

# Corporate Governance Report

December 25, 2025  
**Morinaga & Co., Ltd.**

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<https://www.morinaga.co.jp>

The corporate governance of Morinaga & Co., Ltd. (the “Company”) is described below.

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

### 1. Basic Views

The Morinaga Group will enhance its corporate governance with the aim of maximizing corporate value and achieving perpetual corporate growth based on the basic policies of improving the health and efficiency of management, ensuring the reliability of financial reporting, providing timely and appropriate disclosure of information, complying with laws and regulations, and strengthening the trust and relationships with all stakeholders.

#### (1) Positioning of Stakeholders

To enable us to fulfill our social responsibility in all areas of our business activities, we are committed to maintaining and further developing strong relationships with all stakeholders, who sustain our company, and achieving coexistence with society and sustainable growth in accordance with corporate principles and the code of conduct.

#### (2) Management Monitoring Functions

We are committed to building an effective internal control system by strengthening the management monitoring functions of the Board of Directors, appointing Outside Directors and Outside Statutory Auditors, requiring attendance by Standing Statutory Auditors at important meetings, and placing the Internal Audit Department under the direct control of the Representative Director, President, COO.

#### (3) Consistency in Thinking within the Entire Group

While respecting the independence of our subsidiaries, we endeavor to maintain close ties amongst Group member companies.

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

The Company complies with all principles of the Corporate Governance Code.

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

### [Principle 1.4 Cross-Shareholdings]

At the Board of Directors once every year, the Company evaluates stocks held for purposes other than pure investment, so-called cross-holdings, by taking into account the purpose of holdings and the medium- to long-term prospect of trading relationships with the holdings companies, and assesses whether the holding risks and benefits of each individual stock are commensurate with the cost of capital.

Based on these evaluations, it is the Company's policy to determine the necessity of each cross-shareholding and reduce such holdings. In fiscal 2024, the Company sold all of its shares of four stocks and some of its shares in four stocks.

With respect to exercising voting rights related to shares held as cross-holdings, the Company determines approval or disapproval for proposals by each individual stock after considering from the viewpoints of whether the proposal in question will impose a negative impact on the relationship and trading with the Morinaga Group, or whether significant concerns have arisen on corporate governance.

### [Principle 1.7 Related Party Transactions]

The Regulations of the Board of Directors, etc. stipulate that the approval of the Board of Directors must be obtained when attempting to enter into a transaction with a related party, excluding routine transactions, and that the results of these transactions shall be reported to the Board of Directors.

In addition, the results of the transaction shall be disclosed in a timely and appropriate manner based on related laws and regulations, etc., as necessary.

### [Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources]

With the "promotion of diversity & inclusion" as one of its business strategies, based on the idea of "leveraging each person's individuality," the Morinaga Group aims to develop autonomous personnel that continues to create value for society, and foster employees to generate innovation by respecting each other and exchanging knowledge, through the realization of a working environment where diverse human resources play active roles.

On a non-consolidated basis, female managers accounted for 13.4% of the Company's managers as of April 2025. The Company will promote the active participation of women with the goal of raising the ratio to 20% in fiscal 2030. Midcareer professionals are actively recruited in the Company's corporate and business divisions. In fiscal 2024, the Company on a non-consolidated basis hired eighteen (18) midcareer professionals. Going forward, each division will continue planned recruitment and make active efforts for promotions to managers as well. There has been no promotion of foreigners to managerial positions so far at the Company on a non-consolidated basis, but the Company intends to promote foreigners to managerial positions by fiscal 2030 as part of its efforts to globalize the business foundation.

Other matters related to ensuring diversity are provided on the Company's website (<https://www.morinaga.co.jp/company/english/sustainability/people/diversity.html>) and in the Integrated Report (<https://www.morinaga.co.jp/company/english/sustainability/reports/>).

### [Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has introduced a defined benefit corporate pension plan. Its assets are managed by executing a trust agreement with a trust company or financial institution engaged in trust business, or by executing a life insurance contract with a life insurance company as a counterparty. The status of asset management is monitored on a periodic basis.

In addition, the Company stipulates that it should strive to appoint a person with expert knowledge and experience in deciding the asset composition ratio, who will be used by the Company to engage in its business.

### [Principle 3.1 Full Disclosure]

1. Corporate philosophy: Provided on the Company's website (<https://www.morinaga.co.jp/company/english/about/vision.html>) and in the Notice of Convocation of the Annual General Meeting of Shareholders (<https://www.morinaga.co.jp/company/english/ir/stock/invite.html>).  
Management strategy, management plans: Provided on the Company's website (<https://www.morinaga.co.jp/company/english/ir/policy/strategy.html>) and in results briefing materials

(<https://www.morinaga.co.jp/company/english/ir/library/data.html>) and the annual securities report (<https://www.morinaga.co.jp/company/ir/library/report.html>) (Japanese only), etc.

2. Basic views and basic policies on corporate governance:

Provided in I.1. “Basic Views” of this report.

3. Policies and procedures for the Board of Directors to determine remuneration of senior management and Directors:

Provided in II.1. “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” of this report.

4. Policies and procedures for the Board of Directors to appoint and dismiss senior management and to nominate candidates for Directors and Statutory Auditors:

In order to appoint officers who can fully contribute to the value creation of the Company, the Company has established “Policy and Procedures for Appointment of Officers.” The following is a summary of the Company’s policy on the appointment of officers.

a. The Company’s Directors and Statutory Auditors shall be selected from among personnel with expertise and experience in the various fields necessary to realize the purpose and vision of the Morinaga Group, taking into consideration diversity in terms of nationality, gender, age, and other factors.

b. Executive Directors and Operating Officers shall be selected from among personnel who meet the “Morinaga Group Management Personnel Requirements” (those who possess basic qualities, personal qualities, leadership, challenging spirit, foresight and conceptual ability, execution ability, and ability to utilize new technologies and fields) and who can contribute to the sustainable growth of the Morinaga Group.

c. Outside Directors shall be selected from among persons who meet the Company’s independence standards as separately determined and who can be expected to express appropriate opinions and raise issues from an independent and objective standpoint with respect to the Group’s management issues, etc.

d. Statutory Auditors shall be selected from among persons who can be expected to conduct accurate audits of the legality and appropriateness of business execution from an objective and neutral perspective by utilizing their knowledge and experience. At least one (1) of the Statutory Auditor shall be selected from among persons with sufficient knowledge of finance and accounting, and Outside Statutory Auditors shall be selected from among persons who meet the Company’s independence standards.

The Board of Directors deliberates and decides on the nomination of officer candidates upon deliberation and report based on the above appointment policy by the Officer Appointment and Remuneration Advisory Committee. The Board of Directors shall obtain the consent of the Board of Statutory Auditors with respect to the proposed candidates for Statutory Auditors.

In the event in which dismissing Directors, Statutory Auditors or senior management is necessary, the Board of Directors adopts a proposal for the dismissal of a Director or Statutory Auditor, or determines to dismiss senior management, following deliberation and report by the Officer Appointment and Remuneration Advisory Committee. The dismissal of Directors and Statutory Auditors is conducted in accordance with the Companies Act and other regulations.

5. Explanation of the appointment, dismissal, and nomination of individual Directors and Statutory Auditors:

The reasons for selection and dismissal of officers are provided in the Notice of Convocation of the Annual General Meeting of Shareholders, etc.

<https://www.morinaga.co.jp/company/english/ir/stock/invite.html>

**[Supplementary Principle 3.1.3 Sustainability Initiatives, etc.]**

(1) Sustainability initiatives

The Company’s sustainability initiatives are disclosed on its website (<https://www.morinaga.co.jp/company/english/sustainability/>).

(2) Investments in human capital and intellectual properties

With “diversity & inclusion,” “development of talents,” and “promotion of health management” as key issues in the human resources strategy for achieving the 2030 Business Plan (<https://www.morinaga.co.jp/company/english/ir/policy/strategy.html>), which was announced on May 20, 2021, the Morinaga Group has been implementing personnel measures and will continue its efforts. In addition, to build business foundation linked with business strategies, which is one of the basic policies of the 2030 Business Plan, the Company has been carrying out initiatives such as strengthening basic research and conducting wellness R&D and global R&D as part of the R&D strategy, while protecting and utilizing various

technological assets including patents and know-how obtained through digital application such as IoT. Furthermore, trademarks and other intellectual properties are being harnessed to maintain and improve the trusted brand value accumulated over 120 years, and such efforts will continue in the future. Details of the Company's efforts for human capital and intellectual properties are disclosed on its website and in the Integrated Report. The relevant URLs are as follows.

