

Last Update: March 30, 2023

**Sapporo Holdings Limited**

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Securities Code: 2501

<http://www.sapporoholdings.jp/english/>

The corporate governance of Sapporo Holdings Limited (the “Company”) is described below.

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

#### **1. Basic Views**

##### **1. Basic Views**

The Company has set forth as follows Sapporo Group’s “Management Philosophy”, “Fundamental Management Policy”, and “Fundamental Operational Principles”, and in order to realize the foregoing and strive for the sustained enhancement of the Group’s overall corporate value, will value the strengthening and enhancement of the Group’s corporate governance as a vital managerial goal, will clearly specify supervisory, executive and audit functions within the Group under a holding company structure, and will endeavor to strengthen managerial oversight with a view to greater transparency in management and the attainment of the Group’s business objectives.

##### **(1) Management Philosophy**

Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles.

##### **(2) Fundamental Management Policy**

The Sapporo Group strives to maintain integrity in corporate conduct that reinforces stakeholder trust and aims to achieve continuous growth in corporate value.

##### **(3) Fundamental Operational Principles**

Under a pure holding company structure, with the fundamental operational principles for the Sapporo Group as set forth below, the Sapporo Group, while allowing the business divisions within the Sapporo Group to maintain their autonomy, will pursue optimization and the creation of synergy for the Sapporo Group as a whole, and will aim to maximize corporate value.

##### **1) Principles for the Group’s Overall Optimization**

With the maximization of Sapporo Group’s value and the Group’s overall optimization understood as goals, the Group’s companies will focus energy on their respective business activities and in turn contribute to improving the Group’s consolidated performance results.

##### **2) Principles of Autonomy and Independence**

The Sapporo Group’s companies will work to enhance their operating foundations and aim to be independent, with a view to achieving the purposes for which they were established and accomplishing their respective missions under Sapporo’s management policy.

The Company will delegate to Group company Presidents the executive authority they require to manage their businesses, and the Group company Presidents will assume responsibility for such management. Likewise, the Company will provide all support and advice necessary for the growth and development of the Group’s companies.

##### **3) Principle of Mutual Cooperation**

The Company and the Group’s companies, while taking economic feasibility into consideration, will cooperate with each other in the procurement of materials, products, services and the like, as well as in other areas of business promotion, and will endeavor to achieve synergistic effects for the Group.

The Company, with respect to its basic approach and operation policy etc. to Corporate Governance, has put in place the “Basic Policy on Corporate Governance”, which is disclosed on the Company website. Please refer to the following URL to view said policy:  
<https://www.sapporoholdings.jp/en/sustainability/governance/policy/>

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

The Company has implemented all of the principles of the Corporate Governance Code.

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

[Basic Policy 1-4. Strategically-Held Shares]

[Policy on Strategic Holding of Shares]

The Company is engaged in businesses such as alcoholic and non-alcoholic beverages, food, and real estate, which are closely connected with its customers’ lifestyles, and believes it to be necessary, for the purposes of business strategy, to maintain cooperative relationships with the many companies along its supply chain from development through procurement, manufacturing, logistics and sales. On the basis of this belief, the Company may in some cases retain Strategically-Held Shares if, after comprehensively considering the state of such cooperative relationships, the Company finds that doing so will help raise corporate value over the medium-to-long term. The Board of Directors will, pursuant to the Company’s rules, verify annually whether the Company’s Strategically-Held Shares are being appropriately retained and managed in accordance with its strategic holdings policy. As a result of the verification, the Company will reduce the amount of Strategically-Held Shares in order to conform to its strategic holdings policy.

[Details of Verification pertaining to Strategically-Held Shares]

In FY2022, the Board of Directors verified whether the Company’s Strategically-Held Shares were being appropriately retained and managed in accordance with its strategic holdings policy from the viewpoints of objectives, risks, returns and capital efficiencies, etc. As a result of the verification, the Company decided to sell a portion of Strategically-Held Shares.

The status of Strategically-Held Shares held by the Company and Sapporo Breweries, Limited (among the Company and its consolidated subsidiaries, the company with the largest amount of investment shares recorded on the balance sheet) is as follows. In FY2022, the total amount sold was 1,058 million yen; the Company held 203 issues of Strategically-Held Shares; the total value of Strategically-Held Shares recorded on the balance sheet was 47,047 million yen; and the percentage of Strategically-Held Shares to the total equity attributable to the owners of the Parent Company was 28%.

[Exercise of Voting Rights pertaining to Strategically-Held Shares]

In exercising voting rights pertaining to Strategically-Held Shares, the Company shall comprehensively judge whether or not to approve, from a medium-to-long term perspective, in light of the Company’s holdings policy and the common interests of the shareholders of the investee. Details of the agenda will be discussed with the investee as necessary.

On this point, please refer to “5. Basic Policy on Strategic Holding of Shares and on the Exercise of Voting Rights Pertaining to Strategically-Held Shares” in the abovementioned “Basic Policy on Corporate Governance”, which sets forth the policy detailed in the previous paragraph.

[Basic Policy 1-7. Transactions between Related Parties]

In cases where, pursuant to the Board of Directors Rules, it is necessary for the Company to carry out a competitive transaction, a self-dealing transaction, or a conflict-of-interest transaction with a Director, the Company shall obtain approval from the Audit & Supervisory Committee in addition to a resolution of the Board of Directors.

For transactions with major shareholders etc., internal rules are set forth elsewhere, and all officers and employees are thoroughly notified of such rules.

On this point, please refer to “7. Transactions Between Related Parties” in the abovementioned “Basic Policy on Corporate Governance”, which sets forth the policies detailed in the previous paragraph.

[Supplemental Principle 2-4① Ensuring Diversity in the Appointment, etc. of Key Personnel]

<Approach to ensuring diversity>

The Sapporo Group’s Management Philosophy is “Contributing to the evolution of creative, enriching, and rewarding lifestyles.” In order to achieve this goal, the Company has defined the basic philosophy of its personnel strategy as “Go beyond boundaries.” “Going beyond boundaries” means transcending one’s personal limits, going beyond organizational divides, and going beyond business and national borders. It is only when the Company’s employees nurture each other and acknowledge their differences to create strengths that the Company can go beyond boundaries—and the Company believes that this will lead to the realization of our Management Philosophy. To this end, the Group will continue to respect diversity—of gender, age, disability, nationality, education and work experience, employment type, values, sexual orientation, gender identity, etc.—recognize and incorporate human resources with diverse ideas and thoughts, and reinforce environments that enable each employee to fulfill his or her maximum potential.

The Company’s approach and current status regarding the promotion of women’s participation, employment of diverse human resources, human resources development policy and policy on maintaining internal environment are as follows:

(1) Promotion of women’s participation

The Sapporo Group maintains an environment in which “women can naturally and continuously participate with a sense of satisfaction” as the gateway toward respect and application of all diversities. As a priority measure, the Company is working on building a pipeline within human resources by actively developing female employees who can attain a position that enable them to exercise her influence in corporate management, such as various decision-making and the creation of new value.

The status and goals for promoting female employees to managerial positions are disclosed on the Company website; please refer to the following URL

[https://www.sapporoholdings.jp/en/csr/policy/systems/pdf/subject\\_materiality.pdf](https://www.sapporoholdings.jp/en/csr/policy/systems/pdf/subject_materiality.pdf)

(2) Employment of diverse human resources

The Sapporo Group is founded on its “Open and Fair” mentality. The hiring policies of each Group company is based on this mentality, along with individual company characteristics and environments, to hire diverse human resources without distinction of nationality, gender or education and work experience.

(3) Human resources development policy and policy on maintaining internal environment

The Sapporo Group believes that human assets are the source of all our value creation and is encouraging individual to its strengths to be demonstrated to the fullest for independent career development. The Company promotes diversity, cultivate management human assets, and invests in human capital for rapid growth in areas such as DX and globalization. In this way, the Company will drive the individual growth and the enhancement of corporate value. To realize these strategies, the Company will also support the development of human assets based on the characteristics of each Group company.

The Company aims to be a company where the diverse human assets that work for the Sapporo Group are healthy both physically and mentally, take on challenges and cross borders into new areas in an energetic, cheerful and positive manner, and create new value continuously and will work to develop an internal environment to achieve such aim.

The current status regarding these policies is disclosed on the Company’s website; please refer to the following URL.

<https://www.sapporoholdings.jp/en/sustainability/human/>

[Basic Policy 2-6. Performance of Function as Asset Owner of Corporate Pension]

The method of management of corporate pension fund established by the Company is set forth in “11. Management of Corporate Pension Fund” in the aforementioned “Basic Policy on Corporate Governance”; please refer to that document.

[Basic Principles 3-1. Ensuring Appropriate Disclosure of Information]

(i) The Company's "Management Philosophy" and "Fundamental Management Policy" are as follows.

1) Management Philosophy

The Company will contribute to the evolution of creative, enriching and rewarding lifestyles

2) Fundamental Management Policy

The Sapporo Group strives to maintain integrity in corporate conduct that reinforces stakeholder trust and aims to achieve continuous growth in corporate value.

With regard to the details of the "Medium-Term Management Plan (2023-2026)," four-year plan starting from 2023, please refer to the following URL:

<https://www.sapporoholdings.jp/en/strategy/vision/>

(ii) The Basic Approach to Corporate Governance is also set forth in this report "I. 1. Basic Views" and in "1. Basic Thinking on Corporate Governance" in the abovementioned "Basic Policy on Corporate Governance"; please refer to those documents.

(iii) The Company has established a "Compensation Committee" as an advisory body of the Board of Directors. The policies and procedures for decision-making regarding Directors' compensation are set forth in "II. 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in this report and "13(5)②. Compensation Committee" in the abovementioned "Basic Policy on Corporate Governance"; please refer to that document.

(iv) The Company has established a "Nominations Committee" as an advisory body of the Board of Directors. The policies and procedures for appointment and dismissal of senior management and appointment of Directors are set forth in "13(5)①. Nominations Committee" in the abovementioned "Basic Policy on Corporate Governance"; please refer to that document.

(v) The reasons for the selection or appointment of Directors and Directors who are Audit & Supervisory Committee Members are disclosed in the "Notice of Convocation of Ordinary General Meetings of Shareholders." In the event of the dismissal of senior management, the reason for the dismissal shall be disclosed in a timely and appropriate manner.

The Notices of Convocation of the 97th through the 99th Ordinary General Meetings of Shareholders are disclosed on the Company website; please refer to the following URL:

<https://www.sapporoholdings.jp/en/ir/event/meeting/>

[Supplemental Principle 3-1③ Sustainability Initiatives]

<Sustainability Initiatives>

The Company established "Sapporo Group Sustainability Policy" through a resolution of its board of directors. Please refer to "Implementation of Environmental Activities, CSR Activities etc." in "3. Measures to Ensure Due Respect for Stakeholders" in "III. Implementation of Measures for Shareholders and Other Stakeholders" for the sustainability initiatives of the Company.

