

Last Update: August1, 2023

**ITO EN, LTD.**

Daisuke Honjo, President

Contact: Administration Headquarters

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

Securities Code: 2593

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

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

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

### **1. Basic Views**

Based on our group management principle of "Always Putting the Customers First," we are committed to fulfilling our corporate social responsibility in order to achieve sustainable growth and increase corporate value, in cooperation with the government, local communities, consumers, shareholders, retailers, suppliers, sales partners, financial institutions, employees, and other stakeholders, and will make it a fundamental approach to support corporate governance.

As a "Health Creation Company" that contributes to the health of customers around the world, we will work to further strengthen and enhance our corporate governance system to realize our long-term vision of becoming a "Global Tea Company".

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

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

#### **(1) Appointment of women employees to managerial positions**

Based on the meritocracy, we appoint officers and managers regardless of gender. The Company understands that promoting women’s active participation and advancement in the workplace is an important management issue from the perspective of ensuring diversity and we aim to achieve a 10% ratio of female managers by FY2026 (3.5% in FY2022). As part of our efforts to achieve this goal, we are also working to increase the percentage of female employees in leadership roles who are candidates for management positions in the next period to 15% (7.2% in FY2022). We are also working to develop managerial positions by strengthening the recruitment and retention of female employees, improving the retention rate, and strengthening support for balancing their family and work lives.

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

Mid-career hires account for 23.2% of the total employees, and 16.9% of managers. By assigning and developing human resources with diverse experience and knowledge to be managers based on their merits, the Company has developed an environment in which diverse human resources can thrive. It will continue to assign mid-career hires to positions in a fair and impartial manner and aim to achieve a percentage of managers that were hired mid-career that is the same or higher than percentage of employees that were hired mid-career.

#### **(3) Appointment of foreign nationals to managerial positions**

When promoting mid-career hires to managerial positions, employees are promoted according to their merits at group companies around the world, regardless of nationality. On a consolidated group basis,

9.12% (740 persons) of employees are foreign nationals. The Company currently employs 15 foreign nationals with diverse backgrounds and they are playing active roles in the company. As a company that aims to become a global tea company, the company is currently in a phase where it is advancing the promotion of personnel based on their merits across the Group as whole and it has not set any targets for the appointment of foreign nationals as managers.  
The Company will examine objectives regarding appointment of foreign managers in line with future business development.

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

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

<https://www.itoen-global.com/company/governance.html>

##### **Principle 1-4 Cross-Shareholdings**

The Company maintains the policy of not conducting cross-shareholding, in principle. Provided, however, that the Company conducts cross-shareholding only if it is judged to contribute to maintaining and strengthening business relationships or enhancing the Group’s corporate value in the medium to long term. The Board of Directors examines cross-shareholding every year to determine whether the purpose of holding each stock is appropriate and whether the return on investment in each stock exceeds the capital cost and thereby verifies the significance of the cross-shareholding. The Company sells and reduces shareholdings in stocks, in consultation with the issuers of the stocks, if the economic rationality and significance of holding them are reduced.

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

If a company that has a cross-holding in the Company (“Cross-shareholding Company”) shows the intention to sell, etc. shares in the Company, the Company shall not prevent the selling, etc. The Company fully examine the economic rationality of transactions with the Cross-shareholding Company and will not conduct any transactions that will harm the interests of the Company or the common interests of the shareholders.

(Chapter3. 4. Policy on Cross-shareholding of the ITO EN Guidelines)

The Board of Directors will review all holdings at the October 2022 meeting.

##### **Principle 1-7 Related Party Transactions**

When the Company conducts a transaction with its officers, major shareholders and others, it shall obtain the Board of Directors’ approval in advance in order to ensure that the transaction will not adversely affect the common interests of the Company and shareholders, excluding cases in which the terms and conditions of the transaction are clearly the same as those for general transactions.

(Chapter3. 6. Related Party Transactions of the ITO EN Guidelines)

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

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

The Company believes that a company’s most important assets are its people. Based on this belief, the Company has formulated the ITO EN Group’s Human Resources Policy. Under the policy, in assigning personnel, the Company strives to ensure diversity based on the belief that diverse perspectives and the values of diverse employees in terms of gender, nationality, race, age, disabilities, experience, etc. give it an advantage in achieving sustainable growth.

(Chapter4. 3. Ensuring Diversity of the ITO EN Guidelines)

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

##### **(1) Policy for human resource development**

The Company is focusing on developing human resources that always take a positive attitude and take on challenges in line with a basic policy that career advancement should be based on merit, every single

employee should have equal opportunities, and evaluations should be fair. The Company supports employees' career development and self-realization, believing that diverse people who pursue their ideals, think for themselves, teach themselves, take the initiative, and realize their dreams will help the Company achieve sustainable growth and development and enhance corporate value.

(i) Compliance training

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

(ii) Management training

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

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

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

(iv) Overseas human resource development

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

(2) Policy for internal environment development

The Company aims to create a creative and productive corporate structure in which each employee always takes a positive attitude and takes on challenges, works hard together, uses its organizational strength, and responds promptly to changes in the environment. In that corporate structure, the Company promotes a work-life balance and develops a comfortable workplace environment for everyone by ensuring that diverse human resources can flexibly choose work styles according to their specific circumstances.

(i) ITO EN Family Support System

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

(ii) Workplace Environment Improvement Promotion Committee

The Company has established the Workplace Environment Improvement Promotion Committee (conducted twice a year) to comprehensively consider workplace environment issues and improvement measures and create a more positive workplace environment. District committees made up of representatives of each office have been established under the Committee to exchange opinions on issues such as working hours, workplace safety and hygiene management and review future work styles. In FY2022, information regarding health, disaster prevention and worker's compensation and labor time management were shared, and relevant learning opportunities were provided at workplaces in 28 areas in Japan.

(iii) Support for persons with disabilities

HR departments regularly visit employees with disabilities working at each workplace, hold meetings with the employees and their families and liaise with public support groups to ensure that employees

with disabilities can play an active role and continue working long term.

(iv) Voice System (internal proposal system)

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

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

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

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

The Company does not have a corporate pension fund plan.

Principle 3-1 Full Disclosure

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

Please refer to “1. Basic Views” above and Chapter1. 2. Basic Approach to Corporate Governance of the ITO EN Guidelines.

(2) Management strategy and business results

Please refer to the Company’s corporate website.

