

## Sustainability Initiatives



### Ensuring Confidence, Safety and Quality


#### Setting Independent Quality Standards That Are More Stringent Than Industry Safety Standards

The TOMY Group has formulated Product Safety and Quality Management Regulations and works to ensure safety and prevent problems throughout planning to production. To coincide with the global rollout of products, we carry out inspections based on the TOMY Group Product Quality Rules, original safety standards that are stricter than the toy industry safety standards represented by the ST Mark\*.

We also conduct in-house inspections and utilize third-party testing to prevent the contamination of heavy metals and phthalate esters. To reduce and eliminate regulated hazardous substances from products shipped to Europe and the United States, the TOMY Group Product Quality Rules define appropriate chemical substance management methods in the manufacturing process. Meanwhile, the CSA (Chemical Safety Assessment), which applies to partner companies and factories involved in the manufacture of products, is performed on parts and raw materials. In May 2022, we established the TOMY Group Chemicals Management Policy, and to strengthen our management methods and systems in line with this policy, we conducted a survey of our major partners and conducted a trial of the system at TOMY. We will continue to strengthen management throughout the entire value chain, including during manufacturing.

As safety considerations for toys change with the emergence of new types of play and the advance of technology, standards and inspection details set forth in the TOMY Group Product Quality Rules were revised to reflect contemporary conditions in the 2023 edition issued in August 2023. Furthermore, to ensure children enjoy safe playtime, usage warnings and cautions based on the anticipated behavior of children are displayed on merchandise packaging, in user manuals and on our website among other efforts focused on safety measures from the children's perspective.

\*The ST mark can be placed on toys that have passed the ST standard compliance inspection performed by a designated inspection body. The mark is recommended by the industry to show that a toy has been made with careful attention to safety.

 TOMY Group Chemicals Management Policy  
[https://www.takaratomy.co.jp/english/company/csr/products/safe\\_and\\_highquality.html#houshin](https://www.takaratomy.co.jp/english/company/csr/products/safe_and_highquality.html#houshin)

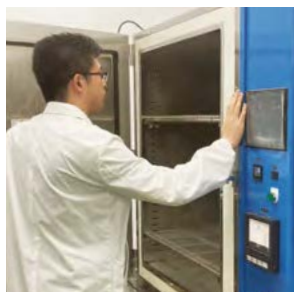


#### Training and Awareness-Raising for Employees Regarding Safety and Quality

We conduct "Safety Day" for all global Group employees each year to consider the importance of safety and quality and confirm safety awareness on a global basis. We also appoint safety leaders from each department and Group company, including development, quality control, sales and customer service, and during their one-year term they promote the creation of safe toys and strive for company-wide education and awareness regarding safety and quality.

#### Gathering Feedback from Customers and Reflecting It in Future Products (After-Sales Service)

The TOMY Group Customer Service Department receives more than 160,000 consultations and inquiries annually (Fiscal 2022). The details are carefully recorded and analyzed, with all useful and important information provided as internal feedback. Incidents of near accidents that could lead to injuries or accidents are verified in detail by the Customer Service Department, then promptly shared internally and incorporated into future manufacturing. During the Christmas season, the Customer Service Department receives a high volume of inquiries. To reduce this number, we recommend through our website, X (formerly Twitter) and other outlets that products using batteries be tested before the Christmas season. In response to these recommendations, we have received product evaluations from Santas (customers) and retailers across Japan.



Conducting independent quality standards that are more stringent than toy industry safety standards



## • Creating New Products, Services and IP •

### Expanding Operating Domains through the IP Business

The TOMY Group is enthusiastically working to create new IPs centered on appealing original content to reach a new customer base.

We are striving to create IPs as the original creator with the likes of Punirunes, TOMICA Heroes Jobrabver-Specially-equipped combined robot and BOTTLEMAN DX, and have made progress expanding the IP business by developing and commercializing toys in-house, and licensing IPs for products and services other than toys.



©TOMY

©TOMY / PuniRunes Puniject / TV Osaka



Punirunes

### Establishing and Enhancing the TOMY Brand

We have proactively acquired intellectual property rights regarding our own brand and products and are among the top companies in the industry in terms of the number of such applications filed. Acquiring intellectual property rights establishes and leads to the sustainable growth of brand value, including technologies and forms of play.

In addition, because activities that infringe upon TOMY's intellectual property rights, such as the manufacture or sale of counterfeit goods or the unauthorized posting of copyright works on social media, might damage brand value while also causing damage to customers through counterfeit goods, we regularly monitor e-commerce sites in Japan and overseas and take appropriate measures by exercising intellectual property rights.

## • Promoting Universal Design •

### Accessible-Design Toys That Anyone Can Enjoy

The TOMY Group began creating toys for children with disabilities in 1980 and later began developing Accessible-Design toys for the general market that could also be enjoyed by children with visual or hearing disabilities. At present, these activities have expanded to become initiatives that are implemented throughout the toy industry.

Accessible-Design toys incorporate innovations such as raised ON switches and audible indicators of status or movement for visually impaired children, and elements that enhance play through light, vibration, text, movement or pictures in addition to sound for hearing impaired children. Accessible-Design toys are approved through screenings conducted by the Japan Toy Association's Accessible-Design Toy Committee. Because these toys are sold along with general toys, special packaging is used to make them easily identifiable as Accessible-Design toys: We place a "Guide Dog Mark" on the packages of toys for children with visual impairments and a "Rabbit Mark" on the packaging of toys for children with hearing disabilities. TOMY also strives to raise awareness concerning Accessible-Design toys and understanding regarding disabilities (the barrier-free spirit) through online lectures for universities and other educational institutions.



Pokémon MONSTER COLLECTION Playset  
Using MONCOLLÉ, you can play Pokémon Playset with "Pokémon Scan," "Pokémon Training" and other fun audio-filled activities. The shapes of the buttons and parts are designed to be easy to touch and understand, so that the user can play with peace of mind.



Guide Dog Mark



Rabbit Mark

©Nintendo・Creatures・  
GAME FREAK・TV Tokyo・  
ShoPro・JR Kikaku  
©Pokémon

## • Active Participation of Diverse Personnel •


### Striving to Fulfill Diversity & Inclusion

In December 2021, the TOMY Group established the TOMY Group Diversity Policy and is actively working to create a workplace environment where diverse human resources can play an active role.

We promote the advancement of women from the perspective of gender diversity. We have established an action plan to create an employment environment in which women can play an active role in managerial positions, with the goal of increasing the percentage of women in managerial positions to at least 20% by the end of March 2026. Major initiatives in fiscal 2022 included conducting unconscious bias training for managers, town hall meetings between the President and 400 employees, and roundtable discussions with young managers and a female outside director to help them

find role models and goals that match their own. As a result, the percentage of managerial positions filled by women at TOMY increased from 9.0% in March 2021 to 12.7% as of April 2023. In addition, since 2019 TOMY has been continually selected as a constituent of the MSCI Japan Empowering Women Index (WIN).

In April 2023, we assigned a new section to promote diversity and inclusion, and in cooperation with the Diversity Task Force, we will continue to promote various measures and initiatives to achieve our goals.

