

**Last Update:**

June 21, 2022

FUJI OIL HOLDINGS INC.

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Securities Code: 2607

<https://www.fujioilholdings.com/en/>

The corporate governance of FUJI OIL HOLDINGS INC. (the “Company”) is described below.

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

### 1. Basic Views

Through the realization of effective corporate governance, the Company aims to prevent the occurrence of situations that could harm the Company's corporate value, including legal violations, corruption, or scandals, as well as promote sustainable growth and increase our medium- to long-term corporate value. We position corporate governance as a vital framework for meeting the expectations of our stakeholders, including shareholders, clients and business partners, Company executives and employees, and general society, and ensuring fair and rapid decision-making.

Moreover, the Company believes that strengthening the monitoring functions of the Board of Directors while flexibly and rationally making decisions and executing business is very important to meet the trust and expectations of our shareholders and other stakeholders. Therefore, we will shift from being a company with an Audit and Supervisory Board to being a company with an audit and supervisory committee with a resolution at our 94th Ordinary General Meeting of Shareholders. That will further enhance our corporate governance by strengthening the supervisory functions of the Board of Directors with Audit and Supervisory Committee members responsible for auditing the execution of duties by Directors serving as members of the Board of Directors. At the same time, we will delegate the authority to make important business execution decisions to Directors to accelerate the pace at which we execute growth strategies.

## Reasons for Non-compliance with the Principles of the Corporate Governance Code

### ■ Supplemental Principle 2-4-1: Ensuring Diversity in the Promotion of Core Personnel ; Concept of Ensuring Diversity

The Company believes that respecting and promoting diversity is a very important social responsibility for

us as we are involved in business activities globally. We also think that diversity of personnel is indispensable to achieve sound business development and social contribution amid a greatly changing business environment.

We have not announced target achievement rates for the recruitment of women, foreigners and mid-career personnel from the perspective of promoting and placing the right personnel in the right places. Nevertheless, we are actively working on the promotion of women in particular to core positions by ensuring half of our new graduate recruits are women in addition to providing women with fair opportunities. The Company has disclosed our thoughts and efforts relating to diversity on Integrated Report, Sustainability Report and our website.

-Integrated Report (Pages 80 to 83)

[https://www.fujioilholdings.com/en/pdf/ir/library/integrated\\_report/fujioil\\_integrated\\_report2021\\_01\\_en.pdf](https://www.fujioilholdings.com/en/pdf/ir/library/integrated_report/fujioil_integrated_report2021_01_en.pdf)

-Sustainability Report

<https://www.fujioilholdings.com/en/sustainability/>

-Diversity Management

<https://www.fujioilholdings.com/en/sustainability/social/diversity/>

**: Personnel Training Policy, Internal Environment Development Policy and Other Situations to Ensure Diversity**

The Company believes it is essential to secure key personnel in each region and to systematically train them to continuously promote and expand our global business. The Company is striving to train global leaders mainly in our overseas bases. In particular, we are visualizing (listing) our personnel in our overseas bases and the potential qualities possessed by the applicable personnel to promote the proactive promotion of local employees at the executive management level. (That is, we are working to improve the rate of non-Japanese personnel in the management class.) The Company is also aiming to promote women and foreigners from the perspective of emphasizing diversity among our executive officers in the future.

We launched the Talent Development Committee in 2020 in Japan. Under this, we are building a personnel pool by selecting those applicable and implementing training measures to train the next-generation management personnel who will drive the Group. Moreover, we are promoting growth opportunities through promotion and job rotation while supporting the acquisition of the necessary management skills for those applicable.

(Corporate Governance Code Standards Revised in June 2021)

■ **Principle 3-1( i ) : Corporate Philosophy / Mid-Term Management Plan / Corporate Governance Policy**

The Company established the Fuji Oil Group Management Philosophy as our corporate philosophy and publish this Management Philosophy on our website.

<https://www.fujioilholdings.com/en/about/constitution/>

■ **Supplemental Principle 5-2-1: Business Portfolio**

The Company is promoting product development and business strategies which accurately capture the trends sought by the market in the expansion and conversion of business that responds to mid- to long-term changes in the business environment. We are reviewing our business portfolio in anticipation of future changes in the business environment and optimizing our production bases overall in a timely manner. Moreover, we have been determining the allocation of management resources for investment and other areas by verifying whether that would create cash flows which exceed the profitability set in the Group according to investment profit standards.

The Company has formulated a new Mid-Term Management Plan, Reborn 2024, for the three-year period between FY2022 and FY2024. We will combine our Group's technology with the products of various business divisions to pioneer new markets and customers by approaching new markets. And we will create new value and realize highly profitable business portfolio by shifting our portfolio from a focus on commodity products to high value-added solutions. We will concentrate allocation of management resources into growth and strategy areas and redistribute management resources to prioritize industrial chocolate business in the North and South America and the plant-based oils business. This will increase Group revenue and promote stable growth.

■ **Principle 3-1( ii ) : Basic Stance and Basic Policy on Corporate Governance**

The Company established the Fuji Oil Holdings Corporate Governance Guidelines as principles and guidelines to be referenced in relation to corporate governance and these guidelines on our website.

[https://www.fujioilholdings.com/pdf/en/ir/policies\\_and\\_systems/governance/guidelines.pdf](https://www.fujioilholdings.com/pdf/en/ir/policies_and_systems/governance/guidelines.pdf)

■ **Supplemental Principle 3-1-3: Sustainability Efforts**  
**: Sustainability Efforts**

The Company Group has embraced a 2030 Vision: "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy" and is promoting sustainability management.

All employees in the Group will promptly grasp social issues in the value chain (environmental issues, human rights, and physical and mental health, etc.) and then strive to provide solutions to meet the expectations of all our shareholders and to create social value. That will allow us to aim to realize a sustainable food future and improve the corporate value of the Group.

The Company established the ESG Committee (the name changed to the Sustainability Committee from 2022) in 2015 as an advisory body of our Board of Directors in Fuji Oil Holdings and is operating

it with the purpose to strengthen sustainability management.

This committee assigns an Internal Director as the Chairman and discusses other management issues relating to sustainability and targets and strategies in addition to identifying the material ESG issues of the Group and monitoring the progress. Moreover, we invite experts from outside the Company to serve as advisors on this committee. With this, we are looking to incorporate the perspective of society.

In addition to Chief X Officers, regional management company representatives have been participating in this committee since FY2022. This is ensuring greater integration between initiatives and regional strategies. At the same time, we have established the Subcommittee on Group Significant Risks under this committee. This subcommittee identifies important company-wide risks and then evaluates the appropriateness of the measures to tackle them. It is promoting activities to reduce the risk of damage to our corporate value.

-Sustainability Site

<https://www.fujioilholdings.com/en/sustainability/>

-ESG Data Book

<https://www.fujioilholdings.com/pdf/en/sustainability/download/esg2021.pdf>

-GRI Standard Comparison Chart

<https://www.fujioilholdings.com/pdf/en/sustainability/download/gri2021.pdf>

The Group announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019. We are disclosing information in regard to four items – governance, strategies, risk management, and indicators and targets – based on the recommendations of the TCFD.

-Risk Management System

<https://www.fujioilholdings.com/en/sustainability/governance/risk/>

### **; Investment in Intellectual Property**

We have provided high value-added products utilizing the research results and technological capabilities we have accumulated over many years by using palm, cocoa, soybean and other plant-based raw materials as our basic raw materials since our foundation. We have built the results we have refined based on our core technologies into a patent portfolio to ensure the market superiority and pricing power of differentiated products. We have the leading share in Japan of important patents (based on number of patent citations) that can affect market superiority and pricing power in both the oils and fats and chocolate-related business and plant-based food (PBF)-related business. Furthermore, we are also located near the top when it comes to human resource investment ( $\approx$  number of new inventors: number of inventors who have made a new patent application) to generate important patents in the future compared to our competitors both in and outside of Japan. We will continue to formulate and execute intellectual property strategies linked to our business and to invest human resources in core technological fields on an ongoing basis in the future. That will enhance our market superiority and pricing power across the globe.

Furthermore, the Company is promoting rejuvenation and improving the asset value of our intellectual properties by periodically taking an efficient inventory of our intellectual property portfolio and then putting it into future investment.

### **: Investment in Human Capital**

The Company believes it is very important to develop organizations and people that can respond flexibly to all the changes in the environment surrounding our business to continue contributing to society. We are strategically developing personnel looking ahead to the future of the Fuji Oil Group through multifaceted discussions with current management in relation to next-generation management personnel development.

In addition, we are training personnel capable of working globally in the future by implementing an overseas dispatch training program for our Japanese employees. Furthermore, we will start considering a local personnel training program in line with our efforts to improve our rate of diversity overseas. We give training by level and have established a subsidy program for distance learning students to support the improvement in skills of our employees in Japan. We have also been systematically placing employees from the perspective of priority fields in business and management structure enhancement. We have embraced human resource utilization as one of sustainability strategy aligned with management strategy in the key policies of the Mid-term Management Plan, first, begun to consider the human capital allocation necessary to realize the management plan at the management level.

We have established a CEO reappointment review meeting and operate it every fiscal year with independent Outside Directors. In addition, we formulated a scheme for our CEO succession plan in FY2021. We then held a CEO succession meeting in April 2022 and decided to proceed with discussions on the requirements, candidate selection and training of our next CEO. We consider candidates for Directors to be deliberated on at the General Meeting of Shareholders every fiscal year upon deliberations by the Nomination and Compensation Advisory Committee that take into account diversity and business environment changes while considering the expertise and experience of each individual using a skills matrix. Furthermore, we launched the Talent Development Committee in FY2021 to serve as a forum to consider the development of next-generation personnel candidates. We are working on the selection and training of targets and promoting succession plans by rank.

