

Corporate Governance

Basic Policy

In order to achieve sustainable growth and the continual increase of its corporate value, the Group strives to contribute to the creation of an abundant future for *sei-katsu-sha*, the growth of the economy, and the development of society as one of the world's preeminent corporate groups that leads advances in marketing and innovation generation through the power of creativity. By doing so, the Group fulfills the trust and expectations of its various stakeholders.

For that purpose, the Company recognizes that one of its key management issues is enhancing the management and administration of the Group as a whole so that it realizes

an environment that promotes independence and solidarity among the diverse operating companies under it and the cooperation of each company produces value greater than the sum of its parts. We will therefore endeavor to improve the Group's management and administration and to strengthen and enhance the corporate governance of the Group.

As for the listed companies within the Group, we aim to respect their independence while also promoting solidarity as a Group.

Evolution of Corporate Governance System

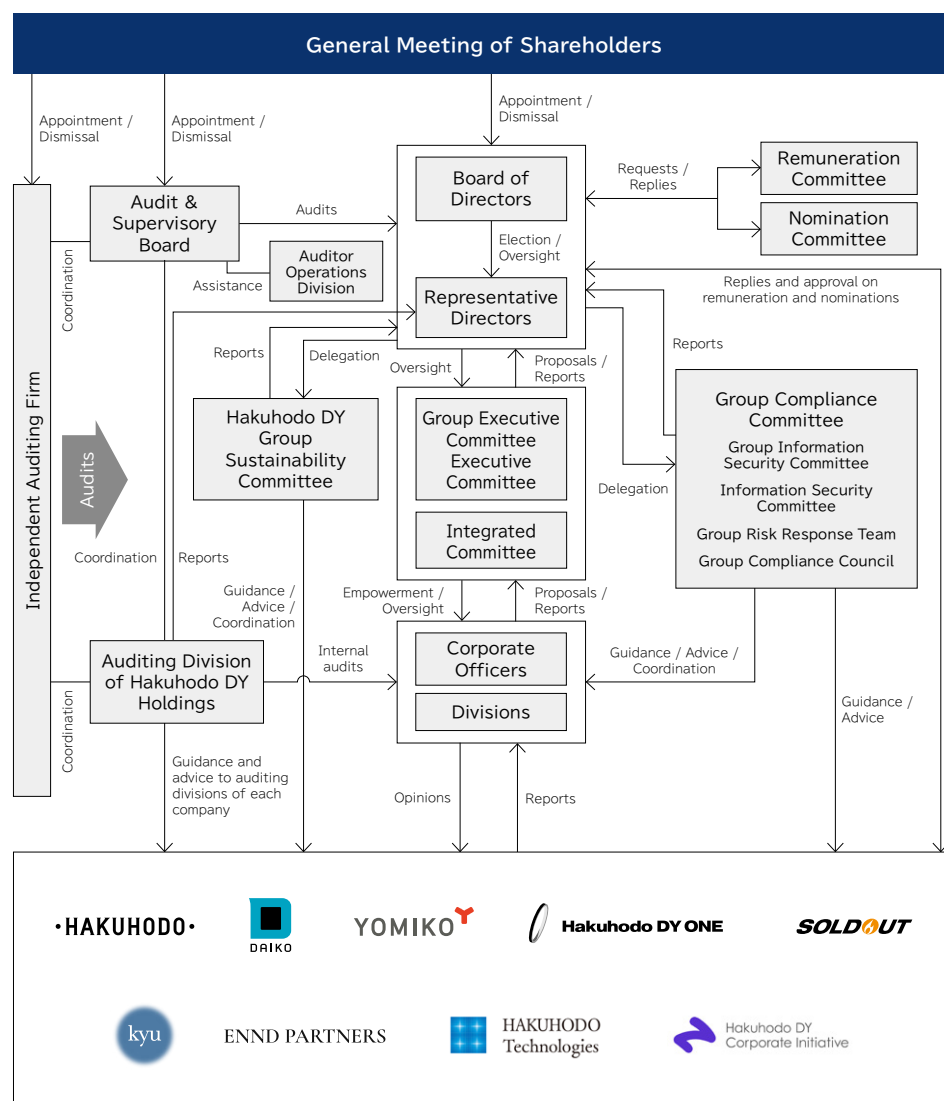
	Fiscal 2003	Fiscal 2004	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Separation of oversight and execution functions and reinforcement of monitoring and oversight functions		<ul style="list-style-type: none"> Began holding liaison meetings for full-time Audit & Supervisory Board members for the Company and those from core operating companies* 			<ul style="list-style-type: none"> Appointed two independent outside directors Began concluding liability limiting agreements with outside directors and outside Audit & Supervisory Board members Established system rules and regulations for reports to Audit & Supervisory Board members Established system rules and regulations to assist Audit & Supervisory Board members 						<ul style="list-style-type: none"> Raised the ratio of independent outside directors on the Board of Directors to one-third 			
				<ul style="list-style-type: none"> Introduced corporate officer system 			<ul style="list-style-type: none"> Started holding meetings of independent outside directors and independent outside Audit & Supervisory Board members 			<ul style="list-style-type: none"> Increased the number of independent outside directors to three Began conducting evaluations of the effectiveness of the Board of Directors 		<ul style="list-style-type: none"> Increased the number of independent outside directors to four, including the appointment of the Company's first female director 		
Nomination and remuneration		<ul style="list-style-type: none"> Established the Compensation and Nomination Council 			<ul style="list-style-type: none"> Abolished retirement benefits for Audit & Supervisory Board members 		<ul style="list-style-type: none"> Established the Remuneration and Nomination Committee (chaired by an independent outside director) 				<ul style="list-style-type: none"> Raised the ratio of independent outside directors on the Nomination Committee and the Remuneration Committee to the majority 			
							<ul style="list-style-type: none"> Revised director and corporate officer compensation systems (increased portion of performance-linked compensation and introduced stock-based compensation) Established officer evaluation and succession plans 							
								<ul style="list-style-type: none"> Reorganized the Remuneration and Nomination Committee to form the Nomination Committee and the Remuneration Committee 						
Reinforcement of compliance		<ul style="list-style-type: none"> Established the Group Compliance Committee 									<ul style="list-style-type: none"> Appointed chief compliance officers 		<ul style="list-style-type: none"> Appointed chief risk officer 	
Other			<ul style="list-style-type: none"> Conducted stock split 			<ul style="list-style-type: none"> Began monitoring cross-shareholdings 		<ul style="list-style-type: none"> Revised Operating Company Management Regulations (standards for raising items to the Board of Directors) 					<ul style="list-style-type: none"> Established Hakuodo DY Corporate Initiative Inc. 	

