Morinaga Milk Group: Corporate Governance Guidelines

Chapter 1 General Provisions

(Purpose of these Guidelines)

Article 1 These Guidelines aim to contribute to the sustainable growth of the Morinaga Milk Group ("the Group") and help increase its corporate value by setting the basic framework of and developing an approach for the corporate governance of the Group.

(Definition)

Article 2 In these Guidelines, "corporate governance" refers to the structure for implementing transparent, fair, timely and decisive decision-making by the Group to help realize sustainable growth and increase corporate value, while at all times paying due consideration to the needs and perspectives of various stakeholders, including shareholders and customers.

(Status of these Guidelines)

Article 3 These Guidelines take precedence in application over other internal regulations, agreements and rules, but rank below the Articles of Incorporation of the Company and laws and regulations.

(Corporate philosophy and Basic Approach to Corporate Governance)

Article 4 1 The Group has the following corporate philosophy and corporate slogan and shall strive to promote and make them widely known.

1) Corporate slogan Corporate philosophy
   Contribute to healthy and enjoyable lifestyles through offering unique products derived from advanced milk technology
2) Corporate slogan
   For Ever Brighter Smiles

2 The Group shall contribute to society through its business activities, based on its corporate mission, and shall continually work to develop and enhance a highly effective corporate governance system to achieve sustainable growth and increase corporate value.

(Basic Policies regarding Development and Enhancement of Our Corporate Governance System)

Article 5 The Group shall work to develop and enhance its corporate governance system in accordance with the following basic policies.

1) Respect shareholders' rights, and ensure equal treatment.
2) Respect the perspectives and rights of various stakeholders including our shareholders, customers, business partners, local communities, employees, and build proper relationships with them.
3) Disclose corporate information appropriately, and ensure transparency.
4) Build a structure in which each of the bodies comprising the corporate governance system organically collaborates, and ensure the effectiveness of functions supervising the execution of operations by the Board of Directors.
5) Aim to achieve sustainable growth and improve corporate value, and have constructive dialogue with shareholders who expect these aims and medium- to long-term profits to be realized.

Chapter 2 Ensuring the Rights and Equal Treatment of Shareholders

(General Meeting of Shareholders)

Article 6 1 To enable shareholders to appropriately exercise their voting rights at the General Meeting of Shareholders, which is the Company's highest decision-making body, the Company shall strive to create the following environment.

1) For the convenience of overseas investors, the convocation notice for the Annual General Meeting of Shareholders shall be provided in English as well as Japanese.
2) The convocation notice for the Annual General Meeting of Shareholders shall be sent out at least three weeks prior to the date of the meeting. In addition, before it is sent out, the convocation notice shall be submitted to the stock exchange, distributed via the Electronic Voting Platform, and posted on the Company's website around one month prior to the date of the General Meeting of Shareholders.
3) For the convenience of all shareholders, including those who do not attend the General Meeting of Shareholders, the Company has introduced voting via the Internet and the Electronic Voting Platform.
4) The schedule for the General Meeting of Shareholders and other related events shall be appropriately organized as to enhance dialogue with shareholders and to provide accurate information.
5) In cases where institutional investors and others who hold shares in the name of a

trust bank or other such institution want to exercise the rights they have as shareholders, such as their voting rights, at the General Meeting of Shareholders, the Company shall hold discussions with the relevant trust bank or other such institution and consider the matter in advance.

2 When a proposal made by the Company at the General Meeting of Shareholders is approved but has over 20% of votes cast against it, the Company shall analyze why those shareholders voted against the proposal and their reasons for doing so, and consider necessary responses.

(Ensuring Shareholders' Rights)

Article 7 The Company shall substantially ensure the rights of all shareholders, including minority and foreign shareholders.

1) When a basic capital policy that results in a change of control or in significant dilution is proposed, the Board of Directors shall examine the necessity and rationale of the policy, take appropriate steps in response, and accordingly disclose the content of the policy to prevent harm coming to existing shareholders' rights.
2) In the event that a tender offer is made for the Company's shares, the Company shall appropriately disclose the collective position of the Board of Directors regarding the tender offer. Furthermore, the Company shall not unduly inhibit shareholders' rights to sell their shares in response to the tender offer.

