

## CORPORATE GOVERNANCE

Last Updated: October 31, 2024

### KADOKAWA CORPORATION

Takeshi Natsuno  
Chief Executive Officer  
Contact: 03-5216-8212  
Securities Code: 9468

<https://group.kadokawa.co.jp/global/>

The corporate governance of KADOKAWA CORPORATION (the “Company”) is described below.

#### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information**

##### **1. Basic Views**

We consider the enhancement of corporate governance a prerequisite for the continuous development of the Group. As such, we continuously work to strengthen corporate governance with the aim of further improving management transparency toward shareholders and earning the trust of society, including our business partners and customers. We also believe that ensuring sound and transparent management, establishing a management structure that can adapt to changes in the business environment, and clarifying management responsibilities by publishing clear management indicators and management policies and disclosing the status of their achievement in a timely manner will contribute to the enhancement of corporate governance.

[Reasons for Non-compliance with the Principles of Japan’s Corporate Governance Code]

The Company complies with all principles of Japan’s Corporate Governance Code.

[Disclosure Based on the Principles of Japan’s Corporate Governance Code] <Updated>

##### *Policies Regarding Shares Held as Cross-shareholdings*

Expanding our business and increasing our corporate value through sustainable development requires cooperative relationships with various business partners. We therefore have a policy of holding shares with rationale, giving comprehensive consideration to their importance to our business strategy and our business relationship with them. At the same time, we are actively seeking to reduce holdings in stocks where the significance is deemed insufficient. The Group will continue to sell, as appropriate, shares for which the rationale for holding has weakened, progressing with the reduction of shares held as cross-shareholdings. Moreover, in the medium term, we will look into reducing shares for which there is a rationale for holding, using a certain level of net asset value as a benchmark while considering the market environment and our financial strategy.

##### *Details of Verification of Shares Held as Cross-shareholdings*

Every year, the Board of Directors reviews each listed stock held by the Group whether or not to keep shares held as cross-shareholdings after giving consideration to cost of capital, and comprehensively evaluate factors such as company’s dividends, capital gains/losses, the monetary scale of its business with us, and our business relationship with the company.

Most recently, the Board of Directors met on March 28, 2024 and reviewed the pros and cons of the shares of listed companies held by the Group as cross-shareholdings. Furthermore, during the fiscal year ended March 31, 2024, out of a total of 15 cross-shareholdings, 13 were deemed reasonable to hold and 2 were partially sold based on our comprehensive decision. The Board of Directors will continue to regularly review the appropriateness of the remaining cross-shareholdings.

##### *Criteria for Exercise of Voting Rights Pertaining to Shares Held as Cross-shareholdings*

When exercising voting rights for shares held as cross-shareholdings, we examine the proposal content. The primary criteria for our decisions are whether the shares in question will contribute to enhancing corporate value

[Translation]

for the Company over the medium to long term and whether they align with the intended purpose of holding. This includes confirming the details of the situation with the portfolio company in cases of prolonged performance decline or involvement in scandals.

[Principle 1.7 Related Party Transactions]

In the process of making a decision on pursuing a transaction, the Company checks whether the transaction constitutes a conflict of interest for a director or Chief Officer, and if it does, approval is sought after clarifying the nature of the transaction at a meeting of the Board of Directors.

In addition, in the case of transactions with major shareholders or other related-party transactions, the Company will, in the process of making the decision on whether or not to pursue the transaction, examine the appropriateness of the transaction before making a decision.

[Supplementary Principle 2.4.1 Ensuring Diversity in Companies in Promotion of Midcareer Hires]

Constantly pursuing new things without fear of change always requires people with diverse ways of thinking to take up new challenges. To realize this, the Group hires people without regard to gender, age, or nationality (including mid-career hires), operates an internal personnel evaluation system, and promotes people to managerial positions.

In addition to actively employing people with disabilities and foreign nationals, we are also working to improve the working environment by introducing Activity Based Working (ABW), a way of working in which people act autonomously, and expanding various internal programs, so that diverse human resources can demonstrate their abilities.

As of March 31, 2024, the percentage of female managers, who are candidates for future executive management positions, was 25.1% (on a non-consolidated basis; the same applies hereafter), and we have set a target of increasing this percentage to 30% group-wide by 2030.

As of June 1, 2024, the percentage of mid-career hires in managerial positions was very high at 81.7%, and we will continue with the same initiatives.

As for foreign nationals, there are three currently serving on the Company's Board of Directors. Although the percentage of foreign nationals in managerial positions is 0.99%, most of the executives at our overseas subsidiaries are foreign nationals, and we will continue to actively recruit them.

[Principle 2.6 Functioning as Asset Owner of Corporate Pension Funds]

In order for the corporate pension to fulfill the function expected as an asset owner, the HR and Finance departments will continue striving to maintain an appropriate investment environment for the reserved funds through regular monitoring of the operational status of the pension trustee.

There is no risk of a conflict of interest with the beneficiaries due to the fact that the management of the pension is entrusted to a trustee.

[Principle 3.1 Enhancement of Information Disclosure]

- (1) The management philosophy is disclosed on the Company's website (<https://group.kadokawa.co.jp/company/philosophy.html>) (in Japanese). Regarding the mid-term management strategy, a new Mid-term Management Plan ending in the fiscal year ending March 31, 2028 was announced at the financial results briefing for the six months ended September 30, 2023, which was held on November 2, 2023, and posted on the Company's website (<https://group.kadokawa.co.jp/ir/plan.html>) (in Japanese). To make optimal management decisions quickly and flexibly amidst the rapidly changing business environment surrounding the Company and ensure that shareholders and investors have a correct understanding of the Company's management strategies and financial position, the Company strives to share its current situation and strategies with shareholders and investors by publishing them in materials such as those prepared for financial results briefings.
- (2) Refer to "I-1. Basic Views" in this report for our basic views and basic policy on corporate governance.
- (3) Refer to "Disclosure of Policy for Determining Compensation Amounts or Calculation Methods Thereof" under "Compensation for Directors and Chief Officers" in "II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Supervision in Management" of this report.
- (4) When selecting candidates for Director, the Nominating Committee, which consists of a majority of Outside Directors and is chaired by an Outside Director, makes decisions on the content of proposals, taking into consideration such factors as character, knowledge, ability, experience, and diversity. When dismissing Directors, the Nominating Committee deliberates and makes decisions on proposals for dismissal, taking

[Translation]

into consideration such factors as the status of business execution. In addition, when selecting Representative Executives and Chief Officers with Special Titles, and when appointing and dismissing Chief Officers, the Board of Directors adopts a resolution based on the report received from the Nominating Committee.

- (5) Explanations for the selection of each candidate for Director are provided in the reference material for notices of general meetings of shareholders and include the matters emphasized when selecting candidates and the specific reasons for selecting individual candidates.

