

# **Our Initiatives to Strength Governance and Enhance Corporate Value, and the Opinion of the Board of Directors on Director Candidates (additional explanatory materials)**

May 28, 2025



# About this document

This document has been prepared to provide additional explanations from the Company, taking into account questions received from our stakeholders through discussions regarding the “Notice of the Board of Directors’ Opinion on Shareholder Proposals” dated May 16, 2025, as well as recent disclosures made by the proposing shareholder and related media coverage.

By providing background information and relevant data, this document aims to contribute to stakeholders’ understanding of points previously presented in our disclosures and past initiatives.

For previously disclosed materials related to this document, please refer to the links below.

## **Initiatives to strengthen governance and enhance corporate value, and opinion of the Board of Directors on director candidates**

- [“Notice Regarding the Opinion of the Board of Directors on Shareholder Proposal”](#) (released May 16, 2025)
- [“Initiatives to Strengthen Governance and Enhance Corporate Value, and the Opinion of the Board of Directors on Director Candidates”](#) (released May 16)
- [“Capital Allocation Policy \(Summary\)”](#) (released May 16)
- [“Notice Regarding Withdrawal of ‘Medium-Term Group Vision 2023’ Targets and Formulation of ‘Reform Action Plan’”](#) (released May 16)
- [“Reform Action Plan”](#) (released May 16)

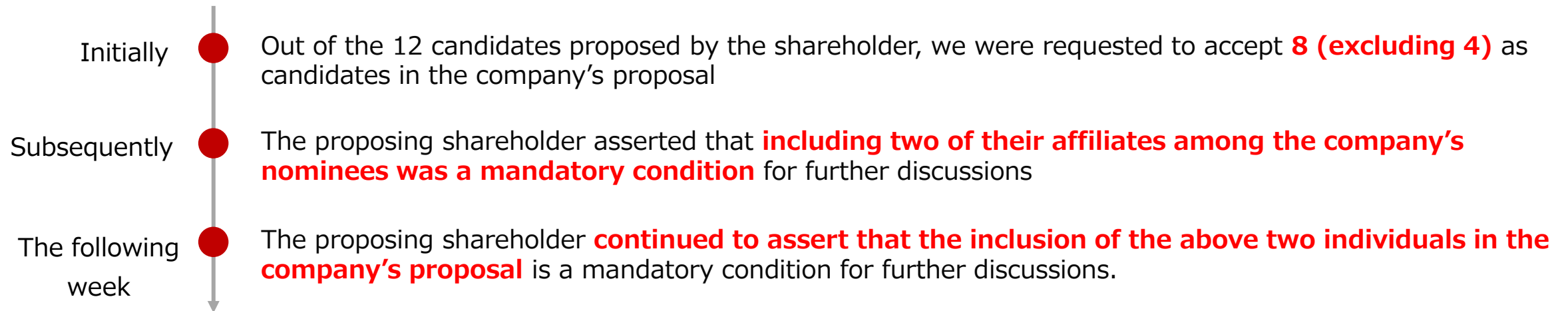
## **Announcements regarding the shareholder proposal**

- [“Receipt of Shareholder Proposal”](#) (released April 17)
- [“Notice Regarding Receipt of Document for Replacement of Shareholder Proposal”](#) (released April 23)
- [“Receipt of Additional Document Regarding Shareholder Proposal”](#) (released May 8)
- [“Notice Regarding Shareholder Proposal and Subsequent Developments”](#) (released May 21)