In addition, the Sapporo Group declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which promotes evaluation, management and information disclosure in respect of corporate risks and opportunities associated with climate change, and endeavors to conduct active information disclosure.

The details are disclosed on the Company website; please refer to the following URL:

<https://www.sapporoholdings.jp/en/sustainability/environment/nature/climate/>

<Investment in Human Resources>

In order to realize the basic policy of its medium-term management plan, "Beyond150 - New Growth Through Business Structure Transformation -," the Company and the Sapporo Group has positioned its human assets strategy as a pillar of its management platform, under the slogan "Leveraging diversity to create a go beyond

Boundaries, challenging positive change.” The human assets strategy defines “Aggressive investing for speedy growth,” “Promoting diversity,” “Increasing engagement and promoting health,” and “Development of management talent” as important measures, and will ensure support for the execution of management strategies through more specific action plans and KPIs.

Outline of “The Sapporo Group’s Human Assets Strategy (2023-2026)”

(Please refer to the Exhibit) The current status is disclosed on the Company’s website; please refer to the following URL.

<https://www.sapporoholdings.jp/en/sustainability/human/>

<Investment in Brands>

In realizing the provision of value, “Through the Time and Space where all our businesses provide, we contribute to the well-being of people and local communities,” the Company has positioned the display of its strength, “Highly Unique Brands,” and provision of a unique brand experience as a pillar of the value creation process. Accordingly, the Company focuses on activities to improve its brand value including the emotional value and functional value of the Group company and its products and aims to further improve such value through the business activities of each business company.

The Group has been involved in various facets of customers’ lives not only through its alcoholic beverage business originated from beer but also by expanding its business areas to food and soft drinks and through its real estate business. The Group aims to resolve social issues, achieve a sustainable society and provide unique brand experience by improving its assets such as its connection to customers and regional communities backed by its corporate history of over 140 years, ability to create new value, and diverse human assets.

The measures to create value are stated in the integrity report of the Company

Value Creation Story:

[https://www.sapporoholdings.jp/en/ir/library/factbook/items/Integrated\\_report\\_2021\\_en\\_220819.pdf](https://www.sapporoholdings.jp/en/ir/library/factbook/items/Integrated_report_2021_en_220819.pdf)

[Supplemental Principle 4-1①. Scope of Delegation to Management]

In addition to the matters set forth in laws and regulations and the Company’s Articles of Incorporation, the Company has set forth, in the “Board of Directors Rules”, the matters that are to be determined and decided by the Board of Directors, including the Group’s management policy and business plans, and other material matters relating to the conduct of corporate operations in business companies.

In combination with other internal regulations, these Rules clarify the scope of matters delegated to management, allowing management to engage in swift decision-making within the scope of its authority via the Management Council, Group Management Council, and other advisory bodies.

[Principle 4-9. Standards and Qualifications for Judging Independence of Independent Outside Directors]

The independence standards for Outside Officers of the Company are set forth in “II.1 [Independent Officers] Matters relating to Independent Officers” of this report and in “Appendix 1. Standards for Independence of Outside Directors” in the abovementioned “Basic Policy on Corporate Governance”; please refer to these documents.

[Supplemental Principle 4-10① Policies, Authority and Roles regarding the Independence of the Composition of the Nominations Committee and Compensation Committee.]

In order to increase the transparency of operations related to the selection and treatment of Directors and to maintain healthy management functions, the Company has established the Nominations Committee and the Compensation Committee to act as advisory bodies to the Board of Directors.

The policies, authority and roles regarding the independence of each Committee are set forth in “Supplementary Explanation” of “Voluntary Establishment of Nomination/Remuneration Committee” in “1. Organizational Composition and Operation” in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” as well as “13(5) ①. Nominations Committee” and “13(5)②. Compensation Committee” in the abovementioned “Basic Policy on Corporate Governance”, please refer to that document.

[Supplemental Principle 4-11 ①. Approach to Balancing the Knowledge/Experience/Abilities, and to the Diversity and Scale, of the Board of Directors as a Whole]

The overall structure of the Company's Board of Directors is set forth in "13(5)①. Nominations Committee" in the abovementioned "Basic Policy on Corporate Governance"; please refer to that document. Please refer to "2. Other Matters Concerning to Corporate Governance System" in "V. Other" of this report for the skill matrix of Directors.

[Supplemental Principle 4-11 ②. Status of Director Concurrent Appointments as Officers of Other Listed Companies]

The Company discloses the material concurrent appointments of its Directors in the business reports and general shareholders' reference materials indicated in Notices of Convocation of Ordinary General Meetings of Shareholders; please refer to the Company website for details. We have judged that all such concurrent appointments are limited to a reasonable scope, in consideration of the time and effort required for appropriate performance of the duties and responsibilities of a Company Director.  
[https://www.sapporoholdings.jp/en/ir/event/meeting/pdf/230228\\_01.pdf](https://www.sapporoholdings.jp/en/ir/event/meeting/pdf/230228_01.pdf)

[Supplemental Principle 4-11 ③. Assessment of the Effectiveness of the Board of Directors]

As set forth in "13(6) Assessment of the Board of Directors" in the abovementioned "Basic Policy on Corporate Governance", each year, the Company, on the basis of self-evaluations by each Director, analyzes and assesses the effectiveness of the Board of Directors and discloses a summary of the results.

(1) Initiatives in FY2022 in Response to the Results of Board of Directors Effectiveness Assessments for FY2021

In the assessments for FY2021, it was confirmed that certain progress had been made in understanding the overall picture and confirming the progress of the medium-term management plan and investment and financing projects. On the other hand, it was recognized and shared that further deepened discussions on the Group's management concept and the strategic aspects of each business are necessary.

In response to the abovementioned results of the assessments, in FY 2022, the Company clarified the issues for discussion at the Board of Directors meetings through the following initiatives, and worked to enhance their effectiveness.

- Formulation of Medium-term Management Plan (2023-26)

In formulating the Medium-Term Management Plan (2023-26) announced in November 2022, the Company incorporated the objective and specialized knowledge of Outside Directors and the opinions of external advisors and domestic and overseas institutional investors, reviewed the Group Management Plan 2024, the previous medium-term management plan, and thoroughly discussed the direction the Group should pursue in the future. In addition, in light of the importance of the role that the Outside Directors should play in the Company's Board of Directors meetings in the future, site visiting and training at locations deemed to be important based on the Company's medium-to long-term strategy were implemented for the Outside Directors, and active discussions were held at the meetings of Independent Outside Directors Committee and the content of these discussions were reflected in the formulation of the plans.

- Implementation of Investment and Loan Projects and Risk-taking

For investment and loan projects of a certain size such as consolidation by Sapporo U.S.A., Inc., one of our consolidated subsidiaries, of Stone Brewing Holdings, LLC in August 2022, the Company secured sufficient lead time in accordance with the prescribed reporting and deliberation process, which commenced operation in 2021, to take on risks, and at the same time, the Company clarified the issues in negotiations, and reviewed and discussed them.

In addition, for internal risks of the Group, the Company continues to make regular reports to the Board of Directors, which have been made for some time, and the Company works to further enhance them through initiatives to provide feedback to the related parties regarding the matters discussed at the Board of Directors meetings.

(2) Results of Board of Directors Effectiveness Assessments for FY2022

With respect to the Board of Directors effectiveness assessments for FY2022, in continuation of similar practices in FY2021, all Directors took an anonymous survey. With respect to the results of this survey, the Company conducted feedback early and, with securing enough time, a discussion with a view toward ascertaining the current states of affairs and recognizing issues and challenges was conducted at the Board of Directors meeting held in January 2023.

As a result, the evaluations with respect to the survey questions regarding the “Enhancement of Discussions regarding Management Plans, Strategies and Investments from a Medium-to Long-Term Perspective,” which had been regarded as an issue in the past, were improved following the previously mentioned process of formulating the Medium-Term Management Plan (2023-26). On the other hand, it was recognized and shared that the establishment and operation of a monitoring system in the Board of Directors to ensure the performance and achievement of the formulated Medium-Term Management Plan (2023-26) are important future issues. By way of solving the identified issues and implementing continuous assessments that make use of appropriate methods, the Company is making an effort to further improve the effectiveness of its Board of Directors.

[Supplemental Principle 4-14②. Training Policy for Directors]

The Company is implementing the following training to enable Directors to acquire a deeper understanding of their roles and duties and fully discharge their responsibilities.

(1) Persons newly appointed as Directors will undergo training in regard to the necessary laws and regulations including the Companies Act, and in regard to corporate governance.

(2) After the appointment of any Director, the Company will continue to provide a diverse program of training activities, to be conducted internally and externally, in regard to legal amendments and business issues and challenges etc.

(3) Persons newly appointed as Independent Outside Directors will receive explanations necessary in regard to the corporate profile of Sapporo Group, the Group’s management strategy and financial condition, and other important matters, and will also be provided with opportunities to observe Group company production facilities and research sites etc. for the purpose of acquiring a deeper understanding of the Sapporo Group.

With respect to this paragraph, please also refer to “13(8) Training Policy for Directors” and “14(5) Training Policy for Audit & Supervisory Board Members” in the abovementioned “Basic Policy on Corporate Governance.”

[Principle 5-1. Policy on Constructive Dialogue with Shareholders]

The policy on constructive dialogue with shareholders is set forth in “16. Dialogue with Shareholders” in the abovementioned “Basic Policy on Corporate Governance”; please refer to that document.

## 2. Capital Structure

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

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan Ltd. (on trust)	11,987,100	15.36
Custody Bank of Japan, Ltd. (on trust)	2,864,700	3.67
Mizuho Trust & Banking of the employee pension trust of Custody Bank of Japan, Ltd.	2,442,400	3.13
Nippon Life Insurance Company	2,237,364	2.87
Meiji Yasuda Life Insurance Company	2,236,800	2.87
The Norinchukin Bank	1,875,115	2.40
Marubeni Corporation	1,649,266	2.11
Mizuho Trust & Banking Co., Ltd., employee pension trust, Mizuho Bank account, re-trusted to Custody Bank of Japan, Ltd.	1,594,000	2.04

JP Morgan Securities Japan Co., Ltd.	1,541,822	1.98
Taisei Corporation	1,400,000	1.79

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

#### Supplementary Explanation

Notes on abovementioned status of major shareholders \* The abovementioned status of major shareholders is the status as of December 31, 2022. Treasury shares owned by the Company are excluded from the percentage above.

1) 2,442 thousand shares held by Mizuho Trust & Banking of the employee pension trust of Custody Bank of Japan, Ltd. are the trust property of the employee pension trust entrusted to Custody Bank of Japan, Ltd. by Mizuho Trust & Banking Co., Ltd., in regard to which trust Mizuho Trust & Banking Co., Ltd. retains voting rights. Mizuho Trust & Banking Co., Ltd. holds 832 thousand shares in addition to the foregoing.

