

Last Update: August 1, 2022

**ITO EN, LTD.**

Daisuke Honjo, President

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([https://www.itoen.co.jp/form\\_global/](https://www.itoen.co.jp/form_global/))

Securities Code: 2593

<https://www.itoen-global.com/>

The corporate governance of ITO EN, LTD. (the “Company”) is described below.

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

### **1. Basic Views [Updated]**

The management principle of the ITO EN Group (the “Group”) is “Always Putting the Customer First.” The Group states in the ITO EN Group Founding Charter that its management priority is to exist for all its workers and their families and for society as a whole, and to fulfill its corporate social responsibility by cooperating with the government, local communities, consumers, shareholders, retailers, suppliers, financial institutions and other stakeholders.

This group management principle is a basic concept in the Group’s business ethics and the unwavering truth that supports corporate governance. Every officer and employee of the Group is active in making concerted efforts to achieve a sustainable society in line with the interests of all stakeholders and strives to repay their trust.

Under this management principle, the Group aims to be a “Health Creation Company” and fulfil our long-term vision of becoming a “Global Tea Company”. Further, the Group aims to translate its contribution to the health of customers around the world into sustainable growth and medium-to-long-term improvement in its corporate value and is committed to further strengthening corporate governance.

ITO EN, LTD. (the “Company”) is a company with an audit & supervisory board. Its Audit & Supervisory Board Members shall conduct audits by seeking confirmation with Representative Directors, Directors, Executive Officers or employees regarding the status of business operations, decision-making processes and other matters to achieve appropriate corporate governance.

Audit & Supervisory Board Members attend every meeting of the Board of Directors, offering fair and impartial advice and audit opinions on overall corporate affairs and each item of business, and audit business execution by the Directors in accordance with the audit policy stipulated by the Audit & Supervisory Board.

### **[Reasons not to implement each Principle of the Corporate Governance Code] [Updated]**

The reason is presented based on the Code revised in June 2021.

Supplementary Principle 2-4 (1) Ensuring Diversity in the Promotion of Core Human Resources, etc.  
Voluntary and measurable goals for ensuring diversity in the promotion to core human resources

(1) Appointment of women employees to managerial positions

Since its foundation, the Group has aimed to achieve unparalleled greatness as set out in the ITO EN Group Founding Charter. The Company understands that promoting women’s active participation and advancement in the workplace is an important management issue from the perspective of ensuring diversity and has set itself the FY2023 goals of having 150% or more of its managers be women (2.3% in FY2020) and 130% or more of its section managers or equivalent (next-generation management candidates) be

women (5.0% in FY2020) compared to FY2020 levels, respectively. It is working towards the achievement of these goals to improve the female employee retention rate, to increase support for female employees balancing their family and work lives and to train female managers.

(2) Appointment of mid-career hires to managerial positions

Of the total employees, 23.4% were hired mid-career, and the percentage of managers that were hired mid-career is 19%. By assigning and developing human resources with diverse experience and knowledge to be managers based on their merits, the Company has developed an environment in which diverse human resources can thrive. It will continue to assign mid-career hires to positions in a fair and impartial manner and aim to achieve a percentage of managers that were hired mid-career that is the same or higher than percentage of employees that were hired mid-career.

(3) Appointment of foreign nationals to managerial positions

When promoting mid-career hires to managerial positions, employees are promoted according to their merits at group companies around the world, regardless of nationality. On a consolidated group basis, 9.71% (795 persons) of employees are foreign nationals. The Company currently employs 14 foreign nationals with diverse backgrounds and they are playing active roles in the company. As a company that aims to become a global tea company, the company is currently in a phase where it is advancing the promotion of personnel based on their merits across the Group as whole and it has not set any targets for the appointment of foreign nationals as managers.

The Company will examine objectives regarding appointment of foreign managers in line with future business development.

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

**Disclosure Based on the Principles of the Corporate Governance Code**

The Company has established the ITO EN, LTD. Corporate Governance Guidelines (the “ITO EN Guidelines”) based on the resolution of the Board of Directors as an indication of the Company’s basic views and guidelines on corporate governance. Refer to the ITO EN Guidelines on the Company’s corporate website.

[https://www.itoen-global.com/management/csr\\_csv/governance.php](https://www.itoen-global.com/management/csr_csv/governance.php)

**Principle 1-4 Cross-Shareholdings**

The Company maintains the policy of not conducting cross-shareholding, in principle. Provided, however, the Company conducts cross-shareholding in cases where it can be judged that cross-shareholding would facilitate transactions, procurement or financing. In addition, the Company maintains the policy of reducing cross-shareholding by stages in cases where cross-shareholding is not judged to contribute to the enhancement of the Group’s corporate value over the medium- to long-term.

With regard to listed shares held by the Company in accordance with the proviso above (“shares held in cross holding”), the Company validates at the Board of Directors’ meetings every year that the return on invested capital exceeds capital cost for each stock. In addition, from the perspective of maintaining and strengthening relationships with the issuers over the medium to long term, the Company has confirmed at the Board of Directors’ meeting that the significance of cross shareholdings shall be reviewed and that any stock with reduced economic rationality and reduced significance of cross holding shall be subject to sale or reduction in holding following dialogue with the issuing entity.

Regarding the exercise of voting rights of shares held in cross holding, the Company shall appropriately address the matter by closely examining each agenda and comprehensively judging if the proposed matter will contribute to the enhancement of corporate value of the Company and the issuer.

(Article 14 Policy on cross-shareholding of the ITO EN Guidelines)

**Principle 1-7 Related Party Transactions**

When the Company conducts a transaction with its officers, major shareholders and others, it shall submit the matter to the Board of Directors in advance and obtain the board’s approval in order to ensure that the transaction will not adversely affect the common interests of the Company and shareholders, excluding

cases in which the terms and conditions of the transaction are clearly the same as those for general transactions.

(Article 13 Management system for transactions among related parties of the ITO EN Guidelines)

Supplementary Principle 2-4 (1) Ensuring Diversity in the Promotion of Core Human Resources, etc.

Policies for ensuring diversity in promotion to core human resources, etc.

Since its foundation, the Group has aimed to achieve unparalleled greatness as set out in the ITO EN Group Founding Charter. Given this aim, the Group's basic principle for promoting human resources is to promote based on merit, in other words, to promote truly competent individuals regardless of mere seniority, academic background or other characteristics. Based on this principle, the Group aims to develop an environment in which diverse human resources can thrive according to their individual abilities and aptitudes, without characteristics such as their gender, nationality or age or whether they are mid-career hires or persons with disabilities negatively affect their career opportunities. By fostering a corporate culture based on this policy of promotion based on merit, the Group aims to realize its vision of becoming a "Global Tea Company".

(Article 18 Policy on diversity of the ITO EN Guidelines)

Policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation

(1) Policy for human resource development

The Company is focusing on human resource development in line with a basic policy that career advancement should be based on merit, every single employee should have equal opportunities, and evaluations should be fair. With the management principle of "Always Putting the Customer First" at the root of all its business operations, the Company is committed to implementing health management so that every single employee is healthy and can work energetically, including developing human resources and implementing workstyle reforms.

(i) Compliance training

In accordance with the ITO EN Group Compliance Code of Conduct, the Company provides all employees with training to prevent discrimination because of gender, age, ethnicity, race, nationality, religion, beliefs, social status, family origin, disability or other characteristic and to ensure respect for human rights and fair treatment according to the aptitudes and abilities of individuals.

(ii) Management training

The Company provides training to managers to deepen their understanding of the importance of ensuring diversity as well as training on the purposes and details of systems which have been developed to enable active participation by diverse human resources.

(iii) Training to promote the advancement of women in the workplace

The Company provides female employees with opportunities to reach their full potential and to reconsider and shape their career/life plan to advance further in the workplace. The Company is translating the provision of rank-based training for women into improvement in the motivation and the retention rate of female employees, stronger support to help them maintain a work-life balance, and increased management training.

(iv) Overseas human resource development

The Company provides training to develop human resources who will support overseas business in the future, with emphasis on understanding different cultures and facilitating communication. More specifically, the Company puts out calls for employees wanting to work overseas in the near future and provides them with career development support and seeks to increase their understanding of different cultures through a pre-entry program of training prior to overseas assignment and an overseas trainee program undertaken later after actually being assigned overseas.

(2) Policy for internal environment development

The Company promotes a work-life balance and develops a comfortable workplace environment for everyone by ensuring that diverse human resources can flexibly choose work styles according to their specific circumstances.

(i) ITO EN Family Support System

The Company has developed the ITO EN Family Support System to provide comprehensive support for ITO EN employees and their families during major life events (getting married, giving birth, raising a child, providing long-term nursing care, etc.).

