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Last updated: July 10,2026

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This document describes the state of the corporate governance at Yakult Honsha Co., Ltd. (the "Company").

I. Basic Views on Corporate Governance and Capital Structure, Business Attributes, and Other Key Information

1. Basic Views

(1) Basic Views

The Company's basic approach to corporate governance is to promote highly transparent management that is committed to the steady development of operations in its primary business.

Its corporate philosophy is: "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular." In the pursuit of this philosophy, the Company believes it is important to implement transparent management with an emphasis on well-developed internal control functions, including appropriate management organization and pertinent decision-making.

(2) Positioning of shareholders and other stakeholders

The Company believes that a company's sovereignty belongs to its shareholders. It believes its corporate attitude and activities, which value other stakeholders, such as placing customers first, taking good care of employees and workers, valuing business partners, and contributing to local community leads to an improvement in corporate value and as a result to shareholder sovereignty.

This is because corporate attitudes and activities, such as remaining sensitive at all times to meet customer needs, always maintaining working environment for employees to demonstrate their abilities to the fullest extent, and coexisting with the local communities and making relentless efforts to become a beloved member of the community, are directly connected to business performance and as a result bring about the maximum profits to our shareholders.

(3) Initiatives to enhance corporate governance

1) The Company has established various meeting bodies (the Management Policy Council and Executive Officers Committee) for accelerating decision-making.
2) From 2007, the Company has set the term of office for directors to one year to further clarify their management responsibilities.
3) From 2011, the Company has installed the executive officer system as a way to further invigorate the activities of the Board of Directors, and also reduced the number of directors.
4) The Company has established the Nomination & Remuneration Committee and the Sustainability Advisory Committee as advisory bodies to the Board of Directors.
5) The Company is implementing the following initiatives to strengthen the compliance system.
-The Company established the Yakult Ethical Principles and Code of Conduct to serve as guidelines for its officers and employees to carry out proper corporate activities. This has been distributed to all concerned officers and employees to ensure awareness regarding its contents.
- The Compliance Committee composed of independent outside experts meets regularly and offers advice regarding the development of the compliance structure of the Company.
-The Company has established an internal reporting system to enable a self-cleansing function, wherein the Company itself identifies and corrects any violations of laws and regulations.
-The Company has continuously been holding compliance training programs as well as corporate ethics and compliance training programs for officers and employees, and assigns compliance personnel and corporate ethics personnel to each department and business site to ensure corporate ethics and legal compliance.
-The Company has established the Corporate Ethics Committee, primarily composed of outside experts, to promote activities for eliminating antisocial forces.

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

The Company is implementing each of the principles of the Corporate Governance Code.

[Disclosures based on each Principles of the Corporate Governance Code] Updated

[Principle 1-4] Cross-shareholdings
<Policy on cross-shareholdings>
The Company's strategic shareholding policy seeks to strengthen the cooperative relationship between current and future business partners and allies in order to benefit from and expand the synergy between our business and the operations of these companies.
<Assessment regarding cross-shareholdings>
The Board of Directors verifies the rationale for each strategic cross-shareholding in light of the capital costs and shareholding purpose.
The Company comprehensively considers the potential of future business partners and allies and reduce strategic shareholdings which are not profitable to the Company. (cross-shareholdings sold in fiscal 2025: The Company sold all shares it held in five issues and part of the shares it held in one issues).
The Company plans to reduce its cross-shareholdings in phases taking into consideration its financial standing with the aim of decreasing the volume of cross-shareholdings to 5% of consolidated net assets, as outlined in the Medium-term Management Plan (2025-2030).
<Exercising voting rights connected to cross-shareholdings>
Regarding voting rights of strategically held shares, the Company exercises its approval or disapproval based on a prescribed decision-making process after considering whether it will contribute to improving its corporate value.

[Principle 1-7] Related party transactions
The Company reports to the Board of Directors, and the Board of Directors approves material facts of competitive transactions and conflict-of-interest transactions in advance, confirms the status of such transactions on a regular basis. The Board of Directors confirms transactions between related parties and, depending on their importance, the transaction terms and other details are disclosed in the notice of Ordinary General Meeting of Shareholders and securities report.

[Supplementary Principle 2-4-1] Ensuring diversity in appointment of core human resources

<Policy for ensuring diversity>

Promotion of diversity leads to innovation and improvement in profitability and the Company recognizes that it is indispensable for corporate management. The Company has been aiming to develop a corporate culture that allows diverse human resources to participate actively and is also making efforts so that individual employees appointed as core personnel may demonstrate their individuality and ability to the maximum extent.

Above all, women's participation is important also from the perspective of home delivery business model, which serves as the business foundation for the Company, and the Company is actively promoting this based on the following fundamental philosophy.

1. Promote optimal employee placement in light of abilities, aspiration and aptitude, regardless of gender.

2. Enhance the workplace environment so that women aspiring to have a career are able to balance both work and family life.

3. Set precise target figures and formulate an action plan.

Regarding hiring of foreign nationals, the Yakult Group is operating in 40 countries and regions including Japan and it will strive to continue to actively hire foreign nationals as a global company.

The Company has been proactively hiring human resources with expertise in mid-career recruitment. They have been playing active roles in various divisions by leveraging their experience and skills and many of them have been promoted to managerial positions.

<Voluntary and measurable goals for ensuring diversity and their status>

As a result of the April 2022 revision to our personnel system—which expanded opportunities for female employees to be promoted to management positions and accelerated the recruitment of external talent with new insights and experience—the proportion of female managers at our company stood at 13.8% as of April 1, 2026. We have set a target of achieving a ratio of at least 20% female managers by fiscal year 2030, and we will continue to promote proactive initiatives to further expand opportunities for women to thrive in the workplace.

While the Company has not set forth targets for foreign employees and mid-career hires in managerial positions, the ratio of mid-career hires was at 26.3% as of April 1, 2026. Going forward, the Company will actively promote hiring and promote of employees to international business including foreign nationals and human resources with professional expertise.

<Human resource development policy and internal environment development policy to ensure diversity and their implementation status>

The Company operates on the basic personnel principle of "optimal personnel assignment based on abilities, aspirations, and aptitude, and regardless of age, gender, nationality, or educational background." It aims to create an environment in which all employees are highly motivated and can work without any concerns.

In terms of women's participation, the Company aims to promote female employees to management layer position by creating opportunities to participate and developing human resources through active promotion of female employees to line positions and implementing core management candidate nurturing program for female managers. Further, the ratio of male employees taking child care leave at the Company was 103.2%* in fiscal 2025, well above the nation-wide average of 40.5% (fiscal 2024), as it implemented measures, ahead of the enforcement of the revised Child Care and Family Care Leave Act on April 1, 2022, such as confirming the intention of male employees to take child care leave as and when the Company learns that they are expecting a baby. The Company is also taking measures that go beyond the requirements of laws and regulations to develop an environment where employees can take care of a family member with peace of mind. (* This ratio may exceed 100%, as it includes employees who had a child in the previous fiscal year but did not take child care leave at the time and instead took it for the first time during the relevant fiscal year.)

In addition to the above, the Company has established specialized organizations for strengthening the structures to actively promote diversity while educating employees by implementing diversity training and taking other measures.

Furthermore, the Company's basic policy etc. regarding human capital strategy is disclosed in the Annual Securities Report which is located in the Investors section of our website(https://www.yakult.co.jp/company/ir/) *Currently Annual Securities Report is only available in Japanese.

[Principle 2-6] Roles of corporate pension funds as asset owners

The Company allocates human resources who have appropriate knowledge and experience in fund management to manage its corporate pension fund. It is also implementing initiatives that enable demonstration of functions expected of an asset owner through measures including hiring personnel with strong financial expertise from outside.

In addition, the Company's corporate pension fund is managed independently, with systems in place to ensure that conflicts of interest are appropriately managed.

[Principle 3-1] Full disclosure

i) Company objectives (e.g., business principles), business strategies and business plans

The Company has formulated the long-term vision Yakult Group Global Vision 2030 and the Medium-term Management Plan (2025–2030) towards realization of its corporate philosophy and published it on its website For Investors (https://www.yakult.co.jp/english/ir/library/globalvision.html).

ii) Basic views and guidelines on corporate governance based on each of the principles of the Code

Please see 1. Basic Views of this report.

iii) Board policies and procedures in determining the remuneration of the senior management and directors

It is as described in "Disclosed details of the policy on determining remuneration amounts and calculation methods," "Director remuneration," "1. Organizational composition and operation," "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight."

iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of directors and *kansayaku* candidates

The Company chooses the members of the Board of Directors not only through internal promotion within the Company but also from management of sales companies, which are part of Yakult Group, and experts of various industries based on the viewpoint of placing the right person in the right position, the Company aims to ensure a balance and diversity of skills among board candidates, to enable diversity and open-hearted discussions.

The Company decides nomination of candidates for the Audit & Supervisory Board members from the perspective of placing the right person in the right role, similar to the nomination of candidates for directors, from those who have knowledge of finance and accounting and with the consent of the Audit & Supervisory Board.

