

## **Basic Philosophy on Corporate Governance**

**Bandai Namco Holdings Inc.**

### **Basic Philosophy on Corporate Governance**

In accordance with Bandai Namco's Purpose, "Fun for All into the Future," the Company and the Group aim to work together with people around the world to continue creating a future for everyone where people and societies are connected with dreams, fun and inspiration. In order to implement Bandai Namco's Purpose, "Fun for All into the Future," 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 recognizes 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 outside 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 shareholders 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 an English version of the 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 provide the notice and other materials for the General Meeting of Shareholders via electronic means, such as on the Company's website as well as the website of Tokyo Stock Exchange.

- 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 consolidated net sales, consolidated operating profit, and ROE (Return on Equity) as management performance indicators. Looking ahead, the Company shall strive to continue to secure ROE of 12% 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's fundamental policy for providing a return to shareholders is as follows. With consideration for the cost of capital, the Company shall provide a return to shareholders that targets a total return ratio of 50% or more based on stable dividend payments of 2% of DOE.
- iii) In regard to the acquisition of treasury stock, the Company shall consider acquisitions with comprehensive consideration for 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 implementing cross-shareholdings on a strategic, limited basis, 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) Each year, the Company shall implement a sufficient review, including whether or not to continue to hold cross-shareholdings, by the Board of Directors of all cross-shareholdings from a mid- to long-term perspective, taking into consideration the importance of the cross-shareholdings and economic rationale. The Company shall also reflect the results of these reviews in explanations regarding the objectives of the cross-shareholdings, etc. Specifically, reviews are conducted in light of the following perspectives.
  1. The necessity for the enhancement of the Company's corporate value going forward, such as the further strengthening of the IP axis strategy through the creation of intellectual property (IP), such as characters, or the

expansion of businesses fields.

2. The level of contribution to the enhancement of the Company's corporate value, such as the current status of transactions or business alliances with the company in question
  3. The relationship between the benefit of ownership and the Company's cost of capital with respect to the acquisition price of each cross-shareholding
- 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.
  - iii) In the event that cross-shareholders of the Company's shares indicate their intention to sell their shares, the Company shall respond in an appropriate manner in line with those intentions.
  - iv) The Company shall carefully examine the underlying economic rationale for all transactions before implementing them. The Company shall not engage in transactions that harm the interests of the companies or the common interests of their shareholders.

#### (6) Measures to Respond to Takeovers (Takeover Defense Measures)

At present, the Company has not introduced any specific measures to respond to a takeover (takeover defense measures). The Group regards implementing our management and business strategies in accordance with the measures to increase the corporate value of the Group and aiming to increase the corporate value of the Group as a whole as a substantial defense against inappropriate takeovers that would not contribute to the Company's corporate value or the common interests of the shareholders. That said, since the Group is entrusted by shareholders as the management of the Group, we will work on studying and developing a system for responding to proposals for takeovers, with a close eye on legal and social trends, in anticipation of situations in which an inappropriate entity or person might emerge to have decision-making power over the Company's financial and business policies. In concrete terms, with regard to proposals for takeovers, the management team will not take steps to guard its own interests against the takeover offer by the bidder, but will sufficiently deliberate the matter at the Board of Directors Meetings after referring the matter, as necessary, to the Independent Directors Committee, which is composed only of Independent, Outside Directors, for a review from objective viewpoints, to enable the Company to make a judgment from the perspective of improving corporate value first. The Company will also work to collect sufficient information and secure necessary time, so as to be conducive to appropriate judgment by the shareholders.

#### (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 shall adequately examine the appropriateness 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, 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 Independent Outside Directors and Directors who are Audit & Supervisory Committee 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

In accordance with Bandai Namco's Purpose, "Fun for All into the Future," the Company and the Group aim to work together with people around the world to continue creating a future for everyone where people and societies are connected with dreams, fun and inspiration. In order to achieve sustainable growth and increases in mid- to long-term corporate value, 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.

