit schedule and audit system which allow for the External Accounting Auditor to perform appropriate audits.

- ii) 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 shall receive 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 shall be 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.
- iii) 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 shall 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 shall 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.

The Audit & Supervisory Board shall, if necessary, request to establish an Investigation Committee, and strive to ascertain the facts based on the explanation from the Investigation Committee. Furthermore, based on the outcome of the investigation, the Audit & Supervisory Board shall monitor and verifies the status of responds by Directors and the Investigation Committee with respect to determining the cause, preventing recurrence and other matters.

4. Basic Policy on Responsibilities of the Board of Directors

(1) Basic Policy

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 shall establish 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. To maintain more effective oversight functions of the Board of Directors, the Independent Directors and Audit & Supervisory Board Members Committee shall be comprised of just Independent Outside Directors and Independent Outside Audit & Supervisory Board Members, and its secretariat function is also established within a third-party specialist organization.

(2) Roles and Responsibilities of the Board of Directors

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 shall engage in constructive discussion through free and open exchange of opinions which includes Outside Directors and Outside Audit & Supervisory Board Members.

In addition, 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. Furthermore, 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 shall place priority on the appropriate establishment and operation of such systems.

- i) 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 shall be delegated to major subsidiaries, thus enabling prompt execution of business.
- ii) 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 shall present a report on the status of business execution and progress on management issues, and discussions are held and issues pointed out as needed, thereby ensuring that the status of business is monitored.

- iii) The Company's Board of Directors shall decide 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, shall be prepared and clarified.
- iv) The Company shall establish 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 shall construct a framework for reporting from the Company and each Group company.
- v) The Company has set the term for Directors at one year, and every year the Company shall undertake 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 shall have 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, shall evaluate the Directors and candidates, thereby ensuring a highly transparent and fair nominating system for successors.

(3) Director Nominations and Remuneration

- i) 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 shall be 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.
- ii) From the standpoint of seeking appropriate involvement and advice of Outside Directors, the Company shall establish a Personnel Committee comprising a majority of Independent Outside Directors, thereby ensuring fair and highly transparent Director evaluations.

- 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.
- iv) 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 shall be 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 bounces 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%.

(4) Roles and Responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board

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.

- i) When electing candidates for Audit & Supervisory Board Members, the Company considers the necessary abilities, experience, personality and others according to the role, and decisions shall be made by the Board of Directors after receiving consent from the Audit & Supervisory Board.

- ii) Given their characteristics as full-time members, full-time Audit & Supervisory Board Members shall 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 shall 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.
- iii) The Audit & Supervisory Board shall consider matters related to information exchange and cooperation with Outside Directors, and strive to ensure the effectiveness of audits.

(5) Fiduciary Responsibilities of Directors and Audit & Supervisory Board Members

Directors of the Company shall 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.

(6) Business Execution and Oversight of the Management

The Company is a pure holding company, and its full-time Directors shall 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 shall be 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 shall be delegated to major subsidiaries, which allows for the prompt execution of business.

Moreover, the Company shall elect Independent Outside Directors, who possess a high level of independence and present no risk for conflicts of interest with general shareholders. All of the Outside Directors express their views from an independent and proactive standpoint, thereby ensuring a highly efficient oversight framework.

(7) Roles, Responsibilities, and Effective Use of Independent Outside Directors

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.

- i) 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 shall be disclosed in the Notice of the General Meeting of Shareholders, the annual security report, the corporate governance report and other disclosure materials. The Company shall elect 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>

- ii) The Company's Independent Outside Directors shall express their objective views based on their respective knowledge and experience, thereby assuming responsibility for the management oversight function.
- iii) The status of important concurrent positions of the Company's Independent Outside Directors and Independent Outside Audit & Supervisory Board Members at other companies shall be 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.
- iv) As members of the Personnel Committee, the Company's Independent Outside Directors shall 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 President and Representative Director.
- v) In order for Independent Outside Directors to exchange information and develop a shared awareness among themselves from an objective standpoint, the Company shall establish 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.

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

(8) Use of Optional Approach

The Company is Company with Audit & Supervisory Board. In order to have 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 Independent Outside Directors, and the Company shall enhance the governance bodies which restrain arbitrary decision-making by the Representative Director concerning Director election, remuneration and other issues.

Moreover, through the Independent Directors and Audit & Supervisory Board Members Committee's evaluation of the Board of Directors, the Company shall analyze the effectiveness of the Board of Directors, and aim to improve its function.

(9) Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness

- i) The Company's Board of Directors shall be 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 shall also strive 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 as manner as to achieve both diversity and appropriate size.
- ii) At least one person who has appropriate expertise in finance and accounting shall be elected to the Board of Directors.
- iii) 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 Independent Outside Directors and 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 shall analyze the effectiveness of the Board of Directors, and aim to improve its function.

(10) Active Board of Directors Deliberations

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 shall proactively make improvement proposals, etc., as needed.

- i) The 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 shall be determined and provided to the Board of Directors Members prior to the start of the fiscal year.
- ii) 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 shall strive to secure opportunities for advanced preparations, such as setting up opportunities for direct briefings. Also, Board of Directors meetings shall be held so as to ensure sufficient time for deliberations.

(11) Information Gathering and Support Structure

The Company shall establish 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.

- i) 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 shall be able to respond promptly.
- ii) As needed, the Company's Directors shall strive to 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, shall 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.
- iii) Where they deem it necessary in order to execute their duties, the Company's Directors and Audit & Supervisory Board Members shall proactively utilize consultants and other external specialists. In accordance with the Company's internal rules, expenses incurred in conjunction with such activities shall be paid for by the Company.

- iv) To ensure cooperation with Directors and Audit & Supervisory Board Members, the Company shall adopt 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 shall be able to respond to requests at all times.

(12) Director and Audit & Supervisory Board Member Training

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.

5. Basic Policy on Dialogue with Shareholders

(1) Basic Policy

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 shall appoint a Director in charge of IR, establish an IR section, and proactively create opportunities for dialogue with shareholders.

- i) In promoting constructive dialogue with shareholders, organic cooperation shall be formed between the internal sections such as those responsible for corporate planning, accounting and finance and legal affairs.
- ii) Sessions or teleconferences primarily for institutional investors shall be 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 shall attend these meetings and provide explanations from a variety of angles.



- iii) The Director and the employee who are in charge of IR shall 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.
- iv) 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 shall be held in key cities in Japan multiple times per year.
- v) The Director in charge of IR shall provide an overview of such meetings to the Board of Directors as needed.
- vi) 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 shall strive 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.

END

Established: September 29, 2015

Revised: May 23, 2016

Revised June 21, 2016

Revised June 20, 2017