



SX Brand 2025

SX Brands 2025 Report

May 2025

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1. Outline of the "SX Brands 2025" Project, etc.

Purpose and Intended Audience of the "SX Brands 2025 Report"

- The SX Brands 2025 report has the following three objectives;
 1. To provide specific case study information that will lead to the Implementation of corporate SX initiatives.
 2. To promote understanding of the contents of the Ito Review and Guidance for Collaborative Value Creation.
 3. To encourage companies to understand their position and investors to evaluate Japanese equities by showing the progress of initiatives by companies with advanced initiatives in Japan.

Main anticipated application scenarios

Target Audience

It is intended for the entire Ito Review audience, but is particularly useful for managers, directors, investors, as well as those involved in corporate planning, sustainability promotion, etc., analysts, rating agencies, etc.

Purpose of the "SX Brands 2025" Project

- In this project, a group of leading companies **that have enhanced their ability to generate sustainable sources of growth through SX and have improved their corporate value will be selected and honored as "SX Brands 2025," and the results will be published along with a report.**
- **"SX"** refers to **management and business transformation with an awareness of capital efficiency through constructive dialogue with investors** to enable companies **to generate sustainable sources of growth and increase corporate value** ("Sustainability of the Company"). It is important to conduct this dialogue based on **the medium to long-term risks and business opportunities arising from sustainability issues in society** (synchronized with "Sustainability of Society").
*The "SX" referred to here is **distinct from so-called social contribution activities**, which have no direct relationship to the corporate value creation through the company's operations.
- The "societal issues" related to sustainability are becoming more diverse, as exemplified by **climate change and human rights issues**, and the environment for the formulation of international rules is changing as well. In addition, **economic security-related issues such as supply chain risk and cybersecurity** have emerged, making sustainability issues increasingly complex.
- The players in the investment chain (management, internal business units, investors, business partners, etc.) are expected to engage in **constructive dialogue** and repeated **engagement** on **the desirable business portfolio, growth investments, etc. from a long-term perspective, considering the risks and business opportunities arising from sustainability issues in society.** Through these efforts, they are expected **to co-create and execute a corporate value creation story.**
- By positioning the successful companies as **"symbols of Japanese companies pursuing value-creating management,"** this project aims to create an opportunity to **encourage investors in Japan and abroad to reevaluate Japanese companies.** In addition, by presenting the messages conveyed by METI through the Ito Review series in the form of case analyses, the project aims to **encourage Japanese companies to implement management and business reforms aimed at long-term, sustainable corporate value enhancement.**

Background of "SX Brands" (METI's "Ito Review" series and "Guidance for Collaborative Value Creation")

- **The return on equity (ROE) of Japanese companies** has improved to some extent, but still lags behind that of Western companies.
- In addition, **the percentage of companies with a price book value ratio (PBR) below 1x** is much higher than in Europe and the United States.
- Since 2014, through the **Ito Review series, METI** has consistently **advocated the importance of improving corporate sustainability (the long-term, sustainable corporate value of the company)**, the importance of constructive dialogue, engagement, and disclosure with investors and others for this purpose, **and the importance of ESG perspectives**. It has also published "Guidance for Collaborative Value Creation" as a practical framework (guidance) for SX management.
- In particular, the "Ito Review 3.0," the 2022 supplement, **emphasizes the importance of "SX" for the long term, sustainable value creation of companies**, in light of the increasing importance of synchronizing corporate sustainability with the sustainability of society. At the same time, the Guidance for Collaborative Value Creation was revised **and published as "Guidance for Collaborative Value Creation 2.0" as a framework for realizing SX**.

[Reference] "Ito Review" series and "Guidance for Collaborative Value Creation 2.0"

Ito Review (2014)

https://www.meti.go.jp/policy/economy/keiei_innovation/kigyokaikei/ito_review_released_august2014_en.pdf

Ito Review 2.0 (2017, expanded edition)

https://www.meti.go.jp/policy/economy/keiei_innovation/kigyokaikei/pdf/itoreport2.0.pdf

Ito Review 3.0 (2022, expanded edition)

https://www.meti.go.jp/policy/economy/keiei_innovation/kigyokaikei/ito_review_3.0_sx_edition_released_august2022_en.pdf