 TOMY Group Diversity Policy  
[https://www.takaratomy.co.jp/english/company/csr/work\\_style\\_reform/#diversitypolicy](https://www.takaratomy.co.jp/english/company/csr/work_style_reform/#diversitypolicy)



### Developing a Workplace Environment That Enables People to Continue to Work with Vitality

As a policy related to the workplace environment, the TOMY Group aims to promote a work-life balance that allows individuals and the organization to create maximum added value, and a workplace environment where people at various stages of life can continue to work with vitality and peace of mind. As one such initiative, we have established an extensive support system for employees. For instance, to ensure that employees who wish to take childcare leave can go on leave and return to the workplace with peace of mind, our HR staff explain how the scheme works and provide pre-leave and pre-return consultations. As a result, in fiscal 2022, nearly 100% of eligible female employees took childcare leave and subsequently returned, while 80% of eligible male employees took childcare leave, with 100% subsequently returning. With these results,

we have already achieved the goal in our action plan to have at least 30% of eligible male employees take childcare leave by the end of March 2026. We will continue our efforts to improve men's participation in childcare. In addition, we are committed to reforming the way we work so that we can give due consideration to the human rights and the occupational health and safety of our employees, and so that each employee can continue to grow and develop to their fullest potential while valuing their individuality. By incorporating a variety of work styles such as teleworking and super-flex working, we have established a system that allows employees to continue to work safely in the event of natural disasters, viral infections or other emergencies, and allows people at various stages of life to continue working with peace of mind.

### Conducting and Utilizing Employee Engagement Surveys

To create forms of *asobi* that respond to the diverse values of society, the TOMY Group recognizes the importance of respecting the individuality of diverse human resources and unleashing employee autonomy and creativity. For this reason, based on the belief that strengthening two-way ties between individual employees and the company leads to improved productivity and business performance,

we conduct employee engagement surveys on an annual basis. The survey primarily measures work engagement and stress states to identify strengths and challenges in connection with work fulfillment. The results of the surveys are also fed back to individual employees and the organization. In fiscal 2022, specific departments with issues discussed the results of their own department's surveys in a workshop format. We

identified specific factors and came up with actions to improve the situation from our respective standpoints.

In the future, we will work to create an environment in which each employee can demonstrate their potential and be more successful.

## Human Resource Development Aimed at Enhancing Competitiveness

As part of the Group's human resources development policy, we are building the foundations for strengthening people and organizations to evolve the TOMY Group into a more sustainable and resilient corporate entity. We have established an education system and training programs to build the foundations for strengthening people and organizations while supporting employee skill development, so that each employee can maximize their skills and abilities while opening up new possibilities.

In terms of mandatory training, we conduct tiered training based on position and role, from managerial-level employees to junior ranks, and conduct value chain training for newly hired employees.

Marketing DX training using apps has been conducted mainly for marketing personnel to develop digital marketing human resources since fiscal 2022. We aim to promote and utilize DX in the value chain by acquiring digital marketing knowledge and making

it a common language within the company. Other video-based e-learning programs are used to increase learning opportunities with more flexible schedules and to acquire basic business knowledge (e.g., management strategy, business environment analysis, marketing, finance).

We have also created a system for young employees involved in planning and development, technology development, production technology and quality control to learn about the technology related to toy structures and molds. For instance, we hold toy technology workshops and publish the TOMY Toy Technology Thinktank (booklet), which compiles the expertise accumulated by TOMY while launching its production bases. Through these and other means, we have put in place a system that enables young employees to learn about the technology and expertise cultivated by TOMY to date.

## TOMY International Group's Ongoing Commitment to DEI

TOMY International Group, which is responsible for our overseas business, established the DEI Committee as an employee initiative in 2020. DEI stands for Diversity, Equity and Inclusion and while extending well beyond national boundaries, this initiative is centered in the United States, the United Kingdom and Europe.


The DEI Committee continues to focus on the following four pillars:

- 1) Communications
- 2) Philanthropy and Sponsorship
- 3) Talent Recruitment, Retention and Mentorship
- 4) Employee Training and Engagement

DEI is an ongoing journey, and DEI is on that development path now with each area working on a variety of initiatives with the help of employees throughout the organization. TOMY International Group is committed to putting DEI at the center of our organization by embedding DEI throughout the employee experience, as well as that of both consumers and stakeholders.



TOMY International's DEI journey includes the distribution of educational internal newsletters, supporting local community charities and transitioning product development to be more inclusive.

 [https://www.takaratomy.co.jp/english/company/csr/story/2022/ti\\_dei\\_initiatives.html](https://www.takaratomy.co.jp/english/company/csr/story/2022/ti_dei_initiatives.html)




## • Responsible Procurement •

### Building a Supply Chain That Considers the Impact on Society

The TOMY Group strives to provide safe, high-quality products while also protecting human rights at factories, caring for the environment and contributing to society. Previously, we have demanded that manufacturing contractors comply with the TOMY Code of Conduct for Manufacturers, which includes items related to the environment and society. We also include the code of conduct in all contracts with business partners. However, in recent years, international societal demand concerning human rights and the environment is growing to higher levels than ever before. In response, in fiscal 2019 the TOMY Group worked on revisions to the TOMY Code of Conduct for Manufacturers. We also formulated the TOMY Group Responsible Procurement Guidelines in May 2020.

As part of our efforts in fiscal 2022, we started briefing sessions to familiarize our suppliers with these guidelines. In addition, we have created a self-check questionnaire as a tool for suppliers to self-evaluate their compliance with the guidelines and have been working through suppliers to advise them of the questionnaire.

We will continue to improve the operation and structuring of our Responsible Procurement Guidelines and steadily promote related efforts.

 Responsible Procurement Guidelines  
[https://www.takaratomy.co.jp/english/company/csr/supply\\_chain/responsible\\_procurement.html](https://www.takaratomy.co.jp/english/company/csr/supply_chain/responsible_procurement.html)



### TOMY Hong Kong Group Initiatives

The TOMY Hong Kong Group is responsible for quality control and production management of the Group's products in Japan, Asia, Europe, the United States and elsewhere. In addition, the Group closely adheres to the unique codes of conduct set forth by licensors and other customers. Specifically, based on the TOMY Code of Conduct (COC) Program, we work with our manufacturing contractors and provide guidance to ensure the continued management and operation of

manufacturing sites regarding the protection of human rights, employee health and safety, and environmental considerations at factories. As part of actual factory audits of these contractors, we audit facilities and equipment, interview management and employees, conduct document audits and issue audit reports. Based on the audit results, the manufacturing contractors make the necessary improvements, with the Hong Kong Group providing the necessary follow-up.

### TOMY Group Hotline (Whistleblowing System)

The TOMY Group has established the TOMY Group Hotline (whistleblowing system) to respect and protect the human rights of TOMY Group officers and employees, control risks and ensure public trust.

The hotline is available to TOMY Group officers and employees (including employees seconded to the TOMY Group, contract employees, temporary employees, part-time employees, casual staff and retired employees). There are three ways to make reports: 1) a web-based reporting service, 2) internal reporting services (located at the head office and each Group company) and 3) multiple reporting services based in external law firms. Web-based reports can be submitted 24 hours a day, 365 days a year, and the system is available in more than 80 languages.

