

こころとからだに、
おいしいものを。



Offering delicious products
for the sound mind and body



March 15, 2023

Company: DyDo Group Holdings, Inc.
Representative: Tomiya Takamatsu, President
(Code 2590 on the Tokyo Stock Exchange Prime Market)
Inquiries: Makiko Mihara, General Manager of Corporate Communication
Department

Overview of the Results of an Evaluation of the Effectiveness of the Board of Directors

For the DyDo Group, fiscal 2022 is the first year of the five-year Mid-term Business Plan 2026, which forms the Growth Stage of its moves to bring about the goals of Group Mission 2030, which details the Group's ideals for 2030. As Mid-term Business Plan 2026 began, we discussed medium- to long-term management issues from the perspective of sustainability, and gave strengthening corporate governance as an example of a material issue affecting our organizational foundations.

Taking movements like these into account, we carried out an evaluation and analysis into the effectiveness of the Board of Directors. Here we introduce a summary of the results.

1. Analysis/Evaluation Method

In order to analyze and evaluate the effectiveness of the Board of Directors, during the period between December 2022 and March 2023, all directors and auditors carried out a self-evaluation survey, and individual interviews were carried out by the Secretariat of the Board of Directors.

After that, at a meeting of the Board of Directors that was held on March 15, 2023, in addition to analyzing the results of the self-evaluation surveys, and in an attempt to enhance awareness regarding present problems, constructive discussions were held regarding these matters and future efforts to realize a higher level of effectiveness for the Board of Directors.

2. Evaluation items

The self-evaluation form used the following headings to facilitate a review of the nature of discussions held by the Board as well as how the body dealt with issues over the last year.

- (1) Agenda and operations of the Board of Directors
- (2) Operations of the Board of Directors over the medium and long term in light of the Group Mission 2030
- (3) Other (issues related to the strengthening of governance structures, etc.)

3. Overview of Analysis/Evaluation Results

A discussion based on analysis of the self-evaluation results for all corporate officers concluded that the Board of Directors demonstrated adequate supervisory functions and has achieved a high level of effectiveness.

Improvements in Board of Directors operations during FY2022

In fiscal 2022, ROIC was set as a new financial KPI for Mid-term Business Plan 2026, and we began management operations that aim to improve capital efficiency in the medium and long term. The Board of Directors also managed progress based on management reference documents that were revised with ROIC and other information.

To promote our human resources strategy and diversity—the foundation of the DyDo Group’s sustainability management—on April 15, 2022, we appointed Junko Kawano as an outside director. Thanks to her advice and suggestions, which come from an independent perspective and draw on her extensive knowledge and experience of personnel development, the Board of Directors’ functions have been strengthened.

The Nominating and Compensation Committee held discussions about human resources strategy, including on topics such as cultivating the next generation of executive leadership or promoting diversity, centered on the approach to skills the Board of Directors requires.

In addition to the above, outside directors and outside auditors visited and monitored Domestic Beverage Business sites and by working to deepen their understanding of the business, we invigorated communication with the directors that are responsible for business execution, and enhanced discussions by the Board of Directors.

Furthermore, with regard to investment in the orphan drug business—a new business field—in order to take the business’ importance into consideration, the Board of Directors also managed the progress of existing seeds appropriately.

Moreover, the future issues that relate to bolstering the functions of the Board of Directors and further improving its effectiveness, are as follows:

- (1) Further enhancing deliberations of important issues for the Board of Directors between directors responsible for business execution, outside directors, and outside auditors.
- (2) Discussing medium- and long-term strategies for the Domestic Beverage Business—the core of the DyDo Group’s cash flows—and also supervising progress of major measures and KPIs appropriately.
- (3) Promoting management focused on capital efficiency by ensuring everyone is aware of ROIC, one of our financial KPIs.
- (4) Overseeing initiatives related to material issues, and the status of major KPIs, that impact on our realization of the goals of Group Mission 2030 appropriately.

4. Future Initiatives

The director selection proposals that we have decided to put forward at the 48th Annual General Meeting of Shareholders (scheduled for April 14, 2023) were chosen from the viewpoints of maintaining an appropriate number of members of the Board of Directors to facilitate effective discussions, continuously strengthening the board's management functions, securing diversity, and ensuring management is transparent and sound. If these proposals are approved, more than half of the members of the Board of Directors will be independent outside directors (four of seven).

To achieve the goals of Group Mission 2030, we are working to make continuous improvements to corporate governance, which is the system by which we are able to make decision-making transparent, fair, quick, and decisive, based on viewpoints of inside directors, who are well-acquainted with the business, and the wide range of knowledge possessed by outside directors, who can offer objectivity. Doing so will lead to sustainable growth and improve corporate value in the medium and long term.

[Reference] Issues identified last year

Future issues to address in order to boost the effectiveness of the Board of Directors

- (1) We are promoting greater understanding by outside directors of our businesses by having them visit and monitor worksites and other measures. We also have face-to-face discussions when making important suggestions. Through these and other effective hybrid management methods that take into account living with COVID-19, we will further enhance deliberations.
- (2) We will collaborate with the Nominating and Compensation Committee to strengthen human resources strategy, such as cultivating the next generation of executive leadership and promoting diversity.
- (3) We will promote more detailed management reference documents, including those related to ROIC, which we have newly set as a financial KPI.
- (4) We will appropriately oversee initiatives and the status of major KPIs related to sustainability issues—those issues considered material issues—that impact on our realization of the goals of Group Mission 2030.
- (5) In the orphan drug business, we will appropriately monitor the progress of existing drug development seeds and carry out sufficient discussions as a prerequisite before deciding on investments.