### **■ Principle 1-4 : Cross-shareholding**

Since the corporate governance code was adopted in 2015, we have worked to eliminate cross-shareholding in accordance with the spirit of Principle 1-4. We currently hold 21 stocks in our cross-shareholdings. Comparing the end of FY2015 with the end of FY2021, we sold all our cross-shareholdings in 12 stocks. We have also continued to work on the partial sale of our cross-shareholdings. We have sold approximately 70% of the total acquisition price of our cross

shareholdings as of the end of FY2015 by the end of FY2021. We have also been exercising voting rights for our individual cross-shareholdings by comprehensively taking into account compliance with our shareholding policy and contribution to an improvement in the corporate value of the issuing company.

We will continue to review the situation concerning our cross-shareholdings at the Board of Directors' meeting at the end of the fiscal year. We will consider the propriety of our shareholdings by closely examining in concrete terms whether the purpose of the shareholding is appropriate and whether the benefits and risks associated with that shareholding correspond to the capital costs for each of our individual cross-shareholdings. At the same time, we will work to reduce our cross-shareholdings for stocks that are not compatible with our shareholding policy.

■ **Principle 2-6 : Functioning as the asset owner of the corporate pension**

The Company has posted a person in charge of the operation of contract-type defined benefit corporate pensions to the HR & Administration Division. We are promoting the operation of reserve funds and the building of a structure as an asset owner.

- 1) On the human resources side, we appoint former members of the Public Pension Asset Management Committee, securities analysts, and other employees with the appropriate qualifications expected of corporate pension asset owners to serve as advisors. These advisors provide advice and support towards ensuring the appropriately implements monitoring activities of consigned asset management institutions.
- 2) We hold quarterly Asset Management Committee meetings to select asset management institutions based on the results of fund management monitoring by the consigned asset management institution. Furthermore, during the consignment of asset management, we confirm that all asset management institutions (total of six institutions) have adopted the Stewardship Code.
- 3) To manage any conflicts of interest between corporate pension beneficiaries and the Company, we leave the selection of individual investment targets and judgments on the exercising of voting rights to the discretion of each asset management institution to ensure there are no conflicts of interest.

■ **Supplemental principle 4-1-1 : Scope of decision-making by the Board of Directors and transition of authority to the management team, etc.**

Under " Roles and Responsibilities of the Board of Directors" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines and discloses provisions stipulating that excluding matters requiring resolutions by the Board of Directors in accordance with provisions outlined in law or internal regulations, decision-making related to the execution of business shall be delegated appropriately to managing directors and executive officers.

■ **Principle 3-1(iii) : Compensation decisions, nomination policies for Management team and Directors (excluding Directors who also serve as Audit and Supervisory Committee Members),**

**etc.**

The Company outlines and discloses provisions stipulating as below for " Compensation, etc., of Directors who are not Audit and Supervisory Committee Members and Directors who also serve as Audit and Supervisory Committee Members " in the Fuji Oil Holdings Governance Guidelines,

1, Compensation of Directors who are not Audit and Supervisory Committee Members shall be an amount within a scale resolved by the General Meeting of Shareholders. The Nomination and Compensation Advisory Committee shall deliberate fairly and transparently, and it shall be decided by the Board of Directors.

2. Compensation of Directors who also serve as Audit and Supervisory Committee Members shall be a separate system from compensation of Directors who are not Audit and Supervisory Committee Members.

It shall be an amount within a scale resolved by the General Meeting of Shareholders, and the audit and supervisory committee shall decide it through consultation.

**■ Principle 3-1(iv) : Policy on nomination, election and removal of management team and Directors (excluding Directors who also serve as Audit and Supervisory Committee Members), etc.**

Under "Selection Criteria, etc., for Director Candidates and Audit & Supervisory Board Member Candidates" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines selection standards and procedures for choosing director or Audit & Supervisory Board member candidates.

**■ Supplemental principle 3-1(v) : Explanation of reasons for nominating individual candidates for directors and audit & supervisory board members, etc.**

The Company outlines that the reasons for nominating candidates of Directors who are not Audit and Supervisory Committee Members and Directors who also serve as Audit and Supervisory Committee Members must be deliberated by the Board of Directors and then reported to the Nomination and Compensation Advisory Committee, an advisory body to the Board of Directors that is chaired by an Outside Director. As of the 88th Ordinary General Meeting of Shareholders, the individual reasons for nominating each director or Audit & Supervisory Board member candidate had been disclosed via publication in the reference materials included with the convening notice for the Ordinary General Meeting of Shareholders. To ensure the independence of the Audit and Supervisory Committee, during the selection process for candidates of Directors who also serve as Audit and Supervisory Committee Members, highest priority is placed on the opinion of the audit and supervisory committee, which also references the Nomination and Compensation Advisory Committee report.

**■ Supplemental principle 4-14-2 : Training policy of Directors (including Audit and Supervisory Committee Members)**

Under "Support System and Training Policy for Directors " in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines and discloses provisions stipulating that directors continuously be provided the information and knowledge concerning business activities required to monitor operations both at the time of their appointment and after their appointment. The Company also outlines guidelines for the training of directors in order to provide the opportunities necessary to fulfill the roles required of them.

**■ Principle 4-9 : Criteria for determining the independence of independent Outside Directors and their qualifications**

To ensure the independence of Outside Directors, we select Independent Director candidates based on the parameters for Independence outlined in the financial instrument exchanges on which our Company is listed as well as in accordance with the standards for judging the independence of Outside Directors we outline. Our standards for judging the independence of Outside Directors are as outlined below. Furthermore, to ensure the independence of Outside Directors, we believe it is appropriate to set maximum terms of six years for Independent Outside Directors.

As standards for judging the independence of Outside Directors, we outline that candidates not be applicable to any of the following. This information is indicated in the Reference Documents for the General Meeting of Shareholders.

(1) Director, Audit and Supervisory Board Member (excluding Outside Director and Outside Audit and Supervisory Board Member), Executive Officer, or employee of the Company or a subsidiary of the Company (hereinafter, collectively referred to as the "Group")

(2) Director, Audit and Supervisory Board Member, Executive Officer, or employee of a major shareholder\* of the Group

\* Top ten major shareholders listed on the latest shareholder registry at the time of assuming office (including those holding Company's shares indirectly)

(3) Director, Audit and Supervisory Board Member, Executive Officer, or employee of person for whom the Group is a major business partner\*

\* Business partner defined as a party who receives payments from the Group amounting to the equivalent of 2% or more of the business partner's annual consolidated sales during the most recent fiscal year

(4) Director, Audit and Supervisory Board Member, Executive Officer, or employee of person who is a major business partner\* of the Group

\* (i) Business partner who makes payments to the Company amounting to the equivalent of 2% or more of the Group's annual consolidated sales during the most recent fiscal year

(ii) Business partner who provides loan to the Group amounts to the equivalent of 2% or more of the Group's total consolidated assets as of the end of most recent fiscal year

(5) Director, Audit and Supervisory Board Member, Executive Officer, or employee of a company to



which the Group assigns Directors

- (6) A consultant, accounting professional, or legal professional who received monetary and/or other economic benefit amounting to 10 million yen or more on average per annum over the past three years other than officers' remuneration from the Group
- (7) A person who falls or fell under item (1) above currently or for the past ten years
- (8) A person who falls or fell under any of items (2) to (6) above currently or for the past five years
- (9) A spouse, relative within the second degree of kinship or other relative living together of a person who falls under any of items (1) through (8) above

**■Supplemental principle 4-10-1: Establishment of the Nomination and Compensation Advisory Committee**

The Company has established the Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors. In order to enhance transparency and objectivity, the committee is chaired by an Independent Outside Director and consists of a majority of Independent Outside Directors.

The Nomination and Compensation Advisory Committee deliberates on matters related to the nomination, succession planning, and compensation of senior management and directors, including the CEO, as requested by the Board of Directors, and reports to the Board of Directors.

**■Supplemental principle 4-11-1: Balance of board of directors and diversity of each director, skill matrix, etc.**

Currently, we have twelve directors (including 6 independent Outside Directors (of which two is female) and 1 Outside Director). Outside Directors represent a majority of all directors.

When selecting director candidates, we believe that diversity (gender, nationality, expertise, etc.) among members of the Board of Directors is important. In the Reference Documents for the General Meeting of Shareholders, we include a skill matrix indicating the domains in which each director is able to apply his/her expertise and experience.

The matrix of skills required by the Board of Directors in light of the business strategy is as follows

<https://www.fujioilholdings.com/en/about/governance/system/>

Furthermore, during the nomination of director candidates, we work to ensure objectivity and transparency for the nomination process through the report issued by the Nomination and Compensation Advisory Committee, which is chaired by an Outside Director.

**■Supplemental principle 4-11-2: Concurrent positions held by Directors (including Audit and Supervisory Committee Members)**

The status of Company Outside Directors (including Audit and Supervisory Committee Members) with simultaneous appointments at other listed companies is disclosed in the reference materials included with the convening notice for the Ordinary General Meeting of Shareholders and we disclose

Ordinary General Meeting of Shareholders convening notices on the Company website.

#### ■ **Supplemental principle 4-11-3: Evaluation of the effectiveness of the Board of Directors**

We have adopted an evaluation method with third party institution interviews and questionnaires to ensure objectivity and transparency in regards to evaluations of the effectiveness of the Board of Directors in our corporate governance code. We are utilizing this method to improve our corporate governance.