When a report is received, we promptly confirm the facts. If a violation is found, we work to correct it and prevent a recurrence. In addition, internal regulations

stipulate that whistleblowers will not be treated unfairly because of their reporting, and a system is in place to protect the privacy of whistleblowers. All reports and the results of investigations are sent to the Risk/Compliance Committee, whose members include the Chairperson, the President and Representative Director, the Full-time Audit & Supervisory Board Member and outside directors.

We also hold a "Think about Compliance Day" (Group-wide compliance training) for all employees of the TOMY Group in Japan and overseas. During this training, we inform employees of the operational status of the whistleblowing system and collect questionnaires about the trust in the system and other matters. The issues with the system identified in the questionnaire results are reported to the Risk/Compliance Committee and are used to make subsequent improvements based on the committee's deliberations and other factors.



## Respecting Human Rights


### Our Strategy

In August 2023, the TOMY Group established and published our Human Rights Policy in accordance with the Guiding Principles on Business and Human Rights, the global standard for respect for human rights by corporations.

To date, we have established the TOMY Group Code of Business Conduct (COBC) and the TOMY Group Responsible Procurement Guidelines, and have been working with our employees, business partners, and other stakeholders to build a value chain that takes human rights into consideration. In addition, based on the Guiding Principles on Business and Human Rights, we have again clarified our policy to promote even greater respect for human

rights throughout the TOMY Group. In establishing this policy, we identified our salient human rights issues through a comprehensive review of human rights issues in the value chain of the TOMY Group's major businesses, deliberations by management, discussions by a company-wide cross-group task force team, and interviews with external experts.

We will make this policy known internally and to our business partners, and will comply with and implement it in all our business activities.

 Respecting Human Rights  
<https://www.takaratomy.co.jp/english/company/csr/human-rights-dd/>



### Addressing Salient Human Rights Issues

The TOMY Group has assessed potential human rights risks related to our business and value chain, and we have identified our salient human rights issues to be addressed according to the likelihood of occurrence of such risks and the severity of their impact on human rights.

TOMY's key human rights areas	Potential human rights violation risks	Main affected stakeholders
Supply chain Local community	<ul style="list-style-type: none"> <li>• Forced labor and child labor in procurement and production sites</li> <li>• Damage to residents' health due to waste contamination</li> </ul>	<ul style="list-style-type: none"> <li>• Business partners</li> <li>• People in the surrounding areas</li> </ul>
Workplace and working environment	<ul style="list-style-type: none"> <li>• Damage to life and health due to an inadequate workplace environment</li> <li>• Discrimination or harassment in workplaces (including during hiring)</li> </ul>	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Business partners</li> </ul>
Expressions in advertising, promotions, etc.	<ul style="list-style-type: none"> <li>• Violation of the right to not be discriminated against through expressions in advertising, promotions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Consumers</li> </ul>
Safety and quality of products and services	<ul style="list-style-type: none"> <li>• Damage to life and health due to inadequate product safety and quality</li> <li>• Damage to health due to inadequate management of toxic chemical substances</li> </ul>	<ul style="list-style-type: none"> <li>• Consumers</li> </ul>

### Key Initiatives: Human Rights-related Training

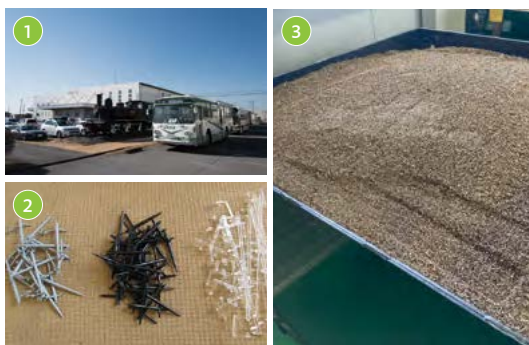
The TOMY Group strives to prevent harassment in the workplace by including sessions on both sexual and power harassment as part of the management and employee mental health training program in Japan, and conducting relevant e-learning sessions for all employees and directors to enhance their awareness of diversity. Our e-learning training sessions on the

TOMY Group Code of Business Conduct (COBC) also include elements on human rights. All employees take this course each year and pledge to uphold the Code. Furthermore, our annual Think about Compliance Day not only focuses on compliance with laws and regulations, but also shares details of our human rights initiatives with all employees.

## • Environmental Management •

### Initiatives to Reduce the Impact on the Environment through Business Activities

To reduce environmental impacts within our business activities, the TOMY Group strives to utilize waste generated from business activities as resources whenever possible, while, of course, observing the law and disposing of materials appropriately. For example, the TOMY TEC factory in Japan pulverizes waste generated from plastic molds and recycles it. In logistics, we are striving to reduce our environmental impact through various measures including the use of folding containers that can be reused repeatedly and the joint transportation of goods purchased by multiple companies at overseas suppliers.



- ① TOMY TEC CO., LTD. (Tochigi Prefecture)
- ② Reuse of runners discharged during plastic molding
- ③ Recycling of metal scraps generated during cutting of wheels and the production of molds, jigs, tools and the like

### Development of Eco-Friendly Products

The TOMY Group makes effective use of resources and strives to develop products that are considerate of the environment.

“Eco-Friendly toys” are products that have cleared one or more of the nine environmentally conscious “Eco-Friendly toys standards” established by the Group-wide Eco-Friendly Toys Committee with advice from third-party institutions. The “Eco-Friendly toys” mark is displayed on packaging to communicate environmentally friendly efforts to customers in an easily understandable way to spread green procurement initiatives in the toy market.



Eco-Friendly Toy Mark



LG-07 Licca vacuum cleaner new

We create opportunities to consider the importance of the environment by exposing children to behaviors that consider the environment during play, such as Pi-Chan the Cockateel reciting lines that encourage eco awareness like “have you separated the trash?” and trash cans that encourage proper sorting. Scheduled to be released on September 30, 2023

- Notes: 1. Dolls and dresses sold separately.  
2. Uses three AA alkaline batteries (sold separately)



Eco Mark

Eco Mark

Ahead of other companies in the industry, TOMY was the first to obtain the Eco Mark for a toy. The Eco Mark is applied to products certified by the Japan Environmental Association Eco Mark Office as benefiting environmental conservation. The mark is designed to make it easier for customers who wish to live in eco-friendly ways to choose products.

© TOMY



PLARAIL Eco Curved Rail

Before



After



Pokémon MONCOLLÉ (Monster Collection) Series  
The blister package has been eliminated and replaced with paper packaging.  
Note: Changes are being phased in starting in July 2023.

©Nintendo・Creatures・GAME FREAK・TV Tokyo・ShoPro・JR Kikaku  
©Pokémon



Before



After

Build-a-Johnny Tractor  
We have devised a new way to secure the products in place and have eliminated plastic from packaging.

## TOPICS

### RecyCreation activities connected with PLARAIL

— PLARAIL reborn from used refill packs —

Leaving an environment for future generations where children around the world can enjoy toys with smiles on their faces is an important challenge. As part of its environmental initiatives, the TOMY Group is researching environmentally friendly materials and the reduction of single-use plastics.

In collaboration with Kao Corporation, plastic pellets recycled from used refill packs from households were utilized as a resource to produce PLARAIL rails made from environmentally friendly materials. The rails were shown at the PLARAIL EXPO.