(ii) Workplace Environment Improvement Promotion Committee

The Company has established the Workplace Environment Improvement Promotion Committee (convened twice a year, in principle) to comprehensively consider workplace environment issues and improvement measures and create a more positive workplace environment. District committees made up of representatives of each office have been established under the Committee to exchange opinions on issues such as working hours, workplace safety and hygiene management and review future work styles. In FY2021, information regarding health and measures for the Business Continuity Plan (BCP) was shared, and relevant learning opportunities were provided at workplaces in 28 areas in Japan.

(iii) Support for persons with disabilities

HR departments regularly visit employees with disabilities working at each workplace, hold meetings with the employees and their families and liaise with public support groups to ensure that employees with disabilities can play an active role and continue working long term.

(iv) Voice System (internal proposal system)

The Company has an employee voice scheme (Voice System for internal proposals), in which all employees regardless of the type of job they do can suggest new products, sales promotions and other ideas. This System keeps the spirit of “Still Now”, i.e. finding things that customers are still dissatisfied with, in the forefront of all employees’ minds and also helps improve employee motivation as internal awards are presented for excellent suggestions.

For further details of human resource development and development of the internal environment, refer to the Company’s corporate website.

[https://www.itoen.co.jp/sustainability/human\\_resources/](https://www.itoen.co.jp/sustainability/human_resources/) (Japanese only)

Principle 2-6 Roles of Corporate Pension Funds as Asset Owners

The Company does not have a corporate pension fund plan.

Principle 3-1 Full Disclosure

(1) Basic views and guidelines on management principle and corporate governance

Refer to “1. Basic Views” above and Article 1 (Basic concept underlying the management principle and corporate governance) of the ITO EN Guidelines.

(2) Management strategy and business results

Refer to the Company’s corporate website.

Management strategy: [https://www.itoen-global.com/about\\_us/message.php](https://www.itoen-global.com/about_us/message.php)

Most recent business results: [https://www.itoen-global.com/ir/financial/financial\\_highlights.php](https://www.itoen-global.com/ir/financial/financial_highlights.php)

(3) Board policies and procedures in determining the remuneration of the senior management and Directors  
Remuneration, etc. of Directors is deliberated by the Nomination & Remuneration Committee, which consists of a majority of Independent Outside Directors, to ensure objectivity and transparency in accordance with the Company’s basic views on corporate governance and basic views on remuneration. The Board of Directors determines the remuneration, etc. of directors, giving due respect to the report by the Nomination & Remuneration Committee.

The Nomination & Remuneration Committee deliberates the individual remuneration, etc. of Directors, including whether it is consistent with the policy for determining remuneration and whether it has been evaluated based on the remuneration standards, and the Board of Directors determines the individual remuneration, etc. of Directors giving due respect to the report by the Nomination & Remuneration Committee.

For details, refer to “Disclosure of policies for determining the amount of remuneration and methods

for its calculation” in this report.

(Article 9 Policy and procedures for determining Directors’ remuneration of the ITO EN Guidelines)

The remuneration of Audit & Supervisory Board Members is deliberated by the Nomination & Remuneration Committee and determined by the Board of Directors. The amount of remuneration shall be within the total amount of remuneration approved by resolution of the general shareholders meeting and shall only be monthly fixed remuneration. The individual remuneration of Audit & Supervisory Board Members shall be determined upon discussions with each Audit & Supervisory Board Member at a meeting of the Audit & Supervisory Board.

(Article 10 Policy and procedures for determining Audit & Supervisory Board Members’ remuneration of the ITO EN Guidelines)

- (4) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and Audit & Supervisory Board candidates  
Refer to Article 7 (Policy on nomination and procedures for nomination and removal of Directors) and Article 8 (Policy and procedures for nomination of Audit & Supervisory Board Members) of the ITO EN Guidelines

- (5) For explanations with respect to the individual appointments/dismissals and nominations based on (4) above, refer to “Notice of Annual General Meeting of Shareholders” published on the Company’s corporate website.

<https://www.itoen-global.com/ir/pdf/2022/notice/20220628.pdf>

Supplementary Principle 3-1 (3) Initiatives for sustainability, etc.

Initiatives for sustainability

Based on the management principle, “Always Putting the Customer First,” the Group formulated the ITO EN Group Basic Sustainability Policy with the goal of solving environmental and social issues and increasing corporate value in a compatible manner (the creation of shared value (CSV)) through the promotion and implementation of sustainability management. To this end, the Group set the seven core subjects of the ISO 26000 international standard as material issues in April 2012, and has been promoting CSR (Corporate Social Responsibility) and CSV management. In line with the changes in the external environment and the formulation of a new medium- to long-term management plan, it identified seven material sustainability issues that need to be addressed. Based on the ITO EN Group Basic Sustainability Policy, these seven material issues (contribution to dietary habits and health, contribution to sustainable domestic agriculture, the environment, deepening ties with local communities and society, contribution to a sustainable supply chain, promotion of diverse human resources and active participation by all, and corporate governance) are incorporated in its management strategies, and the Group will advance its initiatives by interlocking these seven material issues with the medium and long-term management plan.

In accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), the Group conducted a scenario analysis of the impact of climate change-related risks and opportunities on business activities in relation to green tea, a raw material for its main products, in FY2020.

In FY2021, the scope of the scenario analysis was expanded to the entire value chain of the Company’s business, and risks and opportunities were analyzed under the 1.5, 2 and 4 ° C scenarios in order to evaluate the impact on the Company’s business and examine countermeasures. In April 2022, the Company expressed its support for the TCFD recommendations. For more information, please see the Company’s integrated report and corporate website.

<https://www.itoen-global.com/management/esg.php>

<https://www.itoen-global.com/management/report.php>

Initiatives for human capital

The Company aims to develop employees who are always ready to take on new challenges, based on the view that “people” are its most important assets. By accounting for employees as “human assets” and shifting from human resource expenditure (= management) to human capital investment (= value creation), the Company will realize initiatives for human capital linked to management strategies.

- (1) Internal training programs ITO EN Business College & ITO EN Graduate School

The Company offers ITO EN Business College & ITO EN Graduate School internal training programs

every year as part of its support for employees, to encourage their personal growth and help them realize their dreams. The Company actively supports the self-improvement of employees by offering them training opportunities to acquire the specialist knowledge they need for business and management.

(2) ITO EN TEA TASTER System

ITO EN TEA TASTER System is an in-house tea taster qualification system that has been in operation since 1994, with the objectives of awarding qualifications to employees with high levels of tea-related knowledge and skills, improving tea-related knowledge and skills, and promoting tea culture both inside and outside the company (The in-house business skill test has been certified by the Ministry of Health, Labour and Welfare (MHLW) since March 2017). The Company is involved in the system with Group companies in Japan and overseas as part of efforts to strengthen the development of employees for realization of the Group vision of being a “Global Tea Company”.

(3) Health and productivity management

The Company formulated the ITO EN Group Health Management Declaration in May 2021. Through the implementation of health and productivity management, the Company aims to be a company where every single employee is in good health and can work energetically and contribute to society through a positive attitude and challenging spirit. More specifically, the Company aims to achieve enhancement of its corporate value in the medium and long term through the energization of organizations, including improvements in employees’ vitality and productivity, by getting employees to lead regular lifestyles hinging on eating a well balanced diet, maintaining a healthy weight, exercising moderately, and sleeping well.

(4) Increase in mandatory retirement age

The Company had previously established a system of reemployment allowing employees to continue working for up to five years after reaching mandatory retirement age of 60 but it has decided to raise the mandatory retirement age to 65 from May 2022 to develop an environment in which employees can work with peace of mind and enthusiasm. The Company will develop an environment in which employees can demonstrate the experience, knowledge and knowhow they have accumulated to date in various work places and encourage the creation of systems which allow employees to work in good health and with enthusiasm until the age of 70.

Initiatives for intellectual property

(1) The Company’s intellectual property system

In accordance with its intellectual property policy and important strategies defined in the medium- to long-term management plan, the Company promotes intellectual property management that contributes to solving social issues and improving corporate value. The Company has in-house patent attorneys and lawyers and also has an Intellectual Property Department dedicated to IP matters, as well as consulting outside experts. Moreover, the members of the Intellectual Property Department are assigned to the research and development section of the Production Division, thereby ensuring systems that proactively provide support to the research and development sections exist.

In cooperation with each department, the Intellectual Property Department provides support for strategies for research and development and brand and intellectual property-related education. Moreover, the Intellectual Property Department began IP Landscape activities last year and provides recommendations at research and development strategy meetings and business planning meetings. Details of these activities and the risk management issues related to intellectual property are reported by the executive officers in charge to the Board of Directors, and feedback is obtained.

(2) Support for management strategies

ITO EN Group mission: Health Creation Company

Towards the realization of its being a Health Creation Company, the Group provides unique products that have significant health value and contributes to customers’ healthy living through its support of research and development by intellectual property activities regarding the functionality of food, including the impact of green tea and matcha on cognitive functions.