[Supplementary Principle 3.1.3 Initiatives on Sustainability]

The Company discloses its sustainability initiatives on its website and will further enhance the content of its disclosures in the future. (<https://group.kadokawa.co.jp/global/sustainability/>)

- (1) Climate change initiatives

We conduct scenario analyses based on the risks and opportunities outlined in the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to assess the impact of climate change. At the same time, we have established targets for Scope 1 (direct emissions from operations) and Scope 2 (indirect emissions from electricity consumption) to achieve a 50% reduction from 2020 levels by fiscal 2030 and net-zero emissions by fiscal 2050, taking into account the CO<sub>2</sub> emission reduction levels required by Science Based Targets (SBT). To reduce greenhouse gas (GHG) emissions, we will pursue a decarbonized society by conserving energy and electricity within the Company, switching to renewable energy sources that do not use fossil fuels, and actively utilizing the J-Credit system operated by the Japanese government.

As part of our efforts to reduce GHG emissions, beginning from January 1, 2023, we have switched the electricity used for the entire buildings of four buildings owned in Chiyoda-ku, Tokyo (KADOKAWA Headquarter Building, KADOKAWA Headquarter Building No. 2, KADOKAWA Headquarter Annex Building, and KADOKAWA FUJIMI Building) to electricity substantially composed of renewable energy. Then, beginning from December 1, 2023, we have switched the electricity used for one of our business locations Tokorozawa Sakura Town (Tokorozawa-shi, Saitama) to electricity composed of renewable energy. Through such efforts, for fiscal 2024, we estimate that we will be able to reduce the GHG emissions to approximately 3,333 t-CO<sub>2</sub>, which is approximately 88% of the fiscal 2020 actual results (approximately 3,783 t-CO<sub>2</sub>), and we expect to achieve the target of 50% reduction from 2020 levels by fiscal 2030 earlier than then.

Moreover, at a group company KADOKAWA DAIEI STUDIO CO., LTD., as well, beginning from March 31, 2024, it has switched all its electricity used for the Chofu Studio to electricity substantially composed of renewable energy. In addition to making plans to expand these activities to each of our group companies, we are further stepping up our initiatives to achieve the target of net-zero emissions by fiscal 2050.

- (2) Human capital related initiatives

The Group advocates a policy of promoting innovation with “creativity,” “motivation” and “technology” as key focuses with the aim of making this a foundation for promoting “global media mix with technology,” a basic policy of the Med-term Management Plan that presupposes the development of a fair and appropriate working environment. We are also conducting various activities to realize environments in which employees can be highly motivated and demonstrate their creative potential and promote the continual growth of diverse human resources.

Specifically, we are promoting reforms of systems to enhance motivation, such as the workplace choice system that allows employees to freely select their workplace location and are constantly taking steps to deepen efforts to reform operations using DX (digital transformation). Furthermore, we are providing employees with opportunities to actively take on challenges by implementing personnel exchanges between group companies, holding training programs, promoting publicly solicited project planning and other initiatives.

We also consider boosting development of global talent to be an important management issue, and we are actively working to strengthen the acquisition of such talent through recruitment activities and internships in various overseas countries while strengthening human resources management of global talent, and support for empowering global talent to take on active roles.

More details on our measures on human capital are disclosed on the Company’s website.

- Human resource development

[https://group.kadokawa.co.jp/global/ir/esg/social/human\\_resource.html](https://group.kadokawa.co.jp/global/ir/esg/social/human_resource.html)

[Translation]

- Creating work-friendly environments  
[https://group.kadokawa.co.jp/global/ir/esg/social/working\\_environment.html](https://group.kadokawa.co.jp/global/ir/esg/social/working_environment.html)
- Diversity and inclusion  
[https://group.kadokawa.co.jp/global/ir/esg/social/diversity\\_inclusion.html](https://group.kadokawa.co.jp/global/ir/esg/social/diversity_inclusion.html)

[Supplementary Principle 4.1.1 Scope of Delegation to the Management]

The Company has established rules for the Board of Directors, and the Board of Directors makes decisions on matters that legally require a resolution by the Board of Directors and on matters for which a resolution by the Board of Directors is considered appropriate in light of their importance, nature, and other factors.

Furthermore, the Board of Directors has established standards for the decision-making of duties and delegates authority for matters related to business execution to Chief Officers and others, thereby speeding up the decision-making process in pursuit of speedy management.

In addition, the standards for the content and scope of decision-making authority are reviewed flexibly based on the circumstances of the companies at the time.

[Principle 4.9 Independence Standards and Qualifications for Independent Outside Directors]

In addition to the criteria for independence established by Tokyo Stock Exchange Inc., the Company has established the criteria below on transaction amounts, etc. for transactions, etc. between the Company and a counterpart.

The candidate shall not fall under any of the following:

- An entity where the Group is a business partner and its sales to the Group account for 2% or above of its consolidated net sales of any one of the three most recent fiscal years or a business executive thereof
- A business partner with the Group where sales of the Group to that entity account for 2% or above of the Company's consolidated net sales of any one of the three most recent fiscal years or a business executive thereof
- A business executive of a financial institution from which the Company has loaned a large sum of money (the loans account for 2% or above of the Company's consolidated total assets as of the end of the most recent fiscal year)
- A consultant, an expert in accounting, or a specialist in law who has earned from the Company a large sum of cash or other financial assets, other than in the form of compensation as director: for an individual, 10 million yen or above per year in the current and the previous three years; or for a corporation, 2% or above of total sales of the said corporation paid out as remuneration on average over the past three years (if the person who earns such assets is a company or organization, an individual who is a member of the company or organization)
- A business executive of an organization to which the Group has made a donation exceeding a total sum of the greater of 10 million yen per year or 2% of annual aggregate revenue of the organization in any one of the three most recent fiscal years
- A person who is or has been an Independent Auditor of the Group (for a company, an individual who is or has been in charge of the audit of the Group) in the current and the previous three years
- A person who owns, directly or indirectly, 10% or more of the voting rights of the Company (or a business executive in the case of a company)

In principle, when selecting Outside Directors, we select those for whom there is no concern of exerting significant control over or being significantly controlled by the Company's management and who have extensive insight from experience in corporate management or special expertise that makes them capable of supervising the execution of the directors' duties to contribute to management of the Company.

[Supplementary Principle 4.11.1 Views on Diversity of the Board of Directors]

The Group has defined its corporate mission as being "a platform for creativity." It advocates a "global media mix with technology" as its fundamental strategy that combines the stable creation of intellectual property (IP) consisting of a variety of portfolio content in each business, the maximization of the lifetime value (LTV) of this IP through business linkage, and the rollout of this IP on a global scale through the constant incorporation of the latest technologies, seeking to achieve growth and enhance corporate value over the medium to long terms. When selecting Directors, we choose candidates based on those with business experience closely related to the above fundamental strategy or with knowledge of governance.

[Translation]

The Company's Board of Directors has the important role of making decisions on important matters affecting management and supervising the execution of business operations. In order for the Board of Directors to properly fulfill its role, the Board as a whole must have the necessary skills in light of the Group's business development.

