

Hakuhodo DY Holdings Corporate Governance Guidelines

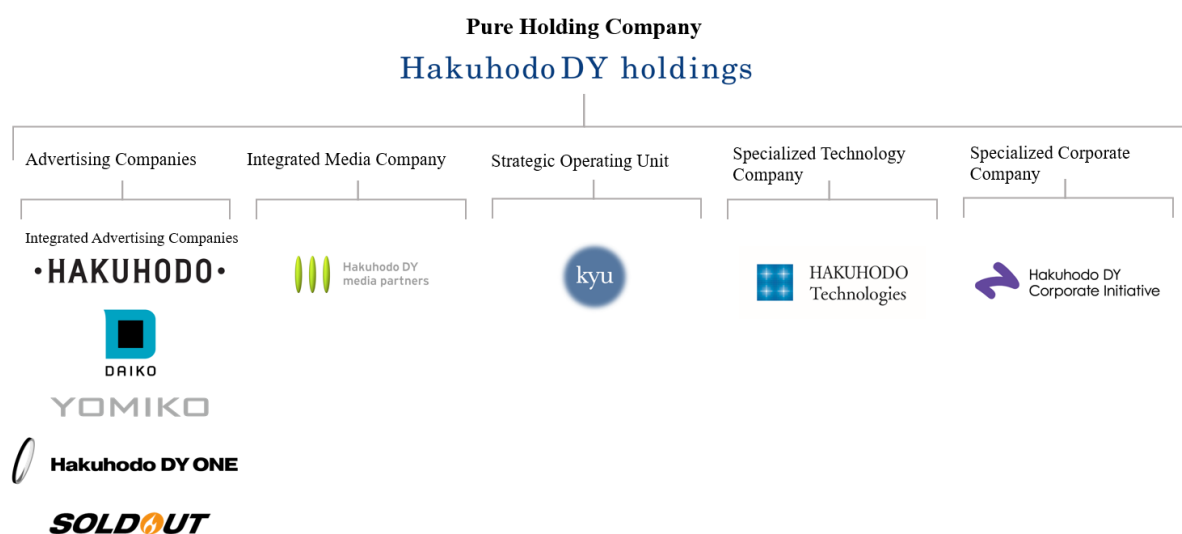
Chapter 1 Basic Policy

(1) Purpose of these Guidelines

- The Hakuhodo DY Group (the “**Group**”) strives to contribute to the creation of an abundant future for *sei-katsu-sha* (consumers with individual lifestyles, aspirations, and dreams), the growth of the economy, and the development of society in order to achieve sustainable growth and the continual increase of our corporate value. The Group is continually strengthening and enhancing our corporate governance as a key management necessity to achieve these goals.
- These Guidelines set out the views of Hakuhodo DY Holdings Inc. (the “**Company**”), the holding company of the Group, regarding our corporate governance as well as an overview thereof.
- 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.

(2) Group Overview

- The Group is an integrated advertising company group with over 300 diverse operating companies under the umbrella of the Company, which is a pure holding company, and consists of different groups: “Hakuhodo,” “Daiko Advertising,” “YOMIKO ADVERTISING,” “Hakuhodo DY One,” and “SoldOut,” which are companies in the advertising business; “Hakuhodo DY Media Partners,” which is an integrated media company; “kyu,” which is a strategic operating unit beneath the Company; “Hakuhodo Technologies,” which is a specialized technology company; and “Hakuhodo DY Corporate Initiative,” which is a specialized corporate function company.



(3) Basic Philosophies of the Group

- Under the following basic philosophies, the entire Group will conduct our business in order to achieve sustainable growth and the continual increase of our corporate value, and we will contribute to the creation of an abundant future for *sei-katsu-sha*, the growth of the economy, and the development of society, thereby fulfilling the trust placed in us by our shareholders and other diverse stakeholders.

Global Purpose

- The Company has formulated its Global Purpose as a goal for the Company to pursue in the future, based on the significance of the Group's existence to society.
- The Group aims to build a business structure and expand its business as a new corporate group that transcends the boundaries of its origins as an advertising company in the midst of significant changes not only in the advertising industry, but also in society as a whole.
- In this uncertain and rapidly changing environment, it is important for the entire Group to clearly state "its significance of existence and the meaning (why) of working for the Hakuodo DY Group," which is the basis for its decision-making axis and motivation, in order to promote this transformation. The Global Purpose is the result of repeated discussions within the Group and workshops held with employees around the world and is the consensus of all Group employees, clearly stating the common values of the Hakuodo DY Group from the perspective of the global marketplace and global society.

【The Hakuodo DY Group's Global Purpose】

Aspirations Unleashed

break down boundaries,
open new doors
and usher in new eras
for every *sei-katsu-sha*, organization and society.

When asked to draw the future on a blank sheet of paper,
we start by drawing a person in the center.
What hopes and dreams does this person, this *sei-katsu-sha*, hold dear?
What moves them? What matters to them? What excites them?

In Japanese we call these deep yearnings of the heart, "omoi". Aspirations.
Our wonderings about what is possible and how we'd like the world to be.
These aspirations are the seeds the future grows from.

In an increasingly more instant world,
it's easy for aspirations to get overlooked.
They can be dismissed as inefficient, imperfect, irrational musings.
Our work is to listen, nourish and nurture them.
To give them room to develop, To let their light shine.
By honoring the human spirit and the wisdom and ambition within, aspirations can come to life.
New technologies are born. New behaviors introduced. New lifestyles embraced. New cultures emerge.

For with Aspirations Unleashed we break down boundaries,
open new doors and usher in new eras
for every *sei-katsu-sha*, organization and society.

*For more information on the Global Purpose, please see the following URL.

https://www.hakuhodody-holdings.co.jp/english/hdy_purpose/

Group Corporate Philosophy

1. Strive continuously to provide our clients with the services they need to add value to their business.
2. Lead advances in media and be instrumental in building media value.
3. Build a dynamic global network to offer services wherever they are required.
4. Create abundance and further society, now and tomorrow, with our unique insight into *sei-katsu-sha*—people who have lives beyond what they consume.
5. Encourage individual personalities to flourish within a team work environment, leading to the creation of new values.
6. Become one of the world's preeminent corporate groups, leading advances in marketing and innovation generation by constantly seeking out new challenges in the spirit of independence and solidarity.
7. Work relentlessly to increase corporate value and reward the trust that shareholders place in us.

Group Policies

1. *Sei-katsu-sha* Insight

Sei-katsu-sha are the foundation of our thinking and planning.

2. Commitment to Partnership

The foundation of our business is providing optimal solutions as responsible partners of all our stakeholders.

Group Code of Conduct

In order to exert our creativity and remain trusted as partners of all our stakeholders, each of us working for the Group will conduct ourselves in a fair manner according to the highest ethical standards, strongly committed to compliance and conscious of our clear duty to abide by the following principles:

1. We will provide high-quality services.
2. We will constantly seek to maintain trust in us.
3. We will give full play to our own abilities and respect those of others.
4. We will be transparent and fair in all we do.

(4) Basic Views on Corporate Governance

- In order to achieve sustainable growth and the continual increase of our 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 built on the power of creativity, thereby fulfilling the trust and expectations of our various stakeholders.
- For that purpose, the Company recognizes that one of our key management issues is enhancing the management and administration of the Group as a whole so that an

environment that promotes independence and cooperation among the diverse operating companies under us as a holding company is developed and the cooperation of each company produces value greater than the sum of the parts. We will therefore endeavor to improve the Group's management and administration and to strengthen and enhance the corporate governance of the Group.