Guidance for Collaborative Value Creation 2.0 (Revised 2022)

https://www.meti.go.jp/policy/economy/keiei_innovation/kigyokaikei/guidance_for_collaborative_value_creation_2.0_en.pdf

The "Ito Review" series (theory)



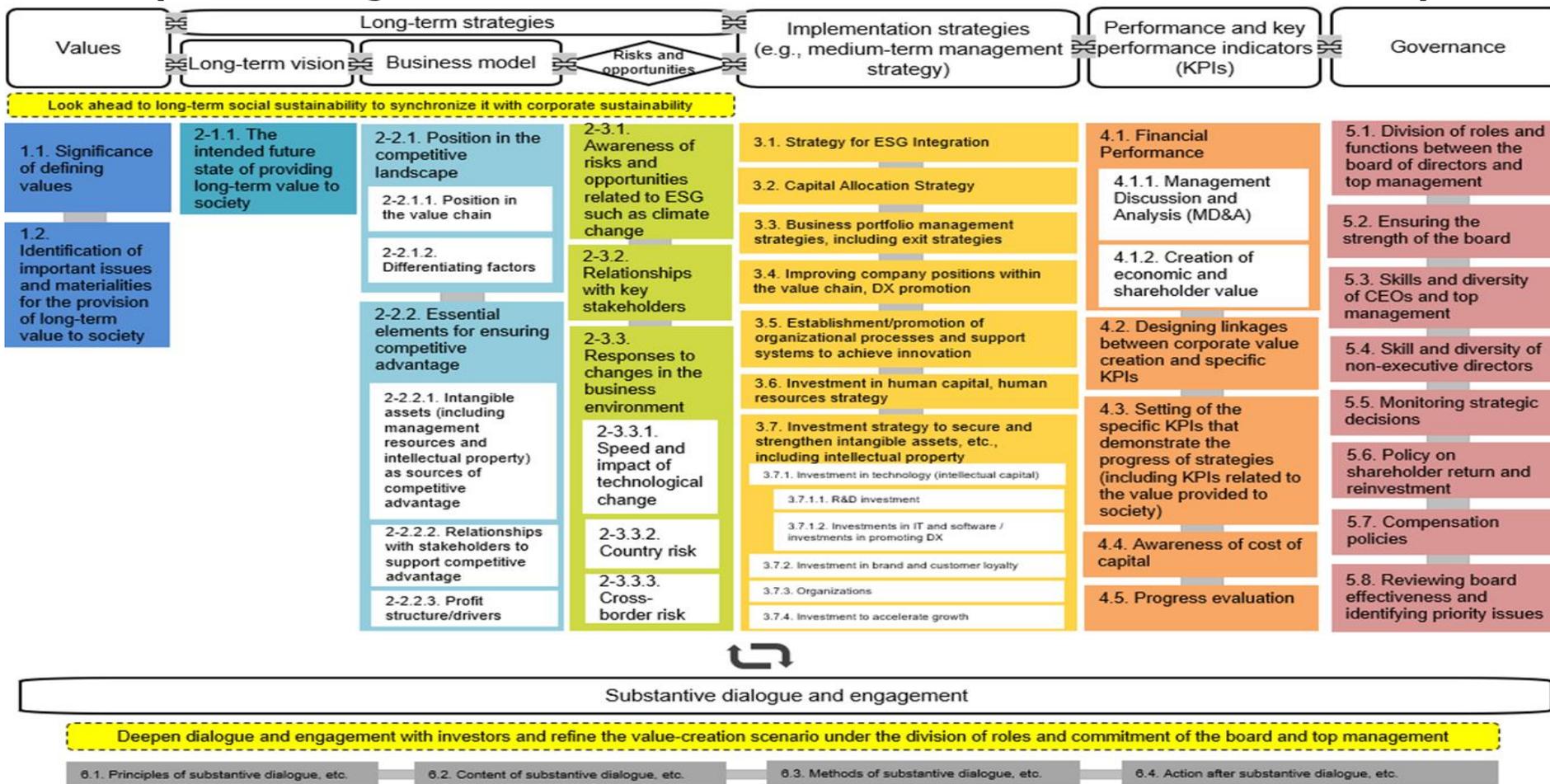
"Guidance for Collaborative Value Creation 2.0" (Practical Framework)



(Reference) "Guidance for Collaborative Value Creation 2.0" as a "Practical Framework"

