

Message from an Outside Director

I will help facilitate proactive change based on an understanding of the Company's strengths, and contribute to building a new corporate culture and sustainable growth.

► Biography

Joined Asahi Breweries Company (now Asahi Group Holdings, Ltd.) in 1979. After serving as general manager of the Sales Division of Asahi Breweries, Ltd., he assumed the position of president and representative director of the company. He has extensive experience and knowledge as a corporate manager, and supervises and advises Riken Vitamin's management from an exceptionally broad perspective.



Shinichi Hirano
Outside Director

■ Riken Vitamin is unique, which provides it with excellent potential to increase its corporate value.

I was appointed as an outside director in June 2021, but my impression of Riken Vitamin up to that point was very different from what it is now. I had thought of Riken Vitamin as a wakame seaweed and salad dressing company, but after participating in Board of Directors meetings, I came to realize that Riken Vitamin generates a majority of its sales and earnings in the BtoB market from commercial food products, processed food ingredients, and improving agents for food and chemicals. Riken Vitamin's food-improving agent operations are integrated from basic research to application proposals. This enables the Company to provide optimal solutions to customer companies, and innovate in the world of food. I imagine that many people see Riken Vitamin as a BtoC company as I once did, but I want people to know more about Riken Vitamin's strong intrinsic growth potential.

In addition, Riken Vitamin has its roots in the Institute of Physical and Chemical Research, which is probably why frequent research presentations and product manager meetings are characteristic of the company. Board members including the president, senior managing directors, and executive officers participate in research presentations and similar meetings. Research presentations are generally held within the Research and Development Department, and directors rarely give explanations or answer questions from

attendees in other departments. I am convinced that research presentations can create common understanding within the Riken Vitamin Group even though it is very diverse.

Outside directors visited factories, branches, subsidiaries, and other locations during FY2022 and exchanged opinions. While listening to various people on the front lines, I sensed the potential in all processes from development and manufacturing to sales. The use of naturally derived raw materials for improving agents also supports environmental responsibility. As such, Riken Vitamin can further improve its corporate value from the perspective of sustainability.



■ Human resource strategy and capital investment are key to realizing the medium- to long-term vision.

Riken Vitamin's medium- to long-term vision is to achieve growth by supporting a sustainable society with specialty products and services, and the Board of Directors also discusses how Riken Vitamin can leverage its unique strengths in specialty products. These discussions have given me a new understanding of the kind of research Riken Vitamin is doing, and have led me to realize that specialty products are the outcome of extensive research. It is important for those involved in R&D to be properly evaluated not only within the Company, but also by customers and others, and this directly affects their motivation. Riken Vitamin has extremely talented people, and supporting their growth will empower the creation of even more unique, number-one products. This is why human resource strategy is so important.

Based on my own experience at a manufacturing company, a human resource department that can fairly evaluate all departments within a company is crucial for managing human capital. Organizations tend to be vertically structured, but I strongly feel that the unit responsible for human resource deployment should have the responsibility of fairly evaluating research and development, manufacturing, sales, and marketing to empower optimal outcomes.

In addition, during factory visits I realized that Riken Vitamin's physical plants are generally on the older side. On that point, I strongly believe that increased capital investment is a key issue for efficient production. In terms of cash allocation, Riken Vitamin has announced the allocation of ¥10 billion for investments in growth, maintenance, and renewal, and ¥5 billion for strategic investments including additional capital investment. In order to provide reliable and excellent products, Riken Vitamin must properly balance internal capital reserves and investment while increasing the satisfaction of all stakeholders.



■ Leadership will drive the creation of a new corporate culture.

I became an outside director during FY2021. This was also the year that Riken Vitamin focused on restoring trust and formulating long-term strategies for the next phase of growth as well as streamlining management and reducing risk in ways such as resolving the debt of a consolidated subsidiary in China. Board meetings in FY2021 showed me that Riken Vitamin's management team is fully aware of the importance of risk management. I have experience doing business in China, which typically involves a number of difficult issues. The management team's decision to transfer the equity and cancel the debt was excellent, and deserved greater appreciation among stakeholders than it received.