Management strategy: [https://www.itoen-global.com/investors/management\\_plan.html](https://www.itoen-global.com/investors/management_plan.html)

Most recent business results: <https://www.itoen-global.com/investors/financial/results.html>

(3) Board policies and procedures in determining the remuneration of the senior management and Directors

Remuneration, etc. of Directors is deliberated by the Nomination & Remuneration Committee, which consists of a majority of Independent Outside Directors, to ensure objectivity and transparency in accordance with the Company’s basic views on corporate governance and basic views on remuneration. The Board of Directors determines the remuneration, etc. of directors, giving due respect to the report by the Nomination & Remuneration Committee. Remuneration, etc. for directors, distinguishing between those who are members of the Audit and Supervisory Committee and those who are not, shall be determined within the limit of remuneration resolved at the General Meeting of Shareholders.

With regard to individual remuneration etc. for directors (excluding directors who are members of the Audit and Supervisory Committee), the Nomination & Remuneration Committee deliberates on whether it is consistent with the basic policy for determining remuneration and whether it has been evaluated based on the remuneration standards. The Board of Directors respects the report by the Nomination & Remuneration Committee and determines their remuneration etc.

The Audit & Supervisory Committee Members receive only monthly fixed remuneration. The total amount of their remuneration shall be within the amount approved by resolution of the general meeting of shareholders. Individual remuneration for each Audit & Supervisory Committee Member shall be determined upon discussions with each member at a meeting of the Audit & Supervisory Committee.

(Chapter2. 6. Policy for Determining the Remuneration of the Directors of the ITO EN Guidelines)

For more information, please refer to the "Disclosure of Policy on Determining Remuneration Amounts and calculation Methods" in this report.

(4) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors candidates

Please refer to Chapter2. 5. Policy on Nomination of Directors of the ITO EN Guidelines

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

[https://www.itoen-global.com/investors/ir\\_news.html](https://www.itoen-global.com/investors/ir_news.html)

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

#### Initiatives for sustainability

Through the promotion and practice of sustainability management, the ITO EN Group aims to both solve environmental and social issues and enhance corporate value (the creation of shared value: CSV). In order to respond to changes in the external environment, we have identified seven material sustainability issues as areas to be addressed in management issues. We will continue to promote our management strategies based on these seven materialities ("Contribution to dietary habits and health," "Contribution to sustainable domestic agriculture," "Environment," "Contribution to local communities and deepening ties with local communities and society, contribution to sustainable supply chains, promotion of diverse human resources and active participation by all, and corporate governance) in accordance with the "ITO EN Group Basic Sustainability Policy". We are promoting initiatives that are interlinked with our Medium- to Long-term management plan.

To promote and strengthen sustainability management, we have established the Sustainability Promotion Committee (held four times a year), chaired by the President and Executive Officer, which identifies and examines materiality, promotes initiatives, and examines measures and policies related to environmental and social issues. Important matters considered by the Sustainability Promotion Committee are reported to and deliberated by the Executive Committee and the Board of Directors, and are reflected in management strategies.

In addition, the Group has expressed its support for the TCFD (Task Force on Climate-related Financial Disclosure) recommendations to help resolve various issues related to climate change. We will begin analyzing scenarios starting with green tea, our main raw material, and expand the scope to the entire value chain in FY2021 to evaluate the impact of risks and opportunities associated with climate change on our business activities under the "1.5°C/2°C" and "4°C" scenarios, as well as to study countermeasures. The details are published in the Integrated Report and on the Company's website. The details are published in the Integrated Report and on the Company's website.

Integrated Report: <https://www.itoen-global.com/sustainability/report.html>

Disclosure in line with TCFD recommendations:

[itoen-global.com/sustainability/materiality/environment.html](https://www.itoen-global.com/sustainability/materiality/environment.html)

#### Initiatives for human capital

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

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

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

##### (2) ITO EN TEA TASTER System

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

##### (3) Health and productivity management

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

sleeping well.

(4) Increase in mandatory retirement age

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

Initiatives for intellectual property

(1) The Company's intellectual property system

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

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

As of the fiscal year ending April 2023, our domestic patent application efficiency is 64.5% (number of patents held / number of patent applications x 100), and we aim to make efficient patentable applications. The ratio of R&D expenses to net sales for the fiscal year ending April 2023 is 0.49%.

(2) Support for management strategies

ITO EN Group mission: Health Creation Company

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

Long-Term vision: a Global Tea Company

In its core tea-related business, the Company also helps address environmental and social issues through its business activities by protecting intellectual property rights in the supply chain, starting with tea plantations through to tea products and used tea leaves recycling with the aim of becoming a Health Creation Company. In the technology field of tea (International Patent Classification: A23F3), the percentage of our patents in the top 5% of citations in the same technology category is approximately 16%. Our intellectual property rights related to our proprietary technologies and products give us a competitive advantage and enable us to provide products that meet the diverse needs of our customers. The Company is also helping tackle environmental and social issues through its business activities by implementing a recycling-oriented business model based on intellectual property rights, including the recycling of used tea leaves, organic farming using fewer pesticides, and sustainable containers and packaging.

To help strengthen overseas operations, the Company aims to acquire IP rights and avoid IP infringement risks around the world and, to this end, will gather data on intellectual property globally and acquire rights in an appropriate and effective manner. Moreover, since last fiscal year, the Company has been developing human resources for the creation of intellectual property in overseas operations and provided education on intellectual property to 40 individuals in FY2022.

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

The Company's growth has been driven by a range of innovations, such as the creation of beverages from unsweetened tea which had previously been considered impossible. Innovation is the Company's source of growth. The Intellectual Property Department provides education to promote the acquisition of knowledge and skills of each department involved in the creation of intellectual property, including the R&D, marketing, and manufacturing departments, and strives to develop human resources involved in the creation of intellectual property. In FY2022, IP training was provided to 225 employees in divisions involved in IP creation, bringing the cumulative number of inventors who have created IP to 155.

On the institutional side, there is an "invention compensation system," and in FY2022, 124 compensation payments were made during the year. Through the operation of this system, we encourage the creation of intellectual property by our employees and promote our business.

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

The Company's Board of Directors has a function to supervise overall management to increase profitability and capital efficiency, etc. and aims to achieve the sustainable growth of the Group and enhance corporate value in the medium-to-long term. It determines the Company's directions, including the management principle, management strategies, and management plans and make decisions on the matters set out in laws and regulations and the Articles of Incorporation and important matters related to business execution.

To increase the agility of business execution, the Board of Directors delegates its authority to make decisions on business execution to the Executive Directors and Executive Officers. The Board of Directors supervises their execution of duties. The scope of delegation is set out in the internal rules.

(Chapter2. 2. Board of Directors of the ITO EN Guidelines)

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

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

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

Please refer to the Annex, "Standards for the independence of Outside Directors of the Company," in the ITO EN Guidelines.

