

INDEPENDENT OUTSIDE DIRECTOR'S MESSAGE



“Connecting people and societies”
and “working together to create
a brighter future for everyone”

Based on the spirit of our Purpose, we will pursue
collaborative co-creation management through dialogue.

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Revision of survey on the effectiveness of the Board of Directors

Recently, topics such as capital efficiency, human capital, and sustainability are garnering attention as essential elements of corporate management. Meanwhile, the trends in revisions to Japan's Corporate Governance Code have placed greater demands on evaluations of the effectiveness of individual board members. Under such circumstances, the Company's Board of Directors is investigating ways to further improve governance.

As part of this assessment, we revised the questionnaire for evaluating the effectiveness of the Board of Directors. The revisions consist of questions covering a wide range of topics, including self-evaluations and evaluations of peers, based on the concepts of the functions of the Board of Directors, the foundation supporting these functions, and the overall effectiveness of the Board. We conducted a survey of all directors using the updated questions.

The Independent Directors Committee made various proposals to hold discussions about capital efficiency and human capital to address the issues highlighted in the survey. These proposals included (1) holding discussions at Board of Directors' meetings and the Vision Meetings during FY2025.3 and (2) holding discussions for selecting an annual agenda for the upcoming fiscal year and beyond. Taking into account feedback from the executive side, we will seek to deepen these discussions going forward.

The evaluation of the effectiveness of the Board of Directors does not solely involve high or low scores. Rather, the evaluation involves recognizing the actual situation (score for each item) and using this recognition as a starting point for creating a shared awareness of issues with the executive side and working toward pursuing changes with a view toward enhancing corporate value.

Reviewing the skills matrix for the future

While many Japanese companies, including Bandai Namco Holdings, have disclosed a skills matrix, the style of these matrices differs from company to company. Differences themselves are not a problem, but it is essential that evaluation criteria be based on an objective framework that eliminates any subjectivity. Just as with the survey on the Board's effectiveness, we understand that we must utilize and improve our skills matrix.

At the Bandai Namco Group, many of the inside directors of Bandai Namco Holdings are representative directors of business management companies. Although it is still a matter of debate, whether or not to introduce skill matrices at these companies is a topic we should consider moving forward. To that end, I would like to hold discussions on how the potential introduction of skill matrices at these companies could help enhance the Group's governance and attract new talent to the Group. I would also like to explore how linking a skills matrix with the appointment of executive personnel might lead to the creation of an organic organizational pyramid and how that could align with the dynamic value that the Company offers.

Improving the skills matrix and cultivating new successors

The cultivation of successors for the role of president and other executive positions (succession planning) hinges on how we develop personnel as stipulated by the skills matrix. “Skill” in this context has a wide definition that includes the ability to activate human resources and enhance business performance. Generally speaking, corporate promotions fall into two categories: “graduation type,” which emphasizes the performance of personnel in their current role, and “entry type,” which emphasizes the acquisition of necessary skills for a high-ranking position. Like many other Japanese companies, we have traditionally focused on “graduation type” promotions. However, as we make improvements to our skills matrix, we might see the need to transition to “entry type” promotions.

We are working to cultivate managerial personnel to oversee the next generation of the Group by advancing efforts to establish Groupwide programs and promote monitoring activities, centered on the Personnel Committee. Conventionally, our efforts have focused on cultivating personnel for the next generation. However, we have expanded the scope of these efforts to include the generation after that. From a risk management perspective, these efforts seek to secure an even larger pool of talent to prepare for a potential crisis caused by a sudden deterioration in the business environment.

Acting with a sense of urgency and speed even amid a strong performance

At meetings of the Board of Directors, President Kawaguchi, who serves as chair, takes on the role of facilitator, helping to create an environment where all members can speak openly. However, the inside directors do not voice their opinion as often as the outside directors. The inside directors are representatives of their respective business Units, and it

may be difficult for them to speak on matters outside of their domains. They may also be participating more actively in meetings of other internal bodies. In light of this, the Company has established the Vision Meeting as a venue for discussing medium- to long-term issues and for the mutual exchange of opinions.

To instill new perspectives and insights in the inside directors, we as outside directors must continue to improve ourselves. About six to seven times a year, I give guest lectures where I have the opportunity to meet with junior high school and high school students. I have been strongly moved by how these students value “time performance,” meaning how effectively they spend their time. I intend to draw on what I have learned from this experience in discussions on the next Mid-term Plan.

In recent years, the Bandai Namco Group has grown at a tremendously fast pace, and that is why the period moving forward is so crucial. Fixating strongly on past successes can sometimes become the underlying cause of a future downfall. The Company took appropriate action on learning of each of the incidents disclosed in 2023. However, the Company needs to respond to issues with a greater sense of urgency and with greater speed moving forward, especially given that it has enjoyed a solid business performance in recent years.

Transitioning to collaborative co-creation management

The ultimate driving force that underpins the strength of Bandai Namco is the spirit of the Purpose, which involves connecting with fans and working together to create a brighter future. Among the Company's shareholders, there are many fans of Bandai Namco's products and services, and you can feel the tremendous level of excitement that is generated when these fans gather at events such as the General Meeting of Shareholders. One of the roles of the outside directors is to ensure that the Company is carrying out the appropriate initiatives to connect that excitement to the enhancement of corporate value and to make sure that the Company is not becoming overly concerned with short-term performance and, as a result, losing sight of what is truly important—the excitement it brings its fans. Our role also entails assessing how the Company views the diversification of needs and changes in the operating environment from a long-term perspective. Of course, we welcome constructive feedback from all stakeholders on how we as outside directors are fulfilling our role.

I agree with the notion that deepening the mutual understanding between institutional and other investors and the independent outside directors through constructive dialogue leads to improvements in corporate value. We therefore wish to learn from and discuss with all stakeholders the aspects of Bandai Namco that are well known to some but may be relatively unknown to others. By doing so, we hope to build a positive relationship for collaboration and co-creation, which in turn will help us enhance the Company's management approach to meet the expectations of a wide range of stakeholders.