Bandai Namco's Purpose URL <https://www.bandainamco.co.jp/en/about/purpose.html>

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

In order to implement Bandai Namco's Purpose, "Fun for All into the Future," 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 <https://www.bandainamco.co.jp/en/ir/message/midtermplan.html>

(3) Code of Conduct

The Company recognizes that, regardless of country or region, complying with the letter and spirit of all laws, fulfilling social responsibilities, pursuing profits in fair and unrestricted competition, and contributing broadly to society through corporate activities are universal and important missions imposed on companies that build relationships of trust with society and fulfill the role of driving progress toward the realization of a sustainable society.

- i) 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 officers and employees should comply with when executing business.
- ii) In order to widely ingrain the “Bandai Namco Group Compliance Charter” in officers 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 and a video as a guide for the Declaration, which is made available to officers 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 officers and employees of the Company and the Group.
- iii) The Company shall regularly conduct compliance awareness 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 e-learning and compliance awareness surveys shall be shared with the Company’s Director and also the Board of Directors as needed.
- iv) The Company and the Group are promoting initiatives to respond to human rights-related risks in order to fulfill the Group’s responsibility to respect the human rights of all stakeholders involved in the Group’s business activities. These initiatives are carried out in accordance with the Bandai Namco Group Human Rights Policy, which was formulated based on such frameworks as the UN Guiding Principles on Business and Human Rights.

(4) Sustainability Issues, Including Social and Environmental Matters

The Company’s Purpose, “Fun for All into the Future,” has been positioned as the ultimate definition of the Group. Guided by its IP axis strategy, the Company has formulated the “Bandai Namco Group Sustainability Policy” in order to work together with fans to promote sustainability activities corresponding to social issues that should be addressed by the Group. To that end, the Company is moving forward with sustainability activities geared toward the realization of a sustainable society in collaboration with its fans, all relevant partners, Group employees, and society as a whole.

- i) The Company commenced its new Mid-Term Plan in April 2022. Under this plan, “Sustainability: connecting to a smile into the future” has been adopted as a main strategy based on an awareness that sustainability activities are an essential element of management strategies. The Company has identified the material issues of Harmonious coexistence with the natural environment, Provision of appropriate products and services, Appropriate utilization and protection of intellectual property, Establishment of work environments that facilitate mutual respect, and Harmonious coexistence with communities, which represent important social issues that the Group should address. Based on these issues, specific action plans shall be promoted. Furthermore, the Company has established targets and steps for the reduction of energy-related emissions of carbon dioxide by 2050 in order to respond to the global environmental issues that society currently faces. Also, the Company has introduced a sustainability evaluation within its performance-based bonuses, which are a part of the variable remuneration under the compensation scheme for Directors (excluding Audit & Supervisory Committee and Outside Directors).

The Company has disclosed indicators and targets for each material issue in its securities report and integrated report as well as on its corporate website.

Securities Report URL

<https://www.bandainamco.co.jp/ir/library/securities.html> (Japanese only)

Sustainability Initiatives URL

<https://www.bandainamco.co.jp/en/sustainability/index.html>

Integrated Report URL

<https://www.bandainamco.co.jp/en/ir/library/integratedreports.html>

- ii) In its promotion of sustainability activities, the Company has established the Group Sustainability Committee, which comprises the Company’s full-time directors, the presidents of Group business management companies (Bandai Namco Entertainment Inc., BANDAI CO., LTD., Bandai Namco Filmworks Inc., and Bandai Namco Amusement Inc.), and others. The committee is chaired by the Company’s president and representative director. Through this committee, the Company is pursuing sustainability activities in a manner that is integrated with its operations. Specifically, based on an awareness that sustainability activities are an essential element of management strategies, the Group Sustainability Committee, which is directly under the control of the Board of Directors, deliberates on sustainability-related strategies and examines relevant initiatives toward these strategies. The committee shall report the results of its deliberations to the Board of Directors on a regular basis, which in turn holds relevant deliberations and provides supervision. Additionally, the Company has appointed a director in charge of sustainability-related matters (Chief Sustainability Officer) and has established the Sustainability Management Department. In these ways, the Company is working to advance sustainability-related activities. Moreover, the Group Sustainability Subcommittee has been established as a subordinate organization under the Group Sustainability Committee, through which initiatives shall be promoted in

accordance with the Bandai Namco Group Sustainability Policy and the five material issues.