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

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

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

(Chapter2. 4. Nomination & Remuneration Committee of the ITO EN Guidelines)

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

The Company determines the composition of the Board of Directors in consideration of the number of members necessary and appropriate for having members who, as a whole, have well-balanced knowledge, experience and skills in accordance with management strategies, etc. and ensuring effective decision-making and substantive discussion and diversity in terms of gender, internationality, career history, age and other characteristics.

(Chapter2. 2. Board of Directors of the ITO EN Guidelines)

The Company's Board of Directors is currently composed of 14 Directors (including 5 Outside Directors) and it is composed of Directors with the knowledge, experience and skills considered necessary for sustainable growth and enhancement of corporate value in the medium and long term and in light of the Long-Term vision of becoming a Global Tea Company.

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

For details of policies and procedures for the election of Directors, please refer to Chapter2. 5. Policy on Nomination of Directors of the ITO EN Guidelines.

**Supplementary Principle 4-11 (2) Status of Concurrent Serving of Directors and Audit & Supervisory Board Members as Directors, Audit & Supervisory Board Members or the Management at Other Listed Companies**

Please refer to annual securities reports posted on the Company's corporate website.

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

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

The Company has been analyzing and evaluating the effectiveness of the Board of Directors every year since FY2015, in an effort to improve its functioning.

(1) Evaluation method

(i) Survey period: March-April 2023

(ii) Subjects: All Directors and Auditors

(iii) Evaluation method

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

(2) Evaluation items

(i) Size and makeup of the Board of Directors

(ii) Discussions of the Board of Directors

(iii) State of operation of the Board of Directors

(iv) Relationship with shareholders

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

(iv) Self-assessment

(3) Results of evaluation

- The size and operation of the Board of Directors are sufficient to fulfill its management decision-making and supervisory functions, and the composition of the Board is well balanced, including the appointment of a female director. In addition, it was confirmed that the prior explanation of agenda items to outside directors and corporate auditors and the timely provision of corporate and industry information have enhanced opportunities for information sharing and further deepened discussions.
- On the other hand, the necessity of active discussion about medium- to long-term management strategies from ESG and sustainability perspectives, and of sharing and discussing the status of efforts toward the aim of becoming a Global Tea Company with domestic and overseas group companies has also been pointed out.

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

**Supplementary Principle 4-14 (2) Training Policy for Directors**

To have the Directors fulfill their roles and responsibilities appropriately, the Company shall explain the Group's management strategies and plans, an overview of the businesses, management issues and so forth at the time of them assuming office and on other appropriate occasions after assuming office.

The Company provides to them training, etc. given by experts or opportunities for receiving such training, etc. as needed. If they participate in external training, the Company pays the costs of the training. The Board of Directors monitors the provision of the abovementioned opportunities and support.

(Chapter2. 10. Training of Directors of the ITO EN Guidelines)

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

The Company shall have constructive dialogue with shareholders with the aim for sustained growth and the improvement of corporate value over the medium- to long-term. The Company shall improve the system to promote dialogue and actively and flexibly facilitate dialogue. Opinions, etc. of shareholders are



communicated to the management when necessary and reported at Board of Directors meetings regularly. (Chapter5. 3. Constructive Dialogue with Shareholders of the ITO EN Guidelines)

#### Principle 5-2 Establishing and Disclosing Business Strategies and Business Plans

##### <Medium-to Long-Term Plan>

As a Health Creating Company, we have a long-term vision of becoming a "Global Tea Company" and have formulated a "Medium- to Long-term Management Plan (from the fiscal year ended April 30, 2023 to the fiscal year ending April 30, 2027)" to achieve sustainable growth and increase corporate value. Under this plan, the Company has established five key strategies: solidify its existing businesses in Japan, globalize Oi Ocha, create new businesses, strengthen its management base, and promote sustainability management.

[https://www.itoen-global.com/sustainability/sustainability\\_message.html](https://www.itoen-global.com/sustainability/sustainability_message.html)

##### Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Our approach to growth is to "focus on profitability," "sustainable growth to increase profits and market share," and "increase ROE. In addition, based on an understanding of our own cost of capital, we are working to build an optimal business portfolio in order to improve profitability, capital efficiency, and other aspects of our operations. In terms of management indicators, the Company has set a medium-to-long-term target of an ROE of at least 10% and selected this indicator as an evaluation criteria for the performance-linked remuneration of Directors, to promote enhancement of corporate value.

For more information, please refer to the Integrated Report and Corporate Governance Guidelines.

<https://www.itoen-global.com/sustainability/report.html>

<https://www.itoen-global.com/company/governance.html>

##### Status of Dialogue with Shareholders, etc.

The Company holds financial results briefings and individual meetings with analysts and institutional investors in June and December of each year. Most recently, the Company announced its year-end financial results for the fiscal year ending April 30, 2023 on June 1, and held the following dialogue.

(i) Main persons in charge of dialogue with investors, etc.

President, Director and General Manager of Administration Division, General Manager of Public Relations Department, IR Manager, etc.

(ii) Overview of investors, etc. who engaged in dialogue

Analysts, fund managers, etc. of domestic and foreign institutional investors, financial institutions, etc.

(iii) Main themes of dialogue and matters of interest to investors, etc.

Business outlook (especially trends in raw materials and material costs, overseas business), industry trends, green tea business, ESG responses, etc.

(iv) Status of feedback to management and Board of Directors, etc.

The status of the dialogue is reported to management as appropriate and periodically to the Board of Directors.

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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**[Status of Major Shareholders]**

Name / Company Name	Number of Shares Owned	Percentage (%)
Green Core Co., Ltd.	17,603,400	19.73
The Master Trust Bank of Japan, Ltd. (Trust account)	10,841,100	12.15
Honjo International Scholarship Foundation	5,200,000	5.83
Hachiro Honjo	2,446,230	2.74
The Bank of New York Mellon (International) Limited 131800	2,036,000	2.28
Toyo Seikan Group Holdings,Ltd.	1,955,200	2.19
ITO EN Employees' Shareholding Association	1,934,777	2.17
Resona Bank, Limited	1,933,100	2.17
State Street Bank and Trust Company 505223	1,803,969	2.02
Custody Bank of Japan,Ltd.(Trust account)	1,671,900	1.87

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

Supplementary Explanation
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**3. Corporate Attributes**

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

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

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

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

### 1. Organizational Composition and Operation

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

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson (Except where the Chairperson concurrently serves as the President)
Number of Directors	14
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors	5