As an outside director, I give the management team high marks for the initiatives to restore the trust of all stakeholders under the leadership of President Yamaki. The management team learned from mistakes and rigorously implemented initiatives that included reviews of the effectiveness of the whistleblower system and the compliance system. President Yamaki himself is open to what Board

members have to say, so the process of strengthening Riken Vitamin's management foundation helps create an environment in which everyone can express their opinions. Risk management absolutely requires an environment that facilitates discussion.

Governance is the foundation of management, and Riken Vitamin is strengthening this foundation during the current medium-term management plan by building organizational structures that deepen cooperation between the Head Office and subsidiaries in Japan and around the world, and by enhancing the disclosure of financial and non-financial information in a format that is accurate and easy to understand. The current management team is able to succeed in doing so because it facilitates dialogue. Generating profits is a priority for companies, but following the right process in doing so is critical. I believe that Riken Vitamin will foster an outstanding corporate culture and continue to create the future of food through its ongoing initiatives to strengthen and invest in its management foundation.

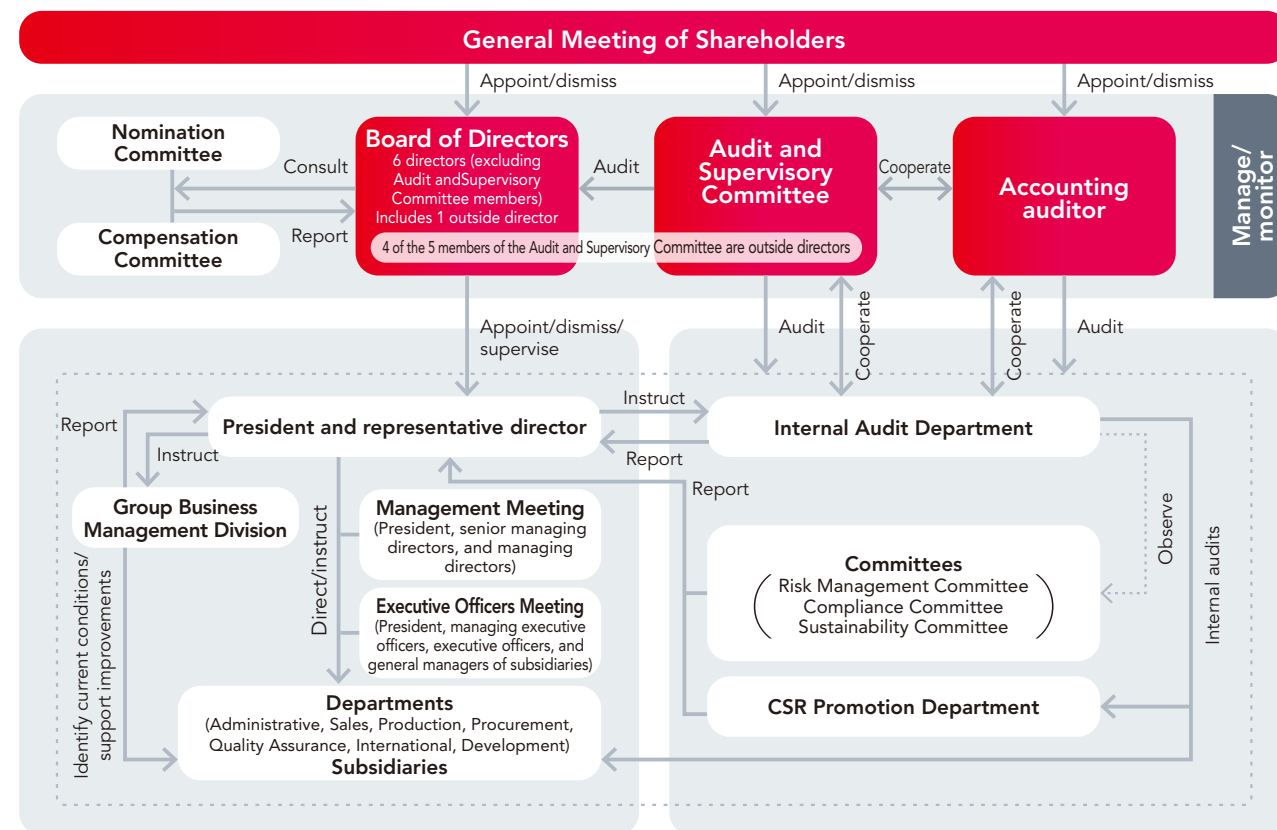
Corporate Governance

Basic Approach

Enhancing corporate governance is a priority management issue for Riken Vitamin. Our initiatives to achieve sustainable growth and increase corporate value over the medium and long term include doing business in accordance with our Management Philosophy and increasing the trust of shareholders and other stakeholders while creating a framework that enables swift, decisive decision-making that takes risk into account.