- The Company promotes cooperation as a Group while also respecting the independence of Group companies that are listed on stock exchanges.

(5) Medium-term Business Plan

- The Group formulates and promotes medium-term business plans covering three or five-year periods based on our basic philosophies.
- Medium-term business plans are formulated after considering the insight on the future management environment obtained by sufficiently analyzing the achievement status of the goals of the previous plan and other such matters; after being resolved upon by the Board of Directors, the Company publishes these plans.
- The Board of Directors will exert its best efforts to achieve medium-term business plans in recognition that the plans are a commitment to shareholders. • In addition, the Company considers sustainable growth and medium- to long-term enhancement of corporate value as important issues, and has set the ROE target before amortization of goodwill at 10% for the fiscal year ending March 2027 as a KPI for improving capital efficiency in the medium-term business plan formulated in June 2024. The Company plans to consider and sequentially implement specific initiatives to realize management that is conscious of capital cost and stock price.

*On June 4 2024, the Company announced a new three-year medium-term business plan. For an overview, please see the following URL.<https://www.hakuhodody-holdings.co.jp/english/group/businessplan.html>

Chapter 2

Corporate Governance Systems

(1) Form of Organization

- The Company has chosen “Company with an Audit & Supervisory Board” as our form of organization under the Companies Act. The Board of Directors makes material management decisions and oversees business execution, and the Audit & Supervisory Board and its members audit the status of the directors’ performance of their duties and other such matters.
- In addition, the Company has adopted the corporate officer system in order to promote further enhancement and expansion of business execution functions and to strengthen our management systems. Corporate officers are responsible for faithfully performing the duties delegated to them by the Board of Directors under the management policies and plans decided by the Board; in principle, their term of office lasts until the final day of the last business year to end within one year of assuming office.

(2) Internal Control Systems

- The Company has established the “Basic Policy on the Development of Internal Control Systems” pursuant to the Companies Act, and we promote PDCA improvements through reports on the implementation and operation of these systems to the Board of Directors and through annual Board resolutions on the necessity of revising the basic policy.
- The Company sets a foundation of compliance with law and ordinance as a necessary condition for our corporate activities pursuant to the “Group Code of Conduct and Compliance Items” shared among the Group, which is regularly revised in consideration of our corporate culture and climate and resolved upon by the Board of Directors.
- The Company has established the Group Compliance Committee, composed mainly of the presidents of the Company, advertising companies, and integrated media companies delegated by the Board of Directors, and has set up the Group Information Security Committee, the Information Security Committee, and the Group Risk Response Team as subordinate bodies thereof. We have created systems for compliance, including information security and risk management, and will ensure that the intent and the rules thereof are completely observed, thereby preventing any loss of the social trust or significant damage to the corporate value of the Group due to inappropriate responses to major risk events. Furthermore, we have established the “Crisis Management Regulations” and clarified the risk response system and the risk events addressed thereby, ensuring our ability to respond quickly and appropriately when risk events occur. In order to strengthen this system, the Company has established the duties of our CRO (Chief Risk Officer) as the chief risk management officer to centrally manage all risks surrounding the Group.
- The Company and each Group company have established the duties of our CCO (Chief Compliance Officers) to serve as the highest-ranking officers responsible for promoting enhancement of compliance awareness.
- In order for the Group ourselves to actively discover at an early stage and correct any misconduct, we have established Whistleblowing and Consultation Points of Contact within both the Company, advertising companies, and integrated media companies as well as at an external advisory law office. The “Outline on the Use of the Whistleblowing and Consultation Points of Contact” prescribes the protection of any person providing information or seeking consultation and prohibits any disadvantageous treatment thereof.
- The Company has established reporting systems for internal controls in order to ensure the reliability of financial reports under the Financial Instruments and Exchange Act.

- In order to share Group management issues and conduct management that promotes the maximization of the corporate value of the Group, we have adopted a system in which some directors hold concurrent positions in both the Company, advertising companies, and integrated media companies, and we will promote the collective development of the businesses of the Group through conducting management and administration pursuant to the “Operating Company Management Regulations.”

(3) Board of Directors

(i) Roles and Responsibilities of the Board of Directors

- In consideration of their fiduciary responsibility and duty of accountability to our shareholders, the Board of Directors of the Company will set the broad direction of the management of the entire Group so as to contribute to the creation of an abundant future for *sei-katsu-sha*, the growth of the economy, and the development of society in accordance with the basic philosophies of the Group. In addition to that, the Board will appropriately evaluate company performance results, conduct decision-making for individual matters of material business execution, effectively oversee the directors and corporate officers, conduct accurate and appropriate information disclosure, and develop and oversee the operation of internal controls and risk management systems
- Pursuant to law and ordinance, the Articles of Incorporation, the “Regulations of the Board of Directors,” and the “Regulations regarding Limits of Authority,” material matters of the Company relating to management, such as acquisitions of the Company’s own shares, distributions of midterm dividends, management strategies, management plans, organizations, systems, and performance results, are brought before the Board of Directors.
- The matters for which the Board of Directors may delegate decision-making to corporate officers are set out in the “Regulations regarding Limits of Authority.”

(ii) Composition of the Board of Directors

- The Company specifies in its Articles of Incorporation there shall be 14 or fewer directors.
- The Company implements a system in which some of the directors and Audit & Supervisory Board members of the Company serve concurrently as directors and Audit & Supervisory Board members of the advertising companies and integrated media companies in order to ensure a shared awareness of the management issues of the Group and to conduct management for the maximization of the corporate value of the Group.
- Our goal is to realize a society in which every “*sei-katsu-sha*” can actively live their lives in their way. For this goal, through the “creativity” of every employee and the “integrated strength” of our teams, who respect and enhance each other’s creativity, we bring positive change to the world and create “new value” for *sei-katsu-sha*. As such, the Group has an unparalleled diversity of creative talent. The Board of Directors is likewise composed of several directors who are familiar with the Group and several outside directors who have a wealth of experience and a wide range of insight while considering the balance of knowledge, experience, and ability of the Board as a whole. This composition ensures the effectiveness of the Board of Directors in enhancing the Group’s corporate value.
- Many of the directors have knowledge and experience in international business, and with the election of a new female director at the Annual General Meeting of Shareholders held on June 29, 2022, the composition of the Board of Directors is even more diverse.

- The Company will continue to consider ways to ensure further diversity, including from the perspectives of gender, internationality, professional experience, and age.
- The Skill Matrix, which describes the expertise, experience, and other background information of directors and audits, is disclosed in the “Notice of the General Meeting of Shareholders” and posted on the Company’s website.

<Notice of the General Meeting of Shareholders>

<https://www.hakuhodody-holdings.co.jp/english/ir/stock/meeting/>

<Company’s website>

<https://www.hakuhodody-holdings.co.jp/english/group/outline/staff.html>

(iii) Number of meetings, attendance, etc.