(5) Ensuring Diversity, Including Active Participation of Women

In accordance with Bandai Namco's Purpose, "Fun for All into the Future," the Group strives to be a corporate group with "Same Spirit, Diverse Talents," where diverse people of different skills, individual characteristics and values can thrive. We have always focused on recruiting and promoting individuals regardless of whether they are new graduates or mid-career hires and regardless of gender, age, nationality, race, religion, sexual orientation, or other personal characteristics, in addition to which we have focused on developing various systems and environments that enable a diverse array of people to thrive and work in a way that is both physically and mentally healthy. In addition, we have promoted initiatives such as those that support challenges taken on by employees and that develop human resources who promote the IP axis strategy on a global scale, while at the same time promoting measures for new and diverse ways to work and the development of systems therefor. Furthermore, the Company and the Group shall proactively collaborate with external human resources.

- i) With regard to securing diversity, the Company and the Group place value on the individual personalities and capabilities of each employee and work to promote the diversification of employee attributes in a manner that caters to the characteristics of Group businesses. To promote the active participation of women, the Company and the Group have been implementing fairer evaluations of actual abilities and experience and have continued to increase the percentage of women in managerial positions in accordance with the growing number of female employees. Following the globalization of businesses, the Company and the Group have been increasing the number of locally hired employees each year. In addition, the Company and Group companies visualize organizational issues via engagement surveys and are implementing a broad range of initiatives to improve working environments. Moving forward, the Company will continue to pursue efforts to enhance employee engagement on a Groupwide basis and create environments in which highly diverse personnel can work with enthusiasm.
- ii) In an effort toward human resource development, the Company and the Group seek to connect with people around the world through dreams, fun and inspiration and promote the IP axis strategy on a global basis. To that end, based on the Bandai Namco's Purpose, "Fun for All into the Future," the Company and the Group emphasize the fostering of a spirit of unity and the development of global human resources under the ALL BANDAI NAMCO concept, which involves the transcendence of regions and business Units and the promotion of businesses in a Groupwide manner. Specifically, regarding the development of human resources that can drive the Group into the future, the Company and the Group conduct cross-organizational Group training that spans across business and region. At the same time, the Company and the Group promote business-specific initiatives toward specialized fields in accordance with business characteristics. In this manner, a two-pronged approach is being taken to develop human resources through both cross-organizational Group initiatives and business-specific initiatives. Also, personnel rotations are actively conducted across the operations of business management

companies and efforts are being made to develop core Group human resources, including efforts to increase understanding of each business in which the Group engages.

- iii) For the establishment of work environments that facilitate mutual respect, in accordance with Bandai Namco's Purpose, "Fun for All into the Future," the Company and the Group shall promote the creation of workplace environments that enable diverse human resources to actively participate and to work in a manner that is healthy in body and mind. To that end, the Company and the Group have instituted and operate a variety of systems that cater to the business type of each Group company, including flextime and discretionary work systems, shortened work hours, and staggered work hours.

[Establishment of work environments that facilitate mutual respect URL:](#)

<https://www.bandainamco.co.jp/en/sustainability/materiality/work/index.html>

#### (6) Whistleblowing

The Company shall establish an appropriate framework concerning whistleblowing, including the Group 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 Group Risk Compliance Rules, the Company shall not restrict the method for whistleblowing, and shall establish a framework for whistleblowing in order to prevent the outbreak of crises. The Company established an outside consultation service with external legal advisors, etc., and has also created a hotline (e-mail, etc.) for employees to use to report directly to Directors who are Audit & Supervisory Committee Members or to Audit & Supervisory Board Members of subsidiaries.

