

Last Update: December 2, 2024

ITO EN, LTD.

Daisuke Honjo, President

Contact: Administration Headquarters

(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 Key Information

1. Basic Views

Based on our group management principle of “Always Putting the Customer First,” we are committed to fulfilling our corporate social responsibility in order to achieve sustainable growth and increase corporate value, proactively 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 for Non-compliance with the Principles 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 fiscal year 2026 (3.7% in fiscal year 2023). As part of our efforts to achieve this goal, we have been implementing a “Management Training Program” since fiscal year 2021 to develop the next generation of managers. To date, we have promoted 6.1% (39 individuals) of our total female employees to managerial positions. The percentage of female employees in leadership roles who are candidates for managerial positions in the next period has also increased to 23% (145 individuals) of the total, owing to our strengthened assignment and development initiatives. We will continue to promote the development of managers by improving the employment ratio and retention rate of female employees, and by strengthening support for balancing their family and work lives.

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

Mid-career hires account for 23.0% of the total employees, and 20.1% 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 foreign nationals to managerial positions, employees are promoted according to their merits at group companies around the world, regardless of nationality. On a consolidated group basis, 8.49 % (683 individuals) of employees are foreign nationals, with foreign managers accounting for 7.3% (111 individuals). As a company aiming to become a “Global Tea Company,” we are currently advancing the promotion of personnel based on their merits across the entire Group. The Company will examine targets for the appointment of foreign managers in line with future business development, overseas sales performance, and other relevant factors.

[Disclosure Based on each Principle 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 examines 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.

(Chapter 3. 4. Policy on Cross-shareholding in the ITO EN Guidelines)

The Board of Directors has reviewed all holdings at the October 2024 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 interests of the Company and the common interests of shareholders, excluding cases in which the terms and conditions of the transaction are clearly the same as those for general transactions.

(Chapter 3. 6. Related Party Transactions in 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.

(Chapter 4. 3. Ensuring Diversity in 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 employees and their families during major life events (such as marriage, pregnancy, childbirth, childrearing, long-term nursing care, and self-education).

(ii) Workplace Environment Improvement Promotion Committee

The Company has established the Workplace Environment Improvement Promotion Committee (conducted twice a year in principle) to comprehensively consider workplace environment issues and improvement measures and create a more positive workplace environment. District committees made up of representatives of each office have been established under the Committee to exchange opinions on issues such as working hours, workplace safety and hygiene management and review future work styles. In fiscal year 2023, information regarding health, safety, and work styles were shared, and relevant learning opportunities were provided at workplaces across 30 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-global.com/sustainability/materiality/human_resources.html

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 Chapter 1. 2. Basic Approach to Corporate Governance in 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

Latest 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. Also, Remuneration, etc. of 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.

The Nomination & Remuneration Committee also deliberates the individual remuneration, etc. of Directors (excluding Directors who are members of the Audit and Supervisory Committee), 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.

Directors who are Audit and Supervisory Committee Members shall receive only monthly fixed remuneration, which should be within the scope of the total remuneration resolved at the General Meeting of Shareholders. Individual remuneration, etc. of Directors who are Audit and Supervisory Committee Members shall be determined by the consultation among Directors who are Audit and Supervisory Committee Members.

(Chapter 2. 6. Policy for Determining the Remuneration of Directors in 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 nomination of Director candidates

Please refer to Chapter 2. 5. Policy on Nomination of Directors in the ITO EN Guidelines.

(5) For explanations regarding the board’s individual appointments/dismissals of senior management and nominations of Directors based on (4) above, please refer to “Convocation Notice of the General Meeting of Shareholders” published on the Company’s corporate website.

