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Corporate Governance Report

CORPORATE GOVERNANCE

COLOPL, Inc.

Last Update: March 16, 2022

COLOPL, Inc.

Takashi Miyamoto, President and Representative Director

Contact: Yoshiaki Harai, Executive Director and Head of the Corporate Division

Securities code: 3668

<https://colopl.co.jp/en/ir/>

The corporate governance of COLOPL, Inc. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The basic approach to corporate governance is to engage in fair, logical, speedy decision-making on the basis of collaborative creation with shareholders, users, employees, business partners, local communities, and other stakeholders for the purpose of enhancing corporate value. The Company has a basic policy of seeking to balance decision-making, business execution, and management oversight functions to support appropriate management decisions and business execution by the President.

Reasons for Non-compliance with the Principles of the Corporate Governance Code [Updated]

The information below is based on the Principles of the Corporate Governance Code, as revised in June 2021.

(Except for some of the principles for the Prime Market, which will apply in April 2022.)

[Supplemental Principle 1-2-5]

The Company have not received any requests from substantial shareholders such as institutional investors to exercise their voting rights, etc. on behalf of trust banks, etc. at the General Meeting of Shareholders, and therefore the Company do not currently support such requests. In the future, the Company will consider and develop guidelines for the attendance of beneficial shareholders at general shareholders' meetings, while keeping a close eye on the requests of beneficial shareholders and the trends of trust banks, etc. The Company will make every effort.

[Supplemental Principle 2-4-1]

As an entertainment company, the Company recognizes that a diverse workforce with a variety of experiences, skills, and attributes is essential to achieving sustainable growth. In addition, the Company conducts personnel evaluations based on the abilities of each employee, and treats them in accordance with such evaluations, including promotions and advancement. Although the Company does not set targets for promotion based on gender, nationality, or method of entry into the company, it has prepared various measures such as childcare, nursing care, and personnel training to create a comfortable working environment for diverse personnel, including women, non-Japanese, and mid-career hires, thereby supporting diversity in its human resources from a systemic standpoint.

[Supplemental Principle 4-1-2]

The entertainment industry, of which the Company is a part, is undergoing remarkable technological innovation, and the level of entertainment demanded by users is becoming more sophisticated every year at an astonishing pace. In this environment, making commitments to shareholders for medium- and long-term management plans may undermine our flexibility and agility to respond to changes in the environment. For this reason, the Company does not disclose its medium- to long-term management plan.

[Supplemental Principle 4-1-3]

The Company is developing human resources who can succeed the current Chairman of the Board and President over the long term. In light of the age of the current Representative Directors, the Board of Directors and the Nomination and Compensation Advisory Committee have not held specific discussions on a succession plan as a matter of urgency. The Company has not yet decided on a specific plan, but will consider the details of such a plan in the future.

[Supplemental Principle 4-3-3]

The Company has established a basic policy regarding the selection and dismissal of directors, but has not established specific standards and procedures for the dismissal of representative directors and others. The Company will consider establishing procedures in the future.

[Supplemental Principle 4-8-1]

Active discussions are held at Board of Directors meetings with opinions from independent outside directors based on their objective standpoints. Methods of information exchange and recognition sharing based on an independent and objective standpoint will be considered as necessary, in cooperation with independent outside directors.

[Supplemental Principle 4-8-2]

The Corporate Planning Department is responsible for liaison between the independent outside directors and management, while the full-time Audit and Supervisory Committee member, who is also an independent outside director, is responsible for liaison with the outside directors who are Audit and Supervisory Committee members. The full-time Audit and Supervisory Committee member director and the Corporate Planning Department work together internally as needed to coordinate with the independent outside directors and the Audit and Supervisory Committee. The Company will continue to work with the independent outside directors to develop a system for liaison and coordination with management and cooperation with the Audit and Supervisory Committee members and the Audit and Supervisory Committee, and will consider such arrangements as necessary.

[Principle 5-2]

The business environment in which our group operates is subject to rapid changes in the short term, and it is difficult to calculate appropriate and reasonable figures for our group's performance outlook. Therefore, we do not disclose earnings forecasts. Specific measures regarding the allocation of management resources, etc., will be disclosed in business reports, financial statements, and financial results briefings. The Company will endeavor to provide clear explanations using easy-to-understand expressions to shareholders and investors through materials and other means. In addition, the Company will strive to provide clear explanations using easy-to-understand expressions to shareholders and investors through materials such as financial results briefings and other

materials. The Company will strive to ensure that its shareholders fully understand the Company's business activities at various briefings and meetings with its shareholders.

Disclosure Based on the Principles of the Corporate Governance Code [Updated]

The information below is based on the Principles of the Corporate Governance Code, as revised in June 2021.

(Except for some of the principles for the Prime Market, which will apply in April 2022.)

[Principle 1-4: Strategic Shareholdings]

The Company's policy is to acquire shares of publicly listed companies for strategic purposes only when it can be reasonably explained that the shares are strongly tied to business, such as a capital and business alliance, and that such an alliance proceeds more smoothly as a result of the holding of shares. After the acquisition of shares, the Board of Directors periodically examines the effectiveness of the alliance, taking into account any change in the appraised value of the shares held.

With regard to the exercise of voting rights, since the relationship is usually a capital and business alliance, the Company basically approves the proposals of the issuing company provided there is no conflict with the Company's interests.