The results of the effectiveness evaluation in FY2021 stated that the Board of Directors was evaluated on the whole as needing to make further efforts in the future in both the entrenchment of operations focused on the monitoring of the Board of Directors and the improvement of business execution and business management.

#### Evaluation Targets

- (1) Status of the improvement of issues recognized in the previous evaluation
- (2) Evaluation looking back at the operation of the Board of Directors in this fiscal year
- (3) Essential discussions (What is most important in light of the ideal state of the Board of Directors?)
- (4) Operation as a company with the audit and supervisory committee (What kind of changes are particularly important for the Board of Directors?)
- (5) Evaluation of the activities by the Nomination and Compensation Advisory Committee
- (6) Structure to support Outside Directors
- (7) Communication with investors and shareholders
- (8) Overall summary
- (9) Self-activity evaluation

#### Future Initiatives

The results of the effectiveness evaluation were confirmed and deliberated. The Board of Directors then confirmed it will mainly deepen discussions on the following matters or set KPIs and monitor them (understand the status of progress and improvement).

- Discussions in terms of policy and business strategies from a mid- to long-term perspective (ongoing)
- Progress on the execution of business strategies and allocation of management resources (including human resources) to support that
- Personnel development and global personnel measures (including promotion of diversity)
- Strengthening of group governance
- If the priority management KPIs are not achieved as planned, analysis of the causes of that and confirmation of the recovery measures

Moreover, it was confirmed that the following improvements will be implemented in terms of the operation of the Board of Directors.

- Enhancement of the provision of information to Outside Directors such as advance briefings (ongoing)
- Improvement in the time allocation of the Board of Directors, and materials and explanatory materials (effective and efficient meeting operation)
- Establishment of an agenda that promotes discussions from an even more mid- to long-term perspective and overall bird's-eye view

The Board of Directors will promote an ongoing improvement in corporate value through an improvement in its functions and a strengthening of corporate governance by continuing to conduct the effectiveness evaluation based on the above evaluation results and initiatives in the future.

#### ■ Principle 1-7: Related party transactions

Under "Prevention of Trade Contrary to the Interests of Shareholders" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines and discloses provisions requiring that transactions involving a director, major shareholder, etc. that are deemed important or irregular transactions shall be subject to approval by the Board of Directors.

#### ■ Principle 5-1: Policy on Constructive Dialogue with Shareholders

Under "Dialog with Shareholders" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines and discloses provisions requiring the creation of a structure and initiatives to promote constructive dialog with shareholders.

(Revised June 1, 2021 – Corporate Governance Code Standards)

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Itochu Food Investment, LLC	33,219,132	38.59
The Master Trust Bank of Japan, Ltd. (Trust account)	8,340,600	9.68
Custody Bank of Japan, Ltd. (Trust account)	3,285,600	3.81
National Mutual Insurance Federation of Agricultural Cooperatives	2,639,000	3.06
Fuji Oil Customer Shareholding Association	1,443,018	1.67

Itochu Sugar Co., Ltd.	1,130,000	1.31
Nippon Life Insurance Company	1,100,667	1.27
ROYCE' Confect Co., Ltd.	1,080,000	1.25
Sumitomo Mitsui Banking Corporation	1,078,398	1.25
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,058,276	1.22

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

Supplementary Explanation

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### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo, Prime Market
Fiscal Year-End	March
Business Sector	Foods
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

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

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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

## Directors

Number of Directors Stipulated in Articles of Incorporation	12 persons
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President and Representative Director
Number of Directors	12 persons
Election of Outside Directors	Elected
Number of Outside Directors	7 persons
Number of Independent Directors	6 persons

## Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yuko Ueno	Person who has experience in working in other companies											
Hidenori Nishi	Person who has experience in working in other companies								△			
Toshiyuki Umehara	Person who has experience in working in other companies											
Shuichi Miyamoto	Person who has experience in working in other companies											
Tomoko Tsuji	Person who has experience in working in other companies								○			
Ryuta Uozumi	Certified public accountant								△			
Hirohiko Ikeda	Lawyer											

\*Categories for "Relationship with the Company".

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

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

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Yuko Ueno		○	There are no applicable matters.	Yuko Ueno has spent several years serving as a marketing consultant for many companies and municipal agencies. In addition to running her own company, she also has vast experience and knowledge serving as an Outside Director for listed companies. For the aforementioned reasons, the Board of Directors of the Company has determined that she will be able to appropriately perform the duties of an Outside Director and has therefore nominated her as a candidate for Outside Directors a member of the Nomination and Compensation Advisory Committee, we look forward to her continued involvement in the nomination of director candidates and decisions on directors' compensation from an objective and neutral perspective.
Hidenori Nishi		○	Kagome Co., Ltd., for which Hidenori Nishi was appointed President and Representative Director and Chairman of the Board of Directors, is developing the food business. This company has a business relationship with our company. However, the amount of this business is minimal (less than 0.1% of consolidated sales). Therefore, it will not affect Mr. Nishi's independence.	Mr. Nishi is also currently serving as an Outside Director at a listed company. We believe that we will be able to strengthen supervision of the business operations of our company and to further improve the effectiveness of our Board of Directors by utilizing his many years of experience in management. He has been engaged for many years in companies developing food related

				<p>business on a global basis and has a wealth of experience as a corporate executive. In addition, he is also profoundly knowledgeable about marketing and possesses advanced insights into the food field that is a business area of our company. For the aforementioned reasons, the Board of Directors of the Company has determined that he will be able to appropriately perform the duties of an Outside Director and has therefore nominated him as a candidate for Outside Director.</p> <p>And it has therefore nominated him as a candidate for Outside Directors a member of the Nomination and Compensation Advisory Committee, we look forward to his continued involvement in the nomination of director candidates and decisions on directors' compensation from an objective and neutral perspective.</p>
Toshiyuki Umehara		○	There are no applicable matters.	<p>Mr. Umehara has worked for many years as an engineer and business manager at a manufacturer of electronic materials, which has many top-share products in a wide range of fields such as FPD materials, automobiles, and medical. He has a wealth of experience as a corporate manager and deep knowledge in the fields of technology and information along with a high level of insight into technology management, where the Company has an</p>

				<p>advantage, and in the information field, which the Company is enhancing. For the aforementioned reasons, the Board of Directors of the Company has determined that he will be able to appropriately perform the duties of an Outside Director and has therefore nominated him as a candidate for Outside Director.</p> <p>And it has therefore nominated him as a candidate for Outside Directors a member of the Nomination and Compensation Advisory Committee, we look forward to his continued involvement in the nomination of director candidates and decisions on directors' compensation from an objective and neutral perspective.</p>
Shuichi Miyamoto			<p>The Company and ITOCHU Corporation, at which Mr. Shuichi Miyamoto concurrently holds a position, have a business relationship related to the transactions of raw materials and product sales, etc. between the Company and ITOCHU Corporation and its group companies. In addition, ITOCHU FOOD INVESTMENT, LLC and ITOCHU SUGAR CO., LTD., both of which are subsidiaries of ITOCHU Corporation, are major shareholders of the Company and hold 39.9% of the Company's total issued shares (net of treasury shares). Due to the above mentioned reasons, the Company will</p>	<p>Reason for nomination as a candidate for Outside Director and outline of expected role Mr. Miyamoto joined a major Japanese trading company and has been consistently engaged in food-related business since then. He has a wide range of experience, including handling raw materials, secondment to business companies, and overseas assignments (Singapore and Thailand), and has been involved in overall food business and business company management overseas. He has been active in a number of operations in Japan and overseas as a manager since he became Chief Operating Officer of Provisions Division in April</p>



			not notify the Tokyo Stock Exchange of him as independent director/auditor under its provisions.	<p>2019.</p> <p>The Board of Directors of the Company expects Mr. Miyamoto to be able to properly execute duties as Outside Director due to the above mentioned reasons, and therefore, it has decided to nominate him as a candidate for Outside Director.</p> <p>We expect that he will contribute to the enhancement of the Company's corporate value by providing advice and opinions in the areas of raw material procurement, new businesses, and overseas business management.</p>
Tomoko Tsuji		○	<p>YOSHINOYA HOLDINGS CO., LTD., for which Tomoko Tsuji is appointed the Executive Officer, is developing the food business. This company has a business relationship with our company. However, the amount of this business is minimal (less than 0.1% of consolidated sales). Therefore, it will not affect Ms. Tsuji's independence.</p>	<p>After joining a major domestic food manufacturer, Ms. Tomoko Tsuji was awarded a Ph.D. in agriculture and engaged in research on pharmaceutical seeds at universities in the United States, etc.</p> <p>Then, she worked in research and product development related to nutrition and functions of food products at several companies for many years while serving as a director of a major domestic health food manufacturer.</p> <p>In addition, she serves as an Outside Director for a listed company, and has a wealth of experience and advanced knowledge.</p>

				<p>The Board of Directors expects her to be able to properly execute duties as Outside Director due to the above mentioned reasons, and therefore, it has decided to nominate her as a candidate for an Outside Director. We expect that she will help enhance the Company's corporate value by providing advice and opinions for the areas of research, product development, sustainability, etc. of the Group.</p> <p>And it has therefore nominated her as a candidate for Outside Directors a member of the Nomination and Compensation Advisory Committee, we look forward to her involvement in the nomination of director candidates and decision on directors' compensatio from an objective and neutral perspective.</p>
Ryuta Uozumi	○	○	The Company has designated him as independent director under the provisions of the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange to that effect.	Mr. Ryuta Uozumi has a wealth of expertise and knowledge as a Certified Public Accountant and has many years of experience in audit work at a major audit corporation. He also