The Company's website: Human Resource Development, Fostering Organizations that are Diverse and Dynamic, and Achieving a Healthy and Worker-friendly Workplace Environment

(<https://www.morinaga.co.jp/company/english/sustainability/people/talent.html>)

(<https://www.morinaga.co.jp/company/english/sustainability/people/diversity.html>)

(<https://www.morinaga.co.jp/company/english/sustainability/people/health-safety.html>)

The Company's website: Intellectual property

(<https://www.morinaga.co.jp/company/english/rd/ip.html>)

Integrated Report (<https://www.morinaga.co.jp/company/english/sustainability/reports/>)

(3) Impact of climate change-related risks and earning opportunities on the Company's business activities  
In fiscal 2021, the "TCFD Subcommittee" was established as a subcommittee of the Sustainability Committee to analyze climate change-related risks and earning opportunities for the Morinaga Group and to discuss countermeasures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In April 2022, the Company endorsed the TCFD recommendations and joined the TCFD Consortium.

Details are provided on the Company's website

(<https://www.morinaga.co.jp/company/english/sustainability/environment/climate-change/tcf/>).

The Company will continue to deepen its analysis and discussion of countermeasures while enhancing information disclosure.

#### **[Supplementary Principle 4.1.1 Scope of Delegation to Management]**

In order to strengthen the business execution function, the Company has introduced an Operating Officer System and a System of Directors Concurrently Serving as Operating Officers.

In regard to the scope of delegation to management, the Board of Directors makes resolutions regarding matters that may significantly affect the business performance of the Morinaga Group and the corporate governance of the Company, including investments of more than a certain amount and important personnel matters, and other matters are determined at business execution meetings, etc.

The Company has established the Rules for Decision-making Criteria in regard to the scope of delegation and operates based on these rules.

#### **[Principle 4.8 Effective Use of Independent Outside Directors]**

The Company appoints four (4) Independent Outside Directors, which are more than one-third of all ten (10) Directors, and receives from them supervision, in addition to objective, neutral advice regarding management as a whole based on wide-ranging perspectives. In addition, opinions are closely exchanged through liaison meetings among Independent Outside Directors and meetings with the President and Representative Director,

ensuring a system in place for contacting and cooperating with management and Statutory Auditors.

#### **[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]**

For Independent Outside Directors, the Company's policy is to select candidates who do not fall under any of the following criteria, taking into consideration the Standards for Independence set forth by financial instruments exchanges, and who may also be expected to appropriately express views and identify problems regarding the Company's management issues, etc. from an independent and objective standpoint.

a. A party whose major client or supplier is the Morinaga Group or an executive thereof; specifically, a party or the corporation to which the party belongs whose sales in the most recent fiscal year to the Morinaga Group accounted for 2% or more of its annual consolidated sales.

b. A major client or supplier of the Morinaga Group or an executive thereof; specifically, a party or the corporation to which the party belongs to whom sales in the most recent fiscal year from the Morinaga Group accounted for 2% or more of the Company's annual consolidated sales.

c. A consultant, accounting professional, or legal professional who receives a large amount of money or other assets from the Company in addition to his/her remuneration as Director or Officer, or a member of the

corporation, organization, etc. that receives such assets. A large amount of assets is defined as 2% of the annual consolidated sales of the corporation or 10 million yen, whichever is higher, or more in the most recent fiscal year.

d. A party that has fallen under any of item a. through c. above in the past year.

e. A party that has been an Operating Officer of the Company or its subsidiaries at the time of his/her appointment or any time within 10 years prior to his/her appointment.

f. A relative up to the second degree of kinship of a party described in any of item a. through e. above.

g. A party who does not satisfy the Standards for Independence set forth by the Tokyo Stock Exchange, or any other person who may have a conflict of interest with the Company's shareholders.

h. A person whose total term of office has been more than 8 years.

#### **[Supplementary Principle 4.10.1 Nomination Committee and Remuneration Committee]**

The Company has established the Officer Appointment and Remuneration Advisory Committee, a voluntary committee that evaluates the nomination and remuneration of Directors. The Officer Appointment and Remuneration Advisory Committee is composed of the Representative Directors and all Outside Directors, and the chairperson is elected from among Outside Directors who are members of the committee. This ensures the independence of the committee.

To strengthen the Company's corporate governance and improve management transparency and objectivity, the Officer Appointment and Remuneration Advisory Committee, when consulted by the Board of Directors, deliberates and reports to the Board of Directors on personnel matters of officers, including the appointment, dismissal, and rewards and punishments of Directors, Statutory Auditors, and Senior Operating Officers, as well as matters concerning succession planning policies for Directors, Operating Officers, etc., including the Representative Directors.

The Officer Appointment and Remuneration Advisory Committee also deliberates and decides on draft proposals prepared by the President and Representative Director regarding the evaluation of Directors and Senior Operating Officers and their individual remuneration amounts under the delegation of the Board of Directors and reports on its decision-making process to the Board of Directors.

#### **[Supplementary Principle 4.11.1 Views on the Composition of the Board of Directors]**

The Company believes it is important that the Board of Directors consists of Directors and Statutory Auditors with various backgrounds in terms of gender, race or ethnicity, nationality or country of origin, etc., wide-ranging knowledge, diverse and advanced abilities, etc., in order to guarantee the objectivity and independence of the Board of Directors as a whole, and based on this viewpoint, selects four (4) Independent Outside Directors. The Company's policy is to continue to select Independent Outside Directors who sufficiently have the qualities described in Principle 4.8 of the Corporate Governance Code as members constituting one-third or more of the Board of Directors.

While guaranteeing the diversity of the Board of Directors, the Company also stipulates in its Articles of Incorporation that the number of Directors shall be no more than twelve (12), in order to ensure the promptness of decision-making.

Knowledge, experience, abilities, etc. of Directors of the Company are summarized in a table (skill matrix) and disclosed in the Notice of Convocation of the Annual General Meeting of Shareholders (<https://www.morinaga.co.jp/company/english/ir/stock/invite.html>).

#### **[Supplementary Principle 4.11.2 Concurrent Independent Outside Officer Positions]**

If Directors and Statutory Auditors of the Company serve concurrently as officers of other listed companies, it shall be limited to a reasonable number of positions, and the status thereof shall be disclosed in the business report every year.

#### **[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]**

(1) Method of analysis and evaluation

In regard to the effectiveness of the Board of Directors as a whole, the Company conducts monthly analysis and evaluation of all Directors. Also regarding the Board of Director in fiscal 2024, the Company conducted a survey of all Directors including Outside Officers, and all Statutory Auditors including Outside Statutory Auditors in February 2025. The survey covered the composition, operation, and agenda of the Board of

Directors, sustainability initiatives, discussion and monitoring of progress of medium- to long-term management plans, the nomination and remuneration of senior management, risk management, dialogue with shareholders, etc., systems to support the Board of Directors, and issues indicated in previous evaluations of the Board of Directors. The Board of Directors conducted an exchange of opinions on the results of the survey, executed evaluations, and established priority issues for the future.

The survey has been aggregated, analyzed and evaluated by a third-party organization (law firm), in order to ensure objectivity, and the Board of Directors has held discussions, with reference to the results of this aggregation, analysis and evaluation.

(2) Result of the evaluation

As a result of analysis and evaluation by the third-party organization (law firm), the Company's Board of Directors was determined to be functioning effectively in fiscal 2024, in light of the Companies Act and the Corporate Governance Code, without any significant dysfunction or structural deficiency, etc. Based on the third-party analysis and evaluation, the Board of Directors held discussions and recognized that the Board of Directors was effective and functioning effectively in line with the basic views on corporate governance, etc. of the Company.

(3) Initiatives for improvement

Two issues were identified in the evaluation of the effectiveness of the Board of Directors in the previous fiscal year: 1) further activation of the Board of Directors by selecting appropriate topics and ensuring time for deliberation in order to discuss a wide range of management issues; and 2) the continuation of efforts to further enhance discussions on medium- to long-term management issues, such as sustainability and the Medium-Term Business Plan.

Regarding 1), we deepened discussions and activated the Board of Directors by selecting the agenda and ensuring time for deliberation. In particular, during the course of in-depth discussions regarding items for deliberation, we were able to make constructive efforts such as proposing specific measures and creating opportunities for further discussions on those specific measures.

In terms of efforts to select the agenda for the Board of Directors, we took measures to ensure time for deliberation by appropriately selecting matters that needed to be adopted as agenda items for the Board of Directors. This was achieved by reorganizing the standing committees to review the items to be reported to the Board of Directors, and reporting some matters to the business execution meetings to which authority had been transferred from the Board of Directors.

Furthermore, we made efforts to activate the Board of Directors by providing advance explanations to Outside Directors and ensuring sufficient time for discussions on highly important matters.