To promote sustainable corporate value creation management, an issue raised in the Ito Review (2014), METI formulated and published the **"Guidance for Collaborative Value Creation"** in 2017 as **a framework for companies to effectively disclose information and engage in constructive dialog with investors.** In addition, METI formulated a revised version of the **"Guidance for Collaborative Value Creation 2.0"** in 2022 to **clarify the elements included in the SX.**

(Overall diagram of "Guidance for Collaborative Value Creation 2.0")



Selection of the SX Brands

- For the SX Brands, we have **selected a group of leading companies that, based on the background on p.6, will enhance their ability to create sustainable sources of growth through SX and increase their corporate value.**
- Since such companies are expected to generate returns in excess of their cost of equity over the medium to long term, SX brands were selected from companies with a **P/B ratio of at least 1x.**

〈Selection of SX Brands〉

Eligible Applicants : **All companies listed on the Tokyo Stock Exchange**
〈 About 3,800 companies 〉

Selection of items based on the **Guidance for Collaborative Value Creation 2.0**.
Screening of **value creation stories** with descriptive items
P/B ratio of at least 1x is a prerequisite.

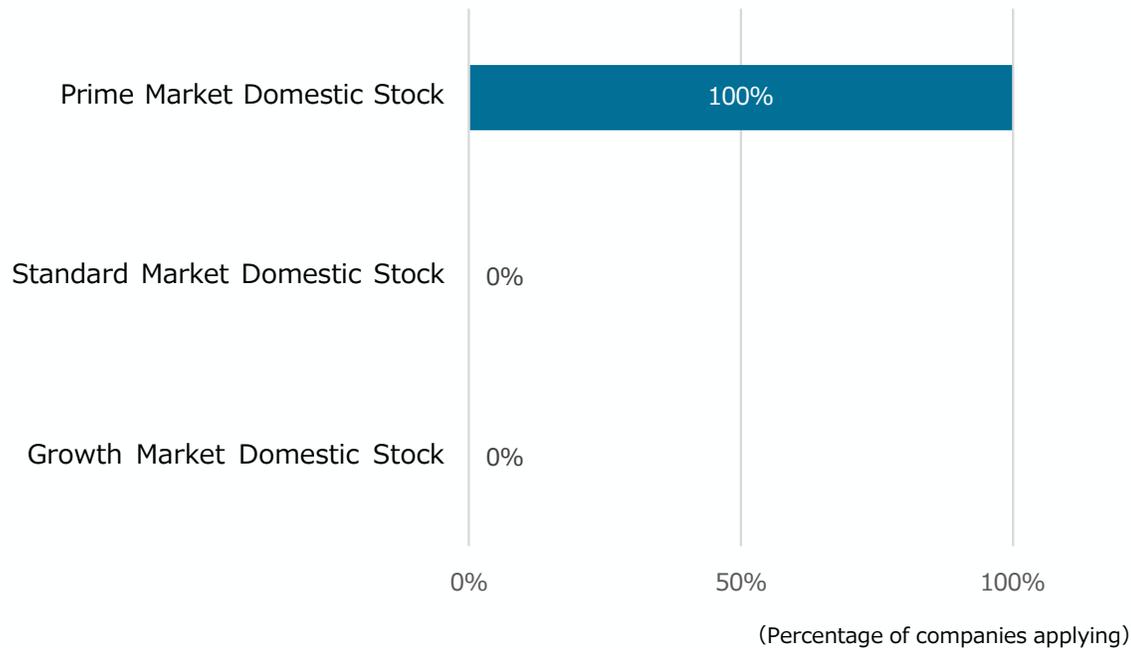


2. Analysis of companies applying

Overview

- Only Prime market companies applied for the SX Brands.
- The larger the market capitalization, the greater the more companies apply, with 40% of companies with a market capitalization of over 4 trillion yen applying for the SX Brands.