				<p>has a high level of insight and experience in sustainability issue, including environmental accounting. We expect him to be able to properly execute duties as an Outside Director due to the above mentioned reasons, and therefore, it has decided to newly nominate him as a candidate for an Outside Director who also serves as the audit and supervisory committee Member.</p> <p>We expect that he will supervise and advise on job execution of Directors, drawing on his expertise in financial accounting and sustainability.</p>
Hirohiko Ikeda	○	○	The Company has designated him as independent director under the provisions of the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange to that effect.	<p>Mr. Hirohiko Ikeda is a corporate law specialist with specialized knowledge as an attorney at law. He has many years of experience as an attorney at law, working on corporate legal and M&amp;A projects. He has also worked as an attorney at law in America and has global legal experience through studying litigation and</p>

				<p>audit systems in the Asia Pacific region. As a university lecturer, he is committed to training young people, and has a wealth of experience and insight.</p> <p>We expect him to be able to properly execute duties as an Outside Director due to the above mentioned reasons, and therefore, it has decided to newly nominate him as a candidate for an Outside Director who also serves as an Audit and Supervisory Committee Member. We expect that he will supervise and advise on job execution of Directors, drawing on his expertise on corporate legal affairs.</p>
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### Audit and Supervisory Committee

#### Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	3	1	1	2	Internal Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed
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#### Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

The Audit and Supervisory Committee exchanges opinions with President and Representative Director about the enhancement of those who provide assistance, independence from Directors

(excluding Directors who also serve as Audit and Supervisory Committee Members) and ensuring the effectiveness of the instructions from the Audit and Supervisory Committee to those who provide assistance.

Status of Coordination between the Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Department

Directors who also serve as Audit and Supervisory Committee Members work in close cooperation with accounting auditors by receiving audit plans and reports from and via information exchanges with accounting auditors. Directors who also serve as Audit and Supervisory Committee Members work to improve the effectiveness of audits. They do this by visiting overseas group companies and other subsidiaries, holding meetings with the Internal Audit Group, cooperating in audit activities, meeting with accounting auditors and working with Directors who also serve as Audit and Supervisory Committee Members and Internal Audit Department and accounting auditors in addition to attending important meetings (e.g., the Management Committee Meeting).

**Voluntary Established Committee(s)**

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Advisory Committee	6	0	2	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Advisory Committee	6	0	2	4	0	0	Outside Director

Supplementary Explanation

### **1. Purpose of establishing Nomination and Compensation Advisory Committee**

As a company with an audit and supervisory committee, we have created a Nomination and Compensation Advisory Committee as a monitoring and supervision body for the Board of Directors. The Nomination and Compensation Advisory Committee is chaired by an Outside Director and examines Board of Director personnel and compensation. The Committee serves to strengthen corporate governance by ensuring objectivity and accountability related to decisions on appointments and compensation.

### **2. Role of Nomination and Compensation Advisory Committee**

The Nomination and Compensation Advisory Committee carefully deliberates the following matters when consulted by the Company Board of Directors and issues a report on the Board of Directors.

(1) Human resource matters related to directors and other management personnel

- Policies and procedures related to directors and other management personnel
- Matters indicated in motions submitted to the General Meeting of Shareholders related to the nomination and removal of Directors who are not Audit and Supervisory Committee Members and Directors who also serve as Audit and Supervisory Committee Members
- Matters related to the nomination and removal of President and Representative Director and managing directors
- Matters concerning the work assigned to directors
- Matters concerning the nomination and removal of executive officers
- Matters related to training policies and systems for directors and other management personnel

(2) Compensation matters related to directors and other management personnel

- Policies and systems related to directors and other management personnel compensation
- Matters indicated in motions submitted to the General Meeting of Shareholders related to compensation for Directors who are not Audit and Supervisory Committee Members and Directors who also serve as Audit and Supervisory Committee Members-Matters concerning evaluations when deciding individual director compensation

### **3. Committee structure**

The Nomination and Compensation Advisory Committee is comprised of three or more members nominated via a vote by the Board of Directors (however, at least half must be Outside Directors).

## **Matters Concerning Independent Directors**

Number of Independent Directors

6

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## Other Matters Concerning Independent Directors

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We designate as Independent Directors all Outside Directors who fulfill the qualifications as independent directors.

### Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration, etc.

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## Supplementary Explanation for Applicable Items

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The Company reviews our officer's remuneration system under our basic policy on corporate governance. The aim of this is to continuously improve the corporate value of the Group, to promote the sharing of value with our stakeholders, and to ensure that the duties of directors involved in management supervision and business execution are performed appropriately. The Nomination and Compensation Advisory Committee, which is mostly made up of Outside Directors, repeatedly discusses the state of director remuneration. With this, we have introduced officer's remuneration system that further clarifies the linkage between the remuneration of directors and the performance and stock price of the Company after undergoing deliberations by the Board of Directors.

Persons Eligible for Stock Options

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## Supplementary Explanation for Applicable Items

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### Director Remuneration

Status of Disclosure of Individual Directors' Remuneration

No Disclosure for any Directors

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## Supplementary Explanation for Applicable Items

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### **Details of directors' compensation for our Company (as of a Company with an Audit and Supervisory Board in FYE March 2022)**

The total amount of director's compensation allocated for Company directors and Audit & Supervisory Board members is as follows.

- Directors (including Outside Directors) 214 million yen
- Audit & Supervisory Board members (including outside Audit & Supervisory Board members) 75 million yen
- Total (Outside Directors and outside Audit & Supervisory Board members) 290 (58) million yen

(Notes)

1. The above amount includes compensation for 3 persons who stepped down from the positions upon the adjournment of the 93th Ordinary General Meeting of Shareholders.

2. The above includes director's bonuses (performance-linked monetary remuneration) and stock compensation (performance-linked non-monetary remuneration).
3. The above directors' compensation total amount does not include wages for directors with managerial duties as Company employees.

Policy on Determining Remuneration Amounts  
and the Calculation Methods Thereof

Established

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

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In terms of the Company's officer remuneration, it was resolved at the 92nd Ordinary General Meeting of Shareholders held on June 18, 2020 that the maximum amount of monetary remuneration for Directors would be 600 million yen or less per year (of that, 50 million yen or less per year is for Outside Directors) with 200 million yen or less per year added to that as performance-linked stock remuneration (only applies to managing and executive officers). However, we switched from being a company with an Audit and Supervisory Board to being a company with the audit and supervisory committee with a resolution to partially change our Articles of Incorporation at the 94th Ordinary General Meeting of Shareholders held on June 21, 2022. After that, it was resolved to again set the amount of remuneration for Directors (excluding Directors who also serve as Audit and Supervisory Committee Members) to 600 million yen or less per year (of that, 100 million yen or less per year is for Outside Directors) and the amount of remuneration for Directors who are Audit and Supervisory Committee members to 100 million yen or less per year. Furthermore, it was resolved to set the remuneration limit concerning the performance-linked stock remuneration plan as a stock remuneration plan for the Company's Directors (excluding Outside Directors and Directors who also serve as Audit and Supervisory Committee members).

At the Board of Director's meeting held on June 21, 2022, we voted on the following concerning policies related to individual remuneration for directors. Prior to the vote by the Board of Directors, the Nomination and Compensation Advisory Committee was consulted on agenda details and recommendations were received from the committee.

**<Basic Policy>**

Establish a remuneration structure to share value with shareholders and other stakeholders.

Establish a remuneration structure that raises awareness to improve mid- to long-term performance and to increase corporate value.

The process to determine the remuneration limit is determined by the Board of Directors subject to the deliberations and interview process conducted by the Nomination and Compensation Advisory Committee that consists mainly of Outside Directors.



### **<Remuneration Structure>**

The remuneration structure for directors (excluding Outside Directors, Directors who also serve as Audit and Supervisory Committee Members) consists of basic remuneration (fixed remuneration based on position), performance-linked monetary remuneration (bonus), and performance-linked stock remuneration (stock trust).

The remuneration structure is designed so that ratio of performance-linked remuneration increases as performance and corporate value improves with a goal of each remuneration type being equally distributed between basic remuneration, bonus, and stock remuneration over time.

- ◆ The amount of remuneration determined according to role is paid as monthly remuneration for the basic remuneration (fixed remuneration).
- ◆ Performance-linked monetary remuneration (bonuses) is designed to set consolidated operating profit as a KPI as the company's performance for a single fiscal year and the remuneration amount is paid out at a rate between 0% and 200% based on level of achievement.
- ◆ Performance-linked non-monetary remuneration (stock trust) is designed so that directors share profit and risks associated with fluctuations in stock price with our shareholders, and includes incentives linked to improvements in annual corporate performance and increases in corporate value. We set the annual EPS (consolidated net income per share) and ROE (consolidated return on equity) outlined in our Medium-Term Management Plan as KPIs, with stock remuneration fluctuating between 0% and 200% based on the level of achievement. Furthermore, the timing of stock allocation to directors is the time of retirement from the position of director.

In light of their roles and to ensure objectivity, remuneration to Outside Directors includes basic remuneration only.

In light of their roles and to ensure objectivity, remuneration to Directors who also serve as Audit and Supervisory Committee Members is comprised of basic remuneration only. Remuneration amounts are determined based on deliberation in the audit and supervisory committee up to a maximum remuneration amount for Directors who also serve as Audit and Supervisory Committee Members s determined via a resolution by the General Meeting of Shareholders. Furthermore, we reference survey data by expert external institutions when determining remuneration levels for Directors who also serve as Audit and Supervisory Committee Members.

#### **(Performance-linked Remuneration for Directors)**

The following gives an overview of the details of the variable remuneration for Directors – performance-linked monetary remuneration (bonuses) and performance-linked stock remuneration.