- To properly make important business decisions and supervise the execution of important business operations, Directors must be familiar with corporate management, which involves developing and governing a wide range of businesses, contents creation, which is fundamental to the IP business, and sales and marketing. Skills in finance and accounting, legal affairs and governance, and human affairs and human resources development are the basis for all decisions. In addition, IT and international experience are becoming increasingly important for promoting global expansion in an environment of rapid technological innovation. Furthermore, as a company that provides various IP to users around the world, diversity is very beneficial in terms of experience in different industries, gender, nationality, and more.
- We believe Directors who are members of the Audit Committee should have similar skills in order to properly audit the Directors' execution of their duties. Out of these, finance and accounting skills and legal and governance skills are particularly important. Given the above, the selection of Directors shall establish an overall balance of diversity, expertise, and knowledge. In accordance with laws and regulations, the Nominating Committee decides the content of proposals concerning the election of Directors. In addition, in regard to the size of the Board of Directors, the Nominating Committee determines the content of election proposals to maintain the necessary number of Directors for lively discussions from various perspectives while ensuring that it does not get too big.

The skills matrix of the current Directors is as follows.

	Corporate management	Contents creation	Sales/ Marketing	IT/ Technology	Finance/ Accounting	Legal affairs/ Governance	Human affairs/ Human resources development	International experience	Other industries/ Diversity
Takeshi Natsuno	•			•				•	•
Naohisa Yamashita	•	•	•				•		
Shinobu Murakawa		•	•						
Noriko Kase	•	•	•						
Nobuo Kawakami	•	•	•	•					
Cindy Chou			•					•	
Hiroo Unoura	•				•		•		•
Ruth Marie Jarman	•		•					•	•
Tadaaki Sugiyama						•			•
Yu Sasamoto	•		•	•				•	
Akihiko Shiba						•			•
Ayumi Uzawa					•	•			•
David Macdonald	•	•		•				•	
Etsuko Okajima	•						•		•

\* The above table shows areas in which the Directors can demonstrate their expertise based on their individual experience and does not represent all the knowledge they possess.

[Translation]

[Supplementary Principle 4.11.2 Concurrent Positions of Directors and Audit and Supervisory Board Members]  
The Directors' concurrent positions as officers of other listed companies are disclosed in the Business Report, the Reference Materials on the General Meeting of Shareholders, the Annual Securities Report, and other documents.

[Supplementary Principle 4.11.3 Evaluation of Effectiveness of the Board of Directors]

Every year, the Company discloses a summary of its evaluation of the effectiveness of the Board of Directors in its Corporate Governance Report. To maintain and improve the effectiveness of the Board of Directors, a questionnaire survey was administered to the Directors, and the effectiveness of the Board of Directors was analyzed and evaluated at its May 2024 meeting. In this evaluation of effectiveness, both inside and outside officers gave high marks to the Board of Directors for diversity and expertise among the constituent members of the Board of Directors, the efforts to verify the suitability of cross-shareholdings, the appropriate operations of the Board of Directors, the development of internal controls and a risk management system, the relationship between the performance indicators and the management indicators, etc. The final evaluation was that the effectiveness of the Board of Directors has been ensured.

On the other hand, as a Company with Nominating Committee, etc., there were also opinions expressing a desire for more depth in how collaboration is conducted between the committees and the Board of Directors and in the communication between Directors and Chief Officers.

Issues identified in the evaluation of effectiveness are shared at the meeting of the Board of Directors, and efforts will be made to address them. Specifically, with regard to how collaboration is conducted between the committees and the Board of Directors, a new process of selection of members of the Nominating Committee and the Remuneration Committee has been adopted since June 2024, whereby members are selected from among the Inside Directors. In doing so, the Company has established a system for providing information based on actual business conditions and enriching discussions. The Company will further consider how collaboration is conducted between the committees and the Board of Directors in the future. Moreover, to strengthen communication between Directors and Chief Officers, we will specifically identify the information to be gathered by Outside Directors from the perspective of supervising the execution, and further enhance the explanations provided by the executive side accordingly.

[Supplementary Principle 4.14.2 Training Policy for Directors]

With regard to Directors, the Company strives to promote not only the sharing of information among Directors but also their acquisition of the necessary knowledge and understanding of their roles as Directors through regular meetings of the Management Meeting and other means. In addition, female Directors are provided with opportunities to participate in female Director exchange meetings organized by external organizations for the purpose of exchanging information and opinions on topics such as corporate management and leadership styles. We strive to help Directors who are members of the Audit Committee acquire the necessary knowledge as Directors who are members of the Audit Committee and to promote understanding of the roles and responsibilities of Directors who are members of the Audit Committee. This includes ensuring that they have opportunities to participate in seminars and workshops held by the Japan Audit & Supervisory Board Members Association and other organizations.

The Company provides information on these matters to Outside Directors to deepen their understanding of the Company's management philosophy, management policies, and business activities. This is carried out through having them attend meetings of the Management Meeting, giving them tours of facilities and holding business explanation sessions led by the persons in charge of business operations. The Company also provides the necessary opportunities, arrangements, and subsidies so that the Company's Directors can acquire the necessary knowledge to fulfill their roles and responsibilities.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

Led by the IR Department, the Company strives to enhance disclosure and to engage in direct dialogue with shareholders, domestic and foreign institutional investors, and analysts by holding financial results briefings, individual meetings, and facility tours.

These IR activities are being promoted in close collaboration with multiple related departments, including business divisions, administrative departments, and group companies. In addition, the CEO and Chief Officers actively participate in financial results briefings and individual meetings as necessary for a unified, group-wide approach to IR activities.

Feedback is provided to the Board of Directors, including Outside Directors, on the results of IR activities and major opinions of the capital market as appropriate.

[Translation]

Furthermore, with regard to information management carried out during the course of IR activities, the Company works to thoroughly prevent leakage of insider information.

[Measures to Promote Management with an Awareness of Cost of Capital and Share Price] [Disclosed in English]  
The Company has hammered out a basic approach of “execution of financial strategies that contribute to sustainable growth of sales and profit, capital efficiency that exceeds the cost of capital, and the medium- to long-term increase of corporate value” as the basic financial policy of the Mid-term Management Plan covering the period through the fiscal year ending March 31, 2028.

To ensure both financial soundness and capital efficiency, we have set 50-60% as the appropriate level of equity ratio to be maintained. We have also set a medium- to long-term target return on equity (ROE) of 12% or more, which is the cost of capital plus a certain spread as we work to enhance our corporate value.

To achieve these targets, we categorize our businesses into areas of active investment and areas where we consider improvement plans and divestment, from the two perspectives of profitability and growth to evaluate the profitability of each business. At the same time, we are promoting the improvement of the criteria for evaluating profitability of new investments and the criteria for divestment by strengthening our investment management system.

In addition, we are strengthening IR activities for the capital market to promote timely and appropriate understanding of the Company’s corporate value.

We will continue striving to increase our corporate value in a sustainable manner by constantly monitoring the needs of the capital market and incorporating them into our management policies.

See the Company’s website for details.