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 achieve both the resolution of social and environmental issues and the enhancement of corporate value (the creation of shared value: CSV). In order to respond to changes in the external environment, we are promoting our management strategies based on the seven material issues (“Contribution to Dietary Habits and Health,” “Contribution to Sustainable Agriculture,” “Environment,” “Deepening Ties with Local Communities and Society,” “Contribution to Sustainable Supply Chains,” “Promotion of Diverse Human Resources and Active Roles for all” and “Corporate Governance”) which we have identified as material sustainability issues in accordance with the ITO EN Group Basic Sustainability Policy. We are promoting initiatives that are interlinked with our Medium-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, which identifies and reviews material issues, promotes initiatives, and examines measures and policies related to social and environmental 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, to help resolve various issues related to climate change and based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group has established two scenarios, “1.5°C/2°C” and “4°C,” covering the entire value chain and has been evaluating the impact of climate change-related risks and opportunities on its business activities while considering countermeasures. The Group has also expressed its support for the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD) regarding natural capital and biodiversity, which are closely related to climate change, set priorities in light of the importance of the Group’s businesses, and conducted an analysis of green tea cultivation from the perspective of natural capital and biodiversity. Going forward, we will continue to analyze risks and opportunities from the perspective of the relationship between climate change and natural capital and biodiversity, and work on comprehensive measures to improve the sustainability of ITO EN Group and society. For details, please refer to the Integrated Report and the Company’s corporate website.

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

Disclosure in line with TCFD and TNFD recommendations:

<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 viewing our human resources as “human assets” and shifting from human resources “cost (management)” to human capital “investment (value creation),” the Company will realize initiatives that are aligned with our 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 (in March 2017, the system was certified by the Ministry of Health, Labour and Welfare (MHLW) as an in-house business skill test). 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

In May 2021, we formulated the ITO EN Group Health Management Declaration from the perspective of Health and Productivity Management, which takes a managerial view of employee health

management and implements it strategically. Based on this Declaration, we are strengthening our support system to maintain and improve the health of our employees and working to raise their own health awareness. In March 2024, for the third year in a row, the Company was recognized as a “2024 Certified Health & Productivity Management Outstanding Organization (the large enterprise category) White 500 Enterprise.”

In order to achieve sustainable growth as a “Health Creation Company,” we will continue to create a healthy, safe, and vibrant work environment for each and every employee going forward.

(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-Term Management Plan, the Company promotes intellectual property management that contributes to solving social issues and improving corporate value. The Company has an Intellectual Property Department dedicated to handling intellectual property matters, with the support of external consulting experts. Moreover, the Intellectual Property Department staff are stationed at the Production Headquarters in Shizuoka prefecture, ensuring a system that proactively provides support to the R&D Department.

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 conducts IP Landscape activities 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 end of April 2024, our domestic patent application efficiency is 60.1% (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 ended April 30, 2024 is 0.47%.

(2) Support for management strategies

ITO EN Group mission: Health Creation Company

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

Long-Term vision: a Global Tea Company

Towards the realization of a “Global Tea Company,” our core tea-related business secures supply chain-oriented intellectual property rights from tea plantations and tea products to recycling of used tea leaves. 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 in Japan is approximately 11%. 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, less pesticide/organic farming, and sustainable containers and packaging.

Aiming to strengthen our overseas business, the Company has been promoting the appropriate and effective acquisition of intellectual property rights while gathering data on intellectual property globally

to secure such rights and avoid intellectual property risks worldwide.

As of end of April 2024, the Company has filed 121 overseas patent applications (a single invention with patent applications filed in multiple countries is counted as one application). In particular, approximately 78% of the patents held by the Company are related to the tea business, and we will continue to promote the acquisition of overseas patents in alignment with the global expansion of the tea business.

Regarding overseas trademark applications, as of end of April 2024, we have filed 1,090 applications in 123 countries worldwide. In particular, we have recently been focusing on filing trademark applications in alignment with the global development of the “Oi Ocha” brand. In addition, we are currently advancing trademark applications for digital data in virtual spaces, which have gained much attention in recent years. Moving forward, we will continue to promote the acquisition of trademark rights in alignment with the global expansion of our brand.

(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 conducts training tailored to the needs and proficiency levels of various departments involved in the creation of intellectual property, such as the R&D, marketing, and manufacturing departments, fostering a foundation for intellectual property creation and promoting innovation. In fiscal year 2023, intellectual property training was provided to 159 employees (of which 27 are involved in the overseas business) in departments engaged in intellectual property creation, bringing the cumulative number of internal inventors who have created intellectual property to 159 as of end of April 2024.