The Board of Directors held a total of 22 meetings during the fiscal year. Attendance by each director was as follows:

Name	Position	Attendance (Rate)
Hirokazu Toda	Director	22 / 22 times (100%)
Masayuki Mizushima	Director	22 / 22 times (100%)
Hirotake Yajima	Director	21 / 22 times (95%)
Masanori Nishioka	Director	22 / 22 times (100%)
Akihiko Ebana	Director	22 / 22 times (100%)
Motohiro Ando	Director	22 / 22 times (100%)
Noboru Matsuda	Outside/Independent Director	22 / 22 times (100%)
Nobumichi Hattori	Outside/Independent Director	22 / 22 times (100%)
Toru Yamashita	Outside/Independent Director	22 / 22 times (100%)
Ikuko Arimatsu	Outside/Independent Director	22 / 22 times (100%)

(iv) Specific agenda items

Specific agenda items for the Board of Directors meetings are as follows:

Resolution Items	General Meeting of Shareholders, evaluation of the effectiveness of the Board of Directors, personnel and compensation of directors, shareholder returns (share buybacks, dividends), management strategies, important matters such as (quarterly) Group budgets and financial results, investments in operating companies, M&A, establishment of companies, etc.
Reporting Items	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 Compensation and Nomination Committees, monitoring of

	policy shareholdings, status of fund management, evaluation of internal control over financial reporting, audit plan by the Board of Corporate Auditors, audit fees for the Accounting Auditor, (quarterly) Group performance, etc.
Discussion Items	Self-evaluation of board effectiveness, budgeting policy of the Group, etc.

(v) Operation of the Board of Directors

- The chairman serves as chair for meetings of the Board of Directors. The chair endeavors to ensure the appropriate operation of the Board so that Board discussions are free, open, and constructive.
- The Board of Directors Secretariat has been established as a dedicated department to achieve the appropriate and smooth operation of the Board.
- The Board of Directors meets regularly (in principle, once per month) and whenever else necessary. The Secretariat provides support including distributing materials in advance, providing explanations, responding to requests for information from each director, preparing plans for yearly schedules and agenda items, and setting an appropriate amount of deliberation time, thereby ensuring the efficiency of the Board.

(iv) Analysis and Evaluation of the Board of Directors

- The Company will conduct analysis and evaluation of the Board with the aim of promoting the maintenance and increase of the effectiveness of the Board of Directors; after conducting this analysis and evaluation, we will disclose a summary of the results.
- In order to analyze and evaluate the effectiveness of the Board of Directors of the Company in fiscal 2023, questionnaires regarding Board effectiveness were distributed to all directors and Audit & Supervisory Board members in February 2024 by utilizing outside consultants, the responses to which were compiled by outside consultants from an objective standpoint, and then the Board of Directors conducted an analysis and evaluation based on the results of such compilation and analysis.

<Specific Processes and Evaluation Methods>

- (1) In February 2024, a “Board Evaluation Survey” was distributed to all Directors and Auditors.
- (2) After the responses were compiled from an objective standpoint by an external organization, the Board of Directors analyzed and evaluated them in May 2024 based on the results of the compilation.

<Survey Items>

- (i) Roles and functions of the Board of Directors
- (ii) Composition and size of the Board of Directors
- (iii) Operation of the Board of Directors
- (iv) Liaison with audit functions
- (v) Provision of opportunities to outside directors
- (vi) Relationship with shareholders and investors
- (vii) Synthesis

<Results of and Major Issues and Improvement Measures in the Survey>

(i) Results of the Survey

- As a result of the analysis described above, it was confirmed that the composition, operation, and discussion content of the Board of Directors in fiscal 2023 were mostly appropriate; that the Board of Directors engages in necessary and sufficient discussions, such as by sharing a vision for what the Board of Directors should be as the board of a holding company; that it engages in appropriate monitoring; and that the Board of Directors (including outside officers) as a whole have a diverse range of skills, expertise, and backgrounds. Based on these factors, it was determined that the frameworks are in place to ensure appropriate decision-making through active discussion and that these frameworks represent a strength.

(ii) Major issues and improvement measures

- Identified three major issues based on the results of the survey and analysis, and planned to implement improvement measures for each issue.

Major issues and improvement measures in the survey (planned)

Major Issues	Major Improvement Measures (planned)
Further enhance discussions on medium- and long-term issues at the Board of Directors' meetings	(2) The Board of Directors shall carefully examine the necessity of deliberation and points to be discussed at the Board of Directors meetings with respect to medium- to long-term themes, prepare a plan for future agenda items, and report the plan at the meetings. The opinions of Directors and Auditors will be reflected in the plan, and the company will thereafter operate in accordance with the plan.
Creating opportunities for Outside Directors to learn more about the realities of the business	Consider and create opportunities for the Company's Outside Directors to become more familiar with the realities of the Company's business through participation in activities at operating companies and through other means.
Clarification of points to be discussed and appropriate explanation of resolutions	In order to clarify the points to be deliberated, the composition of presentation materials and the manner of explanation would be improved by referring to good examples of how resolutions and matters to be reported are handled at the Board of Directors' meetings.

- Other than the above, we recognize the importance of the provision of appropriate information to the Board of Directors for succession plans, further expansion of the governance structure, or ensuring further diversity in the Board of Directors as challenges that we should handle in the mid term to further enhance the effectiveness of the Board of Directors.

- The Board of Directors will conduct continuous initiatives to further improve effectiveness of the Board of Directors based on the results of the evaluation.

(Reference: Major issues and improvement measures implemented in the previous survey for the fiscal year ended March 31, 2023)

- In the previous survey for the fiscal year ended March 31, 2023, three main issues were identified as shown in the table below, and improvement measures were implemented for each of these issues. As a result, there were some comments that requested further improvements, so we will continue our efforts to increase the effectiveness of the system and make further improvements.

Major Issues	Major Improvement Measures (planned)
Further enhance discussions on medium- and long-term issues at the Board of Directors' meetings	(2) The Board of Directors shall carefully examine the necessity of deliberation and points to be discussed at the Board of Directors meetings with respect to medium- to long-term themes, prepare a plan for future agenda items, and report the plan at the meetings. The opinions of Directors and Auditors will be reflected in the plan, and the company will thereafter operate in accordance with the plan.
Creating opportunities for Outside Directors to learn more about the realities of the business	Consider and create opportunities for the Company's Outside Directors to become more familiar with the realities of the Company's business through participation in activities at operating companies and through other means.
Clarification of points to be discussed and appropriate explanation of resolutions	In order to clarify the points to be deliberated, the composition of presentation materials and the manner of explanation would be improved by referring to good examples of how resolutions and matters to be reported are handled at the Board of Directors' meetings.

(4) Audit & Supervisory Board

(i) Roles and Responsibilities of the Audit & Supervisory Board

- Through the Audit & Supervisory Board's auditing of the directors' performance of their duties as an independent body with the mandate of the shareholders, the directors and corporate officers of the Company will give proper care to the interests of all our stakeholders. Additionally, the Audit & Supervisory Board bears responsibility for providing support for endeavoring to cooperate with those stakeholders, achieving sound and sustainable growth and the creation of mid- to long-term corporate value,

and establishing quality corporate governance that fulfills the trust that society places in us.

(ii) Chair of the Audit & Supervisory Board

- Pursuant to the “Regulations of the Audit & Supervisory Board,” the Board determines a chair from among its members through resolution.

(iii) Operation of the Audit & Supervisory Board

- In accordance with the Articles of Incorporation, the Audit & Supervisory Board is composed of at most five members, including at least one member with appropriate knowledge in fields such as law, finance, or accounting, and at least half of the members are independent outside Audit & Supervisory Board members.
- The Audit & Supervisory Board meets once each month in principle and endeavors to maintain highly effective auditing systems in which outside Audit & Supervisory Board members and full-time members can actively exchange opinions.

(iv) Cooperation with Other Bodies

- The Audit & Supervisory Board endeavors to understand the actual condition of the directors’ performance of their duties by conducting a questionnaire once each year regarding the status of the performance of each director’s duties, holding individual meetings, and other such means.
- The Audit & Supervisory Board receives auditing reports from the independent auditing firm once every quarter, four times per year.
- Meetings are held twice each year among the independent auditing firm, the internal auditing division, and the Audit & Supervisory Board as three-way auditing liaison meetings, thereby allowing for appropriate cooperation.
- The Audit & Supervisory Board has formulated standards for evaluating the independent auditing firm in accordance with the guidelines of the Japan Audit & Supervisory Board Members Association and evaluates the firm’s annual auditing status, in addition to which the Board verifies the independence and expertise of the firm.