Kao Corporation is collaborating with various companies, local governments and NPOs in demonstration testing of RecyCreation to collect used refill packs of detergent, shampoo and other products from customers and recycle them, transforming them into film containers, blocks and other products. Identifying with the RecyCreation concept and out of a desire to make many children aware of the initiative through *asobi* and help create opportunities for participation, TOMY realized this cross-industry collaboration through information exchange sessions, test molding and other activities.

The exhibit at the PLARAIL EXPO held from April 2023 was called “RecyCreation activities connected with PLARAIL” and conveyed the importance of the effective use of resources while allowing children to enjoy playing with “PLARAIL.” Many visitors came to the exhibition and enjoyed themselves with a twinkle in their eyes during the event.

The TOMY Group will continue to actively promote environmental initiatives and contribute to solving environmental issues through *asobi*.



RecyCreation x PLARAIL Eco Corner



Informational panel showing the process of making new plastic rails from used packs




PLARAIL rails reborn from used refill packs




Diorama display of rails reborn through RecyCreation



Display of some of the environmentally friendly materials being researched by the TOMY Group

 Kao Corporation The 'RecyCreation' initiative  
<https://www.kao.com/global/en/sustainability/eco-approach/waste-disposal/recycreation/>



 TOMY Group Eco-conscious Products  
<https://www.takaratomy.co.jp/english/company/csr/story/2022/eco-friendly-products.html>





## Climate Change Initiatives (Responding to the TCFD Recommendations)

The TOMY Group recognizes that climate change is an important matter that affects the Group's business. Based on the TCFD\* recommendations, the Group has made disclosures about governance, strategy (risks and opportunities), risk management, and metrics and targets. We will continue to proactively respond to climate change to fulfill our sustainability vision.

\*Task Force on Climate-related Financial Disclosures

### Governance

Sustainability-related initiatives, which include the TOMY Group's action on climate change, are primarily overseen by the Sustainability Promotion Division with ultimate responsibility resting with the President. An Environment Task Force made up of a supervising executive officer and a diverse range of members from across the Group implements and promotes initiatives and develops new proposals. The progress of the task force's activities is monitored at regular quarterly meetings. Reports and recommendations are periodically made to representative directors, and matters are reported to, recommended and discussed at meetings of the Board of Directors or the Officers Meeting as necessary.

### Risk Management

The TOMY Group examines risks related to climate change and other environmental issues through the Sustainability Promotion Division's cross-departmental Environment Task Force to establish strategies and share them with business divisions and Group companies.

### Metrics and Targets

The TOMY Group calculates and manages scope 1 and 2 emissions. Furthermore, we are formulating medium- to long-term CO<sub>2</sub> emission reduction targets to be set with our new Medium-Term Management Plan.

## Strategy (Risks and Opportunities)

Our Group has identified the following risks and opportunities arising from climate change and its various collateral effects. Moving forward, the cross-departmental Environment Task Force within the Sustainability Promotion Division will take the lead in discussing the impacts on our business and planning strategies from a medium- to long-term perspective.

### Factors that may potentially impact the TOMY Group (as of March 2022)

Transition risks	Physical risks	Opportunities
<ul style="list-style-type: none"> <li>• Transition from plastic to alternative materials as the primary raw material for toys</li> <li>• Skyrocketing energy and distribution prices</li> <li>• Adjustments to the supply chain (product design, manufacturing processes)</li> <li>• Decreased popularity of toys primarily made of plastic</li> </ul>	<ul style="list-style-type: none"> <li>• Ceased operation of Group bases or partners due to natural disasters</li> <li>• Disrupted distribution networks due to natural disasters (loss of sales opportunities, increased cost of alternative distribution methods)</li> <li>• Reduced child and other customer footfall at stores and events due to increase of extremely hot days</li> <li>• Change of suppliers or company bases due to rising sea levels</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive advantage from success in converting to alternative materials with low environmental impact</li> <li>• Greater support and affinity for Eco Toys and education for future generations due to increased customer awareness of sustainability</li> <li>• Increased sales via our online store and greater opportunities to acquire new customers through more digital events</li> <li>• Success in addressing environmental issues through environmental management; improved corporate value through greater disclosure</li> <li>• Avoidance of physical risk through improved adaptability to natural disasters</li> </ul>

Check detailed information about climate change here.

[https://www.takaratomy.co.jp/english/company/csr/environment/climate\\_change.html](https://www.takaratomy.co.jp/english/company/csr/environment/climate_change.html)



Check the implementation status of the Climate Change Workshops here.

[https://www.takaratomy.co.jp/english/company/csr/story/2022/climatechange\\_workshop.html](https://www.takaratomy.co.jp/english/company/csr/story/2022/climatechange_workshop.html)



## • Encouraging Education and Culture through Our Business •

### Next-Generation Education Support Activities

The TOMY Group engages in efforts to support the education of the next generation, including online classes for nationwide elementary and junior high school students and university lectures. These efforts have been highly regarded by schools as opportunities to cultivate children's awareness and vocational outlook regarding the environment and an inclusive society. Cumulatively, approximately 86,000 children have participated in these experiences (as of March 2023).

In addition, since 2017 we have been working on the SDGs GAME OF LIFE Project for Everyone, an initiative to contribute to regional revitalization in cooperation with schools, companies, local governments and other entities. In response to the Sustainable Development Goals (SDGs) being incorporated into the educational

guidelines for mandatory education from 2020 onward, the GAME OF LIFE has been utilized as an SDG educational material, evolving into an activity fostering leaders in the area of the SDGs. In response to requests for a program focused on the environment, we launched the "Play with Toys! SDGs Riddles Class" in June 2022. These activities are online, so children throughout Japan can take part. The use of four-color cards (reaction color cards) makes the classes as interactive as if they were taking place right there in the classroom. We contribute to SDG 4, "quality education for all," and SDG 17, "partnership for the goals," and make every effort to facilitate the development of SDG leaders through toys.



Everyone in the class works together to create a one-of-a-kind game of life.

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### Community Support Activities Overseas

The TOMY International Group, which is responsible for overseas business, conducts a variety of activities rooted in local communities in the United States, the United Kingdom and Europe.

They established TOMY COMMUNITY, which is an employee-led initiative that aims to support a variety of charitable organizations. While certain activities are conducted on a nationwide basis, others focus on the local communities of the individual offices. Through TOMY COMMUNITY, employees working toward the same goal are developing close-knit ties across teams while engaging in local volunteer activities. With TOMY COMMUNITY, The TOMY International Group is happy to bring smiles to people's faces not only through our products but also through volunteer activities.

Check the Community Support Activities Overseas here.  
<https://www.takaratomy.co.jp/english/company/csr/story/2022/community/>



Ronald McDonald House Charities/Day of Service\*  
 TOMY International in the United States prepared lunch and dinner for residents of the Ronald McDonald House—typically families whose children are being treated at the local hospital. The team prepared the meals, served them, made snacks and cleaned up.

\* Martin Luther King Jr. Day, on the third Monday in January around the time of his birthday, is a designated holiday in the United States to honor his life and his work in the American civil rights movement.

## Organizational Governance and Communication with Stakeholders

### Business Continuity Planning (BCP) / Initiatives of Each Company

#### TOMY Group

The TOMY Group is working on the establishment of a business continuity plan (BCP) to respond to large-scale disasters such as major earthquakes, flood damage caused by typhoons and torrential rains, and outbreaks of viral infectious diseases.