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 matters 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.

#### (7) Fulfilling the Function of Corporate Pension Asset Owner

The Company has introduced two corporate pension plans, a defined-benefit corporate pension and a defined-contribution corporate pension. In regard to the management of the reserve for the defined-benefit corporate pension, the Company has formulated rules for appropriate, stable functioning, and management is conducted in accordance with these rules. Specifically, basic policies for the management of the reserve have been formulated. In addition, a committee led by the Division General Manager of the Group Administrative Headquarters has been established. The Company has established a system to maintain sound pension plan management in the future.

Furthermore, the Company has decided on multiple optimal investment institutions in accordance with asset ratios stipulated in the basic policies, and periodically implements quantitative and qualitative evaluations of the investment institutions. In addition, the results of the reserve management are disclosed to employees through the intranet, etc., and are also reported to the Board of Directors.

### **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. In addition, the Company shall issue an integrated report annually, along with other reports, to provide information about its sustainability-related activities and so forth and shall disclose the status of its sustainability-related activities on the Company website. Moreover, the Company shall strive to ensure that it uses clear and specific wording in its disclosures.

IR Policy URL                    [https://www.bandainamco.co.jp/en/ir/ir\\_policy.html](https://www.bandainamco.co.jp/en/ir/ir_policy.html)

Sustainability URL            <https://www.bandainamco.co.jp/en/sustainability/index.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 Directors who are Audit & Supervisory Committee 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 Committee 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 Committee 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 Committee, the result of the evaluation shall be checked by the full-time Directors who are Audit & Supervisory Committee Members, and evaluated by the Audit & Supervisory Committee.
  
- 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 Committee, the full-time Directors who are Audit & Supervisory Committee 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 (excluding Audit & Supervisory Committee Members) and others.

The Audit & Supervisory Committee 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 Committee 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 June 2022, the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. As a result, while working to strengthen the corporate governance system, the Company is working to further enhance its corporate value by carrying out swifter decision-making and business execution through the delegation of partial authority related to business execution to the Full-Time Officers

Committee. In addition, to complement the management oversight function, the Company has a basic policy that one-third or more of Directors shall be Outside Directors, and that all of the Outside Directors shall be Independent Outside Directors.

Directors who are Audit & Supervisory Committee Members audit and supervise the Board of Directors. In addition, Independent Outside Directors, based on their high levels of independence and specialized knowledge, fulfill their own role from an objective, neutral position. In this way, the Company has established a system that enables them to contribute to the bolstering of its corporate governance systems.

To complement the functions of the Board of Directors, the Company shall establish a Personnel Committee, an optional committee that is chaired by an Independent Outside Director and of which a majority of the 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 the Independent Directors 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 Committee shall be comprised of just Independent Outside Directors, 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 Independent Outside Directors.

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 the Presidents and Representative Directors of the business management companies concurrently serve in such positions as Directors of the Company. With this structure, 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 business management companies, thus enabling prompt execution of business.
- ii) The Group's business domain is grouped into four Segments: the Entertainment Unit (Digital Business), the Entertainment Unit (Toys and Hobby Business), the IP Production Unit, and the Amusement Unit. Once a quarter, at the Group Business Report Meeting, the Presidents and Representative Directors of each of the business management companies 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 (excluding Audit & Supervisory Committee Members) 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 systematically develop future senior management candidates. Reports about program progress and plans are periodically made to the Board of Directors, and following discussions by the Board of Directors, evaluations and improvement initiatives are implemented.

