

The TBS Group's Take on Sustainability

Creating a Happy and Sustainable Society Together

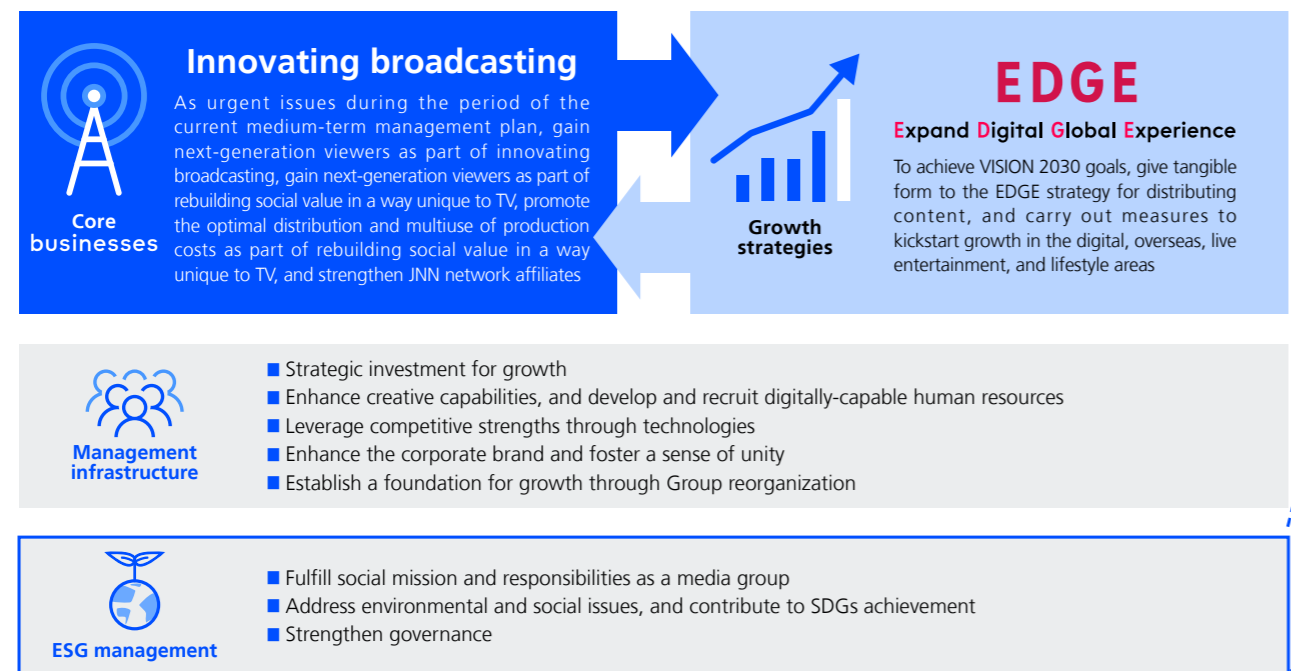
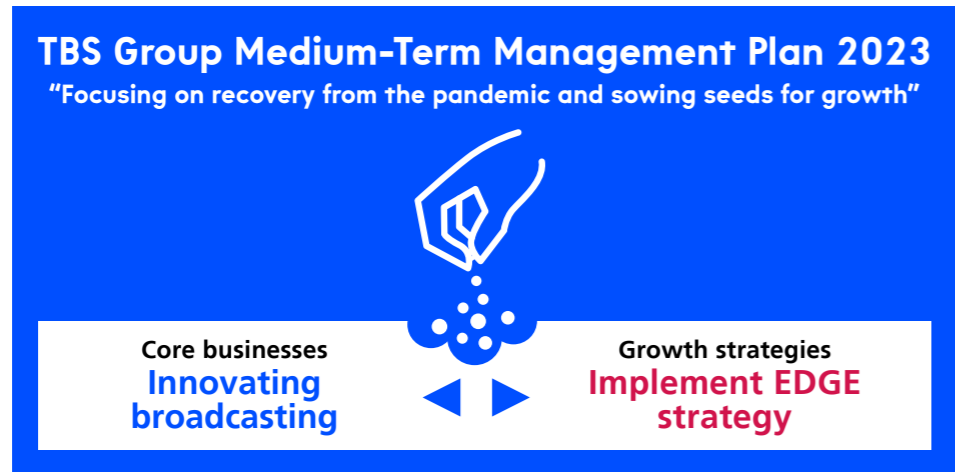
Achieving the social mission of media, and contributing to SDGs

The TBS Group is working as a media company together with companies, non-profit organizations, regional communities, and all stakeholders to build a wide range of partnerships, and together is building a happy and sustainable society. Within the Earth (E) on which we live and Society (S) in which we work, as a responsible company we are using Governance (G) to take a variety of management measures to provide wonderful "moments."

Additionally, we will be more aware of the social mission of media, fulfilling our responsibility in being a starting point for influencing society.

Our actions target achieving our social development goals—the SDGs—which are self-imposed goals set by international society for 2030.

In June 2020, we also put in place a new "ESG Strategy" director, and a system to further promote ESG management.



ESG Promotion System

At TBS, our CSR Planning Department has been central to our efforts towards sustainability. For the environment, we have established the Energy-saving Promotion Committee. We are promoting the rational use of energy, and continuing with activities to promote measures to counter global warming.

In 2020, to achieve further Group growth and increased corporate value, one board director takes responsibility for

ESG strategy, and one executive director takes charge of this. The SDGs Planning and Strategy Department has also been established in the President's Office in order to promote SDGs and ESGs throughout the Group as a whole.

We are building an organization to urgently promote sustainability management that addresses important ESG issues across the whole TBS Group.