## 1. Response to Requests from the Proposing Shareholder Regarding Director Candidates

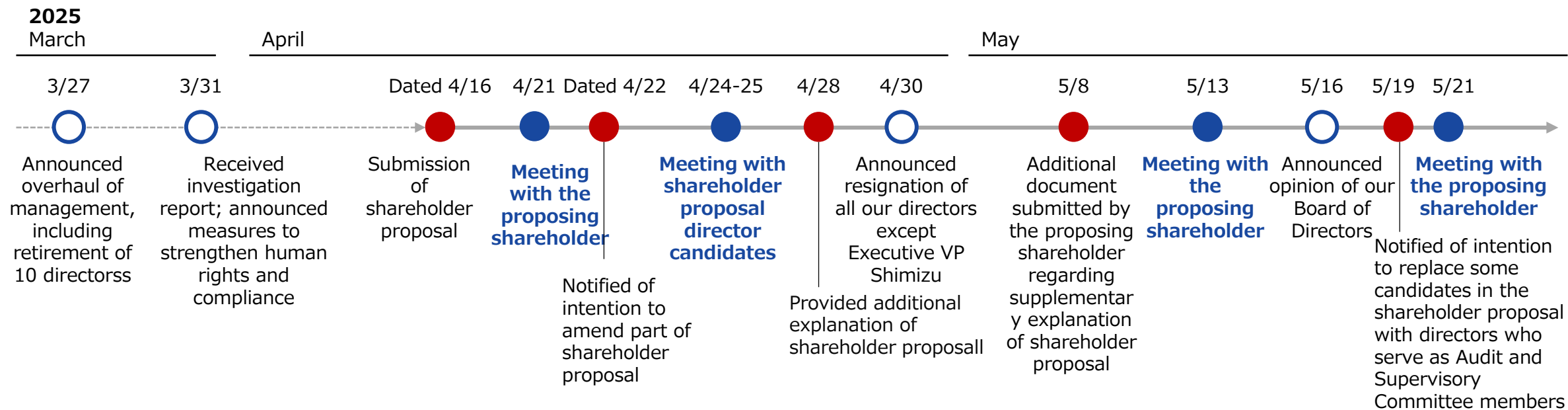
- The proposing shareholder has publicly stated, “**There were no discussions regarding our proposed candidates.** We regret such **manipulation of information.**”
- However, as previously disclosed, we have **sincerely engaged with** the director candidates in the shareholder proposal by not only reviewing the materials received from the proposing shareholder, but also **conducting individual interviews and requesting written submissions from each candidate (except for those who partially declined).**
- Furthermore, requests from the proposing shareholder have developed as shown below, and we have addressed each situation sincerely.

### Requests by the proposing shareholder



## 2. Overview of Engagements with the Proposing Shareholder

- In their public disclosure, the proposing shareholder stated, "We regret that the company decided to oppose all of our candidates without any discussions with us."
- Since receiving the shareholder proposal, we have **engaged in sincere dialogue** with the proposing shareholder **a total of 64 times**, including **emails, phone calls, and meetings** (both in-person and online).



**Engagement with the proposing shareholder: total of 64 times**  
(emails, telephone calls, and face-to-face meetings (in person and online) since receiving the shareholder proposal)

**42 interactions in April**

**22 interactions in May**

○ Actions by the Company

● Actions by the proposing shareholder

● Meetings and other interactions between the two parties

### 3. Flexible Response to Defects and Replacements in Shareholder Proposals to the Extent Permitted by Law

- The proposing shareholder publicly stated, “It is regrettable that the company decided to oppose all our proposals without any prior consultation. We do not believe the company sincerely considered our proposals.”
- From the perspective of fully respecting the shareholder rights of the proposing shareholder, we have **pointed out deficiencies in the proposals before the submission deadline** and requested clarification. We have strived to respond carefully and thoughtfully, **taking into account the intentions** of the proposing shareholder.

	Proposing shareholder	The Company
Shareholder proposals Deadline (April 30)	<b>April 17 Shareholder Proposal</b> Received shareholder proposal including director candidates believed not to have Japanese nationality. There was risk of cancellation of certification as a certified broadcasting holding company under the Broadcast Act after appointment Shareholder proposal did not distinguish between “directors who are Audit and Supervisory Committee members” and “directors who are not,” which should be treated as separate items under the Companies Act.	<b>Pointed out deficiencies in the shareholder proposal before the submission deadline</b>  <b>Sincerely responded to changes and revisions made by the proposing shareholder following the company’s feedback</b>
	<b>April 23 Shareholder Proposal</b> Received a shareholder proposal replacing one director candidate	
	<b>April 28 Shareholder Proposal</b> Supplementary explanation clarified that the candidate is “a director who is not an Audit and Supervisory Committee member” Note: The revised shareholder proposal with this clarification was received on May 8	
	<b>May 19 Shareholder Proposal</b> Request to change three of the director candidates (not Audit and Supervisory Committee members) in the shareholder proposal to candidates who are Audit and Supervisory Committee members	
		<b>New shareholder proposals submitted after the deadline were not accepted as they were not legally permissible</b>  *including addition of new items and partial withdrawal of existing items

## 4. The Deliberation Process of Our Board of Directors

- In the materials published by the proposing shareholder, they stated: “There remains a question as to whether it was appropriate that the director candidates… were mainly decided by the directors scheduled to retire.”
- However, the **decision on director candidates included in the company’s proposal is the responsibility of the Board of Directors as stipulated by the Companies Act**. Furthermore, the selection of director candidates was conducted in accordance with a strict process established under the newly revised governance system, which was updated in response to reflections on the incidents.