“FY2023-FY2027 Mid-term Management Plan” (see pages 13 and 16 to 19)

Japanese: <https://group.kadokawa.co.jp/ir/plan.html>

English: <https://group.kadokawa.co.jp/global/ir/plan.html>

[Implementation of Dialogue with Shareholders]

In addition to enhancing disclosure and holding large meetings such as financial results briefings, the Company is increasing opportunities for the CEO or the IR Department to engage in individual dialogue with shareholders and investors. Feedback is provided regularly to the Board of Directors, including Outside Directors, on the major opinions of the capital market obtained through these meetings to engage in uniform, group-wide IR activities, including a cycle of steps to help improve management and business operations as necessary. In the fiscal year ended March 31, 2024, we met with around 700 domestic and foreign institutional investors and analysts, and about 75% of these meetings were with foreign institutional investors.

For details, see the IR Activities page on the Company’s website.

<https://group.kadokawa.co.jp/global/ir/stock/activities.html>

## 2. Capital Structure

Foreign Shareholding Ratio	30% or more
----------------------------	-------------

[Translation]

**[Status of Major Shareholders] <Updated>**

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,458,200	11.41
KOREA SECURITIES DEPOSITORY-SAMSUNG (Permanent Agent: Citibank, N.A. Tokyo Branch)	15,407,300	11.37
GOLDMAN SACHS INTERNATIONAL (Permanent Agent: Goldman Sachs Japan Co., Ltd.)	11,368,448	8.39
Custody Bank of Japan, Ltd. (Trust Account)	8,896,648	6.56
Nobuo Kawakami	6,781,800	5.00
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	4,080,000	3.01
Nippon Life Insurance Co. (Permanent Agent: The Master Trust Bank of Japan, Ltd.)	3,428,336	2.53
BANDAI NAMCO Holdings Inc.	3,060,160	2.26
CyberAgent, Inc.	2,844,950	2.10
Sony Group Corporation	2,844,950	2.10

Controlling Shareholder (except for Parent)	–
---	---

Parent (Listed Stock Market)	N/A
------------------------------	-----

Supplementary Explanation <Updated>

- The status of major shareholders is as of March 31, 2024. The percentages represent the number of shares held out of the total number of issued shares (excluding treasury shares).
- In the Report on Major Shareholders (amendment report) dated December 6, 2023 (date reporting obligation arose: November 30, 2023), which is available for public inspection, there is a note about ownership of the shares below by Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint owners. However, since we are unable to confirm the actual ownership status as of March 31, 2024, we have not included this information in the status of major shareholders above.

[Name (Number of Shares Owned, Percentage)] Sumitomo Mitsui Trust Asset Management Co., Ltd. (3.417 million shares, 2.41%) and Nikko Asset Management Co., Ltd. (6.113 million shares, 4.31%)



[Translation]

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Information & Communication
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	50 or more but fewer than 100

### 4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—

### 5. Other Special Circumstances Which May Have a Material Impact on Corporate Governance

—

## II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Supervision in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Nominating Committee, etc.
-------------------	---

#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairman of the Board	Outside Director
Number of Directors <Updated>	14

#### [Outside Directors]

Number of Outside Directors <Updated>	8
Number of Independent Officers Designated From Among Outside Directors <Updated>	8

[Translation]

Outside Directors' Relationship with the Company (1) <Updated>

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroo Unoura	From another company									△		
Ruth Marie Jarman	From another company											
Tadaaki Sugiyama	From another company											
Yu Sasamoto	From another company											
Akihiko Shiba	Attorney at law											
Ayumi Uzawa	CPA											
David Macdonald	From another company											
Etsuko Okajima	From another company											

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past;

\* "●" when a close relative of the director presently falls or has recently fallen under the category; and

"▲" when a close relative of the director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b. Non-executive director or executive of the parent of the Company

c. Executive of a fellow subsidiary of the Company

d. Party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)

i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)

j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)

k. Other

Outside Directors' Relationship with the Company (2)

Name	Committee to Which the Director Belongs			Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Hiroo Unoura	○			○	Mr. Hiroo Unoura was previously a Representative Director of NIPPON TELEGRAPH AND TELEPHONE CORPORATION, a business	Mr. Hiroo Unoura has abundant expertise and experience as a top management executive working on strengthening competitiveness and profitability of the domestic business as well as expanding the global business at NIPPON TELEGRAPH AND

[Translation]

Name	Committee to Which the Director Belongs			Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
					partner of the Company.	TELEPHONE CORPORATION. Also at the Company, he leads discussions as the Chairman of the Board of Directors and the chairperson of the Nominating Committee, and he provides valuable input from an objective perspective as a member of the Remuneration Committee as well. Therefore, he has been elected as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions. The Company has determined his independence and that there is no risk of a conflict of interest with the Company's general shareholders, thus designating him as an Independent Officer.
Ruth Marie Jarman	○	○		○	—	Ms. Ruth Marie Jarman has, as CEO of Jarman International KK, abundant experience and extensive knowledge in global expansion, inbound businesses, and support for women's activities. Also at the Company, she leads discussions as the chairperson of the Remuneration Committee, and she provides valuable input from an objective perspective as a member of the Nominating Committee as well. Therefore, she has been elected as an Outside Director to continue to

[Translation]

Name	Committee to Which the Director Belongs			Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
						<p>contribute to the strengthening of the Company's supervisory functions.</p> <p>The Company has determined her independence and that there is no risk of a conflict of interest with the Company's general shareholders, thus designating her as an Independent Officer.</p>
Tadaaki Sugiyama	○		○	○	—	<p>Mr. Tadaaki Sugiyama has broad experience and extensive knowledge in the areas of legal affairs and compliance, having served for many years as the head of Legal and Compliance at Kao Corporation and as the Chairman of the Association of Corporate Legal Departments, a corporate legal organization. Also at the Company, he promotes the auditing of the Company's business activities as the chairperson of the Audit Committee, and he provides valuable input from an objective perspective as a member of the Nominating Committee as well.</p> <p>Therefore, he has been elected as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions.</p> <p>The Company has determined his independence and that there is no risk of a conflict of interest with</p>

[Translation]

Name	Committee to Which the Director Belongs			Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
						the Company's general shareholders, thus designating him as an Independent Officer.
Yu Sasamoto		○		○	—	<p>Mr. Yu Sasamoto has abundant experience and extensive knowledge as a top management executive in various fields including IT and technology, having served as the Representative Director of Twitter Japan K.K. and the Vice President of JAPAC of Twitter, Inc., where he led the growth of Twitter's Japan and Asian businesses, and also having contributed to the growth of Microsoft Corporation's online business as Managing Executive Officer. Also at the Company, he provides valuable input from an objective perspective as a member of the Remuneration Committee. Therefore, he has been elected as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions.</p> <p>The Company has determined his independence and that there is no risk of a conflict of interest with the Company's general shareholders, thus designating him as an Independent Officer.</p>
Akihiko Shiba			○	○	—	Mr. Akihiko Shiba has a high degree of professionalism in legal affairs as an attorney-at-law and has abundant

[Translation]