Governance System (As of June 27, 2023)

In 2017, we transitioned to a company with an audit and supervisory committee to improve the supervisory function of the Board of Directors and expedite management decision-making. The Board of Directors has 11 members, including five directors who are Audit and Supervisory Committee members. Five of the directors are outside directors. In addition, we have introduced a managing executive officer system and an executive officer system to improve management efficiency and strengthen business execution. Furthermore, we have established a Nomination Committee and a Compensation Committee as a framework of advisory bodies to the Board of Directors that ensures objectivity and transparency in the process of appointing and dismissing directors and determining compensation. Outside directors serve as chairs of both committees.

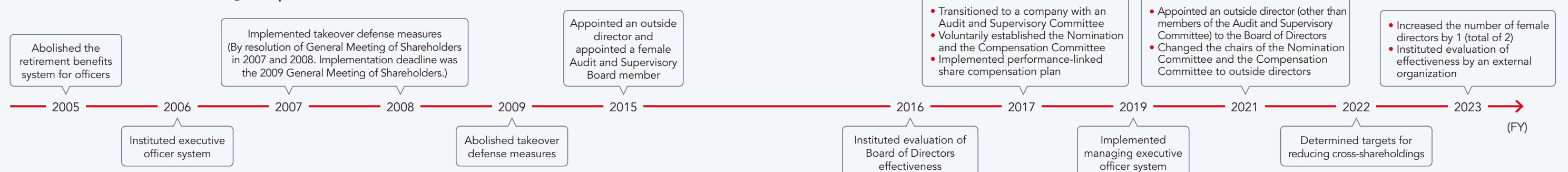


Skills Matrix

Our corporate governance guidelines delineate the people we require as directors, and we are committed to optimizing overall balance, diversity, and scale. We have formulated the following skills matrix of the representative knowledge, experience, and abilities of each director, which include corporate management, global affairs, legal and risk management, finance and accounting, sales and marketing, development, production, and quality assurance.

		Skills								
		Corporate Management	Global Affairs	Legal Affairs and Risk Management	Finance and Accounting	Sales and Marketing	Development	Production	Quality Assurance	Expertise
Kazuhiko Yamaki	President & Representative Director	○		○		○				
Takahisa Nakano	Senior Managing Director & Representative Director					○	○		○	Doctor of Agriculture
Nobuo Dotsu	Managing Director			○			○			
Tsutomu Mochizuki	Managing Director	○	○			○		○		
Takahiro Tomitori	Director			○	○					
Shinichi Hirano	Outside Director	○				○				
Eiichi Kato	Director, Full-time Audit and Supervisory Committee Member			○					○	
Satoshi Fujinaga	Outside Director, Full-time Audit and Supervisory Committee Member	○	○	○						
Towa Sueyoshi	Outside Director, Audit and Supervisory Committee Member			○						Attorney-at-Law
Wataru Sueyoshi	Outside Director, Audit and Supervisory Committee Member			○						Attorney-at-Law
Ayumi Ujihara	Outside Director, Audit and Supervisory Committee Member			○	○					CPA
Shinichi Koyama	Managing Executive Officer							○		
Masaaki Nakano	Managing Executive Officer		○			○				
Takumi Aoki	Managing Executive Officer					○				

Our Evolution in Enhancing Corporate Governance



Corporate Governance

Evaluation of Board of Directors Effectiveness

Since FY2016, Riken Vitamin has analyzed and evaluated the effectiveness of the Board of Directors based on self-evaluations by each director and the opinions of the Audit and Supervisory Committee members and outside directors. We also enhanced evaluation effectiveness in April 2023 by instituting an evaluation by an external organization using questionnaires and interviews.