In the event of an emergency, the TOMY Group places top priority on ensuring safety and saving lives. After confirming the safety of employees, we have a management system in place to respond promptly and appropriately to maintain company facilities, realize a rapid recovery of systems, maintain customer trust and ensure work for our employees by quickly resuming and continuing operations. In addition, the TOMY Group strives to contribute to society as much as possible, including cooperation

and collaboration with local communities and recovery and reconstruction support efforts.

In terms of information systems, the TOMY Group's mission-critical systems utilize cloud environments and data centers outside the Company to optimize systems operating in Japan and overseas to improve business continuity. In addition, the introduction of a safety confirmation system has established a mechanism whereby the safety status of employees and their families can be confirmed as quickly as possible. We also try to make sure each employee knows how to act appropriately in emergency situations by conducting disaster response training and distributing emergency stocks.

#### TOMY Marketing

In addition to natural disasters and other large-scale disasters, the environment surrounding logistics is experiencing further change due to changes in social structure, such as the forthcoming 2024 logistics problem likely to be caused by truck driver overtime regulations and the need to secure warehouse workers due to the decrease in the working population. These challenges make it difficult to continue logistics functions as an extension of past approaches. TOMY MARKETING COMPANY, LTD., which handles product

sorting, packaging, warehouse receiving and dispatch, transportation and inventory storage, is working to ensure that it can continue to provide stable logistics services in the future by quickly considering and implementing improvement measures, such as reviewing delivery methods and further reducing labor requirements, to address the logistics issues that have emerged. We will continue to work to maintain stable logistics services in the future.

#### KIDDY LAND

At KIDDY LAND CO., LTD., which is engaged in the sales of toys, fancy goods, character merchandise and other products, we produce storefronts full of fun and excitement for customers. As KIDDY LAND CO., LTD., has locations all over Japan and many store employees, we formulated a BCP that assumes a

variety of scenarios, including large-scale disasters and transportation facilities paralysis. We constantly strive to educate and train employees, including ensuring the safety of employees and customers, confirming damage and clarifying the flow of information dissemination.

### TOMY Group Code of Business Conduct

The TOMY Group has established the TOMY Group Code of Business Conduct based on its Founding Philosophy, Corporate Mission, Corporate Guidelines and Code of Business Conduct to ensure more appropriate conduct. In addition to observing requirements such as the Founding Philosophy, the TOMY Group Code of Business Conduct conveys the basic spirit that we must never act in a way that presents adults in an unseemly light and must be a company that children, our most important customers, continue to look up to. Educational

materials on the TOMY Group Code of Business Conduct have been prepared in eight languages to ensure accurate understanding on the part of officers and employees at all Group companies. We also provide offline and e-learning-based training on the Code. In addition, we conduct awareness-raising activities to encourage employees to consult with superiors and related departments or utilize the TOMY Group Hotline regarding violations or possible violations of laws, internal regulations or the TOMY Group Code of Business Conduct.

### Compliance Training

In fiscal 2014, the TOMY Group established “Think about Compliance Day” (Group-wide compliance training) and has since continued to implement awareness-raising activities with the aim of reminding all domestic Group officers and employees of the importance of compliance. If compliance issues have occurred within the Group, the details, causes and countermeasures to address those issues are shared through Think about Compliance Day to prevent recurrences.

In fiscal 2017, TOMY introduced a compliance leader system with the aim of further enhancing awareness of compliance and thoroughly ensuring that compliance requirements are observed. Each year, 30–40 compliance promotion leaders selected from the Group in Japan are divided into several teams to work on solutions to various compliance issues. As specific activities for fiscal 2022, we conducted training on the importance of

diversity in compliance for compliance promotion leaders, inviting an outside director who is also a lawyer as a lecturer, and, as in the previous fiscal year, we encouraged the compliance promotion leaders to acquire certified harassment counselor qualifications and worked to expand the consultation services provided as required by the Harassment Prevention Act. In addition, as part of team-based activities, we formulated annual activity plans based on themes such as improvements to the working environment for women, efforts to achieve zero automobile accidents, and mindset checks and thorough compliance regarding internal regulations. The results of each activity were reported on Think about Compliance Day. Other efforts such as putting up posters at domestic Group companies and distributing e-mail newsletters were implemented to steadily raise awareness about compliance.



## External Recognition and Endorsement of Initiatives

### ESG Index Selection

The TOMY Group has been included in various stock indexes in recognition of its efforts in the areas of the environment, society and governance. The Group will continue contributing to the development of a sustainable society.

S&P/JPX Carbon Efficient Index  
(selected continuously since June 2020)



MSCI Japan Equity Empowering Women Index  
(selected continuously since December 2019)

2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

FTSE Blossom Japan Sector Relative Index  
(selected since March 2022)



FTSE Blossom Japan Sector Relative Index

Note: The inclusion of TOMY Company, Ltd., in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of TOMY Company, Ltd., by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Note: FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that TOMY Company has become a constituent of the FTSE Blossom Japan Sector Relative Index as a result of an independent investigation. The FTSE Blossom Japan Sector Relative Index is widely used to create and assess sustainable investment funds and other products.

### External Recognition of Diversity & Inclusion Initiatives

#### Kurumin certification (fifth acquisition for TOMY since 2007)

Companies that have established a general employer action plan, have reached goals defined in the plan and that meet certain criteria can apply to receive certification (Kurumin certification) from the Minister of Health, Labour and Welfare as companies that support child raising based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



### Expressing Support for the UN Global Compact

#### Overview of the United Nations Global Compact

In May 2021, the TOMY Group indicated its support for the United Nations Global Compact, the international framework for the global community to achieve sustainable growth.

The Group will promote initiatives to achieve the 10 principles of the Global Compact that cover the areas of human rights, labour, the environment and anti-corruption throughout the supply chain.



#### The 10 Principles of the United Nations Global Compact

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



## Corporate Governance

### Promoting Transparent Management

#### Three Distinctive Features of TOMY Corporate Governance

##### 1 Most of our directors are outside directors, and 33.3% are women

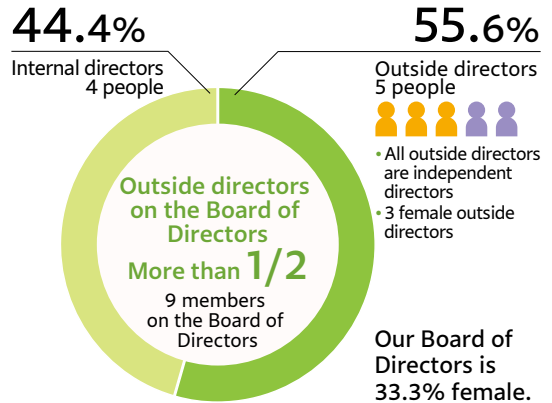
All outside directors are independent directors.

##### 2 TOMY has a Board of Directors Nominating Committee and a Remuneration Committee

The Board of Directors Nominating Committee and the Remuneration Committee, composed of outside Directors and/or outside Audit Supervisory Board Members, were established as advisory bodies to the Board of Directors.