### Start of director candidate selection and study by the Board of Directors

**Deliberation by Management  
Advisory Committee**  
(consisting of 3 independent outside directors  
and 2 internal directors)

**Consideration by Management Reform  
Subcommittee**  
(consisting of 7 independent outside directors)

### Deliberation and final decision by the Board of Directors

# **Frequently Asked Questions (FAQ)**

**Q I understand that several initiatives, aside from the "Reform Action Plan", have already been announced. Could you clarify what initiatives are currently in place, and how the new Reform Action Plan fits into them?**

- A
- Since establishing the "Revitalization and Reform Project Headquarters" at Fuji Television in February, we have announced and implemented various reform measures, including enhancements to our governance system, human rights policies, and compliance initiatives, as well as concrete actions towards Fuji TV's revitalization and reform.
  - We have also established the "Group Human Rights Committee" at the parent company and the "Sustainability Management Committee" at Fuji Television to provide a structure that ensures the steady implementation of these reforms.
  - The "Reform Action Plan" is positioned as our new management guideline, based on these initiatives, and serves as a precursor to our upcoming "Mid-Term Group Vision".

**Q The proposing shareholder has suggested a spin-off of the real estate business. What is the company's view on this proposal?**

- A
- Since becoming a part of our group, the Urban Development and Tourism business has continued to grow.
  - By leveraging synergies with our media and content business, it has delivered large-scale projects with added value in live entertainment, demonstrating its unique strength as a "media-related developer."
  - We do not believe that simply spinning off this business would be the optimal course of action.



## **Q Regarding the reduction of 100 billion yen in strategic shareholdings**

- A
- To enhance capital efficiency and optimize asset allocation, we have steadily reduced our strategic shareholdings, selling approximately 77 billion yen over the past seven years, as well as 19.2 billion yen last month.
  - We plan to sell over 100 billion yen worth of holdings within three years and reduce the ratio to less than 15% of net assets by the end of fiscal year 2027, with a further reduction planned.

## **Q Regarding the 8% ROE target**

- A
- We will expand growth investments and shareholder returns by reviewing and strategically utilizing our asset allocation.
  - Through improved business performance and enhanced capital efficiency, we aim to achieve an ROE of over 8%.

## **Q When will you advance to the next "Mid-Term Group Vision"?**

- A
- Once we can confirm a certain level of business recovery, we intend to present our new mid-term management policy as early as possible.

**Q The proposing shareholder claims that the company has "never agreed to any discussions." Is this true?**

- A**
- Since the submission of the shareholder proposal, we have engaged in sincere dialogue with the proposing shareholder on more than 60 occasions, including via email, phone calls, and both offline and online meetings.
  - For further details regarding our communications with the proposing shareholder, please refer to page 2 of this material.

**Q The proposing shareholder claims that the board did not sincerely consider the shareholder proposal candidates. What was the process for reviewing these candidates?**

- A**
- The selection of directors follows a process in accordance with the Corporate Governance Code.
  - Except for a few candidates who declined to participate, our directors (both inside and outside) conducted individual interviews with the candidates. Based on further review and recommendations by the Management Advisory Committee, which is composed of three independent outside directors and two internal directors, and additional deliberation by all independent outside directors, the Board of Directors engaged in a thorough and sincere review.
  - In selecting director candidates, we carefully and sincerely considered all candidates, both those nominated by the company and those proposed by shareholders, according to our established selection process.
  - Although the proposal received from shareholders on April 16 originally contained several legal issues, as outlined on page 2 of this material, we accepted the proposal as a valid shareholder proposal following dialogue and necessary modifications. It is scheduled to be put forward at the General Meeting of Shareholders in June.

**Q There are concerns that the decision to oppose the shareholder proposal was made mainly by directors who are scheduled to retire. How do you address this point?**

- A**
- We conducted individual interviews between the company's directors (both outside and inside) and the shareholder proposal candidates (except for candidates who declined), followed by review and recommendations from the Management Advisory Committee, which is composed of three independent outside directors and two internal directors, as well as additional review by all independent outside directors. Based on these steps, the Board of Directors sincerely reviewed and resolved the issue.
  - When selecting director candidates—both those proposed by the company and those proposed by shareholders—we have carefully and sincerely reviewed all candidates equally according to our established nomination process.
  - Furthermore, when a shareholder proposal is submitted, the Board of Directors has an obligation to seriously review its content. As a result, under the Companies Act, if the Board of Directors has an opinion on a shareholder proposal, that opinion must be disclosed in the reference materials for the General Meeting of Shareholders.

# Disclaimer

- This document is not a solicitation to have the Company or a third-party exercise voting rights on behalf of shareholders with respect to proposals to be discussed at the General Meeting of Shareholders.
- Information in this document other than information originating from the Company has been created based on information available to the public. However, the Company does not guarantee the accuracy, reliability, or completeness of such information, and does not bear any responsibility whatsoever for decisions made based on said information.
- This document also refers to forward-looking prospects based on the Company's current plans, estimates, expectations, and forecasts regarding our business and industry trends. These forward-looking statements are subject to various risks and uncertainties.
- The financial results forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company, and are not intended as a promise that these statements and forecasts will be correct. Various factors could cause actual results to differ materially from the forecasts.