* Hakuodo, Daiko Advertising, YOMIKO ADVERTISING, and Hakuodo DY Media Partners (scope later expanded to form the Group Full-Time Audit & Supervisory Board Member Liaison Meeting)

Corporate Governance

Corporate Governance Framework of the Hakuhold DY Group

As of June 30, 2025



Board of Directors

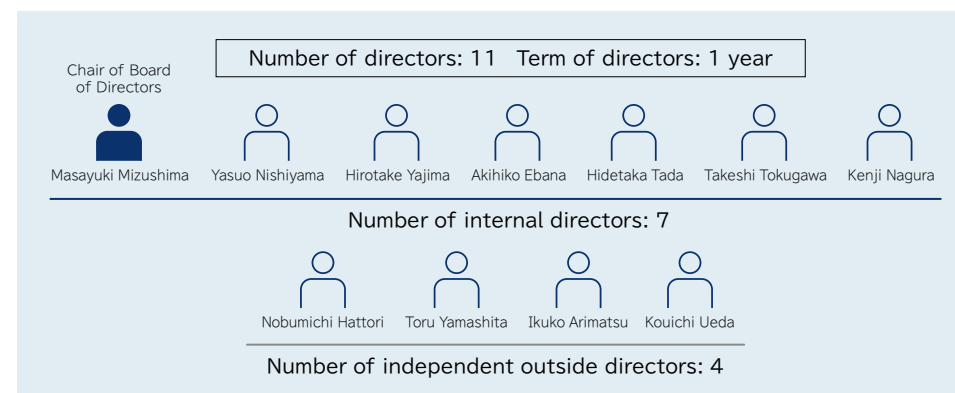
Roles and Responsibilities of the Board of Directors

The Board of Directors, mindful of fiduciary and accountability responsibilities to shareholders and in accordance with the fundamental principles of the Group, provides overall guidance for the management of the entire Group with the aim of contributing to the creation of an abundant future for *sei-katsu-sha*, the growth of the economy, and the development of society. In doing so, the Board strives to appropriately assess the Company's performance, makes decisions on the execution of significant business, exercises effective oversight over directors and corporate officers, ensures accurate and proper information disclosure, and oversees the establishment and operation of internal controls and risk management systems.