2) The 1,594 thousand shares held by Mizuho Trust & Banking Co., Ltd., employee pension trust, Mizuho Bank account, re-trusted to Custody Bank of Japan, Ltd. are the trust property of the employee pension trust entrusted to Custody Bank of Japan, Ltd. by Mizuho Bank, Ltd., in regard to which trust Mizuho Bank, Ltd. retains voting rights.

3) In a Large Shareholding Report (Change in Shareholding) which was made available for public inspection as of April 20, 2022, it is described that, Nomura Securities Co., Ltd. and other two joint holders hold the following shares as of April 15, 2022; however, since the Company could not confirm the actual number of shares owned as of the voting record date, such shares are not included in Status of Major Shareholders described above.

The content of the Large Shareholding Report (Change in Shareholding) is as follows.

【Name or Company Name/Address/Number of Shares Owned (thousand shares)/Percentage of Number of Shares Owned by Total Number of Issued Shares (%)】

Nomura Securities Co., Ltd. and other two joint holders/1-13-1 Nihonbashi, Chuo-ku, Tokyo/4,470/5.67

4) In a Large Shareholding Report (Change in Shareholding) which was made available for public inspection as of October 14, 2022, it is described that, Mizuho Bank, Ltd. and other two joint holders hold the following shares as of October 6, 2022; however, since the Company could not confirm the actual number of shares owned as of the voting record date, such shares are not included in Status of Major Shareholders described above.

The content of the Large Shareholding Report (Change in Shareholding) is as follows.

【Name or Company Name/Address/Number of Shares Owned (thousand shares)/Percentage of Number of Shares Owned by Total Number of Issued Shares (%)】

Mizuho Bank, Ltd. and other two joint holders/1-5-5 Otemachi, Chiyoda-ku, Tokyo/8,067/10.24

5) In a Large Shareholding Report (Change in Shareholding) which was made available for public inspection as of October 31, 2022, it is described that, Mitsubishi UFJ Financial Group, Inc. and other two joint holders hold the following shares as of October 24, 2022; however, since the Company could not confirm the actual number of shares owned as of the voting record date, such shares are not included in Status of Major Shareholders described above.

The content of the Large Shareholding Report (Change in Shareholding) is as follows.

【Name or Company Name/Address/Number of Shares Owned (thousand shares)/Percentage of Number of Shares Owned by Total Number of Issued Shares (%)】

Mitsubishi UFJ Financial Group, Inc. and other two joint holders/2-7-1, Marunouchi, Chiyoda-ku, Tokyo/2,807/3.56



6) In a Large Shareholding Report which is being made available for public inspection as of December 6, 2022, it is described that, Nomura Asset Management Co., Ltd. and other one joint holder holds the following shares as of November 30, 2022; however, since the Company could not confirm the actual number of shares owned as of the voting record date, such shares are not included in Status of Major Shareholders described above. The content of the Large Shareholding Report is as follows.

【Name or Company Name/Address/Number of Shares Owned (thousand shares)/Percentage of Number of Shares Owned by Total Number of Issued Shares (%)】

Nomura Asset Management Co., Ltd. and other one joint holder/2-2-1, Toyosu, Koto-ku, Tokyo/3,982/5.05

7) In a Large Shareholding Report (Change of Status Report) which is being made available for public inspection as of January 10, 2023, it is described that, Sumitomo Mitsui Trust Bank, Limited and other one joint holder holds the following shares as of December 30, 2022; however, since the Company could not confirm the actual number of shares owned as of the voting record date, such shares are not included in Status of Major Shareholders described above.

The content of the Large Shareholding Report (Change of Status Report) is as follows.

【Name or Company Name/Address/Number of Shares Owned (thousand shares)/Percentage of Number of Shares Owned by Total Number of Issued Shares (%)】

Sumitomo Mitsui Trust Bank, Limited and other one joint holder/1-4-1, Marunouchi, Chiyoda-ku, Tokyo/4,485/5.69

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market; Sapporo; existing market
Fiscal Year-End	December
Type of Business	Foods
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

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

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

None

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

### 1. Organizational Composition and Operation

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

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President

Number of Directors	11
Status of Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	6

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

Name	Attribute	Relationship with the Company*										
		A	b	c	d	e	f	g	h	i	J	k
Mackenzie Clugston	Other									△		
Tetsuya Shoji	From another company									△		
Toshihiro Uchiyama	From another company											
Makio Tanehashi	From another company									△		
Shuji Fukuda	From another company									△		
Kohtaro Yamamoto	Lawyer											

\* Categories for "Relationship with the Company"

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

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

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

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

a. Executive of the Company or its subsidiaries

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

c. Executive of a fellow subsidiary company of the Company

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

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

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

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

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

i. Executive of a company, between which and the Company Outside Directors/*kansayaku* are mutually appointed (the director himself/herself only)

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

k. Others

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

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mackenzie Clugston		○	In September 2016, Mr. Mackenzie Clugston assumed office as a consultant of the Company, and since then, the Company's management had been receiving advice from him. The annual remuneration paid to Mr. Clugston	Although Mr. Mackenzie Clugston has no experience in directly managing a company, he has gained extensive insight in the fields of diplomacy and trade in North America and Southeast Asia through his experience as a diplomat. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Clugston is expected to offer pertinent opinions and advice regarding the important issues

			<p>was compensation for his advice to the Company's management based on his experience and insight, and such remuneration was five million yen or less. Mr. Clugston resigned from the role of consultant of the Company in March 2018, in conjunction with his election as an Outside Director of the Company.</p>	<p>of global expansion, sustainability and compliance from his objective and professional standpoint. The Company has determined that he will be an appropriate person to supervise the management of the Group that is aiming to achieve continuous growth in corporate value, and he has thus been presented to the shareholders as a candidate for Outside Director. He is designated as an independent officer based on the Company's decision that Mr. Clugston is unlikely to have a conflict of interests with shareholders of the Company in light of the applicable criteria of independence as stipulated by financial instruments exchanges and the "Standards for Independence of Outside Directors" (see 4. Supplementary Explanation) established by the Company.</p>
Tetsuya Shoji		○	<p>Mr. Tetsuya Shoji was involved in business execution at NTT Communications Corporation until June 2020. Currently, although there have been transactions between the said company and the Company's subsidiaries, the amount of such transactions in the most recent business term has been less than 0.2% of either the consolidated revenue of the Company or the consolidated operating profit of the said company.</p>	<p>Mr. Tetsuya Shoji has a wealth of experience and a rich track record as a corporate manager. He has extensive insight for planning, human resources and general affairs, global expansion and the promotion of digital transformation (DX) in particular. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Shoji is expected to offer pertinent opinions and advice regarding the important issues of business portfolio streamlining, global expansion and the operational reform through DX from his objective and professional standpoint. The Company has determined that he will be an appropriate person to supervise the management of the Group that is aiming to achieve continuous growth in corporate value, and he has thus been presented to the shareholders as a candidate for Outside Director. He is designated as an independent officer based on</p>

				the Company's decision that Mr. Shoji is unlikely to have a conflict of interests with shareholders of the Company in light of the applicable criteria of independence as stipulated by financial instruments exchanges and the "Standards for Independence of Outside Directors" (see 4. Supplementary Explanation) established by the Company.
Toshihiro Uchiyama		○	Not applicable	<p>Mr. Toshihiro Uchiyama has a wealth of experience, a rich track record and great insight as a corporate manager. He has extensive insight for global expansion, compliance and marketing in particular. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Uchiyama is expected to offer pertinent opinions and advice regarding global expansion and marketing as a growth strategy, from his objective and professional standpoint. The Company has determined that he will be an appropriate person to supervise the management of the Group that is aiming to achieve continuous growth in corporate value, and he has thus been presented to the shareholders as a candidate for Outside Director.</p> <p>He is designated as an independent officer based on the Company's decision that Mr. Uchiyama is unlikely to have a conflict of interests with shareholders of the Company in light of the applicable criteria of independence as stipulated by financial instruments exchanges and the "Standards for Independence of Outside Directors" (see 4. Supplementary Explanation) established by the Company.</p>
Makio Tanehashi		○	Mr. Makio Tanehashi was involved in business execution at Tokyo Tatemono Co., Ltd. until March 2019.	Mr. Makio Tanehashi has a wealth of experience and a rich track record as a corporate manager as well as extensive insight for real estate business, finance and compliance. For the achievement of the

			<p>Although there are currently transactions between the said company and the subsidiaries of the Company, the amount of such transactions in the most recent business term has been less than 0.1 % of either the consolidated revenue of the Company or the consolidated operating revenue of the said company.</p>	<p>Medium-Term Management Plan (2023 to 2026), Mr. Tanehashi is expected to offer pertinent opinions and advice regarding the important issues of creation of multilayered structure to gain profit and improvement of asset efficiency in the real estate business based on his abundant management experience in finance and real estate, and from his objective and professional standpoint. The Company has determined that he will be an appropriate person to supervise the management of the Group that is aiming to achieve continuous growth in corporate value, and he has thus been presented to the shareholders as a candidate for Outside Director.</p> <p>He is designated as an independent officer based on the Company's decision that Mr. Tanehashi is unlikely to have a conflict of interests with shareholders of the Company in light of the applicable criteria of independence as stipulated by financial instruments exchanges and the "Standards for Independence of Outside Directors" (see 4. Supplementary Explanation) established by the Company.</p>
Shuji Fukuda	○	○	<p>Mr. Shuji Fukuda was involved in business execution at Taiheiyo Cement Corporation until March 2018. Currently, although there have been transactions between the said company and the Company's subsidiaries, the amount of such transactions in the most recent business term has been less than 0.1% of either the consolidated revenue of the</p>	<p>Mr. Shuji Fukuda has a wealth of experience, a rich track record and great insight as the president of a business corporation. Based on his experience in finance, human resources and corporate management fields up until the present, for the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Fukuda is expected to audit and supervise the performance of duties by Directors of the Company from an objective and fair perspective, regarding the important issues of human resource strategy and business portfolio streamlining, in addition to financial and</p>

			Company or the consolidated net sales of the said company.	<p>accounting affairs related to the entire corporate group, and he has thus been appointed as an Outside Director who is an Audit &amp; Supervisory Committee Member.</p> <p>He is designated as an independent officer based on the Company's decision that Mr. Fukuda is unlikely to have a conflict of interests with shareholders of the Company in light of the applicable criteria of independence as stipulated by financial instruments exchanges and the "Standards for Independence of Outside Directors" (see 4. Supplementary Explanation) established by the Company.</p>
Kohtaro Yamamoto	○	○	Not applicable	<p>Although Mr. Kohtaro Yamamoto has no experience in directly managing a company, Mr. Yamamoto is expect to audit and supervise the performance of duties by Directors of the Company from an objective and fair perspective based on his wealth of knowledge and experience as a lawyer with expertise in the field of corporate law specializing in the Companies Act, Antimonopoly Act, international contracts, etc., regarding the important issues of sustainability for the achievement of the Medium-Term Management Plan (2023 to 2026), in addition to compliance and risk management related to the entire corporate group and he has thus been appointed as an Outside Director who is an Audit &amp; Supervisory Committee Member.</p> <p>He is designated as an independent officer based on the Company's decision that Mr. Yamamoto is unlikely to have a conflict of interests with shareholders of the Company in light of the applicable criteria of independence as stipulated by financial instruments exchanges and the "Standards for Independence</p>

				of Outside Directors” (see 4. Supplementary Explanation) established by the Company.
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**[Audit & Supervisory Committee]**

**Committee’s Composition and Attributes of Chairperson**

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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**Matters Related to the Independence of Such Directors and/or Staff from Executive Directors**

The Company established the “Audit & Supervisory Committee Office” as an organ to assist the Audit & Supervisory Committee in performing its duties, and has assigned three full-time staff members, who have extensive work experience in the Group and appropriate knowledge or abilities and are independent from the execution of the operations of the Company. The Company has ensured the independence of such staff members from the management by, among other things, obtaining the prior consent of the Audit & Supervisory Committee in relation to the assignment and evaluation of such staff members.

