

Basic Policy Regarding Internal Control System

Bandai Namco Holdings Inc.

The Bandai Namco Group's basic policy regarding its internal control system is as below:

(i) Systems to Ensure that the Execution of the Duties by Directors, etc., and Employees of the Company and Its Subsidiaries is in Compliance with the Laws and Regulations and the Articles of Incorporation

- a. The Company shall set in place Bandai Namco's Purpose and the Bandai Namco Group Compliance Charter, ensure that Directors and employees of the Company and its subsidiaries are familiar with them, and always pay due attention to ensure they carry out their duties lawfully and fairly.
- b. Directors of the Company shall report periodically to the Board of Directors on the structure and operating status of internal control systems.
- c. The Company shall install a Director in charge of compliance who is responsible for supervision of compliance overall based on its compliance regulations, and establish a structure ensuring that the Company and the entire Group abides by the law, behaves ethically, and complies with internal regulations.
- d. Should violations of compliance or suspicions thereof occur within the Group, the Company shall immediately convene the Group Risk Compliance Committee with the Company's President and Representative Director as its chair to discuss and decide how the issue should be handled.
- e. Overseas, an overseas regional headquarters shall be determined for each region to manage risk and support compliance.
- f. Internal reporting systems including an internal consultation point, an external consultation point comprising external legal advisors, and a hotline (e-mail, etc.), which enables reporting directly delivered to Directors who are Audit & Supervisory Committee Members or Audit & Supervisory Board Members of subsidiaries, shall be put in place in the Company and its major subsidiaries.
- g. The Internal Auditing Division shall be established independently of the executive sections in the Company and its major subsidiaries to work towards maintaining the properness of execution of operations through internal audits.

(ii) Systems for Preserving and Managing Information Related to Directors' Execution of Their Duties

- a. The Company shall establish regulations concerning document management and ensure (i) the centralized management of documents circulated for approval, minutes of various meetings, contracts, and other documents, and (ii) appropriate safe-keeping and management of important documents in each department. The Company shall also have a system to ensure that Directors may peruse those documents at any time.

- b. The Company shall establish regulations concerning information security as a part of Group management. These regulations will provide for a system to ensure appropriate safekeeping and preservation of information.

(iii) Regulations Concerning Management for Risk of Loss of the Company and Its Subsidiaries and Other Systems

- a. The Company shall establish regulations concerning risk management and compliance as a part of Group management. Throughout the Group, we will work to prevent risk and to discover risk factors as rapidly as possible.
- b. When risk arises, the Company shall convene the Group Risk Compliance Committee without delay to minimize the impact of risk on our business by responding to risk quickly and in an appropriate manner.
- c. Anticipating the occurrence of situations that could cause drastic damage to the management of the Group through a major disaster or the like, the Group shall define the basic policy for a Business Continuity Plan (BCP) for the Group, and formulate a BCP for the Group and organize a Business Continuity Management (BCM) system to achieve rapid recovery and restart of operations. Directors and employees of the Company and its subsidiaries shall be made aware of this.

(iv) Systems to Ensure that Director, etc., of the Company and Its Subsidiaries Execute Their Duties Efficiently

- a. The Company shall classify its subsidiaries into Units based on business segments, and appoint a director and a business management company in charge of each Unit to promote efficient business based on the division of duties, chain of command, authorities and decision-making, and other organizational regulations within the Group.
- b. The Company shall formulate a Mid-term Plan with a period of three business years for the entire Group and each Unit, and determine the budget for each business year based on those Mid-term Plans.
- c. The Company shall establish a Full-Time Officers Committee consisting of full-time Directors and delegate authority from the Board of Directors to such committee to make certain decisions on the execution of duties in order to expedite the decision-making.

(v) Systems Concerning Reporting Matters Regarding Execution of Duties of Directors, etc., of Subsidiaries to the Company

- a. The Company shall establish meetings such as the Group Business Report Meeting and the Group Management Meeting, and put in place a system for reporting inside the Group and decision-making.