With respect to 2), we discussed measures to enhance employee engagement from the perspective of human capital enhancement, as well as future overseas expansion, R&D strategy, and inorganic growth.

(4) Initiatives for the future

The Company has established the following priority issue for the future in ongoing efforts to further improve the issues identified in the previous fiscal year, based on this evaluation of the effectiveness of the Board of Directors.

"We will further enhance discussions relating to medium- to long-term management issues by selecting appropriate topics and ensuring time for deliberation."

By implementing necessary measures to improve the above issues, the Company intends to further enhance the effectiveness of the Board of Directors, and further strengthen corporate governance.

**[Supplementary Principle 4.14.2 Training Policy for Directors and Statutory Auditors]**

In order that Directors and Statutory Auditors may sufficiently perform the functions of supervising and auditing management, the Company provides them with information necessary for the execution of their duties in a timely and appropriate manner.

Additionally, in order to enhance deliberations at meetings of the Board of Directors, the Company distributes and explains documents for meetings of the Board of Directors to Outside Directors ahead of meetings, and provides them with related information, etc., in addition to providing opportunities to deepen their understanding of the Company, such as inspections of business sites.

In addition, the Company regularly provides Directors and Statutory Auditors with opportunities for training on risk and compliance by third parties such as lawyers. The costs of such training are paid for by the Company.

**[Principle 5.1 Policy for Constructive Dialogue with Shareholders]**

The policy regarding the development of systems and initiatives to promote constructive dialogue with shareholders and investors is as follows.

1. The Director in charge of the Corporate Communication Division, which is the main department in charge of IR activities, supervises dialogue as a whole.
2. The IR Group has been established under the Corporate Communication Division and is responsible for liaison with shareholders and investors and the preparation of major IR tools.
3. The Company has established an IR Committee, which Directors and senior management attend, and has set forth an IR policy.
4. Directors, the Corporate Strategy Division, the Accounting Division and all other internal divisions provide information required for IR activities to the IR Group as appropriate in line with the IR policy.
5. Directors including Outside Directors and other management members have dialogue with institutional investors and analysts, and views obtained through the dialogue are reported to management and the Board of Directors.
6. In order to prevent the suspicion of insider trading when engaging in dialogue, the Company has created and implements the Insider Trading Prevention Regulations and Corporate Confidentiality Management Regulations.

#### **[Supplementary Principle 5.2.1 Establishing and Disclosing Business Strategies]**

The basic policy regarding the business portfolio and the status of the review of such portfolio are provided on the Company's website in the 2030 Business Plan and 2024 Medium-Term Business Plan. In addition, details on "Results Briefing for the Fiscal Year Ended March 31, 2024" are available in the following URLs.

The Company's website (<https://www.morinaga.co.jp/company/english/ir/policy/strategy.html>)

Results briefing materials (<https://www.morinaga.co.jp/company/english/ir/library/data.html>)

#### **[Actions to Implement Management that is Conscious of Cost of Capital and Stock Price]**

(1) Content: Disclosure of initiatives (Update)

(2) Disclosure in English: Yes

(3) Update date: December 25, 2025

Explanation

Materials on actions to implement management that is conscious of cost of capital and the stock price are provided on our website. Details are also stated in the "Annual Securities Report" as "Management Analysis of Financial Position, Operating Results, and Status of Cash Flow."

The relevant URLs are as follows.

The Company's website (<https://www.morinaga.co.jp/company/english/ir/policy/strategy.html>)

Annual Securities Report (<https://www.morinaga.co.jp/company/ir/library/report.html>) (Japanese only)

A summary of the disclosed information is as follows.

<Current situation analysis and recognition of issues>

Focusing on PBR (approximately 1.6x at the end of FY24) as an indicator for corporate value, we have analyzed its components, ROE and PER. ROE has generally remained at a double-digit level (13.5% at the end of FY24) and exceeds the cost of shareholders' equity (estimated at 7–8%), but PER has been on a declining trend (approximately 12.5x at the end of FY24), which we recognize as an issue.

<Plans and initiatives based on financial strategy>

For fiscal 2026, we have set targets of ROE of 12% or higher and ROIC of 10% or higher, and we will carry out the following initiatives to enhance corporate value (improve PBR).

Through optimal business portfolio formation based on ROIC management, we aim to create a virtuous cycle of growth potential and capital efficiency. Results and targets for ROIC by business have been disclosed in the 2024 Medium-Term Business Plan. In addition, we aim to cut cross-shareholdings (reduce by half by the end of fiscal 2026 compared to the end of fiscal 2024) and reduce long-term business risk by promoting sustainable management, as well as lowering the WACC (estimated at 6–7%) through utilizing interest-bearing debt and other means. With regard to shareholder returns, we aim for total returns of at least ¥36.0

billion over the three-year period of the 2024 Medium-Term Business Plan and seek to raise DOE (fiscal 2026 target of 4.3%), which is an indicator of capital policy.

**[Status of Dialogue with Shareholders, Etc.]**

The Company engages in dialogue with shareholders, institutional investors, and individual investors in accordance with its policy stated in [Principle 5.1 Policy for Constructive Dialogue with Shareholders] above.

The Company's main IR activities are as follows:

- General Meeting of Shareholders (once per year)
- Holding of briefings for institutional investors and analysts (four times per year)
- Holding IR Day (once per year)
- Holding individual interviews with institutional investors and analysts (as necessary)
- Holding of briefings for individual investors (once or twice per year)
- Operating an IR-related section on the Company's website.

The status of dialogue between management and shareholders/investors during the most recent fiscal year is as follows.

The Company held approximately 180 interviews and meetings with sell-side analysts and domestic and foreign institutional investors during the year, involving more than 200 companies in total.

The main persons in charge of dialogue are the Representative Director, President, and the Director and Senior Operating Officer, who is the Chief Financial Officer, or the IR Group Manager of the Corporate Communication Division. In addition to individual interviews, they participate in conferences hosted by securities firms and meet with institutional investors in overseas locations. They also provide opportunities for dialogue through the IR Day and small meetings.

The main themes of the dialogue covered a wide range of topics, including the current financial results and future performance trends, as well as the outlook for changes in the external environment, stance on ROIC management and growth and return on capital for each major business as set out in the 2024 Medium-Term Business Plan, progress of the global strategy toward the 2030 targets, capital policies such as shareholder return, and policies regarding cross-shareholdings.

The status and content of the dialogue were reported to meetings of the IR Committee and the Board of Directors, which are held quarterly, while policies and other measures were considered and discussed, with feedback also provided to relevant divisions as appropriate throughout the year.

In addition, in light of the many expressions of interest with regard to our stance on business portfolios and promotion of ROIC management in previous dialogue, in the 2024 Medium-Term Business Plan we have disclosed ROIC results and targets by major business, as well as estimated cost of capital, and are now seeking opinions from the capital market through dialogue and surveys based on this content. Sharing specific perspectives has improved the quality of dialogue, and referencing diverse approaches to the cost of capital has led to more active internal discussions. By further raising awareness of capital efficiency, updating our liquidity levels in a way that embodies this, and disclosing our reduction targets for cross-shareholdings, management as a whole is striving to promote constructive dialogue.

**2. Capital Structure**

Foreign Shareholding Ratio	From 25%
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**[Status of Major Shareholders]**

Shareholder Name	Number of Shares Held (thousand shares)	Ratio of Voting Rights (%)
The Master Trust Bank of Japan, Ltd. (trust account)	10,964	13.03
Custody Bank of Japan, Ltd. (trust account)	6,704	7.97
Morinaga Trading Partner Stockholding Association	6,530	7.76
Meiji Yasuda Life Insurance Company	2,242	2.66

(Standing Proxy: Custody Bank of Japan, Ltd.)		
STATE STREET BANK AND TRUST COMPANY 505001 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1,965	2.33
Morinaga Milk Industry Co., Ltd.	1,372	1.63
Morinaga Group Employee Stock Ownership Association	1,282	1.52
JP MORGAN CHASE BANK 385632 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1,147	1.36
GOVERNMENT OF NORWAY (Standing Proxy: Citibank, N.A., Tokyo Branch)	1,094	1.30
JP MORGAN CHASE BANK 385781 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1,066	1.26

(Notes)

1. The Company holds 2,010,908 shares of treasury stock but is excluded from the above list of major shareholders.
2. Percentages are calculated excluding treasury stock.

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

Supplementary Explanation

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### 3. Corporate Attributes

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

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

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

The number of shares held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. in [Status of Major Shareholders] under 2. Capital Structure are all held in relation to trust operations. In addition to the above, the Company holds 2,010,908 shares (2.3%) of its own stock.