Environmental Initiatives



Wonderful “moments” for the earth on which we live

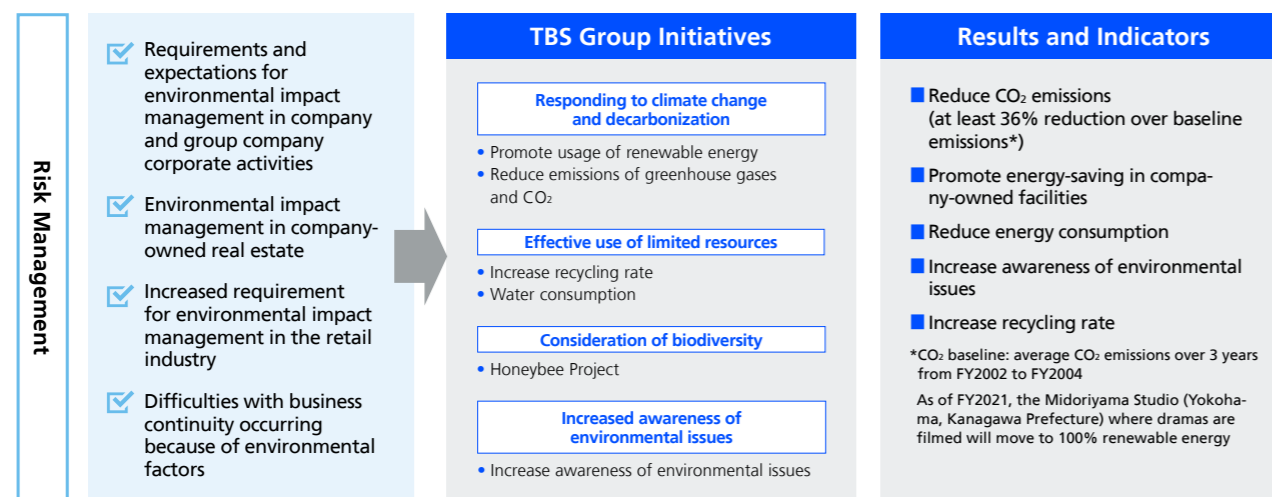
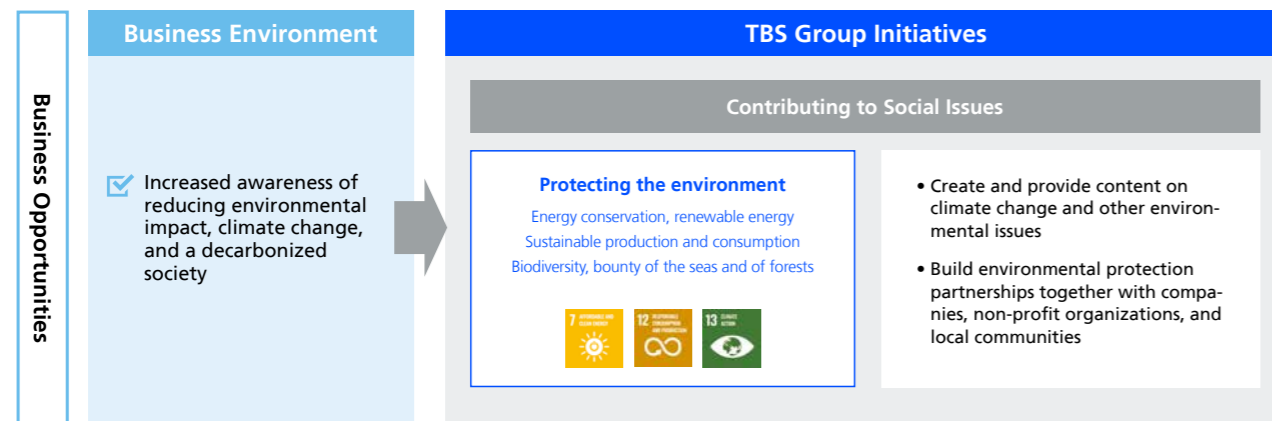


TBS launched the Honeybee Project in 2011, and through activities such as beekeeping, honey collection, and interactive children’s classes together with the residents of Akasaka, is working for coexistence with nature throughout the community.

Bees fly between and pollinate the innumerable flowers in the area, helping them fruit.

A single bee only produces one teaspoon (0.5g) of honey in its lifetime, but that tiny quantity brought to us with the buzz of tiny wings has an exquisite value in that it sustains life, enriches nature, and brings nourishment to people.

Through these and other unique efforts, the TBS Group is working to contribute to the protection of the global environment.



Solve Global Environmental Problems

“TBS Group Environmental Vision”

TBS created its TBS Group Environmental Vision in January 2007 declared that it would set and act in line with clear activities targets “so that we can pass this beautiful earth on to following generations,” a problem facing the whole world, and formulated its “Voluntary Environmental Action Plan.”

The “TBS Group VISION 2030” and “TBS Group Medium-Term Management Plan 2023” announced in May 2021 also set forth our commitment to protecting the global environment and to working to resolve problems confronting it.

Responding to climate change and decarbonization

Promote usage of renewable energy

The TBS Group has partnered with Minna-Denryoku Inc., and in December 2018 switched the Toda Transmitting Station, the main AM broadcaster for TBS Radio AM, over to 100% renewable energy.

In October 2019, the TBS Akasaka ACT Theater, Akasaka BLITZ, and the Akasaka Sacas Plaza all switched to 100% renewable energy at the same time. The TBS Akasaka ACT Theater became the first large theater in Japan to be a 100% renewable energy theater, and this uses blockchain technology to verify the origin of this power.

Furthermore, the TBS Midoriyama Studio will switch over to 100% renewable energy in FY2021. This switch to renewable energy is being carried out using J-Credits that certify the origin of renewable electricity. J-Credits derived from renewable energy generated from solar cells installed on homes in Japan will be purchased through Minna-Denryoku Inc.

Using this system, the Midoriyama Studio will become Japan’s largest 100% renewable energy studio, with 100% renewable energy being used for studio filming of all TBS dramas airing from April 2021 onwards.

Under the J-Credit system for renewable electricity, the government certifies as credits the amount of greenhouse gas emissions reductions from renewable energy. Under this initiative, we have managed to achieve zero-carbon, 100% renewable energy by using J-Credits generated using solar photovoltaic generation installed on houses.

The TBS Group will continue to study and promote usage of renewable energy.

<Collaboration with Minna-Denryoku Inc.>

Minna-Denryoku is an energy venture that sells renewable energy procured from around Japan using its own electronic trading platform.

The company was the first to use blockchain technology to verify the origin of the power generated, and its development of advanced technologies is garnering attention. In December 2020, Minna Denryoku received the SDGs Chief’s Award (by Prime Minister) at the 4th “Japan SDGs Awards,” recognizing its outstanding achievements in attaining SDGs.

TOPICS

“Midoriyama Studio 100% Renewable Energy” and “HOUSE that Makes the Earth Smile”



[Midoriyama Studio]
The huge 264,500 m² Midoriyama Studio using 100% renewable energy



[HOUSE that Makes the Earth Smile]
In Summer 2021, “HOUSE that Makes the Earth Smile” was opened as a new location that communicates SDG initiatives in one part of Akasaka Sacas. In conjunction with SDGs-related projects broadcast on TBS Television, TBS Radio, and BS-TBS, TBS has held interactive exhibits that visitors can see and interact with. We will also hold online and real-world workshops to provide visitors with the chance to experience SDGs as something that they own. The first of these exhibitions provides content with which children could use for free learning during their summer vacation. This includes learning about SDGs using wisdom from life in the Edo period, as well as learning the rules of para-sports and experiencing its equipment (scheduled to run to November 2021).