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

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

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

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

a. Executive of the Company or its subsidiaries

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

c. Executive of a fellow subsidiary company of the Company

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

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

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

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

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

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

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

k. Others

#### Outside Directors' Relationship with the Company (2)

Name	Audit & Supervisory Committee	Designation as Independent Director	Reasons of Appointment
Hideo Takano		○	<p>Mr. Hideo Takano has deeply participated in business support for a variety of companies at the Tokyo Chamber of Commerce and Industry for many years. Leveraging his extensive experience and broad insight, he has provided opinions, advice, and proposals that contribute to the enhancement of the ITO EN Group's corporate value, from a standpoint independent of the Board of Directors and the management of the Company. Based on these accomplishments and his wealth of experience, we have elected him as an Outside Director in the expectation that he will continue to provide advice and effective supervision of the Group's management. Because the appointment of Mr. Takano does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, he is independent from the Company.</p>
Keiko Abe		○	<p>Ms. Keiko Abe has extensive experience and expert knowledge as a professor of the Graduate School of Agricultural and Life Sciences, The University of Tokyo and has been actively involved in research in the field of food functionality for many years. She has made statements that contribute to the improvement of corporate value by providing useful opinions and advice on research areas related to medium- to long-term management based on her extensive experience and expertise in food functionality research. Based on these accomplishments and her wealth of experience, we have elected her as an Outside Director in the expectation that she will continue to provide advice and effective supervision of the Group's management. Because the appointment of Ms. Abe does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, she is independent from the Company.</p>
Yuichi Usui	○	○	<p>Mr. Yuichi Usui has considerable experience and a wide range of insight as a police officer for many years and also has experience in being directly involved in company management in a logistics company. He applies his diverse experience and insight to the Company's management, provides a broad Based on these accomplishments and his wealth of experience, we have elected him as an outside director so that he can continue to provide risk-related advice and conduct highly effective audits of the Company's management, drawing on his experience as a corporate executive as well.</p>

			Because the appointment of Mr. Usui does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, he is independent from the Company.
Yutaka Tanaka	○	○	Mr. Yutaka Tanaka has expertise as well as extensive knowledge and experience as a certified tax accountant. From the time of his appointment as an Outside Audit & Supervisory Board Member, he has provided a bird's-eye view of the Group's overall management from a standpoint independent of the Board of Directors and management team, and has made statements that contribute to the enhancement of the Group's corporate value. Based on these accomplishments and his wealth of experience, he is appointed as an outside director so that he can continue to provide advice based on his expertise and experience and conduct highly effective audits of the Company's management. Because the appointment of Mr. Tanaka does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, he is independent from the Company.
Hitoshi Yokokura	○	○	Mr. Hitoshi Yokokura has expertise and a wide range of knowledge and experience as a certified public accountant and lawyer. As an Outside corporate Auditor, he mainly audits the legality of the execution of duties by directors and provides advice and recommendations as appropriate. Based on these accomplishments and his wealth of experience, he is appointed as an outside director so that he can continue to make suggestions from an accounting and legal perspective and conduct highly effective audits of the Company's management. Because the appointment of Mr. Yokokura does not fall under the matters which the Tokyo Stock Exchange defines as those that could give rise to conflicts of interest with general shareholders, he is independent from the Company.

[The Audit and Supervisory Committee]

Composition of Committee Members and Attributes of the Chairperson	
	The Audit and Supervisory Committee
All Committee Members	4
Full-time Members	1
Inside Directors	1
Outside Directors	3
Chairperson	Inside Directors

Existence or non-existence of Directors and Employees to assist the Audit and Supervisory Committee in its duties	Established
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Matters concerning the independence of such Directors and Employees from the Executive Directors

Audit and Supervisory Committee staff necessary to assist the Audit and Supervisory Committee in its duties are assigned to the Internal Auditing Department. The Audit and Supervisory Committee Staff assists the Audit and Supervisory Committee in its duties under the direction and orders of the Audit and Supervisory Committee, and do not receive the direction and orders from directors (excluding directors who are Audit and Supervisory Committee members). In addition, independence from directors (excluding directors who are members of the Audit and Supervisory Committee) is ensured by requiring the consent of the Audit and Supervisory Committee for appointment, evaluation, transfer, etc. of the Audit and Supervisory Committee staff.

Collaboration among the Audit and Supervisory Committee, Accounting Auditor, and Internal Auditing Department

Effective the General Meeting of Shareholders on July 26, 2023, the Company transitioned from a company with a board of corporate auditors to a Company with an Audit and Supervisory Committee, abolishing the corporate Auditor (Committee) system and establishing a new audit committee. The Audit and Supervisory Committee shall exchange information with the accounting auditor regarding audit plans, methods, audit results, etc., and shall work closely with the accounting auditor to conduct effective and efficient audits. The Internal Auditing Department, which reports directly to the President and Representative Director and is independent of other departments, conducts audits of all aspects of the Company's business operations, as well as audits of the maintenance and operation of the internal control system. The Audit and Supervisory Committee and the Internal Audit Department work closely with each other to ensure effective and efficient audits and the accuracy and reliability of financial reporting through regular exchanges of opinions on audit plans, methods, audit results, and other matters.

[Optional Committee]

Voluntary Establishment of Committee Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination & Remuneration Committee	Nomination & Remuneration Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2

Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Directors	Outside Directors

#### Supplementary Explanation

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

(Views on independence in the composition of the committee)

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

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

(Mandate and role of the committee)

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

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

(Composition of the committee and Attendance Ratio in the fiscal year)

Chairperson: Outside Director	Yutaka Tanaka	100%
Member: President	Daisuke Honjo	100%
Member: Vice-President	Shusuke Honjo	80%
Member: Outside Director	Morikazu Taguchi	100%
Member: Outside Director	Yuichi Usui	100%

(Number of meetings and matters for consideration )

The Committee met five times in the fiscal year and provided advice mainly related to Change of Institution, Remuneration Policy, executive appointment and remuneration.

(Composition of Committees after Transition to a Company with Audit and Supervisory Committee System)

Member: Audit and Supervisory Committee Member Director (Outside)	Yuichi Usui
Member: President	Daisuke Honjo
Member: Vice-President	Shusuke Honjo
Member: Audit and Supervisory Committee Member Director (Outside)	Hitoshi Yokokura
Member: Director (Outside)	Keiko Abe

#### [Independent Directors]

Number of Independent Directors	5
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Matters relating to Independent Directors

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

**[Incentives]**

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

1. Stock option based on the resolution of the annual general meeting of shareholders held on July 28, 2004 (Second series of share acquisition rights of ITO EN, LTD.)