Director Nomination Policies

The Company aims to bring about positive change in the world and realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. To accomplish these goals, we create new value for *sei-katsu-sha* by harnessing the creativity of employees and the integrative capabilities of teams in which individuals assert their creativity and respect that of others to further their mutual growth. This emphasis has led the Hakuhold DY Group to become an organization boasting a level of diverse creative minds that is unprecedented on a global scale.

We take a similar approach toward the Board of Directors. With due consideration paid to the overall balance of insight, experience, and skills of directors, we seek to nominate internal directors that are highly knowledgeable about the Group's operations along with multiple independent outside directors with extensive experience and wide-ranging insight. By assembling a unique and creative team on the Board of Directors, we look to ensure that the Board is able to contribute effectively to higher corporate value for the entire Group.



Corporate Governance

Director and Audit & Supervisory Board Member Skills Matrix

The backgrounds and areas of expertise of the Company's directors and Audit & Supervisory Board members are indicated by ○ in the following chart.

			Management	Finance	Human Resources	Corporate Governance	CSR	Digital	Global	Creation and Cultivation of Corporate Culture
Name Position			• Management of operating companies	• Finance • Accounting	• Human resources development • Diversity, equity, and inclusion	• Legal • Compliance	• Sustainability • SDGs	• Technology • Data / Systems	• International business	• <i>Sei-katsu-sha</i> Insight* ¹ • Commitment to Partnership* ² • Our people are our assets* ³
Directors	Masayuki Mizushima	Representative Director & Chairman	○			○			○	○
	Yasuo Nishiyama	Representative Director & President	○				○		○	○
	Hirotake Yajima	Director & Executive Vice President	○			○		○	○	○
	Akihiko Ebana	Director & Executive Vice President	○				○		○	○
	Hidetaka Tada	Director & Senior Executive Corporate Officer		○	○	○	○			○
	Takeshi Tokugawa	Director & Senior Corporate Officer		○	○	○				○
	Kenji Nagura	Director & Corporate Officer	○			○			○	○
	Nobumichi Hattori	Outside Director		○		○			○	○
	Toru Yamashita	Outside Director	○		○	○	○	○	○	○
	Ikuko Arimatsu	Outside Director			○	○	○			○
	Kouichi Ueda	Outside Director				○				○
Auditors	Osamu Nishimura	Full-time Audit & Supervisory Board Member			○	○				○
	Akihiko Hatajiri	Full-time Audit & Supervisory Board Member		○	○	○				○
	Kazuhiko Tomoda	Outside Audit & Supervisory Board Member		○		○				○
	Shin Kikuchi	Outside Audit & Supervisory Board Member				○			○	○
	Kimitoshi Yabuki	Outside Audit & Supervisory Board Member				○	○		○	○

Note: This chart does not reflect all of the skills of the Company's directors and Audit & Supervisory Board members.

*1 *Sei-katsu-sha* Insight is the foundation of our thinking and planning. It reminds us that consumers have heartbeats and are more than just shoppers performing an economic function. These unique, autonomous individuals that we refer to as *sei-katsu-sha* live in an increasingly diverse society. We believe that deeper insight into their lives is the source from which new value springs. That is why we make it our business to know *sei-katsu-sha* better than anyone else and to use that knowledge to make media a stronger bridge between advertisers and customers.

*2 Commitment to Partnership is the way we do business, the starting point for all business activities. From the standpoint of *sei-katsu-sha*, we pay constant, careful attention to the needs of our clients and of media suppliers. We believe that engaging in dialogue and acting together are the best ways to find the solutions to those needs. As our clients' and media suppliers' partner, our aim is to build strong, long-lasting relationships. By working together over the long term, we are better able to provide durable and coherent solutions to our partners.