[Principle 1-7: Related Party Transactions]

The Company's policy on related party transactions is for the Board of Directors to discuss and decide the appropriateness of transaction terms and conditions and how they are determined. Even after a Board of Directors' decision, the accounting and internal audit departments perform an ex post facto examination of transaction content and other details.

[Principle 2-6: Performance of Role of Corporate Pension as an Asset Owner]

The Company does not currently operate a corporate pension plan, but it has introduced a defined contribution pension system with the goal of creating stable assets for employees. To support the creation of assets among employees, we also hold a defined contribution pension seminar for employees, informing them of basic knowledge of the system when beginning investment management, cautions related to investments, and more.

[Principle 3-1: Improving Information Disclosure]

(1) Company's Goals (Management Philosophy, etc.), Management Strategies, and Management Plans

Our Mission and Vision are as follows.

Mission: "Entertainment in Real Life" - Making every day more enjoyable and wonderful through entertainment

Vision: Delivering "New Experiences" with the latest technology and creative ideas

(2) Basic Approach and Basic Policy on Corporate Governance Based on Each of the Principles of This Code

The Company has established a basic approach to corporate governance, which is disclosed on the Company's website and in the Corporate Governance Report.

(3) Policies and Procedures by Which the Board of Directors Determines the Compensation of Executive Management and Directors

The Company has established a Nomination and Compensation Advisory Committee to ensure objectivity and transparency in the process of determining director compensation and to further strengthen the corporate governance system. The committee reports

on inquiries regarding the drafting of the director compensation system and individual allocations. First, each director conducts a self-assessment of accomplishments and contributions to the Board of Directors during the year and reports the self-assessment results to the representative director. The representative director prepares a proposal for compensation for each director and decides final compensation after thoroughly considering the report on the proposal from the Nomination and Compensation Advisory Committee established voluntarily by the Company. The representative director subsequently interviews each director to provide feedback on contributions and results and once again communicate management objectives.

(4) Policies and Procedures by Which the Board of Directors Appoints and Dismisses Executive Management and Nominates Candidates for Director or Audit and Supervisory Committee Member

The Company's policy related to the appointment and dismissal of candidates for directors is as follows.

- Policy on Nomination

1. Someone who will form structure that brings balance to the Board of Directors and possess the knowledge, experience, and abilities for their role
2. Someone who will contribute to the lasting growth of the business and possesses the character and insight befitting of a director
3. Someone who contributes towards the maximization of medium- and long-term corporate value by understanding and implementing the COLOPL Group Philosophy

- Policy on Dismissal

1. If there are behaviors that violate or may violate laws, regulations, or the Articles of Incorporation
 2. If it is determined that it is difficult for someone to appropriately carry out their duties
 3. If someone is deemed to not be adequately demonstrating their functions compared to the initial reason for their appointment
- Based on the above policies, the Company's policy is to formulate multiple evaluation items required of directors and outside directors and to appoint candidates taking into consideration the degree to which they satisfy the evaluation criteria. With regard to outside directors in particular, the policy is to appoint persons with knowledge of professional fields such as corporate management, law, accounting, marketing, and management strategy and persons with a wealth of experience and broad insight. In addition, the Company judges whether or not a candidate is suitable to appoint as a director of the Company in light of areas of expertise the Company wishes to add to the Board of Directors as a whole and its diversity. As a procedure, the Nomination and Compensation Advisory Committee is consulted on the pros and cons of a nomination before reporting to the Board of Directors, which deliberates on the above evaluation items and makes the final decision.

(5) Explanation of Individual Appointments/Dismissals and Nominations When the Board of Directors Appoints and Dismisses Executive Management and Nominates Candidates for Director or Audit and Supervisory Committee Member in Accordance with (4) Above

The reason for the nomination of all candidates for director are disclosed each time in the convocation notice for the General Meeting of Shareholders.

[Supplemental Principle 3-1-3: Initiatives on Sustainability, etc.]

The Company prepares basic policies on sustainability with a desire to solve social problems through business activities and make the everyday lives of people more enjoyable and wonderful. The Company's basic policies and initiatives related to sustainability are publicly disclosed on the Company's website. We have not yet publicly disclosed the effects of climate change on the

Company, but we will consider publicly disclosing this in the future.

URL : <https://colopl.co.jp/assets/pdf/csr/sdgs/sdgs.pdf> *Japanese Only

[Supplemental Principle 4-1-1: Scope of Delegation from the Board of Directors to Executive Management]

Matters for resolution by the Board of Directors are stipulated in the Rules for Delegation of Authority, and the Board of Directors makes business judgments and decisions about important matters concerning management, important matters concerning the organization, and matters concerning finance. The Management Council makes business judgments and decisions about some matters concerning management other than matters for resolution by the Board of Directors, some matters concerning the organization, and matters concerning new businesses and certain investment and contractual matters. In addition, the Company has instituted the Investment Committee, a body delegated a certain level of authority concerning investment from the Board of Directors whose principal members are the representative director and the director in charge of the corporate headquarters. The Investment Committee makes investment decisions about projects to which all of the following conditions apply. The Management Council and the Board of Directors will be notified of the results of decisions on investments by this Committee.