Long-term vision: a Global Tea Company

In its core tea-related business, the Company also helps address environmental and social issues through its business activities by protecting intellectual property rights in the supply chain, starting with tea plantations through to tea products and used tea leaves recycling with the aim of becoming a Health

Creation Company.

To support the strengthening of overseas operations, the Group started to provide education regarding intellectual property to overseas human resources in the current fiscal year. In addition, the Company aims to acquire IP rights and avoid IP infringement risks around the world and, to this end, will gather data on disputes and examinations around the world and acquire rights in an appropriate and effective manner.

(3) Investment for the development of human resources and encouragement of innovation

The Company's growth has been driven by a range of innovations, such as the creation of beverages from unsweetened tea which had previously been considered impossible. Innovation is the Company's source of growth. The Intellectual Property Department works to develop personnel for the creation of intellectual property by providing education to promote knowledge and skills acquisition within the research and development departments and other sections engaging in the creation of intellectual property.

On a systemic level, the Company is also working to contribute to the development of business through the establishment and operation of the Employee Invention Compensation System with the aim of encouraging employees to create intellectual property. In the fiscal year ended April 30, 2021, 147 projects received compensation through this program. In the current fiscal year, Ad Hoc Compensation was newly introduced to provide a special reward to inventions that noticeably contribute to the Company's business. A one million yen bonus will be awarded per invention, in principle, with no upper limit set regarding bonuses for inventions whose contribution to the Company is extremely high.

The ratio of research and development cost to net sales was 0.38% in the fiscal year ended April 30, 2021.

Supplementary Principle 4-1 (1) Board's Decisions and Scope of the Matters Delegated to the Management

The Company's Board of Directors has the role of overseeing management to secure the fairness and transparency of management and to make prompt and resolute decisions on the execution of important operations and other matters as required by laws and regulations to facilitate sustained growth and the enhancement of corporate value over the medium- to long-term and to improve earning capacity, capital efficiency and so forth.

The execution of operations, other than important operations stipulated above, and relevant decision making shall be delegated to the Executive Board and other lower-level meetings, officers in charge of the operations, Executive Officers and others. The Board of Directors shall supervise the status of the meetings and the execution of duties of the officers and others.

(Article 5 Role of the Board of Directors of the ITO EN Guidelines)

Supplementary Principle 4-1 (3) Succession Plan for the CEO and Other Top Executives

The Company is working on human resources development programs including the cultivation of business managers, including the president. The Company has established the Nomination & Remuneration Committee, which is an advisory body to the Board of Directors.

Principle 4-9 Independence Standards for Independent Audit & Supervisory Board Members

Refer to the Annex, "Standards for the independence of independent Outside Directors and Outside Audit & Supervisory Board Members of the Company," in the ITO EN Guidelines.

Supplementary principle 4-10 (1) Composition and mandates of committees

The Company has established the Nomination & Remuneration Committee to enhance the independence and objectivity of the functions of the Board of Directors and its accountability through the appropriate involvement and consultation of Independent Outside Directors on particularly important matters such as the nomination and remuneration of Directors and others.

For details, refer to Supplementary Explanation in "II.1. [Directors] Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee" of this Report.

(Article 4 Nomination & Remuneration Committee of the ITO EN Guidelines)

Supplementary Principle 4-11 (1) Views on the Balance, Diversity and Size of the Board of Directors

The Company's basic policy is that the composition of the Board of Directors must be well balanced as a whole taking knowledge, experience and skills into consideration and that the Board of Directors must

consist of the necessary and appropriate number of members to ensure effective decision-making and substantive discussions. The Company determines the composition giving due consideration to ensuring diversity in terms of gender, internationality, career history, age and other characteristics.  
(Article 6 Composition of the Board of Directors of the ITO EN, LTD. Corporate Governance Guidelines)

The Company's Board of Directors is currently composed of 13 Directors (including five Outside Directors) and it is composed of Directors with the knowledge, experience and skills considered necessary for sustainable growth and enhancement of corporate value in the medium and long term and in light of the medium-to-long term vision of becoming a Global Tea Company. One of the Independent Outside Directors has management experience at other companies.

The Company has attached a skills matrix showing the combination of skills, etc. possessed by Directors as an appendix to this report.

For details of policies and procedures for the election of Directors, refer to Article 7 Nomination Policy and Nomination and Dismissal Procedures for Directors of the ITO EN Guidelines.

Supplementary Principle 4-11 (2) Status of Concurrent Serving of Directors and Audit & Supervisory Board Members as Directors, Audit & Supervisory Board Members or the Management at Other Listed Companies  
Refer to annual securities reports posted on the Company's corporate website.

[https://www.itoen.co.jp/ir/library/securities\\_backnumber/](https://www.itoen.co.jp/ir/library/securities_backnumber/) (Japanese only)

Supplementary Principle 4-11 (3) Evaluation of Effectiveness of the Board of Directors

The Company has been analyzing and evaluating the effectiveness of the Board of Directors every year since FY2015, in an effort to improve its functioning. In FY2021, certain evaluation items were revised, and an evaluation was conducted using the following method.

(1) Evaluation method

(i) Survey period: March-April 2022

(ii) Subjects: All Directors and Audit & Supervisory Board Members

(iii) Evaluation method

- Self-assessment by questionnaire
- Individual interviews based on the results of the questionnaire
- Tabulation and analysis of questionnaire and interview results

(2) Evaluation items

(i) Size and makeup of the Board of Directors

(ii) Discussions of the Board of Directors

(iii) State of operation of the Board of Directors

(iv) Relationship with shareholders

(v) Structure of, deliberations at, etc. of Nomination & Remuneration Committee

(iv) Self-assessment

(3) Results of evaluation

- Regarding the size and operation of the Board of Directors, it was confirmed that the Board is sufficiently functioning in terms of its fulfillment of its managerial decision-making and supervising functions.

On the other hand, regarding its structure, the appointment of female Directors was identified as a future issue from the perspective of ensuring diversity.

- The necessity of active discussion about medium- to long-term management strategies from ESG and sustainability perspectives, and of sharing and discussing the status of efforts toward the aim of becoming a Global Tea Company with domestic and overseas group companies has also been pointed out.
- At the same time, the enhancement of opportunities to share information with Outside Directors and Audit & Supervisory Board Members was recognized to be an issue regarding ensuring more active discussions.

Going forward, the Company will seek to improve the effectiveness of the Board of Directors by continuing working to solve issues.

Supplementary Principle 4-14 (2) Training Policy for Directors and Audit & Supervisory Board Members

The Company shall support the execution of duties of the Directors and Audit & Supervisory Board Members by collecting and providing information necessary for them to perform their roles and functions.



It shall also provide necessary training and so forth.

In order to perform their roles and functions, Outside Directors and Outside Audit & Supervisory Board Members of the Company shall endeavor to obtain a sufficient understanding of the Group's management strategies and plans, the status of each business, management issues and so forth by such means as receiving explanations from respective divisions in charge of each business at the time of assuming office and on other appropriate occasions after assuming office.

(Article 11 Policy on training for Directors and Audit & Supervisory Board Members of the ITO EN Guidelines)

#### Principle 5-1 Policy for Constructive Dialogue with Shareholders

The Company shall accurately understand its capital cost, listen to the comments of shareholders through constructive dialogues between its management team and shareholders and pay due attention to shareholders' interests and concerns. In addition, it shall provide clear and simple explanations about the review of its business portfolio and its management policy, including capital expenditure and investment in research and development and human capital, in an effort to obtain shareholders' understanding. In addition, at the meeting of the Board of Directors held after the announcement of the settlement of accounts, the opinions of shareholders and analysts shall be shared in order to be actively utilized for reviewing management strategies, and other purposes.

(Article 16 Policy on constructive dialogue with shareholders of the ITO EN Guidelines)

For details, refer to "IR Activities" in this report.