[In-house garbage separation]
The “TBS Color Box” system makes separating trash easier to understand. Leftovers from lunches are used as livestock feed

Social Initiatives



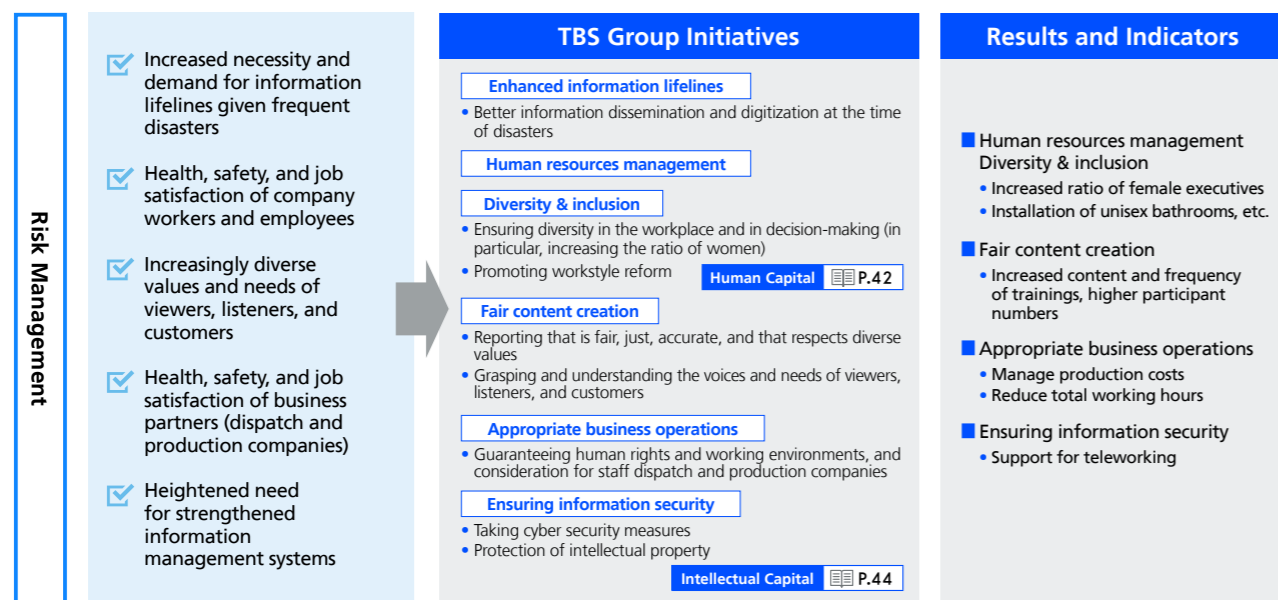
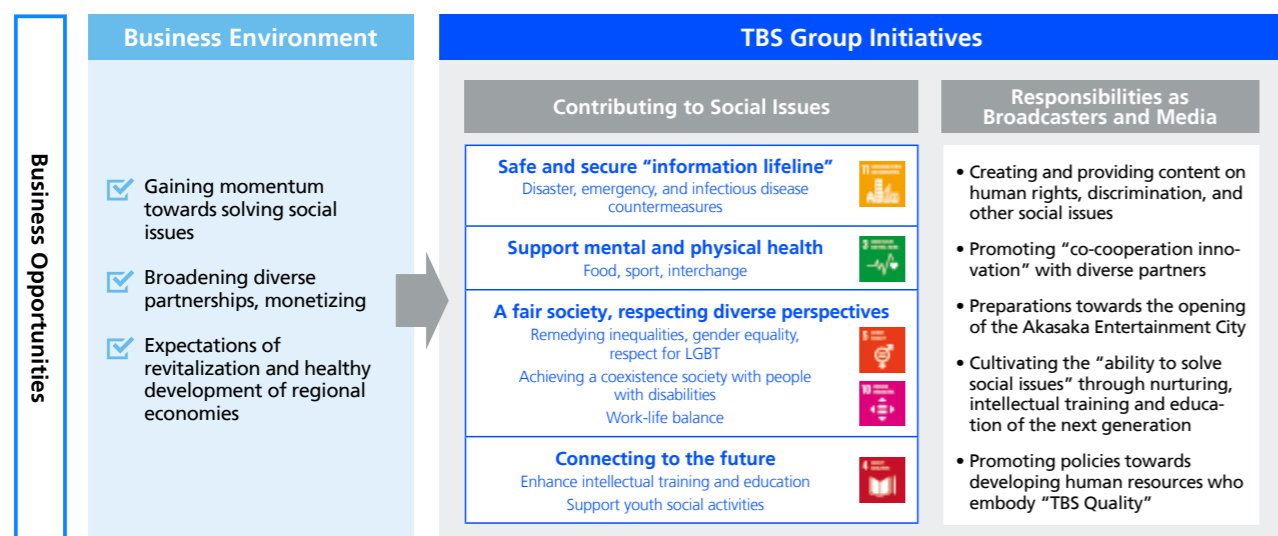
Providing wonderful "moments" to all members of society



While fulfilling our responsibility as a media outlet, the TBS Group's approach regarding society is to pose questions about social issues, and to look for opportunities for their resolution.

The Group has an in-house university, TGU, at which everyone working as a part of TBS can experience a diverse range of viewpoints and different values.

We have also established the in-house Hanasaku Nursery School as a way to support employees who are raising children.



Responsibilities as broadcasters and media

As a media company with a social mission, TBS fulfills different roles. As a cornerstone of democracy and of a society that safeguards peace, freedom, and human rights, it also acts as an information lifeline in the event of disasters occurring or when countermeasures against infectious diseases are required.

Diversity & inclusion (Workstyle reform, human resources development)

Promoting the TBS way of working

We have designated and are promoting "T-Work," a way of working unique to TBS in which people with diverse values and ideas can work in concord to create new value.



TBS Group University (TGU) is an in-house university that opened in 2018 as a venue for learning within the TBS Group. This supports self-learning of everyone working with the TBS Group, including temporary staff.

In collaboration with Hakuodo and Hakuodo DY Media Partners, in April 2018 we opened the Hanasaku Nursery School to help employees raising children be able to return to work, contribute to their career plans, and contribute to local communities. This nursery is also open to the local community, and its popularity means it is always at capacity.

We are constantly promoting T-Work not only amongst TBS employees, but also temporary staff, the local community, and a range of other people.

Ensuring diversity

In 2019, TBS established the Office of Diversity Promotion within the human resources department. TBS is implementing career support training for female employees, seminars targeting managers to help them develop female subordinates who are raising children, and seminars to create a culture supportive of diversity (seminars on different types of harassment, to promote LGBT understanding, etc.).

We are also promoting the development of an environment surrounding employment in which women can play an



active role. We have set a goal to increase the percentage of women in management positions to 20% or more during the five-year period of the plan (April 1, 2020 to March 31, 2025). To this end, we are working to 1: carefully scrutinize promotion decisions, 2: ensure training that has an awareness of diversity and inclusion, and 3: create an environment in which employees who works while raising children can play an active role.