- Investment amount of 0.1 billion yen or less per project
- Voting rights share of less than 20% after investment
- Maximum total annual (= fiscal year) investment amount of 1 billion yen

[Principle 4-9: Criteria and Qualifications for Determining the Independence of Outside Directors]

In the Company's judgment, a person to whom none of the following items applies satisfies the independence criteria for an outside director.

- A relative of said outside director within the second degree of kinship currently serves or has served in the past as an executive director of the Company or a subsidiary of the Company.
- A company at which said outside director currently serves as a business executor or employee and the COLOPL Group have business transactions, and the amount of those transactions exceeds 1% of sales of either company during the past three business years.
- Said outside director has received compensation exceeding 10 million yen directly from the Company as a legal, accounting, or tax professional or consultant during the past three business years (excluding compensation as a director of the Company or compensation paid to an institution or office to which said outside director belongs).
- The Company's donations to a nonprofit organization where said outside director serves as an executive officer have exceeded 10 million yen and exceeded 1% of said organization's total revenue during the past three business years.

[Supplemental Principle 4-10-1: Approach to the Independence of the Nomination and Compensation Advisory Committee, as well as Its Authority and Role]

The Company has established a voluntary Nomination and Compensation Advisory Committee. Independent outside directors make up the majority of this Committee, and each of these directors possess ample knowledge and insight related to corporate management. We believe this is an appropriate make-up for this Committee as an advisory body of the Board of Directors related to the nomination and compensation of executive management and directors. Resolutions are passed by this Committee with a

majority of members when a majority of members who can take part in the passing of resolutions are present.

[Supplemental Principle 4-11-1: Approach to the Overall Balance of Knowledge, Experience and Skills, and Diversity and Size of the Board of Directors]

The Company creates a skill matrix that defines performance indicators and contribution areas, such as the knowledge, experience, and skills of each director, and judges whether the Board of Directors as a whole is balanced, diverse, and appropriate in size in light of the combination of those attributes. The Company also considers whether director appointments are optimal for the Board of Directors as a whole on the basis of the performance indicators and contribution areas.

[Supplemental Principle 4-11-2: Status Directors or Audit and Supervisory Committee Members Serving Concurrently as Officers at Other Listed Companies]

The holding of concurrent board positions at other listed companies by directors is a matter for resolution by the Board of Directors. Additionally, the Company periodically monitors any negative aspects the holding of concurrent board positions may have on officers' roles, responsibilities, and results at the Company. The Company periodically discloses the status of concurrent board positions at other listed companies held by directors, including the above-mentioned situation, through convocation notices and by other means.

[Supplemental Principle 4-11-3: Analysis and Evaluation of the Effectiveness of the Board of Directors]

Directors conducted self-evaluations of the Board of Directors during the fiscal year ended September 30, 2021. A summary of the results is given below.

(1) Officers surveyed

All directors except the chairperson

(2) Purpose of the surveys

To analyze the survey results to objectively confirm that the Board of Directors is operating effectively, clarify issues that the Board of Directors should address in the next fiscal year with regard to any identified issues, and seek to improve its effectiveness.

(3) Summary of the results of analysis and evaluation of the effectiveness of the Board of Directors during the fiscal year ended September 30, 2021

The following matters were raised as points requiring improvement in the Board of Directors in the future.

- a) Further expansion of Board of Directors discussions on medium- and long-term management problems
- b) Further improvement of diversity in the Board of Directors
- c) Strengthening of the risk management system and improvements in governance in the overall Group

(4) Future handling

The results of this analysis and evaluation will be addressed as operational issues for the Board of Directors in the future, including ongoing discussions at Board of Directors meetings and the establishment of systems. Additionally, the Company's Board of Directors will continue to conduct self-evaluations to improve its functioning in the future.

[Supplemental Principle 4-14-2: Policy on Training for Directors]

To help improve the overall effectiveness of the Board of Directors, the Company has instituted a training program that aims to further enhance the skills required of each director (operational skills for the divisions under their charge).

[Principle 5-1: Policy for Constructive Dialogue with Shareholders]

The director in charge of investor relations supervises dialogue with shareholders. Supervisors of corporate planning, accounting and finance, legal affairs, and general affairs hold general meetings for parties involved in practical operations weekly chaired by Director, who is in charge of investor relations, and through implementing a cross-departmental exchange of information, we are strengthening our system for publicly disclosing information to shareholders. We hold information sessions for institutional investors once a quarter as part of our dialogue with shareholders. We also offer separate individual interviews for institutional investors if desired. At meetings of the Board of Directors, the directors share opinions and concerns obtained through dialogue with shareholders that they consider important in their reports about the divisions under their charge. The Company has also developed a system for the immediate sharing of matters requiring urgency between the representative director and the directors in charge. Dialogue with shareholders is undertaken with careful consideration given to insider trading regulations. Additionally, efforts are made to manage and utilize the content of such dialogue by working to preserve records of meetings, e-mails and telephone conversations.