*3 Under this policy, we regard our employees as extremely valuable stakeholders. The minds of our employees are what allow us to produce ideas. For this reason, we place importance on employee satisfaction and are making particular efforts to respect individuality, develop personal creativity, and enhance our teamwork capabilities. These efforts ultimately help us improve our level of customer satisfaction.

Corporate Governance

Attendance of the Board of Directors (Fiscal 2024)

In principle, the Board of Directors meets at least once a month, and extraordinary meetings are held as necessary. The Board met 21 times during the fiscal year under review. Director attendance is shown below.

Position	Name	Attendance
Director & Chairman	Hirokazu Toda	21/21 (100%)
Representative Director & President	Masayuki Mizushima	21/21 (100%)
Director & Executive Vice President	Hirotake Yajima	20/21 (95%)
Representative Director & Senior Executive Corporate Officer	Masanori Nishioka	21/21 (100%)
Director & Senior Executive Corporate Officer	Akihiko Ebana	19/21 (90%)
Director & Senior Corporate Officer	Motohiro Ando	18/19 (94%)
Outside Director	Nobumichi Hattori	20/21 (95%)
Outside Director	Toru Yamashita	20/21 (95%)
Outside Director	Ikuko Arimatsu	20/21 (95%)
Outside Director	Kouichi Ueda	14/14 (100%)

Note: Motohiro Ando stepped down as a director on February 21, 2025, and his attendance at Board meetings up to the time of his resignation is recorded.

Note: Kouichi Ueda was appointed as a director in June 2024, and his attendance at Board meetings held after his appointment is recorded.

Specific Agenda Items

Specific Board of Directors' agenda items are described below.

Agenda Items	Key Contents
Items to be resolved	General Meetings of Shareholders, evaluations of the effectiveness of the Board of Directors, director-related personnel matters and compensation, shareholder returns (dividends, buyback of shares), management strategies, quarterly Group budgets and financial results, and important matters such as investments, M&A, the establishment of operating companies, important matters related to sustainability, various other management themes, etc.
Items to be reported	Results of voting rights exercised at the General Meeting of Shareholders, status of shareholder composition, submission of annual securities reports and internal control reports, details of deliberations by the Remuneration Committee and the Nomination Committee, monitoring of cross-shareholdings, status of fund management, evaluation of internal control over financial reporting, audit plan by the Audit & Supervisory Board, audit fees for the independent auditing firm, quarterly Group performance, measures to strengthen the internal control system, and other matters
Items to be discussed	Self-evaluation of the Board of Directors' effectiveness, Group budgeting policy, policy on Group company reorganization, etc.

Advisory Bodies to the Board of Directors and Meetings to Assist the Board of Directors in Decision-Making

The Company has established the following committees as advisory bodies to the Board of Directors and to assist the Board in its decision-making.

Conference Body	Purpose and Activities	Constituent Members
Remuneration Committee	See page 79	See page 79
Nomination Committee	See page 79	See page 79
Executive Committee	This committee, which was established to assist the Board of Directors in decision-making, mainly deliberates in advance on important management matters such as budgets, medium-term plans, and organizational, investment, and loan matters.	Chair: President Members: Directors and corporate officers of the Company designated by the chair
Group Executive Committee	This committee, which was established to assist the Board of Directors in decision-making, mainly deliberates in advance on important management matters such as budgets, medium-term plans, and organizational, investment, and loan matters that relate to the entire Group.	Chair: President Members: Directors and corporate officers of the Company designated by the chair, representatives of principal operating companies designated by the chair, and other persons designated by the chair
Integrated Committee	This committee was established to regularly monitor and manage the progress of the Group's overall profit plans and management strategies. The committee mainly reports on the consolidated performance of the Group and the performance of each operating company, as well as exchanging opinions on priority strategic areas.	Chair: President Members: Directors and corporate officers of the Company designated by the chair, representatives of principal operating companies designated by the chair, and other persons designated by the chair
Hakuhodo DY Group Sustainability Committee	This committee was established to consider and formulate fundamental policies, themes, and action plans regarding sustainability, such as the environment, human rights, DE&I, and the supply chain, in line with the Group's values. The committee reports to the Board of Directors on the evaluation and status of sustainability-related issues, as well as managing goals. The committee also makes comprehensive decisions on various topics, such as formulating business strategies, taking risks and opportunities into account.	Chair: President Members: Directors of the Company (excluding outside directors), representatives of principal operating companies designated by the chair, and other persons designated by the chair
Hakuhodo DY Group Compliance Committee	This committee was established to direct and oversee the development and implementation of the Group's compliance systems. Its purpose is to confirm the status of internal controls, including whether the Group's compliance system is functioning effectively, and to disseminate and implement and manage Groupwide compliance measures and policies for responding to issues that arise. The committee reports on its activities to the Board of Directors.	Chair: President Members: Presidents of principal operating companies and other officers of the Company designated by the chair