(1) Class and the number of shares underlying the share acquisition rights at the time of issuance  
Common stock of the Company: 146,000 shares

(2) Reason for issuing share acquisition rights with particularly favorable conditions

The Company and its subsidiaries ceased the new accumulation of retirement allowances for Directors and other officers in August 2002 and abolished the retirement benefit program for Directors and other officers in September 2004. Associated with this, the unsettled portion of accumulated retirement benefits in the past was not paid in money, but share acquisition rights were issued without consideration by setting the exercise price at 1 yen per share on the condition that the Directors and other officers of the Company and its subsidiaries are unable to exercise the rights until they retire from the company.

2. Stock option based on the resolution of the annual general meeting of shareholders held on July 26, 2011 (12th series of share acquisition rights of ITO EN, LTD.)

(1) Class and the number of shares underlying the share acquisition rights at the time of issuance  
Common stock of the Company: 19,500 shares

(2) Reason for issuing share acquisition rights

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

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

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

(2) Reason for issuing share acquisition rights

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

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

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



(2) Reason for issuing share acquisition rights

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

5. Stock option based on the resolution of the annual general meeting of shareholders held on July 26, 2011 (15th series of share acquisition rights of ITO EN, LTD.)

(1) Class and the number of shares underlying the share acquisition rights at the time of issuance

Common stock of the Company: 16,300 shares

(2) Reason for issuing share acquisition rights

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

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

Recipients of Stock Options	Inside Directors
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Supplementary Explanation

Due to the approval of the proposal concerning the restricted stock compensation plan at the 58th General Meeting of Shareholders, the performance-linked stock compensation stock option plan will be abolished and no new stock acquisition rights will be issued as performance-linked stock compensation stock options thereafter.

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

Details of remuneration of Directors and other officers of the Company for the fiscal year ended April 30, 2023 are as follows.

10 Directors (excluding Outside Directors) 503 million yen

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

5 Outside Directors 48 million yen

3 Outside Audit & Supervisory Committee Members 34 million yen

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Remuneration, etc. of Directors is deliberated by the Nomination & Remuneration Committee, which consists of a majority of Independent Outside Directors, to ensure objectivity and transparency in accordance with the Company's basic views on corporate governance and basic views on remuneration. The Board of Directors determines the remuneration, etc. of Directors, giving due respect to the report by the Nomination & Remuneration Committee. Also, Remuneration, etc. for directors, distinguishing between those who are members of the Audit Committee and those who are not, shall be determined within the limit of remuneration resolved at the General Meeting of Shareholders.

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

(a) Basic policy

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

(b) Composition of remuneration

Remuneration, etc. of Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) of the Company comprises fixed remuneration and performance-linked remuneration, and fixed remuneration accounts for about 65% and performance-linked remuneration accounts for about 35%. (Performance-linked compensation about 20%, equity compensation about 15%) Remuneration, etc. of Outside Directors and Directors who are Audit and Supervisory Committee Members comprises only fixed remuneration.

(i) Fixed remuneration

Fixed remuneration shall be a basic remuneration paid in cash according to position and role, and shall be paid monthly in principle.

(ii) Performance-linked remuneration

The performance-linked remuneration is a monetary remuneration determined based on the evaluation of performance during the evaluation period, and is paid monthly in principle.

Shareholder remuneration for directors concurrently serving as executive officers shall be restricted stock remuneration in which the Company's common stock is allotted once a year according to their position and role during that period.

This is because the purpose is to increase interest in stock prices and business performance, and to further increase motivation and morale for stock price increases and performance improvements by increasing the linkage with our stock price and placing ourselves in a position to share the impact of stock price fluctuations with our shareholders.

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

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

(ii)-2 Management indicators used to measure performance

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

(c) Matters Concerning Resolution of the General Meeting of Shareholders Concerning Remuneration, etc. of Directors

(i) The maximum amount of remuneration for Directors (excluding Directors who are members of the Audit and Supervisory Committee) is ¥1,200 million per year (including ¥100 million for Outside Directors, not including salaries as employees)

(ii) The maximum amount of remuneration for Directors who are Audit and Supervisory Committee Members is 72 million yen per year.

(iii) The remuneration to be paid to directors and executive officers (excluding directors who do not concurrently serve as executive officers, directors who are members of the Audit and Supervisory Committee, and Outside Directors) for the grant of restricted transferable shares shall be monetary claims, which shall be set apart from the remuneration set forth in (i) above, and the total amount shall not exceed 200 million yen annually (not including salaries as employees). The total amount of such compensation shall not exceed 200 million yen per year (not including employee salaries), and the total number of shares of the Company's common stock to be issued or disposed of as a result thereof shall not exceed 48,000 shares per year.

#### [Supporting System for Outside Directors]

Information and materials are provided and sent to the Outside Directors when appropriate, and explanations are given to them as needed.

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

At the General Meeting of Shareholders held on July 26, 2023, with the aim of achieving sustainable growth and further increasing corporate value over the medium-to-long term, the Company shifted to a company with an Audit and Supervisory Committee System to strengthen the supervisory function of the Board of Directors and further enhance the Corporate Governance System, and to enable faster decision-making and more flexible business execution by making it possible to delegate important business execution decisions to Executive Directors.

Major management organs of the Company include the Board of Directors and the Audit & Supervisory Committee. The Board of Directors meets once a month in principle to discuss and decide important matters such as basic management policies and strategies and other important matters, as well as to supervise the execution of business directors. In addition, five of the 14 directors are Outside Directors, who are responsible for supervising and checking the execution of duties from an independent standpoint.

The Audit and Supervisory Committee consists of four directors (three of whom are independent Outside Directors) and audits the legality of the execution of duties by directors by attending meetings of the Board of Directors and other important meetings, inspecting important documents, and visiting business execution departments and expresses its opinions as necessary. The Audit and Supervisory Committee meets once a month in principle to discuss and decide important audit-related matters, share information on the status of audit implementation and recognition of issues, and exchange opinions.

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

The Internal Auditing Department, which reports directly to the President and Executive Officer, conducts operational and internal control audits of each department within the Company and Group subsidiaries in accordance with annual plans and policies, and reports audit summaries to the Executive Committee as necessary.

The president and directors who are members of the Audit and Supervisory Committee confirm the department-specific audit reports that include the status of improvement to the points pointed out by the Internal Auditing Department.

Directors who are members of the Audit and Supervisory Committee shall strive to build an effective Group audit system by sharing information and exchanging opinions through such means as accompanying the Internal Auditing Department on audits and inspecting internal audit reports.