**Cooperation among Audit & Supervisory Committee, Accounting Auditors and Internal Auditing Departments**

**1. Cooperation for Tripartite Audits**

At the beginning of the current business year, the Audit & Supervisory Committee held a “tripartite audits meeting” to mutually share their audit plans and confirm the measures and the systems, etc. to improve the effectiveness of the tripartite audits.

**2. Cooperation between Audit & Supervisory Committee and Accounting Auditors**

The Audit & Supervisory Committee receives periodic reports on the results of quarterly reviews based on the audit plan formulated by the Accounting Auditor, the progress and results of on-site audits overseas, the results of internal control audits based on the Financial Instruments and Exchange Act and the results of the year-end audit. With respect to the Key Audit Matters (KAM), the Audit & Supervisory Committee consults with the auditing firm, receives reports on the implementation status of audits, and requests explanations thereon as necessary. Additionally, prior to them, the standing Audit & Supervisory Committee Members serving as selected Audit & Supervisory Committee Members hold discussions with the Accounting Auditors, whereby they exchange views on priority audit items, whether the accounting issues have an impact on management, and the scale of such impact. In addition, the Audit & Supervisory Committee holds discussions as needed in daily audit activities and accounting audit activities.

**3. Cooperation between Audit & Supervisory Committee and Auditing Department**

In connection with the transition to a Company with Audit & Supervisory Committee in 2020, the Auditing Department, which is an internal auditing organization independent from business execution lines, became the “Dual Report Line,” which conducts internal audits of the entire business of the Company and its subsidiaries, under the direction of the Representative Director or the Audit & Supervisory Committee. In addition, if an employee of the Auditing Department assists in the duties of the Audit & Supervisory Committee under the direction of the Audit & Supervisory Committee, the employee shall be solely subject to the directions and orders of the Audit & Supervisory Committee.

The Audit & Supervisory Committee meets regularly with the Auditing Department to collect reports on the results of internal audits, the status of internal control related to financial reporting and the results thereof. Prior to them, the Audit & Supervisory Committee Members and the Auditing Department hold discussions to select the departments subject to auditing in the internal audit plan for the next business year, confirm the

effectiveness of the schedule, and exchange views on priority audit items of the internal audit. In addition, they hold discussions as needed in daily audit activities.

#### 4. Cooperation between Accounting Auditor and Auditing Department

The Accounting Auditor shares the results of the internal audit by the Auditing Department and exchanges views as necessary.

### [Voluntary Establishment of Nomination/Remuneration Committee]

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

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nominations Committee	Compensation Committee
All Committee Members	8	8
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	6	6
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

### Supplementary Explanation

In order to increase the transparency of operations related to the selection and treatment of Directors and to maintain healthy management functions, the Company has established the Nominations Committee and the Compensation Committee to act as advisory bodies to the Board of Directors. The membership of these committees is composed of all Independent Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), all Directors who are Audit & Supervisory Committee Members, and the President (or, when the President is chosen from among Group Operating Officers, the Chairman), for a total of eight people; the chairperson is chosen from among Independent Outside Directors (excluding Directors who are Audit & Supervisory Committee Members).

The chairperson of the Audit & Supervisory Committee is Mr. Toshio Mizogami, by resolution of the Audit & Supervisory Committee meeting held after the conclusion of the 99th Ordinary General Meeting of Shareholders held on March 30, 2023, in accordance with the Regulations of the Audit & Supervisory Committee of the Company.

### [Independent Directors]

Number of Independent Directors	6
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### Matters relating to Independent Directors

The Company has appointed all six Outside Directors (four Outside Directors and two Outside Directors who are Audit & Supervisory Committee Members) who meet the qualifications for independent officers. Our standards for independence of Outside Directors are as set forth below.

#### [Standards for Independence of Outside Directors]

1. In order for the Outside Directors of the Company to be Outside Directors who are independent ("Independent Officers"), any such Outside Directors shall satisfy the applicable standards of independence specified by the financial instruments exchanges and, no such Outside Directors may fall under any of the following Items (1) through (3).



(1) A person who currently is or during the past ten years was an executive officer (*gyomu shikkou sha*) of the Company or its consolidated subsidiaries (collectively, “Group”) (\*1).

(2) A person who currently falls under or during the past three years has fallen under any of the following sub-items (i) through (viii).

(i) A person having the Group as a major business partner, or its executive officer (*gyomu shikkou sha*) (\*2);

(ii) A major business partner of the Group or its executive officer (*gyomu shikkou sha*) (\*3);

(iii) A consultant, accounting professional, or legal professional who has obtained from the Group large sums of money or other property other than officer remuneration etc. (if a person who has obtained such properties is a corporation, association, or other group, this means a person who belongs to such group) (\*4);

(iv) A major shareholder of the Group (if such major shareholder is a corporation, an executive officer (*gyomu shikkou sha*) of such corporation) (\*5);

(v) In the case where the executive officer (*gyomu shikkou sha*) of the Company holds the office of Outside Directors or Outside Audit & Supervisory Board Members of another company, an executive officer (*gyomu shikkou sha*) of such other company;

(vi) A person who has received large donations from the Group or a Director or other executive officer (*gyomu shikkou sha*) of a group that received such donations (\*6);

(vii) A member, partner, or employee of the audit corporation that is the accounting auditor for the Group; and

(viii) A major lender of the Group or its executive officer (*gyomu shikkou sha*) (\*7)

(3) A spouse or a relative in the second degree or closer of any person listed in Item (1) or Item (2) above (excluding any unimportant person).

2. An Independent Officer of the Company must be an Outside Director with respect to whom there is no likelihood of a constant and substantial conflict of interests arising with the entire general shareholders of the Company for any reason other than the reasons considered in Items (1) through (3) of Paragraph 1 above.

3. An Outside Director who falls under any of Items (1) through (3) of Paragraph 1 above may nonetheless be appointed as an Independent Officer of the Company, if the Company considers such Outside Director to be appropriate as an Independent Officer in light of such Outside Director’s personality and insight etc., on the condition that such Outside Director satisfy the applicable standards of independence specified by the financial instruments exchanges and that a public explanation be given of the reasons why we consider such Outside Director to be appropriate as an Independent Officer of the Company.

(Notes)

\*1. For any person who was a non-executive Director, an Accounting Advisor (if the Accounting Advisor is a juridical person; a member who is to execute its duties) or an Audit & Supervisory Board Member of the Group at any time over the last ten years, the ten-year period prior to assumption of such office.

“Executive officer (*gyomu shikkou sha*)” means a person stipulated in Article 2, Paragraph 3, Item (6) of the enforcement regulations of the Companies Act.

\*2. “Person having the Group as a major business partner” means a person who has received from the Group payment of an amount equivalent to 2% or more of its annual consolidated sales (annual consolidated revenue) in the most recent fiscal year.

\*3. “Major business partner of the Group” means a person who in the most recent fiscal year made payment to the Group payment of an amount equivalent to 2% or more of the Company’s annual consolidated revenue.

\*4. “Consultant, accounting professional, or legal professional who has obtained from the Group large sums of money or other property other than officer remuneration etc.” means a person who in the most recent fiscal year obtained, other than officers remuneration etc., money or property in an amount or value equivalent to 2% of annual consolidated sales (annual consolidated revenue) or ten million yen, whichever is higher, or a member, partner, or employee of any law firm, auditing corporation, tax accountant corporation, consulting firm, or other professional advisory firm that received from the Group payment of an amount equivalent to 2% or more of that firm’s annual total sales in the most recent fiscal year.

\*5. “Major shareholder of the Group” means a person or a corporation who directly or indirectly holds 10% or more of the total voting rights of a company within the Group.

- \*6. “Large donation” means a donation that is made in the most recent fiscal year, the amount of which is not less than the higher of (i) ten million yen or (ii) 30% of the average annual expenses for the relevant group.
- \*7. “Major lender of the Group” means any financial institution or other major creditor that is essential for the Company’s fund-raising, upon which the Company relies to such extent that such lender is not replaceable.

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

We have adopted, from 2016, a “Board Benefit Trust (BBT)” stock compensation plan for Directors (excluding Directors who are Audit & Supervisory Committee Members), Group Operating Officers and some Directors of subsidiaries (excluding Outside Directors; “Group Applicable Officers”) for the purpose of reinforcing attention on contributing to an increase in business results over the medium-to-long term and to raising the Company’s corporate value.

This plan is a stock compensation plan under which Company stock is acquired through the trust using funds that the Company contributed, and Company stock or the monies equivalent to the amount obtained by converting such Company stock at a market price, as of the resignation date, are provided to the Group Applicable Officers on the basis of their position and performance in accordance with the Officer Stock Benefit Rules stipulated by the Company and subsidiaries which are covered by this plan.

Other policies on performance-linked remuneration are set forth in “II. 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in this report. Please refer thereto.

Recipients of Stock Options	
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Supplementary Explanation

**[Director Remuneration]**

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure
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Supplementary Explanation

The Company does not disclose individual remuneration as there is no officer whose total consolidated remuneration etc. (remuneration etc. as an officer of the Company and as an officer of a major consolidated subsidiary) is more than one hundred million yen.

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

In order to determine remuneration in an objective and transparent manner, the Company has established, as an advisory body to the Board of Directors, a Compensation Committee composed of all Independent Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), all Directors who are Audit & Supervisory Committee Members, and the President (or, when the President is chosen from among Group Operating Officers of the Company, the Chairman), for a total of eight people, and the amount of individual remuneration for each Director (excluding a Director who is an Audit & Supervisory Committee Member) is determined by such committee on the basis of a resolution of the Board of Directors.

Other policies for determination of the amount of remuneration of Directors or the calculation methods thereof are as follows.

- 1 Basic Policy

In order to contribute to the sustainable growth of the Company, the remuneration of the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members, the same applies hereinafter) shall be a combination of monetary remuneration and stock-based remuneration, and is linked to performance and medium-to-long term corporate value. When determining the amount of individual remuneration for each Director, the basic policy is to set an appropriate level based on such Director's work responsibilities. Specifically, the remuneration of the executive directors shall be monetary remuneration and stock-based remuneration. Of these, monetary remuneration consists of ① basic remuneration as fixed remuneration and ② performance-linked remuneration within the maximum ceiling for remuneration payment decided a General Meeting of Shareholders, and stock-based remuneration has performance-linked remuneration as its basis. Outside Directors will only be paid basic remuneration.