The Company dismisses directors and Audit & Supervisory Board members when they engage in fraudulent or improper conduct as an officer or when they are found to be unqualified as an officer.

The matters related to the nomination and compensation of directors will be resolved by the Board of Directors based on the report from "Nomination and Remuneration Advisory Committee" which is an advisory body of Board of Directors with majority of whose members, and the chairman, are independent outside directors including the chairman.

v) Explanations with respect to the individual appointments/dismissals and nominations based on iv above)

The Company explains it in the business report and reference documents of the notice of Ordinary General Meeting of Shareholders (dismissal is explained only when causes for dismissal occur). The notice of Ordinary General Meeting of Shareholders is published on the For Investors section of the Company's website (https://www.yakult.co.jp/english/ir/).

[Supplementary Principle 3-1-3] Sustainability Initiatives

<Disclosure of sustainability-related initiatives>

The Company has identified twelve material themes it should prioritize to achieve sustainable growth along with the society and has been engaged in sustainability-related activities. It reports the details of these activities in Sustainability Report and Yakult Sustainability Stories and publishes them on the Sustainability section (https://www.yakult.co.jp/english/sustainability/) and the For Investors section (https://www.yakult.co.jp/english/ir/) of its website.

The main initiatives by the Company are as follows.

■Identification of material themes

Towards realization of its corporate philosophy and achievement of the long-term vision Yakult Group Global Vision 2030, the Company reviewed its material themes in light of changes in its internal and external environments and other factors, and identified a new set of twelve material themes in October 2025. Details are disclosed in the Sustainability Report 2025 on the Sustainability section (https://www.yakult.co.jp/english/sustainability/) of its website.

■Signing the UN Global Compact

The Company signed the United Nations Global Compact (UNGC), the UN's international framework for sustainable growth, and will work to solve issues regarding the 10 principles of the UNGC relating to human rights, labor, environment, and anti-corruption.

■Integration of management issues and sustainability issues

The Company has included "Realize a society in which people and the planet co-exist" as one of the qualitative goals of its long-term vision Yakult Group Global Vision 2030. In the Medium-term Management Plan (2025–2030), the Company formulated non-financial strategy as key elements for enhancing the foundation to maximize corporate value. Accordingly, various measures are being promoted with a focus on strengthening natural capital and human capital.

Further, the Company in April 2024 established the Sustainability Advisory Committee, an advisory body to the Board of Directors. The committee

deliberates on sustainability-related basic strategy, status of related actions, etc. towards solving environmental and social issues and report the results to the Board of Directors.

Members of the committee are as follows (eight in total):

- Chairman: Hideaki Hoshiko (Director)
- Members: Junichi Shimada (Director), Hiroyuki Kawabata (Director), Ken Nishikawa (Executive Officer), Yumiko Nagasawa (Independent Outside Director), Satoshi Akutsu (Independent Outside Director), Matthew Digby (Independent Outside Director), and Hideyuki Kawana (Full-time Audit & Supervisory Board member)

<Disclosure regarding investment in human capital and intellectual properties>

In the Medium-term Management Plan 2025–2030, the Company defines its ideal human capital as that which "creates and delivers the value of health to the world, and fosters talent and organizational culture that can contribute to human and planetary health through innovation." To realize this vision, it has established the basic policy on human resource development as "a process emphasizing discovery, rather than instruction—designing the future through a thirst for learning," and pursues diverse development initiatives aimed at translating "growth of individuals" into "contribution to the organization." To improve medium- to long-term corporate values, the Company has been disposing treasury shares in third-party share allotment to the Stock Ownership Association, in which it grants a certain number of its shares to the employees who are the members of the association.

Regarding intellectual properties, the Company works actively to acquire intellectual property rights (patents, design rights, trademarks, etc.) in and outside Japan on new products and technologies and striving to maintain and improve its brand value through appropriate utilization of these rights. The Company reports them in Sustainability Report and publishes them in the Sustainability section of its website (https://www.yakult.co.jp/english/sustainability/).

<Disclosure based on TCFD and other frameworks>

The Company recognizes that evaluation of businesses involving climate-related risks and opportunities and formulation of countermeasures are necessary not only for its sustainable development but also for realizing a sustainable environment and society.

On that basis, the Company in August 2022 declared its support for the TCFD recommendations. Based on the recommendations, the Company will analyze risks and opportunities climate change will entail on its business, evaluate their financial impact, and disclose information further in accordance with the frameworks of governance, strategy, risk management, and metrics and targets.

The Company discloses detailed information regarding climate changes based on the TCFD recommendations in the Sustainability Report 2025 in the Sustainability section of its website (https://www.yakult.co.jp/english/sustainability/).

The Company has responded to the CDP questionnaires, which integrates information disclosure based on the TCFD recommendation and discloses the information.

[Supplementary Principle 4-1-1] Scope of delegation to the management

The Company has introduced the executive officer system and established Executive Officers Committee as a business execution body. It has stipulated important matters such as management policies to be resolved and reported at the Board of Directors meetings in the Rules of the Board of Directors, and the Rules of Approval clarifies the criteria for matters subject to resolution and the criteria for delegation to the Executive Officers Committee.

[Principle 4-9] Independence standards and qualification for independent directors

In accordance with the independence criteria set by Tokyo Stock Exchange, the Company lists the required human resources reflecting the respective management environment, and the candidates are finalized by the Board of Directors after deliberations at the Nomination & Remuneration Committee, who are then appointed at the general meeting of shareholders each year. Independent outside directors, who are appointed through this process, are actively making effective recommendations regarding the Company's overall management as well as business challenges it faces from time to time.

[Supplementary Principle 4-10-1] Establishment of voluntary advisory committee

Regarding matters pertaining to nomination of and remuneration for directors, the Company has established the Nomination & Remuneration Advisory Committee to strengthen independence and objectivity of the functions of the Board of Directors, and the Board of Directors resolve them in consultation with the committee.

The Nomination & Remuneration Committee consists of three or more members, with a majority being independent outside directors to ensure its independence and objectivity. Furthermore, an independent outside director serves as chairperson to further strengthen the committee's functions and enhance the governance structure.

Members of the committee are as follows (five in total):

- Chairperson: Toshihiko Fukuzawa (Independent Outside Director)
- Members: Hiroshi Narita (Representative Director), Hideaki Hoshiko (Director), Naoko Tobe (Independent Outside Director), and Takeshi Osumi (Independent Outside Director)

[Supplementary Principle 4-11-1] Concept and policy regarding composition and appointment of the Board of Directors

As described in Principle 3-1, the Company makes decision regarding appointment of directors from the perspective of placing the right person in the right role in order to realize a Board of Directors that is diverse and engages in open-minded discussion. The combination of skills possessed by the directors who compose the Board of Directors is described in the reference documents of the notice of Ordinary General Meeting of Shareholders. The notice is made public in the For Investors section (https://www.yakult.co.jp/english/ir/) of its website.

[Supplementary Principle 4-11-2] Directors serving as officers at other listed companies

The Company discloses directors and Audit & Supervisory Board members who also serve as officers at other listed companies in the For Investors section of its website (https://www.yakult.co.jp/english/ir/library/globalvision.html).

[Supplementary Principle 4-11-3] Analysis and evaluation of effectiveness of the board

Since fiscal year 2016, the Company has conducted an annual analysis and evaluation of the effectiveness of the Board of Directors. Specifically, we administered a questionnaire to directors and corporate auditors and conduct analysis and evaluation based on survey items such as the composition and operational methods of the Board of Directors (agenda items, meeting frequency, etc.), the provision of information to outside directors, external disclosure, and open-ended comments. Starting in fiscal year 2025, with the aim of further enhancing this process, we introduced a questionnaire conducted by a third-party organization (including tabulation, analysis and evaluation). As a result, it is assessed that the Board of Directors is functioning appropriately and that its effectiveness is generally ensured.

Additionally, the Company has taken into account feedback and improvement proposals regarding the composition of the Board of Directors, the operating method of its meetings and improving governance, as identified through the analysis and evaluation of its effectiveness. Based on this, the Company has implemented the following initiatives to further revitalize the Board of Directors.

-Increasing the frequency of the meeting
-Providing information to outside directors through the holding of executive committee meetings and other executive meetings
-Increasing the number and diversity of independent outside directors
-Introduction of the Nomination & Remuneration Committee and the Sustainability Advisory Committee.
-Review of remuneration system for officers

The Company will continue to improve the effectiveness of the Board of Directors by taking into account the results of these analysis and evaluation.

[Supplementary Principle 4-14-2] Policy on training of officers

In order to realize Shirota-ism, which is the foundation of the Company's business, the Company's directors and Audit & Supervisory Board members are required to acquire knowledge and information not only in their respective areas of specializations but also in other fields to demonstrate abilities appropriate as an officer of the Company. The Company holds group training sessions for all officers on themes such as legal affairs and personnel and labor affairs by inviting external lecturers such as lawyers with specialized knowledge and offers necessary knowledge and information corresponding to law revisions and changes in social environment.