(5) Compensation Committee and Nomination Committee

(i) Compensation Committee

- This committee is established as an advisory body to the Board of Directors and ensures transparency and rationality in the process of determining remuneration for Directors and executive officers of the Company by deliberating those decisions and passing a resolution at the Board of Directors’ meeting. The Committee met three times during the fiscal year, and the attendance of each Director and specific details of the deliberations are as follows. The Board of Directors receives reports from the Outside Director who chairs the Compensation Committee on a summary of the deliberations of the Committee held during the fiscal year.

Role	Name	Position	Attendance (Rate)
Chairperson	Noboru Matsuda	Outside/Independent Director	3 / 3 times (100%)
Member	Nobumichi Hattori	Outside/Independent Director	3 / 3 times (100%)

Member	Toru Yamashita	Outside/Independent Director	3 / 3 times (100%)
Member	Ikuko Arimatsu	Outside/Independent Director	3 / 3 times (100%)
Member	Hirokazu Toda	Director	3 / 3 times (100%)
Member	Masayuki Mizushima	Director	3 / 3 times (100%)
Member	Masanori Nisioka	Director	3 / 3 times (100%)

- Specifics of deliberations: verification of the appropriateness of annual remuneration and total remuneration levels for the Company's officers, annual bonus framework (total amount), individual annual remuneration, annual bonuses and stock-based remuneration, selection of the Committee's chairperson, etc.

(ii) Nomination Committee

- This committee was established as an advisory body to the Board of Directors to ensure transparency and rationality in the decision-making process for the selection and dismissal of Directors and executive officers by deliberating those decisions and passing resolutions at the Board of Directors' meetings. The Committee held one meeting during the fiscal year, and the attendance of each director and specific details of the deliberations are as follows.

Role	Name	Position	Attendance (Rate)
Chairperson	Noboru Matsuda	Outside/Independent Director	1 / 1 time (100%)
Member	Nobumichi Hattori	Outside/Independent Director	1 / 1 time (100%)
Member	Toru Yamashita	Outside/Independent Director	1 / 1 time (100%)
Member	Ikuko Arimatsu	Outside/Independent Director	1 / 1 time (100%)
Member	Hirokazu Toda	Director	1 / 1 time (100%)
Member	Masayuki Mizushima	Director	1 / 1 time (100%)
Member	Masanori Nisioka	Director	1 / 1 time (100%)

- Specific deliberations: Appointment and dismissal of directors and executive officers and changes in their responsibilities, succession planning, development of a skills matrix for directors and auditors, selection of the Committee's chairperson, etc.

(iii) Composition of the Compensation Committee and the Nomination Committee

- In accordance with internal rules, the Compensation Committee and the Nomination Committee are each composed of three or more directors (including independent outside directors) as members, more than half of whom must be independent outside directors.
- Members of the Compensation Committee and the Nomination Committee are appointed by resolution of the Board of Directors.

(iv) Chairs of the Compensation Committee and the Nomination Committee

- The Compensation Committee and the Nomination Committee each select one independent outside director by resolution to serve as chair of the Committee.
- (6) Directors and Audit & Supervisory Board Members
- (i) Roles and Responsibilities
 - In full awareness of their fiduciary responsibility to shareholders, the directors and Audit & Supervisory Board members of the Company will perform their duties in the interests of the Company and the common interests of the shareholders while ensuring appropriate cooperation with stakeholders.
 - The directors and Audit & Supervisory Board members endeavor to acquire and deepen the knowledge necessary for appropriately fulfilling their roles and responsibilities.
 - In consideration of maximizing the corporate value of the Group, the Company has adopted a system in which some of our directors and Audit & Supervisory Board members serve concurrently as directors and Audit & Supervisory Board members of the advertising companies and integrated media companies, etc.
 - (ii) Nomination Standards for Internal Director and Audit & Supervisory Board Member Candidates
 - When nominating internal director candidates, such candidates must possess a thorough knowledge of the Group's business, the ability to appropriately conduct the management of the Group, outstanding character and insight, and the qualities necessary to contribute to the sustainable growth and increased corporate value of the Company.
 - When nominating internal Audit & Supervisory Board member candidates, such candidates must possess either a thorough knowledge of such matters as the details of the business execution of the Group or expert knowledge in fields such as law, finance, or accounting, and they must have knowledge and experience that enables them to appropriately and fairly audit the directors' performance of their duties.
 - (iii) Nomination Procedures
 - The Board of Directors will determine the nomination of director candidates after deliberation by the Nomination Committee. Additionally, Audit & Supervisory Board member candidates will be determined with the approval of the Audit & Supervisory Board.
 - When nominating director and Audit & Supervisory Board member candidates, brief personal profiles and reasons for nominating each candidate will be included in the convocation notices for the Meeting of Shareholders.
 - (iv) Policies and Procedures for Appointment and Dismissal of CEO
 - When formulating and implementing CEO succession plans, the formulation of the Company's appointment policy and the selection of candidates will be deliberated upon by the Nomination Committee, which includes outside directors.
 - When dismissing the CEO, if there is a suspected violation of laws or ordinances or the Articles of Incorporation in the CEO's execution of business, or if there are other grounds to find that it is difficult for the CEO to appropriately perform his or her duties, dismissal will be deliberated upon by the Nomination Committee, which includes outside directors.
 - Following these deliberations by the Nomination Committee, the Board of Directors will deliberate and resolve upon the appointment or dismissal of the CEO.
 - (v) Term of Office

- Pursuant to the Articles of Incorporation, the term of office of directors will be until the closing of the Annual Meeting of Shareholders relating to the final business year to end within one year of the director’s appointment.
 - Pursuant to the Articles of Incorporation, the term of office of Audit & Supervisory Board members will be until the closing of the Annual Meeting of Shareholders relating to the final business year to end within four years of the member’s appointment.
- (vi) Compensation (Please refer to Attachment 3.)
- The following matters form the basic policy for determining director compensation:
 - Compensation must be rooted in the Group Corporate Philosophy
 - Compensation must provide a shared sense of value with our shareholders, incentivizing increases in corporate value over the medium to long term
 - Compensation levels must be appropriate for the roles and responsibilities of the directors of the Company and must secure and maintain superior human resources
 - Transparency and reasonableness must be ensured in the compensation decision process
 - Compensation for directors (excluding outside directors) is composed of annual compensation, annual bonuses (short-term incentives), and stock-type compensation (medium-to-long-term incentives).
 - The total amount of annual compensation and annual bonuses combined and the total amount of stock-type compensation will both be within the respective limits resolved upon by the Meeting of Shareholders.
 - The percentage of the annual bonus and stock-type 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.
 - Compensation amounts will be decided by resolution of the Board of Directors and, to ensure transparency and reasonableness, will first be deliberated by the Compensation Committee.
 - Compensation for outside directors is composed solely of annual compensation to secure both their roles and independence. Audit & Supervisory Board member compensation is composed solely of fixed compensation pursuant to the “Internal Rules on Audit & Supervisory Board Member Compensation” and is determined through consultation among the Audit & Supervisory Board members.
- (vii) Roles and Responsibilities of Independent Outside Directors and Audit & Supervisory Board Members
- Independent outside directors will oversee management and provide advice to increase the corporate value of the Group based on their abundant experience and broad knowledge. Additionally, they will oversee conflict of interest transactions between the Company and its directors, corporate officers, major shareholders, and other such parties from an independent standpoint and appropriately reflect the views of our stakeholders to the Board of Directors.
 - Independent outside Audit & Supervisory Board members will utilize their abundant experience and broad insight, cooperate with the independent auditing firm and internal auditing division, and perform their auditing duties from an independent and neutral standpoint.
 - In order to promote information exchange and shared awareness based on the independent and objective standpoint of the independent outside directors and Audit & Supervisory Board members, regular meetings composed of independent outside

directors and Audit & Supervisory Board members are held with the full-time Audit & Supervisory Board members as observers.