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

### 1. Organizational Composition and Operation

Organization Form	Company with Statutory Auditors
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#### [Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	12
Term of Office Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	Chairman
Number of Directors	10
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

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

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Shinji Sakaki	From another company									△			
Tamaki Sawamura	From another company												
Yoichiro Shimomura	From another company									△			
Hiroimi Yamagishi	From another company												

\* Categories for "Relationship with the Company"

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

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

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

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

a. An executive of the Company or its subsidiaries

b. A non-executive Director or an executive of a parent company of the Company

c. An executive of a fellow subsidiary company of the Company

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

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director

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

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

i. An executive of a company, between which the Company's Outside Director/Statutory Auditor is mutually appointed (the Director himself/herself only)

j. An executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Shinji Sakaki	○	<p>Mr. Shinji Sakaki was previously serving as a CEO, etc. of Tokyu Hands Inc. (currently Hands Inc.), executing that company's business, until March 2016. However, a considerable period of time has passed since his retirement, and he currently no longer has any relationship with the company. There are transactions related to food products between Tokyu Hands Inc. and the Company, but the amount of such transactions is very small (less than 2% of group net sales of each party), and Mr. Sakaki satisfies "Morinaga Group Executive Independence Standards" stipulated by the Company</p>	<p>Mr. Shinji Sakaki has a wealth of experience as an executive in the retail industry and the real estate industry. The Company determined that he would contribute to strengthening corporate governance by providing objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry based on such experience. Therefore, he was appointed as an Outside Director.</p> <p>Furthermore, in light of the Standards for Independence stipulated by financial stock exchanges and "Morinaga Group Executive Independence Standards" stipulated by the Company, the Company has judged that there is no risk of a conflict of interest with general shareholders and designated Mr. Sakaki as an Independent Officer.</p>
Tamaki Sawamura	○		<p>Although Ms. Tamaki Sawamura has not been directly involved in corporate management, she has a wealth of experience as an executive officer and advisor in the insurance industry and the service industry, and based on the above experience, she is expected to provide objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry to contribute to the strengthening of corporate governance. Therefore, she was appointed as an Outside Director.</p> <p>Furthermore, in light of the Standards for Independence stipulated by financial stock exchanges and "Morinaga Group Executive Independence Standards" stipulated by the Company, the Company has judged that there is no risk of a conflict of interest with general shareholders and designated Ms. Sawamura as an Independent Officer.</p>

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoichiro Shimomura	○	Mr. Yoichiro Shimomura was previously serving as a Director of Sanrio Company, Ltd. until June 2022. However, he currently no longer has any relationship with the company. There are transactions related to intellectual property between Sanrio Company, Ltd. and the Company, but the amount of such transactions is very small (less than 2% of group net sales of each party), and Mr. Shimomura satisfies “Morinaga Group Executive Independence Standards” stipulated by the Company.	Mr. Yoichiro Shimomura has a wealth of experience as an executive in the wholesale and licensing industries. The Company determined that he would contribute to strengthening corporate governance by providing objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company’s industry based on such experience. Therefore, he was appointed as an Outside Director. Furthermore, in light of the Standards for Independence stipulated by financial stock exchanges and “Morinaga Group Executive Independence Standards” stipulated by the Company, the Company has judged that there is no risk of a conflict of interest with general shareholders and designated Mr. Shimomura as an Independent Officer.
Hiromi Yamagishi	○		Although Ms. Hiromi Yamagishi has not been directly involved in corporate management, she has served as the head of production and diversity divisions in the food industry, and has a wealth of experience as an executive officer and advisor. Based on the above experience, she is expected to provide objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company’s industry to contribute to the strengthening of corporate governance. Therefore, she was appointed as an Outside Director. Furthermore, in light of the Standards for Independence stipulated by financial stock exchanges and “Morinaga Group Executive Independence Standards” stipulated by the Company, the Company has judged that there is no risk of a conflict of interest with general shareholders and designated Ms. Yamagishi as an Independent Officer.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson		
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Officer Appointment and Remuneration Advisory Committee	Officer Appointment and Remuneration Advisory Committee
All Committee Members	6	6
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation
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Details of the Officer Appointment and Remuneration Advisory Committee are provided in "I.1. [Disclosure Based on the Principles of the Corporate Governance Code] [Supplementary Principle 4.10.1]" of this report.
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**[Statutory Auditors]**

Establishment of Board of Statutory Auditors	Established
Maximum Number of Statutory Auditors Stipulated in Articles of Incorporation	5
Number of Statutory Auditors	4

Cooperation among Statutory Auditors, the Accounting Auditor and Internal Audit Departments
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**(1) Status of Cooperation between Statutory Auditors and the Accounting Auditor**

Statutory Auditors consult the Accounting Auditor on a regular basis and as necessary when performing accounting audits and business audits.

**(2) Meetings between Statutory Auditors and the Accounting Auditor**

Statutory Auditors and the Accounting Auditor consult each other on matters including their respective audit plans, audit reports, and the status of the implementation of audits, ten (10) or more times per fiscal year.

**(3) Information regarding the Accounting Auditor**

The Company has appointed Deloitte Touche Tohmatsu LLC as the Accounting Auditor, and certified public accountants performing audit operations are as follows, but there is no one for whom the number of continuous audit years exceeds seven (7) years:

Designated Limited Liability Partner	Engagement Partner	Shuichi Morishige
Designated Limited Liability Partner	Engagement Partner	Kenji Uta

Furthermore, there are a total of twenty-nine (29) persons assisting audit operations, including six (6) certified public accountants and twenty-three (23) other persons.

**Remuneration for the Accounting Auditor**

Remuneration for audit certification based on the audit agreement      76 million yen

Furthermore, the Company has not entered into a liability limitation agreement with the Accounting Auditor.

**(4) Status of Cooperation between Statutory Auditors and Internal Audit Departments**

Standing Statutory Auditors and the General Manager of the Internal Audit Department consult each other on matters including their respective audit plans and the status of the implementation of audits every fiscal year. Furthermore, if necessary, the Internal Audit Department reports directly to the Board of Statutory Auditors as appropriate for active cooperation.

In addition, when conducting audits of each division, Standing Statutory Auditors accompany the Internal Audit Department, and attend meetings to exchange views with these divisions.

Appointment of Outside Statutory Auditors	Appointed
Number of Outside Statutory Auditors	3
Number of Independent Auditors	3

Outside Statutory Auditor's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Takehiko Sasamori	From another company										△			
Sawako Ueno	Certified public accountant										△			
Hideo Kishi	Scholar													

\* Categories for "Relationship with the Company"

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

"△" when the Statutory Auditor fell under the category in the past

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

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

a. An executive of the Company or its subsidiaries

b. An executive Director or an accounting advisor of the Company or its subsidiaries

c. An executive or a non-executive Director of a parent company of the Company

d. A Statutory Auditor of a parent company of the Company

e. An executive of a fellow subsidiary company of the Company

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

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Statutory Auditor

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

j. An executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Statutory Auditor himself/herself only)

k. An executive of a company, between which the Company's Outside Director/Statutory Auditor is mutually appointed (the Statutory Auditor himself/herself only)

l. An executive of a company or organization that receives a donation from the Company (the Statutory Auditor himself/herself only)

m. Others

Outside Statutory Auditor's Relationship with the Company (2)

Name	Designation as Independent Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Takehiko Sasamori	○	<p>Mr. Takehiko Sasamori was previously a Director of NIHON SHOKUHIN KAKO CO., LTD., executing that company's business, until March 2017, but a considerable period of time has passed since then and he has no current relationship with that company.</p> <p>Although there are food-related transactions between NIHON SHOKUHIN KAKO CO., LTD. and Morinaga &amp; Co., Ltd., the amount is minimal (less than 2% of group sales for both companies) and Mr. Sasamori satisfies "Morinaga Group Executive Independence Standards" stipulated by the Company.</p>	<p>Mr. Takehiko Sasamori has a wealth of management experience in the food and manufacturing industries. In addition, he has a high level of expertise as a Certified Public Accountant in the State of Delaware, U.S., and based on his knowledge and experience, the Company determined that he would provide objective and neutral audits from a broad perspective by utilizing his in-depth knowledge of finance and accounting. Therefore, he was appointed as an Outside Statutory Auditor.</p> <p>Furthermore, in light of the Standards for Independence stipulated by financial stock exchanges and "Morinaga Group Executive Independence Standards" stipulated by the Company, the Company has judged that there is no risk of a conflict of interest with general shareholders and designated Mr. Sasamori as an Independent Auditor.</p>
Sawako Ueno	○	<p>Ms. Sawako Ueno was employed by Deloitte Touche Tohmatsu LLC, the Company's accounting auditor, as a Director until December 2020, but she was not involved in the Company's accounting audit during her tenure at the audit firm and has no current relationship with the firm. Although the Company has transactions with Deloitte Touche Tohmatsu LLC in relation to auditing, the amount is minimal (less than 2% of group sales for both companies) and Ms. Ueno satisfies "Morinaga Group Executive Independence Standards" stipulated by the Company.</p>	<p>Although Ms. Sawako Ueno has never been directly involved in corporate management, she has a high level of expertise and a wealth of experience as a certified public accountant. In addition, based on her knowledge and experience gained from job experience at the Financial Service Agency, the Company determined that Ms. Ueno would provide objective and neutral audits from a broad perspective. Therefore, she was appointed as an Outside Statutory Auditor.</p> <p>Furthermore, in light of the Standards for Independence stipulated by financial stock exchanges and "Morinaga Group Executive Independence Standards" stipulated by the Company, the Company has judged that there is no risk of a conflict of interest with general shareholders and designated Ms. Ueno as an Independent Auditor.</p>