[Principle 5-1] Policy on constructive dialogue with shareholders

Based on the following policies, The Company has been striving to promote constructive dialogue with its shareholders in order to contribute to sustainable growth and improvement in corporate value over the medium to long term basis.

-The Company operates the general meeting of shareholders in an open manner, ensures enough time for dialogue with shareholders, and responds to individual inquiries as necessary.
-The Company has appointed an executive officer dedicated to supervision of the IR Department.
-The Company has been striving to facilitate cooperation and information sharing between departments.
-The Company has been actively working on enhancement of business results briefing and business briefing.

-The Company has been providing feedback regarding shareholder opinions and requests, identified in the dialogues with the shareholders as necessary from time to time.
-The Company has been exercising adequate care in management of important information under the fair disclosure rules including insider information upon carrying out a dialogue. The person interacting with shareholders differs in each meeting, the president and representative director, directors, executive officers, or members of the IR Department handles the dialogues.
Described below is an overview of the IR and SR activities carried out in fiscal 2025.
-Number of interactions: 292 times (breakdown of main meetings: 270 IR meetings, 18 SR meetings, and 4 ESG meetings)
-Shareholders and others with whom the Company had interaction: analysts of Japanese securities companies, institutional investors in Japan and abroad (securities analysts, fund managers, officials in charge of ESG, officials in charge of exercising voting rights, etc.)
-Main themes of the interactions: business results, business policy, long-term visions, medium-term management plans, ESG-related initiatives, views on exercising voting rights at the Company's general meeting of shareholders.
The Company also holds SR meetings with institutional investors who are its shareholders and interacts with them on themes such as capital cost, profitability of capital, and market valuation.

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

Scope of content	Disclosure of initiatives (Update)
Disclosure in English	Available
Date of update Updated	July 10, 2026

Explanation regarding said item Updated

The Company grasps and analyzes its details of the capital cost, capital profitability, and market valuation as necessary and reports them to the Board of Directors to realize medium- to long-term improvement in corporate value. It also has been interacting with market participants including shareholders regarding the matter.
For fiscal year 2025, ROE is projected to be 7.5%; our cost of capital (cost of equity: 5.6%, WACC: 5.0%); and the market valuation metrics PBR and PER are projected to be 1.3x and 17.6x, respectively.
In formulating the Medium-term Management Plan (2025-2030), the Company ensured that it includes business strategies, financial and capital strategy, and non-financial strategy through a series of discussions by the Board of Directors. Furthermore, the company announced that it will establish a "Corporate Value Enhancement Committee" in May 2026 to examine the themes of "business strategy," "capital policy," and "strengthening the governance structure," and plans to reevaluate its strategy going forward.
Going forward, the Company will continue to deliberate various initiatives at the Board of Directors meetings to achieve its financial indicators, namely, an ROE of 10%, an equity to asset ratio of 60%, and a total payout ratio of 70% by fiscal 2030, while also working to secure profitability of capital that exceeds capital costs by promoting the effective use of assets and liabilities through ongoing dialogue with the stock market.

2. Capital structure

Foreign shareholding ratio	20% or more but less than 30%

[Status of major shareholders] Updated

Name	Number of shares owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	31,942,400	10.94
Fuji Media Holdings, Inc.	12,984,000	4.44
Mizuho Trust & Banking Co., Ltd. (Retirement benefit trust [Mizuho Bank Account])	9,914,000	3.39
Kyoshinkai	8,003,312	2.74
Matsusho Co., Ltd.	6,835,800	2.34
Custody Bank of Japan, Ltd. (Trust account)	5,467,100	1.87
STATE STREET BANK AND TRUST COMPANY 505019	5,100,901	1.75
City Index Eleventh Co., Ltd.	4,711,300	1.61
STATE STREET BANK AND TRUST COMPANY 505103	3,889,458	1.33
STATE STREET BANK AND TRUST COMPANY 505301	3,498,376	1.20

Presence or absence of controlling shareholder (excluding parent company)	———
Existence of parent company	None

Supplementary explanation Updated

- The status of major shareholders is based on the shareholders list as of the end of March 2026.
- In addition to the above, the Company holds 16,180 thousand treasury shares.
- The number of treasury shares are deducted when calculating the table above.
- BlackRock Japan Co., Ltd. and its five joint holders submitted a report of possession of a large volume (Change Report No.1) on October 3, 2025,however, since the Company was unable to confirm the number of shares effectively owned by them as of the end of March 2026, they are not included in the status of major shareholders shown above.

3. Corporate Attributes

Listed stock exchange and market segment	Prime Market, Tokyo Stock Exchange
Fiscal year end	March
Industry	Foods
Number of employees (consolidated) at the end of the previous fiscal year	1,000 or more
Net sales (consolidated) at the end of the previous fiscal year	100 billion yen or more but less than 1 trillion yen
Number of subsidiaries (consolidated) at the end of the previous fiscal year	50 companies or more but fewer than 100 companies

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

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5. Other Special Circumstances which May Have a Material Impact on Corporate Governance

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

1. Organizational Composition and Operation

Organizational format	Company with Audit & Supervisory Board members

[Board of Directors]

Number of Directors stipulated in the Articles of Incorporation	15 persons
Term of office of Directors in the Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors Updated	13 persons
Status of the appointment of Outside Directors	Appointed
Number of Outside Directors	6 persons
Number of Outside Directors specified as Independent Directors	6 persons

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the company*										
		a	b	c	d	e	f	g	h	i	j	k
Naoko Tobe	Lawyer											
Yumiko Nagasawa	Other											
Satoshi Akutsu	Academic											
Matthew Digby	Lawyer											
Toshihiko Fukuzawa	From another company				△							
Takeshi Osumi	From another company											

***Symbols indicating relationship with the Company**

○ Applicable when the director presently falls or has recently fallen under the category

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

● Applicable when a close relative of the director presently falls or has recently fallen under the category

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

a Person who conducts business for the listed company or its subsidiary

b Person who conducts business for or is a non-executive director of a parent company of the listed company

c Person who conducts business for a fellow subsidiary of the listed company

d Person or entity for which the listed company is a major client or a person who conducts business for said client

e Major client of the listed company or a person who conducts business for the said client

f Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the listed company in addition to remuneration as a corporate officer

g Major shareholder of the listed company (in cases where the major shareholder is a corporation, a person who conducts business for the corporation)

h Person who conducts business for a client of the listed company (excluding persons categorized as any of d, e, or f above) (applies to the said individual only)

i Person who conducts business for an entity holding cross-directorships or cross-auditorships with the listed company (applies to the said individual only)

j Person who conducts business for an entity receiving donations from the listed company (applies to the said individual only)

k Other

Outside Directors' Relationship with the company (2)

Name	Independent Director	Supplementary Explanation Regarding a Compliant Item	Reason for Appointment
Naoko Tobe	○	———	Ms. Tobe has an objective perspective and is independent from the Company's management team responsible for business execution. In addition to her many years of experience as a lawyer and her advanced knowledge and expertise, she has served as a domestic relations conciliation commissioner at the Tokyo Family Court and as a legal advisor at the Gender Equality Center in Kiyose City, Tokyo. Leveraging her broad perspective, which incorporates the viewpoints of local communities and consumers, she is expected to provide objective advice to the Company's management team and to appropriately supervise the execution of business. Based on the above, the Company has determined that her appointment can be expected to further strengthen and enhance its management structure and has therefore appointed her as an Outside Director. Furthermore, the Company has determined that she does not fall under any of the circumstances that may give rise to a conflict of interest with general shareholders as stipulated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc." and the "Enforcement Rules for Securities Listing Regulations." Accordingly, the Company has notified the Tokyo Stock Exchange of her designation as an Independent Officer.
Yumiko Nagasawa	○	———	Ms. Nagasawa has an objective perspective and is independent from the Company's management team responsible for business execution. In addition to her experience as an analyst and in the asset management field, as well as her expertise in finance as the founder of the Foster Forum (Association for Nurturing Quality Financial Products), she has also gained broad insight in the field of consumer affairs through serving in positions such as Vice Chairperson and Representative Director of the Japan Consumer Advisors, Consultants and Counselors Association. Leveraging this wide range of knowledge and perspectives, she is expected to provide objective advice to the Company's management team and to appropriately supervise the execution of business. Based on the above, the Company has determined that her appointment can be expected to further strengthen and enhance its management structure and has therefore appointed her as an Outside Director. Furthermore, the Company has determined that she does not fall under any of the circumstances that may give rise to a conflict of interest with general shareholders as stipulated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc." and the "Enforcement Rules for Securities Listing Regulations." Accordingly, the Company has notified the Tokyo Stock Exchange of her designation as an Independent Officer.
Satoshi Akutsu	○	Currently serving as a professor of the Graduate School of Business Administration of Hitotsubashi University	Mr. Akutsu has an objective perspective and is independent from the Company's management team responsible for business execution. Based on his extensive achievements as a marketing expert, as well as his specialized knowledge and insight cultivated through his experience as a university professor and in other roles, he is expected to provide valuable advice on the Company's overall business, including approaches to management that achieve sustainable performance improvement through corporate branding. In addition, he is expected to provide objective advice to the Company's management team and to appropriately supervise the execution of business. Based on the above, the Company has determined that his appointment can be expected to further strengthen and enhance its management structure and has therefore appointed him as an Outside Director. Furthermore, the Company has determined that he does not fall under any of the circumstances that may give rise to a conflict of interest with general shareholders as stipulated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc." and the "Enforcement Rules for Securities Listing Regulations." Accordingly, the Company has notified the Tokyo Stock Exchange of his designation as an Independent Officer.