Evaluation items: 1. Board composition and operation; 2. Management strategy and business strategy; 3. Corporate ethics and risk management; 4. Management evaluation and compensation; and 5. Dialogue with shareholders and other constituents

FY2023 Evaluation Results	Initiatives to Address Issues Identified in FY2022 and Status of Improvements	FY2023 Issues and Improvement Measures
Evaluation focused on issues that are fundamental to corporate governance including the basic operation of the Board of Directors, the process of verifying the propriety of cross-shareholdings and supervision of the internal control system. Evaluation results generally indicated that the Board of Directors operated effectively.	The following issues were identified in FY2022. We recognized successful and relevant improvements in terms of the shared understanding among Board members and initiatives for setting agendas and deepening discussion. <ul style="list-style-type: none"> In-depth discussions of medium- to long-term management policies and discussions of corporate governance and sustainability Recognition of risks in expanding overseas business and discussion of measures to address them 	We recognized that enhancing sophistication would require us to invigorate discussions related to the following items from the perspectives of contemporary trends in governance and deeper big-picture discussion of strategies. <ol style="list-style-type: none"> Allocation of resources from the perspective of total optimization (business portfolio management) Appropriate supervision of human resource strategy (discussion combined with management strategy) Continued consideration of Board diversity to support the discussions

The Board of Directors will address these issues by following up on digital transformation initiatives that are now under way while considering plans and monitoring their steady progress. We intend to further improve effectiveness from a medium- to long-term perspective using the PDCA cycle to evaluate the effectiveness of the Board of Directors, an initiative we will continue to implement in the future.

Officer Compensation

Basic Policy for Determining Officer Compensation

The Board of Directors of Riken Vitamin resolved at a meeting on February 25, 2021 to establish the following basic policy for determining officer compensation.

- The officer compensation system shall be designed to motivate officers to contribute to the improvement of medium- to long-term business performance and thus enable ongoing improvement of corporate value.
- Officer compensation shall be limited to the total compensation determined by resolution of the General Meeting of Shareholders. The Board of Directors shall determine compensation for directors who are not on the Audit and Supervisory Committee pursuant to deliberation by the Compensation Committee, which shall be chaired by one of the of outside directors (who make up the majority). The Audit and Supervisory Committee shall determine the compensation of its component directors through discussion.
- Compensation for directors shall be determined and paid according to the standard for their positions and based on maximum employee compensation. Standard compensation for each position shall be determined after comprehensively considering factors including general industry standards, business performance, individual contribution, and comparative relationship with employee compensation.

Process for Determining Officer Compensation

The process for determining officer compensation shall be objective and transparent. The Compensation Committee, which is an advisory body to the Board of Directors, shall deliberate on proposed compensation from a variety of perspectives including consistency with the policy for determining compensation, and report its findings to the Board of Directors. The Board of Directors shall give due consideration to this report and approve compensation for officers individually.

Compensation System for Directors (Excluding Audit and Supervisory Committee Members)

Type of Compensation	Parameters	Percentage of Compensation
Fixed compensation	Comprehensive consideration of factors including business performance, employee compensation increases, individual contribution, officer tenure, comparative relationship to employee compensation, variance among positions and prevailing norms.	Up to 80%
Performance-based compensation	<ul style="list-style-type: none"> Bonus Total bonus compensation shall be calculated by multiplying baseline bonus as per the above compensation policy using a coefficient that represents the percentage of performance targets achieved. This coefficient shall be the midpoint between the percentage of the targets achieved for operating profit and net income attributable to owners of parent. However, bonus compensation cannot exceed 100% of baseline, even if the percentage of targets achieved exceeds 100%. Performance-linked share compensation Eligible officers receive point awards based on the percentage of business performance targets achieved for each fiscal year. Upon retirement, directors receive Riken Vitamin shares according to the cumulative number of points awarded. (Refer to the point calculation formula on page 45.) 	Baseline bonus compensation shall be at least 20% of total compensation, and baseline performance-linked share compensation shall be 10% of total compensation.

Point calculation formula: (Amount of share compensation determined by position ÷ Average unit price of Riken Vitamin shares acquired by the Trust) x Performance-linked coefficient*

* The performance-linked coefficient ranges from 0% to 200% according to the percentage of the targets achieved for consolidated operating profit and net income attributable to owners of parent each fiscal year.

Compensation System for Directors on the Audit and Supervisory Committee

Directors on the Audit and Supervisory Committee only receive fixed compensation, and they determine individual compensation through discussion among themselves.