(vi) Other Systems to Ensure Proper Business behavior by the Company and Its Subsidiaries

- a. The Company shall revise the Bandai Namco Group Compliance Charter as appropriate in response to revisions to laws and regulations and changes in the social context surrounding the Group, and shall ensure that the contents of the Charter are made thoroughly known to Directors, etc., and employees of the Company and its subsidiaries through distributing the Bandai Namco Group Compliance Handbook and through training. It shall also regularly conduct compliance awareness surveys of Directors, etc. and employees of the Company and its subsidiaries to ascertain their level of familiarity, etc. with the said Charter and utilize the results for subsequent compliance promotion activities of the Group.
- b. The Company and its subsidiaries shall endeavor to improve and standardize business processes considering the importance of effectiveness and efficiency in business operations, and shall evaluate and operate internal controls on financial reporting based on related laws and regulations, etc.

(vii) Matters Regarding Employees Required by the Audit & Supervisory Committee to Assist in Its Duties, and Matters Regarding the Independence of Such Employees from Directors (excluding Directors who are Audit & Supervisory Committee Members)

- a. The Company shall provide a speedy response when the Audit & Supervisory Committee asks the President and Representative Director to provide employees to assist in their duties. Where that employee simultaneously works for any other section, his or her business duties pertaining to the Audit & Supervisory Committee shall take priority.
- b. The Company shall carry out personnel matters relating to such employees based on the consent of the Audit & Supervisory Committee, so as to ensure independence from the Board of Directors.

(viii) Matters Concerning Ensuring the Effectiveness of Instructions to Employees Who Are to Assist the Audit & Supervisory Committee

- a. The Company shall keep Directors and employees thoroughly informed that employees who are to assist in the duties of the Audit & Supervisory Committee will be under the command of the Audit & Supervisory Committee.

(ix) System for Directors (excluding Directors who are Audit & Supervisory Committee Members), etc. and Employees of the Company and Its Subsidiaries to Report to the Company's Audit & Supervisory Committee

- a. Directors (excluding Directors who are Audit & Supervisory Committee Members), etc. and employees of the Company and its subsidiaries shall report promptly to the Audit & Supervisory Committee with regard to matters prescribed by laws and regulations, other matters that have a major impact on the Company and the Group, implementation status of internal audits, and matters related to compliance.
- b. Directors (excluding Directors who are Audit & Supervisory Committee Members), etc. and employees of the Company and its subsidiaries shall report promptly and appropriately when requested to do so by the Audit & Supervisory Committee regarding the performance of their duties.
- c. The Company shall put in place a hotline (e-mail, etc.) as an internal reporting system to allow reports to be made directly to the Company's Directors who are Audit & Supervisory Committee Members.

(x) System for Ensuring that Persons Making Reports to the Audit & Supervisory Committee Shall Not Be Treated Disadvantageously as a Result of Making Such Report

- a. The Company shall prohibit the disadvantageous treatment of persons who have reported to or consulted with the Audit & Supervisory Committee, and shall state that clearly in the Group Risk Compliance Regulations and make it thoroughly known to Directors, etc. and employees of the Company and its subsidiaries.

(xi) Matters Regarding Policies Pertaining to Procedures for Advance Payments or Reimbursement of Expenses Arising in the Performance of Duties of Audit & Supervisory Committee Members and Other Payment of Expenses or Liabilities Arising in the Performance of Said Duties

- a. The Company shall immediately pay expenses or liabilities where an Audit & Supervisory Committee Member has requested advance payments or reimbursement of expenses arising in the performance of his or her duties, excluding cases where they were not considered necessary for the performance of the said duties of the Audit & Supervisory Committee Member.

(xii) Other Systems to Ensure the Effectiveness of Audits Conducted by the Audit & Supervisory Committee

- a. Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company shall formulate a system whereby Audit & Supervisory Committee Members can attend important meetings, and ensure that a system exists whereby they can meet periodically or on an ad hoc basis with Directors and employees, and cooperate with the Internal Auditing Division and Accounting Auditors.
- b. Subsidiaries of the Company shall install an appropriate number of Audit & Supervisory Board Members

according to their scale, business category, etc., and ensure that there are systems in place wherein Audit & Supervisory Board Members of subsidiaries report periodically to the Audit & Supervisory Committee of the Company.

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