Market Segment Breakdown of Companies Applying



Market capitalization	Percentage of applications for each market capitalization category (Number of applications/all those exceeding 1x PBR)
More than 4 trillion yen	40.0%
1 trillion yen to 4 trillion yen	30.9%
500 billion yen to 1 trillion yen	16.9%
Less than 500 billion yen	1.5%

Results of the analysis based on Applicant Primary Screening Score Rates

- In total, 70 companies applied for SX Brands 2025, and based on primary screening scores in four categories: "Values and Long-Term Strategy," "Execution Strategy," "KPI and Governance," and "Substantive Dialogue and Engagement," a cluster analysis was conducted to clarify the characteristics of the groups of companies.
- The results of the cluster analysis showed that there were three distinct groups of companies.
- In particular, a group of companies with low scores rates in "**Substantive Dialogue and Engagement**" was identified, indicating that this is a critical area requiring improvement for approximately 70% of the applicant companies (clusters 1 and 2).

Cluster analysis is a statistical method that classifies data into groups based on similarity, allowing for the identification of natural patterns in the data.

Analysis of applicant companies' primary screening scores resulted in the classification of three characteristic clusters based on the four evaluation criteria:

Cluster0 (30% of applicant companies)

High-level group
showing overall high score rates.

Cluster1 (50% of applicant companies)

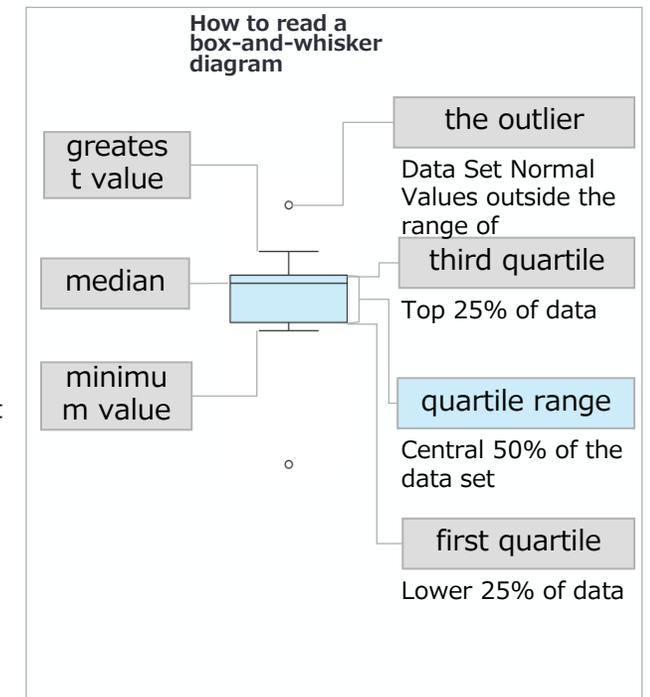
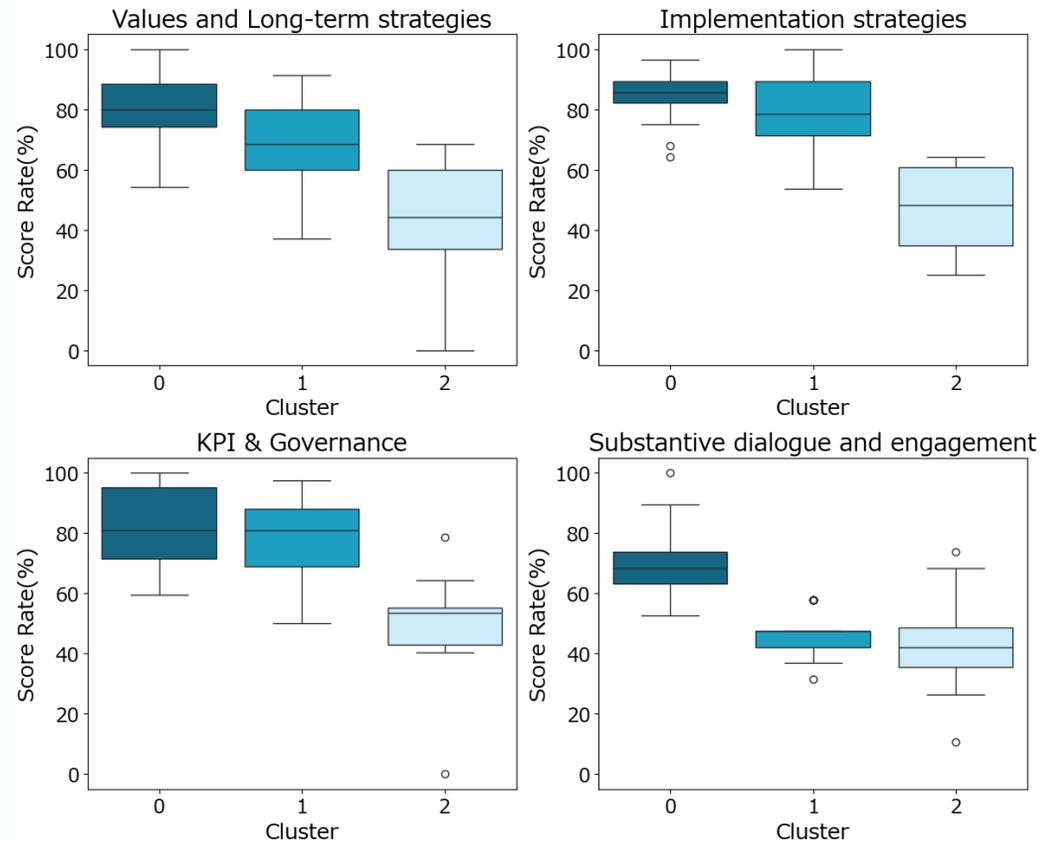
Low-level group for dialogue and engagement