Corporate Governance

Evaluations of the Board of Directors' Effectiveness

To further enhance corporate governance by ascertaining the Board of Directors' characteristics, strengths, and challenges, we have conducted an effectiveness evaluation of the Board for fiscal 2024, utilizing an external organization.

Specific Process and Evaluation Method

- (1) The Questionnaire on Evaluation of the Board of Directors was distributed to all directors and Audit & Supervisory Board members in February 2025.
- (2) Responses were compiled from an objective standpoint by an external organization. Based on the results of this organization's compilation and analysis, the Board of Directors analyzed and assessed the information in May 2025.

Survey Themes

(1) The role and function of the Board of Directors	(5) Provision of opportunities for outside directors
(2) The composition and size of the Board of Directors	(6) Relationship with shareholders and investors
(3) The operation of the Board of Directors	(7) Summary
(4) Liaison with audit functions	

Survey Results

The composition, operation, and deliberations of the Board of Directors in fiscal 2024 were determined to be generally appropriate. It was confirmed that the Board's composition, comprising directors with diverse and advanced skills, knowledge, and experience, is a strength, as is the fostering of an atmosphere that encourages members to express their views. However, the evaluation results for fiscal 2024 showed that some items were rated lower than in the previous fiscal year. We recognize the importance of promptly implementing improvement measures in response to the comments and recommendations received.

Areas Requiring Improvement Identified in the Fiscal 2024 Survey and Improvement Measures

Based on the results of the fiscal 2024 evaluation survey and analysis, four areas requiring improvement (indicated in the table below) were identified. The Company plans to implement improvement measures in these areas.

Major Areas Requiring Improvement	Major Improvement Measures (Planned)
Further enhancing discussions on medium- to long-term issues at Board of Directors meetings	We will review the frequency and length of Board meetings and consider revising agenda items to ensure sufficient time for discussions of medium- to long-term issues. We will also examine ways to place medium- to long-term themes that should be discussed by the Board onto the agenda.

Major Areas Requiring Improvement	Major Improvement Measures (Planned)
Creating opportunities for outside officers to learn more about the realities of the business	We will consider establishing management interviews between outside directors and corporate officers to provide opportunities for greater understanding of each expanding business domain and its context.
Sharing of discussions from the Nomination and Remuneration committees with the Board	Reports from the Nomination and Remuneration committees to the Board of Directors, which have previously been limited to annual activity reports, will be changed to reporting at each meeting, with detailed accounts of the points of discussion and outcomes.
Enhancement of reporting to the Board on internal control improvements	In addition to the status of internal control system operations, at least twice annually the activities of the Hakuholdo DY Group Compliance Committee will be reported to the Board of Directors.

In addition, the Company recognizes that appropriate sharing of information on succession plans with the Board of Directors, ensuring a more diverse Board of Directors, and further expanding the governance system are issues that must be addressed over the medium term to further enhance the effectiveness of the Board of Directors.

Based on the evaluation results, the Company's Board of Directors will continue its efforts to further improve its effectiveness.

(Reference) Areas Requiring Improvement Identified in the Fiscal 2023 Survey and Improvement Measures

Based on the results of the fiscal 2023 evaluation survey and analysis, three areas requiring improvement (indicated in the table below) were identified. Initiatives will be continued to further enhance effectiveness going forward as responses were received citing a need to further improve in these areas.