Total Director Compensation (FY2022)

Officer Category	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)				Number of Eligible Officers
		Base Compensation	Performance-based Compensation		Retirement Benefits	
			Bonus	Non-monetary Compensation		
Directors (Excluding directors on the Audit and Supervisory Committee)	239	155	45	39	—	8
(of whom, outside directors)	10	7	2	—	—	1
Directors on the Audit and Supervisory Committee	65	65	—	—	—	5
(of whom, outside directors)	48	48	—	—	—	4

Cross-Shareholdings

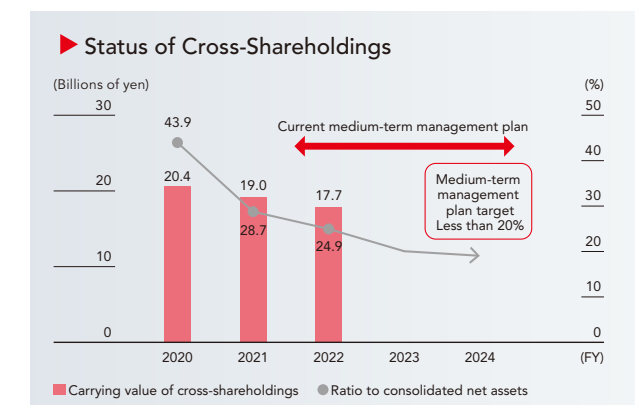
Basic Approach

Riken Vitamin aims to achieve sustainable growth and increase corporate value over the medium to long term by implementing effective corporate governance. Therefore, as part of its management strategy encompassing business alliances, funding, stable procurement of raw materials, and sales policies, the Company holds shares in companies that the Board of Directors deems necessary, taking into consideration the risks and returns associated with such holdings. The significance of continuing to hold each individual stock is verified annually by the Board of Directors from both quantitative (status of operating transactions, dividend yield, etc.) and qualitative (smooth business relationships and other factors) perspectives.

Goals and Progress

During the current medium-term management plan, we aim to reduce the ratio of cross-shareholdings to less than 20% of consolidated net assets by March 31, 2025. In accordance with this policy, we are proceeding with the sale of shareholdings we judge to be less meaningful pursuant to dialogue with the issuer.

In the fiscal year ended March 31, 2023, we sold shares held in 10 companies valued at ¥304 million. As of March 31, 2023, cross-shareholdings on our consolidated balance sheet totaled ¥17,777 million, which represented 24.9% of consolidated net assets of ¥71,371 million.