- The Company will disclose the status of concurrent positions in other companies held by independent outside directors and Audit & Supervisory Board members every year through convocation notices for the Meeting of Shareholders, securities reports, and other such means.
- (viii) Nomination Standards for Independent Outside Director and Audit & Supervisory Board Member Candidates
 - As standards for the nomination of independent outside director and Audit & Supervisory Board member candidates, candidates must possess abundant experience, broad insight, and expert knowledge in fields such as corporate management, law, accounting, government administration, consulting, or education. In addition, independent outside director candidates must have the ability to oversee management and provide advice to increase the corporate value of the Group, and independent outside Audit & Supervisory Board member candidates must have the ability to audit the legality of business execution by the directors and corporate officers.
- (ix) Independence Standards for Independent Outside Directors and Audit & Supervisory Board Members
 - In addition to the requirements under the Companies Act, the Company has formulated the “Outside Director and Audit & Supervisory Board Member Independence Standards” and will nominate independent outside director and independent outside Audit & Supervisory Board member candidates with those independence requirements as standards. (Please refer to Attachment 2.)
- (x) Support System for Outside Directors and Outside Auditors

The following support is provided to Outside Directors and Outside Auditors:

 - Prior to regular and extraordinary meetings of the Board of Directors, the Company distributes materials for those meetings in a timely manner so that the Board has time to consider agenda items.
 - The Executive Office of the Board of Directors reports on matters of particular importance to the Company in a timely manner to ensure effective deliberations by the Board.
 - The Board of Directors’ meetings are held in a hybrid manner that combines real and online meetings, allowing participants to attend regardless of their location. The Executive Office of the Board of Directors provides support for the use and operation of web conferencing and other systems as appropriate to create an environment that enables effective discussions regardless of the formality of the meeting.
 - An environment that enables effective discussions regardless of the format is also in place.
 - The Company has established the “Regulations for Assistance System for Auditors” and the “Auditor Affairs Department” as an organization to assist with the duties of corporate auditors, including outside corporate auditors. In addition, the full-time auditor reports regularly to the Outside Auditors, and each Director, each department, and the Auditor Administration Department report and share information with the Outside Auditors on a case-by-case basis.
 - In fiscal year 2023, the Company conducted the following training sessions for Outside Directors and Outside Auditors with the aim of gaining a deeper understanding of the Group’s businesses and issues:
 - Viewing theme-specific training videos

- Providing opportunities to participate in seminars conducted by the Group's companies for internal and external audiences
- Training on creative domain provided by the Group

The Company will continue to consider and implement measures that will lead to enhanced discussions and supervisory functions at the Board of Directors' meetings.

(7) Independent Auditing Firm

Roles and Responsibilities

- Recognizing that the independent auditing firm bears responsibility to our shareholders and investors for such matters as ensuring the reliability of our financial reports, the Company conducts measures to ensure appropriate audits in cooperation with the independent auditing firm. In order to promote the effectiveness of audits by the independent auditing firm, the Company holds question and answer sessions regarding management policies, priority issues, and corporate governance with the president, director in charge of corporate affairs, and independent auditing firm partner as “Manager Discussions” every year.

Chapter 3

Relationships with Shareholders and Other Stakeholders

(1) Relationships with Shareholders, etc.

(i) Meeting of Shareholders

- The Company recognizes that the Meeting of Shareholders, the supreme decision-making body of the Company made up of all shareholders with voting rights, is a key opportunity for constructive dialogue with our shareholders and will establish an environment in which shareholders can appropriately exercise their rights.
- In order to ensure sufficient time for shareholders to consider shareholder meeting proposals, the Company will endeavor to send convocation notices at an early stage and will post and publish the contents thereof on our homepage and other such places through electronic means.
- The Company endeavors to ensure convenience for all shareholders in exercising their voting rights through electronic voting and providing English translations of convocation notices.
- The Company determines the date of the Meeting of Shareholders in consideration of ensuring auditory procedures and formulation of necessary statutory documents in compliance with the Companies Act, securing an appropriate location, and other such matters.

(ii) Securing Shareholder Rights

- The Company will take appropriate measures to substantially ensure the rights of all shareholders, including minority shareholders and foreign shareholders.
- The Company will earnestly accept the results of votes exercised at the Meeting of Shareholders; if a considerable number of votes are cast against a proposal by the Company, we will analyze the reasons therefor, and the Board of Directors will consider measures in response thereto.
- When institutional investors that hold shares in the name of trust banks or other such custodians express in advance their wish to exercise voting rights and other such rights at the Meeting of Shareholders themselves, the Company will consult with the trust banks or other such custodians and consider responses to these requests.
- When the Company considers a capital increase, management buyout, or other such action, in order to ensure that the interests of existing shareholders are not unfairly harmed, the Board of Directors will consider the necessity and rationale of the action, and the Company will ensure appropriate procedures. When conducting the action, we will provide sufficient explanation to our shareholders.

(iii) Constructive Dialogue with Shareholders

- The Company endeavors to contribute to the sustainable growth and mid- to long-term increase of the corporate value of the Group by actively engaging in constructive dialogue with shareholders. The Company has prepared a basic policy on systems and measures to promote constructive dialogue with our shareholders, investors, and all other stakeholders. (Please refer to Attachment 1.)

(iv) Basic Views on Capital Policy

- The Company holds the sustainable increase of corporate value and the appropriate allocation of profits to shareholders as key purposes of our capital policy.
- Specifically, the Company has made return on equity one of our mid- to long-term management goals as a key index of the creation of corporate value and the efficiency of capital.
- Our basic policy is to pay stable dividends, and the amount of annual dividends will be determined based on comprehensive consideration of the dividend payout ratio (approximately 30%), the status of capital needs, and the enhancement of internal reserves. The Company considers share buybacks as a means of returning profits to shareholders that complements dividends, and we will consider them when appropriate.

(v) Policy on Cross-shareholdings

Cross-shareholding: There are cases where listed companies hold the shares of other listed companies for reasons other than pure investment purposes, for example, to strengthen business relationships. Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.

- The Group holds shares in business partners for the purpose of maintaining and strengthening business relationships.
- When acquiring such shares, the Group comprehensively considers such matters as the profits to be gained by the Group through maintaining and strengthening the business relationship and the amount of the investment before judging whether or not to invest.
- In addition, for each individual issue of business partner shares that we hold, the Group will regularly consider the value of continuing to hold such shares, bearing in mind the cost of capital of the Group; if that value is judged lacking, we will reduce our holdings of those issues of shares, taking into account any matters regarding transactions or business to be considered, the influence of such sale on the market, and other such factors. If the value is affirmed, however, we will continue holding such shares.
- The Company, advertising companies, and integrated media companies will consider the value of holding the business partner shares that are held and report thereon to the Company's Board of Directors. The advertising companies and integrated media companies make such reports to their boards of directors beforehand.
- At its meeting in February 2024, the Company's Board of Directors considered the value of holding of the business partner shares held by the Group, and the Group is proceeding with the sale of issues of shares for which the value was judged lacking.
- Sufficiently respecting the management policies, strategies, and the like of the corporations in which we have invested, the Company will exercise voting rights accompanying cross-shareholdings after thoroughly considering the details of each proposal and comprehensively judging whether to vote for or against the proposal, based on whether the proposal details coincide with the value and goal of the Company's investment, whether the proposal details would damage corporate value, and other such factors.
- The Company will not engage in any act hindering the sale or the like of the Company's shares by cross-shareholders (i.e., shareholders who hold the Company's shares as cross-shareholdings) or in any transaction with cross-shareholders that may harm the interests of the Company or the common interests of its shareholders.