We are also working to protect and utilize the intellectual property rights of the ITO EN Group by promoting intellectual property creation and rights acquisition in cooperation with the relevant departments of the Group companies.

On the institutional side, we have in place an Invention Compensation System, and in fiscal year 2023, 151 compensation payments were made during the year. Through the operation of this system, we encourage the creation of intellectual property by our employees and work to contribute to the business development.

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.

(Chapter 2. 2. Board of Directors in 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 Outside Officers

Please refer to the “Annex 2 Independence Standards for 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 the Supplementary Explanation in “II.1. [Optional Committee] Voluntary Establishment of Committee Corresponding to Nomination Committee or Remuneration Committee” of this Report.

(Chapter 2. 4. Nomination & Remuneration Committee in 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.

(Chapter 2. 2. Board of Directors in the ITO EN Guidelines)

The Company’s Board of Directors is currently composed of 13 Directors (including 5 Outside Directors) with the knowledge, experience, and skills considered necessary for sustainable growth and the enhancement of corporate value in the medium and long term, in light of our 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 Chapter 2. 5. Policy on Nomination of Directors in the ITO EN Guidelines.

Supplementary Principle 4-11 (2) Status of Concurrent Serving by Directors as Officers of 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/ (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 fiscal year 2015, in an effort to improve its functioning.

(1) Evaluation method

- (i) Survey period: March-April 2024
- (ii) Subjects: All Directors
- (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 have been confirmed to be sufficient to fulfill its management decision-making and supervisory functions. While improvements have been made regarding the composition of the Board, it has been confirmed that continued efforts are necessary to further enhance diversity. It has also been confirmed that discussions are continuing to take place in a free and constructive atmosphere, where members can speak freely and actively participate.
- On the other hand, it has been pointed out that ensuring discussions and regular progress reports regarding medium- to long-term management strategies from ESG and other sustainability

perspectives, as well as sharing and actively discussing the execution status, etc. of both domestic and overseas group companies in their efforts to become a “Global Tea Company” are necessary.

- 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.

(Chapter 2. 10. Training of Directors in 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.

(Chapter 5. 3. Constructive Dialogue with Shareholders in the ITO EN Guidelines)

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

<Medium-Term Management Plan>

As a Health Creation Company, we have established a long-term vision of becoming a “Global Tea Company” and set a long-term future outlook for around 2040, formulating a Medium-Term Management Plan (from the fiscal year ending April 30, 2025 to the fiscal year ending April 30, 2029) through backcasting.

We envision three stages for realizing our long-term vision. The first stage aims to solidify existing domestic businesses such as “Oi Ocha,” the second stage to globalize “Oi Ocha” and the third stage to create new tea markets by connecting with tea culture around the world. We recognize that we are currently starting to enter the second stage.

Under the Medium-Term Management Plan, the Company has established Five Key Strategies: globalize Oi Ocha, solidify the existing businesses in Japan, create new businesses, strengthen the management base, and promote sustainability management.

https://www.itoen-global.com/investors/management_plan.html

Action to Implement Management that is Conscious of Cost of Capital and Stock Price [English disclosure available][Last Updated: December 2, 2024]

Our approach to growth is to “prioritizing profitability,” “sustainable growth to improve profits and market share,” “management emphasizing capital efficiency,” and “stable shareholder returns.” Based on an understanding of our own cost of capital, we are working on pursuing a higher operating income ratio, implement fables management (outsourcing of beverage production) and build an optimal business portfolio in order to promote improvement of profitability and capital efficiency, and generation of stable cash. In terms of management indicators, the Company has set a medium-term target of an ROE of at least 10%, which exceeds the cost of equity, and selected this indicator as an evaluation criterion for the performance-linked remuneration of Directors, aiming to promote the 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 ended April 30, 2024 on June 3, and held the following dialogue.