(Ensuring the Equal Treatment of Shareholders)

Article 8 1 The Company shall treat all shareholders equally according to their equity interests in the Company.

2 The Company does not provide special conveniences to specific shareholders.

(Procedures for Transactions that Are Likely to Harm Shareholders' Common Interests)

Article 9 1 All significant or irregular transactions with officers or major shareholders must be approved by the Board of Directors to ensure the common interests of the Company and shareholders are not harmed.

2 To prevent officers and employees of the Company engaging in insider trading, the handling of important facts that have not been disclosed shall be prescribed in the Insider Trading Regulations, which are to be strictly enforced.

(Basic Policy for Capital Policy)

Article 10 1 The Company shall strive to both strengthen its financial base and realize high profitability with the aim of increasing corporate value by achieving sustainable growth.

2 Regarding distribution of profits, the basic policy shall be to achieve stable dividends over the long term while paying attention to retained earnings and giving due consideration to business performance, consolidated payout ratio, etc. in order to maintain and strengthen the corporate structure.

(Basic Policies relating to Cross-shareholdings and the Exercising of Voting Rights pertaining to Cross-shareholdings)

Article 11 1 The Company shall hold cross-shareholdings only in cases where it deems that doing so will help increase the corporate value of the Company over the medium to long term, only after, however, thoroughly considering the economic rationale and the necessity for business operations.

2 Each year, the Board of Directors shall examine the significance of having individual cross-shareholdings based on the preceding paragraph, and the Company shall sell shares that are of little significance in terms of the effect they have on the market.

3 The Company shall appropriately exercise its voting rights for cross-shareholdings after carefully examining whether the content of each proposal is likely to damage the Company's corporate value and whether it can be expected to prove useful for the sound management of the issuing company and increase its corporate value.

Chapter 3 Relationships with Stakeholders

(Building Favorable and Harmonious Relationships with Stakeholders)

Article 12 1 The Group shall strive to deepen mutual understanding and increase corporate value over the medium to long term by communicating in good faith with stakeholders including shareholders, customers, business partners, local communities and employees.

2 The Group shall resolve social issues through its products, services, and activities, and actively promote sustainability management aimed at growing sustainably together with society. Specifically, the Group shall establish a roadmap fusing its business and sustainability activities, promote various activities based on this roadmap, manage their progress, and implement a range of initiatives including the dissemination of information to stakeholders.

3 By promoting diversity, including participation by women and employment of diverse human resources, the Group shall endeavor to create a variety of values, and increase corporate value.

(Guiding Principles)

Article 13 To ensure that all officers and employees act in compliance with laws, regulations and social ethics so as to realize the corporate mission, the Group has established the "Our Eight Questions" as the guiding principles which the Group shall strive to promote and make widely known.

1) Do we share our passion with our customers?
2) Do we feel and express gratitude to all stakeholders?
3) Do we have confidence in our quality?
4) Do we always pursue safety and reliability?
5) Do we continue to challenge ourselves?
6) Do we contribute to building "Team Morinaga"?
7) Do we engage in and enjoy what we do?
8) Do we exchange our visions and progress toward them?

(Function as a Corporate Pension Asset Owner)

Article 14 1 The Company has established an Asset Management Committee comprising directors responsible for financial matters and directors responsible for human resources, etc. and shall work to conduct periodic monitoring of asset management in order to invest appropriately in Defined Benefit Corporate Pension Plans.

2 The Company shall allocate personnel with the necessary experience and temperament to responsible departments and strive to develop such personnel.

Chapter 4 Ensuring Appropriate Information Disclosure and Transparency

(Information Disclosure Standards)

Article 15 1 To maintain and increase the trust of stakeholders and others, the Company shall aim to achieve fair and highly transparent management, and it shall carry out timely, accurate, clear, unbiased and continuous disclosure of information in accordance with the Companies Act, the Financial Instruments and Exchange Act, other applicable laws and regulations, and the rules of the Tokyo Stock Exchange.