(vi) Anti-takeover Measures

- The Company does not implement any anti-takeover measures.

- If the Company’s shares are made subject to a tender offer, the Board of Directors will judge the circumstances related thereto and respond by clearly stating their view on the offer as appropriate.
- (vii) Related Party Transactions
- When the Company conducts competitive transactions and conflict of interest transactions as defined in law and ordinance with directors and Audit & Supervisory Board members of the Company, the approval of the Board of Directors must be received after confirming that such transactions do not damage shareholder value.
 - In addition, when the company conducts transactions with major shareholders, we will confirm the rationale and suitability of the details of the transactions in advance and conduct them so that the common interests of the shareholders are not harmed.
- (viii) Roles of Corporate Pension Funds as Asset Owners
- The Group endeavors to fulfill the roles of corporate pension funds as asset owners in order to conduct and administer the proper management of corporate pension funds by composing the pension asset administration committee, the board of representatives, and the like using personnel with expertise in fields such as human resources, accounting, and finance and by establishing a system for receiving expert, high-level advice, support, and checking regarding overall pension asset management based on contracts with third-party consulting institutions.
 - All of the contracted fund managers to which asset investment is entrusted for the Group’s corporate pension funds have adopted Japan’s Stewardship Code.
 - The Group supports the asset building of people enrolled in defined contribution pensions by providing education on asset management through such means as holding seminars for enrollees.

(2) Relationships with Employees

- The Group has set its sustainability goal as “the realization of a society in which each and every *sei-katsu-sha* can live a vibrant life in their own way,” and aims to achieve this goal through its greatest asset, its human resources who demonstrate creativity.
- The Company aims to be a company where each and every employee can play an active role to the fullest by making no distinction in hiring, training, assigning, evaluating, or any other aspects of human resource development.
- In an ever-changing social environment, the Group is committed to providing a diverse workforce, regardless of gender, nationality, or employment type, by assigning duties that promote individual employee growth, designing and assigning careers that develop strengths, and creating an environment that accommodates changes in life stages such as childbirth, childcare, and nursing care, so that diverse employees, regardless of gender or background, can play an active role in management positions.

-Promotion of women to management positions

In accordance with the Group DE&I Policy, we have set a goal of increasing the percentage of women in management positions in the Group to 30% by fiscal year 2030. We are currently initiating activities to strengthen our leadership pipeline by establishing the necessary systems and environment.

The percentage of female managers at Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, Hakuholdo DY Media Partners, DAC, irep, and SoldOut was 13.1% in the fiscal year ending March 2024.

*DAC and irep will integrate their functions as of April 1, 2024 and become a new company, Hakuholdo DY ONE.

-Promotion of foreign nationals to management positions

As the Group is strengthening its recruitment of global human resources with diverse careers regardless of nationality, we have not set a target figure focusing on nationality.

The percentage of non-Japanese managers at Hakuholdo, YOMIKO ADVERTISING, Hakuholdo DY Media Partners, DAC, irep and SoldOut in the fiscal year ending March 31, 2024 was 0.7%.

We will continue to actively strengthen our recruitment and training of global human resources.

-Promotion of mid-career hires to management positions

We do not set a target number because we do not differentiate between new graduates and mid-career hires, and we promote people with the necessary skills and experience based on a comprehensive assessment of those skills and experience, as well as the actual business situation at the time.

The percentage of managers who were mid-career hires at Hakuholdo, YOMIKO ADVERTISING, Hakuholdo DY Media Partners, DAC, irep and SoldOut in the fiscal year ending March 31, 2024 was 42.4%.

(3) Relationships with Clients

- The Group views our commitment to partnership as the foundation of our business; always from the perspective of *sei-katsu-sha*, we will share issues with clients, media companies, and content holders and provide optimal solutions as responsible partners. Furthermore, by providing consistent solutions built on long-term relationships with our partners, we will strive to further deepen these relationships.

(4) Relationships with Business Partners

- The Group recognizes the importance of transactions based on sound, fair, and equal partnerships in all of our relationships with our business partners and will ensure fair and free transactions and competition in compliance with law and ordinance.

(5) Relationship with Society

- As the vision that drives our sustainability goal of realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing, meets times of great change, we believe our role as a Group is to answer the strong call of society to show creativity and create a vision for the future.
- The Group's value creation model, perspectives or examples of initiatives on sustainability, and initiatives to solve environmental issues including climate change considering human capital and intellectual capital perspectives are disclosed in the Integrated Report.

Chapter 4

Information Disclosure

(1) Disclosure Systems

- The Company has established the Investor Relations Group within the Group's PR & IR Division to handle the enhancement of communication with our shareholders and investors, with whom we will thereby build long-term relationships of trust.
- The Company has established disclosure systems within the Group as well as the Company, and we gather and endeavor to actively disclose IR information, including statutory and timely disclosure information.

(2) Full Disclosure

- In order to build long-term relationships of trust with our shareholders, investors, and all other stakeholders, the Company's basic policy on information disclosure is not only to conduct statutory disclosure, but also to promptly, accurately, fairly, and impartially communicate management policies, financial information, operational endeavors, the causes and management environment behind each of those, and other such information necessary in making investment judgments. The Company endeavors to disclose information in English to the extent reasonable in order to contribute to an increase in corporate value in line with the global level through dialogue and fairness.

End

Established December 25, 2015

Revised July 12, 2017

Revised July 17, 2018

Revised December 28, 2018

Revised July 18, 2019

Revised July 16, 2020

Revised July 14, 2021

Revised July 20, 2022

Revised October 31, 2022

Revised July 19, 2023

Revised July 17, 2024

(Attachment 1)

Basic Policy on Constructive Shareholder Dialogue

- Hakuholdo DY Holdings Inc. (the “Company”) believes that constructive dialogue with our shareholders and other investors contributes to our sustainable growth and mid- to long-term increase of corporate value and will therefore conduct proactive IR activities.
- The Company has established the Investor Relations Group within the Group’s PR & IR Division coordinated by the CFO to respond to matters involving our shareholders and other investors. If our shareholders and other investors request an opportunity for dialogue (i.e., a meeting), the president, directors (including outside directors), and corporate officers will participate in the meeting as necessary after considering the main issues or topics of the meeting and other such matters.
- The individual responsible for handling information appointed from among the directors and equivalent positions, will represent the Hakuholdo DY Group (the “Group”) as a whole, determine the internal administration of matters to be disclosed and the necessity of updating and revising information, and be in charge of timely disclosure. In addition, this representative will counsel and advise the president as appropriate regarding the handling of undisclosed information.
- The Group has established the Group’s Investor Relations Committee, which works laterally across related internal departments of each Group company, and will promote the sharing of the Group’s IR information, including statutory and timely disclosure information.
- The Company will provide briefings to institutional investors on our mid- to long-term management vision, account settlements, individual businesses, and other such matters. Additionally, we will publish the explanatory materials and other such resources used at these briefings for institutional investors unable to attend and individual investors.
- The Company will endeavor to disclose information in English to the extent reasonable in order to contribute to an increase in corporate value in line with the global level through dialogue and fairness.
- The Investor Relations Group will regularly report the opinions and questions of our shareholders and other investors learned through dialogue to the president, the individual responsible for handling information, and other relevant directors and corporate officers; by reflecting the insight gained from such comments in our management, the Company will promote the mid- to long-term increase of our corporate value. In addition, in the Group’s Investor Relations Committee, which is a venue for sharing information within the Group, determining the IR policies of the Group, and consulting on key matters related to such policies, the views and questions of shareholders and other investors will be reported and information sharing promoted.