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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### [Status of Major Shareholders] [Updated]

Name / Company Name	Number of Shares Owned	Percentage (%)
Green Core Co., Ltd.	17,603,400	19.73
The Master Trust Bank of Japan, Ltd. (Trust account)	9,989,000	11.20
Honjo International Scholarship Foundation	5,200,000	5.83
State Street Bank and Trust Company 505223	5,058,511	5.67
Hachiro Honjo	2,446,230	2.74
Toyo Seikan Group Holdings, Ltd.	1,955,200	2.19
Resona Bank, Limited	1,933,100	2.17
Custody Bank of Japan, Ltd. (Trust account)	1,882,000	2.11
ITO EN Employees' Shareholding Association	1,874,090	2.10
The Bank of New York Mellon (International) Limited 131800	1,811,000	2.03

Controlling Shareholder (except for Parent Company)	-----
Parent Company	None

Supplementary Explanation	-----
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## 3. Corporate Attributes

Listed Stock Market and Market Section [Updated]	Tokyo Stock Exchange Prime
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Fiscal Year-End	April
Type of Business	Foods
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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

Not applicable.
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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation [Updated]	20
Term of Office Stipulated in Articles of Incorporation [Updated]	1 year
Chairperson of the Board	Company Chairperson (Except where the Chairperson concurrently serves as the President)
Number of Directors [Updated]	13
Appointment of Outside Directors	Appointed
Number of Outside Directors [Updated]	5
Number of Independent Directors [Updated]	5

#### Outside Directors' Relationship with the Company (1) [Updated]

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Morikazu Taguchi	Academic	▲											
Yuichi Usui	Other												○
Yutaka Tanaka	Tax Accountant												○
Hideo Takano	Other												○
Keiko Abe	Academic												○

\* Categories for "Relationship with the Company"

\* "○" 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;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/ Audit & Supervisory Board Members

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/ Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

#### Outside Directors' Relationship with the Company (2) [Updated]

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Morikazu Taguchi	○	-----	Mr. Morikazu Taguchi has long engaged in research on legal affairs and has provided appropriate advice from a professional perspective. The Company has appointed him as Outside Director because of his considerable experience and extensive insight to objectively supervise the management of the Company. While Mr. Taguchi is a brother of Mr. Hiroshi Taguchi, a former Managing Director of the Company, the Company has decided that there is no issue in the independence of Mr. Taguchi, because Mr. Hiroshi Taguchi left office in July 2012. In addition, because the appointment of Mr. Taguchi does not fall under matters that the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, he is independent from the Company.
Yuichi Usui	○	-----	Mr. Yuichi Usui has considerable experience and a wide range of insight as a police officer for many years and also has experience in being directly involved in company management in a logistics company. The Company has appointed him as Outside Director because of his diverse experience and insight as well as his experience in supervising and overseeing the management of the Company. Because the appointment of Mr. Usui does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, he is independent from the Company.
Yutaka Tanaka	○	-----	Mr. Yutaka Tanaka has expertise as well as extensive knowledge and experience as a certified tax accountant and also has an experience as an outside Audit & Supervisory Board Member. The Company has appointed him as Outside Director because of his diverse experience and knowledge as well as his experience in supervising the management of the Company. Because the appointment of Mr. Tanaka does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, he is independent from the Company.
Hideo Takano	○	-----	Mr. Hideo Takano has deeply participated in business support for a variety of companies at the Tokyo Chamber of Commerce and Industry for many years. The Company has appointed him as Outside Director because of his considerable experience and extensive insight to objectively supervise the management of the Company. Because the appointment of Mr. Takano does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, he is independent from the Company.

Keiko Abe	○	-----	Ms. Keiko Abe has extensive experience and expert knowledge as a professor of the University of Tokyo's Graduate School of Agricultural and Life Sciences and has been actively involved in research in the field of food functionality for many years. The Company newly appointed her as Outside Director because it has determined that she is able to provide useful advice in the field of research and development related to future medium- to long-term management based on her extensive experience and knowledge. Because the appointment of Ms. Abe does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, she is independent from the Company.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson [Updated]

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination & Remuneration Committee	Nomination & Remuneration Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Directors	Outside Directors

Supplementary Explanation[Updated]

The Company has established the Nomination & Remuneration Committee to enhance the independence and objectivity of the functions of the Board of Directors and its accountability through the appropriate involvement and consultation of Outside Directors on particularly important matters such as the nomination and remuneration of Directors and others (the Company changed aspects such as the composition in September 2021).

(Views on independence in the composition of the committee)

The Nomination & Remuneration Committee shall be composed of three or more Directors including Outside Directors as members and shall consist of a majority of Independent Outside Directors.

Members shall be elected by resolution of the Board of Directors, and the chairperson shall be elected from among the members who are Independent Outside Directors by resolution of the Nomination & Remuneration Committee.

(Mandate and role of the committee)

The Nomination & Remuneration Committee shall deliberate on the following matters as an advisory body to Directors and submit a report to the Board of Directors.

- (1) Policy concerning composition of the Board of Directors
- (2) Matters relating to the election and dismissal of Directors, executive officers, and audit & supervisory board members, and the proposal of candidates for Directors, executive officers, audit & supervisory board members
- (3) Matters Relating to proposals for the election or dismissal of Representative Directors and executive officers with special titles
- (4) Matters relating to president succession planning
- (5) Matters relating to the remuneration limit, remuneration system and remuneration amount for Directors and executive officers and the remuneration limit for audit & supervisory board members
- (6) Matters relating to the personnel affairs and remuneration of officers of major subsidiaries and affiliated companies
- (7) Other matters relating to corporate governance

(Composition of the committee)

Chairperson: Outside Director	Yutaka Tanaka
Member: President	Daisuke Honjo
Member: Vice-President	Shusuke Honjo
Member: Outside Director	Morikazu Taguchi
Member: Outside Director	Yuichi Usui

(Number of meetings and attendance rate)

The Committee met four times in the fiscal year and provided advice mainly related to the skills matrix, executive appointment and remuneration. The attendance rate of each Committee member was 100%.

#### [Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board Members witness regular meetings and visiting audits throughout the fiscal year, beginning with the formulation of an annual plan with the accounting auditor, and receive explanations about audit procedures, schedule and implementation status and the results of audits, and exchange opinions. In addition, the Internal Auditing Department of the Company is established as a department under the direct control of the Representative Directors independent from other departments and conducts an audit of overall operations and the development and operation status of the internal control system. Audit & Supervisory Board Members cooperate with the Internal Auditing Department in such a manner as exchanging information and opinions by accompanying audits conducted by the Internal Auditing Department and inspecting internal audit reports.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshiaki Takasawa	Lawyer													○
Takashi Miyajima	From another company							△						
Hitoshi Yokokura	Lawyer													○

\* Categories for "Relationship with the Company"

\* "○" 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;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & Supervisory Board Members of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as Audit & Supervisory Board Members

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Members himself/herself only)

k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Members himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Members himself/herself only)

m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2) [Updated]

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoshiaki Takasawa	○	-----	The Company has appointed Mr. Yoshiaki Takasawa with an emphasis on his expertise. The Company has appointed Mr. Takasawa, who is an attorney at law, as Outside Audit & Supervisory Board Member to strengthen the auditing system from a legal perspective. Because the appointment of Mr. Takasawa does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, he is independent from the Company.
Takashi Miyajima		-----	The Company has appointed Mr. Takashi Miyajima with an emphasis on his expertise. Mr. Miyajima has many years of experience at a financial institution and in being involved in a

			company management as well as extensive knowledge and insight on financial and monetary affairs.
Hitoshi Yokokura	○	-----	The Company has appointed Mr. Hitoshi Yokokura with an emphasis on his expertise. Mr. Hitoshi Yokokura has expert insights and extensive knowledge and experience as a certified public accountant and an attorney, and the Company has appointed him as an Outside Audit & Supervisory Board Member based on its judgment that he will be able to utilize his advanced expertise and insight in accounting and legal affairs for monitoring and auditing the Company's management. Because the appointment of Mr. Yokokura does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, he is independent from the Company.

**[Independent Directors/ Audit & Supervisory Board Members][Updated]**

Number of Independent Directors/ Audit & Supervisory Board Members	7
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Matters relating to Independent Directors/ Audit & Supervisory Board Members

The Company has appointed all those who are qualified to be an independent officer as an independent officer.

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration / Stock Options
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Supplementary Explanation[Updated]

1. Stock option based on the resolution of the annual general meeting of shareholders held on July 28, 2004 (Second series of share acquisition rights of ITO EN, LTD.)
  - (1) Class and the number of shares underlying the share acquisition rights at the time of issuance  
Common stock of the Company: 146,000 shares
  - (2) Reason for issuing share acquisition rights with particularly favorable conditions  
The Company and its subsidiaries ceased the new accumulation of retirement allowances for Directors and other officers in August 2002 and abolished the retirement benefit program for Directors and other officers in September 2004. Associated with this, the unsettled portion of accumulated retirement benefits in the past was not paid in money, but share acquisition rights were issued without consideration by setting the exercise price at 1 yen per share on the condition that the Directors and other officers of the Company and its subsidiaries are unable to exercise the rights until they retire from the company.
2. Stock option based on the resolution of the annual general meeting of shareholders held on July 26, 2011 (12th series of share acquisition rights of ITO EN, LTD.)
  - (1) Class and the number of shares underlying the share acquisition rights at the time of issuance  
Common stock of the Company: 19,500 shares
  - (2) Reason for issuing share acquisition rights  
For the purpose of further increasing the motivation and morale of Directors for higher share prices and the better business performance of the Company by raising the degree of their interest in the share price and business performance of the Company through stronger linkage between part of their remuneration



and the Company's share price and their placement in a position of sharing the impact of share price fluctuations with the shareholders, the Company issued share acquisition rights without consideration as a performance-linked stock compensation-type stock option by setting the value of the property to be contributed upon the exercise of share acquisition rights at 1 yen per share.

