

# Corporate Governance Guidelines

Riken Vitamin Co., Ltd.

Based on a resolution of the Board of Directors, Riken Vitamin Co., Ltd. (hereinafter referred to as the “Company”) has established the “Corporate Governance Guidelines” (hereinafter referred to as the “Guidelines”) as a statement of its basic philosophy and fundamental policies regarding corporate governance.

## Chapter 1: Basic Philosophy of Corporate Governance

### Article 1. Basic Philosophy

The Company aims to achieve sustainable growth and increase its corporate value over the medium to long term through business activities based on the following Management Philosophy. In order to achieve this goal, the Company’s basic approach to corporate governance is to establish a system that enables prompt, decisive, and risk-conscious decision-making, and to strive to earn the trust of shareholders and various other stakeholders.

### Management Philosophy

1. Provide health and a rich dietary life to society through foods

Riken Vitamin supplies products that add health, safety, reassurance, and richness to consumer's daily lives by focusing on natural raw materials, thereby contributing to the enhancement of health.

2. Fulfill corporate social responsibility by engaging in business activities while adhering to compliance

Riken Vitamin strives to earn social trust by respecting stakeholders, which include customers, shareholders, business partners, local communities, et al., ensuring that all employees act with a sense of ethics and legal compliance in all business activities, and fulfill our corporate social responsibility as a member of society as a result.

3. Evolve as a company full of flexibility and creativity

As a manufacturer, Riken Vitamin strives to become a flexible and creative company by tapping into its unique business resources (specialty raw materials, technologies, and facilities) to swiftly and accurately address customer needs that are constantly diversifying, changing and advancing.

4. Direct the focus and scope of business activities overseas to ensure Riken Vitamin's global presence

Riken Vitamin seeks to enhance its presence as a global corporation by increasing activities overseas to meet domestic and international needs.

5. Create a respectful, appealing workplace for employees

By respecting each employee's creativity, originality, and welfare, Riken Vitamin strives to create an environment of vitality and fulfillment

## **Chapter 2: Relationships with Shareholders**

### **Article 2. General Meeting of Shareholders**

The Company shall regard the General Meeting of Shareholders as the highest decision-making body of the Company, and at the same time, as a forum for direct and constructive dialogue with shareholders. In holding a general meeting of shareholders, the Company shall ensure a period in which shareholders can fully consider proposals and create an environment in which they can exercise their voting rights in an appropriate manner.

### **Article 3. Securing the Rights of Shareholders**

1. The Company shall ensure the substantial equality of shareholders, give due consideration to minority shareholders and foreign shareholders, and create an environment in which shareholders can exercise their rights appropriately.
2. In the event that there is a company-proposed agenda item that is approved at the General Meeting of Shareholders but is opposed by a significant number of votes, the Board of Directors shall analyze the reasons for the opposition and the reasons for the large number of votes against the proposal, and consider how to respond.

### **Article 4. Basic Capital Policy**

The Company shall recognize the enhancement of corporate value through business growth and expansion as the most important issue, and shall position the return of profits to shareholders as an important management issue. Profit distribution shall be determined by comprehensively taking into consideration such factors as the return of profits to shareholders and the enhancement of internal reserves for future growth and expansion strategies.

### **Article 5. Policy on Cross-Shareholdings**

1. The Company shall, from a medium- to long-term perspective, determine the necessity of holding shares in business partners, etc. that contribute to the Company's business

operations, based on the nature and scale of transactions with them.

2. The Board of Directors shall annually review the necessity of holding cross-shareholdings on an individual stock-by-stock basis, and if the significance of holding such stock is deemed to have diminished, the Company shall proceed with the sale of the stock after dialogue with the issuing company. Even for issues that the Board of Directors recognizes the significance of holding, the Board of Directors may proceed with the sale of the shares in consideration of the market environment, management and financial strategies, and other factors, after consulting with the issuing company.
3. In exercising voting rights for cross-shareholdings, the Company shall consider the purpose of the shareholding, the management situation of the company in question, and its impact on the Company's business operations, and shall exercise its voting rights appropriately in response to proposals at the General Meeting of Shareholders of the company in question.

#### **Article 6. Policy on Dialogue with Shareholders and Investors**

The Company shall provide prompt, fair, and accurate information that is useful to shareholders and investors in making investment decisions, in accordance with its disclosure policy. The Company shall also aim to achieve an appropriate evaluation of corporate value through constructive dialogue with shareholders and investors. Opinions and other information obtained through dialogue with shareholders and investors shall be fed back to the Board of Directors and management, and will promote the Company's sustainable growth and enhancement of corporate value over the medium to long term.