Matthew Digby	○	———	Mr. Digby has an objective perspective and is independent from the Company's management team responsible for business execution. With extensive experience as a lawyer specializing in U.S. litigation, Japan–U.S. cross-border transactions, and international transactions in general, and based on his knowledge and insight gained through many years of practice overseas, he is expected to provide objective advice to the Company's management team and to appropriately supervise the execution of business. Based on the above, the Company has determined that his appointment can be expected to further strengthen and enhance its management structure and has therefore appointed him as an Outside Director. Furthermore, the Company has determined that he does not fall under any of the circumstances that may give rise to a conflict of interest with general shareholders as stipulated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc." and the "Enforcement Rules for Securities Listing Regulations." Accordingly, the Company has notified the Tokyo Stock Exchange of its designation as an Independent Officer.
Toshihiko Fukuzawa	○	———	Mr. Fukuzawa has an objective perspective and is independent from the Company's management team responsible for business execution. Based on his extensive experience in corporate management and many years of experience at financial institutions, as well as his specialized knowledge and insight in corporate strategy, he is expected to provide objective advice on the Company's overall management and to appropriately supervise the execution of business. Based on the above, the Company has determined that his appointment can be expected to further strengthen and enhance its management structure and has therefore appointed him as an Outside Director. In addition, although he previously served as an executive of a financial institution that is a major business partner of the Company, he retired from the institution in March 2015 and is currently not in a position to be influenced by it. Accordingly, the Company has determined that he does not fall under any of the circumstances that may give rise to a conflict of interest with general shareholders as stipulated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc." and the "Enforcement Rules for Securities Listing Regulations." For the above reasons, the Company has notified the Tokyo Stock Exchange of its designation as an Independent Officer.
Takeshi Osumi	○	———	Mr. Osumi has an objective perspective and is independent from the Company's management team responsible for business execution. Based on his experience as a representative of a company listed on the Tokyo Stock Exchange Prime Market, as well as his broad knowledge and insight in corporate strategy cultivated through his corporate management experience, he is expected to provide objective advice on the Company's overall management and to appropriately supervise the execution of business. Based on the above, the Company has determined that his appointment can be expected to further strengthen and enhance its management structure and has therefore appointed him as an Outside Director. Furthermore, the Company has determined that he does not fall under any of the circumstances that may give rise to a conflict of interest with general shareholders as stipulated in the Tokyo Stock Exchange's "Guidelines Concerning Listed Company Compliance, etc." and the "Enforcement Rules for Securities Listing Regulations." Accordingly, the Company has notified the Tokyo Stock Exchange of its designation as an Independent Officer.

Voluntary establishment of a committee(s) equivalent to a nomination committee or remuneration committee	Established

Committee's name, attributes of members constituting the committee and the committee chairperson

	Committee's Name	Total number of Committee Members (Persons)	Full-time Members (Persons)	Inside Directors (Persons)	Outside Directors (Persons)	Outside Experts (Persons)	Other (Persons)	Chairperson
Voluntarily established committee Equivalent to Nomination Committee	Nomination & Remuneration Committee	5	0	2	3	0	0	Inside director
Committee Equivalent to Remuneration Committee	Nomination & Remuneration Committee	5	0	2	3	0	0	Inside director

Supplementary explanation Updated

The Company has in place the Nomination & Remuneration Committee as an advisory body to the Board of Directors. The committee has the functions of both nomination committee and remuneration committee. It deliberates on nomination of candidates for directors and Audit & Supervisory Board members and remuneration, etc. of directors and report to the Board of Directors. In the fiscal 2025, the committee held 5 meetings.

The Nomination & Remuneration Committee consists of three or more members, with a majority being independent outside directors to ensure its independence and objectivity. Furthermore, an independent outside director serves as chairperson to further strengthen the committee's functions and enhance the governance structure.

Members of the committee are as follows (five in total):

- Chairperson: Toshihiko Fukuzawa (Independent Outside Director)
- Members: Hiroshi Narita (Representative Director), Hideaki Hoshiko (Director), Naoko Tobe (Independent Outside Director), and Takeshi Osumi (Independent Outside Director)

[Audit & Supervisory Board members]

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board members stipulated in the Articles of Incorporation	7
Number of Audit & Supervisory Board members	5

Cooperation among Audit & Supervisory Board members, accounting auditors, and internal audit departments

Audit & Supervisory Board members, the Audit Department, which is the internal audit division, and Deloitte Touche Tohmatsu LLC, the Company's accounting auditor, meet on a regular basis or whenever necessary and exchange information regarding audit structure, plan, and implementation status to improve effectiveness of audit.

The Audit Department also reports the results of the internal audit it carried out to the Board of Directors as well as Audit & Supervisory Board members and the Audit & Supervisory Board.

Appointment of outside Audit & Supervisory Board members	Appointed
Number of outside Audit & Supervisory Board members	3
Number of Independent Audit & Supervisory Board members	3

Outside Audit & Supervisory Board member'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
Emi Machida	Certified public accountant								△					
Kimikazu Okochi	From another company													
Satoko Kitamura	Lawyer													

*Symbols indicating relationship with the Company

○ **Applicable when the Audit & Supervisory Board member presently falls or has recently fallen under the category**
△ **Applicable when the Audit & Supervisory Board member fell under the category in the past**
● **Applicable when a close relative of the company auditor presently falls or has recently fallen under the category**

▲ Applicable when a close relative of the company auditor fell under the category in the past

a. Person who conducts business for the listed company or its subsidiary
b. Person who is a non-executive director of or is an accounting advisor of the listed company or its subsidiaries
c. Person who conducts business or is a non-executive director of a parent company of the listed company
d. Person who is a Audit & Supervisory Board member of a parent company of the listed company
e. Person who conducts business for a fellow subsidiary of the listed company
f. Person or entity for which the listed company is a major client or a person who conducts business for said client
g. Major client of the listed company or a person who conducts business for the said client
h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the listed company in addition to remuneration as a corporate officer
i. Major shareholder of the listed company (in cases where the major shareholder is a corporation, a person who conducts business for the corporation)
j. Person who conducts business for a client of the listed company (excluding persons categorized as any of f, g, or h above) (applies to the said individual only)
k. Person who conducts business for an entity holding cross-directorships or cross-auditorships with the listed company (applies to the said individual only)
l. Person who conducts business for an entity receiving donations from the listed company (applies to the said individual only)
m. Other

Outside Audit & Supervisory Board member's relationship with the Company (2)

Name	Independent Company Auditor	Supplementary Explanation Regarding a Compliant Item	Reason for Appointment
Emi Machida	○	———	Ms. Machida has an objective perspective and is independent from the Company's management team, which is responsible for business execution. She has been auditing the business execution status of the Company's directors leveraging her long tenure as a certified public accountant and expertise regarding financial and accounting matters. Ms. Machida has been contributing to further strengthening and enhancement of the Company's management structure and therefore it has appointed her as outside Audit & Supervisory Board member. Although Ms. Machida used to be an employee of the accounting auditor of the Company in the past, she retired from the firm in July 2012 and currently there is no risk of her being influenced by the accounting firm. For this reason, the Company judged that there is no particular reason to believe that Ms. Machida is associated with a risk of a conflict of interest with general shareholders stipulated by the Guidelines concerning Listed Company Compliance, etc. and the Enforcement Rules for Securities Listing Regulations by the Tokyo Stock Exchange. For the above reasons the Company has registered her with the Tokyo Stock Exchange as an independent officer.
Kimikazu Okochi	○	———	Mr. Okochi has an objective perspective and is independent from the Company's management team, which is responsible for business execution. He has been auditing the business execution status of the Company's directors leveraging his extensive experience at financing and accounting departments of operating companies and serving overseas as well as high level of expertise gained as a director (full-time Audit & Supervisory committee member). Mr. Okochi has been contributing to further strengthening and enhancement of the Company's management structure and therefore it has appointed him as an outside Audit & Supervisory Board member. Moreover, the Company judged that there is no particular reason to believe that Mr. Okochi is associated with a risk of a conflict of interest with general shareholders stipulated by the Guidelines concerning Listed Company Compliance, etc. and the Enforcement Rules for Securities Listing Regulations by the Tokyo Stock Exchange. For the above reasons/the Company has registered him with the Tokyo Stock Exchange as an independent officer.
Satoko Kitamura	○	———	Ms. Kitamura has an objective perspective and is independent from the Company's management team, which is responsible for business execution. She has been auditing the business execution status of the Company's directors leveraging her advanced knowledge and insight and extensive experience as a lawyer. Ms. Kitamura has been contributing to further strengthening and enhancement of the Company's management structure and therefore it has appointed her as an outside Audit & Supervisory Board member. Moreover, the Company judged that there is no particular reason to believe that Ms. Kitamura is associated with a risk of a conflict of interest with general shareholders stipulated by the Guidelines concerning Listed Company Compliance, etc. and the Enforcement Rules for Securities Listing Regulations by the Tokyo Stock Exchange. For the above reasons the Company has registered him with the Tokyo Stock Exchange as an independent officer.