2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Naruatsu Baba	61,776,976	48.27
Custody Bank of Japan, Ltd. (Trust account)	9,700,500	7.58
THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	8,524,000	6.66
The Master Trust Bank of Japan, Ltd. (Trust account)	7,496,800	5.86
THE BANK OF NEW YORK 133612 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	3,068,100	2.40
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Custody Business Department, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	951,200	0.74
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	793,200	0.62
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	776,600	0.61
BNP PARIBAS SECURITES SERVICES SYDNEY/	736,700	0.58

JASDEC/AUSTRALIAN RESIDENTS (Standing proxy: Custody Business Department, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)		
Kuwait Investment Authority (Standing proxy: Citibank, N.A., Tokyo Branch)	642,300	0.50

Name of Controlling Shareholder, if applicable (excluding Parent Company)	_____
Name of Parent Company, if applicable	None

Supplementary Explanation

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange First Section
Fiscal Year-End	September
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	10 billion yen or more and less than 100 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which May have Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	16
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	13
Election of Outside Directors	Elected
Number of Outside Directors	7
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Tetsuzo Hasegawa	From another company												
Ryogo Tsukioka	CPA												
Koichiro Iida	Lawyer								○				
Koji Yanagisawa	From another company												
Dai Tamesue	From another company												
Shinsuke Ishiwatari	From another company	●											
Harold George Meij	From another company												

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Tetsuzo Hasegawa	○	○	—	<p>He is having worked for a financial institution for many years, he has a wide range of insight and a wealth of experience, and is deemed suitable as an outside director.</p> <p>He is also designated as an independent director because there is no risk of a conflict of interest with general shareholders.</p>
Ryogo Tsukioka	○	○	—	<p>In addition to his high level of expertise as a certified public accountant, he has considerable knowledge of finance and accounting, and is deemed suitable as an outside director. He is also designated as an independent director because there is no risk of a conflict of interest with general shareholders.</p>
Koichiro Iida	○		<p>He is a partner of Mori Hamada & Matsumoto, with whom the Company has a business relationship such as provision of services. However, in light of the size and nature of the transaction, there is no risk of influencing the judgment of shareholders and investors, and therefore, a summary description is omitted.</p>	<p>In addition to his high degree of expertise as an attorney-at-law, he has long-term experience in corporate legal affairs and is deemed suitable as an outside director.</p>
Koji Yanagisawa		○	—	<p>He has abundant experience and broad insight as a corporate manager and is deemed suitable as an outside director. He is also designated as an independent director because there is no risk of a conflict of interest with general shareholders.</p>

Dai Tamesue		○ —		He has a wealth of experience and broad insight gained from his activities as an athlete and from his activities related to society and education, and is deemed suitable as an outside director. He is also designated as an independent director because there is no risk of a conflict of interest with general shareholders.
Shinsuke Ishiwatari			He is a relative within the second degree of kinship of a former director of the Company. As the term of office of his relative within the second degree of relationship expired and he retired from the Company on December 17, 2021, the date of the conclusion of the General Meeting of Shareholders, he fulfilled the requirements to be an outside director and was changed from a director to an outside director.	He has abundant experience and insight as a corporate manager and professional legal knowledge as an attorney-at-law, and is deemed suitable as an outside director.
Harold George Meij		○ —		He has deep insight and experience in management and marketing, having served as a marketing manager and representative director for major domestic and foreign companies, and is deemed suitable as an outside director. He is also designated as an independent director because there is no risk of a conflict of interest with general shareholders.

Audit and Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	3	1	0	3	Outside Director

Appointment of Directors and Staff to Support the Audit and Supervisory Committee	Not Appointed
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Matters Concerning Independence of Said Directors and Employees from Executive Officers

Since the Audit and Supervisory Committee conducts audits in cooperation with the internal audit office, there are no employees assigned to assist the Audit and Supervisory Committee in its duties.

Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department [Updated]

The Audit and Supervisory Committee, the internal audit office, and the Accounting Auditor meet regularly to share information necessary for audits and to strengthen mutual cooperation in order to enhance the effectiveness and efficiency of the audit function.

Voluntary Established Committee

Voluntary Establishment of Committee equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee, Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Advisory Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Advisory Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation [Updated]

The Company has established a Nominating and Compensation Advisory Committee consisting of a majority of independent outside directors who meet the Company's independence criteria to ensure objectivity and transparency in the process of nominating directors and determining director compensation and to further strengthen the corporate governance system. The committee reports on inquiries regarding the nomination and dismissal of directors, the drafting of the director compensation system, and individual allocations.

Chairperson: Full-time Audit and Supervisory Committee Member & Outside Director Tetsuzo Hasegawa

Member: Chairman and Representative Director Naruatsu Baba, President and Representative Director Takashi Miyamoto, Director Koji Yanagisawa, and Audit and Supervisory Committee Member & Outside Director Ryogo Tsukioka

Matters Concerning Independent Directors

Number of Independent Directors	5
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Other Matters Concerning Independent Directors	
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Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Other
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Supplementary Explanation for Applicable Items	
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Directors (excluding Outside Directors and Directors who are members of the Audit and Supervisory Committee) The Company has introduced a restricted stock compensation plan to provide Directors (excluding Outside Directors and Directors on the Audit and Supervisory Committee) with incentives to continuously improve the Company's corporate value and to further promote value sharing with shareholders.

Persons Eligible for Stock Options	Inside Directors, Outside Directors
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Supplementary Explanation for Applicable Items	
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The Company has introduced the above-mentioned grantees for the purpose of motivating and motivating the employees to improve the Company's performance and morale. As of the date of submission of the report on corporate governance, there are no stock options granted as compensation for the execution of duties held by the Company's officers.