### **Chapter 3: Relationships with Stakeholders other than Shareholders**

#### **Article 7. Relationships with Stakeholders other than Shareholders**

The Company shall recognize that its sustainable growth and the enhancement of its corporate value over the medium to long term are the result of cooperation with various stakeholders, including customers, business partners, society, and employees, and shall strive to build appropriate cooperative relationships with these stakeholders.

### **Chapter 4: Corporate Governance Structure**

#### **Section 1: Directors and Board of Directors**

#### **Article 8. Roles and Responsibilities of the Board of Directors**

1. The Board of Directors shall make decisions on basic management policies, including management strategies and plans, and other important matters concerning the management of the Company, and shall supervise the execution of duties by each Director, with the aim of

achieving sustainable growth of the Group and enhancing its corporate value over the medium to long term, in response to the trust placed in it by the shareholders. In addition, the Board of Directors shall receive reports on the status of business execution by the Company and its subsidiaries, the status of compliance, internal controls, risk management, and other important matters, and supervise the overall management of the Group.

2. The Board of Directors shall deliberate and decide on matters stipulated by laws, regulations, and the Articles of Incorporation, as well as matters stipulated in the Board of Directors Regulations, and shall delegate decisions on other matters to Representative Directors or Executive Directors.

#### **Article 9. Composition of the Board of Directors**

1. The Board of Directors shall consist of an appropriate number of not more than 15 members.
2. To fulfill the roles stipulated in the preceding article, the Company shall identify the skills, etc. required for directors in light of the management strategy and strive to ensure that the composition of the Board of Directors has a good balance of knowledge, experience, and abilities
3. The Company shall appoint independent outside directors to strengthen the supervisory function of the Board of Directors and improve transparency.
4. The Company shall establish its own "Criteria for Independence of Outside Directors" (attached) in addition to the independence requirements stipulated by the Tokyo Stock Exchange.

#### **Article 10. Policies and Procedures for Nominating Candidates for Director, and for Selecting and Dismissing Directors**

1. Directors (excluding those who are members of the Audit & Supervisory Committee) shall be persons of excellent character and possess a wealth of experience and insight regarding corporate management and the Company's business, and shall be capable of promoting the sustainable growth of the Group.
2. Directors who are members of the Audit & Supervisory Committee shall be persons with professional knowledge and high ethical standards who are capable of neutrally and objectively auditing and supervising the execution of duties by directors, and shall include at least one person who has sufficient knowledge of finance and accounting matters.
3. Outside directors shall be persons who can supervise and provide advice on management from an independent position outside the Company based on their own experience and knowledge, after satisfying the criteria for independence set forth in Paragraph 4 of the preceding article.

4. The nomination of candidates for director and the selection and dismissal of directors shall be made by the Board of Directors after deliberation by the Nomination Committee, of which a majority are outside directors, and shall be submitted to the General Meeting of Shareholders for resolution. The Board of Directors shall obtain the consent of the Audit & Supervisory Committee with respect to candidates for director who are members of the Audit & Supervisory Committee.

#### **Article 11. Policies and Procedures for Selecting and Dismissing the President and Representative Director**

1. The President and Representative Director of the Company shall be a person of particularly outstanding character, insight, and business judgment, who is capable of ensuring the sustainable growth of the Group and the enhancement of its corporate value over the medium to long term in accordance with the management philosophy.
2. The selection and dismissal of the President shall be decided by the Board of Directors after deliberation by the Nomination Committee, of which outside directors constitute a majority.

#### **Article 12. Efforts to Improve the Effectiveness of the Board of Directors**

In order for the Board of Directors to effectively fulfill its roles and responsibilities, the Company shall address the following matters.

- (1) Provision of Information
  - a) Unless there are special circumstances, the Company shall endeavor to provide sufficient information by distributing materials on the agenda and proposals of the Board of Directors' meetings to each director in advance of the meeting date and providing explanations in advance as necessary, to facilitate fruitful discussions at each meeting of the Board of Directors.
  - b) The Secretariat of the Board of Directors shall notify each director of the meeting schedule for each fiscal year.
- (2) Training for Directors

The Company shall provide training for newly appointed directors at the time of their appointment. After directors assume office, the Company shall continue to provide training opportunities to deepen their understanding of the roles and responsibilities expected of directors, and provide financial support for such training.
- (3) Exchange of Information among Outside Directors

Outside directors may convene joint meetings as necessary. When convening such meetings, the relevant departments shall provide necessary support as appropriate.
- (4) Concurrent Service as an Officer of Another Company

Outside directors may hold a position as an officer in another listed company only if it is within a reasonable scope that allows them to allocate sufficient time to their duties at the Company. If he/she receives a new request from another company to serve as an officer, he/she shall notify the President to that effect.