2 From the standpoint of achieving effective corporate governance, the Company shall also disclose information in relation to the following matters through its website and other media, in addition to the information referred to in the preceding paragraph.

1) Management strategies and management plans
2) Basic approaches and policies in relation to corporate governance
3) Policies and procedures for determining directors' remuneration

4) Policies and procedures, and reasons for the nomination of individual candidates when officer candidates are nominated

3 The Company shall disclose information through a variety of mediums to make it more useful and accessible for shareholders.

4 Regarding the disclosure of information internationally, to a necessary extent, the Company shall disclose information in English.

5 To thoroughly manage insider information and ensure fairness, the Company shall mandate a quiet period with regard to information on financial results from the day after the end of the accounting period for each quarter until publication, during which time information relating to the financial results is not disclosed.

Chapter 5 Corporate Governance System

Section 1 Organizational Structure

(Organizational Structure)

Article 16 1 In accordance with the Companies Act, the Company has chosen an organizational structure of a company with an Audit & Supervisory Board.

2 The structure chosen is considered to be the most appropriate from the standpoint of continual optimization of corporate governance.

Section 2 Board of Directors

(Roles and Responsibilities of the Board of Directors)

Article 17 1 The Board of Directors is responsible for maintaining the Group's sustainable growth and maximizing corporate value over the medium to long term through the implementation of efficient and effective corporate governance.

2 In order to fulfill its responsibilities referred to in the preceding paragraph, the Board of Directors shall carry out the following duties.

1) Determining Group strategies based on the corporate philosophy.

2) In addition to formulating medium- to long-term management plans based on the perspectives of stakeholders, monitoring the progress of those plans, evaluating personnel who execute business operations and make decisions on personnel matters through fair and transparent procedures.

3) Establishing effective internal control systems in the Group and ensuring sound

management through regularly verifying the operational status.

4) When making important decisions on the execution of operations, conducting multifaceted examinations to ensure the best decision-making possible.
5) Appropriately supervising the fostering of successors to important managerial positions to ensure smooth succession to those positions.
6) Carrying out appropriate monitoring to ensure that there are opportunities for constructive dialogue with shareholders.

3 The Board of Directors shall establish systems to enable the Audit & Supervisory Board, accounting auditors and the Audit Department to carry out full and proper audits.

4 The Board of Directors shall establish systems for responding to cases where Audit & Supervisory Board members or accounting auditors request appropriate measures upon discovery of an irregularity or indicate that there are deficiencies or problems.

(Qualifications of Officers and Composition of the Board of Directors)

Article 18 1 In accordance with the Articles of Incorporation, the Board of Directors comprises a maximum of 12 Directors and four Audit & Supervisory Board members.

2 The Board of Directors comprises Internal Directors with specialized knowledge relating to the Company's business, Independent External Directors and Audit & Supervisory Board members who satisfy the separately prescribed independence standards for external officers ("the Independence Standards").

3 All the Company's external officers satisfy the Independence Standards. There are at least two Independent External Directors and at least half of the Audit & Supervisory Board members are Independent External Audit & Supervisory Board members.

4 The Company shall determine the impartiality of persons in important and newly appointed positions, and personnel who execute business operations and those who do not in consideration of business continuity and development, and the fostering of successors.

(Operation of the Board of Directors)

Article 19 1 The Representative Director shall serve as the Chairperson of the Board of Directors.

2 The Chairperson of the Board of Directors shall strive to enhance the quality of discussions at the Board of Directors' meetings and ensure the effective and efficient operation of the Board of Directors. To carry out the above duties, the Chairperson shall ensure that sufficient time is allowed for deliberation on proposals, uninhibited and constructive discussions take place, and that Directors can acquire appropriate

information in a timely manner.

3 The Chairperson shall strive to ensure that shareholders' opinions are shared with the Board of Directors as a whole.

4 Matters relating to the operation of the Board of Directors shall comply with laws and regulations and the Articles of Incorporation, and are prescribed by Board of Directors Rules separately.