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items	
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Not stated because there are no persons whose total amount of remuneration, etc. exceeds 100 million yen. Remuneration, etc. of Directors during the fiscal year ended September 30, 2021 is disclosed in total amount.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

The respective upper limits are set on the compensation, etc. of directors (excluding directors who are Audit and Supervisory Committee members) and directors who are Audit and Supervisory Committee members through resolution of the General Meeting of Shareholders. The amount of remuneration for directors (excluding those who are members of the Audit Committee) is determined by a resolution of the Board of Directors at the discretion of the Representative Director, who makes the decision based fully on the report of the Nomination and Remuneration Advisory Committee established by the Company on a voluntary basis. Directors who are members of the Audit and Supervisory Committee are determined by consultation of the Directors who are members of the Audit and Supervisory Committee.

Support System for Outside Directors

Although outside directors (including Audit and Supervisory Committee members) do not have a section in charge of assisting them, internal directors and relevant departments provide prior explanations of the contents of resolutions and reports of the Board of Directors meetings to those directors who wish to do so.

For directors who are Audit and Supervisory Committee members, information is shared directly by the full-time Audit and Supervisory Committee member.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Board of Directors

The Company's Board of Directors consists of two representative directors, eight directors who are not Audit and Supervisory Committee members, and three directors who are Audit and Supervisory Committee members, making 13 directors in total. Four of the directors who are not Audit and Supervisory Committee members and three of the directors who are Audit and Supervisory Committee members are outside directors under the Companies Act as of date of submission. To ensure efficient, speedy decision-making, the Board of Directors holds regular meetings once a month and extraordinary meetings as necessary. The Board of Directors functions as a management decision-making and supervisory body pursuant to the Articles of Incorporation, laws and regulations.

Chairperson: President and Representative Director Takashi Miyamoto

Members: Chairman and Representative Director Naruatsu Baba, Director Yoshiaki Harai, Director Kenta Sugai, Director Yu Sakamoto, Director Yoichi Ikeda, Director Shinsuke Ishiwatari, Director Koji Yanagisawa, Director Dai Tamesue, Director Harold George Meij, Full-time Audit and Supervisory Committee Member & Outside Director Tetsuzo Hasegawa, Audit and Supervisory Committee Member & Outside Director Ryogo Tsukioka, and Audit and Supervisory Committee Member & Outside

Director Koichiro Iida

(2) Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of three members, all of whom are directors. All of the members are outside directors, one of whom is a certified public accountant and tax accountant, and another of whom is an attorney-at-law. The directors who are Audit and Supervisory Committee members attend meetings of the Board of Directors and other internal meetings to express opinions about the directors' performance of duties as appropriate. The directors who are Audit and Supervisory Committee members conduct audits based on an audit plan, and the Audit and Supervisory Committee holds meetings once a month, along with extraordinary meetings as necessary. The Audit and Supervisory Committee members shares information necessary for auditing by periodically holding meetings with the Internal Audit Office and accounting auditor.

Chairperson: Full-time Audit and Supervisory Committee Member & Outside Director Tetsuzo Hasegawa

Members: Audit and Supervisory Committee Member & Outside Director Ryogo Tsukioka, and Audit and Supervisory Committee Member & Outside Director Koichiro Iida

(3) Management Council

The Company seeks to ensure management transparency by holding meetings of the Management Council once a week in principle, where important decisions other than matters for resolution by the Board of Directors and reporting matters from the business divisions are introduced and discussed.

Chairperson: President and Representative Director Takashi Miyamoto

Members: Director Yoshiaki Harai, Director Kenta Sugai, Director Yu Sakamoto, Director Yoichi Ikeda, Full-time Audit and Supervisory Committee Member & Outside Director Tetsuzo Hasegawa, and Employees whose attendance is deemed necessary by officers, etc. to facilitate the meeting

(4) Accounting Auditor

The Company has entered into an audit agreement with Deloitte Touche Tohmatsu LLC and undergoes audits under the Companies Act and the Financial Instruments and Exchange Act.

3. Reasons for Adoption of Current Corporate Governance System

Since the industry in which the Company operates is still in its growth stage and competition with other companies is fierce, it is necessary to expeditiously execute business strategy. At the same time, the Company has adopted this governance system in the interest of ensuring management transparency and soundness to earn public trust.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	The Company endeavors to disclose the notice of convocation as early as possible. In addition, in order to ensure sufficient time for consideration of general meeting proposals, the Company discloses the convocation notice prior

	to its dispatch (by disclosing it to the Tokyo Stock Exchange and posting it on the Company's website).
Scheduling of the General Shareholders Meeting During Non-Peak Days	When holding a general meeting of shareholders, the Company will set a date that avoids a concentrated number of days.
Electronic Exercise of Voting Rights	In order to enable more shareholders to exercise their voting rights, the Company accepts the exercise of voting rights via the Internet using PCs and cell phones.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform to ensure that institutional investors have sufficient time to consider the contents of proposals.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Notice of Convocation (English) is available on the Company's website.