*Ratio of female managers at TBS Television: 13.5% (as of February 1, 2021)
*Combined ratio of female employees at TBSHD and TV companies: 23.0% (as of February 1, 2021)

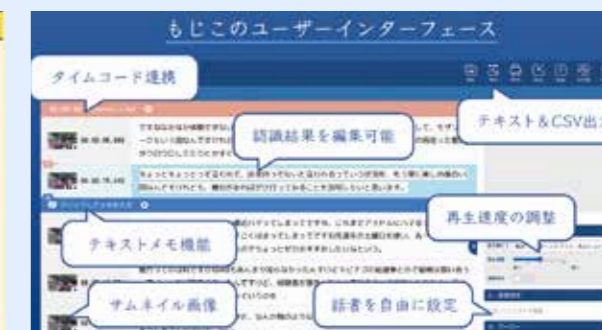
Appropriate business operations

Guaranteeing human rights and working environments, and consideration for staff dispatch and production companies

In response to dramatic revisions to the Worker Dispatching Act in 2015, TBS has been improving the working environment through the establishment of a new Labor Support Department to ensure better management of the dispatch systems, which formerly came under the aegis of the Labor Policy Department. We held seminars conducted by specified social insurance labor consultants to explain laws and regulations—in 2015 covering the dispatch licensing system, and in 2020 covering equal pay for equal work (in the dispatch system). These garnered high praise from participants. TBS is also a member of the SDG Media Compact, a global movement which seeks to advance SDGs. Towards achieving the 8th goal, Decent Work, we are working every day to provide everyone who works at the TBS Group with job satisfaction, training opportunities, and new work environments (teleworking, etc.).



Providing information to support people's lives and livelihoods using a special website during times of disaster



Reducing working hours using Moji, an AI-based transcription editor

Governance Initiatives



Each moment to be a responsible company



TBS has a responsibility to contribute to the market economy growth as a listed company. And at the same time, as a certified broadcasting holding company with a limited number of broadcasters under its umbrella, TBS is the company empowered with a high public mission.

Our basic approach to corporate governance is to improve the management efficiency of the Group and maximize TBS's corporate value, while fulfilling the social responsibility as a certified broadcasting holding company.

	Business Environment	Issues	Approach	Results and Indicators
Business Opportunities	<ul style="list-style-type: none"> Accelerate management decision-making and ensure transparency and fairness Enhance the content value by strengthening the management of group companies Foster the next generation of management Dialogue with shareholders and investors through positive IR activities 	Effectiveness of Board of Directors	<ul style="list-style-type: none"> Restructure the Board of Directors Elect specially appointed Executive Officers 	<ul style="list-style-type: none"> Independent Outside Director accounting for one-third of the Board of Directors Increase Independent Outside Directors of the Compensation and Nomination Advisory Committee
		Group governance	<ul style="list-style-type: none"> Reorganize 30 related subsidiaries (TBS SPARKLE, Inc., TBS GLOWDIA, Inc., and TBS ACT, INC.) Introduce the Group Executive Officer System 	<ul style="list-style-type: none"> Group Management Efficiency Thorough Compliance Ideal Group Financial Results
		Reduction in cross-shareholdings	<ul style="list-style-type: none"> Review the purpose of holding each issue by the Board of Directors 	<ul style="list-style-type: none"> Approx. ¥32.4 billion reduction by sales in FY2020
Risk Management	<ul style="list-style-type: none"> Prevent compliance violations and problems related to content and business execution Reinforce information security Prepare for a catastrophic disaster Ensure accountability for fair stock market creation 	Ensuring information security	<ul style="list-style-type: none"> Take cyber security measures: Participate in ICT-ISAC, Create a dedicated in-house team (TBS CSIRT) Protect personal information: Develop original personal information protection system "hogwan" and "Secure Mail Service" 	<ul style="list-style-type: none"> Zero reports of serious accidents, including leakage of personal information in FY2020
		Risk management	<ul style="list-style-type: none"> Comprehensive risk management: internal audits and reviews Compliance (prevention of corruption and fraud) BCP (Business Continuity Plan) 	<ul style="list-style-type: none"> Define and evaluate risk management criteria



Corporate Governance

Effectiveness of the Board of Directors

The Board of Directors of TBS HOLDINGS, INC. has transformed its structure in 2020. Of the nine Board Directors, three are Independent Outside Directors. Each of Outside Directors has experience in Corporate Management that differs from those with TV and Radio background, and excels in skills in Finance and Accounting, and in Organization and Human Resources. In addition to ensuring diversity of governance in this way, since 2021 we have evaluated the effectiveness of the Board of Directors, commissioned by an external organization. TBS HOLDINGS, INC. is a company with a Board of Directors, an Audit & Supervisory Board, and an Accounting Auditor, and has established a Nomination Advisory Committee and a Remuneration Advisory Committee.

Governance Topics

Elect specially appointed Executive Officers (Resolution by the Board of Directors on October 1, 2020)

Specially appointed Executive Officers, whether full-time or

part-time, were established to have them demonstrate their superior capabilities by leveraging their specialized knowledge and abundant experience from outside the Company.

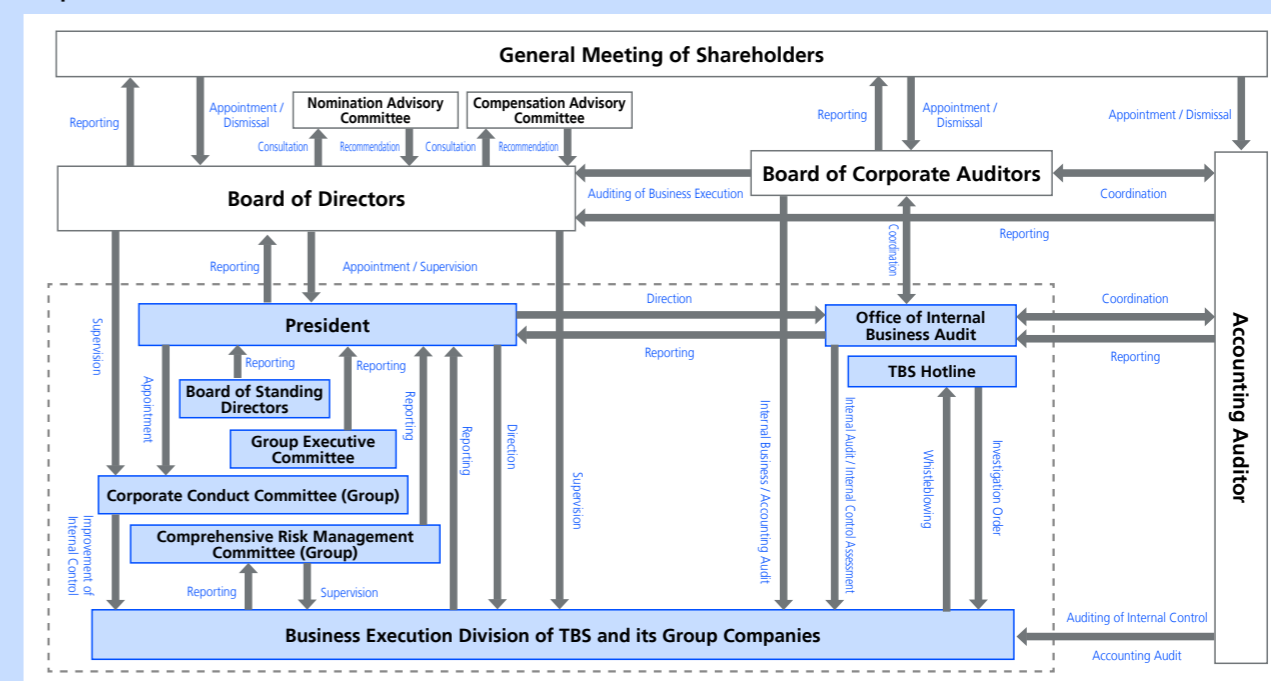
Reorganization of the Nomination & Remuneration Advisory Committee