Hideo Kishi	○		<p>Although Mr. Hideo Kishi has not been directly involved in corporate management, he has highly specialized knowledge and experience as a judge and university faculty member. The Company believes that he will provide objective and neutral audits from a broad perspective based on this knowledge and experience. Therefore, he was appointed as an Outside Statutory Auditor.</p> <p>Furthermore, in light of the Standards for Independence stipulated by financial stock exchanges and “Morinaga Group Executive Independence Standards” stipulated by the Company, the Company has judged that there is no risk of a conflict of interest with general shareholders and designated Mr. Kishi as an Independent Auditor.</p>
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**[Independent Officers]**

Number of Independent Officers	7
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Matters relating to Independent Officers
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The Company designates all Outside Officers who satisfy the requirements for Independent Officers as Independent Officers.
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**[Incentives]**

Incentive Policies for Directors	Other
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Supplementary Explanation
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As a plan unique to the Company, a portion equivalent to approximately 30% of remuneration is linked to the Company’s performance, within the framework for remuneration determined by the General Meeting of Shareholders.
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Recipients of Stock Options	
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Supplementary Explanation
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**[Director Remuneration]**

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure
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Supplementary Explanation
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<b>Total amount of remuneration for Directors and Statutory Auditors for fiscal 2024</b>
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Category	Total amount of remuneration	Total amount by type of remuneration			Number of persons
		Monetary remuneration		Non-monetary remuneration	
		Fixed remuneration	Performance-linked remuneration	Compensation based on the board incentive plan (BIP) (performance-linked)	
Directors (Outside Directors' portion)	305 (33)	204 (33)	73 (-)	27 (-)	13 (5)
Statutory Auditors (Outside Statutory Auditors' portion)	54 (32)	54 (32)	- (-)	- (-)	5 (4)

(Notes)

1. The amounts paid to Directors do not include employee salaries payable to Directors who concurrently serve as employees.
2. The number of executives includes four (4) Directors and one (1) Statutory Auditor (including two (2) Outside Directors and one (1) Outside Statutory Auditor) who retired as of June 27, 2024.
3. The total amount of compensation based on the board incentive plan (BIP) is the amount recorded as share delivery points granted during the fiscal year under review.
4. The above amount of remuneration are in millions of yen.

Details of remuneration of Directors are also disclosed in the Notice of Convocation of the Annual General Meeting of Shareholders (<https://www.morinaga.co.jp/company/english/ir/stock/invite.html>).

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

At the meeting of the Board of Directors held on February 10, 2021, the Company resolved the policy on determination of remuneration for individual Directors, and subsequently made partial amendments to the policy at the meetings of the Board of Directors held on March 23, 2023 and February 8, 2024.

The specific details of remuneration for each individual Director for the current fiscal year were determined, and payments made, in accordance with the policy on determination of remuneration for individual Directors decided prior to the resolution of the meeting of the Board of Directors held on February 8, 2024 (hereinafter referred to as the "Pre-amendment Policy").

The following is based on the policy on determination of remuneration for individual Directors, after partial amendments were made by resolution of the Board of Directors on February 8, 2024. However, references are made to the Pre-amendment Policy to the extent necessary to explain the determination of the specific details of the compensation of the Directors for the current fiscal year, as pertains to those matters that had been amended. At the Board of Directors' meeting held on February 8, 2024, the Company abolished executive bonuses and changed the ratio of the structure of remuneration, etc. for Executive Directors, and among those changes were also changes to both the details of performance indicators for performance-linked remuneration and details for non-monetary remuneration. The changes to performance-linked remuneration were applied to the performance-linked remuneration for Executive Directors to be paid in fiscal 2025, based on the performance evaluation in fiscal 2024.

## **1. Basic Policy**

### **(1) Executive Remuneration Basic Policy**

- a. Contribute to the realization of the purpose and vision of the Morinaga Group.
- b. Promote the realization of medium- to long-term business plans in order to enhance corporate value into the future.
- c. Establish a system and standards that support appropriate risk-taking by Directors and strengthen their motivation to contribute.
- d. Ensure that the system is transparent, fair, and rational for stakeholders, and is determined through an appropriate process to ensure this.

### **(2) Structure and Payment Timing of Monetary Remuneration to Directors**

#### **1) Executive Directors**

Consists of fixed remuneration and performance-linked remuneration. The ratio of performance-linked remuneration to total remuneration in the event that 100% of performance indicators are achieved is 30%.

- (i) Fixed compensation: A fixed amount is paid monthly in cash.
- (ii) Performance-linked remuneration: In the event that 100% of the performance indicators are achieved, the portion equivalent to two thirds (2/3) of the 30% performance-linked remuneration in total remuneration will be paid in a fixed amount of cash on a monthly basis, and the portion equivalent to one-third (1/3) will be paid as stock compensation upon retirement of the Executive Director (excluding non-residents of Japan).

The structure and details of remuneration for Executive Directors under the Pre-amendment Policy

- (i) Basic compensation: Consisting of two types of remuneration: fixed remuneration (equivalent to 70%) and performance-linked remuneration (equivalent to 30%), and a fixed amount is paid monthly in cash. 10% of the basic compensation amount is paid as “(iii) Stock compensation (non-monetary remuneration).”
- (ii) Executive bonuses: Paid in a lump sum in cash in July following the resolution by the General Meeting of Shareholders.
- (iii) Stock compensation (non-monetary remuneration): Paid to Executive Directors upon their retirement (excluding non-residents of Japan).

#### **2) Outside Directors and Statutory Auditors**

In light of their role, basic compensation is fixed remuneration only, and a fixed amount is paid in cash on a monthly basis.

### **(3) Policy on Determination of Basic Compensation**

A standard amount is determined for each job title according to responsibilities. The standard amount is set at a level that ensures market competitiveness and strengthens the motivation of each Director to make a contribution.

### **(4) Matters Concerning Performance-linked Remuneration**

#### **i. Representative Director**

The indicators for the monetary remuneration portion of the performance-linked remuneration shall be the Group’s consolidated operating income for each fiscal year, and for the stock compensation (non-monetary compensation) portion, the medium- to long-term ESG numerical targets (positive response rate to the Group’s employee awareness survey and ESG score results from an external evaluation organization).

#### **ii. Executive Directors other than the Representative Director**

The indicators for the monetary remuneration portion of the performance-linked remuneration shall be the amount equal to one-half of the Group’s consolidated operating income for each fiscal year and one-half of the individual performance evaluation, while the stock compensation (non-monetary remuneration) portion shall be equal to the medium- to long-term ESG numerical targets (the positive response rate to the Group’s employee awareness survey and ESG score results from an external evaluation organization).

Under the Pre-amendment Policy, the performance indicators for performance-linked remuneration for the President and Representative Director are “the Group’s consolidated operating income and ROE,” and for Executive Directors other than the President and Representative Director, are as follows: “15% of the 30% performance-linked remuneration included in basic compensation is based on the Group’s consolidated operating income and ROE, and the remaining 15% is based on individuals’ performance evaluations, including contributions to ESG initiatives.”

## **(5) Content of Non-monetary Remuneration**

As non-monetary remuneration, Executive Directors are provided stock compensation with the performance-linked remuneration portion using medium- to long-term ESG numerical targets as performance indicators for the purpose of motivating them to make contributions to an improvement of medium- to long-term performance and corporate value, and sharing profit awareness with shareholders.

Based on the performance-linked stock compensation plan approved at the 170th Annual General Meeting of Shareholders, in the event that 100% of performance indicators are achieved each year, a portion equivalent to one-third of 30% of the performance-linked remuneration in total remuneration is granted to Executive Directors in the form of points as stock-based remuneration. Executive Directors receive Company shares, etc. through the BIP trust, in proportion to the points accumulated, when they retire.

Under the Pre-amendment Policy, as non-monetary remuneration, Executive Directors are provided stock compensation equivalent to 10% of the amount of basic compensation.