Name	Committee to Which the Director Belongs			Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
						<p>experience and extensive knowledge in fields such as legal affairs and governance, having served as an Outside Officer at a number of companies. Also at the Company, he provides valuable input from an objective perspective as a member of the Audit Committee and promotes the auditing of the Company's business activities. Therefore, he has been elected as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions. The Company has determined his independence and that there is no risk of a conflict of interest with the Company's general shareholders, thus designating him as an Independent Officer.</p>
Ayumi Uzawa			○	○	—	<p>Mr. Ayumi Uzawa has a high degree of professionalism in finance and accounting as a certified public accountant and has abundant experience and extensive knowledge in fields such as finance and accounting, having served as an Outside Officer or a third-party committee member at a number of companies. Also at the Company, he provides valuable input from an objective perspective as a member of the Audit Committee and promotes the auditing</p>

[Translation]

Name	Committee to Which the Director Belongs			Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
						<p>of the Company's business activities. Therefore, he has been elected as an Outside Director to continue to contribute to the strengthening of the Company's supervisory functions.</p> <p>The Company has determined his independence and that there is no risk of a conflict of interest with the Company's general shareholders, thus designating him as an Independent Officer.</p>
David Macdonald		○		○	—	<p>Mr. David Macdonald has broad experience and extensive knowledge in various fields that are closely related to the Company's business such as content creation, IT, and technology, having served as Representative Director and President of Discovery Japan KK, where he was involved in areas such as digitalization and new business development, as well as Supervisor of the YouTube Content Team of Google Japan G.K., where he promoted overseas business development. Also at the Company, he provides valuable input from an objective perspective as a member of the Remuneration Committee. Therefore, he has been elected as an Outside Director to continue to contribute to the strengthening of the</p>

[Translation]

Name	Committee to Which the Director Belongs			Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
						Company's supervisory functions. The Company has determined his independence and that there is no risk of a conflict of interest with the Company's general shareholders, thus designating him as an Independent Officer.
Etsuko Okajima	○			○	—	Ms. Etsuko Okajima has abundant experience and extensive knowledge in strengthening management structures, having served as Representative Director and President of ProNova Inc., and involved as a consultant in providing development support for next generation corporate managers and developing human resources, and also having served as an Outside Director at a number of companies. She has been elected as an Outside Director and a member of the Nominating Committee because she is expected to use this knowledge in the management of the Company. The Company has determined her independence and that there is no risk of a conflict of interest with the Company's general shareholders, thus designating her as an Independent Officer.



[Translation]

**[Committees]**

Committee's Composition and Chairperson's Attributes <Updated>

	Total Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nominating Committee	5	0	1	4	Outside Director
Remuneration Committee	4	0	1	3	Outside Director
Audit Committee	3	0	0	3	Outside Director

**[Chief Officers]**

Number of Chief Officers	7
--------------------------	---

Status of Concurrent Position <Updated>

Name	Representative Authority	Concurrent Position Held by Director			Concurrent Position as Employee
			Nominating Committee Member	Remuneration Committee Member	
Takeshi Natsuno	Yes	Yes	No	No	No
Naohisa Yamashita	Yes	Yes	Yes	No	No
Shinobu Murakawa	No	Yes	No	Yes	No
Masayuki Aoyagi	No	No	No	No	No
Takeshi Kikuchi	No	No	No	No	No
Takashi Sensui	No	No	No	No	No
Ichiro Hashiba	No	No	No	No	No

**[Auditing Structure]**

Appointment of Directors and/or Employees to Support Duties of the Audit Committee	Appointed
--	-----------

Matters Related to the Independence of Such Directors and/or Employees from Chief Officers

No directors have been assigned to assist the Audit Committee in its duties. However, the Audit Committee Office has been established as an organization to assist the Audit Committee in its duties, and appointments and transfers require the consent of the Audit Committee. An employee who belongs to the organization to assist the Audit Committee performs his/her duties of assisting the Audit Committee under its direction. The efficiency rating of such employee should be made by listening to the opinions of the Audit Committee.

Cooperation Among Audit Committee, Accounting Auditor and Internal Audit Division

The Audit Committee and the internal audit division regularly receive reports from the accounting auditors on a summary of the audit and report this information to the Internal Control Division, which then works to make improvements where necessary.

**[Independent Officers]**

Number of Independent Officers <Updated>	8
--	---

[Translation]

Matters Relating to Independent Officers

-
---

[Incentives]

Implementation of Measures to Provide Incentives to Directors and/or Chief Officers	Performance-based compensation plan
---	-------------------------------------

Supplementary Explanation

Refer to “Disclosure of Policy for Determining Compensation Amounts or Calculation Methods Thereof” under “Compensation for Directors and Chief Officers.”

Recipients of Share Options	
-----------------------------	--

Supplementary Explanation

-
---

[Compensation for Directors and Chief Officers]

Disclosure of Individual Director’s Compensation	No individual disclosure
Disclosure of Individual Chief Officers’ Compensation	No individual disclosure

Supplementary Explanation <Updated>

Compensation paid to Directors and Audit and Supervisory Board Members in the fiscal year ended March 31, 2024 is provided below.

[Before transition to a Company with Nominating Committee, etc. (from April 2023 to June 2023)]

- Directors (excluding Audit & Supervisory Committee Members)

Number of recipient officers: 8

Total amount of compensation, etc.: 67 million yen

Monetary compensation (Fixed compensation): 38 million yen

Monetary compensation (Variable compensation): 28 million yen

Non-monetary compensation, etc. (Share-based compensation): –

(Of whom are Outside Directors)

Number of recipient officers: 2

Total amount of compensation, etc.: 6 million yen

Monetary compensation (Fixed compensation): 6 million yen

Monetary compensation (Variable compensation): –

Non-monetary compensation, etc. (Share-based compensation): –

- Directors (Audit & Supervisory Committee Members)

Number of recipient officers: 3

Total amount of compensation, etc.: 9 million yen

Monetary compensation (Fixed compensation): 9 million yen

Monetary compensation (Variable compensation): –

Non-monetary compensation, etc. (Share-based compensation): –

[Translation]

(Of whom are Outside Directors)

Number of recipient officers: 3

Total amount of compensation, etc.: 9 million yen

Monetary compensation (Fixed compensation): 9 million yen

Monetary compensation (Variable compensation): –

Non-monetary compensation, etc. (Share-based compensation): –

Note: The Company transitioned to a Company with Nominating Committee, etc. on June 22, 2023 in accordance with the resolution of the 9th General Meeting of Shareholders held on the same day. The total amount of compensation, etc. of the Directors who are members of the Audit & Supervisory Committee is the amount of compensation, etc. during the terms of office of the three Directors who are members of the Audit & Supervisory Committee (of whom three are Outside Directors) who left office at the close of the 9th General Meeting of Shareholders held on June 22, 2023.