(Election and Dismissal of Officers and Procedures for Nomination of Officer Candidates)

Article 20 1 With due consideration to gender, nationality, and other attributes of diversity, the Company shall select persons of excellent character and insight who have the professional expertise, and extensive business and management experience necessary to maintain the Company's sustainable growth, as officer candidates.

2 Candidates for Director positions are determined by the Board of Directors after a fair, transparent and strict examination and report by the Personnel Remuneration Committee in accordance with Item 1, Paragraph 1 of Article 41.

3 Candidates to become Audit & Supervisory Board members (including deputy Audit & Supervisory Board members) are determined by the Board of Directors in accordance with Item 1, Paragraph 1 of Article 41 after a fair, transparent and strict examination and report by the Personnel Remuneration Committee and the approval of the Audit & Supervisory Board.

4 If there is suspicion of negligence, improper conduct, or serious breach of the law or the Articles of Incorporation in relation to the fulfillment of the duties of officers, or if it becomes difficult for an officer to continue to fulfil duties for health reasons, the content of proposals concerning dismissal of the relevant officer for submission to the General Meeting of Shareholders and whether or not to dismiss the relevant officer from their position as a Representative Director or Executive Director shall be determined by the Board of Directors, having received fair, transparent, and careful consideration and recommendations from the Personnel Remuneration Committee.

(Approach to and Procedures for Determining Officer Remuneration)

Article 21 1 Remuneration for the Executive Directors shall relate to operating results that achieve medium- to long-term profits and be determined in an appropriate, fair and balanced manner, thereby further motivating the relevant Directors to maximize the Company's corporate value.

2 Share-related remuneration and other performance-related elements shall not be applicable to the remuneration of Independent External Directors and Audit &

Supervisory Board members.

3 With respect to director remuneration, the Personnel Remuneration Committee determines the amount of monetary remuneration for each director, and the Board of Directors determines the amount of stock remuneration for each director after a fair examination and report by the Personnel Remuneration Committee.

4 Remuneration of Audit & Supervisory Board members shall be determined in accordance with Paragraph 3 of Article 27.

(Enhancement of the Board of Directors' Discussions)

Article 22 To enhance discussions at Board of Directors' meetings, the Company shall take the following measures.

1) Materials relating to agendas and proposals for Board of Directors' meetings shall be distributed to each officer well in advance of when the meetings take place. However, this does not include, in particular, items that are highly confidential.

2) Prior to Board of Directors' meetings, the Independent External Officers shall, as necessary, receive explanations from personnel who carry out business operations with regard to the content of proposals to be brought up for discussion by the Board of Directors.

(Evaluation of the Board of Directors)

Article 23 1 Each officer shall conduct an annual assessment regarding the effectiveness of the Board of Directors as a whole, as well as evaluating performance, and submit the results to the Board of Directors. Based on the results of the assessment, the Board of Directors shall conduct a yearly analysis and evaluation of the Board of Directors' effectiveness as a whole, and appropriately disclose a summary of those results.

2 The Board of Directors shall strive to enhance analysis and evaluation of the effectiveness of the Board as a whole prescribed in the preceding paragraph to improve how the Board functions.

Section 3 Directors

(Roles and Responsibilities of Directors)

Article 24 1 Directors shall have a duty of loyalty and a duty of care befitting of a prudent manager, in light of the responsibilities entrusted to them by shareholders.

2 Directors shall gather sufficient information to perform their duties, and exercise their voting rights after proactively expressing and discussing their opinions at Board of Directors' meetings.

3 Directors shall work to resolve management issues of the Company by exercising their rights, in a timely and appropriate manner, to propose agenda items for, and request the convening of Board of Directors' meetings.

4 Directors shall repay the trust shareholders place in them, and show that they have the expertise and management capabilities expected of them, by spending sufficient time in the performance of their duties as Directors.

5 Directors act in the common interests of the Company and shareholders while taking care to build proper relationships with stakeholders.

(Roles and Responsibilities of Independent External Directors)

Article 25 As independent officers, Independent External Directors shall carry out the following duties, paying due attention to the perspectives of shareholders, in addition to their roles as Directors referred to in the preceding Article.