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

President, Director and General Manager of Administration Headquarters, executive officer and

<p>General Manager of International Business Headquarters, General Manager of Public Relations Department, IR Manager, etc.</p> <p>(ii) Overview of investors, etc. who engaged in dialogue Analysts, fund managers, etc. of domestic and foreign institutional investors, financial institutions, etc.</p> <p>(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.</p> <p>(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.</p>

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Green Core Co., Ltd.	17,173,400	19.47
The Master Trust Bank of Japan, Ltd. (Trust account)	10,386,900	11.77
Honjo International Scholarship Foundation	5,200,000	5.89
Hachiro Honjo	2,446,230	2.77
Custody Bank of Japan, Ltd. (Trust account)	2,223,000	2.52
ITO EN Employees' Shareholding Association	2,039,080	2.31
Toyo Seikan Group Holdings, Ltd.	1,955,200	2.22
Resona Bank, Limited	1,933,100	2.19
STATE STREET BANK AND TRUST COMPANY 505001	1,385,693	1.57
SMBC Nikko Securities Inc.	1,183,787	1.34

Controlling Shareholder (excluding Parent Company)	-----
Parent Company	None

Supplementary Explanations	

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	April
Business Sector	Foods
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but less than 50

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

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

None

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Committee
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[Directors]

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	13
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Officers among Outside Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Hideo Takano	Other												
Keiko Abe	Academic												
Yuichi Usui	Other												
Hitoshi Yokokura	Lawyer Academic												
Yoshihiko Okuda	Licensed Tax Accountant												

*Categories for "Relationship with the Company".

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

- Person who executes business for the Company or its subsidiary
- Person who executes business for a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)

- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit & Supervisory Committee	Designation as Independent Officer	Reasons for Appointment
Hideo Takano		○	Mr. Hideo Takano has deeply participated in business support for a variety of companies at the Tokyo Chamber of Commerce and Industry for many years. 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.
Keiko Abe		○	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.
Yuichi Usui	○	○	Mr. Yuichi Usui has considerable experience and a wide range of insight as a police officer for many years and also has experience in being directly

			involved in company management in a logistics company. 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. 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. 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.
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 audited the legality of the execution of duties by directors and provided 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.
Yoshihiko Okuda	○	○	Mr. Yoshihiko Okuda has expertise and a wide range of knowledge and experience as a licensed tax accountant. We have elected him as an Outside Director so that he can provide advice and conduct highly effective audits of the Company's management based on his extensive experience and expertise. Because the appointment of Mr. Okuda 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 and Attributes of the Chairperson

	Audit & Supervisory Committee
All Committee Members	4

Full-time Members	1
Inside Directors	1
Outside Directors	3
Committee Chair	Inside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed
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Matters concerning Independence of Said Directors and/or Staff from the Executive Directors

The 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, etc. (excluding Directors who are members of the Audit and Supervisory Committee). 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 the appointment, evaluation, transfer, etc. of the Audit and Supervisory Committee staff.

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

Effective from 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 (Board of Corporate Auditors) system and newly establishing an Audit and Supervisory 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 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 Auditing 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 equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee, Composition, and Attributes of Chairperson

	Committee Equivalent to Nomination Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Nomination & Remuneration Committee	Nomination & Remuneration Committee
All 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 Director	Outside Director

Supplementary Explanations

The Company has established the Nomination & Remuneration Committee to enhance the independence and objectivity of the functions of the Board of Directors and its accountability through the appropriate involvement and consultation of Independent Outside Directors on particularly important matters related to corporate governance 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 Board of 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 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 for fiscal year 2024)

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

(Number of meetings and matters for consideration)

The Committee met eight times in fiscal year 2023 and provided advice related to change of institution, remuneration policy, executive appointment, remuneration, and other relevant matters.

[Independent Officers]

Number of Independent Officers	5
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Other Matters Concerning Independent Officers

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

[Incentives]

Implementation Status of Measures related to Incentives Granted to Directors	Performance-linked Remuneration / Stock Options, and Others
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Supplementary Explanation for Applicable Items

1. Stock option based on the resolution of the annual General Meeting of Shareholders held on July 28, 2004 (2nd 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 officers in August 2002 and abolished the retirement benefit program for 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 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 (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.

3. 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.