Major Areas Requiring Improvement	Major Improvement Measures
Further enhancing discussions on medium- to long-term issues at Board of Directors meetings	The Board prioritized deliberations on important medium- to long-term themes, including the formulation of an AI policy, sustainability policy and priority initiatives, and strengthening of internal controls including recurrence prevention measures for misconduct.
Creating opportunities for outside officers to learn more about the realities of the business	Outside officers were provided with more opportunities to gain firsthand knowledge of business operations, such as participation in outward-facing seminars conducted by operating companies and ongoing information-sharing initiatives.
Clarifying discussion points and appropriate explanations on resolution items	In addition to clarifying key points for deliberation, enriching reference materials, and adjusting presentation times, efforts were made to provide materials earlier and to refine the content of pre-briefings to enable more effective deliberation.

Corporate Governance

Conducting Training for Outside Officers

To promote understanding of the Group's businesses and issues among outside directors and outside Audit & Supervisory Board members, we have implemented various initiatives such as providing themed training videos, offering opportunities to participate in seminars conducted by the Group companies for internal and external stakeholders, and conducting training on the marketing services provided by the Group. Going forward, we will continue to explore and implement measures that enrich discussions of the Board of Directors and enhance its supervisory function.

Remuneration Committee and Nomination Committee

The Company has established the Remuneration Committee and the Nomination Committee as advisory bodies to the Board of Directors and ensures the transparency and reasonableness of the process for determining the compensation, appointment, and dismissal of the Company's directors and corporate officers through the deliberation and resolution of such matters by the Board of Directors. The status of attendance at meetings of these committees in fiscal 2024 is indicated below.

Role	Name	Position	Attendance	
			Remuneration Committee	Nomination Committee
Chair of the Remuneration Committee	Nobumichi Hattori	Independent outside director	3/3 (100%)	5/6 (83%)
Chair of the Nomination Committee	Toru Yamashita	Independent outside director	3/3 (100%)	6/6 (100%)
Member	Ikuko Arimatsu	Independent outside director	3/3 (100%)	6/6 (100%)
Member	Kouichi Ueda	Independent outside director	1/1 (100%)	6/6 (100%)
Member	Hirokazu Toda	Director	3/3 (100%)	6/6 (100%)
Member	Masayuki Mizushima	Director	3/3 (100%)	6/6 (100%)
Member	Masanori Nishioka	Director	3/3 (100%)	6/6 (100%)

Note: As Kouichi Ueda was appointed to the Remuneration and Nomination committees in June 2024, the record shows his attendance at meetings of these committees held after his appointment.

Activities of the Remuneration Committee

Activities by the Remuneration Committee as part of the process of deciding director remuneration for fiscal 2024 included the following.

Number of Meetings	3	
Major discussion topics	<ul style="list-style-type: none"> • Verification of the appropriateness of annual and total remuneration levels for the Company's officers • Annual bonus framework (total amount) 	<ul style="list-style-type: none"> • Individuals' annual remuneration amounts, annual bonus amounts, and stock-based compensation • Selection of the committee chair, among other matters

Activities of the Nomination Committee

Activities by the Nomination Committee as part of the process of nominating directors in fiscal 2024 included the following.

Number of Meetings	6	
Major discussion topics	<ul style="list-style-type: none"> • Appointment and dismissal of directors and corporate officers and changes in their responsibilities • Formulation of succession plans 	<ul style="list-style-type: none"> • Development of a skills matrix for directors and Audit & Supervisory Board members • Selection of the committee chair, among other matters

The Board of Directors receives reports from the outside director who chairs the Remuneration Committee and Nomination Committee regarding discussions that took place at meetings of each committee during the respective fiscal year.

Audit & Supervisory Board

The Audit & Supervisory Board, which consists of five members, three of whom are outside Audit & Supervisory Board members, meets once a month, in principle, and whenever necessary. The Audit & Supervisory Board members audit the performance of director duties from the perspective of the holding company of the Group by attending the Board of Directors' and other important meetings, exchanging opinions with directors and key personnel, and receiving reports on the status of performance of the Group's advertising companies.



Osamu Nishimura



Akihiko Hatajiri



Kazuhiko Tomoda



Shin Kikuchi



Kimitoshi Yabuki

Number of full-time Audit & Supervisory Board members: 2

Number of independent outside Audit & Supervisory Board members: 3

Corporate Governance

Activities of the Audit & Supervisory Board (Fiscal 2024)

The Audit & Supervisory Board meets at least once a month, in principle, and additional meetings are arranged as necessary. In fiscal 2024, the Audit & Supervisory Board met 28 times, and the number of items raised with the Board was 88. The attendance of individual Audit & Supervisory Board members at meetings is detailed below.