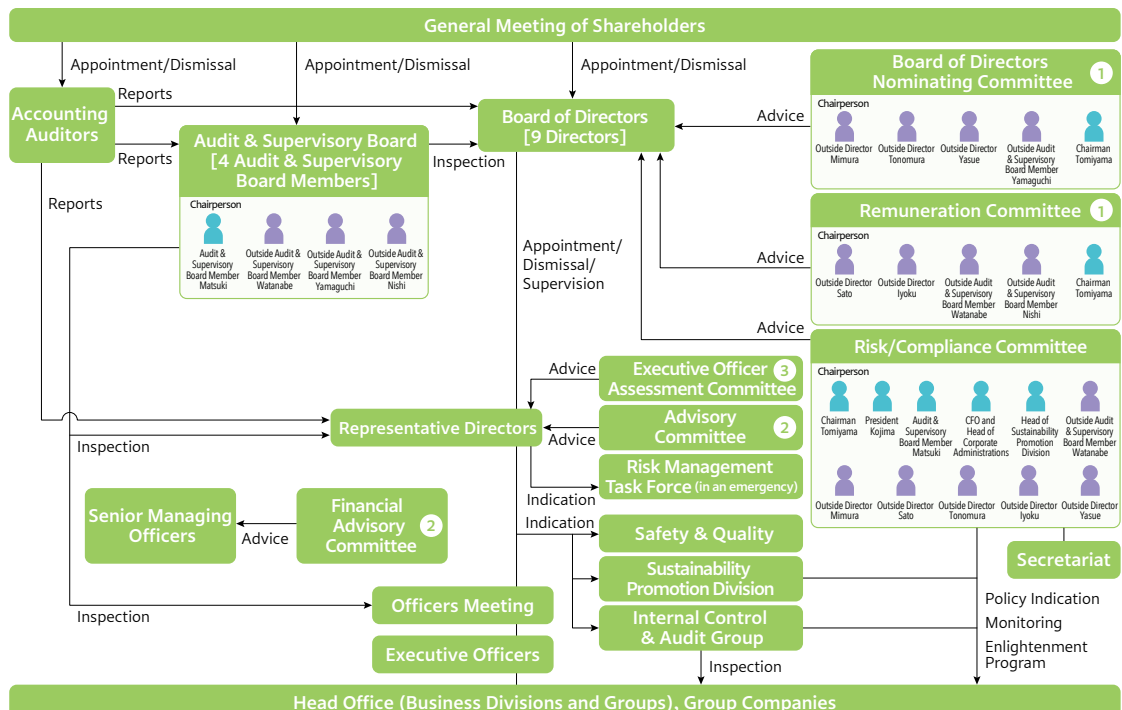
##### 3 Group company management and outside director support systems

We have established a dedicated department to manage and support Group companies based on internal regulations depending on their specific operations and circumstances. We have also established systems to support supervision and business execution, such as providing outside officers with the necessary information and assigning full-time employees to assist Audit & Supervisory Board members in their duties.




#### Basic Views

One of the most important management issues for the TOMY Group today is maintaining the trust of shareholders, customers and all our stakeholders while offering continual improvements in corporate value and building on sound and transparent management practices. Accordingly, we are conducting initiatives aimed at upgrading our management checking capabilities while striving to maintain managerial efficiency, strengthen our risk management and compliance systems and enrich our corporate governance.



## Status of Response to the Corporate Governance Code

Please refer to the report posted on the official TOMY website for the status (summary) of the response to items required to be disclosed in the Corporate Governance Report.

 Latest version of the Corporate Governance Report. [www.takaratomy.co.jp/company/pdf/gov\\_report.pdf](http://www.takaratomy.co.jp/company/pdf/gov_report.pdf)

## Management Monitoring System

### 1. Board of Directors Nominating Committee/Remuneration Committee

Composed of outside Directors and/or outside Audit & Supervisory Board Members, the Board of Directors Nominating Committee and the Remuneration Committee were established as advisory bodies to the Board of Directors and are requested to provide proposals and counsel regarding policies relating to Director assessments, appointment and remuneration.

The Board of Directors Nominating Committee comprises three independent outside directors, one independent outside Audit & Supervisory Board member and one internal director. The Remuneration Committee comprises two independent outside directors, two independent outside Audit & Supervisory Board members and one internal director.


### 2. Advisory Committee/Financial Advisory Committee

Comprising outside directors and Audit & Supervisory Board members, the Advisory Committee was established as an advisory body to the Representative Director and the Financial Advisory Committee

was established as an advisory body to the Senior Executive Officer in pursuit of all-encompassing advice related to the efficacy of Company and Group operational execution and financial reliability.

### 3. Executive Officer Assessment Committee

As an advisory body to the Representative Director, this Committee is composed of full-time Board Directors in pursuit of a wide range of advice regarding the evaluation of executive officers.

 Please refer to the official TOMY website below for details on the activities of each committee.  
[www.takaratomy.co.jp/english/company/csr/organizational\\_governance/system1.html](http://www.takaratomy.co.jp/english/company/csr/organizational_governance/system1.html)

## Outside Director (Outside Audit & Supervisory Board Member) Support System

Corporate Planning Division staff inform outside directors and outside Audit & Supervisory Board members of Board of Directors meetings, provide advance briefings on outlines of proposals to the extent possible and provide other necessary information. TOMY has assigned an employee whose full-time job is to assist Audit & Supervisory Board

members in their duties. We have also established departments related to Group management that provide the necessary management and guidance in accordance with internal regulations based on the characteristics and status of each Group company. TOMY has established systems to support oversight and business execution.

## Appointment and Dismissal of Senior Management by the Board of Directors, and Nomination of Candidate Directors and Audit & Supervisory Board Members

### Director Qualifications and Nomination Procedures

1) The directors of the Company shall nominate multiple persons who have high ethical standards as well as an excellent personality, insight, ability and abundant

experience from inside and outside the Company.  
2) Regarding the nomination of directors, the Board of Directors Nominating Committee, which is

made up of outside directors and outside Audit & Supervisory Board members, has been established as an advisory body to the Board of Directors. The committee makes recommendations and provides advice based on policies regarding the evaluation and appointment of each director.

- 3) All directors of the Company are subject to election every year by resolution of the General Meeting of Shareholders, and candidates for newly appointed Directors are approved by the Board of Directors after undergoing a fair and transparent review by the Board of Directors Nominating Committee as discussed at the General Meeting of Shareholders.

- 4) To ensure candidates have a good understanding of TOMY's business, the directors will select people who can sympathize with our Founding Philosophy and Corporate Philosophy.

- 5) In the event that there are illegalities or serious violations of laws and regulations within the execution of a director's duties, or if it is deemed difficult for them to properly perform their duties, the Board of Directors Nominating Committee explains the reasons for dismissal, deliberates said reasons and receives pertinent advice. Afterward, a resolution is passed by the Board of Directors and submitted to the General Meeting of Shareholders.

### Audit & Supervisory Board Member Qualifications and Nomination Procedures

- 1) As for Audit & Supervisory Board members, we will appoint multiple persons from inside and outside the Company who have abundant experience and the advanced expertise necessary for auditing.

- 2) With regard to the nomination of Audit & Supervisory Board member candidates, after obtaining the consent of the Audit & Supervisory Board, it is resolved by the Board of Directors and submitted to the General Meeting of Shareholders.