##### **i ) Performance-linked Monetary Remuneration (Bonuses)**

We have adopted consolidated operating profit as the single-year performance-linked indicator (hereinafter referred to as “KPI”) for performance-linked monetary remuneration (bonuses). This is to raise awareness of improving corporate performance each fiscal year. We calculate the amount to be paid according to the achievement level with respect to the KPI. We determine the amount of remuneration for performance-linked monetary remuneration (bonuses) based on performance in the applicable fiscal year. We then pay that in the next fiscal year. Accordingly, FY2023 will see us pay the amount of remuneration determined based on performance in FY2022. There is an upper limit of 200 million yen as the total amount that can be paid in one fiscal year. We determine the individual amount of payment to each director according to the following formula.

**Formula**

Individual amount of payment = Standard amount of remuneration by position\*1 × performance-linked coefficient\*2

**a. Standard amount of remuneration by position\*1**

We set the consolidated operating profit of 16.5 billion yen as the standard KPI in FY2022. The standard amount of remuneration when the standard KPI is achieved 100% is as follows.

President and Representative Director	13.2million yen
Directors(Senior)	6.6 million yen
Directors	5.3 million yen

**b. Performance-linked coefficient\*2**

(Performance-linked Coefficient Calculation Method)

KPI achievement rate performance-linked coefficient:

150% or over: 2.00

50% or over but less than 150%: (Actual KPI ÷ Standard KPI – 0.5) × 2 (Round up to two decimal places)

Less than 50%: 0

(note)

KPI achievement rate = Actual KPI ÷ Standard KPI × 100

Actual KPI = Actual amount of operating profit in the applicable fiscal year

Standard KPI = Standard amount of operating profit in the applicable fiscal year

The limit of individual payments to Directors is as follows.

President and Representative Director	50 million yen
Directors (Senior)	25 million yen
Directors	20 million yen

## **ii) Performance-linked Stock Remuneration**

The performance-linked stock remuneration system (hereinafter “the System”) further clarifies the linkage between the remuneration of Directors and the performance and stock price of the Company. The objective is to raise awareness to improve mid- to long-term performance and to increase corporate value by directors sharing profits and risks from fluctuations in the share price with shareholders. In addition, we employ single-year EPS (consolidated net income per share) and consolidated ROE as the KPIs to raise awareness of improving corporate performance each fiscal year and to further share value with stakeholders.

The System is a stock remuneration system. A trust established by the Company through contribution of money (hereinafter “the Trust”) acquires shares in the Company. The number of shares in the Company equivalent to the number of points awarded by the Company to the directors is then given to the directors through the Trust. One share is given for each point awarded. Moreover, in principle, the period in which directors receive shares in the Company according to the points they have been awarded is up until when they retire as directors. The number of points awarded to directors is determined by the performance (consolidated EPS and consolidated ROE) in one fiscal year. However, the number of points awarded to directors on their retirement is finalized on the performance-linked indicator settlement date in the final fiscal year when they retire.

The upper limit of the money that the Company will contribute to the Trust as the amount to acquire the shares in the Company necessary for the Trust to give them to those concerned is 200 million yen per fiscal year. In addition, the upper limit on the total number of points to be awarded to those eligible for the Trust is 100,000 points per fiscal year. The individual points to be awarded to each Director is determined with the following formula.

### **Formula**

Individual payment points = Standard amount of remuneration by position\*3 × Performance-linked coefficient\*4 ÷ Price of shares in the Company acquired by the Trust\*5 (Rounded up when less than 100 points)

#### **a. Standard amount of remuneration by position\*3**

Our KPI for FY2022 is a consolidated net profit of 122 yen per share with the following representing the base remuneration amount for a 100% KPI achievement rate.

#### Amount of Remuneration by Position

The standard amount of remuneration when achieved is as follows.

President and Representative Director 8.8million yen

Directors (Senior) 4.4 million yen

Directors 3.6million yen

#### **b. Performance-linked coefficient\*4**

[Performance-linked Coefficient Calculation Method]

KPI achievement rate: Performance-linked coefficient

175% or more:2.00

25% or more but less than 175%: (Standard KPI÷Standard KPI–0.25)×1.33 (Rounded up to two decimal

places)

Less than 25%:0

(note)

$\text{KPI achievement rate} = \text{Actual KPI} \div \text{Standard KPI} \times 100$

Actual KPI = Actual consolidated net income per share in the applicable fiscal year

Standard KPI = Standard consolidated net income per share in the applicable fiscal year

This is a stock remuneration system in which the calculated amount of remuneration is reduced by 10% and then paid when the consolidated ROE is no more than 5%.

### **c. Price of shares in the Company acquired by the Trust (\*5)**

For stock allocated to the Trust, the Board of Directors votes on the acquisition method, number of shares allocated, and allocation price. This information shall be disclosed externally on the same day. While there are two methods of acquiring stock, the disposal of retained treasury stock or acquisition through a stock exchange (including after-hours trading), the price of stock allocated to the Trust will be the following stock price.

For disposal of retained treasury stock: The final stock price of Company stock on the Tokyo Stock Exchange on the business day immediately prior to Board of Director's meeting convened to vote on third-party allocation related to this structure (allocation to stock trust).

For acquisition through a stock exchange: The price of Company stock purchased from a stock exchange after a resolution by the Board of Directors concerning the acquisition of stock in relation to this structure.

Furthermore, the stock price when calculating points allocated to individual directors shall be calculated based on the average price of retained stock at the time of points allocation by the Trust.

The upper limits on the individual payment points (1 point = 1 share) to each director are as follows.

President and Representative Director 25.0 thousand points

Directors (Senior) 12.5 thousand points

Directors 10.0 thousand points

### **iii) Business execution evaluation-linked monetary remuneration (individual bonuses)**

Managing and executive officers (excluding President and Representative Director) are responsible for important and strategic business execution in management to achieve performance targets and to improve corporate value. Therefore, we will introduce evaluations relating to the business execution of individuals from FY2022 to clarify the executive responsibilities and results of individual Directors and to reflect the degree at which performance is demonstrated in their remuneration. After setting concrete indicators and targets for issues in their own departments, which is a priority area in ESG management, in addition to company-wide performance, the performance of the departments they are in charge of and individual priority issues, President and Representative Director will then determine the business execution evaluation based on the rate at which those are achieved. We have set ESG targets for the business execution evaluation. We have set the evaluation weight of that to a uniform 10%.

We determine the individual amount of payment to each director according to the following formula.

### Formula

Individual amount of payment = Standard amount of remuneration by position\*6 × performance-linked coefficient (0~0.2)

### Standard amount of remuneration by position\*6

Directors(Senior)	2.3 million yen
Directors	1.8 million yen

### iv) Remuneration composition

The rates when those performance-linked coefficients are all 1.0 in the FY2022 standard KPI are as below.

#### a. Basic remuneration (fixed remuneration)

President and Representative Director	72%
Directors (Senior)	66%
Directors	66%

#### b. Performance-linked monetary remuneration (bonus)

President and Representative Director	17%
Directors (Senior)	17%
Directors	17%

#### c. Performance-linked stock remuneration (stock trust)

President and Representative Director	11%
Directors (Senior)	11%
Directors	11%

#### d. Performance-linked monetary remuneration (Bonuses by Individual)

Directors (Senior)	6%
Directors	6%

### Support System for Outside Directors

Although we do not designate dedicated staff for Outside Directors, we have established a system whereby workers from the head office administrative divisions or Secretariat to the Board of Directors are assigned to provide support as necessary. For Outside Directors who also serve as Audit and Supervisory Committee Members, we assign employees to assist the work conducted by Audit and Supervisory Committee Members and provide support for Audit and Supervisory Committee Member work in accordance with instructions provided by Audit and Supervisory Committee. While we believe it preferable to assign dedicated staff to assist the work of Audit and Supervisory Committee

Members, at present these roles are being fulfilled by employees assigned to the Business Operations Division.

Furthermore, we have received approval from Audit and Supervisory Committee Members concerning personnel evaluations, transfers, treatment, and other matters related to ensuring the independence of assigned employees.

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

The functions and operations of each organization and department in the current system are as follows.

### **1. Basic explanation of company organization**

The Company established the Board of Directors as the decision-making and supervisory body related to important matters and the audit and supervisory committee as an auditing body. As voluntary agencies, the Company also established the Management Committee Meeting, the Nomination and Compensation Advisory Committee, and the Sustainability Committee.

### **2. Details of company organizations**

The Company established the Board of Directors as the decision-making and supervisory body related to important matters and the audit and supervisory committee as an auditing body. As voluntary advisory bodies, the Company also established the Nomination and Compensation Advisory Committee and the Sustainability Committee, and established the Management Committee Meeting under President and Representative Director and as an executive body,

#### **(The Board of Directors)**

We outline Board of Directors Regulations and in principle conduct monthly Board of Directors' meetings and, as necessary, Provisional Board of Directors' meetings. The Board of Directors deliberates and votes legally mandated matters and important matters, and report on operations conducted by members of the Board of Directors.

#### **(The Audit and Supervisory Committee)**

We outline Audit and Supervisory Committee Regulations and in principle conduct monthly Audit and Supervisory Committee. The Audit and Supervisory Committee conducts investigations on the status of the business and assets of the Company and the Group as well as audits of the execution of duties by Directors (excluding Audit and Supervisory Committee members) using the internal control system.

#### **(The Nomination and Compensation Advisory Committee)**

The Company has established the Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors.

The Nomination and Compensation Advisory Committee deliberates on matters related to the nomination and removal, succession planning, and compensation of directors as requested by the Board of Directors, and reports to the Board of Directors. During the 94<sup>th</sup> fiscal period, the Committee met 10 times.