Persons Eligible for Stock Options	Inside Directors
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Supplementary Explanation for Applicable Items

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-type 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]

Status of Disclosure of Individual Director's Remuneration	No Individual Disclosure
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Supplementary Explanation for Applicable Items

Details of remuneration of officers of the Company for the fiscal year ended April 30, 2024 are as follows.

Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	529 million yen	8 persons
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	10 million yen	1 person
Corporate Auditors (excluding Outside Corporate Auditors)	3 million yen	1 person
Outside Directors (excluding Audit and Supervisory Committee Members)	27 million yen	5 persons
Outside Directors (Audit and Supervisory Committee Members)	19 million yen	3 persons
Outside Corporate Auditors	8 million yen	3 persons

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. of 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.

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 members of the Audit and Supervisory Committee) of the Company comprises fixed remuneration and variable remuneration; fixed remuneration accounts for about 65% and variable remuneration accounts for about 35% (with performance-linked remuneration about 20%, and stock 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) Variable 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.

The stock compensation for Directors concurrently serving as executive officers shall be restricted stock compensation 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 Assessment of variable 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 mainly 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 yen per year (including 100 million yen for Outside Directors, and excluding 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 concurrently serving as executive officers (excluding Directors not concurrently serving 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 (excluding salaries as employees). In addition, 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.

[Support 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 Concerning 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, as well as to supervise the execution of business by Directors. In addition, five of 13 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 mainly audits the legality of the execution of duties by Directors through activities such as 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 and exchange opinions, etc. on the status of audit implementation and recognition of issues, etc.

The Company has filed with the Tokyo Stock Exchange five officers as independent officers, all of whom 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, 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 and Supervisory Committee.

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, etc. of the Directors' execution of their duties by expressing frank opinions from an independent standpoint based on their respective expertise (in legal, financial, and accounting areas). The five Outside Directors are either academics in the fields of law or 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, etc. 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 General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanations
Early Posting of Notice of the General Meeting of Shareholders	The Company dispatches the Convocation Notice of the 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 of the General Meeting of Shareholders on a Non-Peak Day	The General Meeting of Shareholders is held in late July because the fiscal year end of the Company is in April.
Electronic Exercise of Voting Rights	The shareholders are able to exercise their voting rights online using a personal computer or a smartphone.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company makes available the electronic platform for exercising voting rights operated by Investor Communications Japan Inc. (ICJ, Inc.).
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders 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. Status of IR-related Activities

	Supplementary Explanations	Explanation by Representative
Formulation 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 held 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 held 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 Materials (IR materials) on our website promptly after the results announcement, to prepare an environment that enables all institutional and individual investors and other customers to view them. In addition, the Company aims to expand understanding of the Company, earn an appropriate evaluation from society and to 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 the Summary of Financial Results, Financial Results Presentation Materials (IR materials), IR News, ITO EN Integrated Reports and other relevant materials on its global website.	
Establishment of Department and/or Placement of a 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 Headquarters.	
Other	The Company engages in dialogue with analysts and institutional investors in Japan and overseas on an ongoing basis (except during quiet periods).	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Establishment of Internal Rules Stipulating Respect for 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 Code of Conduct, the ITO EN Group Environmental Policy, the ITO EN Group Human Rights Policy and the ITO EN Group Policy on Procurement.
Implementation of Environmental Preservation Activities, and 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 circulation of resources, especially plastics, as well as natural capital and 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.</p> <p>With regard to climate change, we have set a goal of becoming “carbon neutral by FY 2050,” and are working to switch to renewable energy by converting our sales cars to electric vehicles, promoting energy conservation, and introducing solar power generation facilities, etc. in order to achieve a 50% total reduction in Scope 1 and 2 and a 20% total reduction in Scope 3 by fiscal year 2030, compared to the CO2 emissions in fiscal year 2018.</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 & 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 natural capital and biodiversity, we are promoting initiatives for conservation and restoration of natural capital and biodiversity through our business activities based on the ITO EN Group Policy on Conservation of Biodiversity. We have expressed our support for the recommendations of</p>