2 Policy on decision of the amount of individual of basic remuneration (including policy on decision of the time or terms for granting such remuneration, etc.)

The basic remuneration of the Company's Directors shall be a fixed monthly monetary remuneration. The amount of the basic remuneration shall be determined by comprehensively taking into account the ranking, public standards, and the Company's performance, among other matters.

3 Policy on decision of performance indicators pertaining to performance-linked remuneration and the calculation methods of the amount of performance-linked remuneration (including the policy on decision of the time or terms for granting remuneration, etc.)

Performance-linked remuneration shall be paid in money in accordance with the performance for the preceding year (provided, however, that the remuneration shall be within the maximum ceiling for remuneration payment decided a General Meeting of Shareholders in conjunction with 2 above). In the calculation thereof, the amount computed by the job position, according to the degree of attainment of the target sales revenue and business profit for each fiscal year, and which reflects the assessment in respect of each Director, is to be paid in a lump sum in April of each year.

4 Policy on decision of the content and amount of, or number in respect of stock-based remuneration or the calculation methods thereof (including policy on decision of the time or terms for the granting remuneration, etc.)

Stock-based remuneration shall be performance-linked. In the calculation, points are awarded, computed by the job position according to the degree of attainment of evaluation indicators which leads to medium-to-long term growth in corporate value, such as medium-to-long term financial indicators, ESG indicators, employee engagement and the assessment in respect of each Director, and after the retirement of the particular Director, stock in a number corresponding to the points awarded is provided. Other details in respect of monetary payment of a certain percentage in respect of performance-linked remuneration shall be set forth in the Officer Stock Benefit Rules to be separately stipulated.

5 Policy on decision of the ratio of the amount of basic remuneration, of performance-linked remuneration, or of stock-based remuneration to the amount of individual Director's remuneration, etc.

The remuneration ratio with respect to each category, in respect of the remuneration of executive directors shall be determined by the Compensation Committee, an advisory body of the Board of Directors, based on the ratio of compensation levels and performance-linked remuneration pertaining to companies of the same business scale as the Company as indicated by data from external research organizations. Where the attainment of the performance target is of the highest degree, the ratio in respect of basic remuneration, performance-linked remuneration, and stock-based remuneration is set at 5:3:2.

6 Method for determining the contents of individual Director's remuneration, etc.

① Person to be delegated in cases where delegation is to be made to a third party (name or position and person in charge)

Delegate to the Compensation Committee.

The members are all Independent Outside Directors (excluding Directors serving on the Audit and Supervisory Committee), all Directors serving on the Audit and Supervisory Committee, and the President.

② Delegation Authority

The Compensation Committee determines the amount of basic remuneration and performance-linked remuneration for individual Directors and the number of points granted for performance-linked stock remuneration based on delegation by the Board of Directors.

③ Content of measures for the proper exercise of authority

The Compensation Committee shall consist of all Independent Outside Directors (excluding Directors serving on the Audit and Supervisory Committee) and all Directors serving on the Audit and Supervisory Committee and the President, and the Chairman of the Compensation Committee shall be appointed by one of the Independent Outside Directors (excluding Directors serving on the Audit and Supervisory Committee).

Supplementary provisions (in accordance with revisions to these guidelines on February 10, 2022)

1 This policy, as revised on February 10, 2022 (the "Revision"), will become effective on April 1, 2022. The application of the performance-linked remuneration of this policy in accordance with the revision will be subject to the following provisions.

2 Performance-linked remuneration for FY 2022 (April 1, 2022 to March 31, 2023) will be paid in an amount calculated in accordance with this policy prior to the revision in accordance with the performance of duties for FY 2021 (the period from January 1, 2021 to December 31, 2021) added to the monthly basic remuneration.

3 Performance-linked remuneration for FY 2023 (April 1, 2023 to March 31, 2024) shall be paid in April 2023 in a lump sum in accordance with the revised Policy in accordance with the performance of duties for FY 2022 (the period from January 1, 2022 to December 31, 2022). For the following fiscal years and beyond, the amount calculated in accordance with the revised Policy in accordance with the performance of duties for the previous fiscal year shall be paid in a lump sum in April of each year.

(Other) Variable remuneration system and evaluation indicators and results in 2022, etc.  
See Appendix.

**[Supporting System for Outside Directors]**

The Company does not assign full-time staff for Outside Directors. However, the Company has appointed staff in charge of the Board of Directors in the General Affairs Department and established the Board of Directors Office, which provide support to Outside Directors. Neither does the Company assign full-time staff for Outside Directors who are Audit & Supervisory Committee Members. However, to address this, the Company has assigned staff to the Audit & Supervisory Committee as employees who are to support the Audit & Supervisory Committee Members in performing their duties. The Board of Directors Office distributes materials and provides explanations of the agenda to Outside Directors who are Audit & Supervisory Committee Members prior to Board of Directors meetings.

**[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]**

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
<b>Okio Isogai</b>	Honorary Advisor	---(*1) (Not involved in Management)	Part Time/ Without Compensation	March 29, 2001	Not Specified
<b>Tsutomu Kamijo</b>	Special Advisor	External Operations (Not involved in Management)	Part Time/ With Compensation	March 27, 2020	One Year

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	2
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Others

- (i) The Company abolished the Senior Advisor System as of March 29, 2018.
- (ii) Appointment of a former President and Representative Director etc., as an Advisor etc., is determined at the Board of Directors after consulting with a Nominations Committee. The compensation is determined at a Compensation Committee. For more information on the Company's Nominations Committee and Compensation Committee, please refer to "II.1 [Voluntary Establishment of Nomination/Remuneration Committee]."
- (iii) As to Mr. Okio Isogai, notwithstanding (ii) above, only using an official title "Honorary Advisor" without substance of operation, service and compensation etc,

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

### (1.) Overview of corporate governance system for corporate operations

The Company has a system in which the Board of Directors adopts resolution with respect to matters that are stipulated in laws and regulations or Articles of Incorporation, or material operational matters in accordance with the "Board of Directors Rules."

For other corporate operations, based on the "table for decision-making authority of the Regulations for the Conduct of Business (Appendix)", the Company has clarified the scope of corporate operations delegated to the management, and the management engages in swift decision-making within the scope of its authority through advisory bodies such as the Management Council and the Group Management Council.

Group Operating Officers of the Company, who at the same time serve as President and representative director of key business companies of the Group shall, to the President of the Company, make commitment to the managerial goals of their division and clarifying their responsibility for the Group managerial goals, give monthly report regarding the business conditions of their division.

### (2) Overview of corporate governance for supervisory and auditing (Supervisory function)

In order to reinforce the management monitoring functions for the purpose of improving the transparency of the management and achieving management goals under the holding company system, the Company has the Board of Directors made up of eleven Directors, and half of whom, six Directors, have been appointed as Independent Outside Directors. Three of eleven Directors are Directors who are Audit & Supervisory Committee Members, and they constitute the Audit & Supervisory Committee.

The Board of Directors shall, in addition to making decisions on statutory matters and material corporate operations matters stipulated in the Board of Directors Rules, appoint the President who controls the overall business execution of the Group, the Group Operating Officers who control the corporate operations of each major business division, etc., and shall monitor their business execution. From an objective and independent position, six Independent Outside Directors provide valuable advice and appropriate oversight regarding the deliberation of agenda items for the Board of Directors to the management engaged in the conduct of the Company's corporate operations as Directors.

#### (Auditing function)

The Company has an Audit & Supervisory Committee that consists of three members including two Outside Directors who are Audit & Supervisory Committee Members, and audits the Directors(excluding Directors who are Audit & Supervisory Committee Members)' performance of duties and other performance of duties relating to Group management in general.

By (i) collecting and sharing information by presenting at the Board of Directors, the Management Council, the Group Management Council, and other important meetings, and (ii) establishing a close cooperation system with the Auditing Department, in order to ensure the effectiveness of the audit and supervisory function of the Audit & Supervisory Committee, the Audit & Supervisory Committee has appointed one Internal Director who is a Standing Audit & Supervisory Committee Member, and mainly

through such Standing Audit & Supervisory Committee Member, periodically exchanges opinions with the Representative Director and seeks to communicate with the Auditing Department and Internal Control Department, as well as with the Accounting Auditors; in this way, the Audit & Supervisory Committee is working to collect information and develop an audit environment. The Company established the “Audit & Supervisory Committee Office” as an office of employees for assisting the Audit & Supervisory Committee in performing its duties, and has assigned three full-time staff members, who have extensive work experience and knowledge, or abilities in the Group and are independent from the management, to assist the Audit & Supervisory Committee.

In accordance with audit plans including audit policy, priority items for audit, assignments of duties and other matters stipulated by the Audit & Supervisory Committee, in cooperation with the Auditing Department and the Accounting Auditors, Directors who are Audit & Supervisory Committee Members attend meetings of the Board of Directors, the Nomination Committee, the Compensation Committee, the Management Council, and the Group Management Council, and other important meetings, receive reports from Directors and employees regarding the status of performance of their duties, request explanations as needed, review important documents in respect of decisions relating to the execution of operations such as requests for approval (*ringisho*), and audit the business and assets at main offices of the Company and other subsidiaries, etc. With respect to the subsidiaries, the Company seeks to communicate and exchanges opinions with, and receives reports on the business as necessary from, the Board of Directors and the Audit & Supervisory Board Members, and the Company has implemented a system where the Audit & Supervisory Committee can thoroughly audit and supervise the status of the Company Directors’ performance of their duties. The two Independent Outside Directors who are Audit & Supervisory Committee Members audit the Company Directors’ performance of their duties from their objective and neutral position.

The Company executes limitation of liability agreements that limit liabilities under the provisions of Article 423, Paragraph 1 of the Companies Act with all Outside Directors who are not Audit & Supervisory Committee Members and Directors who are Audit & Supervisory Committee Members in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. The maximum amount of their liability under such agreements is the amount set forth in laws and regulations.

The Auditing Department (consisting of 14 members) implements internal audits for the business companies, subsidiaries, and the Group as a whole. The Auditing Department and the Audit & Supervisory Committee periodically hold meetings and exchange opinions regarding the results of the internal audits and the status of internal controls.

Mr. Masayuki Kaida and Mr. Yuichiro Tamaki, two certified accountants from Ernst & Young ShinNihon LLC, perform the accounting audits. In addition, assistants concerning the accounting audits of the Company consist of 10 certified accountants and 18 others.

### (3) Overview of corporate governance system related to nomination and remuneration decisions

In order to increase the transparency of operations related to the selection and treatment of Directors and to maintain healthy management functions, the Company has established a Nominations Committee and a Compensation Committee as advisory bodies to the Board of Directors.