#### **(The Sustainability Committee)**

The Company has established the Sustainability Committee as an advisory body to the Board of Directors.

The Sustainability Committee deliberates on key management issues related to sustainability, as represented by ESG (Environmental, Social and Governance), as requested by the Board of Directors, and reports to the Board of Directors.

#### **(The Management Committee Meeting)**

The Management Committee Meeting I is an advisory body to President and Representative Director that meets twice a month. The members consist mainly of President and Representative Director and managing directors. The Committee sufficiently deliberates issues at the Management Committee meetings and monitors activities to contribute to decision-making conducted by President and Representative Director and Board of Directors. This ensures the creation and enhancement of a system for legal compliance and the efficient execution of business activities.

### **3. Status of audits**

Internal audits are conducted by the 4 members of the Internal Audit Department in accordance with the Internal Audit Regulations. The Internal Audit Group audits our company and our group companies in terms of the development and operation of internal control systems and processes – including internal control pertaining to financial reporting. The Internal Audit Group made timely reports to the Board of Directors about results of the internal audits on the Company and group companies and recommendations concerning the adequacy of operations.

Audit & Supervisory Board members (four, of which two are outside Audit & Supervisory Board members) attend Board of Directors meetings and other important internal meetings. Additionally, they exchange opinions with President and Representative Director, interview with business divisions and corporate staff departments, examine subsidiaries, and partner with an auditing firm. Through these initiatives, we work to improve the efficacy and efficiency of audits.

After the transition to a company with the audit and supervisory committee, the Audit and Supervisory Committee is operated by three Directors who are Audit and Supervisory Committee members (including two independent Outside Directors).

### **4. Status of accounting audit (FYE March 2022)**

We have concluded an accounting audit contract with KPMG AZSA LLC. There are no particular

interests of note between our Company and KPMG AZSA LLC or the KPMG AZSA LLC managing executives who work on our audits. Furthermore, KPMG AZSA LLC institutes voluntary measures to ensure that managing executives are not involved in our Company accounting audits beyond a specified period of time.

The name and audit history of the CPA in charge of audits as well as the structure of employees involved in audit work are as follows.

**(Name of CPA in charge of audits )**

-Designated Limited Liability Employee, Tomoyuki Ono, Executive Employee (consecutive years conducting audits: 7 years)

-Designated Limited Liability Employee, Seiko Ohashi, Executive Employee (consecutive years conducting audits: 5years)

**(Structure of auxiliary employees involved in audit work)**

5 certified public accountants and 13 others

### 3. Reasons for Adoption of Current Corporate Governance System

We believe that dynamic and practical decision-making and business execution as well as working to enhance the monitoring function of the Board of Directors of are critical to earning the trust and meeting the expectations of stakeholders. To do this, we adopted a structure that includes the creation of the Board of Directors consisting of four Internal Directors, five Outside Directors (of whom, four are Independent Directors) and three Directors who also serve as Audit and Supervisory Committee Members (of whom, two are Independent Outside Directors, one is an Internal Director).and the Audit and Supervisory Committee consisting of those three Directors who also serve as Audit and Supervisory Committee Members. Additionally, we have established a discretionary Nomination and Compensation Advisory Committee, which is tasked by the Board of Directors to provide the nomination and removal, succession planning, and compensation of directors s. In this way, we believe it is important to make continuous efforts to improve our corporate governance structure.

Our reasons for establishing the Audit and Supervisory Committee to enable the full-time Internal Directors who also serve as Audit and Supervisory Committee Members to gather internal information that contributes to audits and share that information with Independent Outside Directors who also serve as Audit and Supervisory Committee Members through Audit and Supervisory Committee. Furthermore, this enables to ensure the effectiveness of organizational audits through close cooperation with the internal audit department. Furthermore, from the perspective of monitoring functions of the Board of Directors, Independent Outside Directors who are also attorneys or CPAs providing their expert opinions with the Board of Directors contribute to appropriate deliberations and



the supervision of business execution by the Board of Directors.

We recognize that efforts represented by ESG (the environment, society and governance) are a priority management issue to contribute to a sustainable society and to improve our corporate value. We have established the Sustainability Committee as an advisory body to the Board of Directors. This committee discusses important ESG issues relating to our business. We believe the adoption of these structures makes it possible to achieve highly transparent and sound management.

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

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

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	We practice the early delivery of the General Meeting of Shareholders' convening notice and conduct internet disclosure prior to delivery. (Status of implementation) 94th Ordinary General Meeting of Shareholders (held June 21, 2022) Convening notice mailing date: June 3(18 days prior) Convening notice pre-mailing web disclosure: May 27 (25days prior)
Scheduling of the General Shareholders Meeting During Non-Peak Days	We set a date for the Ordinary General Meeting of Shareholders that, to the extent possible, avoids primary peak day. (Status of implementation) 94th Ordinary General Meeting of Shareholders (held June 21, 2022) This year, the primary peak day for companies with financial accounting at the end of March is estimated to be June 29. As such, we have set our meeting to a date prior to that peak date.
Electronic Exercise of Voting Rights	We allow shareholders to exercise voting rights over the internet via a PC or smartphone.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We also allow the use of the electronic voting platform.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	We provide an English version of our meeting notice summary and publish it to our website.
Other	1. We publish our convening notice on our website. 2. After the conclusion of the General Meeting of Shareholders,

we publish meeting details and voting results on our website.

## 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by President and Representative Director or a representative executive officer
Formulation and Publication of Disclosure Policies	Published on company website. <a href="https://www.fujioilholdings.com/en/ir/policies_and_systems/disclosure_policy/">https://www.fujioilholdings.com/en/ir/policies_and_systems/disclosure_policy/</a>	
Regular Investor Briefings held for Individual Investors	Regular Investor Briefings for Individual Investors Holding IR seminars for individual investors	Held
Regular Investor Briefings held for Analysts and Institutional Investors	We hold earnings conferences for annual accounting and after first half accounting, during which President and Representative Director explains earnings and responds to Q&A. We also hold teleconferences for the first and third quarters during which the CFO explains earnings and responds to Q&A. Additionally, President and Representative Director and other members of management attend theme-specific meetings with domestic and overseas analysts and institutional investors.	Held
Regular Investor Briefings held for Overseas Investors	Normally, we conduct individual investor visits mainly in Europe, North America, and the Asia region. As visits were difficult due to COVID-19, we focused on online conferences and individual meetings, and focused on engagement with institutional investors.	Held
Online Disclosure of IR Information	We publish marketable securities reports, quality reports, earnings summaries, timely disclosure of information other than earnings information, General Meeting of Shareholders convening notices, earnings conference materials, shareholder briefings, corporate governance reports, and other information related to stocks. <a href="https://www.fujioilholdings.com/en/ir/">https://www.fujioilholdings.com/en/ir/</a>	
Establishment of Department and/or	The Company CFO manages all IR activities and the IR Team within the Finance & IR Group serves as the department responsible for IR. The IR Team collaborates with relevant internal departments and Group companies to promote fair and accurate IR activities. Director in charge of IR: Tomoki Matsumoto, Director and Chief Financial	

Placement of  
a Manager in  
Charge of IR

Officer (CFO)

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>In our Fuji Oil Group Management Philosophy (<a href="https://www.fujioilholdings.com/en/about/constitution/">https://www.fujioilholdings.com/en/about/constitution/</a>), we declare our commitment to contributing to the happiness and well-being of the people by offering delicious and healthy food. We believe that basic principles of our Group Management Philosophy, to achieve sustainable improvements in corporate value and achieve sustainable development for society, respect the position of and meet the expectations of stakeholders. Through our business activities, we are aiming to realize a sustainable society.</p> <p>Our promotion structure consists of the Sustainability Development Group, a dedicated division overseen by the managing director. The Group is responsible for communication with stakeholders, highly transparent information disclosure, and for promoting resolutions to societal problems through our products and business processes.</p> <p>We also have established Sustainability Committee as an advisory body to the Board of Directors. The Sustainability Committee solicits participation by outside experts to incorporate societal expectations and engages in deliberations on strategy and issues related to promoting Sustainability management. The details of Sustainability Committee deliberations are submitted to the Board of Directors as reports and recommendations.</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>(Sustainability promotion activities)</p> <p>Our Group is enhancing Sustainability management in order to continue making contributions to society through our operations. Sustainability management involves defining ESG materiality based on stakeholder expectations and our business strategy, and promoting these initiatives to contribute to the realization of a sustainable society.</p> <p><a href="https://www.fujioilholdings.com/en/sustainability/">https://www.fujioilholdings.com/en/sustainability/</a></p> <p>We believe that communication with stakeholders represents the foundation of Sustainability management. With that in mind, we released our 2021 Sustainability Report in July 2021 and released our 2021 Integrated Report in September 2021. Through these reports, we promote a dialogue with stakeholders by introducing our approach to Sustainability management and reporting on the status of our initiatives.</p> <p>We are planning to release 2022 Sustainability Report in August 2022 and released our 2022 Integrated Report in September 2022.</p> <p>(Environmental Conservation Activities)</p> <p>We have set "Environmental Vision 2030" as our environmental target for 2030 based on our basic environmental policy.</p>