(5) Evaluation of the Effectiveness of the Board of Directors

The Board of Directors shall annually analyze and evaluate the effectiveness of the Board of Directors as a whole, based on each director's self-evaluation, etc., and disclose a summary of the results.

**Article 13. Conflict of Interest Transactions**

1. Directors shall not engage in transactions that are contrary to the interests of the Company for their own account or for the account of a third party.
2. If a director intends to enter a transaction with the Company for his/her own account or for the account of a third party, he/she shall obtain the approval of the Board of Directors in accordance with the procedures prescribed by the Companies Act and report the results of such transaction to the Board of Directors.

**Section 2: Managing Executive Officer System**

**Article 14. Adoption of Managing Executive Officer System**

The company shall adopt a Managing Executive Officer System to enable the Board of Directors to focus on decision-making and supervision of important management matters through appropriate delegation of the Company's business operations. Managing Executive Officers shall, in accordance with the basic policy determined by the Board of Directors, efficiently and promptly make decisions and execute important business operations delegated to them by Representative Directors or Executive Directors, within the scope of the authority granted to them and with the care of a good manager.

**Article 15. Policies and Procedures for Nominating, Selecting, and Dismissing Managing Executive Officers**

1. The Managing Executive Officer shall be a person who can be responsible for the execution of the Company's business, taking into consideration his/her performance, experience, personality, and insight.
2. The Board of Directors shall pass resolutions for the selection and dismissal of Managing Executive Officers upon proposal by the President.
3. The term of office of Managing Executive Officers shall be one year, and their relationship with the Company shall be on a delegated basis.

### **Section 3: Executive Officer System**

#### **Article 16. Adoption of Executive Officer System**

The Company shall adopt an Executive Officer System for the purpose of improving management efficiency and strengthening business execution. Executive Officers shall, in accordance with the basic policy determined by the Board of Directors and under the direction and orders of the Representative Director, Executive Directors, and Managing Executive Officers, efficiently and promptly determine and execute business operations within the scope defined by the division of duties.

#### **Article 17. Policies and Procedures for Nominating, Selecting, and Dismissing Executive Officers**

1. Executive officers shall be persons who are well versed in their areas of responsibility, possess excellent character and insight, and are capable of carrying out certain important duties.
2. The Board of Directors shall pass resolutions for the selection and dismissal of Executive Officers upon proposal by the President.
3. The term of office of Executive Officers shall be one year.

### **Section 4: Audit & Supervisory Committee**

#### **Article 18. Roles and Responsibilities of the Audit & Supervisory Committee**

The Audit & Supervisory Committee, as an independent body entrusted by shareholders to audit the execution of duties by directors, shall properly execute its duties. Through the execution of its duties, the Audit & Supervisory Committee shall also aim to achieve sustainable growth of the Group and enhance its corporate value over the medium to long term, and shall establish a corporate governance system that will live up to the trust placed in it by society.

#### **Article 19. Composition of the Audit & Supervisory Committee**

1. The Audit & Supervisory Committee shall consist of an appropriate number of not more than 5 members, a majority of whom shall be outside directors.
2. The Audit & Supervisory Committee may have a full-time Audit & Supervisory Committee member.

### **Section 5: Executive Compensation**

#### **Article 20. Policy for Determining Executive Compensation**

1. The Company's executive compensation system shall be designed with the objective of

motivating executives to contribute to the Company's sustainable growth and enhancement of corporate value over the medium to long term.

2. Executive compensation shall be determined within the limit of the total amount of compensation resolved at the General Meeting of Shareholders. Compensation for directors, excluding members of the Audit & Supervisory Committee, shall be determined by the Board of Directors after deliberation by the Compensation Committee, of which outside directors constitute the majority. Compensation for directors who are members of Audit & Supervisory Committee shall be determined through consultation among Audit & Supervisory Committee members.
3. Compensation for directors (excluding directors who are members of the Audit & Supervisory Committee) shall be as follows.
  - a) Compensation shall consist of fixed compensation and performance-linked compensation.
  - b) Fixed compensation shall be a predetermined amount. The level of fixed compensation shall be determined by comprehensively taking into consideration such factors as business performance, employee wage increases, the degree of contribution made by the director, tenure as an executive officer, comparative value versus employees, disparities between positions, and market prices.
  - c) Performance-linked compensation shall consist of bonuses and performance-linked stock compensation.
  - d) The standard ratio of each type of compensation to total executive compensation shall be set at less than 80% for fixed compensation, 20% or more for bonuses, and 10% of total compensation for performance-linked stock-based compensation.
4. Only fixed compensation shall be paid to directors who are members of the Audit & Supervisory Committee. The amount of individual compensation shall be determined through discussions among the directors who are members of the Audit & Supervisory Committee.