1) Based on their own knowledge and experience, providing necessary advice for achieving management plans and other specific targets and pointing out potential risks.
2) Monitoring the execution of duties by Directors, with a focus on the Representative Director.
3) In light of the management plans determined by the Board of Directors, evaluating management results and the performance of the management team, judging the appropriateness of entrusting the management of the Company to the current management team from the standpoint of the common interests of shareholders, and expressing their opinions to the Personnel Remuneration Committee prescribed in Article 41 and the Board of Directors.

(Term of Office and Limitation of Concurrent Positions of Independent External Officers)

Article 26 1 The Company shall judge that external officers who occupy their position for more than eight years after taking office do not satisfy the requirements for independent external officers.

2 Independent external officers must not hold concurrent positions as officers at other companies if those positions reduce their ability to carry out the roles expected of them at the Company.

Section 4 Audit & Supervisory Board

(Roles and Responsibilities of the Audit & Supervisory Board)

Article 27 1 To maximize the Company's sustainable growth and corporate value over the medium to long term, the Audit & Supervisory Board is responsible for ensuring the soundness of the Company by overseeing the execution of duties by Directors, deciding on the content of proposals for submission to the General Meeting of Shareholders in relation to the election, dismissal and non-reappointment of accounting auditors, exercising its authority pertaining to the remuneration of Audit & Supervisory Board members, and fulfilling other roles and responsibilities.

2 To ensure all Audit & Supervisory Board members carry out effective auditing, the Audit & Supervisory Board shall prescribe the Auditing Standards of Audit & Supervisory Board Members with regard to the standards and systems for audits separately.

3 The Audit & Supervisory Board shall determine the remuneration of Audit & Supervisory Board members through consultation, within the range of the total amount of remuneration for all Audit & Supervisory Board members resolved at the General Meeting of Shareholders. In view of their roles, the remuneration of Audit & Supervisory Board members is in the form of basic remuneration only.

(Composition of the Audit & Supervisory Board)

Article 28 1 The Audit & Supervisory Board comprises a maximum of four Audit & Supervisory Board members.

2 At least one Audit & Supervisory Board member must have appropriate financial and accounting knowledge.

(Operation of the Audit & Supervisory Board)

Article 29 1 By resolution, the Audit & Supervisory Board shall select a Chairperson from among Audit & Supervisory Board members.

2 The Chairperson of the Audit & Supervisory Board strives to enhance the quality of discussions at Audit & Supervisory Board meetings and ensure the effective and efficient operation of the Audit & Supervisory Board. To carry out the above duties, the Chairperson shall ensure that sufficient time is allowed for deliberation on proposals, uninhibited and constructive discussions take place, and that Audit & Supervisory Board members can acquire appropriate information in a timely manner to ensure the effectiveness of their auditing.

3 The Chairperson of the Audit & Supervisory Board shall execute the duties delegated to him or her by the Audit & Supervisory Board, but must not hinder the ability of Audit & Supervisory Board members to exercise their individual authority.

4 Matters relating to the operation of the Audit & Supervisory Board shall comply with laws and regulations and the Articles of Incorporation, and are prescribed by the Audit & Supervisory Board Rules separately.

(Relationship with Accounting Auditors and the Audit Department)

Article 30 1 The Audit & Supervisory Board shall formulate standards for the appropriate election of accounting auditor candidates and the appropriate evaluation of accounting auditors. It shall also confirm the independence and expertise of accounting auditors.

2 In conjunction with accounting auditors and the Audit Department, the Audit & Supervisory Board shall ensure the structures for conducting full and proper audits.

Section 5 Audit & Supervisory Board Members

(Roles and Responsibilities of Audit & Supervisory Board Members)

Article 31 1 Audit & Supervisory Board members shall oversee the execution of duties by Directors as independent agents with authority to investigate business operations and property.