	<p>In this vision, we have set the goals of "reducing CO2 emissions," "reducing water consumption," and "reducing waste. In particular, with regard to CO2 emissions reduction, we have adopted the concept of Science Based Targets in order to contribute to the achievement of the Paris Agreement, and have set reduction targets for Scope 1, 2 and 3.</p> <p>In order to achieve our environmental vision, we are promoting environmental conservation activities in various aspects of our business processes, including innovations in production technology and the introduction of renewable energy.</p> <p><a href="https://www.fujioilholdings.com/en/sustainability/environment/management/">https://www.fujioilholdings.com/en/sustainability/environment/management/</a></p> <p>In addition, since our group uses agricultural products such as palm oil as its main raw material, we are promoting sustainable procurement activities in consideration of the environment and human rights.</p> <p><a href="https://www.fujioilholdings.com/en/sustainability/social/procurement/">https://www.fujioilholdings.com/en/sustainability/social/procurement/</a></p>
<p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p>	<p>We believe it vital that we provide transparent information disclosure to all stakeholders, including shareholders, investors, clients, business partners, NGO, and the local community. We emphasize the voluntary disclosure of management information, including corporate information, financial information, and information concerning ESG. We outline our approach to information disclosure in our Disclosure Policy.</p> <p><a href="https://www.fujioilholdings.com/en/ir/policies_and_systems/disclosure_policy/">https://www.fujioilholdings.com/en/ir/policies_and_systems/disclosure_policy/</a></p>
<p>Other</p>	<p>(About diversity promotion)</p> <p>We believe diversity is critical to achieving innovation and thus place diversity at the core of our management policies. Since FY2019, we outlined "Enjoying Diversity" as our diversity vision and declared our commitment to stimulating innovation by a diverse group of global personnel.</p> <p>In Japan, we promote the following five policies related to promoting the advancement of women in the workplace.</p> <ol style="list-style-type: none"> <li>1. To provide support after return from maternity leave, provide an environment that allows employees with children and their supervisors to work together towards solutions.</li> <li>2. Support fees associated with the use of childcare and nursing care services.</li> <li>3. Support childcare activities</li> <li>4. Promote use of childcare leave by male employees (FY2021: used by 32 employees; 73% rate of use, of whom, 8 employees used for more than 1 month)</li> <li>5. Adopt systems that enable diverse workstyles</li> </ol> <p>In addition to our existing flextime system and telecommuting system, in FY2020 we eliminated the core time component of the flextime system to enable even more flexible workstyles. Through workstyle reform, not only will we reduce environmental risks such as infectious disease countermeasures, we will streamline operations and maximize results.</p> <p>As of the end of FY2021, the percentage of women in management positions was 11.42%.</p> <p>We recognize that efforts throughout the Group were insufficient and, in FY2022, will engage in diversity management to address the following</p>

issues.

<Group overall>

- Permeate Group Management Philosophy
- Recognition of region-specific problems and ascertaining status of activities
- Selection and development of next-generation/future management personnel
- Promote local hiring for posts held by dispatched Japanese employees
- Foster development of overseas managerial candidates who fit the global business environment.

<Japan>

- Promote diverse workstyles
- Ensure fairness
- Support long-term engagement by persons with disabilities

## IV. Matters Concerning the Internal Control System

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

We build and maintain an internal control system and processes to ensure work efficacy and efficiency, the credibility of financial reporting, compliance with relevant laws, the conservation of financial assets, and to reinforce risk management. The details of this system are outlined below. Furthermore, organization and internal regulation names are current as of the date of submission.

1. System for ensuring compliance with laws and our Articles of Incorporation for operations executed by directors and employees

(1) We created a new Fuji Oil Group Management Philosophy outlining our mission and vision, the values governing our actions, and our Code of Conduct. All directors and employees act in accordance with this Philosophy.

(2) We created a Nomination and Compensation Advisory Committee as a discretionary advisory body to the Board of Directors, consisting of a majority of independent Outside Directors, to promote transparency in the processes for nominating directors and deciding on remuneration for directors.

(3) In the event of an act that violates the Fuji Oil Group Management Philosophy Code of Conduct, laws, or compliance regulations, and corrective actions is not taken through our organization, officers and employees (all persons engaged in the business of the Company and the Group are hereinafter collectively referred to as "officers and employees") may report said acts through our Whistleblower Hotline. We take steps to ensure no reporting parties are subjected to unfair treatment due to the act of whistleblowing. Furthermore, we outline Whistleblowing Regulations and have established a Whistleblowing Consultation Desk overseen by an external attorney to ensure the effectiveness of this system. For overseas Group companies, we have established a Compliance Helpline featuring multilingual support to strengthen our compliance structure for the entire Fuji Oil Group.

(4) Our basic policy is to not have any contact with illegal forces and to maintain a firm stance

against any antisocial forces that threaten the order or security of society.

(5) We have established an Internal Audit Group to serve as an internal audit division. The Internal Audit Group conducts internal audits and submits reports to the audit and supervisory committee and the Board of Directors on the status of internal compliance with laws, the Articles of Incorporation, and internal regulations.

## 2. Structure for preserving and managing information related to the execution of duties by directors

We ensure the appropriate storage and management of records mandated by law as well as documents containing important information related to the execution of duties (including electronic records) in accordance with our Document Management Regulations, Basic Information Management Regulations, and other internal regulations.

## 3. Regulations and other structures related to managing the risk of losses

- 1) The Company has established Risk Management Regulations. The Board of Directors determines group significant risks after the Company's Management Committee Meeting comprehensively grasps group risks and identifies significant risks through the risk management committees established in each company in the Group. The Management Committee Meeting, which we consider a group risk management organization, appoints an officer in charge of each risk. In addition, to drafting, implementing, checking the progress, evaluating and improving measures to tackle those risks, the details of the considerations and response are then reported to the Board of Directors at least once a year. The Board of Directors monitors that.
- 2) The Company has established Crisis-Response-Regulations as a crisis response. We establish an emergency response headquarters with the leader of that being President and Representative Director of the Company or each company in the Group depending on the severity of the impact on the entire Group. In addition to responding promptly, we have prepared a Crisis Management Manual and we take an appropriate initial response for information disclosure in the event a crisis arises for the Group.

## 4. Structure for ensuring the efficient execution of duties by directors

(1) To promote rapid decision-making, we outline internal regulations concerning the division of labor and workplace authority to clarify authority and responsibilities. Additionally, Management Committee Meeting, whose members include President and Representative Director, managing and executive officers and executive officers, deliberate on important matters twice monthly to contribute to decision-making by the President and Representative Director, and the Board of Directors.

(2) We outline Board of Directors' regulations and, at Board of Directors' meetings held monthly, decide on important matters related to management and monitor the status of the execution of duties.

(3) We outline a Mid-Term Management Plan to clarify our goals as a company and to clarify the performance goals of managing and executive officers and executive officers.

(4) We have established a management accounting system to ensure our ability to accurately ascertain the status of management performance in a timely manner. Through the practical application of this system, we have established a structure that enables speedy response to change.

#### 5. Structure for ensuring appropriate operations at the corporate group comprising the company and its subsidiaries

(1) We created the Fuji Management Regulations to outline the governance of Group companies, and to specify the divisions and persons responsible for Group company management. We require that all Group companies receive our approval for and report on the important matters outlined in our Decision-Making Authority Standards Table Regulations and Decision-Making Operation Regulations .

(2) We maintain responsibility and authority over the management of Group companies. In addition to providing advice and guidance to ensure the appropriate application of the Fuji Oil Group Management Philosophy and any other Fuji Oil Group policies and regulations, we also manage overall Group risks and compliance by creating appropriate and necessary risk management structures and compliance structures based on company scope and organizational structure.

(3) The audit and supervisory committee cooperate with and direct the Internal Audit Group (internal audit division) to conduct and audit the appropriateness of Group companies. When corrective action is necessary, the Internal Audit Group provides advice and/or warnings and submits reports on audit results to the audit and supervisory committee and the Board of Directors.

(4) Through the Fuji Management Regulations and other relevant regulations, we outline standards concerning Group division of labor, our command structure, authority and decision-making, and other standards related to our organization. We also ensure that subsidiaries establish equivalent structures.

(5) The Company defines the roles and responsibilities relating to the tax business of the entire Group in the Tax Regulations. We build a structure to promote compliance with tax laws, ordinances and regulations, to manage tax risks and to optimize the amount of tax in each company in the Group.

#### 6. Matters concerning directors and employees assisting with the work of the audit and supervisory committee, Matters related to the independence of such employees from Directors other the audit and supervisory committee members and matters related to ensuring the effectiveness of instructions given to such employees

(1) As necessary, the audit and supervisory committee may designate employees to assist with their work. While, from the perspective of work, objectivity and efficiency, it is preferable to assign

dedicated staff to assist the work of the audit and supervisory committee, in some cases these roles are fulfilled by employees with responsibilities in other divisions. In these cases, competency and personnel evaluations for employees assigned as assistants is conducted with respect of opinions of the audit and supervisory committee, and work assignment transfers for said employees are subject to the consent of the audit and supervisory committee.

(2) The Audit and Supervisory Committee exchanges opinions with President and Representative Director regarding the enhancement of the assistants, their independence from Directors (excluding Directors who also serve as Audit and Supervisory Committee Members) and ensuring the effectiveness of the Audit and Supervisory Committee's instructions to the assistants.

#### 7. Structure for reporting to the audit and supervisory committee

(1) Directors who also serve as Audit and Supervisory Committee Members may attend Management Committee Meeting and other important meetings to gather information from directors, etc. concerning the status of operations and browse relevant documents.

(2) Directors (excluding Directors who also serve as Audit and Supervisory Committee Members) shall provide timely reports to the audit and supervisory committee on the following matters.

1. Events significantly damaging to or with the potential to significantly damage the company's credit
2. Events significantly impacting or with the potential to significantly impact company performance in a negative way
3. Violations of law, the Articles of Incorporation, or the Fuji Oil Group Management Philosophy that have a major impact of the potential to have a major impact.
4. Matters equivalent to the above.

(3) Directors (excluding Directors who also serve as Audit and Supervisory Committee Members) and employees shall, when requested by the audit and supervisory committee, submit timely and accurate reports.