Members include three Outside Directors as of January 2021 (Three Inside Directors, three Outside Directors; Chaired by an Outside Director).










Introduction of "Restricted Share-based Remuneration System" for Officers' Compensation






The Board of Directors reviewed the Officers' Compensation System and resolved to introduce the "Restricted Share-based Remuneration System," which was approved at the 92nd Ordinary General Meeting of Shareholders. The system provides incentives for Board Directors other than Outside Directors of the Company to improve the continuous corporate value of TBS, and aims to share greater value with shareholders. As a result of the management restructuring in June 2020, we have also introduced the system for Executive Officers.

Corporate Governance Structure (as of June 29, 2021)



Corporate Officers (as of June 29, 2021)

Board Director										
										
Position	Chairman and Board Director	President & Representative Director	Representative Director	Board Director	Board Director	Board Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	
Responsibility	Chair of Board of Directors	Office of Internal Business Audit	Head of Finance Strategy	Head of Growth Strategy	Head of Competitive Strategy General Manager of Multi-Platform Media Division	Head of ESG Strategy				
Concurrent position	<ul style="list-style-type: none"> Chairman & Director, TOKYO BROADCASTING SYSTEM TELEVISION, INC. Director, StylingLife Holdings Inc. Director, MBS Media Holdings, Inc. 	<ul style="list-style-type: none"> President and Representative Director, TOKYO BROADCASTING SYSTEM TELEVISION, INC. 	<ul style="list-style-type: none"> Executive Vice President and Board Director, TOKYO BROADCASTING SYSTEM TELEVISION, INC. 	<ul style="list-style-type: none"> Senior Managing Director, TOKYO BROADCASTING SYSTEM TELEVISION, INC. 	<ul style="list-style-type: none"> Managing Director, TOKYO BROADCASTING SYSTEM TELEVISION, INC. 	<ul style="list-style-type: none"> Managing Director, TOKYO BROADCASTING SYSTEM TELEVISION, INC. 	<ul style="list-style-type: none"> Outside Director, ASICS Corporation Outside Director, Matsuya Co., Ltd. Outside Director, Kewpie Corporation 	<ul style="list-style-type: none"> Representative Director, people first, Ltd. Director, ICMG Co., Ltd. Chairman and Director, IWNC Inc., Ltd. Auditor, GE Healthcare Japan Corporation 	<ul style="list-style-type: none"> Representative Director and CEO, betaCatalyst Inc. Adviser, Money Forward, Inc. 	
Biography	<ul style="list-style-type: none"> Division President, Head Office of Sales Division of the Company Director, General Manager of Management Media Division President & Representative Director Chairman & Director, TBS RADIO, Inc. President & Representative Director, BS-TBS, INC. President & Representative Director, TOKYO BROADCASTING SYSTEM TELEVISION, INC. 	<ul style="list-style-type: none"> Division President of Finance Division of the Company Division President of Group Managerial Planning Division Division President of Programming Division, TOKYO BROADCASTING SYSTEM TELEVISION, INC. 	<ul style="list-style-type: none"> Division President of Technology Division, TOKYO BROADCASTING SYSTEM TELEVISION, INC. 	<ul style="list-style-type: none"> Division President of Sales Division, TOKYO BROADCASTING SYSTEM TELEVISION, INC. Division President of Group Managerial Planning Division of the Company 	<ul style="list-style-type: none"> Division President of TV Production Division, TOKYO BROADCASTING SYSTEM TELEVISION, INC. 	<ul style="list-style-type: none"> Division President of President's Office of the Company Division President of Administration Division Division President of Division of Human Resources and Labor 	<ul style="list-style-type: none"> President & Representative Director of Recruit Co., Ltd. (Current Recruit Holdings Co., Ltd.) Outside Director of Suntory Beverage & Food Limited 	<ul style="list-style-type: none"> Director & General Manager of Human Resource Department of GE Yokogawa Medical Systems Ltd. (current GE Healthcare Japan Corporation) Director of GE Japan Inc. Executive Officer & Executive Vice President of JS Group Corporation (current LIXIL Corporation) 	<ul style="list-style-type: none"> Director & Executive Chairman of DeNA Co., Ltd. 	
Appointed as Director	June 2007	June 2015	June 2014	June 2015	June 2018	June 2018	June 2018	June 2020	June 2020	
Number of shares held (as of March 31, 2021)	39,912	39,758	31,322	23,049	12,705	15,198	0	0	0	
Attendance at Board of Directors (FY2020)	13/13 (100%)	13/13 (100%)	13/13 (100%)	13/13 (100%)	13/13 (100%)	13/13 (100%)	13/13 (100%)	10/10 (100%)	10/10 (100%)	
Committee										
Nomination Advisory Committee		○	○			○	○ (Chairman)	○	○	Ratio of Outside Directors on the committee
Compensation Advisory Committee		○	○			○	○ (Chairman)	○	○	3/6
Expertise										
Corporate management	○	○	○				○	○	○	Corporate management
Business strategy	○	○	○	○	○					Business strategy
Finance and accounting			○						○	Finance and accounting
ESG						○				ESG
Legal and compliance						○				Legal and compliance
Organization and human resources						○		○		Organization and human resources

Corporate Auditor						
						
Position	Standing Statutory Auditor	Standing Statutory Auditor	Auditor	Auditor	Auditor	
			<ul style="list-style-type: none"> Advisor, Sumitomo Mitsui Banking Corporation 	<ul style="list-style-type: none"> Lawyer Partner (lawyer), TMI Associates 	<ul style="list-style-type: none"> Certified Public Accountant Director & Chairman, ZECOO Partners Inc. 	