## **2. Matters concerning Resolution by the General Meeting of Shareholders about Remuneration for Directors and Statutory Auditors**

At the 175th Annual General Meeting of Shareholders held on June 29, 2023, it was resolved that the maximum amount of remuneration for Directors of 500 million yen per annum (including the maximum 40 million yen per annum for Outside Directors) would be revised to a maximum amount 500 million yen per annum (including the maximum 80 million yen per annum for Outside Directors). (The number of Directors as of the conclusion of the said General Meeting of Shareholders was 11, including 4 Outside Directors.) Directors' remuneration does not include employee salaries payable to Directors who concurrently serve as employees.

In addition, separately from the said monetary remuneration, at the 170th Annual General Meeting of Shareholders held on June 28, 2018, the introduction of a performance-linked stock compensation plan using a trust for Directors (excluding Outside Directors and non-residents of Japan) was approved. Approval was also obtained for setting the maximum amount of cash to be contributed by the Company to the trust for each target period covering 3 fiscal years to 180 million yen in total, and the maximum total number of points to be granted for stock compensation to 15,000 points per fiscal year. The number of shares of the Company's common stock to be delivered or provided per point has been adjusted to reflect a stock split of the Company's common stock effective January 1, 2024. The number of Directors (excluding Outside Directors and non-residents of Japan) as of the conclusion of the said General Meeting of Shareholders was 8.

At the 169th Annual General Meeting of Shareholders held on June 29, 2017, the setting of the maximum amount of remuneration for Statutory Auditors to 80 million yen per annum was approved. The number of Statutory Auditors at the conclusion of the said General Meeting of Shareholders was 4.

## **3. Policy on Determination of Remuneration for Individual Directors**

### **(1) Method of Determining Remuneration for Individual Directors**

As stated above, at the meeting of the Board of Directors held on February 10, 2021, the Company resolved the policy on determination of remuneration for individual Directors, and subsequently made partial amendments to the policy at the meetings of the Board of Directors held on March 23, 2023 and February 8, 2024. All resolutions of the Board of Directors take into account recommendations by the Officer Appointment and Remuneration Advisory Committee.

### **(2) Summary of the Determination Policy**

#### **1) Level of remuneration for Directors**

The basic compensation is verified by the Officer Appointment and Remuneration Advisory Committee based on the Company's business performance with reference to the remuneration levels of companies in the same industry or of the same size as the Morinaga Group.

#### **2) Amount of remuneration for individual Directors**

With respect to the amount of remuneration for individual Directors, the Officer Appointment and Remuneration Advisory Committee deliberates and determines draft proposals on the amount of compensation for individual Directors, including performance evaluations prepared by the President and Representative Director, and reports on its decision-making process to the Board of Directors.

**(3) Reasons that the Board of Directors Judged that the Content of Remuneration for Individual Directors for the Fiscal Year under Review is in Accordance with the Determination Policy**

The details of remuneration for individual Directors for the current fiscal year were determined after the Officer Appointment and Remuneration Advisory Committee carefully examined the draft on the amounts of individual remuneration, including performance evaluations, prepared by the President and Representative Director from multifaceted perspectives, including its consistency with the determination policy. The Board of Directors has received reports on the determination process, and judges that the content of remuneration for individual Directors is in accordance with the Determination Policy.

**4. Matters concerning Delegation of Authority concerning Determination of Remuneration for Individual Directors**

At a meeting of the Board of Directors, the Company resolved to delegate the Officer Appointment and Remuneration Advisory Committee to determine the specific details of remuneration for individual Directors, which is comprised of all Outside Directors and the Representative Directors. The reason for the delegation is to ensure objectivity and fairness in determining the amount of remuneration for individual Directors. The Officer Appointment and Remuneration Advisory Committee deliberates and decides on proposals on amounts of remuneration for individual Directors, including performance evaluations prepared by the President and Representative Director, and reports on its decision-making process to the Board of Directors.

Regarding stock compensation, which is non-monetary compensation, its maximum amount is the amount resolved at the General Meeting of Shareholders, separately from monetary remuneration. The Company awards a certain number of points to Directors (excluding Outside Directors and non-residents of Japan) in accordance with the provision of the “Share Delivery Rules” following consultation with the Officer Appointment and Remuneration Advisory Committee and receiving its report.

The composition of the Officer Appointment and Remuneration Advisory Committee at the time of determining remuneration for individual Directors in fiscal 2024 is as follows:

- Naomi Eto (Outside Director)
- Shuichi Hoshi (Outside Director)
- Kuniko Urano (Outside Director)
- Shinji Sakaki (Outside Director)
- Eijiro Ota (Representative Director, President, Responsible for Audit Division)

The policy on determination of amounts of remuneration and the calculation method is also stated in the Notice of Convocation of the Annual General Meeting of Shareholders (<https://www.morinaga.co.jp/company/english/ir/stock/invite.html>) and the annual securities report (<https://www.morinaga.co.jp/company/ir/library/report.html>) (Japanese only).

**[Supporting System for Outside Directors and/or Outside Statutory Auditors]**

A system is in place for communicating various matters to Outside Directors and providing them with information, with the Secretariat of the Board of Directors, etc. as the contact point.

There are three (3) Outside Statutory Auditors, two (2) of which are Part-time Statutory Auditors. Standing Statutory Auditors and the Secretary’s Office provide the Part-time Statutory Auditor with information on a regular basis, and when meetings of the Board of Directors are held, meetings of the Board of Statutory Auditors are held in advance, where Standing Statutory Auditors provide detailed explanations and exchange opinions.

**[Retired Representative Directors, Presidents, etc.]**

Information on Persons Holding Advisory Positions (Counselors, Advisors, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
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Number of Persons Holding Advisory Positions (Counselors, Advisors, etc.) After Retiring as Representative Director and President, etc.	—
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Others
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The Company has abolished its system of Counselors and Advisors.

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

### (1) Business Execution

In accordance with the Rules for Decision-making Criteria, the Board of Directors, business execution meetings, individual Directors, Operating Officers, General Managers, and Directors are all assigned specific responsibilities and authority.

The Board of Directors carefully makes decisions related to legal matters and important business operations, and oversees business operations. The Board of Directors consists of ten (10) members: four (4) members are Outside Directors and eight (8) are male and two (2) are female.

Business execution meetings are attended by members of the Board of Directors and Standing Statutory Auditors. At these meetings, decisions are made after deliberations regarding important management issues and matters that have been referred by the Board of Directors.

To ensure the practicality and efficiency of the decisions of the Board of Directors and business execution meetings, detailed deliberations are conducted in advance by various committees, which act in advisory roles. For example, the IR Committee has been established to discuss disclosure of information, and the Officer Appointment and Remuneration Advisory Committee has been established to discuss personnel matters and remuneration for Directors.

Furthermore, the Company has adopted an Operating Officer System in order to improve its agility in responding to changes in the business environment and speed up the decision-making process. Under this system, the executive authority and responsibilities for daily operations with respect to strategic corporate activities are assigned to Operating Officers to ensure the efficiency of management and clarify management responsibilities.

### (2) Auditing System

Operating under the direct supervision of the President, the Internal Audit Department (which is responsible for conducting internal audits) comprises seven (7) staff members who systematically audit all divisions, including subsidiary companies, and together with Standing Statutory Auditors conduct discussions with each division.

There are four (4) Statutory Auditors, three (3) of whom are Outside Statutory Auditors. Of the three (3) Outside Statutory Auditors, one (1) is a Standing Statutory Auditor. Of the four (4) Statutory Auditors, three (3) are male and one (1) is female.

In accordance with the Guidelines for Auditors, the Statutory Auditors oversee the activities of the Directors. In addition, Standing Statutory Auditors regularly meet with Representative Directors and attend meetings of Board of Directors as well as other important meetings such as business execution meetings in order to monitor and audit the activities of the Directors.

The Accounting Auditor meets with all Statutory Auditors, and the General Manager of the Internal Audit Department meets with the Standing Statutory Auditors on a regular basis or as necessary to exchange information and opinions.

To ensure cooperation, the audit manager and Standing Statutory Auditors also attend meetings of the Internal Control Management Committee, which comprises members selected from the primary departments within the corporation, and regularly conduct discussions with members of this committee, while the Standing Statutory Auditors accompany the Internal Audit Department in conducting an audit of each division and attend meetings to exchange information and opinions with the divisions.

In addition, to enhance the effectiveness of internal audits, the Internal Audit Department reports directly not only to the President and Representative Director, but also to the Board of Directors and the Board of Statutory Auditors if necessary and as appropriate.