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

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

For the purpose of sustainable growth and further enhancement of corporate value over the medium-to-long term, we have shifted to a company with an audit committee system to strengthen the supervisory function of the Board of Directors and further enhance our corporate governance system, and to enable faster decision-making and more flexible business execution by making it possible to delegate important business execution decisions to Executive Directors.

As a company with an Audit and Supervisory Committee, three of the four directors who are members of the Audit and Supervisory Committee are independent Outside Directors, and they appropriately audit the legality of the directors' execution of their duties by expressing frank opinions from an independent standpoint based on their respective expertise (legal, financial, and accounting). The five Outside Directors are academics in the fields of law and food functionality research, former executives of major companies, experts in taxation, and persons with a wide range of insight on management. Therefore, it is expected that they will demonstrate appropriate supervisory functions based on their high level of insight and extensive experience in matters such as management efficiency and the appropriateness of management decisions. We will build an even stronger Corporate Governance System.

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

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

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

## 2. IR Activities

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

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Based on its management principle “Always Putting the Customer First,” the Company has stipulated respect for the position of each stakeholder in the ITO EN Group Guidelines for Code of Practice, the ITO EN Group

	Environmental Policy, the ITO EN Group Human Rights Policy and the ITO EN Group Policy on Procurement.
Implementation of Environmental Activities, CSR Activities etc.	<p>As a company engaged primarily in business activities involving products derived from nature, the Group believes that one of its most important tasks is to protect the global environment, which is shared by all humankind, and to pass it on to future generations. Against the backdrop of environmental issues such as climate change, water resources, and waste, especially plastics, as well as biodiversity issues that are closely related to these issues, we have established the "ITO EN Group Medium- to Long-Term Environmental Targets" under the "ITO EN Group Environmental Policy" and are working to reduce environmental impact and prevent pollution throughout the value chain in our business activities. We are working to reduce environmental impact and prevent pollution throughout the entire value chain in our business activities.</p> <p>With regard to climate change, we have set a goal of becoming carbon neutral by FY2050, and are working to reduce petroleum resources and increase the ratio of electricity derived from renewable energy sources in order to achieve a 50% total reduction in Scope 1 and 2 and a 20% total reduction in Scope 3 compared to FY18 CO2 emissions by FY2030.</p> <p>With regard to water resources, we are promoting initiatives to reduce water consumption in production activities, aiming for sustainable use of water resources. Every year, we assess and identify water risks for our own and our partner factories and take necessary measures. We also work with our partner factories on forest conservation activities to protect water sources around our factories.</p> <p>With regard to plastic issues and containers and packaging, we are working on the 3Rs (Recycle, Reduce, Replace &amp; Reuse) + Clean (environmental conservation) of containers and packaging based on the "ITO EN Group Policy on Plastics" and the "ITO EN Group Policy on Containers and Packaging" to realize a decarbonized and recycling-based society, and we are promoting resource recycling through "Bottle-to-Bottle" horizontal recycling of PET bottles in cooperation with related parties including cooperating factories.</p> <p>With regard to biodiversity, we fully revised the "ITO EN Group Policy on Conservation of Biodiversity" based on the recognition that the conservation and restoration of biodiversity is an urgent issue for the Group, as well as climate change, as we are engaged in business activities utilizing the rich blessings of nature. In FY2022, we identified priority items to be addressed by assessing the degree of dependence on and impact on biodiversity and natural capital at each stage of the Group's value chain.</p> <p>In addition, please refer to the Integrated Report and our corporate website for information on Company's unique initiatives, including its Tea-Producing Region Development Project, Used Tea Leaves Recycling System, Making Japan Beautiful Through Tea, Human Rights and Human Resources Initiatives, and other ESG initiatives.</p> <p>Integrated report <a href="https://www.itoen-global.com/sustainability/report.html">https://www.itoen-global.com/sustainability/report.html</a> Corporate website <a href="https://www.itoen-global.com/sustainability/">https://www.itoen-global.com/sustainability/</a></p>
Development of Policies on Information Provision to Stakeholders	The Company provides information to external parties in accordance with its disclosure policy. The Company also publishes details of its medium-to-long-term management plan and financial results via TDnet and on the Company's corporate website promptly after the relevant resolutions by the Board of Directors.

## IV. Matters Related to the Internal Control System

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

Based on our management philosophy of "Always Putting the Customer First," we have adopted a basic policy on internal control systems at a meeting of the Board of Directors in order to increase the transparency of our business operations and further improve the effectiveness and efficiency of our group's internal management systems, in line with the interests of all our stakeholders and to earn their trust. The Internal Auditing Department, which reports directly to the President and Executive Officer and is independent of other administrative and operational departments, conducts audits of the internal control system. The results of these audits are discussed at the Internal Control Promotion Committee, chaired by the director in charge of internal control, and are resolved in the Internal Control Report at the Board of Directors meeting.

In addition, the Compliance Office of the Legal Department and the Internal Auditing Department strive to raise awareness of compliance with a wide range of laws and regulations, social norms, and corporate ethics, check the appropriateness of business operations, provide ongoing compliance education, and make timely improvements to operations that are not fully in place.

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

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

- (1) The Company's Board of Directors shall adopt the ITO EN Group Code of Conduct regarding the compliance system, which shall serve as the basic policy for directors, employees, etc. of the Group to act in compliance with laws, regulations, the Articles of Incorporation, and corporate ethics.
- (2) The Company shall enhance the effectiveness of the compliance system of the Ito En Group based on the Ito En Group Code of Conduct by having the Compliance Committee, chaired by a director appointed by the President and Representative Director, and the Compliance Office of the Legal Department serve as the administrative secretariat of said committee.
- (3) The Company shall establish internal and external reporting channels as a means for employees, etc. to directly provide information on legal and other noncompliance activities.

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

- (1) The Company shall record and store information related to the execution of duties by Directors in documents or electromagnetic media in a retrievable condition during the retention period as stipulated by laws, regulations, and internal rules, and shall maintain such condition so that it can be inspected by Directors.
- (2) Unless otherwise provided for by laws and regulations, the storage period of documents above shall be dependent on the type of each document specified by the Documents Handling Regulations.

#### 3. Regulations and other systems for managing the risk of loss of the Group

- (1) To develop the risk management system, the Company establishes Risk Management Regulations and has a Risk Management Committee chaired by the President and Executive Officer.
- (2) The Risk Management Committee shall ascertain the status of risk information and responses of the Group, and report to the Board of Directors on the identification and evaluation of significant risks and responses to avoidance, reduction, etc. of such risks.
- (3) The Company shall establish committees, etc., for each risk area, such as compliance, sustainability, quality, disaster countermeasures, etc., and establish a system to coordinate with the Risk Management Committee.
- (4) The Company has developed a system to minimize damages when an unforeseen situation occurs by establishing a task force headed by the Representative Director and President to prevent the expansion of damages by taking prompt measures.