	<p>the Task Force on Nature-related Financial Disclosures (TNFD) and are promoting relevant initiatives. We are also working to further realize a nature-positive future through participation in the “30by30 Alliance for Biodiversity” led by the Ministry of the Environment.</p> <p>In addition, please refer to the Integrated Report and the Company’s corporate website for information on Company’s unique initiatives, including its Tea-Producing Region Development Project, Used Tea Leaves Recycling System, and Making Japan Beautiful with Tea, and other sustainability initiatives.</p> <p>Integrated Report: https://www.itoen-global.com/sustainability/report.html Sustainability: https://www.itoen-global.com/sustainability/</p>
<p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p>	<p>The Company provides information to external parties in accordance with its disclosure policy. The Company also publishes details of its Medium-Term Management Plan and financial results via TDnet and on the Company’s website promptly after the relevant resolutions by the Board of Directors.</p>

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of 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 and established the following systems 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 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 Section 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 is working to operate the internal control system effectively by adopting a system to report important matters to the Board of Directors or to the Executive Committee.

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 establishing the Compliance Committee, chaired by a Director appointed by the President, with the Compliance Section of the Legal Department serving 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 retention period of the above documents above shall be determined according to 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.
 - (2) The Risk Management Committee shall oversee the status of the Group's risk information and responses, and shall report to the Board of Directors on the identification and evaluation of significant risks, and response measures such as avoidance and reduction of such risks.
 - (3) The Company shall establish committees or similar bodies for each risk area such as compliance, sustainability, quality, disaster countermeasures, and shall have in place a system to collaborate 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 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 Committee form the basis of the said system, and meet regularly once a month in principle, as well as on an ad hoc basis as needed.

- (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, 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, etc. (excluding Directors who are members of the Audit and Supervisory Committee).
- (3) By obtaining the consent of the Audit and Supervisory Committee in the appointment, evaluation and transfer, etc. of the Audit and Supervisory Committee staff, the Company shall ensure their independence from Directors (excluding Directors who are members of the Audit and Supervisory Committee).
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 shall exchange information and opinions with the President, the Internal Auditing Department and the accounting auditor to enhance their audit work.
- (2) When Audit & Supervisory Committee recognizes 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 shall 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 and Supervisory Committee requests the advance payment, etc. of expenses necessary for the execution of their duties, the Company shall appropriately process 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 those of the Audit and Supervisory Committee in directing the audit function, the latter shall take precedence.

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

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 Anti-Organized Crime Campaign Center of Tokyo, 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, with the aim of becoming 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 to raise awareness of the code among employees, the Compliance Section of the Legal Department, the External Relations Section of the General Affairs Department, and the Internal Auditing Department cooperate in employee education efforts.

- (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, the Special Violence Prevention Measures Association of the Metropolitan Police Department and other organizations.
- (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 for Applicable Items

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 the 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.