The Company has appointed Deloitte Touche Tohmatsu LLC as the Accounting Auditor, and detailed information regarding the Accounting Auditor is provided in the above “Cooperation among Statutory Auditors, the Accounting Auditor and Internal Audit Departments (1) – (3).”

**(3) Selection and Remuneration of Directors**

Selection of Directors is decided by the Officer Appointment and Remuneration Advisory Committee based on advice from the Board of Directors and approved by the Board of Directors. With respect to remuneration of Directors, the Officer Appointment and Remuneration Advisory Committee, under the delegation of the Board of Directors, deliberates and decides on drafts proposals prepared by the President and Representative Director regarding evaluation of Directors and the amount of remuneration, etc. for individual Directors, and reports on its decision-making process to the Board of Directors.

**(4) Remuneration for Statutory Auditors**

Remuneration for Statutory Auditors is determined through discussions amongst the Statutory Auditors.

**(5) Officer Appointment and Remuneration Advisory Committee**

To strengthen corporate governance and improve management transparency and objectivity, the Officer Appointment and Remuneration Advisory Committee deliberates on the appointment (selection) and dismissal of Directors, Statutory Auditors, and Senior Operating Officers, as well as their rewards and punishments, and on succession planning for Directors and Operating Officers, including the President and Representative Director, based on advice from the Board of Directors, and reports to the Board of Directors. In addition, the Officer Appointment and Remuneration Advisory Committee, under the delegation of the Board of Directors, deliberates and decides on draft proposals prepared by the President and Representative Director regarding evaluation of Directors and Operating Officers at the senior level and above and the amount of remuneration, etc. for individual Directors, and reports on its decision-making process to the Board of Directors.

The Officer Appointment and Remuneration Advisory Committee is composed of all Outside Directors and Representative Directors, and the chairperson is elected from among Outside Directors who are members of the committee, thereby ensuring the independence of the committee.

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

**(1) Outside Directors**

The Company has appointed four (4) Outside Directors, who contribute to strengthening corporate governance from an objective and neutral standpoint in regard to overall management, from a broad perspective.

**(2) Outside Statutory Auditors**

The Company has appointed three (3) Outside Statutory Auditors (including one (1) Standing Statutory Auditor), who conduct audits of the execution of duties by Directors.

**(3) Management Monitoring Functions**

The Board of Statutory Auditors meets once per month, in principle, and also meets appropriately as necessary. In addition, Standing Statutory Auditors regularly meet with Representative Directors and attend important meetings such as the meetings of the Board of Directors in order to monitor and audit the activities of the Directors.

Standing Statutory Auditors audit applications for approval regarding important matters about which authority has been transferred to Directors, Operating Officers, General Managers, etc.

Statutory Auditors exchange opinions with the Accounting Auditor, and Standing Statutory Auditors exchange opinions with the audit manager on a regular basis and as necessary when performing accounting audits and business audits.

Based on the above systems, the Company has judged that audits of the execution of duties by Directors are functioning effectively.

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

#### 1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	Date of General Meeting of Shareholders: June 27, 2025; Date of dispatch of Notice of Convocation: June 5, 2025; Date of online disclosure of Notice of Convocation: May 29, 2025
Exercise of Voting Rights by Electromagnetic Means	Voting rights can be exercised electronically using the Internet.
Participation in an Electronic Voting Rights Exercise Platform and Other Initiatives to Make the Exercise of Voting Rights Easier for Institutional Investors	The Company participates in an electronic voting rights exercise platform in consideration of convenience for institutional investors to exercise voting rights.
Provision of the Notice of Convocation (Summary) in English	The Company prepares the Notice of Convocation (summary) in English and makes it available on the Company's website at the following URL: <a href="https://www.morinaga.co.jp/company/english/ir/stock/invite.html">https://www.morinaga.co.jp/company/english/ir/stock/invite.html</a>
Other	The Company provides visual materials in relation to the General Meeting of Shareholders.

#### 2. IR Activities

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	Held on a quarterly basis, with explanations of financial details, management policy, and management strategy by the President and Representative Director and the Chief Financial Officer.	Yes
Posting of IR Materials on the Website	Shareholder newsletters, electronic public notices, financial summaries, IR news, results briefing materials, financial highlights, the IR calendar, and other materials are posted on the Company's website at the following URL: <a href="https://www.morinaga.co.jp/company/english/ir/">https://www.morinaga.co.jp/company/english/ir/</a>	
Establishment of Department and/or Manager in Charge of IR	Corporate Communication Division	

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

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has formulated a basic policy for each type of stakeholder, based on the Basic Sustainability Principles.
Implementation of Environmental Activities, CSR Activities, etc.	The information is provided on the Company's website and in the Integrated Report at the following URLs. Company website: Conserving the Global Environment ( <a href="https://www.morinaga.co.jp/company/english/sustainability/environment/">https://www.morinaga.co.jp/company/english/sustainability/environment/</a> ) Company website: Corporate Citizenship ( <a href="https://www.morinaga.co.jp/company/english/sustainability/healthy-lives/health-values/social-contribution.html">https://www.morinaga.co.jp/company/english/sustainability/healthy-lives/health-values/social-contribution.html</a> ) Integrated Report ( <a href="https://www.morinaga.co.jp/company/english/sustainability/reports/">https://www.morinaga.co.jp/company/english/sustainability/reports/</a> )

Development of Policies on Information Provision to Stakeholders	Decisions regarding the assessment of information to be disclosed to securities exchanges, etc. and the content thereof are made by the Board of Directors, after deliberation by the IR Committee.
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## IV. Matters Related to the Internal Control System

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

#### **1 Basic Views**

In order to maximize corporate value and achieve perpetual corporate growth, the Morinaga Group is committed to strengthening its internal control system and increasing the efficiency of its management in order to appropriately execute business and ensure the effectiveness of oversight and audit functions.

#### **2 Status of Development**

In order to maximize corporate value and achieve perpetual corporate growth, the Morinaga Group is committed to strengthening its internal control system and increasing the efficiency of its management in order to appropriately execute business and ensure the effectiveness of oversight and audit functions

#### **(1) Systems to Ensure that the Execution of Duties by Directors and Employees Complies with Laws and Regulations and the Articles of Incorporation**

To ensure that the duties are executed appropriately, the Board of Directors endeavors to construct an effective internal control system and establish a system to comply with laws and regulations and the Articles of Incorporation. The system is also designed so that the effectiveness and functions of the aforementioned systems are audited by Statutory Auditors.

In addition, the Internal Audit Department, which operates under the direct supervision of the President, conducts internal audits of all departments, including those of subsidiaries, and ensures the effectiveness of internal audits.

Under the Code of Conduct, the Company has established a Compliance Committee, and endeavors to maintain and enhance a culture of compliance through ongoing training, including at subsidiaries, and other initiatives, while also particularly rejecting all illegal and unjust demands from anti-social forces, in accordance with the Company's approach of endeavoring to firmly counter and eliminate anti-social forces.

Furthermore, helplines (both internal and external) have been established for all related entities, including domestic subsidiaries, as a means of gathering information related to compliance issues and implementing appropriate measures.

In order to ensure the reliability of financial reporting, the Company has established and operates a system for appropriate reporting in accordance with generally accepted standards for the evaluation of internal controls pertaining to financial reporting.

#### **(2) Systems Related to the Retention and Management of Information Pertaining to the Execution of Duties by Directors**

Under the Document Handling Rules, etc., the Company retains and manages the minutes of important meetings, application documents for approval for important matters, and other documents (in writing and electromagnetic formats), having established periods for storage in accordance with laws and regulations and the importance of the documents.

#### **(3) Rules and Other Systems Related to Management of the Risk of Loss**

The Company has created a Total Risk Management Committee and formulated the Rules for Total Risk Management for the Company and subsidiaries, in addition to analyzing and evaluating expected risks by category and implementing preventative measures during normal times.

In addition, the Internal Audit Department audits the status of risk management in regular internal audits.

In the event of a crisis, the Company endeavors to swiftly evaluate and determine the situation, set up a Disaster Response Headquarters, disclose information, and implement any other necessary response measures in accordance with the nature of the crisis, in addition to identifying causes and implementing recurrence prevention measures.

With regard to anti-social forces, the Company gathers information on a regular basis from the relevant government agencies and organizations and the entire organization responds swiftly in the event of an incident by cooperating closely with the police and other related agencies.

#### **(4) Systems to Ensure the Effectiveness of the Execution of Duties by Directors**

The Company ensures the effectiveness of execution of business operations by having in place and implementing the Rules for Decision-making Criteria under which the Board of Directors makes decisions

related to legal matters and important business operations for the Company and subsidiaries, and authority for other business operations is partially transferred to the responsible Directors, etc.