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

- (1) The Company's Board of Directors and Executive Officers' Meeting shall be the basis of the said system, and shall be held regularly once a month in principle, as well as on an as-needed basis on an ad hoc basis.
- (2) The execution of business operations based on decisions by the Board of Directors shall be carried out by each responsible department in accordance with the Rules on Segregation of Duties and Administrative Authority, and the director in charge shall confirm the execution of such decisions as necessary.

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

- (1) In order to ensure the compliance system of the Group companies, the Company shall establish the ITO EN Group Code of Conduct, etc., and shall maintain internal and external reporting channels as a means for employees, etc., to directly inform the Company of violations of laws and regulations by the Company and its Group companies.
- (2) For the business management of the Group companies, the Company has established management systems and management standards in the Affiliates Management Regulations, and they are reported and examined at a debriefing session and a conference that are held regularly. Important matters are determined by resolution of the Board of Directors of the Company.
- (3) The Internal Auditing Department shall conduct audits of the internal control systems of the Company and each Group company and report the results to the President and Executive Officer, the Board of Directors and the Audit and Supervisory Committee.

6. Matters concerning employees who should assist with the duties of Audit and Supervisory Committee Members, matters concerning the independence of such employees from Directors who are not Audit and Supervisory Committee Members, and matters concerning the effectiveness of instructions issued to employees by Audit and Supervisory Committee Members

- (1) The Company shall assign the necessary Audit and Supervisory Committee Staff to the Internal Auditing Division to assist the Audit and Supervisory Committee in its duties.
- (2) The Audit and Supervisory Committee staff shall assist the Audit and Supervisory Committee in its duties under the direction and orders of the Audit and Supervisory Committee and shall not be subject to the direction and orders of Directors (excluding Directors who are Audit and Supervisory Committee members), etc.
- (3) The Company shall ensure independence from Directors (excluding Directors who are Audit and Supervisory Committee members) by obtaining the consent of the Audit and Supervisory Committee in the appointment, evaluation and transfer of Audit and Supervisory Committee staff.

7. System for reporting to the Audit and Supervisory Committee by directors and employees of the Company's group, and other systems related to reporting to the Audit and Supervisory Committee

- (1) The Group's Directors and employees appropriately report important issues that could have a major impact on the execution of operations and the management to Audit & Supervisory Committee.
- (2) Audit & Supervisory Committee may ask the Group's Directors and employees for a report, as needed.
- (3) The Company shall prohibit any disadvantageous treatment of Directors and employees of the Company Group who report to the Audit and Supervisory Committee by reason of such report.

8. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

- (1) Audit & Supervisory Committee exchange information and opinions with the President and Executive Officer, the Internal Auditing Department and the accounting auditor to enhance their audit work.
- (2) When Audit & Supervisory Committee recognize that there is a problem in the development and operation of the Company's internal systems, they may express opinions at a meeting of the Board of Directors and ask for the implementation and reporting of improvement measures.
- (3) The Company will secure a system for the violation of laws and regulations and other compliance problems in the Group to be reported appropriately to Audit & Supervisory Committee.
- (4) When Audit & Supervisory Committee request the advance payment of expenses necessary for the execution of their duties, the Company appropriately processes the expenses or payables.
- (5) In order to ensure audit independence and maintain an effective and efficient audit system, in the event of a conflict between the instructions of the President and Representative Director and those of the Audit and Supervisory Committee in directing the audit function, the latter shall take precedence.

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

1. Basic policy for exclusion of antisocial forces

Having a strong awareness of its social responsibilities, the ITO EN Group will break any and all relationships with individuals and groups that destroy the social order and interfere with corporate activities and take an adversarial stand against undue claims from organized crime groups, corporate extortionists and other antisocial forces with all officers and employees taking a firm stance without responding to these claims for



whatever reason by taking measures across the organization in close cooperation with the Tokyo Center for Removal of Criminal Organizations, the Special Violence Prevention Measures Association of the Metropolitan Police Department and other organizations.

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

## 2. Efforts to exclude antisocial forces

In May 2004, we established the Compliance Committee as an advisory body to the Board of Directors and the Compliance Office at the head office, with the aim of creating a Compliance Company, ITO EN Group.

To ensure that all group companies and all employees are aware of the policy, we have created the ITO EN Group Code of Conduct, and the Compliance Office of the Legal Department, the External Relations Office of the General Affairs Department, and the Internal Auditing Department cooperate in employee education efforts to raise awareness of the code among employees.

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

## V. Other

### 1. Adoption of Anti-Takeover Measures

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

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

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

#### Overview of the timely disclosure system

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

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

#### 1. Chief Information Manager

The chief information manager is the President. However, the President may nominate the chief information manager from the Directors (Excluding directors who are members of the Audit and Supervisory Committee), as necessary.