Please refer to “II.1 [Directors] Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee” of this report and “13(5) ① Nominations Committee” and “13(5) ② Compensation Committee” of the “Basic Policy on Corporate Governance” for details regarding each committee.

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

The Company considers the strengthening and reinforcement of Group governance as an important management issue, and, as described in 2. above, is working to clarify the supervisory function, operating functions and audit functions throughout the Group under the holding company system and to strengthen management monitoring functions in order to increase transparency in management and achieve management goals.

In order to achieve further growth in corporate value through efforts to further enhance corporate governance and enable the Company to make decisions in a more flexible manner with enhanced management transparency and efficiency, the Company made a transition from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee, upon obtaining approval at the 96th Ordinary General Meeting of Shareholders held on March 27, 2020.

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

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	On the occasion of the 99th Ordinary General Meeting of Shareholders held on March 30, 2023, the Company sent out the convocation notice on March 8 <sup>th</sup> , 2023 (22 days prior to the date of the meeting).
Allowing Electronic Exercise of Voting Rights	The exercise of voting rights via the internet ( <i>i.e.</i> , using a website for the exercise of voting rights operated by securities agents designated by the Company) has been adopted.
Participation in Electronic Voting Platform and Other Measures for Improving the Environment for Exercising Voting Rights by Institutional Investors	The Company has participated in a platform for exercise of voting rights that is operated by Investor Communications Japan Inc.
Providing Convocation Notice (Summary) in English	The Company prepares an English version (abridged translation) of convocation notices and posts the same on the English websites of the Company and the Tokyo Stock Exchange.
Other	Together with the delivery of the (written) convocation notice, pursuant to the laws and regulations, and the provisions of Article 15 of the Articles of Incorporation, the Company takes measures to electronically provide information that forms the content of general shareholders' reference materials (matters to be provided electronically). The convocation notice appears as the "Notice of Convocation of the 99th Ordinary General Meeting of Shareholders" on the Company website and the Tokyo Stock Exchange website.

#### 2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	Posted on the Company's website.	
Regular Investor Briefings for Individual Investors	The Company holds investor briefings several times per year, mainly briefings held by securities companies, conducted by officers and managers in charge of IR as an explainer.	None
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds investor briefings, by the President and officers in charge of IR, for analysts and institutional investors when making important announcements such as announcements of financial (quarterly) results and medium-term management plans. The Company also distributes videos of the investor briefings on the Company's website to investors who cannot attend the briefings.	Provided
Regular Investor Briefings for Overseas Investors	The Company holds individual briefings, by the President and officers in charge of IR, for overseas investors once or twice per year.	Provided
Posting of IR Materials on Website	The Company endeavors to enhance the contents of IR website and posts "Financial Results," "Presentation Materials," "Integrated Reports," "Annual Reports and Quarterly Reports," "Materials of Timely Disclosure," "Notices of Convocation of General Meetings of Shareholders," etc. In addition, the Company strives for fullness in disclosure of information in English.	

Establishment of Department and/or Manager in Charge of IR	An IR Office has been established in the Accounting Department.	
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### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has stipulated its fundamental management policy as “striving to maintain integrity in corporate conduct that reinforces stakeholder and aiming to achieve continuous growth in corporate value” and is endeavoring to achieve continuous growth and increase corporate value for the entire Group and to respond to stakeholders’ expectations into the future.
Implementation of Environmental Activities, CSR Activities etc.	<p>In order to vigorously promote initiatives through its business to address social issues such as climate change, food loss, marine plastic waste, and regional revitalization as the “Sustainability Management,” pursuant to the “Sapporo Group Sustainability Policy,” the Company is working to realize a sustainable society by aiming at both solving social issues and sustainable growth of the Company. In addition, in formulating the present medium-term management plan, the Company has fully reviewed its sustainability priorities in response to changes in the social and business environment surrounding the Group, and has set specific indicators and targets. To achieve said indicators and targets, the Board of Directors will monitor progress and promote engagement.</p> <p>With respect to the environmental issues, the Company declares its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019 and formulates its “Sapporo Group Environmental Vision 2050” aiming at 1. Establishment of a decarbonized society, 2. Realization of a recycling society, and 3. Creation of a society in harmony with nature, setting medium- and long-term goal for each target, each employee of the Company is promoting initiatives aimed at realization of a sustainable society.</p> <p>With respect to the sustainability information, please see the websites below. Sustainability Information: <a href="#">Sustainability   Sapporo Holdings</a></p>
Development of Policies on Information Provision to Stakeholders	The Company has provided the item “Proper Disclosure and Management of Corporate Information” in the Sapporo Group Code of Corporate Conduct and has stipulated that information needed by the public is to be disclosed in a timely and proper manner, and that investor relations activities for shareholders and investors is to be enhanced. The Company manages the use of insider information properly, in accordance with the Rules for Preventing Insider Trading.

## IV. Matters Related to the Internal Control System

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

As set forth below, the Board of Directors of the Company has stipulated “Guidelines on the Construction of an Internal Control System” relating to “A Development of Systems Necessary to Ensure the Properness of Operations of a Stock Company and Operations of Group of Enterprises Consisting of said Stock Company and its Subsidiaries” under Article 399-13, Paragraph 1, Item 1, Sub-Item (b) and (c) of the Companies Act and Article 110-4, Paragraph 1 and 2 of the Ordinance for Enforcement of the Companies Act, and the Board of Directors of the Company has also stipulated a “Basic Policy on Framework toward Eliminating Anti-Social Forces” and a “Basic Policy on Ensuring Credibility of Financial Reports.” Necessary resolutions have been passed at Board of Directors meetings of each business company.

In order to make an effort to enforce the basic policies passed at the Company’s Board of Directors meetings and to continuously develop and reinforce the system for the Group as a whole, based on



“Guidelines on the Construction of an Internal Control Systems at Sapporo Group” which specifically stipulates the construction of the Group’s internal control system, the Company provides management and guidance to its subsidiaries and confirms the operation of their internal control systems..

[Guidelines on the Construction of an Internal Control System]

(1) The system for ensuring the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

1) The Board of Directors shall prevent actions which violate laws and regulations and the Articles of Incorporation (i) by making decisions or giving approval for statutory matters, management policies and other material matters relating to corporate operations, in accordance with laws and regulations, the Articles of Incorporation and the Board of Directors Rules, and (ii) by monitoring each other’s performance of duties as Directors.

2) The Company has stipulated the “Sapporo Group Code of Corporate Conduct” as a code for encouraging all of the Group’s officers and employees to take actions based on concrete ethical views, and has constructed a compliance system for the entire Group in cooperation with its subsidiaries, with the General Affairs Department as a point of contact. The Company has also established a corporate ethics hotline for the prevention and early discovery of wrongdoing.

3) Under the instruction of the Representative Director or Audit & Supervisory Committee, the Internal Audit Division, which is an internal audit body independent from the corporate operations line, shall audit, in the whole operations of the Company and its subsidiaries, the status of compliance with laws and regulations, the Articles of Incorporation and internal company rules.

(2) System regarding retention and management of information relating to Directors’ execution of operation

1) With respect to the retention and management of information relating to Directors’ execution of operation, the Company shall properly retain and manage the following documents (including electromagnetic records) in accordance with applicable laws and regulations and internal company rules, and shall make such documents available as needed.

a. Minutes of General Shareholders Meetings, minutes of Board of Directors and related materials

b. Minutes of the Management Council, minutes of the Group Management Council and related materials

c. Requests for Approval(*ringisho*), accompanying documents and other material documents relating to Directors’ job performance

2) The department in charge shall stipulate the method for the retention and maintenance of other material documents, in accordance with applicable laws and regulations.

(3) Rules and other systems for the management of risk of loss

1) The risk inherent in material decision-making in corporate operations or the conduct of business shall be managed at the Management Council, and each management division, such as Management Strategy, Accounting and Legal Affairs, shall analyze the possible risk and makes necessary reports with respect to matters to be discussed or reported at the Council.

2) As a risk management in the event of an emergency or when a fact that could lead to a state of emergency comes to light, the Group Risk Management Committee shall discuss solutions including information disclosure in cooperation with subsidiaries’ risk management body etc. and handle such cases promptly and appropriately.

(4) System for ensuring efficient performance of duties by Directors

1) The Board of Directors shall appoint a Representative Director, President and officers with titles, as well as the Group Operating Officers assigned to control key business divisions of the Group or handle key management goals for the entire Group of the Company, and shall ensure that these individuals execute the business for which they are responsible.

2) The President oversees the execution of Group corporate operations as a whole. The Management Council and the Group Management Council are established as advisory bodies for the President, and the President shall gain an understanding of the status of business execution by each division, discuss material matters and make expeditious decisions.

3) The President shall formulate a management plan for the entire Group and obtain approval therefor from the Board of Directors. Reports on the state of execution of these plans by the entire Group shall be made to the Board of Directors quarterly.

4) The Group Operating Officers who are in charge of key business divisions shall make a commitment, to the President, for the management goals of their division, and shall report the management status every month. They shall also attend Board of Directors meetings every quarter and provide reports on the business performance in their division.

5) In order to establish responsibility in business execution and to ensure smooth and efficient operation, the Company stipulates standards for administration, organization, and division of duties and authorities, etc. in the Regulations for the Conduct of Business, and as supplemental provisions, the Company stipulates standards for division of duties in the Division of Duties Regulations, and standards for authority in the Table for Decision-Making Authority.

(5) System for ensuring appropriate execution of duties in the corporate group consisting of the Company, and its subsidiaries

1) Secure systems of receiving periodic reports from Directors of subsidiaries with respect to matters relating to the performance of their duties.

2) The Board of Directors shall stipulate policies under Paragraph 1, 3 and 4 of the Guidelines on the Construction of an Internal Control System, and ensure that subsidiaries establish a required system for their Board of Directors in accordance with these basic policies.

3) General Affairs Department shall be in charge of controlling subsidiaries and shall control the corporate operations of subsidiaries in accordance with the "Sapporo Group Company Management Operation Rules." Material matters relating to the entire Group shall be discussed at Board of Directors meetings, the Management Council and committee meetings ancillary thereto.

(6) Matters relating to employees to assist with the duties of the Audit & Supervisory Committee in the case where the Audit & Supervisory Committee request the assignment of such employees, matters relating to the independence of such employees from Directors (excluding Directors who are Audit & Supervisory Committee Members), and matters relating to ensuring the effectiveness of instructions given by the Audit & Supervisory Committee to such employees

1) If Audit & Supervisory Committee requests the assignment of employees to support their duties, Audit & Supervisory Committee assistant staff will be assigned.

2) In cases where Audit & Supervisory Committee assistant staff is put in place for Audit & Supervisory Committee, the Company shall ensure the independence of such staff from Directors by respecting the opinions of Audit & Supervisory Committee in relation to the assignment and evaluation of such staff etc., and the Company shall also ensure the effectiveness of instructions given by the Audit & Supervisory Committee to such staff.