Only "Substantive Dialogue and Engagement" has a low score, while other indicators have standard scores.

Cluster2 (20% of applicant companies)

Low to medium-level group
showing low to moderate score rates.

Score Rate Distribution by Cluster Based on Primary Screening Score Rates



① Values and long-term

Characteristics of the companies applying for the SX Brands and corporate issues

- Almost all applicants have identified a significant issue.
- Many applicants have room for improvement in their goal setting and identification of differentiators based on backcasting and forecasting.

Percentage of companies that selected Choice 1 (I am fully engaged in the questions)

			All applied companies	Companies that passed the first screening	SX Brands name
In MANY companies Initiatives to be confirmed	Identification of key issues	✓ Almost all applicants have identified key issues	99%	100%	100%
		Question 3-1 Identification of material issues			
In SOME companies. Initiatives to be confirmed	Create a business model based on your goals	✓ Over 60% of the companies selected for the SX brands and those that passed the first screening have created business models based on their goals.	47%	61%	62%
		Question 3-10 The business model is created based on the company's goals.			
In many companies Efforts NOT confirmed	Setting the Goal	✓ Only a few companies are implementing backcasting or forecasting	17%	26%	38%
		Question 3-7 The target is set by backcasting.			
	Question 3-9 The target is set in the forecast.	34%	39%	46%	
	Identification of Differentiators	✓ Only a few companies have clearly defined their market positioning based on their aspirations	17%	22%	31%
Question 3-13 Position of the company in the market power structure based on its goals and identify factors that differentiate us from our competitors.					

② Execution strategy

Characteristics of the companies applying for the SX Brands and corporate issues

- Many applicants are working to implement investments and resource allocations that take ESG factors, reform their value chains, develop investment strategies for intangible assets, and promote innovation.
- Many applicants have not progressed in their efforts to invest in human capital, including raising wages.

Percentage of companies that selected Choice 1 (We are fully engaged in the questions)

All applied companies Companies that passed the first screening SX Brands name

In many companies Initiatives to be confirmed	Investment and resource allocation for ESG factors, etc.	<p>✓ Over 80% of the companies see ESG and other factors as opportunities to change or strengthen their business models, and are making investments and allocating resources.</p> <p>Question 4-20 Invest and allocate resources by positioning ESG and other factors as opportunities to strengthen and transform the business model.</p>	83%	87%	85%
	Value Chain Reform	<p>✓ Over 70% of the companies selected for the SX issue and those that passed the first round of screening are implementing value chain reforms by going beyond their existing business domains and collaborating with new companies.</p> <p>Question 4-6 Implementing value chain innovations through partnerships with new companies in anticipation of changes in the external environment.</p>	64%	74%	77%
	Creation of investment strategies to secure and strengthen intangible and other assets	<p>✓ Over 70% of the companies selected for the SX issue and those that passed the first screening have established investment strategies to secure and strengthen intangible assets, including intellectual property.</p> <p>Question 4-15 Developing investment strategies to secure and strengthen intangible assets, including intellectual property.</p>	67%	78%	77%
	Driving Innovation	<p>✓ Over 70% of the companies selected for the SX Issue and those that passed the first round of screening have established a system for innovation creation and are promoting innovation initiatives.</p> <p>Question 4-8 Establishing a promotion system for innovation creation and promoting innovation initiatives.</p>	61%	76%	77%
In many companies Efforts not confirmed	Development of human resources strategy and investment in human capital	<p>✓ Only a few companies are developing human resource strategies and investing in human capital, including wage increases</p> <p>Question 4-10 Developing a human resource strategy and investing in human capital, including wage increases.</p>	29%	30%	38%