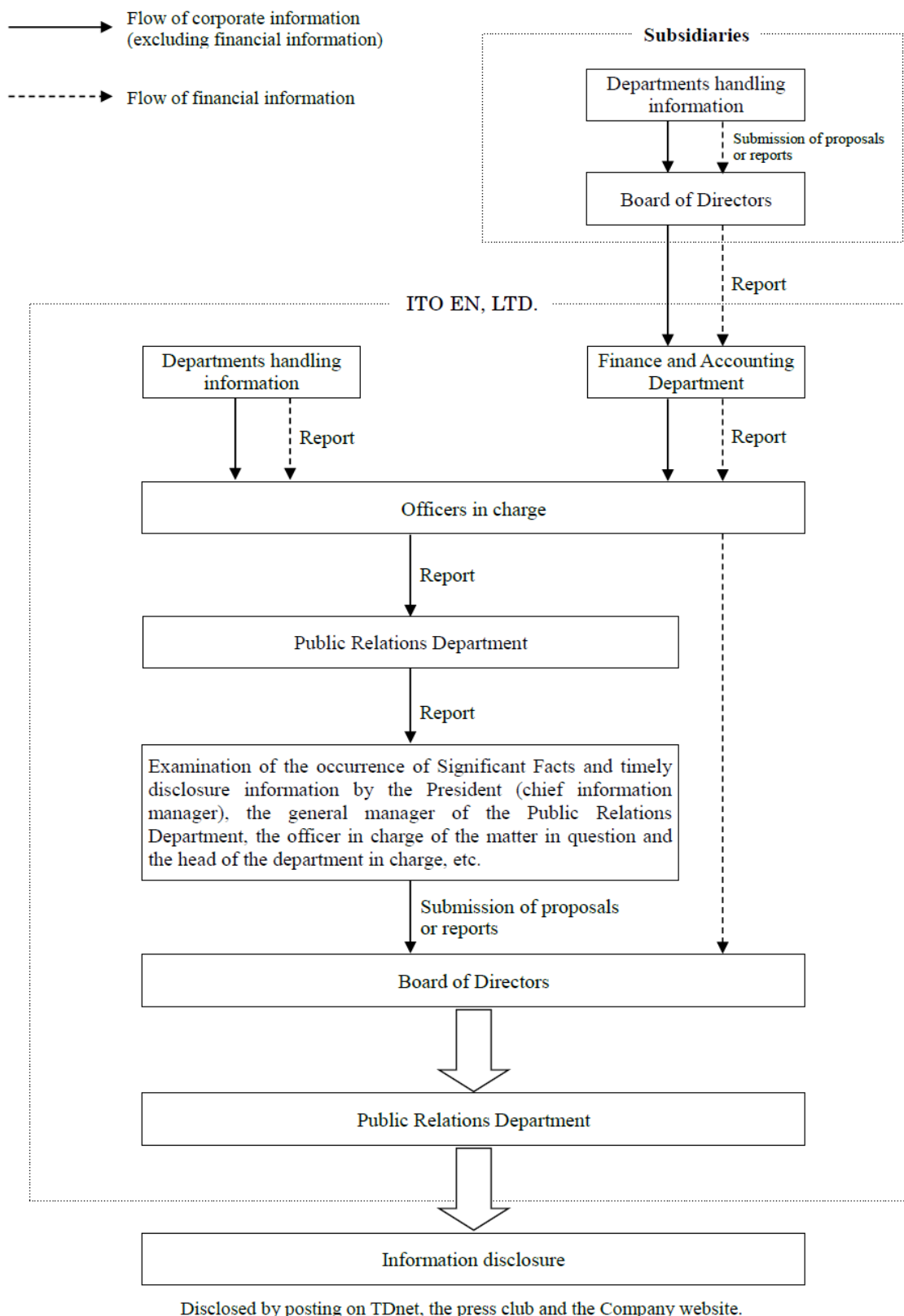
4. Examination of the occurrence of the Significant Facts and timely disclosure information