**(5) Systems to Ensure the Propriety of Business Operations of the Corporate Group Comprising the Company and its Subsidiaries**

Under the Group Company Operation Rules, subsidiaries are required to make regular reports to the Company regarding operating policies, operating performance, financial status, and other important information.

The Company has formulated the Rules for Total Risk Management in regard to risk management for the Morinaga Group as a whole, and manages risks for the entire Morinaga Group in a comprehensive, integrated manner. As the body responsible for risk management for the Morinaga Group, the Total Risk Management Committee manages risks for the Morinaga Group as a whole and deliberates risk management issues, countermeasures, etc.

Subsidiaries execute business operations based on procedures equivalent to those of the Company, and a system is in place whereby they obtain a prior approval of the Company when making decisions on important matters, based on the Rules for Decision-making Criteria.

In addition, through internal audits shared across the Morinaga Group, the Internal Audit Department of the Company audits subsidiaries, and ensures the propriety of business operations across the Morinaga Group as a whole.

**(6) Systems Regarding Employees Assisting Statutory Auditors in their Duties in the Event that Statutory Auditors have Requested the Appointment of Such Employees, and Systems Related to Ensuring the Independence of these Employees from Directors and the Effectiveness of Directions Given to these Employees**

If the Board of Statutory Auditors requests the appointment of employees to assist them with their duties, the Company shall assign such employees.

These employees shall not concurrently hold other positions related to executing business operations and assist Statutory Auditors, following directions and orders only from Statutory Auditors.

In addition, in order to ensure the independence of these employees from Directors, a prior consent of the Board of Statutory Auditors shall be required for decisions related to matters pertaining to personnel issues for these employees, such as appointment, transfer, etc.

As of June 27, 2025, the Company has not appointed any such employees.

**(7) System Related to Reports to Statutory Auditors and Systems to Ensure the Effectiveness of Audits by Statutory Auditors**

The Company adopts a system whereby Standing Statutory Auditors attend important meetings in addition to the meetings of the Board of Directors, and audit the execution of duties by Directors. In addition, a system is in place whereby if a Director or employee of the Company or a subsidiary discovers, in regard to the execution of duties, a material violation of laws and regulations or the Articles of Incorporation, the fact of an improper conduct, or facts that may cause considerable damage to the Company, or if a person receives a report from such a person, they shall promptly report it to a Standing Statutory Auditor.

The Company shall not treat any Director or employee unfavorably on the basis of such reporting.

**(8) Items Relating to Procedures for the Advance Payment or Reimbursement of Expenses Resulting from the Execution of Duties by Statutory Auditors, and Other Policies Related to Treatment of Expenses or Obligations Resulting from the Execution of these Duties**

If a Statutory Auditor requests the advance payment of expenses in relation to the execution of their duties, the Company shall promptly pay these expenses, excluding cases when the expenses are deemed unnecessary.

The Board of Statutory Auditors shall, to the extent possible, report a budget in advance for expenses deemed necessary for the execution of duties of Statutory Auditors.

In addition, if a Statutory Auditor makes an urgent or extraordinary payment, they may request a reimbursement from the Company.

## 2. Basic Views on Eliminating Anti-Social Forces and Creation of Related Systems

Under the Code of Conduct, the Company has established a Compliance Committee, and endeavors to maintain and enhance a culture of compliance through ongoing training and other initiatives, while also particularly rejecting all illegal and unjust demands from anti-social forces, in accordance with the Company's approach of endeavoring to firmly confront and eliminate anti-social forces.

With regard to anti-social forces, the Company gathers information on a regular basis from the relevant government agencies and organizations, and responds swiftly as an organization as a whole in the event of an incident by cooperating closely with the police and other related agencies.

## V. Other

### 1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures	Not adopted
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Supplementary Explanation

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

Additionally, the Company's Articles of Incorporation contain the following provisions:

(1) A resolution for the election of Directors shall be adopted by a majority vote of the shareholders in attendance who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights. No cumulative voting shall be used for the election of Directors.

(2) Matters for resolution at the general meeting of shareholders that may be resolved by the board of directors

1 Acquisition of the Company's own shares

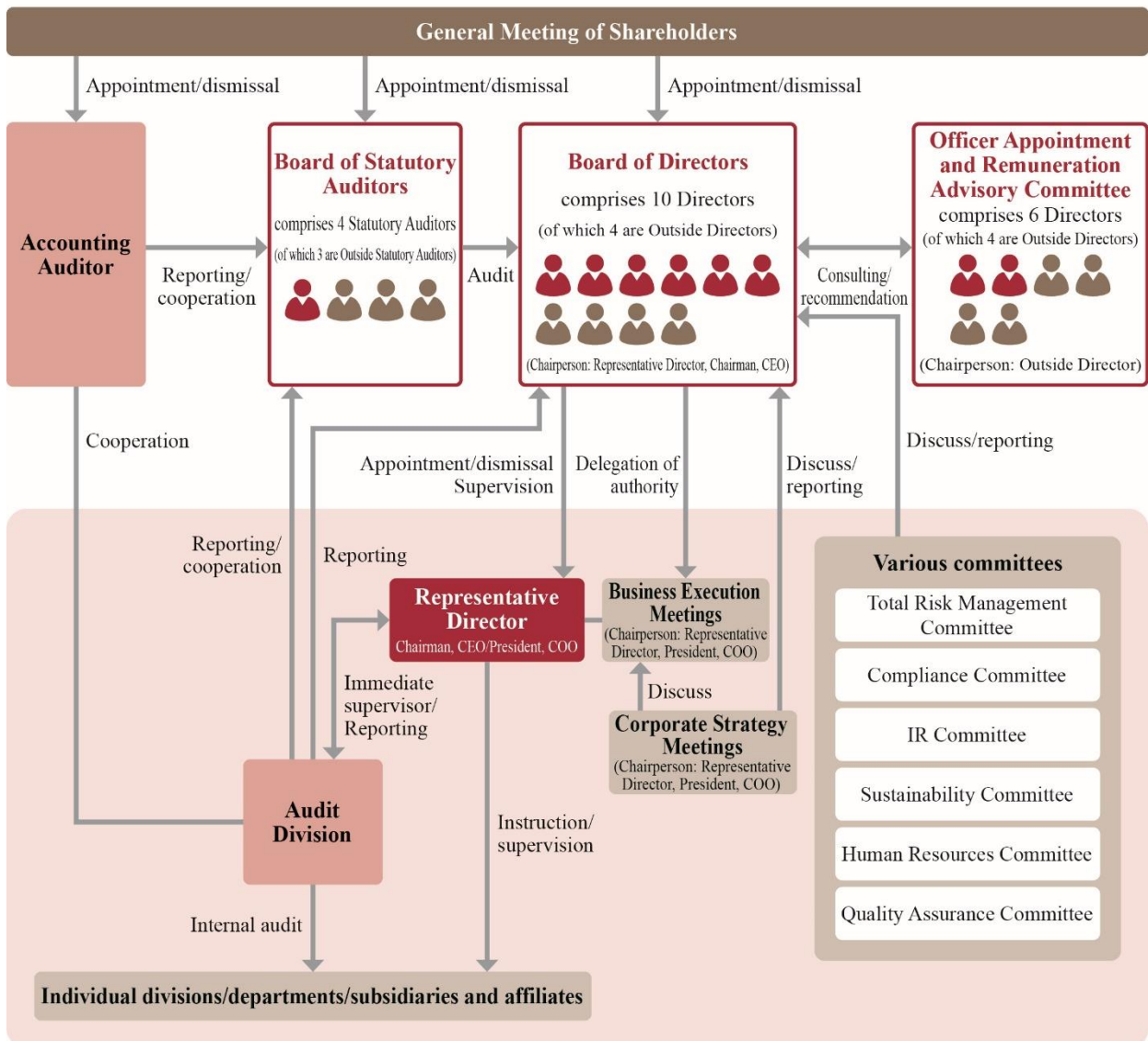
In accordance with the provisions of Article 165, Paragraph 2 of the Companies Act, the Company may acquire its own shares through market transaction, etc. by resolution of the Board of Directors.

2 Interim dividend

In accordance with the provisions of Article 454, Paragraph 5 of the Companies Act, the Company may pay an interim dividend each year with a record date of September 30, by resolution of the Board of Directors.

(3) Resolutions provided for in Article 309, Paragraph 2 of the Companies Act shall be adopted by a majority vote equivalent to two thirds (2/3) or more of the voting rights of the shareholders in attendance who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.

(4) In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with Outside Directors and Outside Statutory Auditors to limit their liabilities under Article 423, Paragraph 1 of the same to the minimum amount stipulated by laws and regulations.



**Outline of timely disclosure system**

In accordance with the Rules for Decision-making Criteria, the Company discloses company information to investors in a timely and appropriate manner as shown in the below flowchart.