- The Company will thoroughly ensure fair disclosure and will appropriately control insider information under the “Information Disclosure Regulations.”
- Based on the shareholder register, the Company will regularly investigate our shareholder structure to gain a clear understanding thereof and will report the findings to the Board of Directors.

End

(Attachment 2)

Outside Director and Audit & Supervisory Board Member Independence Standards

Hakuhodo DY Holdings Inc. (the “Company”) will judge to be independent any outside directors and outside Audit & Supervisory Board members who:

1. Are not currently and have not been in the past ten years* a director (excluding outside directors), corporate officer, or employee of the Company or any of its subsidiaries;
2. Do not currently fall under and have not fallen under in the past three years any of (i) to (iii) below:
 - (i) A director, corporate officer, or employee of a major business partner⁽¹⁾ of the Company;
 - (ii) An attorney, certified public accountant, consultant, or other such person[†] who receives a large amount of money⁽²⁾ or other such economic benefits other than director or Audit & Supervisory Board member compensation from the Company; or
 - (iii) A major shareholder⁽³⁾ of the Company or a director, corporate officer, or employee of such shareholder;
3. Are not directors, corporate officers, or employees of a corporation, partnership, or other such organization that exchanges dispatched directors, audit and supervisory board members, or corporate officers with the Company;
4. Are not directors, corporate officers, or employees of a corporation, partnership, or other such organization that receives a large amount of contributions⁽⁴⁾ from the Company; and
5. Are not spouses or relatives within the second degree of kinship of material personnel⁽⁵⁾ who fall under items 1 or 2 above.

* However, if the outside director or outside Audit & Supervisory Board member has been a non-executive director or Audit & Supervisory Board member of the Company or any of its subsidiaries at any time within the past ten years, then ten years prior to assuming such position.

† However, if a corporation, partnership, or other such organization receives such benefits, then any person belonging thereto.

- (1) “Major business partner” means a corporation whose transactions with the Company amount to 2% or more of the annual consolidated sales of either the Company or the business partner.
- (2) “Large amount of money” means ten million yen or more annually in the case of an individual or, in the case of an organization, 2% or more of the annual consolidated sales of the organization.
- (3) “Major shareholder” means a shareholder who holds (including both directly and indirectly) 10% or more of total voting rights.
- (4) “Large amount of contributions” means an amount exceeding the greater of (a) ten million yen annually or (b) 2% of the annual consolidated sales or total revenue of the recipient of the contributions.
- (5) “Material personnel” means directors (excluding outside directors), corporate officers, department chiefs, and employees in managerial positions equivalent to department chiefs.

End

(Attachment 3)

Directors' and Audit and Supervisory Board Members' Compensation System

(1) Policies for Determining Compensation for Officers

i Overview of policies for determining compensation for directors

a. 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 which secure and maintain superior human resources
- Transparency and reasonableness ensured in the compensation decision process

b. Overview of determination policies

- Compensation to be received by a Director is composed of three items: annual compensation, annual bonuses, and stock-type compensation and the overview and timing of payment is as stated in the chart below. In reflection of their roles and their need to maintain independence, however, compensation for outside directors consists solely of annual compensation.
- As for the percentage of compensation items, the percentage of the annual bonus and stock-type compensation, for which the amounts and values change according to business performance, is set at 40% of the total compensation in the case of standard business performance.

Compensation Items	Overview of Contents and Determination Policy	Timing of Payment
Annual Compensation	Decided based on the actual results, expected results, and other factors for the position and duties of each director.	One-twelfth of the annual compensation is paid each month.
Annual Bonuses	[The annual bonus] provides a strong incentive to achieve business results in the 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.	Paid in July of the year following the subject fiscal year
Stock-type Compensation	Grant restricted stock based on the price set for each	Granted in August of each year *

	director in order to incentivize the increase of corporate value over the medium to long term and to provide a shared sense of value with shareholders.	
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- * For the provision of services from July to June of the following year, which is the term of office of directors.

c. 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 the given director in the respective fiscal year.
- Consolidated pre-depreciation and amortization operating income 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.
- Bonuses 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.

d. Stock-Type 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.

e. Policies for Determining Directors' Compensation

- The Compensation 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-type compensation paid to directors are decided by the president based on resolution of the Board of Directors. Authority for deciding director compensation amounts has been delegated to the president by the Board of Directors to ensure the transparency and rationality of compensation. This authority, however, is conditional upon the Compensation Committee's review of the president's compensation proposal.

ii. Method of Determination of Policies in i. Above

The policies for determining compensation of directors' have been resolved in the meeting of the Board of Directors held on May 19, 2017 taking into account the deliberations of the Compensation Committee.

iii. Policies for Determining Compensation of Audit & Supervisory Board Members

Pursuant to the "Internal Rules on Audit & Supervisory Board Member Compensation," compensation for Audit & Supervisory Board members is limited to annual compensation and is determined through consultation among the Audit & Supervisory Board members.

iv. General Meeting of Shareholders' Resolutions Regarding Directors and Audit & Supervisory Board Members 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 at the 14th Annual Meeting of Shareholders	14 (including two outside directors)
Directors (excluding outside directors)	Upper limit of ¥200 million for stock-type compensation (monetary remuneration receivables paid in relation to restricted stock compensation)	June 29, 2017 at the 14th Annual Meeting of Shareholders	12 (excluding outside directors)
Audit & Supervisory Board members	Upper limit of ¥100 million for compensation	June 29, 2022 at the 19th Annual Meeting of Shareholders	5 (including three outside Audit & Supervisory Board Members)

End

(Attachment 4)