2. Status of IR-related Activities [Updated]

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	In addition to the basic policy, the Company also stipulates matters to be noted concerning earnings forecasts, etc., and the quiet period, etc., which are posted on the IR site of the Company's website. https://colopl.co.jp/en/ir/	
Regular Investor Briefings held for Individual Investors	Although the Company does not hold briefings for individual investors, it takes measures to prevent information gaps between institutional investors and individual investors, such as the same-day disclosure of financial results briefing materials for institutional investors and analysts, which contain sufficient supplementary information that contributes to investment decisions, and the publication of integrated reports.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	Financial results briefing sessions are held after the end of each quarter and after the end of the annual financial results.	Held
Regular Investor Briefings held for Overseas Investors	Periodic meetings with overseas investors are held by the president, director in charge, etc.	Held
Online Disclosure of IR Information	Financial results, timely disclosure materials, various presentation materials, annual securities reports, quarterly	

	<p>reports, and integrated reports are posted on the IR site of the Company's website.</p> <p>https://colopl.co.jp/ir/</p> <p>For overseas investors, English translations of disclosure materials and corporate information are available on the English IR site of the Company's website.</p> <p>https://colopl.co.jp/en/ir/</p>
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Planning Department is in charge.

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>Our mission, “Entertainment in Real Life” - Making every day more enjoyable and wonderful through entertainment, is to create hope and this is our desire to create a world filled with vitality and energy.</p> <p>The Company is engaged in a variety of CSR activities to achieve this goal. Examples include disaster relief and support for para-athletes. The Company is also actively working to ensure that users and consumers use its services in a safe and sound manner. Furthermore, the Company is also focusing on initiatives aimed at fostering the next generation of human resources, such as accepting junior high school students for company visits during school excursions and as part of their comprehensive learning, and supporting student creators through the Foundation. The Company will continue to provide services that make the world more enjoyable and happy place, as well as undertake a variety of activities and initiatives.</p> <p>Specific activities are posted on our website.</p> <p>https://colopl.co.jp/en/csr/</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>The Company recognizes the importance of providing timely and appropriate corporate information to its stakeholders, including customers, shareholders, and employees. Therefore, the Company will provide such information through its corporate website and company information sessions scheduled from time to time.</p>

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

To ensure transparency and fairness in its business management, COLOPL has established a basic policy and regulations related to internal controls and created a system for internal controls. With these initiatives, the Company seeks to make sure that its

operations are fully fair and transparent. In addition, COLOPL implements internal audits performed by the Internal Audit Office to confirm that the system for internal controls is functioning effectively. In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, COLOPL has adopted its basic policy for the establishment of an internal control system in order to ensure the appropriateness of its operations.

i) System to Ensure that Execution of Duties by Directors and Employees Conform to Laws, Regulations, and the Articles of Incorporation

(1) At the Company, the Directors and employees will perform their duties in consideration of compliance with laws and regulations, the Articles of Incorporation, and internal regulations, etc.

(2) The Company will systematically deal with anti-social forces that threaten the order and safety of civil society, adopting a resolute attitude in cooperation with attorneys and the police, etc.

(3) The Board of Directors will make decisions on business execution and supervise the Directors' performance of their duties to ensure legality under laws and regulations and adequacy based on management decisions.

(4) The Audit and Supervisory Committee will exercise authority under laws and regulations and audit the Directors' performance of duties.

(5) The Company will provide a point of contact for consultation on corporate ethics and whistle-blowing and build a system to early detect and correct violations of laws and regulations, the Articles of Incorporation, and internal regulations, etc. and acts that are at risk of violating them (hereinafter "public whistle-blowing system").

(6) Violations of laws and regulations by Directors and employees will be subject to punishment imposed by the disciplinary panel, under the rules of employment, etc.

(7) The Company will establish administrative authority to make clear responsibilities and authority and establish a system for business execution in each department.

(8) The Company will establish necessary authorization systems and prepare internal regulations and manuals, etc., make them known internally, and use them.

(9) The Company will designate the personal information management officer and build a personal information protection system centered around the officer. The Company will establish a secretariate under the direction of the officer to protect personal information properly and continue to improve the protection.

ii) Matters Regarding the Retention and Management of Information Relating to the Execution of Duties by Directors

(1) The Company will establish document management regulations and properly save and manage important documents (including electromagnetic recordings) related to the performance of duties of the Directors, including the minutes of important meetings, under the regulations, etc.

(2) The Company will establish information management regulations to protect and manage information assets.

iii) Regulations Concerning Management of the Risk of Loss and Other Relevant Systems

(1) The Directors will identify a range of risks related to the entire Group's business. They will recognize the importance of integrated risk management and strive to identify, evaluate and manage them.

(2) The Company will formulate business continuity plans in anticipation of unforeseeable events, such as disasters, accidents,

and system failures.

iv) System for Ensuring Directors' Efficient Performance of Their Duties

(1) The meetings of the Board of Directors will be held monthly and facilitated under the Articles of Incorporation and the Regulations for the Board of Directors. Extraordinary meetings will be held as needed.

(2) The Directors will closely exchange opinions and share information to perform their duties efficiently and promptly and with agility.

(3) The Company will establish organizational regulations, regulations for the division of duties, and internal approval regulations for the Directors to perform their duties efficiently.

v) System to Ensure Appropriateness of Operations in the Group Consisting of the Company and Its Subsidiaries

(1) The Company will work to build a compliance system in the entire Group under its management philosophy.

(2) The Company will manage the subsidiaries as needed according to the situation of each subsidiary under the Regulations for the Management of Subsidiaries and Associates. The Company will require each subsidiary to regularly report their operating results and financial position and other important information.

(3) The Company will regularly review each subsidiary's organizational design and business execution system, taking into account their business, scale and position in the Group and will supervise them for them to build a system to execute operations efficiently.