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

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

#### 3. Internal report of inside information

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

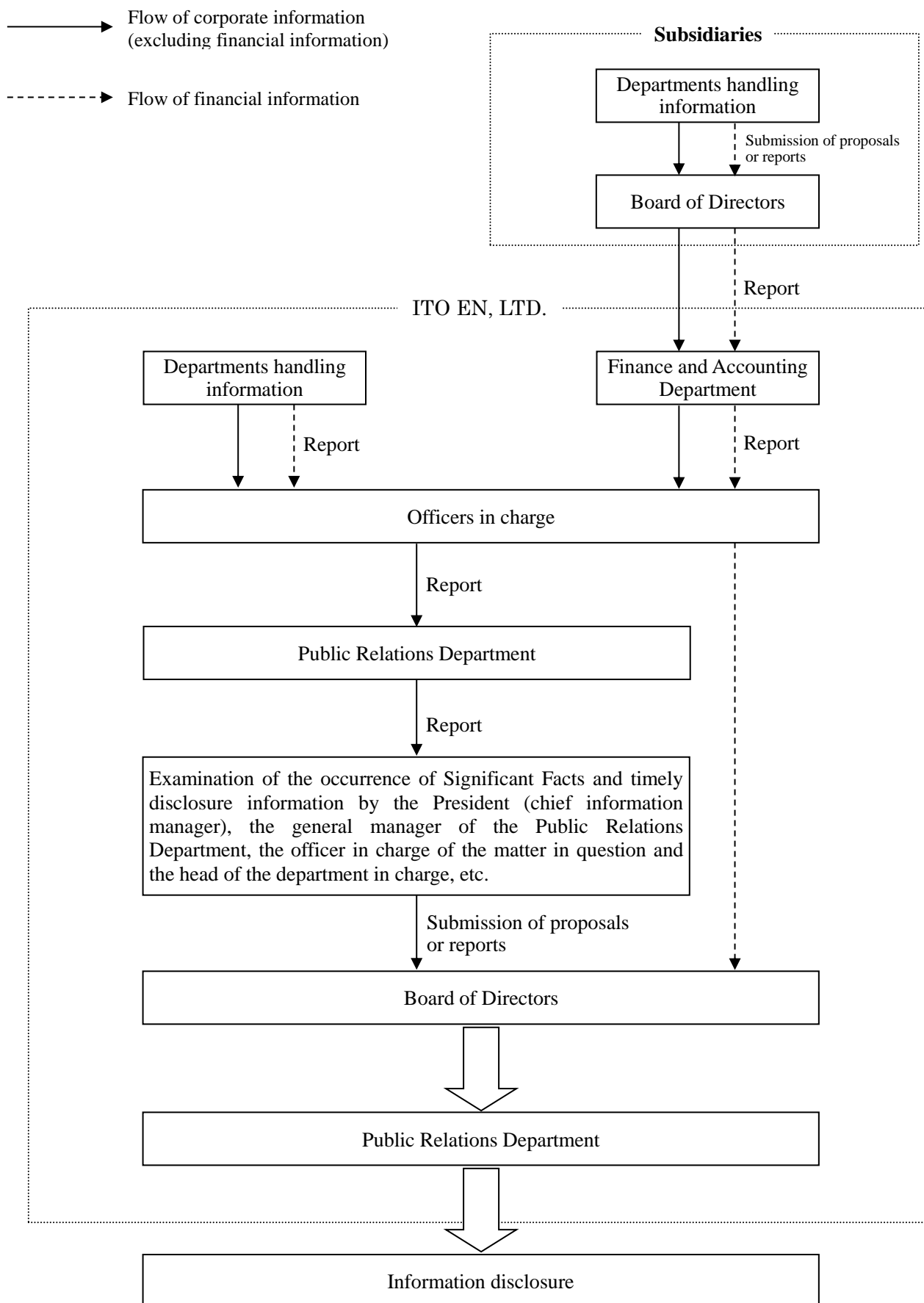
#### 4. Examination of the occurrence of the Significant Facts and timely disclosure information

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

#### 5. Publication of inside information

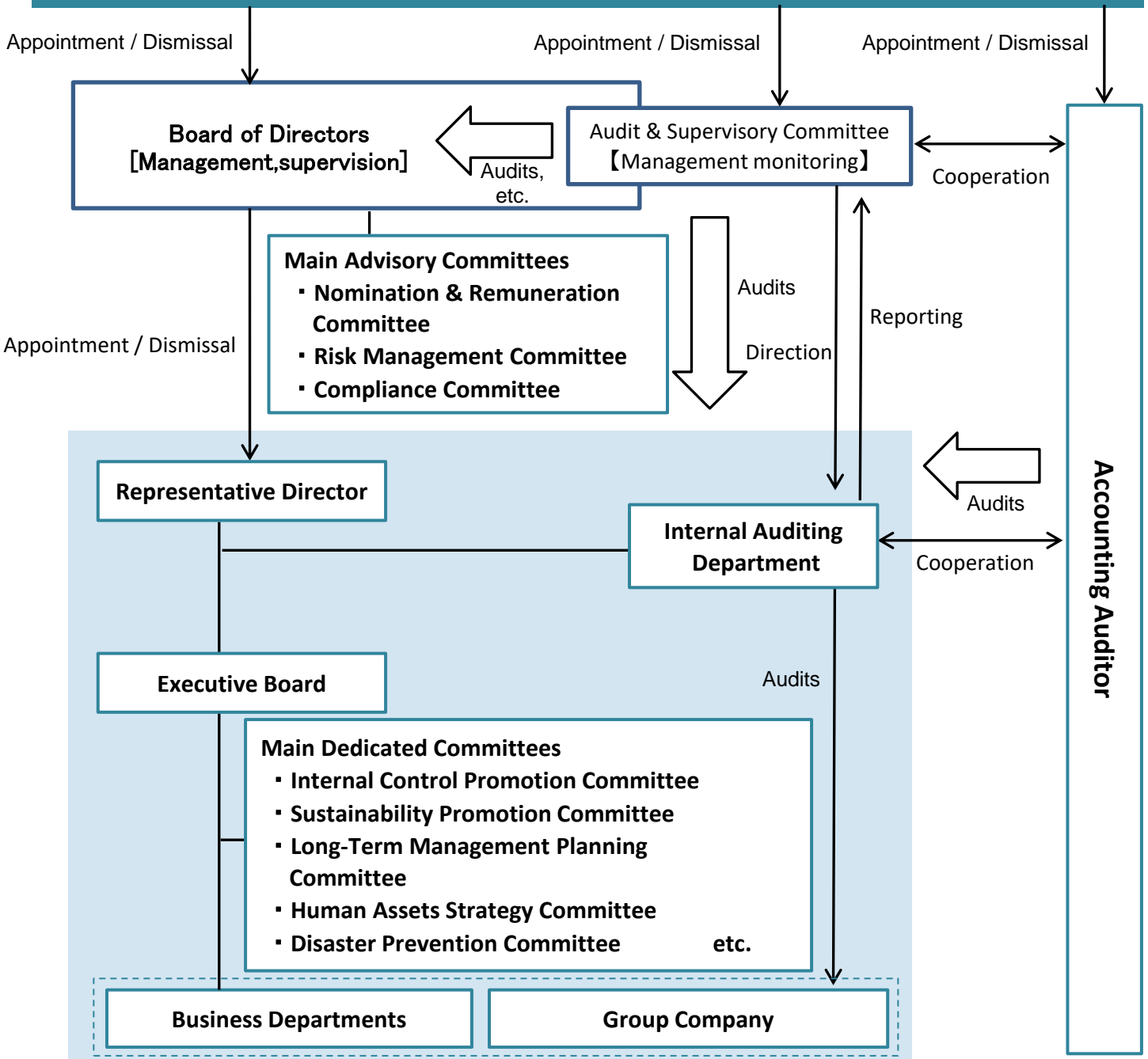
The Public Relations Department promptly publishes the Significant Facts.

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



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

# General Meeting of Shareholders



## Skills Matrix

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

\* The above table does not show all the skills possessed by each person  
A maximum of four particularly specialized skills possessed by each person are marked with a circle (○).