2 In accordance with the audit policies and audit allotments determined by the Audit & Supervisory Board, Audit & Supervisory Board members shall attend important Company meetings, including Board of Directors' meetings, and receive reports from Directors and other personnel on how well duties are being executed. In addition, they shall monitor how effectively Directors are executing their duties by perusing important approval documents, communicating with the Audit Department and subsidiaries, hearing reports from accounting auditors, as well as through other means. Also, at Board of Directors' meetings and other important meetings attended by them, they shall positively and proactively exercise their authority, and appropriately express their views to the Directors and other personnel when they consider it to be necessary.

3 Audit & Supervisory Board members shall investigate in cases where there are questions of misconduct or material facts in violation of laws and regulations or the Articles of Incorporation in relation to the execution of Directors' duties.

4 Audit & Supervisory Board members shall conduct audits with regard to the state of development and operation of internal control systems, including internal control

pertaining to financial reporting.

5 Audit & Supervisory Board members shall gather information necessary for the execution of their own duties through communication with the Company's Directors and accounting auditors, cooperation with other Audit & Supervisory Board members, Audit Department, and departments responsible for internal control.

Section 6 Accounting Auditors

(Accounting Auditors)

Article 32 The Company shall recognize that accounting auditors are responsible for ensuring the reliability of financial reporting, and work with accounting auditors to ensure the proper execution of audits.

Section 7 Support Structures for Officers

(Office Support Structures)

Article 33 1 To enable all Directors, including Independent External Directors, to appropriately execute their duties, the Board of Directors' office shall be established to support Directors.

2 To ensure that the Audit & Supervisory Board and each of its members can perform their duties appropriately, support staff shall be assigned to them.

3 The Board of Directors' office and the Audit & Supervisory Board members' support staff work together appropriately to enhance cooperation between Directors and Audit & Supervisory Board members.

(Access to Information)

Article 34 1 If necessary for the execution of their duties, or if considered appropriate, all officers may request explanations or reports or the submission of materials by other officers, executive officers, the Audit Department, and other operation execution departments at any time.

2 If necessary to execute their respective roles and duties, all officers may use legal, accounting, financial and other experts at the Company's expense.

(The Liaison Meeting of Non-executive Officers)

Article 35 1 The Company has established the Liaison Meeting of Non-executive Officers comprising the Independent External Directors and Audit & Supervisory Board members, at which the Company's business and management affairs and other

matters are discussed.

2 On its own accord and at the Company's expense, the Liaison Meeting of Non-executive Officers may use independent legal, accounting, financial and other experts from among experts contracted by the management team or the Company.

(Measures for Improving Officers' Management Capabilities)

Article 36 1 To enable officers to effectively perform their roles and responsibilities, the Company shall conduct the necessary training, based on officers' respective knowledge and experience.

2 Newly appointed officers shall undergo training conducted by consulting lawyers to gain knowledge about laws and regulations necessary for company management, including compliance and corporate governance.

3 As necessary, newly appointed independent officers shall undergo the training referred to in the preceding paragraph, and receive explanations about the Company's management strategies, financial conditions and other important matters from operation execution departments.

4 To perform their roles, officers must at all times actively gather information and diligently study the Company's financial status, compliance, corporate governance and other matters.

5 To foster officers' successors, the Company shall conduct education and training for acquiring necessary management knowledge depending on the relevant employee's position.

Section 8 Executive Management Committee

(Roles and Responsibilities of the Executive Management Committee)

Article 37 The Executive Management Committee is a body set up to ensure smooth execution of important management issues, and performs the following functions.

1) Decisions on business execution based on authorities delegated by the Board of Directors.
2) Discussion on matters related to management issues and strategies.
3) Confirmation and verification of the status of business execution with respect to matters discussed at the Executive Management Committee.

(Composition of the Executive Management Committee and Chairperson)

Article 38 The Executive Management Committee mainly comprises directors (excluding external

directors), general managers, and full-time members of the Audit & Supervisory Board.

(Operation of the Executive Management Committee)

Article 39 1 The President and Representative Director shall act as the Chairperson of the Executive Management Committee.

2 Matters in relation to the operation of the Executive Management Committee are prescribed separately in the Executive Management Committee Rules.