③ KPI

Characteristics of the companies applying for the SX Brands and corporate issues

- Many applicants set KPIs for value creation and link them to executive compensation.
- All SX Brand-selected companies set their own KPIs, link executive incentives to these KPIs, and provide explanations for their settings.
- Many applicants, including SX Brands, have not made progress in disclosing their perception of cost.

Percentage of companies that selected Choice 1 (We are fully engaged in the questions)

All applied companies Companies that passed the first screening SX Brands name

In many companies Initiatives to be confirmed	Value creation KPIs and unique KPI settings	<p>✓ KPIs related to value creation have been established by all SX Issue Selects and the majority of applicants.</p> <p>Question 5-1 KPIs related to value creation and company-specific KPIs</p>	90%	96%	100%
	Efforts to motivate board members and link to KPIs	<p>✓ All SX issue selectees and applicants have initiatives and mechanisms in place to motivate board members.</p> <p>Question 5-20 Efforts and mechanisms in place to motivate board members</p>	97%	98%	100%
	Explanation of the rationale for the setting of company-specific KPIs	<p>✓ All SX issue selectees and the majority of companies applying explain the rationale for setting company-specific KPIs</p> <p>Question 5-5 Explains the rationale for setting company-specific KPIs</p>	73%	85%	100%
In many companies Efforts not confirmed	Disclosure of recognition of cost of capital by business segment	<p>✓ Only a few companies disclose recognition of cost of capital for major business segments</p> <p>Question 5-6 Only cost of capital disclosed by major business segment.</p>	17%	22%	31%

④ Governance

Characteristics of the companies applying for the SX Brands and corporate issues

- All SX issuers and most applicants have in place the appointment and removal of directors and senior management on the basis of skill requirements.
- Only about half of the applicants that applied had management oversight/evaluation by outside directors, etc.

Percentage of companies that selected Choice 1 (We are fully engaged in the questions)

All applied companies Companies that passed the first screening SX Brands name

In many companies Initiatives to be confirmed	Appointment and dismissal of directors and management by skill requirements	<p>✓ All SX issue selectors and the majority of applicant companies have identified the skills required of their board and management team, and appoint or remove them based on their skills</p> <p>Question 5-15 Identifying the skills required of board members and management and appointing and removing them on the basis of those skills.</p>	97%	98%	100%
	Presentation of assessment of board effectiveness, etc. to investors	<p>✓ Just under 90% of the companies that applied for the award disclose to investors the results of their assessment of board effectiveness and their priorities for improvement.</p> <p>Question 5-22 The results of the evaluation of director effectiveness and the priority issues to be addressed for improvement are presented to investors.</p>	87%	91%	85%
	Succession planning by management	<p>✓ Over 60% of the applicants selected for the SX issue and those that passed the first round of screening have succession plans in place to clarify the qualities of management and develop management.</p> <p>Question 5-13 Clarify management qualities and develop a succession plan.</p>	56%	61%	62%
In some companies. Initiatives to be confirmed	Outside Directors, etc. Appropriate supervision and evaluation of management by	<p>✓ Only about half of the applicants that applied had outside directors and others appropriately overseeing and evaluating the strategic decision-making of the management team responsible for business execution.</p> <p>Question 5-19 Outside directors provide appropriate oversight and assessment of management's strategic decisions.</p>	46%	57%	54%

⑤ Substantive dialogue and engagement

Characteristics of the companies applying for the SX Brands and corporate issues

- Almost all of the applicants have individual dialogues between management and investors, but only more than 60% of the SX companies have individual dialogues between outside directors and investors.
- Many of the applicants do not show investors the progress and results of the KPIs and strategies set out in the dialogue, and it is difficult to see how they are incorporating the suggestions from the dialogue into their initiatives.