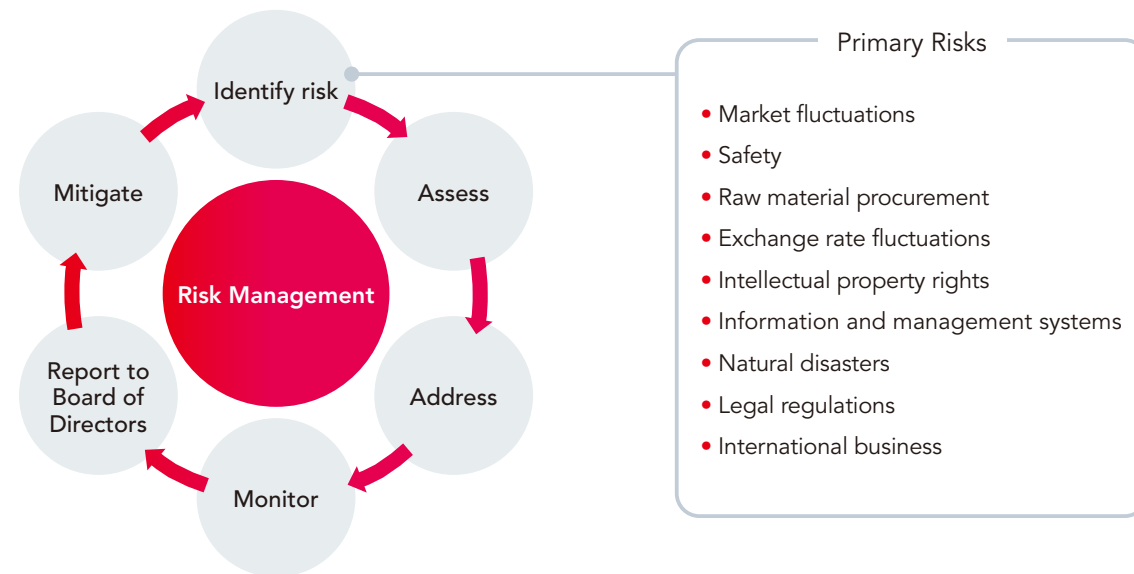
Risk Management and Compliance

Risk Management

The Riken Vitamin Group's risk management system helps to maintain the credibility of the Group by improving operational effectiveness and management efficiency. The system enables us to appropriately identify potentially material risks related to our business activities, preclude normally occurring risks, and protect Group assets in the event of a management crisis.

System for Identifying and Monitoring Material Risks

Until 2021, the Group took a bottom-up approach to risk management, whereby each unit identified and assessed risks. In 2022, we transitioned to a top-down approach that involves quantitatively and qualitatively assessing Groupwide risks related to business activities, identifying relevant units and exposure, and reporting to the Board of Directors prior to taking action to manage the identified risks. The director responsible for general affairs chairs the Risk Management Committee, which is responsible for risk monitoring activities. The Risk Management Committee consists of members selected from Riken Vitamin and its subsidiaries, and periodically reports to the Board of Directors.



Media Training

Risk management activities in FY2022 included a media training program to address a hypothetical management crisis. Conducted in cooperation with an external company, the training program involved 52 participants (both online and in-person) and had two components: a crisis response headquarters meeting drill and a simulated press conference. After the training, the attendees confirmed their understanding of the importance of preparing for emergencies, and we reviewed related manuals following the program.

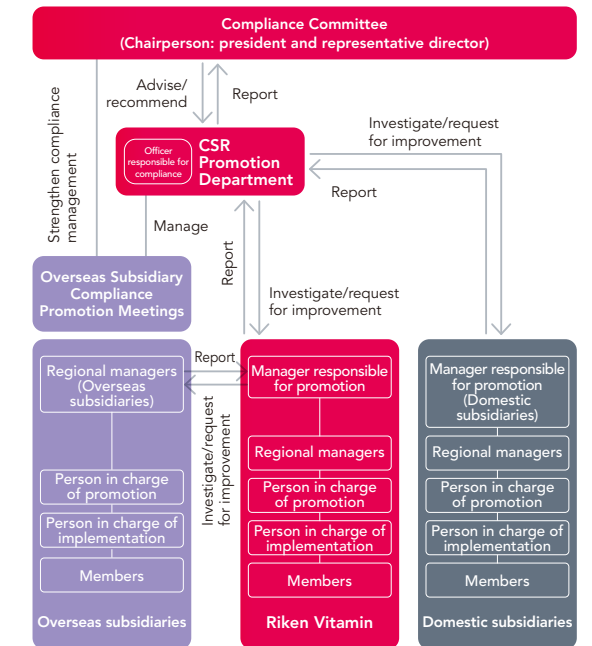


Simulated press conference

Compliance

Framework

The Group has established its Code of Conduct as a practical standard for compliance, and has established a Compliance Committee chaired by the president and representative director to strengthen compliance management and promote compliance practices. In addition, each unit has placed people in positions responsible for promoting compliance and implementing compliance activities as well as maintaining and improving compliance awareness. We are also enhancing compliance management by sharing information at Overseas Subsidiary Compliance Promotion Meetings on activities that include study groups for local compliance issues and case studies of compliance violations at other companies. Information is also shared with the CSR Promotion Department and the Group Business Management Division, which is responsible for overall management and guidance of Group companies, in order to strengthen cooperation among subsidiaries.



Education and Development

The Group regularly holds compliance study sessions primarily for people in charge of implementing compliance activities at each workplace. We distribute the *Compliance Program Handbook* (revised April 2021 and published in Japanese, English, Chinese, Malaysian and Spanish) to raise compliance awareness. In addition, the CSR Promotion Department provides compliance training and issues the bimonthly *Compliance Newsletter*, the monthly *Compliance Flyer*, and the *Compliance Study Workbook* (published in Japanese, English, Chinese, Malaysian, and Spanish), and also energizes study groups in an effort to improve awareness of compliance. As a general rule, overseas subsidiaries hold group study sessions at least four times a year, and diligently reaffirm Group compliance ideals through readings of the Code of Conduct and other relevant publications. In addition, we conduct an annual survey of all Group employees in order to determine issues that are points of reference for future compliance promotion activities including how well we are inculcating the Code of Conduct, compliance issues at each workplace, and the implementation status of compliance study sessions at workplaces. The FY2022 response rate was 95.9%.