Overview of Corporate Governance System

As a system to ensure that board directors' duties are executed in an efficient manner, the Board of Directors meets in principle once a month to make decisions regarding important company business, and to report important matters. In addition, there is in place a Standing Officers Committee which conducts discussions to assist the president in decision-making and company business. This comprises 10 full-time board directors and executive officers (10 males) and meets in principle once a week. This carries out advance discussions of agenda items for the Board of Directors' Meetings, and discusses execution policies for overall business management, including Group operations. Under this are the Budget Committee and Loan Committee, and the Facility Planning Committee. These consider budgets and investments for the Company and the Group, and report these to the Standing Officers Committee. The Compensation Advisory Committee has been established as an advisory body for the Board of Directors to discuss remuneration for Directors.

The Company has set up a system to ensure that the ex-

ecution of duties by board directors is compliant with laws and regulations and with our Articles of Incorporation. (1) It has put forth its corporate philosophy so that the Group can grow as the optimal corporate entity and formulated the "TBS Group Code of Conduct" which serves as a basic pledge to be observed by all officers and employees. The Company has set the "TBS Group Action Standards" as standards towards the concrete implementation of this charter, and we are working to ensure thorough compliance with these. (2) The company has formulated the "TBS Group Basic Policy on Information Disclosure" and is ensuring timely and appropriate disclosure of information, thus striving to fulfill the Group's accountability. (3) In response to inquiries from the Board of Directors, the Special Committee for Corporate Value Evaluation comprising Company outside directors, auditors, and outside experts considers the suitability of policies aimed at maximizing corporate value, and reports the results of deliberations to the Board of Directors.

Group Governance

We have introduced the Group Executive Officer System for Group companies with the aim of expeditiously implementing management strategies, and improving the effectiveness of their business execution. This fiscal year, the presidents of six core companies were appointed.

The Group Executive Committee of TBS Group has been held twice a month since July 14, 2020, comprising directors

of TBS HOLDINGS, INC., Executive Officers responsible for the Group and Group Executive Officers as a body for liaising and consulting between companies, in order to supplement the business execution of the President of TBS HOLDINGS, INC. These meetings have been incorporated as a part of the corporate governance system.

Overview of the "Policy on Responses to Takeover Bids for Company Shares"

At a TBS Board of Directors meeting held on February 28, 2007, the Company formulated a "Policy on Responses to Takeover Bids for Company Shares." At the ordinary general meeting of shareholders held on June 28, 2007, this Policy and its continued application were approved through the approval of a majority of shareholders who were entitled to exercise their voting rights.

This policy was put in place in accordance with the Companies Act and other corporate laws and regulations, governmental guidelines issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice, and rules and regulations issued by the Tokyo Stock Exchange, and as a result of thorough consideration of the impact on shareholders' rights and their exercising, and the impact of Company shares on the market.

This policy is to be automatically renewed for a period of three years unless there is a resolution to abolish it adopted at the ordinary general meeting of shareholders to be held every three years.

An important feature of takeover defense measures is that as long as a purchasing group which has the intent to acquire shares representing 20% or more of the voting rights complies with the policy, a general meeting of shareholders shall in principle be held prior to the implementation of any takeover defense measures (measures to counter takeover bids), and shareholders will be entrusted with the decision as to whether or not to implement such measures.

However, if the Special Committee for Corporate Value Evaluation, an advisory body independent of the Board of Directors, evaluates and examines the takeover proposal and recommends that the takeover defense measures not be exercised, then said countermeasures will not be implemented without waiting for the General Meeting of Shareholders to be convened.

Details of the Policy on Responses to Takeover Bids for Company Shares are available on the TBS company website.

Compliance

Basic Concept Regarding Compliance

The TBS Group is a media company, and as such is aware of its public mission, and is expected to act with high levels of ethics and responsibility. In our corporate activities, as well as complying with laws and regulations and refraining from any wrongdoing, we are constantly striving to act in a fair and upright manner in order that we remain a trusted company. In our broadcast content, we are working to improve our sense of ethics in order that we do not betray the trust of viewers and listeners.

Compliance system

As a core aspect of promoting compliance within the TBS Group, a Compliance Office has been established under the Compliance Division that can provide employees and staff with guidance as to how to prevent violations of laws and regulations, internal rules, ethics, and harassment. In the event there is a problem with compliance, the department in charge works in collaboration with the Division of Human Resources and Labor, seeking advice from outside lawyers if necessary to promptly investigate the problem. There is in place a system to take measures as appropriate, including internal disciplinary action, investigation of causes, and formulation of measures to prevent recurrence.

Internal Training and Seminars

The Division of Human Resources and Labor together with the Compliance Department co-host compliance-related sem-

inars for not only new Group employees but also mid-level staff and managers.

Heightened Broadcast Ethics

In producing programming, the TBS Group creates fair and wholesome content that neither violates the Broadcasting Act and the broadcasting standards of the National Association of Commercial Broadcasters in Japan, nor loses the trust of our viewers. We are constantly working to improve broadcast ethics not just at production venues, but also through ongoing discussions at internal committees and regular meetings.

Internal Reporting Systems

The TBS Hotline has been established in order to purge any sort of fraudulent activity on the part of the TBS Group. This can be used by not only employees and staff of the TBS Group, but also former employees and business partners to report any wrongdoing that they may become aware of. Whistleblower confidentiality is maintained, and they may not be subject to any disadvantageous treatment whatsoever. Points of contact are set up within the company, and also at an external lawyer's office.

Furthermore, separate to the TBS Hotline, the Personnel Department has set up a Harassment Desk which can respond to inquiries at any time regarding sexual harassment and power harassment. If instances of harassment are found, then action will be taken in accordance with employment regulations.

About TBS Broadcasting Standards

TBS recognizes its social responsibility and the public mission inherent to broadcasting. This mission is to fully utilize the characteristics of media to promote and enhance culture, and to contribute to the realization of a peaceful and democratic world, a better social environment, a better global environment, and public welfare. Based upon the principle that the airwaves belong to the people, TBS shall respect basic human rights and public opinion, maintain a fair position, and ensure its autonomy, thereby upholding freedom of expression, enhancing the social benefits from advertising and publicity, and meeting the expectations and trust of the populace. To this end, TBS will organize broadcast programming that meets the following standards.