## **Chapter 5: Information Disclosure**

### **Article 21. Ensure Appropriate Information Disclosure and Transparency**

The Company shall appropriately disclose information in accordance with laws and regulations and the timely disclosure rules of domestic financial instruments exchanges. At the same time, to enhance the trust and understanding of our stakeholders, we shall strive to proactively disclose financial and non-financial information that is necessary for them to understand our Group.

## **Chapter 6: Amendment and Repeal**

### **Article 22. Amendment and Repeal**

These Guidelines may be amended or repealed by a resolution of the Board of Directors, except for minor amendments, which do not require such a resolution.

### **Supplementary Provisions**

These guidelines shall go into effect on December 1, 2015

These guidelines shall go into effect on June 27, 2017

These guidelines shall go into effect on November 26, 2018

These guidelines shall go into effect on June 25, 2019

These guidelines shall go into effect on May 25, 2022

These guidelines shall go into effect on December 26, 2022

These guidelines shall go into effect on June 25, 2024

## Appendix

### Criteria for Independence of Outside Directors

The Company shall deem an outside director to be independent if he/she meets all the requirements for an independent director as stipulated by the Tokyo Stock Exchange and if none of the following items applies to him/her.

1. A person who is currently or has been for the past 10 years an executive person of the Company or its consolidated subsidiaries (hereinafter referred to as “the Group”) (Note 1).
2. A person for whom the Group is a major client (Note 2), or an executive person of such a business partner.
3. A major client of the Group (Note 3), or an executive person of such a partner.
4. A major shareholder (Note 4) of the Company or, if the major shareholder is a corporation, an executive person of such corporation.
5. A person who belongs to an auditing firm serving as the accounting auditor of the Group.
6. A consultant, accounting professional such as a certified public accountant or certified tax accountant, or lawyer or other legal professional who receives large sums of money or other assets (Note 5) other than executive compensation from the Group (if the person receiving such assets is a corporation, partnership, or other organization, a person belonging to such organization).
7. A person who has received a large donation (Note 6) from the Group or a director or other executive of an organization such as a corporation or partnership, that has received a large donation from the Group.
8. A person from a company that has a relationship of reciprocal appointment of officers with the Group.
9. A close relative (Note 8) of a person falling under any of items 1 through 8 above (except for 1; limited to important persons [Note 7]).
10. A person who currently or in the past three years has fallen under any of items 2 through 9 above.
11. A person who is recognized as having special circumstances that may cause a conflict of interest with general shareholders regardless of the provisions of the preceding items.

- (Note 1) "Executive persons" refers to executive directors, managing executive officers, executive officers, managers, and other employees.
- (Note 2) "A person for whom the Group is a major client" refers to a person who received payment from the Group in the most recent fiscal year accounting for 2% or more of the annual consolidated revenue of the person.
- (Note 3) "A major client of the Group" refers to any of the following.
- (1) A person who made payment to the Group in the most recent fiscal year accounting for 2% or more of the Group's annual consolidated revenue.
  - (2) Financial institutions from whom borrowings at the end of the most recent fiscal year accounted for 2% or more of the Group's consolidated total assets.
- (Note 4) "A major shareholder" refers to a shareholder who directly or indirectly holds 10% or more of the total voting rights.
- (Note 5) "Large sums of money or other assets" refers to an average amount over the past three fiscal years exceeding ¥10 million per year in the case of an individual, or, in the case of an organization, 2% of the consolidated revenue or gross income of that organization, whichever is greater.
- (Note 6) "Significant donation" refers to an average amount over the past three fiscal years exceeding ¥10 million per year or 2% of the person's or organization's gross income, whichever is greater.
- (Note 7) "Important persons" means directors (excluding outside directors), executive directors, executive officers, employees in senior management positions at or above the rank of general manager, certified public accountants among those belonging to audit firms or accounting firms, lawyers among those belonging to law firms, trustees, directors, and auditors and other officers among those belonging to foundations, incorporated associations, educational corporations, and other legal entities, and other persons who are objectively and reasonably judged to have equivalent importance.
- (Note 8) "Close relatives" means spouses and relatives within the second degree of kinship.