[Matters Concerning Independent Directors and Independent Audit & Supervisory Board members dent Directors / Independent Company Auditors]

Number of independent directors and independent Audit & Supervisory Board members	9

Other matters concerning independent directors / independent Audit & Supervisory Board members

The Company designates all of those who meet the qualifications for officers as independent directors and independent Audit & Supervisory Board members.

[Incentives]

Implementation status of measures related to incentives granted to directors	Introduction of a performance-based remuneration scheme

Supplementary explanation regarding said item

The Company has introduced performance-linked remuneration and stock compensation as incentives for directors, the details of which are stated in "Disclosed details of the policy on determining remuneration amounts and calculation methods of "Director remuneration" below.

Persons eligible for stock options	

Supplementary explanation regarding said item

———

[Director remuneration]

Disclosure status (of individual compensation for directors)	Only a portion of the remuneration is individually disclosed

Supplementary explanation regarding said item Updated

In accordance with the provisions of the law, the Company discloses the total amount of remuneration, etc. for each officer category in the annual securities report and business report. The consolidated remuneration of some officers is disclosed individually in the annual securities report.

Total amount of remuneration of directors and Audit & Supervisory Board members in the 74th business report is as described below.
Remuneration to directors: 659 million yen to 16 directors (including 83 million yen to 6 outside directors)
*Breakdown of the total amount of 659 million yen: Fixed remuneration of 507 million yen, performance-based remuneration, etc. of 69 million yen, non-financial remuneration, etc. of 83 million yen.
Remuneration to Audit & Supervisory Board members: 109 million yen to 8 Audit & Supervisory Board members (including 43 million yen to 5 outside Audit & Supervisory Board members)
Note: The number of personnel listed above includes 2 directors who stepped down at the conclusion of the 73rd Annual General Meeting of Shareholders.

Policy on determining remuneration amounts and calculation methods Updated	Established

Disclosed details of the policy on determining remuneration amounts and calculation methods

Regarding matters related to compensation and other benefits, the Company resolves such matters at a meeting of the Board of Directors based on the recommendations of the "Nomination & Remuneration Advisory Committee," which is composed of a majority of members and a chairperson who are independent outside directors. (The Nomination & Remuneration Committee held 5 meetings in the fiscal 2025.)

The Company resolved the policy on determining the details of remuneration of individual directors at the Board of Directors meeting held on June 24, 2026, as described below.

Fixed remuneration, performance-based remuneration (short-term cash incentives), stock remuneration (long-term stock incentives)
1. Eligible persons
(1) Fixed remuneration
All directors
(2) Performance-based remuneration
Directors at the end of the relevant fiscal year (excluding outside and part-time directors)
(3) Stock remuneration
Directors at the time of payment (excluding outside and part-time directors)

2. Policy determining calculation methods for each kind of remuneration

(1) Fixed remuneration

Within applicable monetary limits, the Company's standard policy is to make decisions based on comprehensive consideration of internal and external environmental factors such as director responsibilities, business performance during the relevant fiscal year, standard worker salary, and social conditions.

(2) Performance-based remuneration

Alongside consolidated net sales, which is the source of business activities and an indicator of business scale and its growth potential, and consolidated operating profit, which measures profitability and efficiency of business activities, performance-based remuneration calculations use the number of dairy product bottles sold on a consolidated basis as a barometer for the degree of Shirota-ism realized, this being the foundation of the Company's business. The Company sets the performance component to fluctuate between 0% and 150%. Performance-based compensation is not paid if consolidated operating profit falls below 70% of the previous year's level.

(3) Stock remuneration

With the aim of providing incentives to promote the sustainable enhancement of corporate value and furthering value sharing with our shareholders, we will grant restricted stock to eligible directors based on their duties and performance.

Stock remuneration is designed to combine non-performance-based and performance-based components, with stock being granted using a Board Benefit Trust-Restricted Stock system.

i. Non-performance-based stock remuneration

The Company shall grant to eligible directors a number of the Company's common shares determined in accordance with the Rules of Stock Remuneration for Executives based on their duties; such shares shall be subject to a restriction on transfer, with the restriction period extending from the grant date until the date of their resignation as directors of the Company.

ii. Performance-based stock remuneration

To the eligible directors, in accordance with the Rules of Stock Remuneration for Executives, a number of shares of the Company's common stock—determined based on their duties and the degree to which performance metrics are achieved during the performance evaluation period—shall be granted after the end of the performance evaluation period. The shares granted shall be subject to a transfer restriction, with the restriction period extending from the grant date until the date of their resignation as directors of the Company.

The performance metrics for performance-based stock remuneration are return on equity, relative total shareholder return, and work engagement score, selected from the perspectives of capital efficiency, value sharing with the shareholder, and human capital management. The number of shares to be granted is calculated using a performance evaluation coefficient—determined based on the achievement of each metric during the performance evaluation period—and a base share count determined according to each director's responsibilities.

With respect to shares granted as non-performance-based stock remuneration and performance-based stock remuneration, the Company reserves the right to automatically acquire, without compensation, all or part of such shares during the transfer restriction period if the director who received the restricted shares violates applicable laws or falls under any other grounds specified by the Company's Board of Directors.

In addition, if a director who has stepped down after the expiration of the transfer restriction period engaged in any inappropriate conduct during their tenure that caused damage to the Company, the Company may demand the return of all or part of the economic value equivalent to the shares and cash received.

3. Percentage of remuneration by type

To ensure that remuneration functions as an appropriate incentive, the proportion of each type of remuneration is as follows:
(1) Fixed remuneration: (2) Performance-based remuneration: (3) Stock remuneration (Non-performance-based / Performance-based)
= 60: 15: 25 (of which, non-performance-based remuneration is 15 and performance-based remuneration is 10) (unit: %)
Note: Outside directors and part-time directors only receive fixed remuneration.

4. Policy regarding determination of timing or conditions for remuneration

(1) Fixed remuneration

Paid monthly

(2) Performance-based remuneration

As a remuneration incentive for the preceding year's business performance, performance-based remuneration is calculated and paid in lump sum after the end of the fiscal year.

(3) Stock remuneration

i. Non-performance based

As a remuneration incentive for the future improvement of corporate value, an amount corresponding to the director's term is paid after the director's appointment at the general meeting of shareholders.

ii. Performance-based

As a remuneration incentive for evaluation during the performance evaluation period, payment is made after the end of the performance evaluation period for the portion of the period during which the individual was in office.

Notes:1. Monetary limits of (1) fixed remuneration and (2) performance-based remuneration were set at 1 billion yen per year at the 56th Ordinary General Meeting of Shareholders held on June 25, 2008.

2. The maximum number of shares for stock-based compensation is 250,000 shares, as determined at the 74th Annual General Meeting of Shareholders held on June 24, 2026. (The number of shares shall be reasonably adjusted in the event of a stock split, a bonus allotment, or a reverse stock split of the Company's common stock.)

These policies, remuneration calculation methods, remuneration amounts for each individual, and other matters are discussed by the Nomination & Remuneration Committee, a majority composed of independent outside directors, after which the final decision is made by the Board of Directors. The Nomination & Remuneration Committee is delegated by the Board of Directors of determining the amounts of (1) fixed remuneration and (2) performance-based remuneration to be received by each individual.

[Support System for Outside Directors (Outside Audit & Supervisory Board members)]

(1) Outside director support system

The General Affairs Department functions as the secretariat for the Board of Directors and serves as an information contact point for all directors, including outside directors.

Board meeting materials are distributed in advance to outside directors to facilitate smooth communication with other directors.

(2) Outside Audit & Supervisory Board member support system

Regarding the Board of Auditors, 2 full-time staff members dedicated to the auditors serve as the secretariat. Regarding agenda items for important meetings, such as Board of Directors meetings, the Board of Auditors convenes in advance to share information by receiving materials and explanations from relevant departments and divisions. As for the system for communicating information to each outside auditor, the full-time auditor provides operational reports as appropriate and supplies important meeting materials, approval documents, and audit-related materials.

[Status of Those Who Retired as President and Representative Director, etc.]

Names of corporate advisors, etc., who retired as president and representative director, etc.

Name	Title	Activity	Working arrangement, conditions (full time or part time, remuneration, etc.)	Date of retirement as CEO, etc.	Term
Takashige Negishi	Executive Advisor	Advice on corporate management, external activities, etc.	Part time Receives remuneration	June 23, 2021	One year

Total number of corporate advisors, etc., who retired from the position of president and representative director, etc.	1 person

Other related matters

The term of office shall be renewed every year as necessary.