3. Stock option based on the resolution of the annual general meeting of shareholders held on July 26, 2011 (13th series of share acquisition rights of ITO EN, LTD.)

(1) Class and the number of shares underlying the share acquisition rights at the time of issuance  
Common stock of the Company: 15,100 shares

(2) Reason for issuing share acquisition rights

For the purpose of further increasing the motivation and morale of Directors for higher share prices and the better business performance of the Company by raising the degree of their interest in the share price and business performance of the Company through stronger linkage between part of their remuneration and the Company's share price and their placement in a position of sharing the impact of share price fluctuations with the shareholders, the Company issued share acquisition rights without consideration as a performance-linked stock compensation-type stock option by setting the value of the property to be contributed upon the exercise of share acquisition rights at 1 yen per share.

4. Stock option based on the resolution of the annual general meeting of shareholders held on July 26, 2011 (14th series of share acquisition rights of ITO EN, LTD.)

(1) Class and the number of shares underlying the share acquisition rights at the time of issuance  
Common stock of the Company: 17,900 shares

(2) Reason for issuing share acquisition rights

For the purpose of further increasing the motivation and morale of Directors for higher share prices and the better business performance of the Company by raising the degree of their interest in the share price and business performance of the Company through stronger linkage between part of their remuneration and the Company's share price and their placement in a position of sharing the impact of share price fluctuations with the shareholders, the Company issued share acquisition rights without consideration as a performance-linked stock compensation-type stock option by setting the value of the property to be contributed upon the exercise of share acquisition rights at 1 yen per share.

(\* ) Only stock options the exercise period of which have not yet expired are stated.

Recipients of Stock Options	Inside Directors / Inside Audit & Supervisory Board Members / Outside Audit & Supervisory Board Members / Subsidiaries' Directors
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### Supplementary Explanation [Updated]

Number of shares underlying the share acquisition rights	As of the date of issuance	
		People eligible for share acquisition rights
(1) Second series of share acquisition rights of ITO EN, LTD.	146,000 shares	25 people
(2) 12th series of share acquisition rights of ITO EN, LTD.	19,500 shares	12 people
(3) 13th series of share acquisition rights of ITO EN, LTD.	15,100 shares	8 people
(4) 14th series of share acquisition rights of ITO EN, LTD.	17,900 shares	8 people

### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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### Supplementary Explanation [Updated]

Details of remuneration of Directors and other officers of the Company for the fiscal year ended April 30, 2022 are as follows.

10 Directors (excluding Outside Directors) 585 million yen

1 Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) 13 million yen

4 Outside Directors 42 million yen 4 Outside Audit & Supervisory Board Members 31 million yen
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Policy on Determining Remuneration Amounts and Calculation Methods
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Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Remuneration, etc. of Directors is deliberated by the Nomination & Remuneration Committee, which consists of a majority of Independent Outside Directors, to ensure objectivity and transparency in accordance with the Company's basic views on corporate governance and basic views on remuneration. The Board of Directors determines the remuneration, etc. of Directors, giving due respect to the report by the Nomination & Remuneration Committee. The Nomination & Remuneration Committee also deliberates the individual remuneration, etc. of Directors, including whether it is consistent with the policy for determining remuneration and whether it has been evaluated based on the remuneration standards, and the Board of Directors determines the individual remuneration, etc. of Directors giving due respect to the report by the Nomination & Remuneration Committee.

(a) Basic policy

1. Remuneration shall be such that it is in compliance with the management principle of the ITO EN Group, "Always Putting the Customer First," and will contribute to sustained corporate growth and development and the enhancement of corporate value.
2. Remuneration shall be determined in proportion to the significance of Directors' roles and responsibilities and their contribution to the Company's business performance.
3. Remuneration shall be closely linked to the share price of the Company's stock, so that Directors share the impact of share price fluctuations with the Company's shareholders and the remuneration serves as an incentive for management.
4. Remuneration shall be determined based on objective and fair deliberations and with references to external data

(b) Composition of remuneration

Remuneration, etc. of Directors (excluding Outside Directors) of the Company comprises fixed remuneration and performance-linked remuneration, and fixed remuneration accounts for about 70% and performance-linked remuneration accounts for about 30%.

Remuneration, etc. of Outside Directors comprises only fixed remuneration.

(i) Fixed remuneration (basic remuneration)

Fixed remuneration shall be monetary remuneration of not more than the maximum amount of remuneration resolved at a general meeting of shareholders, and shall be paid monthly, in principle.

The amount of remuneration of Directors is determined taking into consideration the business performance and the degree to which the Company has achieved its plan.

(ii) Performance-linked remuneration

Performance-linked remuneration shall be composed of performance-based remuneration and share-based remuneration, which makes part of the remuneration closely linked to the Company's share price and puts Directors in a position where they share the impact of share price fluctuations with the Company's shareholders, to enhance Directors' interest in its share price and business performance and further raise their motivation and morale for achieving higher share prices and better business performance of the Company.

Performance-based remuneration shall be monetary remuneration based on performance, and shall be paid monthly, in principle.

Share-based remuneration shall consist of share acquisition rights granted as performance-linked share remuneration-type stock options and the share acquisition rights to be granted to each Director shall be determined each year based on a strict assessment of performance.

(ii)-1 Determination of the performance-linked remuneration

The Company shall perform a comprehensive performance assessment in which, in order to link the business performance and remuneration, the Company designates management indicators as measures of performance, sets the standard ratio of consolidated performance to non-consolidated performance for each position, considers each Director's responsibilities, and awards points to each Director with respect to each management indicator.

(ii)-2 Management indicators used to measure performance

The Company's management indicators used to measure performance shall include "net sales (growth)," "operating income (profitability)," "cash flows from operating activities (stability)," "earnings per share (profitability)," "return on equity (efficiency)" and "dividend on equity ratio (shareholder return)."

The remuneration of audit & supervisory board members shall consist of fixed remuneration only.

(\*) The maximum amount of fixed remuneration for Directors shall be 100 million yen per month, and the maximum remuneration amount and maximum number of shares issued as remuneration in relation to performance-linked remuneration shall be 100 million yen and 32,000 shares of ordinary stock per year respectively. The maximum amount of fixed remuneration for audit & supervisory board members shall be 6 million yen per month.

**[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]**

Information and materials are provided and sent to the Outside Directors and Outside Audit & Supervisory Board Members when appropriate, and explanations are given to them as needed.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Updated]**

Major management organs of the Company include the Board of Directors and the Audit & Supervisory Board. The Board of Directors holds a meeting once a month, in principle, to supervise the execution of operations by Directors, in addition to discussing and determining important matters such as the basic management policy and management strategies. In addition, five of 13 Directors are Outside Directors, and they take on functions to supervise and check the execution of duties from an independent standpoint.

The Audit & Supervisory Board consists of one standing Audit & Supervisory Board Member and three non-standing Audit & Supervisory Board Members (all of whom are Outside Audit & Supervisory Board Members). The Audit & Supervisory Board Members mainly conduct audits of the legality of the Directors' business execution by attending important meetings such as those of the Board of Directors, inspecting important documents, conducting visiting audits of departments executing business, and expressing opinions as necessary. Meetings of the Audit & Supervisory Board are held monthly, in principle, to deliberate on and determine important matters concerning audits as well as share information and exchange opinions on the status of audits conducted and the recognition of issues, among other tasks.

The Company files seven officers with the Tokyo Stock Exchange as an independent officer, and they contribute to the formation of sound corporate governance by demonstrating auditing and supervisory functions from an objective and impartial perspective.

The Internal Auditing Department under the direct control of the Representative Directors conducts operational audits and internal control audits of departments in the Company and the Group subsidiaries in accordance with the annual plan and policy and reports the outline of the audits to the Executive Board as needed. The Representative Directors and Audit & Supervisory Board Members, etc. inspect audit reports by department, including improvements in findings, which are prepared by the Internal Auditing Department. Audit & Supervisory Board Members make efforts to build an effective audit system for the Group by sharing information and exchanging opinions through accompanying audits conducted by the Internal Auditing Department and inspecting internal audit reports.

The Company has appointed KPMG AZSA LLC as accounting auditors. The accounting auditor conducts accounting audits based on highly specialized knowledge as an expert in accounting from an independent and impartial perspective in accordance with predetermined audit plans and audit standards. The appropriateness of audits by the accounting auditor is verified by the Audit & Supervisory Board Members.

### 3. Reasons for Adoption of Current Corporate Governance System[Updated]

The Company is a company with an Audit & Supervisory Board and reasons for adopting the current corporate governance system include that three of the four Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members and audit the legitimacy, etc. of the execution of duties by Directors, including expressing honest opinions from an independent standpoint based on their respective expertise (in legal affairs, finance and accounting), and that the five Outside Directors, who consist of an academic expert, an experienced officer in a large company, a professional expert in taxes and a person with a wide range of insight on business management, are expected to fulfill appropriate supervisory functions based on their deep insight and considerable experience related to the streamlining of management and the adequacy of business decisions.