[After transition to a Company with Nominating Committee, etc. (from July 2023 to March 2024)]

- Directors

Number of recipient officers: 10

Total amount of compensation, etc.: 107 million yen

Monetary compensation (Fixed compensation): 107 million yen

Monetary compensation (Variable compensation): –

Non-monetary compensation, etc. (Share-based compensation): –

(Of whom are Outside Directors)

Number of recipient officers: 7

Total amount of compensation, etc.: 69 million yen

Monetary compensation (Fixed compensation): 69 million yen

Monetary compensation (Variable compensation): –

Non-monetary compensation, etc. (Share-based compensation): –

- Chief Officers

Number of recipient officers: 7

Total amount of compensation, etc.: 805 million yen

Monetary compensation (Fixed compensation): 138 million yen

Monetary compensation (Variable compensation): 220 million yen

Non-monetary compensation, etc. (Share-based compensation): 446 million yen

- Notes: 1. The amount of compensation for Directors who also serve as Executive Officers and the number of such Directors are indicated in the Chief Officers column.
2. The above amounts indicate the share-based compensation for the fiscal year ended March 31, 2023, which was paid in the fiscal year ended March 31, 2024.

Policy for Determining Compensation Amounts or Calculation Methods Thereof <Updated>	Established
--	-------------

Disclosure of Policy for Determining Compensation Amounts or Calculation Methods Thereof

The following policy on determination of compensation for individual Directors has been set forth by the Board of Directors.

1. Basic policy

As the basic policy, the Company adopts a compensation scheme that links compensation for Directors (excluding Outside Directors) and Chief Officers to shareholder interests so that the scheme can fully function as an incentive to achieve sustained improvement of corporate value, and compensation for individual Directors should be determined at an appropriate level based on their respective duties. Specifically, compensation for the Company's Directors (excluding Outside Directors) consists of two types of compensation, which are (1) monetary compensation: (a) fixed compensation made up of basic compensation and compensation for duties and (b) variable compensation which is performance-based

[Translation]

compensation, as well as (2) non-monetary compensation: (a) share-based compensation which is performance-based compensation and (b) restricted share-based compensation. Compensation for the Company's Outside Directors consists of fixed compensation which is monetary compensation alone.

2. Policy on determination of amount of fixed compensation (monetary compensation), etc. for an individual  
Fixed compensation is determined based on the standard amount according to positions and responsibilities of eligible Directors. Fixed compensation is paid monthly.

3. Policy on determination of details of variable compensation (monetary compensation) which is performance-based compensation, etc., and calculation method of amount or number thereof  
The standard amount of variable compensation which is performance-based compensation is set based on fixed compensation for eligible Directors and Chief Officers. They are evaluated based on results of business performance and their responsibilities, and then the amount to be paid is determined within a range of 20% to 200% of the standard amount.

For evaluation of variable compensation which is performance-based compensation, the consolidated results, division results and individual qualitative objectives according to the roles of eligible Directors and Chief Officers are weighted to total 100%.

Evaluation indicators for variable compensation which is performance-based compensation are based on the consolidated net sales and consolidated operating profit from a perspective of emphasizing the Group's growth potential and profitability. Variable compensation which is performance-based compensation is paid with monthly fixed compensation.

4. Policy on determination of details of non-monetary compensation, etc. and calculation method of amount or number thereof

The following two types of share-based compensation plans are adopted for non-monetary compensation, etc.

1) Performance-based stock compensation plan

The share-based compensation plan is a performance-based stock compensation plan in which the Company acquires the Company's shares through a trust funded by the Company, and those shares are delivered based on individual performance and contributions to the Company's financial results for each fiscal year in accordance with the share delivery rules.

Under the share-based compensation plan, consolidated operating profit is an indicator for the share-based compensation plan and a basic criterion for determining performance achievement because the Company reviews it as key financial data for achieving sustained improvement of corporate value.

For share-based compensation, the Company shall grant points in June each year based on individual performance and contributions to the Company's financial results for each fiscal year.

In the event that it is decided to deliver share-based compensation, the Company shall deliver 50% of the Company's shares in August in a determined year, and delivery of the remaining 50% in August three years after the determined year.

2) Restricted share-based compensation

The Company grants restricted share-based compensation/RS as consideration for the provision of future services with the aim of providing incentives to sustainably increase corporate value and promoting further value sharing with the Company's shareholders. The number of shares to be granted is determined by the Remuneration Committee in accordance with the rules of restricted share-based compensation, considering the assigned role, etc. of each individual, and a restriction on those shares' transfer is applied for a certain period in accordance with the restricted share allotment agreement, and the Company shall lift the transfer restrictions and acquire shares at no charge in accordance with that agreement.

5. Policy on determination of amount of monetary compensation, amount of performance-based compensation, etc. or the ratio of non-monetary compensation, etc. to individual compensation, etc. for Directors

The standard ratio of fixed compensation to variable compensation for Directors (excluding Outside Directors) and Chief Officers is set as 50%:50% in principle. The ratio of share-based compensation to fixed compensation is not set.

6. Matters regarding determination of details of individual compensation, etc. for Directors and Chief Officers

[Translation]

Compensation, etc. for Directors and Chief Officers is determined by resolution of the Remuneration Committee. An Independent Outside Director serves as chairperson of the Remuneration Committee, which is majority Independent Outside Director. The Committee considers and determines compensation, in accordance with the above basic policy.

### **[Supporting System for Outside Directors]**

The Board of Directors Office has been established as part of our efforts to build a support system for Outside Directors that includes the provision of information. We have also established an organization to assist Directors who are members of the Audit Committee in audit duties under the direction and orders of the Audit Committee. In addition to important matters decided outside of the Board of Directors, the Company has established a system to ensure appropriate reporting to the Audit Committee on such matters as the results of internal audits and the status of reports made to the internal compliance hotline. Other competent departments provide appropriate information as necessary.

## **2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Compensation Decisions (Overview of Current Corporate Governance System) <Updated>**

- Board of Directors  
The Board of Directors is majority Outside Director and is chaired by an Outside Director. In principle, the Board of Directors meets once a month and on an as-needed basis to make decisions on matters required by law and important management matters as well as to supervise the status of the Company's business execution and the management status of its subsidiaries.
- Nominating Committee  
Comprised of four Outside Directors and one Inside Director with an Outside Director serving as chairperson. The Nominating Committee is responsible for formulating basic policies on the election and dismissal of Directors, determining the content of proposals regarding the election and dismissal of Directors, reporting to the Board of Directors on the election and dismissal of Chief Officers, etc., and reviewing CEO succession plans.
- Remuneration Committee  
Comprised of three Outside Directors and one Inside Director with an Outside Director serving as chairperson. The Remuneration Committee is responsible for formulating policies on the determination of individual compensation for Directors and Chief Officers as well as determining individual compensation for Directors and Chief Officers.
- Audit Committee  
Comprised of three Outside Directors with an Outside Director serving as chairperson. The Audit Committee is responsible for auditing the execution of duties by Directors and Chief Officers, preparing audit reports, and determining the content of proposals concerning the election, dismissal, and non-reelection of Accounting Auditors. The Audit Committee conducts audits in accordance with the audit plan determined by the Committee and in cooperation with the internal audit division of the Company.
- Management Meeting  
The Company has a system in place by which a significant amount of authority for business execution is delegated to Representative Executives and other Chief Officers to facilitate swift decision-making. In principle, the Management Meeting, consisting of all Chief Officers, comes together once a month and on an as-needed basis to make decisions on important management matters. Outside Directors may participate as observers in the Management Meeting as necessary to enhance supervision of the Company's business execution.