2. Matters concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions, etc. (Overview of the Current Corporate Governance Structure) Updated

(1) Operational audit and oversight

The Company's Board of Directors is made up of 13 Directors (of which 6 are outside directors including 2 female directors), and the 5 Audit & Supervisory Board members (of which 3 are outside members including 2 female members) also attend its meetings. The Board of Directors makes decisions or receives reports on matters set out in laws and regulations as well as the Company's own Rules of the Board of Directors; it also oversees the conduct of the directors and executive officers in the performance of their duties. The Board of Directors meeting is, as a rule, held 10 times every year, and extraordinary meetings of the Board are held as necessary. Also, the Company has in place the Nomination &Remuneration Committee and the Sustainability Advisory Committee as advisory bodies to the Board of Directors. These committees deliberate respectively on basic strategy and other matters related to the nomination and remuneration of officers and sustainability. In addition, to promote effective management activities and expedite decision-making, the Company has established the Management Policy Council, which includes the representative director, the deputy president and executive officer, seven divisional general managers, and one full-time Audit & Supervisory Board member, and as a general rule, the council meets once per week. In addition to receiving reports, the Management Policy Council deliberates on management policies and action items, along with operations-related business matters.

The Company also introduced the executive officer system on June 22, 2011, to strengthen the Board of Directors' decision-making functions and supervisory functions, clarify the responsibilities, and increase the efficiency of the respective functions, thus further enhancing the governance functions. The Company established the Executive Officers Committee, which is comprised of 26 executive officers and 1 Audit & Supervisory Board members and, as a rule, meets once per week, to facilitate smooth business execution. The Executive Officers Committee, in addition to receiving reports, deliberates on the overall execution of important business operations, ensures close sharing of information among executive officers, and adopts resolutions on matters stipulated by the Company's Rules of Approval.

(2) Audits

<Internal audits>

For internal auditing, our company has established an Audit Department that reports directly to the President. Currently, with a total of 14 staff, led by the Head of the Audit Department, the department conducts accounting and operational audits, as well as internal control audits, of all internal departments and affiliated companies, and provides specific advice and recommendations aimed at improving operations.

<Audit & Supervisory Board Member audits>

The Company's Audit & Supervisory Board is composed of five Audit & Supervisory Board members (three of whom are outside members, including two female members). The Board determines matters such as audit policies, plans, and the allocation of responsibilities, and the Audit & Supervisory Board members act accordingly by attending meetings of the Board of Directors and other important meetings, receiving reports on operations from directors and executive officers, and reviewing important approval documents. Full-time Audit & Supervisory Board members actively work to enhance the audit environment and gather internal information, review key approval documents in accordance with their assigned responsibilities, and attend important meetings—such as the Executive Officers Committee, Management Policy Council, Sustainability Advisory Committee, Compliance Committee, and branch managers' meetings—in order to monitor decision-making processes and the status of business execution as necessary. In addition, in order to confirm the status of operation of the Group's internal control system, regular meetings are held primarily with the General Affairs Department, Human Resources Department, Legal Department, Sales Company Management Solutions Department, Information Systems Department, and Production Control Department to share information and exchange opinions. With respect to domestic and overseas subsidiaries, the Audit & Supervisory Board receives business reports from directors of such subsidiaries through on-site audits, interviews, and other means. Furthermore, for domestic subsidiaries, the results of audits are confirmed separately through reporting meetings with the Audit & Supervisory Board members of those subsidiaries. Outside Audit & Supervisory Board members and other part-time members attend meetings of the Audit & Supervisory Board and the Board of Directors and also visit Company offices and subsidiaries to the extent possible, providing recommendations based on their respective professional expertise as appropriate. The Audit & Supervisory Board works closely with the accounting auditor, receiving reports on a quarterly basis, exchanging opinions, and holding discussions as necessary. The accounting auditor also provides explanations regarding the selection rationale for Key Audit Matters (KAM) and the status of audit responses, allowing for an exchange of views. Furthermore, the Company has established a system to support audits by Audit & Supervisory Board members by assigning two dedicated staff members who possess in-depth knowledge of the Company's operations and are capable of appropriately assisting the auditors in their duties.

<Accounting audits>

The Company has appointed Deloitte Touche Tohmatsu LLC to serve as the auditor for accounting and other audits as required by law. Compensation is paid to the accounting auditor based on an auditing contract signed with Deloitte Touche Tohmatsu LLC. (Continuing audit period: Since January 1972 [19th fiscal year])

(3) Limited liability contracts

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded agreements with each director (excluding executive director, etc.) and Audit & Supervisory Board member to limit the liability for damages under Article 423, Paragraph 1 of the law. The maximum amount of damages payable based on the said contract is the minimum liability amount stipulated by law.

3. Reason for Adoption of the Current Corporate Governance Structure

The Company has chosen the company with Audit & Supervisory Board members as it believes maintaining the current corporate governance structure is functioning adequately from the perspectives of appropriate business execution, quick decision-making, and effectiveness of audits.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and Facilitate Exercising of Voting Rights

	Supplementary explanation
Early mailing of the convocation notices of the General Meeting of Shareholders	The Company discloses and sends by post the convocation notice prior to the statutory deadline with the aim of ensuring as much time as possible for the shareholders to consider the proposals and thereby improve the voting right exercise rate (Start of electronic provisioning: 2 business days prior to statutory deadline; sending by post: 3 business days prior to statutory deadline).
Scheduling the General Meeting of Shareholders for a date on which few other shareholders meetings are held	Since 2004, the Company has been holding the Ordinary General Meeting of Shareholders by avoiding dates on which other shareholders meetings are concentrated with the aim of enabling shareholders to attend its meeting as many as possible.
Exercising voting rights by electronic means	The Company adopted exercise of voting rights by electronic means from the Ordinary General Meeting of Shareholders of 2006 with the aim of improving the service to shareholders by offering the convenience of exercising voting rights at any place and any time. Moreover, the Company introduced a website for exercising voting rights using smartphones from the Ordinary General Meeting of Shareholders of 2021 to further improve the convenience of shareholders.
Participation in an electronic platform for the exercise of voting rights and other efforts to improve the environment for the exercise of voting rights by institutional investors	The Company uses ICJ Inc.'s electronic voting platform.
Preparing the notice of the general meeting Of shareholders (summary) in English	The Company prepares a full convocation notice in English, excluding portions related to audit reports, and submits them to the Tokyo Stock Exchange, etc. to promote the exercise of voting rights by overseas institutional investors, etc. The notice is also made available on the Company's English-language corporate information website.
Other	With the aim of deepening the shareholders' understanding of the Company, it uses visuals to explain the contents of the business reports and offers its products to those shareholders attending the meeting in person. The Company also streams the meeting live over the internet.

2. Status of IR-related Activities Updated

	Supplementary explanation	Briefing by the representative
Preparation and publication of disclosure policy	The Company carries out timely disclosure in accordance with the information disclosure approach stipulated in the Yakult Ethical Principles and Code of Conduct, which states that "We actively disclose information to all stakeholders, such as customers, shareholders, employees, business partners, local communities, industry groups, public offices, and nonprofit and nongovernmental organizations, so as to make the management transparent and engage in corporate activities that are trusted by society." The basic approach regarding timely disclosure, method of timely disclosure, quiet period, etc. are published on the Company's website.	
Regular briefings held for securities analysts and institutional investors	We hold financial results briefings every quarter. After the announcement of second quarter and final quarter financial results, the representative director and division general managers attend to provide an overview of the period and future outlook, and hold a Q&A session. After the announcement of first and third quarter financial results, department heads also provide financial results briefings and Q&A sessions.	Held
Regular briefings held for overseas institutional investors	Along with participating in the conferences held in Japan by securities companies targeting overseas investors, the Company also conducts overseas roadshows and individual targeting institutional investors in the US, Europe and Asian regions. The Company also publishes English language translations of the President's message, Financial Results Presentation Video, financial reports, supplementary materials to financial reports, Corporate Governance Report, Sustainability Report, Integrated Report, and other documents on its website.	Held
Posting IR documents on website	The Company's website has a dedicated page titled For Investors, where it posts the President's Message, IR News, IR calendar and other information. The said page also has IR materials such as securities report, financial results, supplementary information, the Integrated Report and shareholder communication.	