(4) The Company will audit the business of each subsidiary as needed.

vi) Matters related to Employees Who are Requested by the Audit and Supervisory Committee to Help the Committee Perform its Duties

(1) The Audit and Supervisory Committee may request the Board of Directors to assign employees who will follow the orders and instructions of the committee (hereinafter "Assistants to the Audit and Supervisory Committee").

(2) Changes in the Assistants to the Audit and Supervisory Committee, the evaluation of them, and disciplinary actions against them require prior consent of the Audit and Supervisory Committee.

(3) The Company will build a system where the Assistants to the Audit and Supervisory Committee will follow the orders and instructions if they receive orders or instructions from the committee about their work.

vii) System for the Directors and Employees of the Company and its Subsidiaries to Report to the Audit and Supervisory Committee

(1) The Directors and employees of the Company and its subsidiaries will report without delay to the Audit and Supervisory Committee legal matters, matters that may have significant effects on the Company, matters resolved in important meetings, matters related to the public whistle-blowing system, and the status of internal audits, etc.

(2) The Directors and employees of the Company and its subsidiaries will report promptly the status of business execution, etc. to the Audit and Supervisory Committee at its request.

(3) The Company will prohibit any disadvantageous treatment of Directors and employees because of their reports to the Audit and Supervisory Committee under the preceding two paragraphs. The Company will make the prohibition known to the Directors

and employees of the Company and its subsidiaries.

viii) Policy on Procedures for the Handling of Expenses and Liabilities Generated from the Audit and Supervisory Committee Members' Performance of their Duties and the Advance Payment and Reimbursement of Expenses

If Audit and Supervisory Committee members request the advance payment of expenses necessary for the performance of their duties, the Company will promptly handle expenses or liabilities.

ix) Other Systems to Ensure Effective Auditing by the Audit and Supervisory Committee

(1) The Audit and Supervisory Committee regularly exchange opinions with the Representative Director and interviews Directors and important employees as needed.

(2) Members of the Audit and Supervisory Committee attend meetings of the Board of Directors and management meetings and other important meetings as needed.

(3) The Audit and Supervisory Committee exchanges opinions with the auditing firm as needed.

(4) The Audit and Supervisory Committee can independently receive help from attorneys, certified public accountants, and other experts as needed.

(5) The Audit and Supervisory Committee regularly exchange opinions with the General Manager of the Internal Audit Office to strengthen their cooperation.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

In order to prevent our stakeholders from being harmed by antisocial forces, the Company shall take a resolute stance against such forces and sever all relationships with them. In addition, the Company shall cooperate closely with external specialized organizations such as relevant administrative agencies and attorneys in order to obtain appropriate advice and cooperation in the event of undue demands from antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

- Timely Disclosure System

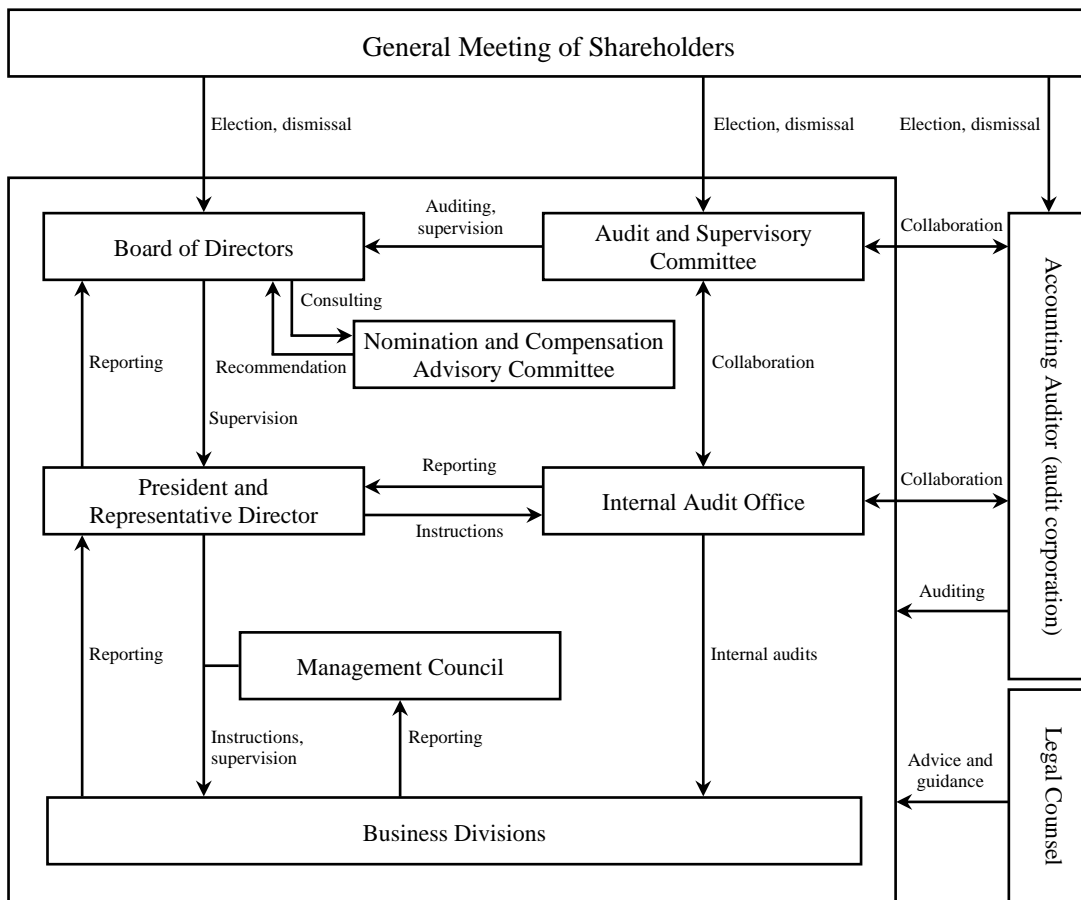
With the goal of "ensuring that corporate securities are fairly valued," the Company is committed to disclosing information to the public in a timely and appropriate manner in compliance with laws, regulations, and internal rules, and has established an internal system to achieve this goal. The Company's system for timely disclosure is as follows.