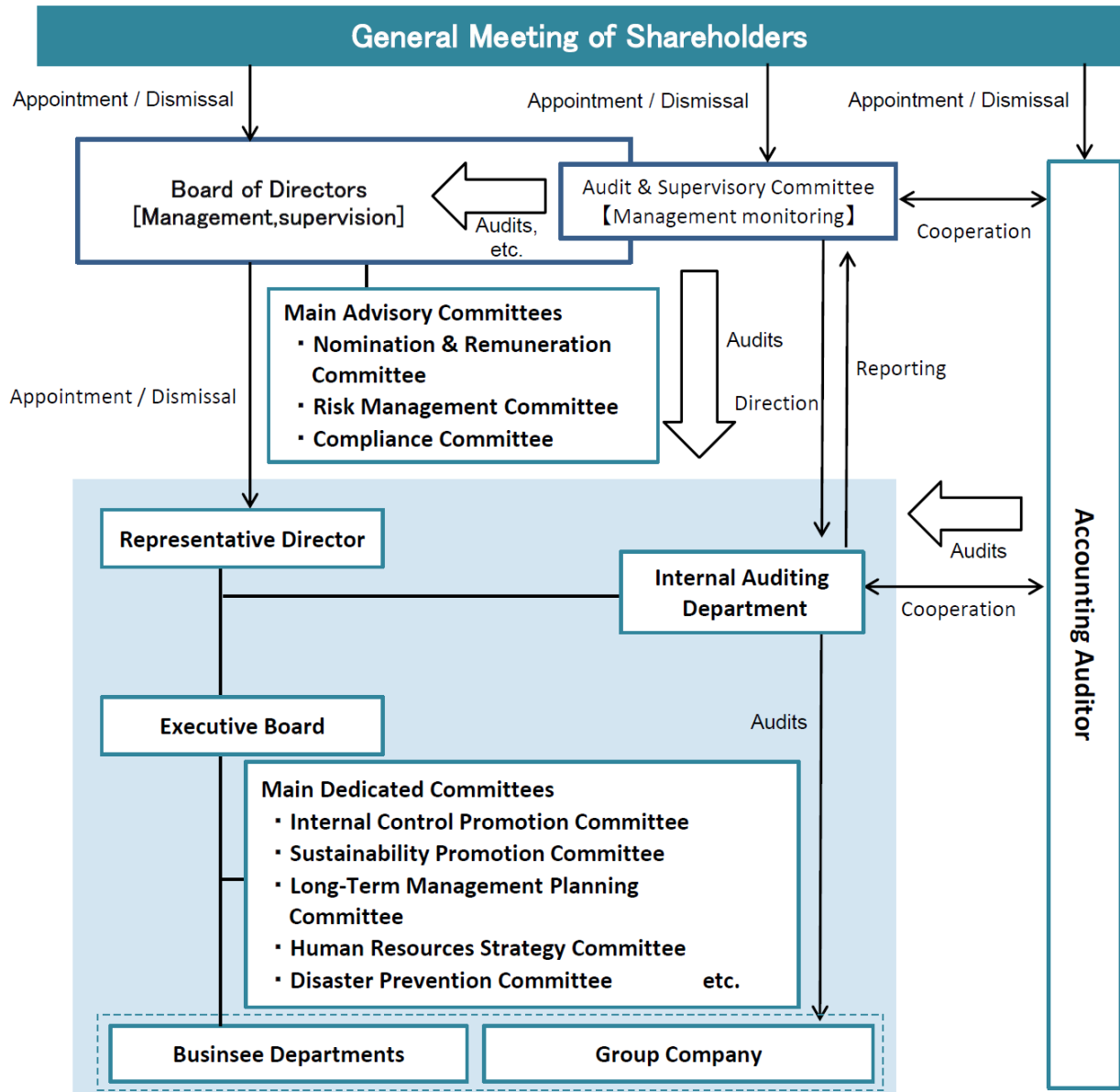
The President (chief information manager), the general manager of the Public Relations Department, the officer in charge of the matter in question and the head of the department in charge examine whether the matter is the occurrence of the Significant Fact and whether it is timely disclosure information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





Skills Matrix

	Name	Position	Corporate management	Brand strategy Marketing Sales	R&D and agriculture Procurement and manufacturing	Overseas strategy	Finance and accounting	Personnel and labor affairs Human resource development	ESG	Legal affairs Compliance Risk management
Directors	1 Hachiro Honjo	Director and Honorary Chairman of the Board	○			○				
	2 Daisuke Honjo	President and Executive Officer	○	○		○			○	
	3 Shusuke Honjo	Executive Vice President, Representative Director and Executive Officer	○	○		○			○	
	4 Yoshihisa Nakano	Director and Senior Managing Executive Officer	○		○				○	
	5 Shigeru Kamiya	Director and Senior Managing Executive Officer	○	○						
	6 Yosuke Jay Oceanbright Honjo	Director and Executive Officer	○	○		○				
	7 Atsushi Hirata	Director and Senior Managing Executive Officer	○				○	○		○
	8 Hideo Takano	Outside Director	○						○	
	9 Keiko Abe	Outside Director			○				○	
Directors who are Audit and Supervisory Committee Members	1 Kiyoshi Kondo	Director		○						○
	2 Yuichi Usui	Outside Director	○					○	○	
	3 Hitoshi Yokokura	Outside Director					○			○
	4 Yoshihiko Okuda	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 (○).