1. Ensures close cooperation with a wide range of broadcast companies and related parties within Japan and abroad, strives to enhance the content of broadcasts, and works to achieve mutual international understanding.
2. Broadcast programming shall cover the fields of news, culture, education, arts, entertainment, sports, and advertising, and shall strike a good balance taking into consideration the characteristics of the media and broadcasting time.
3. Respects the opinions of the Council of Program Practice, and ensures that broadcast programming is appropriate.
4. Always understands public opinion and viewer requests, and reflects these in broadcast programming.
5. Understands the intentions of advertisers, and strives to improve the effectiveness of advertising.
6. Ensures a fair position regarding political, economic, and other social issues, and when there are conflicting opinions, clarify positions from as many points of view as possible.
7. Does not broadcast content that is counter to social decency or good morals.
8. News programs that are free from interference, that deal with facts in an objective, accurate, and fair manner, and that leverage the characteristics of the airwaves to exhibit mobility and rapidity. There shall be a distinction between news and opinion programming.
9. Educational programming shall enlighten viewers, enhance their knowledge, and serve as a source of information in real life, and when making determinations regarding social issues. Medical and academic programming shall be accurate, in line with scientific evidence, and take a measured tone.
10. When broadcasting educational programming, ensures that the content is beneficial and appropriate for the target audience, and that it is systematic and continuous.
11. Arts, sports, and entertainment programming should provide wholesome enjoyment to viewers, enrich their lives, and enhance their development.
12. Children's programming should foster a healthy common sense and a sense of aesthetics, and not include material that may have a detrimental psychological effect.
13. Advertising shall be truthful, be in accordance with applicable laws and regulations, and have a sense of responsibility towards viewers.
14. If programming is revealed to be untruthful, this shall be promptly corrected or canceled.
15. In addition to as set forth in these standards, JBA Broadcasting Standards shall apply correspondingly.

Risk Management

Group Internal Controls and Risk Management

In order to establish and promote the internal control system within the TBS Group, the Company has established the TBS Group Corporate Action Committee chaired by the President in order to achieve appropriate and efficient business execution and to maintain and increase corporate value as a corporate group. The committee comprises the directors of the Company and the Group, as well as outside committee members (lawyers), and this is responsible for the following matters.

1. Development, evaluation, and improvement of the internal control system
2. Establishment of corporate ethics
3. Risk management and the promotion of appropriate and effective business operations
4. Information disclosure system
5. Advising the Board of Directors for each Group company

Specific methods for risk management are overseen and promoted by the TBS Group Integrated Risk Management Committee which has been established as a subcommittee supervised by the TBS Group Corporate Action Committee. The Integrated Risk Management Committee in principle meets semiannually in April and November, and receives reports regarding risk management for that period.

Specific Methods for Risk Management

This committee identifies individual potential risks reported from TBS HOLDINGS, INC. and Group companies and aggregates these based upon their degree of impact and their frequency with which these materialize. As well as working to visualize risks, if a risk materializes, this makes efforts to control the risk by analyzing why this happened and putting in place improvement measures within each department to prevent its recurrence. Through the steady application of these efforts, the Group as a whole properly addresses these risks, thus hoping to become an organization trusted by customers, stakeholders, society, and our employees.

Main Risks

Risks for the Media Content Business

Reliance on advertising revenue from terrestrial television broadcasting, and the risk of domestic economic fluctuations

Revenue from terrestrial television broadcasting is closely linked to the business performance of advertisers as well as consumer sentiment, and a sense of economic uncertainty means that customers are moving their advertising costs from fixed to variable expenditures.

Competition Between Media/ Competition in Acquiring Content

In addition to terrestrial broadcasting, there is more widespread use of satellite (BS and CS), cable TV, and online streaming services, and competition for viewers' disposable time is intensifying. Sports content is seeing skyrocketing broadcast fees, with increasingly intense competition to acquire quality content.

Investment in and Return from Film and Event Business

The TBS Group plans, produces, and invests in movies as well as owning two theaters in Tokyo at which it plans, produces, and invests in theatrical productions, etc., but there is a risk that business income may fall short of as planned due to unexpected changes in social conditions.

Availability of Usage of Copyrights and Other Intellectual Property Rights

In addition to content for terrestrial broadcasting, the TBS Group also develops content for satellite broadcast and delivery. When doing so, the Group gives full consideration to the rights of the various copyright holders, however if we are unable to receive usage rights from the rights holder, there is the risk of broadcasting being halted, or of us being sued for damages.

Risks of Data Loss and Increased Costs Associated with Capital Expenditures

We are converting the core equipment that supports our broadcast and streaming businesses over to general-purpose equipment. Accordingly, there is the risk of data loss from damage to storage media, as well as the unexpected failure of developed software. Large-scale software development carries with it the risk of unexpected increases in development costs.

Speed of Technical Innovation and Changing Needs

The speed of technical innovation as well as changes to consumer needs have accelerated in recent years, and the technologies and systems that we have developed may become obsolete beyond our initial expectations. Accordingly, it may be necessary to reinvest more than originally planned, and there are risks of impairment of non-current assets and increased depreciation costs.

Security Risks

Cyber attacks are becoming more sophisticated and advanced, and various systems are facing increased security risks every year. There are risks that new security threats may come to light requiring major investment in countermeasures, or that personal information may be leaked.

Lifestyle Business Risks

In addition to changes in consumer preferences and purchasing behavior, skyrocketing distribution and production costs, the Lifestyle Business may also suffer a decrease in profit opportunities as a result of store closures or reduced operation hours, or of a loss in inbound demand brought about by the issuance of emergency declarations because of the spread of the COVID-19 pandemic.

Real Estate Business Risks

The Group owns real estate for rent as well as other assets. Due to the spread of infectious diseases, there is a real possibility of a decline in profitability due to the impact of tenant rent reductions or exemptions resulting from facility closures and shortened hours.

Other Business Risks

Changes in the market value of investment securities may affect our business performance and financial positions. In addition, investment securities with no market value are evaluated appropriately at the end of the fiscal year, however a deterioration in the performance of companies in which we invest means that impairment losses may affect business performance and financial position.

Handling of Personal Information, etc.

The TBS Group holds a large amount of personal information, and given increasingly sophisticated and advanced cyber attacks, there is a risk of its leakage or unauthorized usage. We take great care in the handling of this information, and implement advanced security measures.

Impact of Legal Regulations

TBS is regulated by the Broadcasting Act and other laws as a Certified Broadcasting Holding Company as stipulated by the Broadcasting Act*. Additionally, the television broadcast business is regulated by the Radio Act, the Broadcasting Act, and other laws and regulations.

*Under the Broadcasting Act, the Company may refuse to enter or record any foreign nationals, etc., in the shareholders' register if they will comprise one-fifth or more of the Company's voting rights. Furthermore, if the total percentage of the Company's shares held by such foreign nationals, etc., will exceed 33% of the voting rights, then said foreign nationals, etc., will not have voting rights for that excess portion.