In regard to the nomination of the next Representative Director and new Directors, the Directors and candidates are evaluated by the Personnel Committee, an optional committee that is an advisory body to the Board of Directors. The Personnel Committee is chaired by an Independent Outside Director and a majority of the Committee's members are Independent Outside Directors. In this way, the Company has established a system for nominating successors that is highly transparent and fair.

### (3) Director Nominations and Remuneration

- i) When appointing/dismissing members of the senior management team and electing candidates for Director (excluding Audit & Supervisory Committee 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 following consultations with and recommendations from the Personnel Committee, an optional committee that is chaired by an Independent Outside Director and of which a majority of the members are Independent Outside Directors, as well as following interviews with new candidates by independent Outside Directors. In addition, in regard to the appointment/dismissal of the Representative Director, in the same way, decisions are made by the Board of Directors following consultations with the Personnel Committee. For the election of candidates for Directors who are Audit & Supervisory Committee Members, decisions are also made by the Board of Directors after receiving the permission of the Personnel Committee, taking into examination the necessary abilities, experience, and character, among other factors.
- ii) From the standpoint of seeking appropriate involvement and advice of Outside Directors, the Company shall establish a Personnel Committee, an optional committee that is chaired by an Independent Outside Director and of which a majority of the members are Independent Outside Directors, thereby ensuring fair and highly transparent Director evaluations.
- iii) The details of policy for determining the composition of remuneration, etc. of individual Directors are as follows:
- a. Basic policy

The basic policy of the remuneration system for the Company's Directors (excluding Audit & Supervisory Committee Members and Outside Directors) is to create a remuneration framework that promotes the Company's continuous growth and improves the Company's corporate value over the medium to long term by promoting the sharing of values with shareholders, ensuring objectivity and transparency so that the Company can adequately fulfill its accountability obligations, and fostering a healthy sense of entrepreneurship in the Directors while taking into account the level of remuneration that will enable the Company to secure and retain top-grade personnel. Specifically, the remuneration framework comprises the base remuneration as fixed remuneration and performance-based bonuses and performance-based stock compensation as variable remuneration.

Remuneration for the Company's Directors who are Audit & Supervisory Committee Members and the Company's Outside Directors solely comprises the base remuneration in light of their duties. The amount of remuneration for a Director who is an Audit & Supervisory Committee Member is determined through discussions among Directors who are Audit & Supervisory Committee Members, and the amount of remuneration for an Outside Director (who is not an Audit & Supervisory Committee Member) is determined by the Board of Directors.

b. Fixed remuneration (base remuneration)

The base remuneration for the Company's Directors (excluding Audit & Supervisory Committee Members) is monthly fixed remuneration paid in cash and paid within a specific time period every month with a limit of 450 million yen per year (including 100 million yen per year for Outside Directors). In addition, Directors (excluding Audit & Supervisory Committee Members and Outside Directors) contribute a fixed proportion of the base remuneration to the shareholding association for directors and officers to purchase the Company's shares.

The remuneration for the Company's Directors who are Audit & Supervisory Committee Members is also a monthly fixed remuneration paid in cash and paid within a specific time period every month with a limit of 200 million yen per year.

c. Variable remuneration (performance-based bonuses and performance-based stock compensation)

The variable remuneration for the Company's Directors (excluding Audit & Supervisory Committee Members and Outside Directors), namely performance-based bonuses and performance-based stock compensation, uses the consolidated operating profit of the Group as an indicator with the aim of directly reflecting the evaluation of management efforts by the management team of the Group in the amount of remuneration to be paid.

### Performance-based bonuses

Performance-based bonuses of the Company are calculated within a range of 0% to 200% of the predetermined base amount based on the rates of achievement of the targets of the Mid-Term Plan and fiscal year targets, as well as the performance in the previous fiscal year, pertaining to the targets for the Group's actual consolidated operating profit, for each fiscal year, with the payment ratio changing within that range depending on the results of sustainability evaluations. If any of the rates of achievement is 50% or lower, performance-based bonuses will not be paid. Performance-based bonuses will be determined within a limit of the smaller of (i) 550 million yen per year as the limit for cash bonuses or (ii) 1.5% of the "profit attributable to owners of parent for the period." The remuneration is paid within a specific time period every year after the end of the relevant fiscal year.