Position	Name	Attendance	Position	Name	Attendance
Full-time Audit & Supervisory Board member	Tomoyuki Imaizumi	27/28 (96.4%)	Outside Audit & Supervisory Board member	Kazuhiko Tomoda	28/28 (100%)
Full-time Audit & Supervisory Board member	Osamu Nishimura	28/28 (100%)	Outside Audit & Supervisory Board member	Shin Kikuchi	27/28 (96.4%)
			Outside Audit & Supervisory Board member	Kimitoshi Yabuki	25/28 (89.3%)

Note: Tomoyuki Imaizumi stepped down as an Audit & Supervisory Board member on April 8, 2025.

Specific Agenda Items

Specific Audit & Supervisory Board agenda items are described below.

Items to be resolved	<ul style="list-style-type: none"> • Selection of the Audit & Supervisory Board chairperson • Selection of full-time Audit & Supervisory Board members • Selection of specific Audit & Supervisory Board members • Determination of Audit & Supervisory Board members' remuneration, etc. • Determination of audit plans (audit policy, priority audit items, assignment of duties, etc.) • Consent on proposals for the appointment of Audit & Supervisory Board members • Determination of the content of proposals for the appointment, dismissal, or non-reappointment of accounting auditors • Investigation and confirmation of proposals, etc., at the General Meeting of Shareholders • Consent regarding remuneration, etc., of the accounting auditors • Determination of Audit & Supervisory Board members' remuneration, etc. • Preparation and submission of the audit report, etc.
----------------------	---

Items to be reported	<ul style="list-style-type: none"> • Report on the performance of duties by full-time Audit & Supervisory Board members • Receipt and summary report of financial statements, supplementary schedules, and consolidated financial statements • Quarterly non-consolidated and consolidated financial statements and summary report on financial results • Opinion report on the selection and dismissal of accounting auditors • Report on the audit plan of accounting auditors and the Auditing Division of Hakuhodo DY Holdings • Interim review by accounting auditors • Report on audit results (independent accounting) • Report on audit results (FIEA compliance) • Report on the status of development and operation of the internal control system for financial reporting and the evaluation report • Report on the activities of the Group Compliance Committee, etc.
Items to be discussed	<ul style="list-style-type: none"> • Appointment and dismissal of accounting auditors • Deliberations of Audit & Supervisory Board audit reports • Deliberations on interviews with representative directors and directors, etc.

Meetings of Outside Officers

Regular meetings of independent outside directors and outside Audit & Supervisory Board members are held to allow these officers to exchange information and build shared understanding based on their independent and objective standpoints. Full-time Audit & Supervisory Board members also attend these meetings as observers. The meeting for fiscal 2024 was held on July 17, 2024.

Corporate Governance

Director Compensation

Compensation System Basic Policy

- Rooted in the Group corporate philosophy
- Shared sense of value with our shareholders, incentivizing increases in corporate value over the medium to long term
- Compensation levels appropriate for the roles and responsibilities of the directors of the Company and that secure and maintain superior human resources
- Transparency and reasonableness ensured in the compensation decision process

► Compensation Items

Director compensation is composed of three items: annual compensation, annual bonuses, and stock-based compensation. In reflection of their roles and their need to maintain independence, however, compensation for outside directors consists solely of annual compensation.

The percentage of the annual bonus and stock-based compensation, for which the amounts and values change according to business performance, is set at 40% of the total compensation for each director in the case of standard business performance.

(1) Annual Compensation

Annual compensation is decided based on the expected results, actual results, and other factors for the position and duties of each director.

(2) Annual Bonus (Short-Term Incentive)

The annual bonus provides a strong incentive to achieve business results in a given fiscal year and is decided comprehensively in consideration of the Group's profit level in each fiscal year, the achievement of management benchmarks, and the results of the individual directors in the individual year.

(3) Stock-Based Compensation (Medium- to Long-Term Incentive)

Stock-based compensation is a form of compensation in which restricted stock is provided each year to directors to incentivize the increase of corporate value over the medium to long term and provide a shared sense of value with shareholders.

► Annual Bonus Calculation Method

Annual bonuses are calculated by multiplying a standard value set for each director (one twelfth of annual compensation) by a bonus coefficient and then adjusting this amount by the performance of a given director in the respective fiscal year.