(4) Group directors and employees shall, when requested by the audit and supervisory committee, submit timely and accurate reports concerning their execution of duties.

(5) The Company prohibits any unfair treatment of Group directors or employees for having submitted reports to the audit and supervisory committee and a Group Audit & Supervisory Board member, and we ensure awareness of this policy among Group directors and employees.

(6) Details of matters reported to the Whistleblowing Desk (Japan) and the Compliance Hotline (overseas) are reported, either directly or indirectly, to Directors who also serve as Audit and Supervisory Committee Members.

#### 8. Other structures for ensuring the effective implementation of audits by the audit and supervisory committee

(1) The audit and supervisory committee may browse major reports and other important



documents related to business execution and, as necessary, may request explanations from directors and employees.

(2) The audit and supervisory committee regular engage in the exchange of opinions with President and Representative Director through Directors who also serve as Audit and Supervisory Committee Members and also cooperate with the Internal Audit Group (internal audit division) and the accounting auditor to promote appropriate communication and effective audit work.

(3) The audit and supervisory committee may, at its own discretion, hire external experts when necessary for forming an independent opinion.

(4) When Directors who also serve as Audit and Supervisory Committee Members requests an advance, etc. for expenses outlined in Companies Act Article 388 in relation to the execution of their duties, following deliberations by relevant departments, excluding when said expenses or liabilities are deemed unnecessary to the implementation of duties by Directors who also serve as Audit and Supervisory Committee Members , the Company will immediately handle said expenses or liabilities.

9. Structure for ensuring appropriateness in financial reporting

To ensure the appropriateness of financial reporting and to promote the submission of effective and appropriate governance reports as outlined in the Financial Instruments and Exchange Act, we constantly evaluate and implement improvements to ensure our internal controls system functions appropriately.

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

The Company and the Fuji Oil Group have established the Fuji Oil Group Business Conduct Guidelines as the basis of our compliance system. And our basic policy is to have no contact with illegal forces and to take a firm stance against antisocial forces that threaten the order and safety of civil society.

In addition, we belong to the Corporate Defense League, an external organization, and exchange necessary information in cooperation with the police. At the same time, we will take prompt and resolute action against antisocial forces by proactively obtaining the cooperation of our legal advisors.

**V. Other**

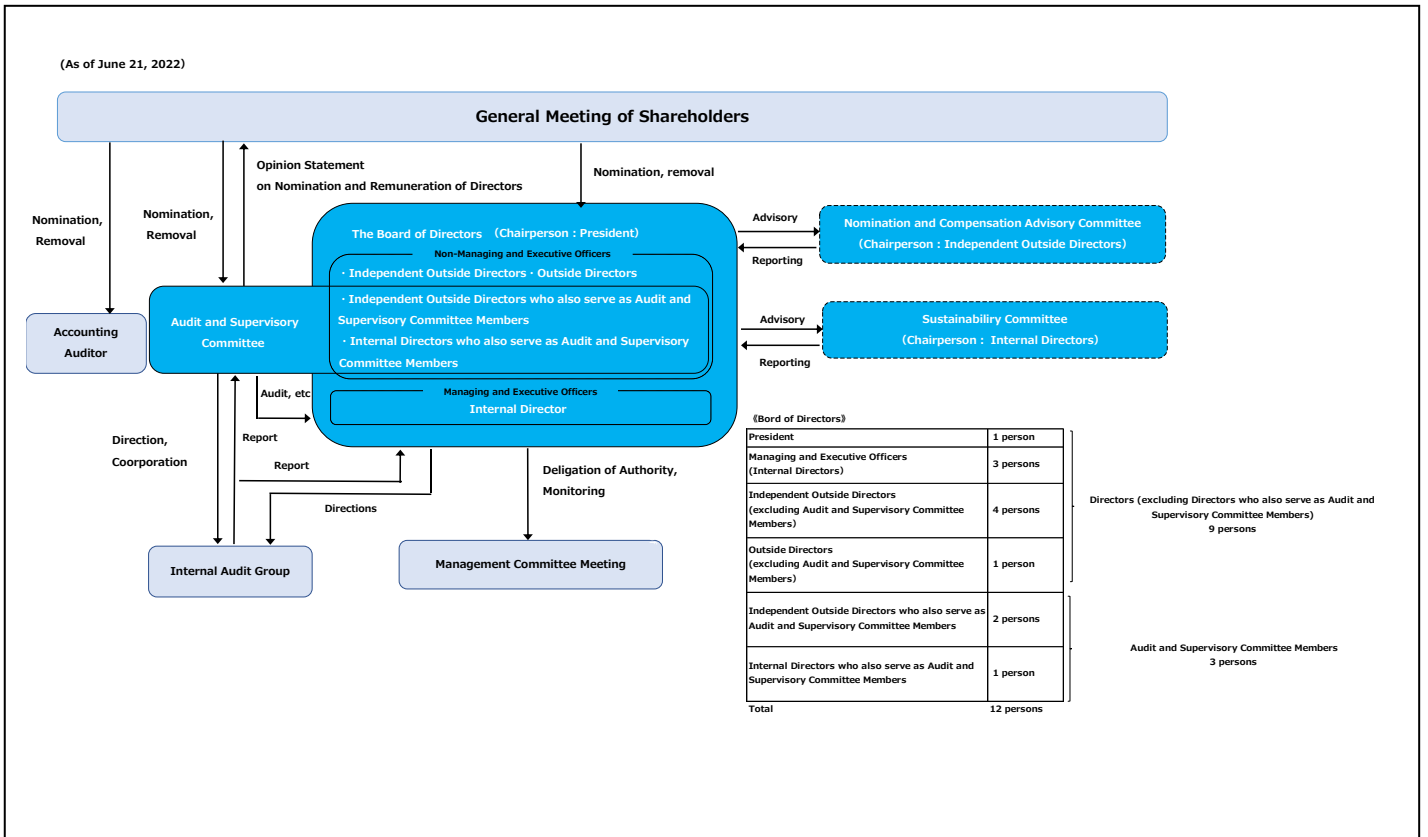
**1. Adoption of Anti-Takeover Measures**

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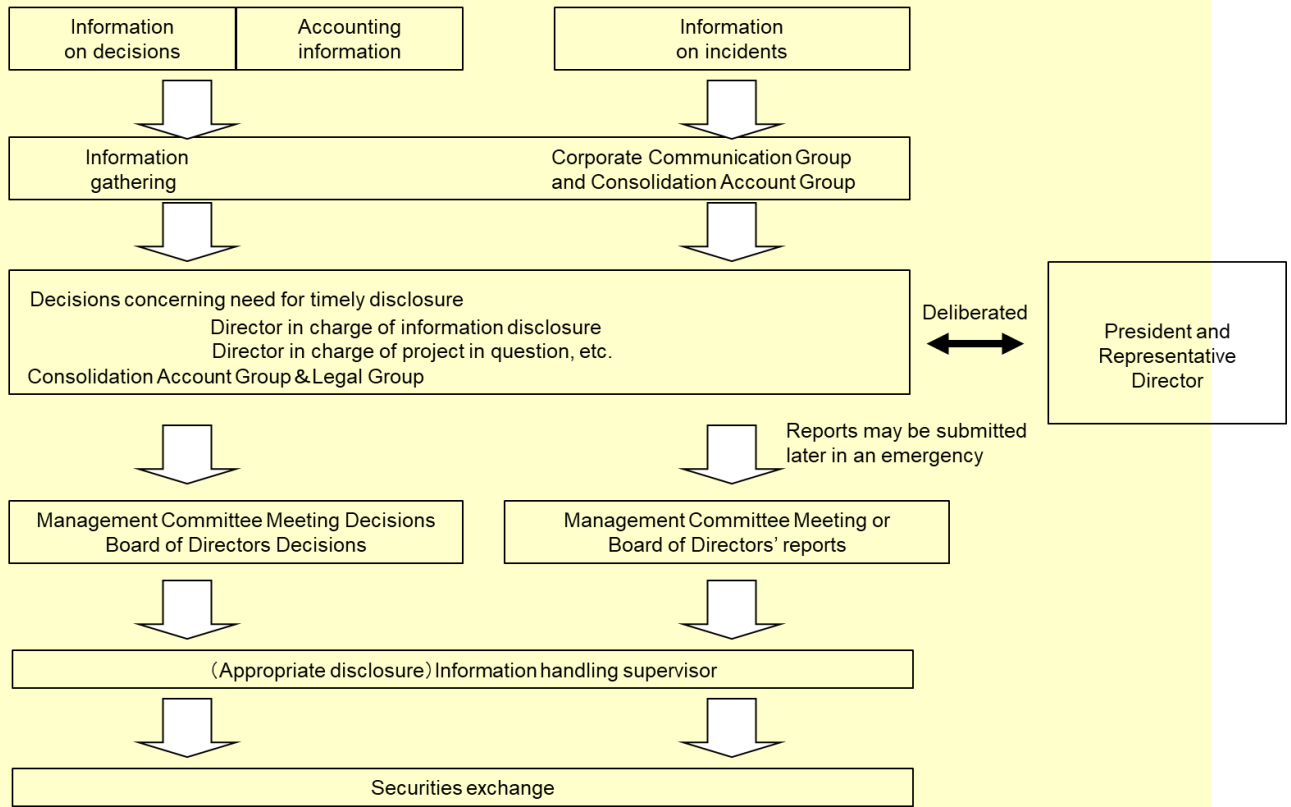
Supplementary Explanation for Applicable Items

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## 2. Other Matters Concerning the Corporate Governance System



## Internal systems related to timely disclosure



END