Sustainability evaluations are conducted for the purpose of motivating the Eligible Directors to address sustainability, and the evaluations are determined by the Board of Directors by examining factors such as the results of activities for the Group's initiatives in line with its materiality (including initiatives for decarbonization) and indicators relating to employee engagement after deliberation by the Personnel Committee, which is an optional committee chaired by an independent Outside Director and of which a majority of the members are independent Outside Directors.

### Performance-based stock compensation

The performance-based stock compensation of the Company (which corresponds to profit-related remuneration prescribed in the Corporation Tax Act) is to be paid only if the consolidated operating profit of the Group is 75 billion yen or more, and the payment ratio will be 100% if the consolidated operating profit reaches 125 billion yen (amount determined as of February 2022). Whether compensation is paid or not and the level of compensation are determined in each fiscal year. Under the framework, the number of reference share units is predetermined for each officer rank, and shares of common stock of the Company and cash corresponding to the number of payment share units, which are finalized based on the degree of attainment of the consolidated operating profit target, will be delivered or paid. Furthermore, the performance-based stock compensation will be paid within two months from the day following the day on which an ordinary general meeting of shareholders is held for the relevant fiscal year.

#### d. Remuneration structure

The Company determines the remuneration structure for Directors (excluding Audit & Supervisory Committee Members and Outside Directors) by verifying the level of remuneration based on its performance results and objective benchmarks for the management's remuneration obtained from external specialist organizations and comprehensively taking into consideration the ratio of fixed remuneration to variable remuneration in the annual total remuneration and the ratio of medium- to long-term remuneration in variable

remuneration. If the target for the last fiscal year under the Mid-term Plan is achieved, the ratio of fixed remuneration to variable remuneration in the annual total remuneration will be about 40 to 60, and the ratio in the annual total remuneration of stock-based remuneration, that is, the sum of the amount contributed to the shareholding association for directors and officers (i.e., a fixed proportion of the base remuneration) and performance-based stock compensation, will be approximately 40%.

e. Procedures for determining remuneration

The policy, framework, and performance-based mechanism for remuneration for the Company's Directors (excluding Audit & Supervisory Committee Members and Outside Directors) will be determined by the Board of Directors after deliberation by the Personnel Committee, which is an optional committee chaired by an independent Outside Director and of which a majority of the members are independent Outside Directors, in order to seek the appropriate involvement and advice of the Outside Directors.

(4) Roles and Responsibilities of Directors Who Are Audit & Supervisory Committee Members and the Audit & Supervisory Committee

The Company's Directors who are Audit & Supervisory Committee Members and the Audit & Supervisory Committee have clarified the roles and responsibilities of Audit & Supervisory Committee 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 Committee Members and the Audit & Supervisory Committee 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 to the Board of Directors, to Directors (excluding Audit & Supervisory Committee Members) and/or to employees.

- i) When electing candidates for Directors who are Audit & Supervisory Committee Members, the Company considers the necessary abilities, experience, personality, and others, and decisions shall be made by the Board of Directors after receiving consent from the Audit & Supervisory Committee.
- ii) The Audit & Supervisory Committee will have one or more full-time members who are Directors. Given their characteristics as full-time members, these 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, the non-full-time Outside Audit & Supervisory Committee 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 Committee shall consider matters related to information exchange and cooperation with Outside Directors who are not Audit & Supervisory Committee Members and strive to ensure the effectiveness of audits.