Consolidated operating income before amortization of goodwill is the primary indicator used for determining annual bonuses. Other indicators considered include ordinary income and income before income taxes as displayed on the consolidated statements of income.

Bonus coefficients are adjusted within the range of 0% to 200%, with 100% representing the accomplishment of targets.

In assessing the performance of individual directors, the degree of accomplishment of individual targets set at the beginning of the fiscal year is evaluated qualitatively.

► Stock-Based Compensation (Restricted Stock) Allocation Method

Directors are allocated monetary remuneration receivables in an amount set on an individual basis and they then conclude restricted stock allocation contracts with the Company. Directors use these receivables to make in-kind contributions to the Company, after which they receive allocations of restricted stock.

The restricted stock allocation contracts impose a 30-year period for transfer restrictions on the allocated shares. These transfer restrictions, however, can be canceled if a director's term expires or they resign from their position for another reason deemed appropriate during the transfer restriction period.

Should a director resign from their position for reasons not deemed appropriate by the Board of Directors during the transfer restriction period, the Company shall claim the allocated shares of restricted stock with no compensation provided.

► Policies for Determining Compensation

The Remuneration Committee has been established as an advisory body to the Board of Directors. The majority of the members of this committee are independent outside directors, and an independent outside director serves as the chairperson.

Levels of annual compensation, annual bonuses, and stock-based compensation paid to directors are decided by the president based on authority delegated by the Board of Directors. Authority for deciding director compensation, etc., has been delegated to the president by the Board of Directors. This authority, however, is conditional upon the Remuneration Committee's review of the president's proposal to ensure transparency and reasonableness.

Corporate Governance

Policies for Determining Compensation of Audit & Supervisory Board Members

The compensation of Audit & Supervisory Board members is composed solely of annual compensation pursuant to the Internal Rules on Audit & Supervisory Board Member Compensation and is determined through consultation among the Audit & Supervisory Board members.

General Meeting of Shareholders' Resolutions Regarding Director Compensation

The following resolutions have been made by the General Meeting of Shareholders regarding the compensation of directors and Audit & Supervisory Board members.

Applicable Officers	Resolution	Resolution Date	Number of Applicable Officers at Resolution Date
Directors	Upper limit of ¥800 million for annual compensation and annual bonuses	June 29, 2017 14th Annual General Meeting of Shareholders	14 (including 2 outside directors)
Directors (excluding outside directors)	Upper limit of ¥200 million for stock-based compensation (monetary remuneration receivables paid in relation to restricted stock compensation)	June 29, 2017 14th Annual General Meeting of Shareholders	12 (excluding outside directors)
Audit & Supervisory Board members	Upper limit of ¥100 million for compensation	June 29, 2022 19th Annual General Meeting of Shareholders	5 (including 3 outside directors)

Total Amount of Compensation by Class of Directors, Total Amount of Compensation by Type of Compensation, and Number of Directors Receiving Directors Compensation

(Fiscal 2024)

Classification	Total Value of Remuneration (Millions of Yen)	Total Compensation by Type					
		Annual Compensation		Annual Bonuses		Stock-Based Compensation	
		Number (People)	Total (Millions of Yen)	Number (People)	Total (Millions of Yen)	Number (People)	Total (Millions of Yen)
Directors (excluding outside directors)	379	5	233	5	90	5	54
Outside directors	52	5	52	—	—	—	—
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	45	2	45	—	—	—	—
Outside Audit & Supervisory Board members	36	3	36	—	—	—	—
Total	514	15	368	5	90	5	54

Note: For details of "stock-based compensation," restricted stock granted is disclosed in the section "1. Status of Shares, etc." of "IV. Information on the Submitting Company" in the Securities Report. The reported amount represents the cost recorded for the fiscal year as restricted stock compensation granted to five directors (excluding outside directors).

Corporate Governance Guidelines

These guidelines set out the views of Hakuhold DY Holdings Inc., the holding company of the Hakuhold DY Group, regarding our corporate governance as well as an overview thereof. The contents of these guidelines have been determined by a resolution of the Company's Board of Directors and will be examined and updated by the Board once a year.

Details ► [WEB](#) Corporate Governance Guidelines