Section 9 Committees

(Establishment of Committees)

Article 40 1 The Company has established the Personnel Remuneration Committee and the Sustainability Committee as advisory bodies to the Board of Directors, and has established the Internal Control Committee and the Quality Assurance Committee to reinforce the functions of the Board of Directors.

2 The Company shall strengthen the functions of the Board of Directors by establishing necessary committees, in addition to the committees referred to in the preceding paragraph.

Division 1 Personnel Remuneration Committee

(Roles and Responsibilities of the Personnel Remuneration Committee)

Article 41 1 To enhance transparency and objectivity when determining the election and dismissal of officers and their remuneration, the Personnel Remuneration Committee shall consider the following matters, upon reference from the Board of Directors, and report back to the Board of Directors.

1) Matters concerning the election, reappointment, and dismissal of Directors and Audit & Supervisory Board Members
2) Matters concerning the Independence Standards for external officers
3) Matters concerning the election and removal of representative directors and directors with operational responsibilities
4) Matters concerning the formulation and abolition of plans to develop a successor to the President and Representative Director, and matters concerning the implementation of these plans, such as the selection of and development of candidates for immediate and future plans
5) Matters concerning Directors' areas of responsibility
6) Matters concerning remuneration for Directors, Audit & Supervisory Board Members, and Executive Officers
7) Matters concerning post-retirement benefits for Directors and Audit & Supervisory Board Members

8) Other matters referred to the Committee by the Board of Directors

(Composition of the Personnel Remuneration Committee)

Article 42 1 The Personnel Remuneration Committee comprises two internal officers including the President and Representative Director, and up to five independent external officers.

2 The Personnel Remuneration Committee consists of a majority of Independent External Directors.

(Operation of the Personnel Remuneration Committee)

Article 43 1 The Chairperson of the Personnel Remuneration Committee shall be elected by the Committee from among its members, and shall preside over the proceedings of the Committee.

2 Matters relating to the operation of the Personnel Remuneration Committee are prescribed separately in the Personnel Remuneration Committee Rules.

Division 2 Sustainability Committee

(Roles and Responsibilities of the Sustainability Committee)

Article 44 The Sustainability Committee is tasked with accelerating the Group's sustainability management, to which end it deliberates on matters referred to it by the Board of Directors from the perspectives of contributing to the realization of a sustainable society and achieving sustainable business growth, and submits its recommendations to the Board of Directors.

(Composition of the Sustainability Committee)

Article 45 The Sustainability Committee is, in principle, comprised of directors and external experts.

(Operation of the Sustainability Committee)

Article 46 1 The lead external director shall act as the Chairperson of the Sustainability Committee and preside over its proceedings.

2 Matters in relation to the operation of the Sustainability Committee are prescribed separately in the Sustainability Committee Operation Rules.

Division 3 Internal Control Committee

(Basic Policy on Internal Control)

Article 47 In accordance with the Companies Act, the Board of Directors shall establish and apply a Basic Policy on Internal Control as a system for ensuring that the execution of Directors' duties complies with laws and regulations and the Articles of Incorporation, as well as ensuring the appropriateness of other operations of the Group.

(Roles and Responsibilities of the Internal Control Committee)

Article 48 1 To enhance the effectiveness of internal control referred to in the preceding Article, the Internal Control Committee shall carry out the following measures.

1) Developing the compliance system to avoid the occurrence of improper or illegal conduct, including conducting awareness-raising activities for the Group in relation to compliance with laws and regulations, the Articles of Incorporation and social ethics.
2) Maintaining the risk management system, including taking prior measures to prevent significant risks to the Group.
3) Ensuring the reliability of financial reporting by confirming whether it is able to manage latent risks in business processes.
4) Regulating the Group's information security structures and conducting management and instruction for information security structures to maintain and improve information security.

2 The Internal Control Committee shall report to the Board of Directors as needed in relation to the operational status of the internal control system.

(Composition of the Internal Control Committee)

Article 49 1 The Internal Control Committee comprises the President and Representative Director, Directors in charge of compliance, risk management, financial reporting, and information security, Full-time Audit & Supervisory Board members and heads of related departments.