### Policy on Nominating Board Director and Auditor Candidates

We recognize the importance of securing diverse perspectives in corporate management to promote the development and globalization of our business and ensure appropriate supervision and auditing. To that end, when nominating board director and auditor candidates, it is our policy to consider overall balance and diversity when selecting from those candidates

who have management skills and the wide-ranging experience necessary for decision-making, and who fulfill the following requirements. In addition, at least 50% are appointed as independent directors and auditors to improve the transparency and independence of the Board of Directors and Audit & Supervisory Board.

### Director Skill Matrix

	Gender	Expertise and experience									
		Management & business strategy	Toy & entertainment business	Innovation & new business	Global business	IP brand business	DX	Finance & accounting	Law, compliance & corporate ethics	HR, labor & human resources development	ESG & sustainability
Representative Director, Chairman & CEO Kantaro Tomiyama	M	●	●	●	●	●			●	●	●
Representative Director, President & COO Kazuhiro Kojima	M	●	●	●	●			●	●		●
Board Director, Executive Vice President Akio Tomiyama	M	●	●	●	●	●	●				●
Board Director (part-time) Hiroyuki Usami	M	●	●	●	●	●					
Board Director (outside) Mariko Mimura	F	●			●				●		●
Board Director (outside) Fumitoshi Sato	M	●						●		●	●
Board Director (outside) Shinichi Tonomura	M	●		●	●		●				
Board Director (outside) Miwako Iyoku	F	●	●	●			●				
Board Director (outside) Reiko Yasue	F	●		●	●		●				

Notes: 1. For outside directors, up to four areas have been marked with a ● to indicate those where, out of all the directors' skills, they are expected to particularly utilize their wealth of experience and knowledge. The chart does not indicate all the knowledge and experience possessed by each outside director.  
2. IP (intellectual property): In the entertainment industry, intellectual property rights are used to represent titles and characters.

## Board of Directors Effectiveness Evaluation and Process

At least once a year, TOMY distributes a questionnaire regarding the overall effectiveness of the Board of Directors to its constituent members to conduct a self-evaluation. The Risk/Compliance Committee, an advisory body to the Board of Directors, engages in discussions based on the results of the responses to the questionnaire. The evaluation results and issues are then shared at subsequent Board of Directors meetings, leading to improvements that will enhance the effectiveness of the Board. The results have confirmed that diversity of the members of the Board has been ensured with respect to its effectiveness, that directors and Audit & Supervisory Board members each actively engage in discussions, and that a system has been developed to approve key management matters and oversee business execution appropriately. In addition, the results appraise that TOMY has formulated and is managing the progress of a medium-term management plan that helps enhance corporate value, that active information disclosures are being carried out and

that internal control systems have been put in place. While the provision of information on the Company's business to outside directors, which had been an issue in the previous fiscal year, was evaluated as having been improved by securing time for deliberations and enhancing discussions by holding briefing sessions in advance, further enhancement of information sharing, such as creating opportunities for dialogue with executive officers that contribute to a better understanding of the execution status and further improvement of the system to deepen the understanding of agenda items, was identified as needing to be addressed at the next stage. The need to deepen discussions on medium- and long-term management strategies, risk management and sustainability, as well as to formulate plans for the development of management executives, including increasing the ratio of female executives, was also reaffirmed. TOMY will pursue initiatives aimed at ensuring the further effectiveness of the Board of Directors while taking these issues into account.

## Remuneration

### Basic Policy on Remuneration for Directors

TOMY's basic policy on remuneration for directors holds that compensation should be linked to business results and enhancement of corporate value in the medium to long term, that the compensation system should be designed to share value with shareholders, that compensation levels should be determined by taking the levels at other companies into account, and that compensation should be determined after a process that is objective and transparent to stakeholders. In addition, the Remuneration Committee deliberates over

the amounts and details of individual compensation and reports to the Board of Directors for resolution. The Remuneration Committee is chaired by an outside director and comprises five members including the chairperson. Except for the inside director in charge of governance, all members of the committee are independent outside directors and outside Audit & Supervisory Board members. This structure has been adopted to ensure objectivity and transparency in the determination of officer compensation.

### Remuneration Structure and Levels

The remuneration of executive directors excluding outside directors is made up of fixed basic compensation, performance-linked compensation as officer bonuses and stock-based compensation as non-monetary remuneration. Regarding stock-based compensation, the stock-based compensation stock option system was eliminated by a resolution of the 70th Ordinary General Meeting of Shareholders held on June 23, 2021. At the same time, a performance-linked

stock-based compensation system was introduced with the aim of raising directors' motivation to contribute to improved business performance and enhanced corporate value in the medium to long term by further clarifying the link between the directors' compensation and the Company's business performance and share prices and having directors share the benefits and risks of share price fluctuations with shareholders. The details of each element making up compensation are as follows.

### 1. Fixed compensation

For basic compensation, the amount is determined based on the position and responsibilities of the officer and paid as fixed monetary compensation monthly.

### 2. Performance-linked compensation

For officer bonuses, performance-linked compensation reflecting key performance indicators (KPIs) is paid as monetary compensation to raise directors' motivation to improve business performance for each fiscal year. Profit attributable to owners of parent in the consolidated income statement for the fiscal year is multiplied by a certain rate, and a cash bonus is calculated depending on the level of achievement of consolidated ordinary profit. The bonus is paid at a certain time after the end of the fiscal year in question. KPIs, targets and results (each on a consolidated basis) related to officer bonuses for the fiscal year ended March 31, 2023, are as follows.

Business performance indicators	Year ended March 31, 2023	
	Targets	Results
Consolidated ordinary profit	¥11.8 billion	¥12.0 billion
Profit attributable to owners of parent	¥7.5 billion	¥8.3 billion

### 3. Stock-based compensation

From fiscal 2021, the TOMY Group introduced a performance-linked stock-based compensation system

for directors (excluding outside directors and part-time directors). The purpose of the system is to increase directors' motivation to contribute to improved business results and enhanced corporate value in the medium to long term by further clarifying the link between directors' compensation and the Company's business performance and share prices and having directors share the benefits and risks of share price fluctuations with shareholders. Note that the performance-linked indicator used in the first applicable period of this system (the three-year period from the fiscal year ending March 31, 2022, to the fiscal year ending March 31, 2024) will be the consolidated return on equity set as a target in the Medium-Term Management Plan.

Outside directors are paid only basic compensation, from the perspective of their roles and in the interests of independence. The compensation of Audit & Supervisory Board members comprises basic compensation only, from the perspective of emphasizing independence and objectivity regarding management, and the compensation amount of each Audit & Supervisory Board member is determined through discussions among the members. Compensation levels are set appropriately, informed by objective compensation market research data provided by outside professional organizations.