Corporate Governance Code Implementation Table

Corporate Governance Code Implementation Table					CG Guidelines	
General Principles		Principles		Supplementary Principles		
1	Securing the Rights and Equal Treatment of Shareholders	1.1	Securing the Rights of Shareholders	1.1.1	Ch. 3(1)(ii) Securing Shareholder Rights	
				1.1.2	Ch. 3(1)(ii) Securing Shareholder Rights	
				1.1.3	Ch. 2(3)(i) Roles and Responsibilities of the Board of Directors	
		1.2	Exercise of Shareholder Rights at General Shareholder Meetings	1.2.1	Ch. 3(1)(ii) Securing Shareholder Rights	
				1.2.2	Ch. 3(1)(i) Meeting of Shareholders	
				1.2.3	Ch. 4(2) Full Disclosure	
				1.2.4	Ch. 3(1)(i) Meeting of Shareholders	
				1.2.5	Ch. 3(1)(i) Meeting of Shareholders	
		1.3	Basic Strategy for Capital Policy		1.3.1	Ch. 3(1)(ii) Securing Shareholder Rights
		1.4	Cross-Shareholdings	1.4.1	Ch. 3(1)(iv) Basic Views on Capital Policy	
				1.4.2	Ch. 3(1)(v) Policy on Cross-shareholdings	
		1.5	Anti-Takeover Measures	1.5.1	Ch. 3(1)(v) Policy on Cross-shareholdings	
					Ch. 3(1)(v) Policy on Cross-shareholdings	
		1.6	Capital Policy that May Harm Shareholder Interests			Ch. 3(1)(vi) Anti-takeover Measures
		1.7	Related Party Transactions			Ch. 3(1)(vi) Anti-takeover Measures
		2	Appropriate Cooperation with Stakeholders Other Than Shareholders	2.1	Business Principles as the Foundation of Corporate Value	
2.2	Code of Conduct			2.2.1	Ch. 3(1)(vii) Related Party Transactions	
					Ch. 1(3) Group Corporate Philosophy	
2.3	Sustainability Issues, Including Social and Environmental Matters			2.3.1	Ch. 1(3) Group Code of Conduct	
2.4	Ensuring Diversity, Including Active Participation of Women			Ch. 2(2) Internal Control Systems		
2.5	Whistleblowing			2.5.1	Ch. 3(5) Relationship with Society	
2.6	Roles of Corporate Pension Funds as Asset Owners			Ch. 3(5) Relationship with Society		
3	Ensuring Appropriate Information Disclosure and Transparency	3.1	Full Disclosure	i)	Ch. 3(2) Relationships with Employees	
				ii)	Ch. 2(2) Internal Control Systems	
				iii)	Ch. 2(2) Internal Control Systems	
				iv)	Ch. 3(1)(viii) Roles of Corporate Pension Funds as Asset Owners	
					Ch. 1(3) Group Corporate Philosophy	
					Ch. 1(5) Medium-term Business Plan	
					Ch. 1(4) Basic Views on Corporate Governance	
					Ch. 2(6)(vi) Compensation	
					Ch. 2(6)(ii) Nomination Standards for Internal Director and Audit & Supervisory Board Member Candidates	
		3.2	External Auditors	3.1.1	Ch. 2(6)(iii) Nomination Procedures	
				3.1.2	Ch. 4(2) Full Disclosure	
				3.1.3	Ch. 4(2) Full Disclosure	
		3.2	External Auditors	3.2.1	Ch. 3(5) Relationship with Society	
				3.2.2	Ch. 2(7) Independent Auditing Firm	
					Ch. 2(4)(iv) Cooperation with Other Bodies	
		3.2	External Auditors		Ch. 2(7) Independent Auditing Firm	
	Ch. 2(6)(i) Roles and Responsibilities					
	Ch. 2(4)(iv) Cooperation with Other Bodies					

4	Responsibilities of the Board	4.1	Roles and Responsibilities of the Board (1)	4.1.1	Ch. 2(3)(i) Roles and Responsibilities of the Board of Directors
				4.1.2	Ch. 2(3)(i) Roles and Responsibilities of the Board of Directors
				4.1.3	Ch. 1(5) Medium-term Business Plan
		4.2	Roles and Responsibilities of the Board (2)	4.2.1	Ch. 2(6)(iii) Nomination Procedures
					Ch. 2(6)(iv) Policies and Procedures for Appointment and Dismissal of CEO
					Ch. 2(6)(vi) Compensation
		4.3	Roles and Responsibilities of the Board (3)	4.3.1	Ch. 2(5)(i) Roles and Responsibilities of the Compensation Committee and the Nomination Committee
					Ch. 2(6)(vi) Compensation
					(Attachment 3) Approach to the Directors' and Audit and Supervisory Board Members' Compensation System
					Ch. 2(3)(i) Roles and Responsibilities of the Board of Directors
					Ch. 2(2) Internal Control Systems
					Ch. 3(1)(vii) Related Party Transactions
		4.4	Roles and Responsibilities of <i>Kansayaku</i> and the <i>Kansayaku</i> Board	4.4.1	Ch. 2(5)(i) Roles and Responsibilities of the Compensation Committee and the Nomination Committee
					Ch. 2(6)(iii) Nomination Procedures
					Ch. 2(6)(iv) Policies and Procedures for Appointment and Dismissal of CEO
					Ch. 2(6)(iv) Policies and Procedures for Appointment and Dismissal of CEO
		4.5	Fiduciary Responsibilities of Directors and <i>Kansayaku</i>		Ch. 2(2) Internal Control Systems
		4.6	Business Execution and Oversight of the Management		Ch. 2(4)(i) Roles and Responsibilities of the Audit & Supervisory Board
		4.7	Roles and Responsibilities of Independent Directors		Ch. 2(6)(i) Roles and Responsibilities
		4.8	Effective Use of Independent Directors	4.8.1	Ch. 2(6)(vii) Roles and Responsibilities of Independent Outside Directors and Audit & Supervisory Board Members
				4.8.2	Ch. 2(6)(vii) Roles and Responsibilities of Independent Outside Directors and Audit & Supervisory Board Members
		4.9	Independence Standards and Qualification for Independent Directors		Ch. 2(6)(ix) Independence Standards for Independent Outside Directors and Audit & Supervisory Board Members
					(Attachment 2) Outside Director and Audit & Supervisory Board Member Independence Standards

4	Responsibilities of the Board	4.10	Use of Optional Approach	4.10.1	Ch. 2(6)(iii) Nomination Procedures Ch. 2(3)(v) Analysis and Evaluation of the Board of Directors
					Ch. 2(5)(i) Roles and Responsibilities of the Compensation Committee and the Nomination Committee Ch. 2(6)(iii) Nomination Procedures (Attachment 3) Approach to the Directors' Compensation System
		4.11	Preconditions for Board and <i>Kansayaku</i> Board Effectiveness	4.11.1	Ch. 2(3)(ii) Composition of the Board of Directors Ch. 2(4)(iii) Operation of the Audit & Supervisory Board
					Ch. 2(3)(ii) Composition of the Board of Directors Ch. 2(6)(iii) Nomination Procedures
				4.11.2	Ch. 2(6)(vii) Roles and Responsibilities of Independent Outside Directors and Audit & Supervisory Board Members
				4.11.3	Ch. 2(3)(v) Analysis and Evaluation of the Board of Directors
		4.12	Active Board Deliberations	4.12.1	Ch. 2(3)(iii) Chair of Board of Directors Meetings Ch. 2(3)(iv) Operation of the Board of Directors
					Ch. 2(6)(x) Support Systems and Training Policy
		4.13	Information Gathering and Support Structure	4.13.1	Ch. 2(6)(x) Support Systems and Training Policy
				4.13.2	Ch. 2(6)(x) Support Systems and Training Policy
				4.13.3	Ch. 2(4)(iv) Cooperation with Other Bodies
		4.14	Director and <i>Kansayaku</i> Training	4.14.1 4.14.2	Ch. 2(6)(i) Roles and Responsibilities Ch. 2(6)(x) Support Systems and Training Policy Ch. 2(6)(x) Support Systems and Training Policy Ch. 2(6)(x) Support Systems and Training Policy
					Ch. 4(1) Disclosure Systems Ch. 3(1)(iii) Constructive Dialogue with Shareholders (Attachment 1) Basic Policy on Constructive Shareholder Dialogue
					(Attachment 1) Basic Policy on Constructive Shareholder Dialogue
5	Dialogue with Shareholders	5.1	Policy for Constructive Dialogue with Shareholders	5.1.1	(Attachment 1) Basic Policy on Constructive Shareholder Dialogue
				5.1.2	(Attachment 1) Basic Policy on Constructive Shareholder Dialogue
				5.1.3	(Attachment 1) Basic Policy on Constructive Shareholder Dialogue
					(Attachment 1) Basic Policy on Constructive Shareholder Dialogue
		5.2	Establishing and Disclosing Business Strategy and Business Plan		Ch. 1(5) Medium-term Business Plan