#### (5) Fiduciary Responsibilities of Directors

Directors of the Company shall recognize their fiduciary responsibility to sustainably raise corporate value. Furthermore, Directors who are Audit & Supervisory Committee Members shall recognize their fiduciary responsibility to ensure management soundness targeting a sustainable increase in corporate value. As a result, Directors act to fulfill their roles.

#### (6) Business Execution and Oversight of the Management

By having the Presidents and Representative Directors of business management companies, primarily of business Units, concurrently serve in such positions 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 business management companies, 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 that all of the Outside Directors shall be Independent Outside Directors.

- i) The Company has established the Standards for Independence of Outside Directors 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 URL](#)

<https://www.bandainamco.co.jp/en/sustainability/governance/pdf/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 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) Three of the Company's Independent Outside Directors serve on the Personnel Committee, constituting a majority of the committee's members, with one serving as the committee's chair. 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 Board of Directors.
- 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 the Independent Directors Committee comprising only Independent Outside Directors, as well as opportunities for training, etc.

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

#### (8) Use of Optional Approach

The Company is a Company with an Audit & Supervisory Committee. 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 Audit & Supervisory Committee Members and Independent Outside Directors), as well as the evaluation and selection of Directors, the Company has established a Personnel Committee, an optional committee that is chaired by an Independent Outside Director and of which a majority of the members are 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, the Company shall aim to improve the functioning of the Board of Directors by analyzing and verifying the effectiveness of the Board of Directors and addressing issues. To that end, evaluations of the Board of Directors shall be periodically implemented by the Independent Directors Committee, comprising only Independent Outside Directors.

#### (9) Preconditions for Board of Directors and Audit & Supervisory Committee 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 Independent 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 a manner as to achieve both diversity, including aspects such as gender, international experience, work experience, age, and appropriate size.

- ii) At least one person who has appropriate expertise in finance and accounting shall be elected as a Director who is an Audit & Supervisory Committee Member.
- iii) The Company has formed an Independent Directors Committee with the objective of evaluating from an objective standpoint, whether the Board of Directors is functioning appropriately. The Independent Directors Committee is composed only of Independent Outside Directors, and its secretariat function is also established within a third-party specialist organization. Through the Independent Directors 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, the Company's Independent 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 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 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 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, the division that serves as the Board of Directors secretariat plays the central role in providing support. In addition, in regard to Directors who are Audit &

Supervisory Committee Members, employees are provided to assist with the performance of the Directors' responsibilities.

- 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. Directors who are Audit & Supervisory Committee 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 Directors who are Audit & Supervisory Committee 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 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 who are Audit & Supervisory Committee Members and Directors who are not Audit & Supervisory Committee Members, the Company has adopted internal regulations stipulating that the Internal Auditing Division shall make regular reports to the Board of Directors and the Audit & Supervisory Committee, and this is carried out. In this way, the Company has established a framework in which problems related to business execution are ascertained 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, but it has adopted a framework that enables each of the divisions to respond to requests at all times.

#### (12) Director Training

The Company has a basic policy of continuously providing the training opportunities needed in order for Directors to fulfill their roles and responsibilities.

The Company's Directors 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 and seminars for Directors held by the Company, as well as outside seminars held by organizations to which the Company belongs as a member. Also, when new Directors 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. In addition, the Company shall conduct dialogue with shareholders, led by the Director in charge of IR and the person in charge of IR, and, where it seems reasonable, appropriate members of the management team, such as the Representative Director, Outside Directors, and Directors who are Audit & Supervisory Committee Members, shall also provide explanations and conduct dialogue based on matters of interest to 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 and other events 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 Presidents and Representative Directors of business management companies and other important executives shall attend these meetings, as needed, 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, the Company takes such measures as providing explanations for individual investors of its businesses and business results through dedicated web pages of the Company's website.
- v) The Director in charge of IR shall provide an overview of such meetings to the Board of Directors as needed. In addition, reports shall periodically be provided to all Directors, including Outside Directors, in regard to the status of quarterly activities, such as investor interview results.
- 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

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