Establishing IR-related department (staff)	The Company has established an IR Department with 6 staff members including the general manager of the department, who are engaged in operations such as information disclosure to securities analysts and institutional investors, holding financial results briefings, business briefings, and small meetings, preparing financial results-related materials. Hiroyuki Kawabata, Director and Senior Managing Executive Officer in charge of IR Hirokazu Oohama, IR administrative liaison in-charge and General Manager, IR Department

3. Status of Measures to ensure due respect for Stakeholders

Updated

	Supplementary explanation
Establishment of internal rules stipulating respect for the position of stakeholders	The Company has established the Yakult Ethical Principles and Code of Conduct to serve as guidelines for officers and employees to carry out proper corporate activities, which stipulate the concrete code of conduct to realize the various items including Placing Customers First, Promotion of Fair and Sound Transactions, Respect for Local Cultures and Customs, Positive Working Environments, and Promotion of Social Contribution Activities.
Implementation of environmental prevention and CSR activities etc.	The Company has formulated its Basic Policy on CSR under its corporate philosophy and corporate slogan, “For the health of people and the planet,” and promotes sustainability initiatives based on its identified materialities. For local communities, as part of its materiality of “coexistence with local communities,” the Company implements a range of initiatives, including courtesy visit activities, community watch and crime prevention cooperation activities, and outreach classes primarily at elementary schools to provide students with enjoyable opportunities to learn about health. The Company is also engaged in sustainable procurement initiatives. It drafted the Yakult Group CSR Procurement Policy in 2018, provides explanations to its business partners, and conducts risk assessment and management by utilizing self-assessment questionnaire responses from its business partners. Furthermore, in March 2023, the Yakult Group established a Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing, which aims to eliminate deforestation from the supply chain. Through working together with its suppliers on the responsible procurement of raw materials with a high risk of deforestation, the Company contributes to the realization of a sustainable society. Additionally, the Company established the Yakult Group Human Rights Policy in 2021 as a higher-level concept for its initiatives related to human rights. In 2025, it identified salient human rights issues for the Yakult Group and revised the Policy primarily in response to growing expectations for companies to respect human rights. Under the revised Yakult Group Human Rights Policy, the Company promotes various measures contributing to respect of human rights, taking also into account the aforementioned Yakult Ethical Principles and Code of Conduct. Moreover, in the Yakult Group Environmental Vision formulated in March 2021, the Company set forth “Environmental Vision 2050” as its ideal vision for the year 2050, aiming to achieve net zero greenhouse gas (GHG) emissions globally by 2050.With the aim of achieving Environmental Vision 2050, the Company revised its previously formulated Environmental Targets 2030 in May 2025, establishing global targets and implementing initiatives based on its environmental materialities—namely, climate change mitigation and adaptation, the promotion of sustainable plastic containers and packaging, sustainable water resource management, and biodiversity conservation. In August 2025, the Yakult Group obtained SBT validation from the Science Based Targets initiative (SBTi), confirming that the Group’s greenhouse gas (GHG) emissions reduction targets set in its Environmental Targets 2030 are aligned with the levels required by the Paris Agreement. Details of these activities are reported to stakeholders through the Sustainability Report published annually.
Formulation of policies, etc., on provision of information to stakeholders	In Disclosure of Corporate Information and Communication with Society under the above Yakult Ethical Principles and Code of Conduct, the Company states that it will actively provide accurate and useful information to all stakeholders such as customers, shareholders, employees, business partners, local communities, industry groups, public offices, and nonprofit and nongovernmental organizations, while fostering interactive communication with them. Specifically, the Company discloses the Integrated Report, Sustainability Report, Company Profile, etc. on its website in addition to, for example, publishing a comprehensive health-related PR magazine called Healthiest targeting specific groups such as medical and healthcare professionals and schools.
Other	The Company, based on the recognition that employee health maintenance and improvement is essential to realizing the Yakult philosophy, engages in the promotion of health and productivity management that strategically implements employee health management from a management perspective, with the aim of improving productivity and revitalizing the organization. Specifically, the Company actively promotes initiatives to enhance health literacy and other measures, with the Representative Director and President serving as the Chief Health Officer and a specialized organization established within the Human Resources Department acting as the responsible unit for implementation. As a result, the Company has been certified for the ninth consecutive year under the “Health & Productivity Management Outstanding Organizations (Large Enterprise Category) – White 500” program, promoted jointly by the Ministry of Economy, Trade and Industry (METI) and the Japan Health Council. The Company will continue to strategically promote health and productivity management, improve productivity by fostering an environment in which employees can continue to work in good health and with vitality, and thereby achieve sustainable and stable business growth.

IV Matters concerning the Internal Control System

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

The Company, at the Board of Directors held on May 19, 2006, had passed resolutions regarding the establishment of Internal Control System mandated for large companies with a board of directors as stipulated in the Companies Act and Regulations for Enforcement of the Companies Act. The contents of the resolutions have been revised as necessary in response to changes in the environment both inside and outside the Company and other factors. The current resolution is as stated below.

(Preamble)

The Company is promoting its business activities in accordance with its corporate philosophy: "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular." To this end, the Company believes that it is important to implement management that places emphasis on strengthening and enhancing internal control functions as a company widely trusted by society.

Based on this perspective, the Company has made the resolutions listed below on basic policies regarding building internal control systems after reconfirming the development status of its internal control system.

The contents of these resolutions will be revised as appropriate in line with revisions to laws and changes in environment inside and outside the Company, aiming to further strengthen and enhance internal control systems.

(1) Systems to ensure that the performance of duties by directors and employees of the Company complies with laws and Articles of Incorporation

The Company established the Yakult Ethical Principles and Code of Conduct to serve as guidelines for its officers and employees to carry out proper corporate activities. This is distributed to all concerned employees to ensure awareness regarding its contents and the Company also holds internal training regarding compliance on a continuous basis.

The Compliance Committee composed of independent outside experts regularly meets and offers advice regarding the development of the compliance structure of the Company.

Further, the Company has established an internal reporting system to enable a self-cleansing function, wherein the Company itself identifies and corrects any violations of laws and regulations.

Also, the Company will resolutely refuse to engage with and block antisocial forces that pose a threat to its corporate activities. Along with maintaining close cooperation with the police and other concerned organizations, the Company also strives to monitor transactions through the Corporate Ethics Committee primarily composed of independent outside experts. The Company will stand up together as an organization against unreasonable demands from antisocial forces and take all possible legal countermeasures.

(2) Systems regarding preservation and management of information related to the performance of duties by the Company's directors

The minutes of general shareholders meetings and Board of Directors meetings are appropriately stored in accordance with the laws.

The Company also records and stores information regarding execution of duties by directors in either document or electromagnetic format (the "Documents, etc.") in accordance with Document Management Rules.

These meeting minutes and Documents, etc. are maintained so that they can be viewed any time by the directors and Audit & Supervisory Board members.

Further, the Document Management Rules also stipulates maintaining confidentiality as a measure to prevent information leakage.

(3) Rules and other systems regarding the Company's management of risks for losses

Cross-organizational risk monitoring and response throughout the Yakult Group is primarily carried out by the Administrative Division, with the concerned divisions managing the risks associated with the operations of their divisions.

Further, in order to respond to a sudden crisis, the Company has established Risk Management Rules that stipulate matters such as the appointment of the president or divisional general manager as the head of the task force set up according to the content of the crisis.

Moreover, the Company has established, and holds meetings of, the Quality Assurance Committee for provision of safe products and securing a quality assurance structure. It also has set up a Food Quality Assurance Division as an independent division specializing in group-wide oversight of quality assurance of food products.

(4) Systems to ensure that the performance of duties by the Company's directors are efficient

With the introduction of the executive officer system, the Company has not only strengthened the Board of Directors' decision-making functions and supervisory functions but also clarified the responsibilities, thereby increasing the efficiency of both kinds of functions.

The Company also has stipulated the decision-making method in the Rules of Approval to ensure decision-making reflecting the importance, and has accelerated decision-making through the establishment of the Management Policy Council and the Executive Officers Committee, which meet once a week in principle.

Further, with the aim of ensuring efficient execution of business operations, the Company has stipulated the organizational structure and operation standards in the Organization Rules and Table of Division of Duties.

(5) Systems to ensure that operations at the corporate group consisting of the Company and subsidiaries are appropriate

In principle, the Company dispatches its executives and employees to subsidiary companies to serve as officers and ensure that business operations are carried out in a proper, efficient manner.

The Affiliated Company Management Rules and Overseas Office Management Rules stipulate matters such as requests for prior approval through *ringi* system and reporting from subsidiary and affiliated companies. These companies are also audited by the Company's internal audit department (Auditing Department).

The Company's medium-term management plan secures appropriate operations across the entire group by setting out group-wide targets and management strategies, creating a support system through the establishment of a subsidiary management department within the Company, and implementing training courses for subsidiary companies. In addition to these measures, the Company's Risk Management Rules stipulate how the entire group should respond to a sudden crisis.

(6) Matters regarding employees who support the duties of the Company's Audit & Supervisory Board members in cases in which Audit & Supervisory Board members make a request to assign such employees

The Company has allocated dedicated employees possessing thorough knowledge of company operations and ability to appropriately assist the work of the Audit & Supervisory Board members. Organizationally, they perform their duties directly under the Audit & Supervisory Board members independent from the Auditing Department, which is the Company's internal auditing department.

(7) Matters regarding the independence of employees who support the duties of the Company's Audit & Supervisory Board members mentioned in the previous item from directors, and systems to ensure the effectiveness of instructions given to these employees by Audit & Supervisory Board members

In order to ensure the effectiveness and independence of the staffs assigned to Audit & Supervisory Board members from directors, the said employees do not belong to any division and do not report directly to directors.