When the possibility of timely disclosure arises, the relevant information is reported to the Corporate Division by the relevant

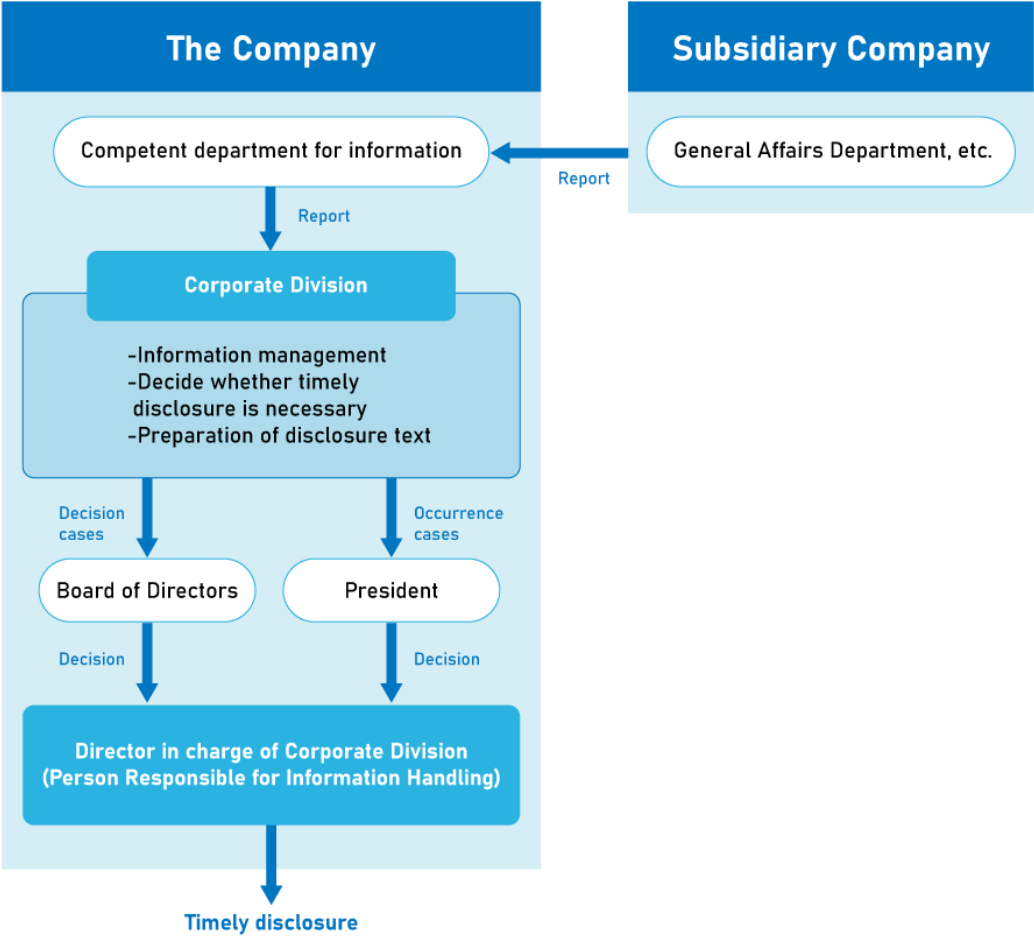
department, and the Corporate Division determines the necessity of timely disclosure, the timing of disclosure, and the content of disclosure in accordance with the Timely Disclosure Rules, while consulting with accounting auditors and legal advisors as appropriate. Of the material facts deemed necessary for disclosure, the Board of Directors deliberates and decides on decisions, and the director in charge of the Corporate Division promptly discloses such information in a timely manner after receiving confirmation from the President and Representative Director.

With regard to financial information such as financial results, dividends, and earnings forecasts, the Corporate Division plays a central role in collecting related information (including that related to subsidiaries). When the possibility of timely disclosure arises, the divisions within the Corporate Division (Business Administration Department and Corporate Planning Department) work together to determine the necessity of timely disclosure and prepare disclosure documents. After deliberation and decision by the Board of Directors, the director in charge of the Corporate Division becomes the person in charge of handling information and discloses the relevant information in a timely manner.

In managing information for timely disclosure, the Corporate Division is in charge of information control of the relevant information, and is striving to prevent insider trading by minimizing the number of persons who come into contact with such information. We strive to ensure that all employees throughout the Company are thoroughly aware of the importance of handling material information through daily compliance education.



Timely Disclosure System for Decisions and Occurrences



Timely Disclosure System for Financial Results

