Statement on the Report of the Third-Party Committee of FUJI MEDIA HOLDINGS, INC.

April 8, 2025

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- - On February 27, 2025, the Japan Association of Corporate Directors (JACD) issued a proposal titled "From Ethical Issues to Management Challenges-Centering Respect for Human Rights in Corporate Management" (hereinafter referred to as the "February 27 Proposal"). In it, we urged Fuji Media Holdings, Inc. ("FMH") and its subsidiary Fuji Television Network, Inc. ("CX") to conduct a thorough self-examination of the dysfunction in their corporate governance and to implement fundamental reforms. We also urged them to conduct effective human rights due diligence beyond mere formalities, to rebuild the group's internal control system based on the three-lines model, and to fundamentally reform their corporate culture through discipline created by incentive systems and evaluation criteria - not just by relying on abstract moral ideals. The February 27 proposal, as its title suggests, emphasized that respect for human rights should not remain an ethical or abstract issue, but should be positioned as a core management priority. It also called on business leaders themselves to deeply recognize its importance and proactively address it as their own responsibility. In addition, it urged the third-party investigation committee to go beyond a superficial analysis and look deeply into the systemic organizational causes behind the incident and to assess governance failures throughout the Group.

- - This Statement is issued as a supplement to the February 27 proposal, based on the contents of the Investigation Report (the "Report") issued on March 31 by the Third-Party Committee of FMH and CX. The Report not only organizes facts and investigates causes but also provides a thorough analysis and insight into the organizational culture and corporate governance issues of the FMH Group. Its findings and recommendations are very revealing. The corporate governance dysfunction at FMH Group revealed in the Report is a matter of serious concern. In particular, the overlapping dysfunction within the Boards of Directors of both FMH and CX and their Audit and Supervisory Committees revealed a complete breakdown of effective internal control within the Group. As a company with an Audit and Supervisory Committee, FMH is expected to have an organized audit function with dedicated internal audit staff working with compliance and other relevant departments. However, the report points out that under the so-called "Original Bureau Principle"[2], the serious human rights violation involving sexual abuse was suppressed as a localized issue, and the top management of CX took the lead in blocking information sharing with the compliance and internal audit departments. This indicates a structurally broken internal control system.

- \- In addition, the report highlights fundamental problems in the leadership at the top levels of the Group and in the executive nomination process. The essence of corporate governance is ensuring an effective process for appointing and removing top executives. No matter how elegantly the board is structured or how well formal rules and systems are in place, a governance structure that hollows out the executive selection process amounts to "governance-washing". According to the report, all executive changes - including the appointment and resignation of FMH's representative directors (chairman and president) - were unilaterally decided by Mr. Hieda, and the reasons for these personnel changes were not disclosed. What emerges is the governance failure of unbecoming a listed company. As a listed company with a corporate personality, FMH is accountable to the capital markets as the core of the group. However, the report reveals that the real power was not held by the representative of FMH, but was concentrated on Mr. Hieda, the "representative" of "FUJISANKEI COMMUNICATIONS GROUP (FCG)" - a de facto entity without corporate status. This means that the authority over executive personnel matters at FMH rested not with its Board of Directors, but with an individual tied to an informal "group" with unclear legal accountability. Such a situation betrays the expectations and trust of shareholders, business partners and employees, and goes beyond a mere distortion of governance - it fundamentally undermines FMH's qualification to remain a listed company. The fact that such a governance structure has been tolerated for years seriously undermines the autonomy and transparency of the company and represents a significant step backwards for corporate governance in Japan.

- \- JACD considers these governance deficiencies to be the root cause of this case and strongly urges FMH Group to implement fundamental reforms. In order to ensure that governance is not just a façade, but is effective in practice, and to prevent similar incidents from recurring, the following measures must be considered and implemented immediately:
  ▶ Establish the position of Chief Audit Executive (CAE) to oversee the internal audit functions, thereby clarifying the position of the "third line", which is independent from both the first (business operations) and second (compliance) lines.
  ▶ Establish a dual reporting line from the internal audit function to both management and the Audit and Supervisory Committee, thereby ensuring the independence of the function as a third party and enabling the Committee to exercise effective oversight ;
  ▶ Ensure the independence of the audit function between parent and subsidiary companies. For example, members of FMH's Audit and Supervisory Committees should not simultaneously serve as auditors of CX, thereby avoiding situations of self-auditing within the Group.
  ▶ Significantly improve the transparency and fairness of the director nomination process. To dismantle the opaque power structure at the top, FMH should promptly convert its governance framework to a company with a nomination committee and ensure that nomination and compensation decisions are made by highly independent and effective committees.

- \- We sincerely hope that FMH Group will sincerely accept the report's various findings and recommendations and implement them promptly and reliably in its corporate governance reforms. As an organization dedicated to improving corporate governance in Japan, the JACD will continue to closely monitor FMH Group's efforts and offer support and cooperation as needed.

[2] A term referring to the practice in which individual departments address risk issues that have surfaced within their own areas based on their own judgment, without sharing the information with relevant departments such as the compliance department.

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