### Total Amount of Compensation for Each Director Category, Type of Compensation and Number of Applicable Directors (in the fiscal year ended March 31, 2023)

Officer category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)					Number of eligible officers
		Fixed compensation	Performance-linked compensation		Non-performance linked compensation	Compensation listed on the left that is non-monetary compensation	
		Basic compensation	Officer bonuses	Performance-based stock compensation	Stock options		
Directors (excluding outside directors)	234	130	71	32	0	32	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	18	18	–	–	–	–	1
Outside directors	45	45	–	–	–	–	6
Outside Audit & Supervisory Board members	26	26	–	–	–	–	5
Total	325	220	71	32	0	32	18

### Decision-Making Authority Regarding Officer Compensation and Policies for Determining the Method of Its Calculation

The Remuneration Committee deliberates over the amounts and details of individual compensation and reports to the Board of Directors for resolution. The Remuneration Committee is chaired by an outside director and comprises five members including the chairperson. Except for the inside director in charge of governance, all members of the committee are

independent outside directors and outside Audit & Supervisory Board members. This structure has been adopted to ensure objectivity and transparency in the determination of officer compensation. In fiscal 2022, the Remuneration Committee convened three times. The main details of the Committee's deliberations are as follows.



Date of committee meeting	Details of deliberations
April 2022	Amount of performance bonuses based on business results for fiscal 2021 and partial review of the performance-linked stock-based compensation system
May 2022	Amount of monthly remuneration for officers and composition of committees for fiscal 2022
February 2023	Amount of monthly remuneration for directors

## Dialogue with Shareholders and Investors

To promote an understanding and accurate valuation of the Group among shareholders and investors, TOMY discloses information in accordance with the Financial Instruments and Exchange Act and the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities (the “Timely Disclosure Rules”) stipulated by the Tokyo Stock Exchange. Information falling under the timely disclosure regulations defined in the Financial Instruments and

Exchange Act and the Timely Disclosure Rules, as well as other material information, is promptly registered on the Timely Disclosure Network (TDnet) system provided by the Tokyo Stock Exchange. To ensure timeliness and fairness, information registered on TDnet is also disclosed on the TOMY website. In addition, shareholders are informed about the status of TOMY’s business, products, sustainability, CSR and other efforts through shareholder newsletters.

## Risk Management

The following major risks could impact the operating results or financial position of the TOMY Group. The Group is striving to strengthen its risk management system, including risk avoidance and responses in the event of risk occurrence based on a recognition of the likelihood of each risk occurring.

### Particularly Material Risks

1. Risks involving the impact on hit products
2. Risks involving product safety
3. Disaster-related and other similar risks
4. Risks associated with the novel coronavirus pandemic

### Material Risks

1. Variations in quarterly performance
2. Exchange rate fluctuation
3. Risks associated with overseas business development
4. Impact of changing raw material prices
5. Risks related to agreements with a material impact on management
6. Information leaks
7. Risks associated with valuation and impairment of intangible fixed assets

 Please refer to the Company’s official website for details of individual risks. [www.takaratomy.co.jp/english/ir/risk/index.html](http://www.takaratomy.co.jp/english/ir/risk/index.html)

## Risk Management

TOMY has developed a company-wide risk management system integrated with internal control. The system comprises the Risk/Compliance Committee and the department responsible for internal control.

The Risk/Compliance Committee is chaired by the Company’s representative director and is made up of outside directors and Audit & Supervisory Board members (more than half of whom are independent members) and was established to enhance and thoroughly implement the company’s compliance and risk management systems. The Committee deliberates key issues related to risks and compliance, with systems in place to report the results to the Board of Directors. In addition, the department responsible for internal control and the department responsible for internal audits, organizations that fall directly under the jurisdiction of the representative director, audit the compliance status of TOMY and the TOMY Group and report to the representative director

and Audit & Supervisory Board as needed. On compliance, risks and information management, we have developed related regulations common across the Group. At the same time, we have worked to foster a Group-wide awareness of compliance and establish a risk management system from a company-wide perspective, with the Risk/Compliance Committee and department responsible for internal control playing central roles.

In addition, TOMY has a system in place to promptly set up a Risk Management Task Force when an unforeseen situation occurs to take swift and appropriate action, minimize losses and damage, and institute recurrence prevention measures. In terms of product safety, we have established the Safety and Quality Assurance Group, which works to strengthen processes to provide high-quality products that offer peace of mind. We respond to social issues and corporate ethics matters related to sustainability primarily through the Sustainability Promotion Division.

## Continuation of Anti-Takeover Measures

TOMY received shareholder approval at the 71st Ordinary General Meeting of Shareholders held on June 22, 2022, regarding the continuation of its policy for responding to large-scale purchases of Company shares (hereinafter, the “response policy”).

This response policy consists of a “rights plan with prior warnings” providing for the allotment of stock acquisition rights without contribution (hereinafter, “countermeasures”), the details of which are as follows.

### Response Policy Overview

An overview of the response policy is provided below. For additional details, please refer to “Notice Concerning Continuation of Policy toward Large-Scale Purchases, etc., of Company’s Shares (Anti-Takeover Measures)” published on the TOMY corporate website on May 10, 2022.

 <https://ssl4.eir-parts.net/doc/7867/tdnet/2114714/00.pdf>

- 1) A person (hereinafter, “the purchaser”) seeking to purchase share certificates, etc., issued by the Company that would result in holding 20% or more of said certificates (hereinafter, “large-scale purchase”) shall provide the Company with information regarding the large-scale purchase in advance, as a general rule within 60 days (extended up to 30 days in total) of the Company’s Board of Directors presenting a list of the required information to the purchaser.
- 2) The TOMY Board of Directors will, in the event of an emergency, establish a special committee. The special committee will provide the Board of Directors with opinions and justification materials related to the planned large-scale purchase and can request the submission of alternative proposals.
- 3) After receiving information from the purchaser and the Board of Directors, the special committee will respond to issues raised by the Board of Directors, in principle within 90 days (however, if the special committee has a justifiable reason, this can be extended up to an additional 30 days) from the time at which the Board of Directors receives a written proposal containing all information necessary to consider the large-scale purchase. The special committee will examine and evaluate the purchase details, determine whether to implement countermeasures against the purchaser and make its recommendation to the Board of Directors (moreover, the special committee reserves the right to seek the approval of the General Meeting of Shareholders before recommending countermeasures be taken). If necessary, the special committee can seek the advice of an independent outside expert. In addition, the Board of Directors will negotiate with the purchaser and disclose information to shareholders.
- 4) The Board of Directors shall respect the recommendations of the special committee as much as possible and make a resolution on whether to ultimately take countermeasures. Moreover, if the special committee invokes its right to seek approval from the General Meeting of Shareholders regarding the recommended implementation of countermeasures, the Board of Directors shall, in principle, convene a meeting of the General Meeting of Shareholders as soon as practical and submit a proposal for the implementation of countermeasures. In this situation, the Board of Directors will make a resolution as to the implementation of countermeasures in accordance with the decision arrived at by the General Meeting of Shareholders.
- 5) In the event that the purchaser does not comply with the procedures set forth in this response policy, or if it is confirmed that TOMY’s corporate value and/or the common interests of TOMY shareholders will be clearly damaged and it is deemed appropriate to implement countermeasures, after a judgment by the special committee, the decision to implement countermeasures can be made.
- 6) In the event countermeasures are implemented, acquisition rights can be added for the execution of stock acquisition rights assigned to shareholders not extended to the purchaser or others (hereinafter, “non-qualified persons”) as well as the exchange of stock acquisition rights for Company shares from persons other than non-qualified persons. As a result, if Company shares are issued to shareholders other than non-qualified persons, the ratio of Company share voting rights held by said non-qualified persons will be diluted.