(7) Structure for reporting from Directors and employees to Audit & Supervisory Committee and other structures regarding reports to Audit & Supervisory Committee

1) Audit & Supervisory Committee shall be provided with reports from Directors or employees regarding the following matters.

a. Matters to be reported regularly

▪ Management, business and financial status, risk management and compliance status

b. Matters to be reported in special circumstances

▪ Matters which may cause serious damage to the Company and other material facts related to management

▪ Fraud in relation to Directors' performance of their duties and material breaches of laws and regulations or the Articles of Incorporation

2) In order that the Audit & Supervisory Committee gain an understanding of the status of Directors' performance of their duties in addition to the report of 1) above, the Company shall maintain a system in which Directors who are Audit & Supervisory Committee Members attend Board of Directors, Management Council and Group Management Council meetings, and other important meetings, review important documents relating to business execution of operation such as requests for approval (*ringisho*), and in which Directors and employees otherwise make reports to Audit & Supervisory Committee.

3) Employees who belong to the Internal Auditing Department shall exclusively follow the instructions and orders of the Audit & Supervisory Committee if such employees assist Audit & Supervisory Committee in performing their duties upon receiving instructions from Audit & Supervisory Committee.

4) A system shall be in place such that Directors, Audit & Supervisory Board Members or employees of the Company's subsidiaries or persons who are reported by these persons report to the Audit & Supervisory Committee.

5) A system shall be in place such that whistleblowers who report to Audit & Supervisory Committee are not treated unfavorably.

(8) Other systems ensuring efficient audits by Audit & Supervisory Committee

1) Directors shall attempt to acquire a better understanding of the auditing of Directors and employees by Audit & Supervisory Committee, and to create an environment for auditing by Audit & Supervisory Committee.

2) A system shall be in place such that Audit & Supervisory Committee can collect necessary information, including by holding occasional meetings with Representative Directors, obtaining reports from the Internal Audit Division, and periodically exchanging opinions with Accounting Auditors.

3) The Company shall bear fees and liabilities arising from the job performance by Audit & Supervisory Committee, unless such fees or liabilities are not needed the job performance by in the Audit & Supervisory Committee.

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

(1) The Group, as a code of conduct, is not and will not be engaged in any relationship with anti-social forces and organizations which could pose a threat to the order or the safety of civil society, and shall implement such code of conduct thoroughly.

(2) Under this Basic Policy, the Company shall create an administrative division which handles matters relating to anti-social forces and organizations, and shall appoint a person in charge of preventing undue claims, collect and manage information within the Group, and develop and enforce the system for eliminating such anti-social forces and organizations by cooperating with police, organized crime group elimination organizations, lawyers, and other outside specialized organizations.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	N/A
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#### Supplementary Explanation

The “Basic Policy Regarding What and How a Person Controlling Decisions on a Stock Company’s Financial and Business Policies Should Be” provided for in the Ordinance for Enforcement of the Companies Act was resolved at the Board of Directors held on February 15, 2023, and the content is as set forth below.

#### I. Basic Policy on Company Control

Sapporo Holdings Limited (the “Company”) will not reject proposals for large-scale purchases of the Company’s share certificates if they contribute to the corporate value and common interests of the shareholders of the Company. In addition, the Company’s Board of Directors believes that in the event of a proposal for a large-scale purchase by a large-scale purchaser, whether or not to sell share certificates, etc. of the Company should ultimately be left to the judgment of the shareholders of the Company who hold the Company’s share certificates, etc.

However, the possibility cannot be denied that a large-scale purchase by a large-scale purchaser may impair the corporate value and ultimately the common interests of the shareholders of the Company because judging from the purposes, etc. thereof, there are more than a few proposals for large-scale purchases in which the purchaser does not understand the sources of the Company’s specific corporate value and the purchase does not contribute to the corporate value and ultimately the common interests of the shareholders, including those which do not provide adequate information and time for the shareholders of the Company and the Board of Directors to examine the details of the purchase and make a decision, and those in which the purchase conditions, etc. are extremely inadequate or inappropriate in light of the corporate value of the target company and ultimately the common interests of the shareholders. For example, it is possible to implement short-term policies, such as the purchasers demanding the gradual sale of the brands that underpin the corporate value of the Company, unilateral reduction of human resources and realization of unrealized gains from the sale of core properties. Such policy may result in the impairment of the brand value, and create financial risks that could weaken the company base in the future,

as well as risks that could impair confidence in the business.

In light of the above, the Company formerly adopted the “Policy toward the Large-Scale Purchase of Share Certificates, etc. of the Company” (the “Policy”) for the share certificates of the Company as a measurement policy in the event of a proposal for a large-scale purchase.

At present, there are still risks of a large-scale purchase that could impair the corporate value of the Company and ultimately the common interests of the shareholders, and the Board of Directors recognizes that it is its important responsibility to make adequate preparations for such risks.

However, in light of the recent trends in anti-takeover measures and the state of engagement with the shareholders, including domestic and overseas institutional investors, the Company has decided to discontinue the Policy for general purposes at the stage where no specific purchasers appear, and abolish the Policy at the closing of the 99th Ordinary General Meeting of Shareholders to be held in March 2023 (the “General Meeting”), which is the expiration date thereof.

The Company will further strengthen its corporate governance system after the abolition of the Policy and make efforts to maximize the corporate value of the Company and ultimately the common interests of the shareholders by establishing a monitoring system to steadily promote the Sapporo Group “Medium-Term Management Plan (2023 to 2026)” (the “Medium-Term Management Plan (2023 to 2026)”) as well as implementing the measures set forth in the “Medium-Term Management Plan (2023 to 2026)” and achieving the target thereof.

In addition, in the event of a proposal for a large-scale purchase of share certificates of the Company that could impair the corporate value or common interests of the shareholders, the Company will require the purchaser to provide adequate time and information for the shareholders to decide whether or not to accept such large-scale purchase, and take appropriate measures from time to time to the extent permissible under the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, while respecting the opinions of independent outside directors.

## II. Effective Utilization of the Company’s Assets, Formation of an Appropriate Corporate Group, and Other Special Efforts to Realize the Basic Policy on Company Control

In addition to the efforts set forth in III below, we will make every special effort to realize the Basic Policy on Company Control as follows.

### 1. Efforts based on the “Medium-Term Management Plan (2023 to 2026)”

Since its foundation in 1876, we have constantly innovated and delivered products and services that have enriched customers’ lives. In 2026, we will mark our 150th anniversary. In order to keep demonstrating our exclusive value to society beyond 150 years, we have developed a new management plan for the four-year period from 2023 to 2026. The key points of this plan are a revision of our business portfolio, realizing group management aligned with the positioning of each of our businesses, and increasing our corporate value through higher capital efficiency. We look to reliably meet the expectations of stakeholders during these four years.

### 2. Efforts toward the Strengthening and Reinforcing of Corporate Governance

We shifted to a pure holding company system in July 2003, and established the management philosophy and basic management policy of the Group as well as the basic principles of the operation of the Group and formulated the corporate governance system based on the “Basic Policy on Corporate Governance” (the “Basic Policy”) as follows:

#### (1) Management Philosophy of the Group and Basic Policy on Our Management

Sapporo Group states its management philosophy to be “create enjoyment and contribute to enrichment” and its basic management policy is “strive to maintain integrity in corporate conduct that reinforces stakeholder trust and aim to achieve continuous growth in corporate value”, and is focused on improving the

corporate value of the whole Group by achieving continuous growth and revenue and to contribute to the stakeholders in the future.

(2) Basic principles of the Operation of the Group

Under a pure holding company system, Sapporo Group has established the basic principles of group operation (the total optimization of the Group, the maintenance of autonomy of each Group company and the mutual cooperation among Group companies) and aims to maximize corporate value by achieving total optimization of Sapporo Group and creating synergies, while retaining the autonomy of each business segment.

(3) Basic Policy on the Constitution of the System of Corporate Governance

In order to realize the management philosophy and the basic policy of management and to promote the continuous improvement of the corporate value of the whole Group, we established the “Basic Policy” in December 2015. We, in accordance with this Basic Policy, regard the strengthening and reinforcement of corporate governance as an important management issue. We are clarifying the supervisory function, operating function and audit function of our Group under the holding company system, and are endeavoring to improve the transparency of the management and to reinforce the management monitoring function toward the achievement of management goals.

(4) Efforts toward Strengthening the Corporate Governance System

We have made positive efforts toward strengthening the corporate governance system as follows:

In November 1998, we have voluntarily established a “nominating committee” and a “compensation committee” (each of such committees consists of the Independent Outside Directors and the Director and President, and one chairman is elected from the Independent Outside Directors) to enhance the transparency of the operations concerning personnel and the treatment of Directors and made efforts to maintain and improve the soundness of management organizations.

In March 1999, the Operating Officer System was adopted.

In March 2002, the term of office of the Directors was reduced to one year.

In July 2003, we shifted to a pure holding company system, and since then we have gradually increased the number of Independent Outside Directors, and we have elected three Independent Outside Directors since 2009.

In December 2015, we set up an “Independent Outside Directors Committee” (which consists of the Independent Outside Directors) to encourage the Independent Outside Directors to exchange information and share their thoughts with regard to the Company and the Group’s management strategy and matters relating to corporate governance, etc.

In March 2020, in order to increase management efficiency and transparency, we transitioned to a Company with an Audit & Supervisory Committee, and enhanced corporate governance by increasing the percentage of the Independent Outside Directors to 50% of the Board of Directors.

In addition, we will further enhance our corporate value by further enhancing our corporate governance, enhancing management transparency and efficiency, and enabling flexible decision-making by way of increasing the percentage of the Independent Outside Directors to constitute more than 50% of the Board of Directors upon obtaining the approval of the General Meeting.

We will continue to properly establish and operate the corporate governance system of the Company, and further endeavor to strengthen and reinforce corporate governance in order to realize continuous growth and improve corporate value in the medium-to-long term.

III. Efforts to Prevent the Company’s Financial and Business Policies from Being Controlled by Inappropriate

The Company has resolved, at the Board of Directors meeting held on February 15, 2023, to discontinue the Policy, and abolish the Policy at the closing of the General Meeting, on which the Policy will expire. However, in the event of a proposal for a large-scale purchase of share certificates of the Company that could impair the corporate value or common interests of the shareholders, in order to maximize the corporate value of the Company and ultimately the common interests of shareholders of the Company, the Company will require the purchaser to provide adequate time and information for the shareholders to decide whether or not to accept such large-scale purchase, and take other appropriate measures from time to time to the extent permissible under the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, including the timely and appropriate disclosure to be made by the Company of such information provided by the purchaser.

IV. Efforts set forth in II. And III. Will Comply with the Basic Policy on Company Control, Will Not Impair the Common Interests of the Shareholders and Will Not Pursue the Maintenance of the Status of Directors, as well as the Reasons Therefor

The efforts set forth in II above aim to enhance the corporate value and ultimately the value of the share certificates pursuant to the “Medium-Term Management Plan (2023 to 2026)” and the Basic Policy, and therefore, they comply with the Basic Policy on Company Control.