Internal Whistleblower System

The Group has established a Corporate Ethics Hotline system that employees can use to consult on issues such as harassment and compliance violations. In addition to an internal contact point through dedicated phone lines, e-mail, and sealed letter, we have external contact points (Japan and overseas) that can be accessed through dedicated websites and phone lines. We have created an environment that is easy for employees at workplaces overseas to use because the contact points can handle issues in English, Chinese, Malaysian, Indonesian, and Spanish. In addition, we have established internal regulations to ensure that people who make use of the system are not treated unfairly as a result of the consultation.

The number of reports and cases of disciplinary action are as follows (Scope: Riken Vitamin Group).

	Type	FY2020	FY2021	FY2022
Number of reports	Harassment	5	5	5
	Workplace environment	5	0	2
	Other	2	0	2
Cases of disciplinary action	Reprimand or pay cut	0	0	0
	Suspension from work, disciplinary transfer, or demotion	0	1	0
	Requests for resignation or disciplinary dismissal	0	0	0

Management Team

1 Kazuhiko Yamaki

President & Representative Director

- April 1983 Joined the Company
- April 2003 Manager, Food Ingredients Sales Department No. 4
- July 2006 Executive Officer
- April 2008 Manager, Natural Extract and Seasonings Business Promotion Department
- June 2010 Director
General Manager, Food Service Unit
- June 2014 Managing Director
- June 2016 President & Representative Director (current position)

Attendance at Board of Directors meetings: 14/14

2 Takahisa Nakano

Senior Managing Director & Representative Director
In charge of Administration (General Affairs and Human Resources), Business Strategy, and Quality Assurance

- April 1985 Joined the Company
- April 2004 Manager, Health Care Department
- July 2006 Executive Officer
- June 2012 Director
- June 2014 Manager, Health Care Business Unit
- June 2017 Manager, Business Strategy Promotion Department
- June 2022 Managing Director
- June 2023 Senior Managing Director & Representative Director (current position)

Attendance at Board of Directors meetings: 14/14

3 Nobuo Dotsu

Managing Director
In charge of Administration (Legal Affairs), Procurement, and Health Care Business

- April 1985 Joined the Company
- June 2009 Manager, Food Ingredients Development Department
- July 2014 Executive Officer
- June 2019 Managing Executive Officer
- June 2022 Director
- June 2023 Managing Director (current position)

Attendance at Board of Directors meetings: 11/11

4 Tsutomu Mochizuki

Managing Director
In charge of International Business and Chemical Business

- April 1985 Joined the Company
- January 2004 President of Riken Vitamin Europe GmbH
- July 2010 Manager, International Business Unit of the Company
- June 2014 General Manager, International Business Unit
- July 2014 Executive Officer
- April 2018 General Manager, Production Unit No. 2
- June 2019 Managing Executive Officer
- July 2020 Manager, Food Ingredients Global Marketing Department
- October 2021 Executive Manager, International Sales Department

- June 2022 Director
- June 2023 Managing Director (current position)

Attendance at Board of Directors meetings: 11/11

5 Takahiro Tomitori

Director
In charge of Corporate Strategy and Administration (CSR Promotion, Accounting, and Information Technology)

- April 1988 Joined The Dai-ichi Kangyo Bank, Limited
- April 2009 Manager, Shinkawa Branch of Mizuho Bank, Ltd.
- April 2012 Manager, Osaka Chuo Branch
- April 2014 General Manager, Branch Operation Department No. 8
- April 2017 Executive Officer
Manager, Fukuoka Branch and General Manager, Fukuoka Department No. 1 and 2
- April 2019 Senior Managing Executive Officer of Mizuho Research Institute Ltd.