## III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company dispatches a convocation notice of a general meeting of shareholders three weeks prior to the date of the general meeting of shareholders, in principle, and makes early disclosure of the notice on the Company's corporate website prior to dispatch.
Scheduling AGMs Avoiding the Peak Day	The general meeting of shareholders is held in late July because the fiscal year end of the Company is in April.
Allowing Electronic Exercise of Voting Rights	The shareholders are able to exercise their voting rights online using a personal computer or a smartphone.
Participation in Electronic Voting Platform	The Company makes available the electronic platform for exercising voting rights operated by Investor Communications Japan Inc. (ICJ, Inc.).
Providing Convocation Notice in English	The Company prepares the convocation notice (full notice) in English and discloses it on its global website on the same day as the notice in Japanese.
Other	The convocation notice is posted on the Company's corporate website about a week prior to the date of dispatch, in principle.

### 2. IR Activities [Updated]

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company publishes details of its disclosure policy such as Basic Stance of Information Disclosure on its corporate website.	
Regular Investor Briefings for Individual Investors	The Company conducts IR seminars for individual investors, such as seminars on how to brew delicious tea, in many parts of the country on an ongoing basis. Seminars were cancelled in FY2021 due to the impact of the COVID-19 pandemic.	None
Regular Investor Briefings for Analysts and Institutional Investors	For the interim and full-year financial results, the Company holds a results briefing presented by the President, and posts an on-demand video of the briefing on its corporate website for institutional investors unable to attend.	Available

Regular Investor Briefings for Overseas Investors	The Company engages in direct dialogue with overseas investors mainly in North America, Europe and Asia through individual interviews in which the President or IR officer provide explanations and participation in conferences organized by securities firms.	Available
Posting of IR Materials on Website	From the standpoint of fairness, the Company posts the summary of financial results and the financial results presentation (IR materials) on its Corporate website promptly after the results announcement, to prepare an environment that enables all institutional and individual investors and customers to view them. In addition, the Company aims to expand understanding of the Company, earn an appropriate evaluation from society and enhance its corporate value in the medium to long term by actively disclosing information that contributes to investment decisions, such as ITO EN Integrated Reports, Business Reports (for shareholders), IR News, Securities Reports, and Convocation Notices of the General Meeting of Shareholders. In consideration of foreign investors, the Company posts English versions of summaries of financial results, financial results presentations (IR materials), IR News, ITO EN Integrated Reports and other materials on its global website.	
Establishment of Department and/or Manager in Charge of IR	The Company has established the Investor Relations Section of the Public Relations Department as a section controlled by the Administration Division.	
Other	The Company engages in dialogue with analysts and institutional investors in Japan and overseas on an ongoing basis (except during quiet periods).	

### 3. Measures to Ensure Due Respect for Stakeholders [Updated]

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Based on its management principle “Always Putting the Customer First,” the Company has stipulated respect for the position of each stakeholder in the ITO EN Group Guidelines for Code of Behavior, the ITO EN Group Environmental Policy, the ITO EN Group Human Rights Policy and the ITO EN Group Policy on Procurement.
Implementation of Environmental Activities, CSR Activities etc.	Against the backdrop of environmental challenges such as climate change, water resources issues, plastics issues, and resource depletion, the ITO EN Group has established the ITO EN Group Environmental Policy and the ITO EN Group Medium- to Long-Term Environmental Goals in order to promote efforts to shift to a decarbonized society and a resource-recycling economy.  Regarding our response to climate change, the Group has reviewed and established new targets for the reduction of total CO2 emissions. It set the goal of achieving carbon neutrality in FY2050 and raised its Scope 1 and 2 reduction targets to a 50% reduction by FY2030 (compared to FY2018) and

	<p>its Scope 3 reduction target to 20% in total volume (compared to FY2018) by FY2030.</p> <p>As part of its water resource initiatives, the Group is working to reduce water intake by promoting the use of recycled water in the manufacturing process for its own dedicated lines at its beverage plants and its partner plants. The Group is also involved in water resource conservation activities in cooperation with its partner plants.</p> <p>To address the plastics problem, the Group is promoting the use of recycled materials (including bio-derived materials) for the production of PET bottles. Regarding the ITO EN Group Medium- to Long-Term Environmental Goals for climate change, water resources and containers and packaging. Please see the Company’s corporate website.  <a href="https://www.itoen-global.com/management/csr_csv/environment.php">https://www.itoen-global.com/management/csr_csv/environment.php</a></p> <p>Regarding biodiversity, the Group is working on environmentally friendly agriculture through the development of technologies for reducing pesticides and organic cultivation in its Tea-Producing Region Development Project based on the ITO EN Group Basic Policy on Biodiversity Protection. In addition, in the Tea-Producing Region Development Project, it has acquired GAP certification*, which is a certification system for production process management that ensures food safety, environmental conservation, labor safety, and other sustainability issues in agriculture. The Group will continue these efforts going forward, and will conduct research on biodiversity risks. ITO EN Group Basic Policy on Biodiversity Protection.  <a href="https://www.itoen-global.com/management/csr_csv/environment.php">https://www.itoen-global.com/management/csr_csv/environment.php</a></p> <p>In addition, the Company’s unique initiatives, including its Tea-Producing Region Development Project, Used Tea Leaves Recycling System, Making Japan Beautiful Through Tea, and other ESG initiatives are disclosed in its integrated report and on its corporate website.  Integrated report <a href="https://www.itoen-global.com/management/report.php">https://www.itoen-global.com/management/report.php</a>  Corporate website <a href="https://www.itoen-global.com/management/csr_csv.php">https://www.itoen-global.com/management/csr_csv.php</a></p> <p>*GAP (Good Agricultural Practice) certifications are granted to farms that engage in food safety and environmental conservation initiatives. In addition to the Global GAP international standard, other schemes include JGAP and ASIAGAP, which are granted by the Japan GAP Foundation. GAP certification here refers to plantations that have obtained one of these three certifications.</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<p>The Company provides information to external parties in accordance with its disclosure policy. The Company also publishes details of its medium-to-long-term management plan and financial results via TDnet and on the Company’s corporate website promptly after the relevant resolutions by the Board of Directors.</p>

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development [Updated]

In accordance with a resolution of the Board of Directors concerning the Company's basic policy regarding the development and operation of an internal control system, various systems have been developed as follows to increase the transparency of business operations and the effectiveness and efficiency of the Group's internal management system based on the policy of earning the trust of all stakeholders by serving their interests, based on the management principle of "Always Putting the Customer First." The Internal Auditing Department, which is independent from other administration and operation departments as an organization under the direct control of the President, conducts audits of internal control systems, and the audit results are deliberated by the Internal Control Promotion Committee chaired by a Director and Senior Managing Executive Officer and resolved as an internal control report by the Board of Directors.

In addition, the Compliance Department and the Internal Auditing Department check the adequacy of business operations by working to increase awareness of compliance in a wide scope, including laws and regulations, social norms and corporate ethics and conduct compliance education on an ongoing basis. Furthermore, they improve inadequate operations in a timely manner.

Moreover, the Company tries to operate the internal control system by adopting a system to report important matters to the Board of Directors or the Executive Board.

#### 1. Systems to ensure that the Group's Directors and employees execute duties in compliance with laws and regulations and the Articles of Incorporation

- (1) The Board of Directors passes a resolution of the ITO EN Group Code of Conduct and the Guidelines for the Code of Behavior pertaining to the compliance system and defines them as the code of conduct and the code of behavior for the Group's Directors and employees, etc. to take action in compliance with laws and regulations, the Articles of Incorporation and corporate ethics.
- (2) The Company increases the effectiveness of the compliance system of the ITO EN Group based on the ITO EN Group Code of Conduct and the Code of Behavior by establishing the Compliance Committee chaired by the Director appointed by the President and establishing an administrative office for the Compliance Committee in the Compliance Department.
- (3) The Company has set a consultation desk inside and outside the company as a means for the employees, etc. to be able to directly provide information on acts that run counter to laws and regulations and compliance.

#### 2. Systems to store and manage information on the execution of duties by Directors

- (1) During the storage period of information on the execution of duties by Directors that is provided for by laws and regulations and internal regulations, the Company records and stores the information in documents or electromagnetic media in a searchable state and maintains a state to allow the Directors and Audit & Supervisory Board Members to inspect the information.
- (2) Unless otherwise provided for by laws and regulations, the storage period of documents above shall be dependent on the type of each document specified by the Documents Handling Regulations.