In addition, the efforts set forth in III above aim for requests to provide information regarding large-scale purchases and implementation of appropriate measures to the extent permissible under the related laws and regulations for the purpose of maximizing the corporate value of the Company and ultimately the common interests of the shareholders in the event of a proposal for a large-scale purchase of share certificates of the Company that could impair the corporate value of the Company and common interests of the shareholders. Therefore, the efforts comply with the concept of the Basic Policy on Company Control.

Accordingly, the efforts set forth in II and III above do not impair the common interests of the shareholders and do not pursue the maintenance of the status of Directors.

## 2. Other Matters Concerning to Corporate Governance System

### 1. Basic Stance Regarding Timely Disclosure by the Company

The Company conducts corporate operations having stipulated, as a fundamental management policy, that it is “striving to maintain integrity in corporate conduct that reinforces stakeholder trust and aiming to achieve continuous growth in corporate value.” The Company recognizes that the timely and appropriate disclosure of information requested by the public is an essential responsibility for a corporation, and endeavors to disclose such information in a timely manner.

The Company stipulates as follows regarding the “Proper Disclosure and Management of Corporate Information” in the “Sapporo Group Code of Corporate Conduct”, for the Company, each Group and employees, and strives to act in compliance with such code.

Proper Disclosure and Management of Corporate Information, from “Sapporo Group Code of Corporate Conduct”

- The Company must properly disclose, in a timely manner, management information regarding the Company’s corporate financial condition, business activities and similar matters, and must take measures to help shareholders and investors understand Sapporo Group more deeply through investor relations activities.
- The Company must properly manage the use of insider information in accordance with the Sapporo Group Rules for Preventing Insider Trading.

### 2. The Company’s Internal System for Timely Disclosure

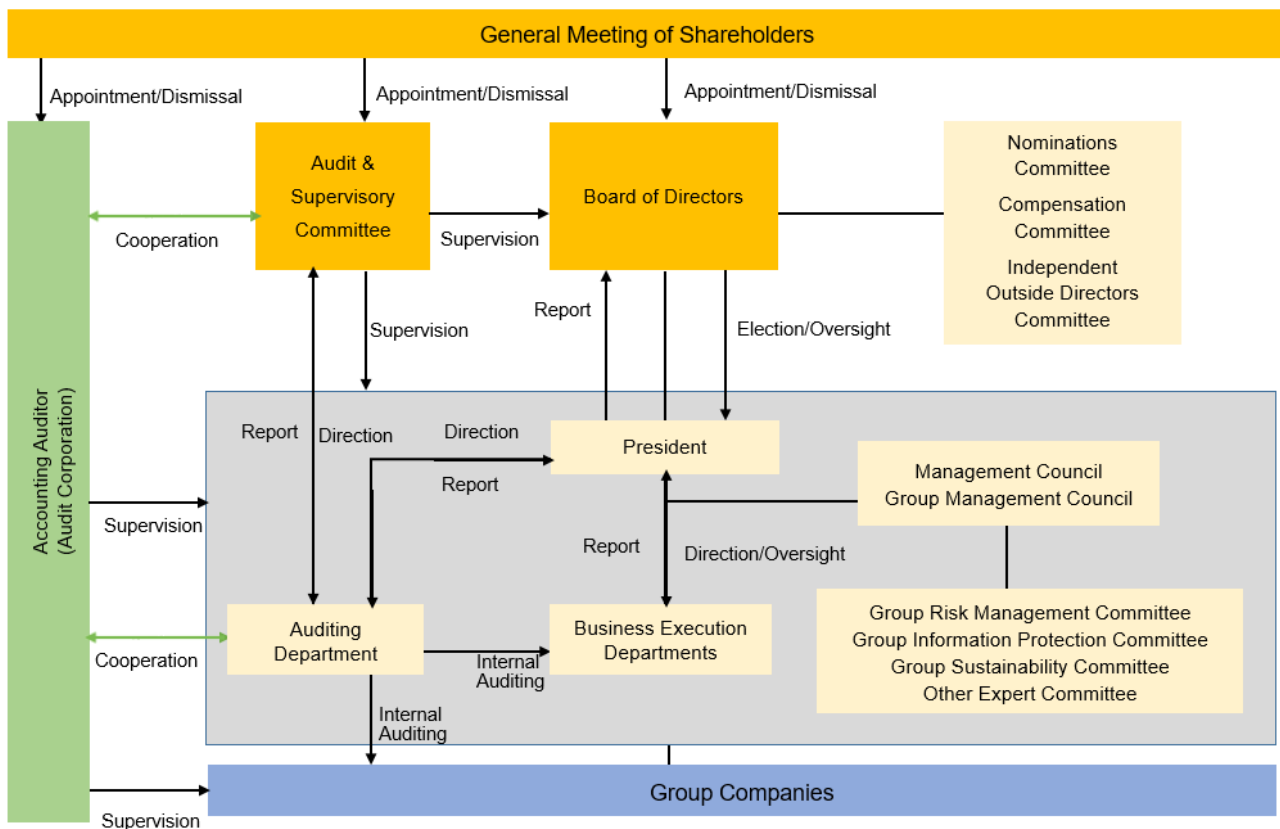
The Director of General Affairs Department is the person responsible for handling information, and the actual practices related to information disclosure such as timely disclosure are handled by the General Affairs Department as set forth below.

#### (1) Information collection and timely disclosure determinations

- Information collection from each division and each Group company is handled by Accounting Department (1. Financial statement information); and General Affairs Department (2. Decisions, 3-1. Facts that have arisen other than risk matters and 3-2. Risk matters).
- With respect to 1. Financial statement information, 2. Decisions, and 3-1. Facts that have arisen other than risk matters, General Affairs Department passes information on to the Timely Disclosure Consideration Meeting (handling office: General Affairs Department), which analyzes such information, and in light of the Timely Disclosure Rules etc., prior consideration is made regarding whether to disclose and the content and method of disclosure.
- With respect to 3-2. Risk matters, the Group Risk Management Committee (administration office: General Affairs Department) analyzes the relevant risk information, considers whether to disclose the same in a timely manner, and refers the matter to the Timely Disclosure Consideration Meeting, if it is deemed necessary.

(2) Public announcement

- With respect to 1. Financial statement information, 2. Decisions, 3-1. and 3-2. Facts that have arisen including risk matters, matters are discussed or reported at the Management Council or Group Management Council (chair: President; administrative office: Director of General Affairs Department) after prior consideration at the Timely Disclosure Consideration Meeting as set forth in (1) above, and in addition to decision-making and approval regarding such matter, the content and method etc. of timely disclosure are determined.
- For 1. Financial statement information, and 3-1 and 3-2. Facts that have arisen including risk matters, disclosure will be made promptly after the report to the Management Council or Group Management Council is made. For 2. Decisions, disclosure will be made promptly after decision-making at the Management Council.



## Skills Matrix for the Candidates for Director

With the Medium-Term Management Plan (2023 to 2026), the Company defined the basic policy to revise our business portfolio and transform the business structure for new growth. We are aiming to contribute to the well-being of people and local communities through the time and space where all our businesses provide. This time, to achieve the Medium-Term Management Plan, we decided to reconsider the skills required for the Board of Directors to secure the effectiveness and diversity of the Board of Directors. We newly added “sustainability” to the required knowledge, experience and abilities, and classified them into eight categories. As for the skills of each Candidate for Director, among the skills possessed by each Director, we show those particularly expected by the Company, with the maximum number limited to four categories.

The skill categories to be added or changed this time and the reasons therefor are as follows:

- Marketing

Directors are needed who have knowledge and experience in market research, sales, research and development, and production engineering to provide products and services that exceed consumer expectations.

- IT & DX

Directors are needed who have knowledge and experience in IT and DX that lead to business process transformation and the development of new business areas.

- Sustainability

Directors are needed who have knowledge and experience to face the ESG-related issues surrounding the Company and work in collaboration with stakeholders in order to improve the Group’s corporate value sustainably.

Name	Knowledge and experience of each director							
	Corporate management	Financial accounting	Legal compliance risk management	Human resources Human assets	Global operation	Marketing	IT & DX	Sustainability
Masaki Oga	○		○			○		○
Yoshitada Matsude	○	○	○					○
Masashi Sato				○		○	○	○
Rieko Shofu	○	○			○	○		
Mackenzie Clugston (Outside)			○	○	○			○
Tetsuya Shoji (Outside)	○			○	○		○	
Toshihiro Uchiyama (Outside)	○		○		○	○		
Makio Tanehashi (Outside)	○	○	○					○
Toshio Mizokami	○	○			○		○	
Shuji Fukuda (Outside)	○	○	○	○				
Kohtaro Yamamoto (Outside)			○		○			○



Notes:

1. The matrix is intended to clarify the balance of skills of the Board of Directors and focuses on the skills particularly expected by the Company among those possessed by each candidate for Director. It does not represent all the skills (knowledge, experience, and capabilities) possessed by each candidate.
2. Mr. Toshio Mizokami, Mr. Shuji Fukuda and Mr. Kohtaro Yamamoto are Directors who are concurrently serving as Audit & Supervisory Committee Members.
3. The Group uses the term “human assets” (using the Chinese characters “人財,” which mean “human” and “assets”) to represent human resources and disseminates our belief that all employees are a company’s treasure.

**Officer Compensation (Performance-Linked Compensation) System and Evaluation Indicators and Results, Etc. in 2022**

Classification	Indicator (Note 1)		Results, Etc.
Performance-Linked Compensation	Revenue (vs. plan)	Degree of achievement of actual results relative to the targets for the fiscal year	Results: 478.4 billion yen/Plan: 478.7 billion yen
	Core operating profit (vs. plan)	Degree of achievement of actual results relative to the targets for the fiscal year	Results: 9.3 billion yen/Plan: 10 billion yen
Performance-Linked Stock Compensation	Medium to long-term financial indicators	“ROE” Establishment and evaluation of annual evaluation criteria against the target of the Mid-term Management Plan (8%)	Results in 2022: 3.3%
	ESG indicators	1. FTSE ESG Rating (Note 2) 2. MSCI ESG Rating (Note 2) Establishment of annual evaluation criteria for scores and ratings in each indicator	Results in 2022 1. 3.0 2. A
	Employee engagement	“Work Engagement” (Note 3) Establishment of annual evaluation criteria with deviation values based on external institutional surveys	Results in 2022: 53.6
	Individual evaluation	Performance demonstrated by each officer	Determined by the Compensation Committee based on the evaluation indicators for each individual

Notes:

1. The Company selected these indicators because the Company aims to contribute to its sustainable growth by basing performance-linked compensation on the results of the performance of duties in each fiscal year and by linking performance-linked stock compensation to the Company's medium to long-term corporate value.
2. Scores and ratings by an international external evaluation institution that collects, analyzes and evaluates ESG-related information on companies.
3. A state in which employees feel positive about their work and feel fulfilled.

# Human assets strategies

Leveraging differences to create a cross-border group, challenging positive change