Moreover, to respect their independence, the personnel evaluation of the said employees is carried out by the Audit & Supervisory Board members.

(8) Systems for the Company's directors and employees to provide reports to Audit & Supervisory Board members and other systems regarding reports provided to Audit & Supervisory Board members

The system enables Audit & Supervisory Board members to attend important meetings in addition to the Board of Directors, view the minutes of the proceedings as needed, and confirm important decisions through *ringi* system and grasp their contents.

The results of the internal audits of the Company and its subsidiaries are always reported to the Audit & Supervisory Board members.

Further, the Rules on Audit by Audit & Supervisory Board Members state that the Audit & Supervisory Board member in addition to seeking reports on business from directors, shall seek reports from relevant departments or subsidiaries as necessary.

(9) Systems to ensure that reporting parties do not receive unfair treatment as a result of such reports

The Company prohibits any adverse treatment of officers or employees of the Company or subsidiaries who report to the Audit & Supervisory Board members on account of such reporting.

The Internal Reporting Regulations prohibit taking any actions or use words that are detrimental to the person who reported.

(10) Other systems to ensure that audit operations of the Company's Audit & Supervisory Board members are carried out effectively

The Rules on Audit by Audit & Supervisory Board Members stipulate the rights regarding attendance of Audit & Supervisory Board members in Board of Directors and other important meetings, seeking explanations in the event of absence and viewing of documents, seeking directors, executive officers, and employees to report on business activities when necessary for investigating the status of business and assets, and seeking reports from subsidiaries and affiliates and investigation of business and assets to ensure effective audit by the Audit & Supervisory Board members.

The Audit & Supervisory Board members can seek opinions from outside experts such as lawyers, certified public accountants, and consultants as necessary.

Further, the Company shall bear any expenses incurred to obtain the views of outside experts as well as other expenses related to the audit.

2. Basic Views on Measures for Eliminating Antisocial Forces and Status of Development

<Basic views on rejection of antisocial forces>

The views are described in the Basic Views of the Internal Control System (1) above.

<Status of measures to eliminate antisocial forces>

- The Company clearly states its "Resolute Stand against Antisocial Forces" in the Yakult Ethical Principles and Code of Conduct and has a manual to handle unreasonable demands from antisocial forces.
- Compliance training for officers, employees, and personnel in charge is carried out on a regular basis to raise awareness regarding elimination of antisocial forces.
- The Company has established a department to supervise the response to antisocial forces and has appointed personnel in charge of response to antisocial forces at each department and office, and is working systematically to terminate the relationship with antisocial forces. The Company also cooperates with the police and related organizations to collect and manage information.
- The Company's Corporate Ethics Committee, primarily composed of outside experts, promotes activities to reject antisocial forces.

V Other

1. Adoption of Anti-takeover Measures

Adoption of anti-takeover measures	Not adopted

Supplementary explanation regarding said item

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2. Other Matters pertaining to the Corporate Governance Structure

(1) Basic approach regarding timely disclosure

In the Yakult Ethical Principles and Code of Conduct, the Company makes the following commitment: “We actively disclose information to all stakeholders, such as customers, shareholders, employees, business partners, local communities, industry groups, public offices, and nonprofit and nongovernmental organizations, so as to make the management transparent and engage in corporate activities that are trusted by society.” Based on this approach, the Company discloses information in a timely manner.

(2) Internal structure related to timely disclosure

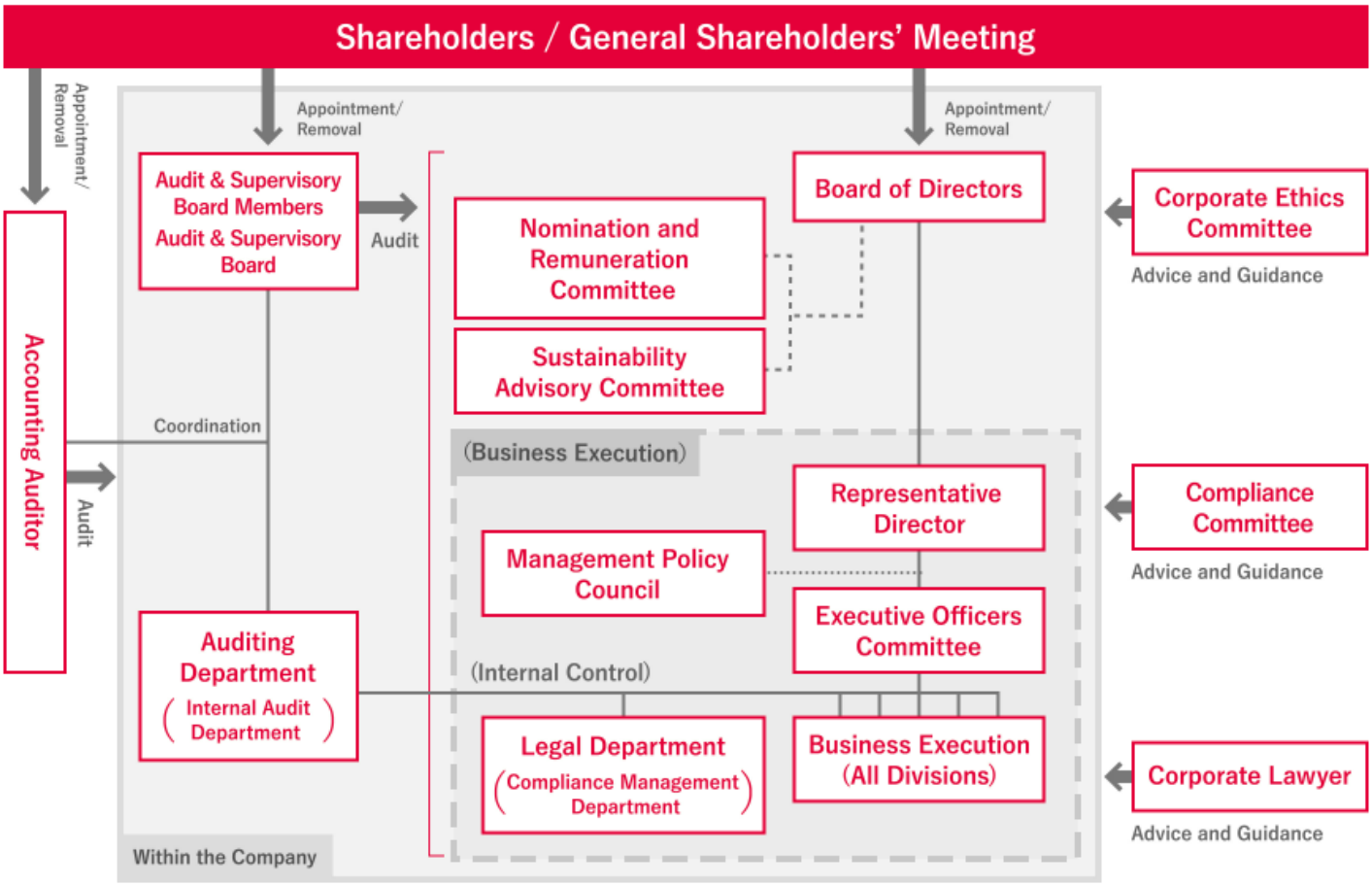
Facts and data appropriate for public disclosure from each department within the Company (including subsidiaries) are consolidated at the Public Relations Department. At the same time, each department within the Company obtains approval for disclosure of such facts and information pursuant to the Rules for Approval by following a prescribed decision-making procedure. Facts and data not approved in this manner cannot be publicly disclosed. When making final decisions, the disclosing department liaises with the General Affairs Department, the body responsible for coordinating timely disclosure, as it moves decision-making procedures forward, during which time a determination is made regarding the necessity for timely disclosure. The General Affairs Department refers to two standards in making this determination: the Rules for Timely Disclosure and the status of finalization of disclosure decisions within the Company. The decision is then made to officially conduct the timely disclosure of facts and data meeting these criteria.

The Company is listed on the Tokyo Stock Exchange (TSE). Any information from the Company marked for timely disclosure is registered on TDnet, a system for timely disclosure provided by the TSE. The General Affairs Department, the body responsible for coordinating timely disclosure, carries out the registration of information for timely disclosure and responds to inquiries from TSE personnel. Following registration, the concerned information is quickly transmitted simultaneously to all relevant media outlets, with the same material disclosed at the same time on the Company’s website.

(3) Check functions for risks of improper timely disclosure

The Company has considered a variety of risk scenarios, including those in which information marked for timely disclosure is inadvertently overlooked; information is prematurely disclosed; and data pertaining to sudden crises are not promptly disclosed. A single department, the General Affairs Department, which is responsible for coordinating timely disclosure, acquires and shares information about the criteria for determining the necessity of timely disclosure, and checks information pertaining to final decisions made internally, as well as primary information when sudden crises and incidents arise. This configuration allows check functions to work and enables timely disclosure without any omissions.

Corporate governance structure



Overview of Timely Disclosure Structure