## **3. Reasons for Adoption of Current Corporate Governance System <Updated>**

The Company has adopted the company with nominating committee, etc. system as its institutional design to strengthen the supervisory function of the Board of Directors with respect to the Company's management, to improve management transparency by clearly separating the supervisory and executive functions, and to facilitate swift decision-making.

The majority of Directors is Outside Directors to ensure sound and transparent management. When selecting Directors, we choose candidates based on promoting the Company's basic management policy of a "global media mix with technology" based on our corporate mission of "a platform for creativity" and strengthening the

[Translation]

supervisory function of management. Outside Directors contribute to the sustainable growth of the Company by suggesting ways to improve the medium- to long-term corporate value and supervising any conflict of interests between the Company and management. In addition, each of the three committees is composed of a majority of Outside Directors, with each committee chair also serving as a Nominating Committee member. This structure facilitates detailed information exchange and shared understanding among the Outside Directors through discussions within and between each committee.

[Translation]

### **III. Implementation of Measures for Shareholders and Other Stakeholders**

#### **1. Measures to Energize General Meeting of Shareholders and Smooth Exercise of Voting Rights <Updated>**

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	This year, the notice was posted 21 days before the General Meeting of Shareholders.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	The 1st General Meeting of Shareholders: Held on June 23, 2015 The 2nd General Meeting of Shareholders: Held on June 21, 2016 The 3rd General Meeting of Shareholders: Held on June 22, 2017 The 4th General Meeting of Shareholders: Held on June 20, 2018 The 5th General Meeting of Shareholders: Held on June 20, 2019 The 6th General Meeting of Shareholders: Held on June 19, 2020 The 7th General Meeting of Shareholders: Held on June 22, 2021 The 8th General Meeting of Shareholders: Held on June 24, 2022 The 9th General Meeting of Shareholders: Held on June 22, 2023 The 10th General Meeting of Shareholders: Held on June 18, 2024
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company has adopted Mitsubishi UFJ Trust and Banking Corporation's exercise of voting rights through the Internet, etc.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company uses the platform for electronic exercise of voting rights operated by ICJ, Inc.
Providing Convocation Notice in English (Translated Fully or Partially)	An English translation of the Notice of the General Meeting of Shareholders is provided on the Company's English website.
Other	The Notice of the General Meeting of Shareholders is published on the Company's website before it is sent out, and the results of voting at the General Meeting of Shareholders are also published on the Company's website.

[Translation]

## 2. IR Activities <Updated>

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	Published on the Company's website at <a href="https://group.kadokawa.co.jp/global/">https://group.kadokawa.co.jp/global/</a>	
Holding Regular Investor Briefings for Analysts and Institutional Investors	In addition to holding financial results briefings for analysts and institutional investors after the announcement of financial results for the first six months and full year, business briefings of individual businesses and facility tours are conducted when necessary.	Yes
Holding Regular Investor Briefings for Overseas Investors	The Company actively provides explanations of management policies and financial results to overseas investors, mainly in North America, the U.K., and Asia, in either online or in-person meetings. Individual meetings and small meetings are held by the CEO with overseas investors either online or in-person.	Yes
Posting IR Materials on Website	IR information is published on the Company's website at <a href="https://group.kadokawa.co.jp/global/">https://group.kadokawa.co.jp/global/</a>	
Establishment of Department and/or Placement of a Manager in Charge of IR	Investor and Public Relations Division is in charge of Investor Relations.	
Other	The Company prepares shareholder newsletters summarizing financial results, business topics, and other data to provide information to shareholders.	

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The Company has established compliance regulations and strives to implement corporate activities with awareness of the Company's legal, social, and moral responsibilities and other corporate ethics.
Implementation of Environmental Activities, CSR Activities, etc.	We have established a Content Sustainability policy to address sustainability with the aim of providing knowledge and inspiration to more people and contributing to the spread and development of culture through the creation of sustainable content. To achieve this, we are working to balance the resolution of social issues that change with the times and business growth from the perspectives of Environment, Social, and Governance (ESG). We are committed to meeting the expectations of various stakeholders, including customers, shareholders, business partners, local communities, and employees as we aim to promote the formation of a better society and the sustainable improvement of our corporate value.
Formulation of Policies for Information Provision to Stakeholders	In regard to disclosure of corporate information, we have established an IR Policy and provide timely and appropriate disclosure of information in accordance with relevant laws, such as the Financial Instruments and Exchange Act, and regulations established by stock exchanges. We also ensure the immediacy and fairness of information through disclosure on the Company's website.



#### **IV. Matters Related to Internal Control System**

##### **1. Basic Views on Internal Control System and Progress of System Development**

1. Systems for ensuring that the performance of the duties of Chief Officers and employees of the Company conforms to laws and regulations and to the Articles of Incorporation
  - (1) The Company establishes compliance regulations and fully disseminates them among all the Chief Officers and employees so that the performance of Chief Officers' and employees' duties conforms to the laws and regulations and to the Articles of Incorporation, adheres to corporate ethics, and meets the Company's social responsibilities.
  - (2) The Company establishes the Compliance Committee to cultivate a corporate culture in which compliance is observed.
  - (3) The Company puts its Directors, Chief Officers and employees under an obligation to, if they come to know doubtful acts from the viewpoint of compliance in the Company, report such acts to the internal compliance hotline set up outside the Company, which will take proper steps, under guarantee that they will not suffer any disadvantage.
  - (4) The entire organization of the Group, including its officers and employees, is resolutely opposed to any antisocial forces or groups that threaten the order and safety of civil society. The Company establishes a structure in which it has no connections whatsoever with antisocial forces.
2. Systems for keeping and managing information concerning the fulfillment of the duties of the Company's Chief Officers  
The Company properly retains and manages information about the fulfillment of the Chief Officers' duties in accordance with the internal regulations regarding the handling thereof.
3. The Company's regulations for the management of the risk of losses and other systems  
The Company establishes risk management regulations as the basis of the risk management system, organizes the Risk Management Committee, and carries out risk management activities in accordance with the said regulations.
4. Systems for ensuring that the duties of the Company's Chief Officers are efficiently fulfilled
  - (1) The Company works to facilitate swift decision-making by appropriately delegating authority for business execution decisions to its Chief Officers.
  - (2) In principle, the Company holds Management Meeting consisting of all Chief Officers once a month and extraordinary board meetings as necessary to make prompt and proper decisions on important matters.
  - (3) In the conduct of business, the Company makes decisions promptly and efficiently according to the internal regulations including those regarding duties and authorities.
  - (4) In order to ensure that the Directors' duties are efficiently fulfilled, the Company establishes appropriate business organizations and segregation of duties.
5. Systems for ensuring that the Group conducts its business properly
  - (1) The Company stipulates internal regulations to control the framework used to ensure that the Company is appropriately involved in major decisions taken by its subsidiaries and to request that subsidiaries report to the Company regarding important matters related to business execution. The Company manages and oversees subsidiaries in cooperation with major subsidiaries and ensures that subsidiaries' Directors perform their duties in an efficient manner.
  - (2) The Company's internal audit division conducts audits regarding subsidiaries' compliance with laws and regulations and with the Articles of Incorporation, and the effectiveness of the internal control system. The division responsible for the relevant subsidiary properly guides the subsidiary to promptly take appropriate measures to correct or improve these systems, if necessary.
  - (3) The Group stipulates the risk management regulations for the Company, and for subsidiaries as appropriate, and identifies and controls group-level risks in cooperation with the Company.
  - (4) The Company requests that the Compliance Committee provide reports regarding matters related to subsidiaries' compliance through group-wide efforts in order to ensure Directors' and employees'

[Translation]

compliance with laws and regulations and with the Articles of Incorporation. The Company also develops the internal compliance hotline system across the Group, which will take proper steps.