2 To promote internal control, the Company shall have a Compliance Subcommittee, Risk Management Subcommittee, Financial Reporting Subcommittee, and Information Security Subcommittee working under the Internal Control Committee.

(Operation of the Internal Control Committee)

Article 50 1 The President and Representative Director shall act as the Chairperson of the Internal Control Committee and its proceedings.

2 Matters in relation to the operation of the Internal Control Committee are prescribed separately in the Internal Control Committee Rules.

(Internal Reporting System)

Article 51 1 As part of the internal control system, the Group shall develop and appropriately operate an internal reporting system for the early detection and correction of any illegal or unethical practices conducted by officers and employees.

2 The Company has established contact points in the General Affairs Department and an outside law office for internal reporting.

3 The Company shall stipulate in the Operating Regulations of Internal Reporting System that persons who make reports are not to be subjected to any disadvantageous treatment.

Division 4 Quality Assurance Committee

(Roles and Responsibilities of the Quality Assurance Committee)

Article 52 The Quality Assurance Committee has been established as a special committee to reinforce the functions of the Board of Directors. It deliberates on and approves basic companywide policy and important measures related to quality assurance. It also oversees quality policies and standards in the Group's product supply chains, and confirms the operation of these, with the aim of mitigating or eliminating business risk.

(Composition of the Quality Assurance Committee)

Article 53 The Quality Assurance Committee is, in principle, composed of internal directors and general managers.

(Operation of the Quality Assurance Committee)

Article 54 1 The President and Representative Director shall act as the Chairperson of the Quality Assurance Committee and its proceedings.

2 Matters in relation to the operation of the Quality Assurance Committee are prescribed separately in the Quality Assurance Committee Operation Rules.

Chapter 6 Dialogue with Shareholders

(Basic Policies)

Article 55 1 The Company shall make the building of trustworthy relationships with shareholders through constructive dialogue a priority for management.

2 To achieve constructive dialogue with shareholders, the Company shall actively strive to understand shareholding structures.

3 The Company shall work to promote dialogue with shareholders through the Annual General Meeting of Shareholders, financial results briefings, individual visits and meetings, and other such occasions.

4 The Company shall manage insider information when having dialogue with shareholders in accordance with Paragraph 5 of Article 15.

(Structures for Promoting Dialogue)

Article 56 1 Matters in relation to constructive dialogue with shareholders are supervised by the Director in charge of general affairs and the Director in charge of public relations.

2 To enhance dialogue with shareholders, the General Affairs Department and the Corporate Communication Department shall cooperate by acting as contact points for shareholders and sharing information as needed.

3 Requests for dialogue are responded to by appropriate structures, taking into consideration the purpose and significance of the content of meetings, the backgrounds of the persons attending the meetings, and other factors.

(Sharing of Shareholders' Opinions)

Article 57 Depending on their significance and content, opinions obtained through dialogue with

shareholders may be reported to the management team and the Board of Directors.

Chapter 7 Other

(Procedures for Revision or Abolition of Guidelines)

Article 58 Revision or abolition of these Guidelines is by resolution of the Board of Directors. However, minor revisions such as changes ancillary to matters resolved by the Board of Directors and additions or revisions of notes for clarifying the operation of these Guidelines, are to be approved by the Director in charge of general affairs.

Supplementary Provisions

1 These Guidelines are in effect as of October 27, 2015.
2 These Guidelines are amended on April 1, 2017
3 These Guidelines are amended on August 30, 2017
4 These Guidelines are amended on November 2, 2018
5 These Guidelines are amended on July 12, 2019
6 These Guidelines are amended on April 28, 2020
7 These Guidelines are amended on December 10, 2020
8 These Guidelines are amended on February 9, 2022
9 These Guidelines are amended on June 1, 2022
10 These Guidelines are amended on June 16, 2022
11 These Guidelines are amended on March 6, 2023
12 These Guidelines are amended on April 1, 2024
13 These Guidelines are amended on June 27, 2024
14 These Guidelines are amended on June 26, 2025
15 These Guidelines are amended on December 15, 2025