#### 3. Regulations concerning the management of risk of loss and other systems

- (1) Recognizing risks concerning its business operations as follows, the Company has established a department in charge of risks, formulated regulations, rules and guidelines and built a cross-sectional risk management system.
  - a) Compliance risks  
To fully enforce compliance based on the ITO EN Group Code of Conduct and Code of Behavior, the Company implements company-wide compliance education with the Compliance Department playing a central role.
  - b) Information security risks  
For information protection, the Company has established the personal information protection policy to prevent the leakage of personal information, and for business information management, the Company prevents the leakage of information and unauthorized access by strengthening computer security.
  - c) Quality and environmental risks

The Company has built a systematic management system, including the improvement of quality and product safety, and response to product liability, etc. by establishing the ITO EN Group Quality Control Policy.

The Company works to address environmental risks as company-wide environmental issues based on the approach of the environmental management system.

d) Risks concerning the protection of assets

The Company makes efforts to prevent the occurrence of credit losses due to the bankruptcy of business partners by fully enforcing credit management and receivables collection management according to the credit management standards.

The Company also works to develop a system to prevent the occurrence of dead stock by making efforts for the management of inventories such as products, raw materials and materials.

e) Disaster and accident risks

The Disaster Prevention Committee strives to minimize damages at the time of a disaster by reviewing the business continuity plan (BCP) and updating the disaster response manual.

- (2) The Company has organized a system to minimize damages when an unforeseen situation occurs by establishing a task force headed by the President to prevent the expansion of damages by taking prompt measures.

4. Systems to ensure the efficient execution of duties by Directors

- (1) The Board of Directors and the Executive Board are the basis of these systems and hold a meeting once a month, in principle, and on a temporary basis, as needed.
- (2) Each department in charge executes operations based on decisions of the Board of Directors according to the division of duties and the Authority Regulations, and the Directors in charge check the execution of operations as needed.

5. Systems to ensure the adequacy of operations in the Group

- (1) The Company has established the code of behavior in conformity with the ITO EN Group Code of Conduct and Code of Behavior to ensure the compliance system in the Group companies and prepared a whistleblowing desk inside and outside the company for the employees, etc. to provide information on acts, such as a violation of the law by a Group company or the Company, directly to the Company.
- (2) For the business management of the Group companies, the Company has established management systems and management standards in the Affiliates Management Regulations, and they are reported and examined at a debriefing session and a conference that are held regularly. Important matters are determined by resolution of the Board of Directors of the Company.
- (3) The Internal Auditing Department conducts audits on the internal control system of the Company and the Group companies and reports the audit results to the President.

6. Matters concerning a system for employees who should assist with the duties of Audit & Supervisory Board Members and their independence from Directors

- (1) For the employees who should assist with the duties of Audit & Supervisory Board Members, Audit & Supervisory Board Members appoint the number of the employees they need as their assistants from the employees of the Company and ensure the effectiveness of their instructions by placing the assistants under their directions and orders.

7. Systems for the Group's Directors and employees to report to Audit & Supervisory Board Members and other systems to report to Audit & Supervisory Board Members

- (1) The Group's Directors and employees appropriately report important issues that could have a major impact on the execution of operations and the management to Audit & Supervisory Board Members.
- (2) Audit & Supervisory Board Members may ask the Group's Directors and employees for a report, as needed. In addition, it is prohibited to treat the Group's Directors and employees who make a report to Audit & Supervisory Board Members disadvantageously as a result.

8. Systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

- (1) Audit & Supervisory Board Members exchange information and opinions with the President, the Internal Auditing Department and the accounting auditor to enhance their audit work.



- (2) When Audit & Supervisory Board Members recognize that there is a problem in the development and operation of the Company's internal systems, they may express opinions at a meeting of the Board of Directors and ask for the implementation and reporting of improvement measures.
- (3) The Company will secure a system for the violation of laws and regulations and other compliance problems in the Group to be reported appropriately to Audit & Supervisory Board Members.
- (4) When Audit & Supervisory Board Members request the advance payment of expenses necessary for the execution of their duties, the Company appropriately processes the expenses or payables.

## 2. Basic Views on Eliminating Anti-Social Forces

### 1. Basic policy for exclusion of antisocial forces

Having a strong awareness of its social responsibilities, the ITO EN Group will break any and all relationships with individuals and groups that destroy the social order and interfere with corporate activities and take an adversarial stand against undue claims from organized crime groups, corporate extortionists and other antisocial forces with all officers and employees taking a firm stance without responding to these claims for whatever reason by taking measures across the organization in close cooperation with the Tokyo Center for Removal of Criminal Organizations, the Special Violence Prevention Measures Association of the Metropolitan Police Department (Tokubouren) and other organizations.

- (1) The Company is expanding its policy of "not associating with organized crime groups," in addition to the three do-nots of "do not use," "do not fear," and "do not pay," which are the principles when dealing with antisocial forces.
- (2) The Company complies with five guidelines of "response as an organization," "cooperation with outside specialized institutions," "ban on any relationships, including transactions, with antisocial forces," "civil and criminal legal response in emergencies" and the "prohibition of backdoor deals and funding," which are the basic principles to prevent damage caused by antisocial forces.

### 2. Efforts to exclude antisocial forces

In May 2004, the Group established the Compliance Committee as an advisory body to the Board of Directors and set up the Compliance Department in the head office of ITO EN, to create a compliance company ITO EN Group.

To familiarize all Group companies and employees with its adversarial policy against antisocial forces, the Company prepared the ITO EN Group Code of Conduct and Code of Behavior and published them in education booklets for the Guidelines for Compliance Code of Behavior and the Q&A about the Code of Behavior, and the Compliance Department, the External Relations Office of the General Affairs Department and the Internal Auditing Department cooperate in focusing on employee trainings to strengthen the adversarial consciousness of the employees.

- (1) The Company works to obtain information in close cooperation with outside specialized institutions such as the police station with jurisdiction, the National Center for Removal of Criminal Organizations and the Federation of Special Violence Prevention Measures of the Metropolitan Police Department (Tokubouren).
- (2) The Company makes an all-out effort to collect information on antisocial forces and unifies it for effective use.
- (3) To familiarize all employees with the information, the Company provides guidance in compliance trainings for each department and office.
- (4) At the Liaison Meeting for Compliance Promotion Officers by the Group companies, the Group companies maintain an adversarial stance against antisocial forces by holding the same values.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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#### Supplementary Explanation

The Company has not adopted anti-takeover measures at this moment. Anti-takeover measures will not necessarily work effectively and the share price may decline as a result of adopting anti-takeover measures, which could increase the acquisition risk. The Company believes that it is important to always enhance the corporate value by improving its business performance and deepening stakeholders' understanding of the Company by building a closer relationship with all stakeholders.

### 2. Other Matters Concerning to Corporate Governance System

#### Overview of the timely disclosure system

The Company has established the Inside Information Management Regulations for the purpose of preventing insider trading that violates the Financial Instruments and Exchange Act by setting management standards and other rules for inside information.

Based on the Inside Information Management Regulations, the Company has built a system to report and disclose facts about changes in the operation, business and assets of the Company and facts that could have a significant impact on the investment decisions of investors (the "Significant Facts"). (Refer to the schematic diagram of the internal structure for timely disclosure of corporate information from the Company.)

#### 1. Chief Information Manager

The chief information manager is the President. However, the President may nominate the chief information manager from the Directors, as necessary.

#### 2. Department in charge of inside information management

The Public Relations Department is responsible for inside information management and conducts operations related to the supervision and external publication of the company-wide information management under the direction and supervision of the chief information manager.

#### 3. Internal report of inside information

Departments that handle information promptly report the Significant Facts to the Public Relations Department by phone, fax or in writing if they have occurred, and the Public Relations Department reports them to the chief information manager immediately after receiving the report.