Impact of the COVID-19 Pandemic

In addition to a significant decrease in advertising revenue due to the COVID-19 pandemic, this also had a major impact on the cancellation and postponement of production of programs, sports and other events, and sponsored events. The Lifestyle Business was also significantly impacted in a range of ways, including restrictions on stores sales.

Impact of Climate Change and Disasters

In the event of an actual or potential disaster, broadcasters are obligated under the Broadcasting Act to provide information to prevent or mitigate damage. The broadcast of special emergency news programs should a disaster occur may cause scheduled advertising to be suspended, thus leading to a decrease in revenue.

Dialogue Session Between Chairman and Outside Board Director



Yosuke Yagi

Appointed independent outside Board Director of TBS HOLDINGS, INC. in June 2020. His main writings include *Senryaku Jinji no Vision: Seido de Shibu na, Story wo Katate* (Vision for Strategic HR: Use Stories Rather Than Bureaucracy) and *Mamori no Jinji Kara Seme no Jinji he* (Shifting from Defense HR to Proactive HR).

Shinji Takeda

Chairman & Board Director, TBS HOLDINGS, INC.

In 2020, the TBS Group revamped its Board whereby one-third of its members are now outside directors as part of its efforts to strengthen the Board's effectiveness. At that time, incoming Outside Board Director, Yosuke Yagi, and Chairman & Board Director, Shinji Takeda, sat down to discuss governance at TBS.

TBS viewed from the outside and TBS viewed from the inside

Takeda One year has passed since you were appointed Outside Board Director, Mr. Yagi. Has your view of TBS changed during this time?

Yagi Yes, it has. I had a very flashy impression of the company since its part of the television industry, but since my appointment I've found that TBS is working diligently on a number of things. I was surprised at the very serious discussions taking place. However, in terms of governance, I found that the company was very male-dominated with few women. Although, this is something that I expected.

Takeda This is one of our most important issues.

Yagi When you asked me (to become a Board Director) I thought you were looking for a global viewpoint and I feel like TBS can globalize itself a little more.

Takeda I'm aware that our ratio of overseas sales is low even after adding StylingLife Holdings, Inc. to our corporate portfolio. We've held a number of discussions under TBS Group VISION 2030 and cited "global" as one of the pillars of our growth strategies.

Yagi When I lived abroad I found that there was a lack of options in terms of Japanese broadcasters, so I felt like I wanted to change this situation. Today, Japan is losing its confidence, but more than three centuries ago Japan came up with the concept of "sanpo-yoshi (three-way satisfaction)," which advocated benefits to the seller, buyer and local community. This shares similarities with the SDGs today. Japanese companies have good qualities that should be showcased to the world and I really hope that TBS can pave the way in the field of media.

Takeda Conversely, do you feel there are any "vestiges of a bygone area" within TBS?

Yagi Having participated in board meetings, I feel like the discussions are a little bland. The board is very diverse, so discussions should be livelier, more open and franker. Outside Board Members contribute to discussions without hesitation, so if we can communicate more effectively with Internal Board Directors, it will be very beneficial in terms of governance.

What is the level of governance at TBS?



Takeda Mr. Yagi, as you've been involved with the management of many companies, including non-Japanese companies, how do you evaluate the extent of TBS's governance?

Yagi TBS has a proper Nomination Committee and Board of Auditors, which provides a sense of formality, but to me discussions are more important than formality. I feel TBS is conducting quality, substantial discussions, and therefore, the company has a high level of governance. I believe governance refers to the sound development of a company. Defensive governance, which entails compliance and avoids illegal activities, is the basis. However, I also personally feel there's too much emphasis on defense.

Seeing the current condition of fewer and fewer sound Japanese companies, I think TBS should probably put more effort into "expansion." I noticed that the TBS Group VISION

2030 and the TBS Group Medium-Term Management Plan 2023 have placed an emphasis on how to convey to stakeholders the message of perhaps not quite "proactive" but "we'd like to use these strengths of ours to further expand." I believe it takes governance in doing so.

Takeda Are you saying that we should be more edgy if we are to focus on content as a group of creators?

Yagi Speaking of global expansion, this should not stop at taking Japanese-made content overseas, but rather more actively appeal to the strengths and capabilities as Japanese media. Don't be satisfied with second best in viewer ratings; always strive to be the best in Japan, but also realize there's the whole wide world ahead. Without this frame of mind, TBS will not be able to embrace challenges.

As an in-house university, TBS Group University (TGU) (details on page 43) serves as a strong statement to show intent of the company in terms of enhancing management and governance. I believe people are the most important intangible assets of a company. This comes across as a display of intent to grow the comprehensive abilities of TBS, aside from its financial assets.

The "people" and "top successor candidates" of TBS

Takeda What kind of people do you think are needed as successors to top management at TBS and each Group company?

Yagi No matter how much experience one has, if they do only what's told, they will not become someone who takes the initiative on their own. I think the basis is thinking about how to foster someone who has repeatedly asked themselves what they'd like to accomplish once they've reached the top, and has come up with a resolution. I think TBS has

already taken off from that start line. Anyone would take on a challenge with over a 50% of success rate, but I think it is important to cultivate top candidates who possess a strong conviction and decisive strengths to take on risks with only a 5% chance of success. I feel succession is having about three people in the candidate pool when it is time to replace the president. If TBS achieves this, it should be able to drastically improve the quality of management.

Reasons for paying attention to brain science/AI and management

Takeda Mr. Yagi, I hear that you have become interested in brain science lately.

Yagi That's right. We are beginning to understand when people feel motivated, and how to get more dopamine release as it comes with money, but also disappears fast. We are also looking into how to handle and overcome unconscious bias when it comes to promoting diversity and inclusion.

Besides brain science, I feel that companies won't be able to thrive if it doesn't incorporate what is known about things like AI into the management. Companies are paying attention to how to develop deep learning* and to apply it in management. Some companies in the U.S. have already started this. While TBS utilizes AI for what it is good at, it is important to distinguish our management by identifying the

values unique to people, as something that AI cannot achieve.

In this day and age, a leader cannot make decisions on their own. Therefore, it is important to develop a culture where each employee focuses on the latest happenings in the world with a sense of curiosity and fosters open discussion and communication. It is crucial for the leadership of each person and the decision making from top management to fit together well.



* Deep learning: The technology of automatically identifying features from a large amount of data by a computer without human manual processing. This is the core algorithm of artificial intelligence (AI). Applications that apply to non-numerical data, such as image classification, voice recognition, object detection, and content description, have been put into practical use in many fields, while research and implementation are also in progress in business.

This dialogue was conducted and recorded on Monday, May 17, 2021. The transcription is provided using Mojiko (details on page 45), an AI-voice recognition-based transcription system developed by TBS.