6. Matters regarding the Director and employee who is to assist the Audit Committee of the Company, matters regarding the independence of such Director and employee from Chief Officers of the Company and matters regarding the securing of effectiveness of instruction given by the Company's Audit Committee to the Director and employee
  - (1) An organization to assist the Audit Committee shall be established to provide assistance in the audit, and the appointment and transfer of employees to the organization shall require the consent of the Audit Committee.
  - (2) An employee who belongs to the organization to assist the Audit Committee performs his/her duties of assisting the Audit Committee under its direction. The efficiency rating of such employee should be made by listening to the opinions of the Audit Committee. No Director shall be appointed to assist the Audit Committee.
7. Systems for reporting to the Audit Committee of the Company and other systems for ensuring that the audit by the Audit Committee is conducted effectively
  - (1) In addition to important business matters determined by methods other than the resolution of the Board of Directors and Management Meetings, Directors (excluding Directors who are members of the Audit Committee), Chief Officers, and employees of the Company as well as the Directors, Audit and Supervisory Board Members, and employees of its subsidiaries or recipients of reports from these shall report to the Company's Audit Committee the findings of internal audits and the status of the internal compliance hotline directly or through meetings with the organization to assist the Audit & Supervisory Committee.
  - (2) The Audit Committee may request and inspect any documents or reports from Directors, Chief Officers or employees of the Company and its subsidiaries for the purpose of conducting an audit.
  - (3) The Group does not treat those who provide the above reports unfavorably based on the fact that they have made such reports to the Audit Committee.
  - (4) The Company allocates a budget that covers expenses incurred for audits performed by the Audit Committee so as to ensure the effectiveness of the audit.

## 2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

It is the policy of the Company and its Group to take resolute action to eliminate any relationship with antisocial forces or groups that threaten the order or safety of society and to establish rules that prohibit profiteering and other such acts. The Company and its Group are working to thoroughly familiarize employees with this policy through the establishment of rules and manuals and the provision of education and training. In addition, to prepare for inappropriate demands from antisocial forces, we collaborate with external specialized agencies, including the competent police departments and other government agencies and attorneys. We also establish procedures for a proper response and gather relevant information. We will continue to work on strengthening our systems in preparation for contingencies.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
------------------------------------	-------------

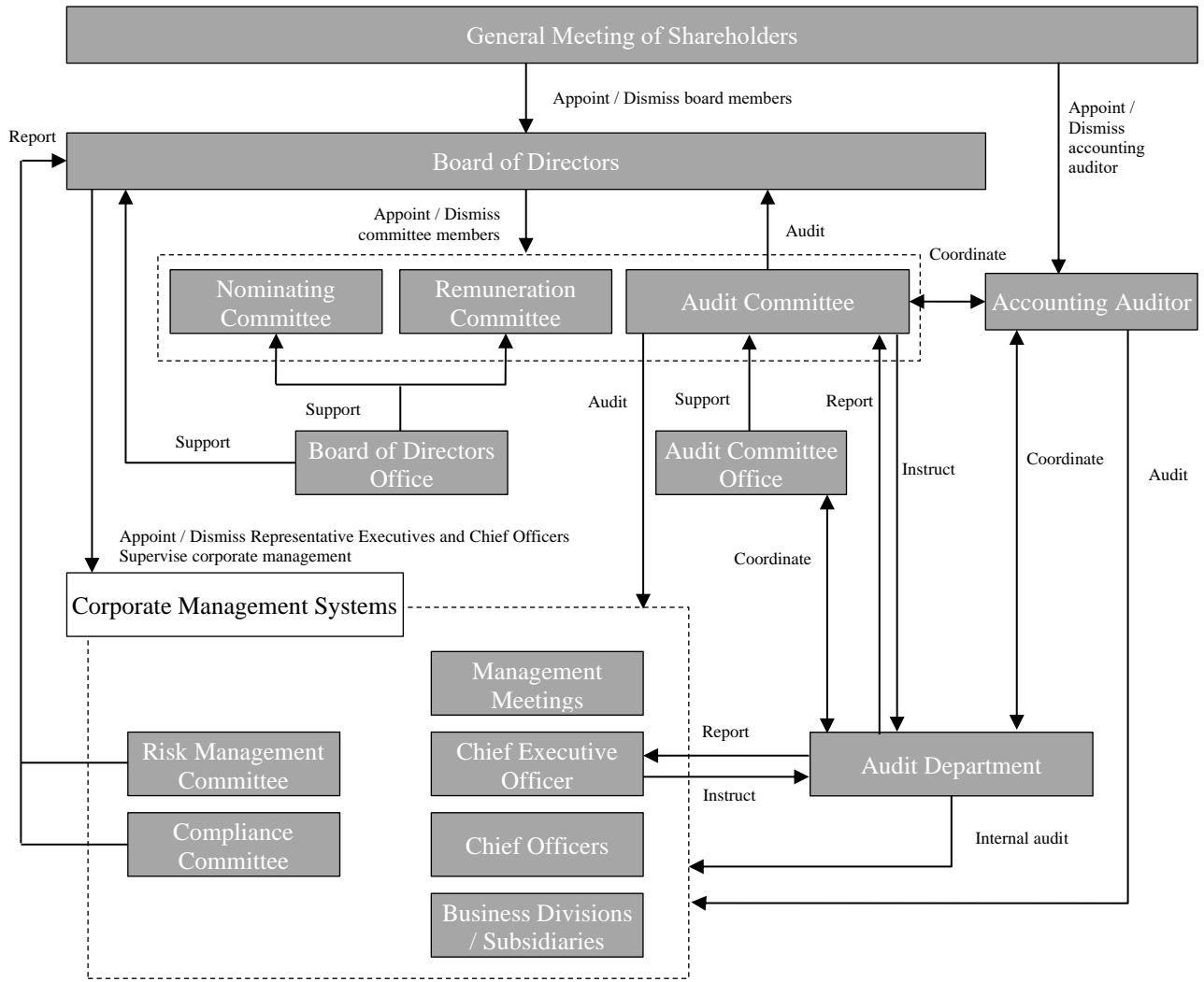
Supplementary Explanation

—

### 2. Other Matters Concerning Corporate Governance System <Updated>

—

[Translation]



[Translation]

Schematic diagram of timely disclosure framework