- April 2021 Joined the Company
- June 2021 Director (current position)

Attendance at Board of Directors meetings: 14/14

6 Shinichi Hirano

Outside Director

- April 1979 Joined Asahi Breweries Company (now Asahi Group Holdings, Ltd.)
- July 2011 Managing Director and General Manager of Sales Division of Asahi Breweries, Ltd.
- March 2013 Senior Managing Director and General Manager of Sales Division
- March 2015 Director and Vice President
- March 2016 President & Representative Director
- January 2020 Outside Director of GiG Works Inc. (current position)
- June 2020 Outside Director and Audit and Supervisory Committee Member of Sinko Industries Ltd.
- June 2021 Outside Director of the Company (current position)
- June 2022 Outside Director of Sinko Industries Ltd. (current position)

Attendance at Board of Directors meetings: 14/14

7 Eiichi Kato

Director, Full-time Audit and Supervisory Committee Member

- April 1983 Joined the Company
- November 2010 Manager, Quality Assurance Department
- June 2014 General Manager, Quality Assurance Unit
- July 2014 Executive Officer
- June 2021 Director, Full-time Audit and Supervisory Committee Member (current position)

Attendance at Board of Directors meetings: 14/14
Attendance at Audit and Supervisory Committee meetings: 15/15

8 Satoshi Fujinaga

Outside Director, Full-time Audit and Supervisory Committee Member

- April 1985 Joined Takeda Pharmaceutical Company Limited
- October 2002 Product Manager, Product Management Department, Pharmaceutical International Division
- January 2009 Executive Vice President of Takeda Pharmaceuticals Asia Pte. Ltd.
- April 2012 Executive Vice President of Takeda Pharmaceuticals (Asia Pacific) Pte. Ltd.
- April 2015 Manager, Corporate Planning Department of Takeda Pharmaceutical Company Limited
- June 2015 External Corporate Auditor of the Company
- June 2017 Outside Director, Full-time Audit and Supervisory Committee Member (current position)

Attendance at Board of Directors meetings: 14/14
Attendance at Audit and Supervisory Committee meetings: 15/15

9 Towa Sueyoshi

Outside Director, Audit and Supervisory Committee Member

- October 2001 Registered as an attorney-at-law
- October 2001 Joined Sakura Sogo Law Office
- October 2014 Civil Conciliator, Chiba Summary Court
- June 2015 External Corporate Auditor of the Company
- April 2016 Joined Mukai Law Office (current position)
- June 2017 Outside Director, Audit and Supervisory Committee Member of the Company (current position)

Attendance at Board of Directors meetings: 14/14
Attendance at Audit and Supervisory Committee meetings: 15/15

10 Wataru Sueyoshi

Outside Director, Audit and Supervisory Committee Member

- April 1983 Registered as an attorney-at-law
Joined Mori Sogo (currently Mori Hamada & Matsumoto)
- April 2007 Founded STW & Partners (currently SHIOMIZAKA); Partner
- July 2014 Member of Subdivision on Copyrights of the Council for Cultural Affairs, Ministry of Education, Culture, Sports, Science and Technology
- June 2016 Outside Director of Hitachi Capital Corp. (currently Mitsubishi HC Capital Inc.)
- January 2020 Founded Sueyoshi & Sato; Partner (current position)
- June 2021 Outside Director, Audit and Supervisory Committee Member of the Company (current position)
- June 2023 Outside Director of Mitsubishi Estate Co., Ltd. (current position)

Attendance at Board of Directors meetings: 14/14
Attendance at Audit and Supervisory Committee meetings: 15/15

11 Ayumi Ujihara

Outside Director, Audit and Supervisory Committee Member (New appointment)

- April 1984 Joined BROTHER INDUSTRIES, LTD.
- March 1994 Joined Itoh Audit Firm
- April 2000 Joined Tokai Local Finance Bureau as a financial securities inspector
- July 2003 Joined ChuoAoyama Audit Corporation
- August 2006 Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Aarata LLC)
- July 2015 Partner
- July 2022 Representative of Ayumi Ujihara CPA office (current position)
- March 2023 Audit & Supervisory Board Member (Outside), Yamaha Motor Co., Ltd. (current position)
- May 2023 Partner of Kagayaki Audit Corporation (current position)
- June 2023 Outside Director, Audit and Supervisory Committee Member of the Company (current position)
Outside Director, Audit & Supervisory Committee Member of Makita Corporation (current position)