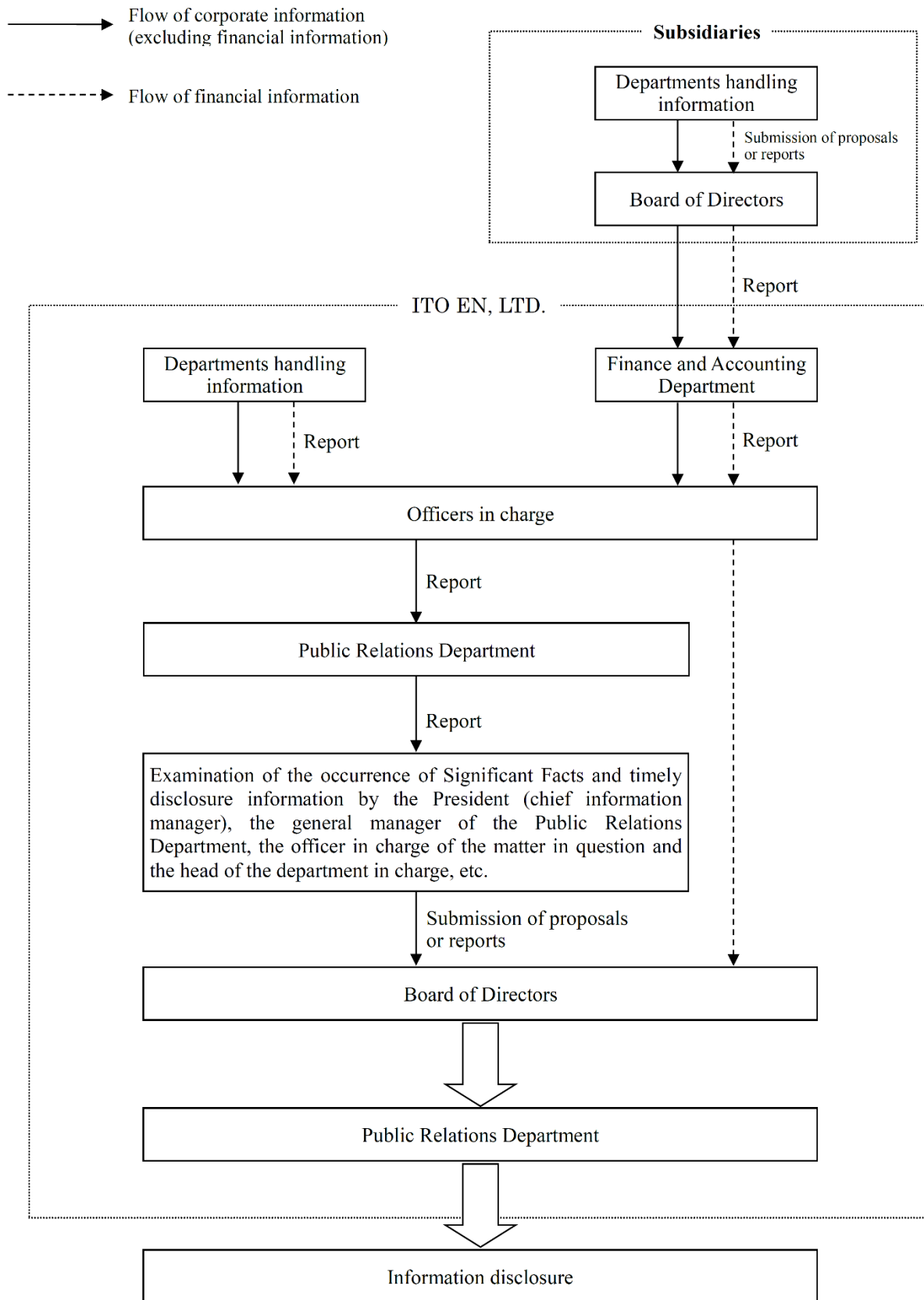
#### 4. Examination of the occurrence of the Significant Facts and timely disclosure information

The President (chief information manager), the general manager of the Public Relations Department, the officer in charge of the matter in question and the head of the department in charge examine whether the matter is the occurrence of the Significant Fact and whether it is timely disclosure information and submit it for discussion or report it to the Board of Directors.

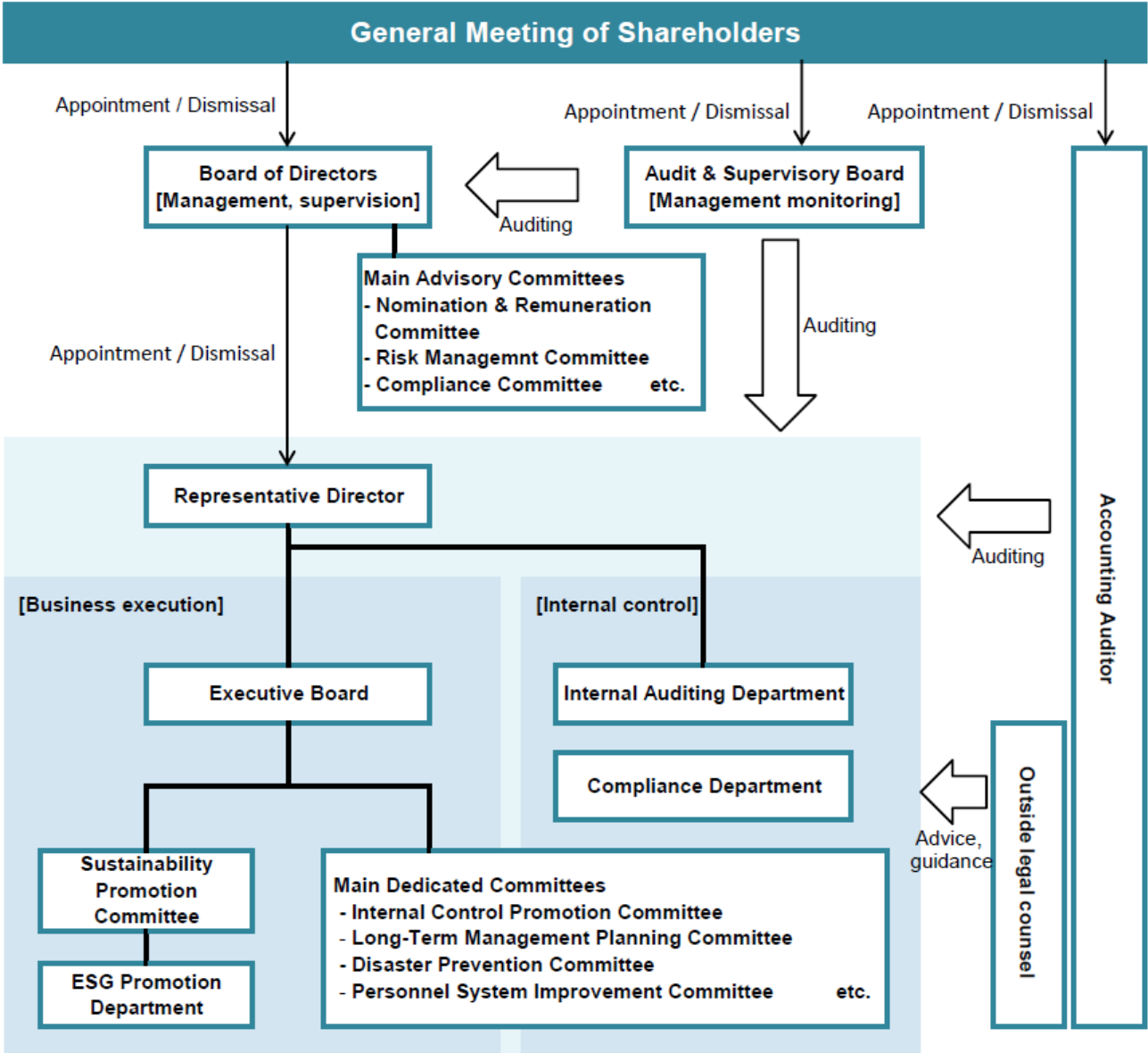
#### 5. Publication of inside information

The Public Relations Department promptly publishes the Significant Facts.

A schematic diagram of the internal structure for timely disclosure of the corporate information of the Company is as follows.



Disclosed by posting on TDnet, the press club and the Company website.



## Skills Matrix for Directors and Audit & Supervisory Board Members

	Name	Title	Corporate management	Brand strategy Marketing Sales	R&D/ Agriculture/ Procurement/ Manufacturing	Overseas strategy	Finance/ Accounting	Personnel/ Labor management/ Development of human resources	ESG (Environmental, Social, Governance)	Legal affairs Compliance Risk management
1	Hachiro Honjo	Chairman of the Board	○			○				
2	Daisuke Honjo	President	○	○		○			○	
3	Shusuke Honjo	Vice President, Representative Director and Executive Officer	○	○		○			○	
4	Minoru Watanabe	Vice Chairman, Director and Executive Officer	○			○	○			
5	Yoshihisa Nakano	Director and Senior Managing Executive Officer	○		○				○	
6	Shigeru Kamiya	Director and Senior Managing Executive Officer	○	○						
7	Yosuke Jay Oceanbright Honjo	Director	○	○		○				
8	Atsushi Hirata	Director and Senior Managing Executive Officer	○				○	○		○
9	Morikazu Taguchi	Outside Director							○	○
10	Yuichi Usui	Outside Director	○					○	○	
11	Yutaka Tanaka	Outside Director					○		○	
12	Hideo Takano	Outside Director	○						○	
13	Keiko Abe	Outside Director			○					
1	Shuji Nakagomi	Standing Audit & Supervisory Board Member	○	○						
2	Yoshiaki Takasawa	Outside Audit & Supervisory Board Member								○
3	Takashi Miyajima	Outside Audit & Supervisory Board Member	○				○			
4	Hitoshi Yokokura	Outside Audit & Supervisory Board Member					○			○

\* Please note that the list of skills is not exhaustive.  
The four main areas of expertise of each Director are indicated with a circle (○).