Percentage of companies that selected Choice 1 (We are fully engaged in the questions)

All applied companies Companies that passed the first screening SX Brands name

In many companies Initiatives to be confirmed	Individual dialogue between management and investors	<p>✓ Opportunities for individual dialogue between investors and management, including the president, are provided at all companies selected for SX issues and companies that pass the first round of screening.</p> <p>Question 6-4* Individual dialogue between management, including the president, and investors. *Percentage of firms that selected Option 1 (management including the president and outside directors) and Option 2 (management including the president)</p>	97%*	100%*	100%*
	Outside Directors Individual dialogue with investors	<p>✓ Fewer companies have outside directors talking to investors individually compared to the percentage of management participating in dialogue with investors.</p> <p>Question 6-4 Management, and non-executive directors are engaged in dialogue with investors as required.</p>	60%	70%	62%
In many companies Efforts not confirmed	Explaining progress to investors	<p>✓ Only a small number of companies show investors the progress and achievement of the implemented KPIs and strategies through dialogue and other means</p> <p>Question 6-6 Show investors the progress and results of the KPIs and strategies set out in the dialogue.</p>	4%	7%	8%
	Reflecting on suggestions from the dialogue on initiatives	<p>✓ Few companies review and improve their key issues, strategies, KPIs, governance structure, etc. on the basis of suggestions received through dialogue, etc.</p> <p>Question 6-7 Reflecting suggestions from dialogues, etc. in initiatives.</p>	27%	37%	31%

Collection of good examples

- This collection of case studies presents examples of companies that have been selected for SX Brands 2025 and that have fully answered the questions in the initial screening of the SX survey, together with key evaluation points related to their SX initiatives.

Question Number		Main Items	Content of a Question
1	Question 3-7	Values and Long-term Strategies	When setting the vision, does the company consider the positioning of the company in the future market and the initiatives needed to achieve it (backcasting), taking into account expected changes in society in the short, medium and long term?
2	Question 3-9	Values and Long-term Strategies	In setting the company's vision, after analyzing the company's competitive advantages and strengths, does the company consider how these can be strengthened and maintained in the future (i.e. forecasting)?
3	Question 3-10	Values and Long-term Strategies	Based on the vision, has the company established a business model (including transformation) that will serve as the basis for long-term, sustainable corporate value?
4	Question 3-13	Values and Long-term Strategies	Based on the vision, has the company analyzed its position in the market power structure and identified the factors that differentiate it from its competitors and the sustainability of such differentiation?
5	Question 4-2	Implementation strategy	Has the company formulated a picture of the long-term business portfolio for the achievement of its goals through ROIC analysis, etc., and has it developed a strategy for the realization of this portfolio?
6	Question 4-10	Implementation strategy	Does the company develop human resource strategy and invest in human capital, including compensation, to achieve its vision?
7	Question 5-6	KPI & Governance	Does the company disclose its perception of the cost of capital and its perception of the cost of capital for each of its major business segments?
8	Question 5-19	KPI & Governance	Do the directors, especially outside directors, appropriately supervise and evaluate (monitor) the strategic decision-making of the management team responsible for business execution?
9	Question 6-6	Substantial dialogue & Engagement	Does the company evaluate the progress and results of the strategy based on the established KPIs and KPIs, and indicate the status of achievement to investors in the dialogue?
10	Question 6-7	Substantial dialogue & Engagement	Do you review and take action to improve key issues, strategies, KPIs, governance structure, etc., based on input received through dialogues, etc.?

How to read the documents

collection of good examples

Good Example 1
Q3-7 : Values and long-term strategies
Nichirei Corporation

When setting the vision, does the company consider ^② the positioning of the company in the future market and the actions necessary to achieve it (backcasting), taking into account the expected ^③ social changes in the short, medium and long term? ^①

① Evaluation Points
We consider this on the basis of "social changes envisioned in the mid-to long-term (2030)".

③ Evaluation Points
We are considering items to be addressed from a backcasting perspective

① (Recognition of the business environment)
The prospect of a significant decline in the Japanese population presents concerns over the likelihood of a declining domestic consumer market. However, new demand will likely arise from the growing need to save time and the diversification of consumption patterns, resulting from changes in family composition and lifestyles. Outside of Japan, the frozen foods and logistics markets are poised to expand, supported by an increasing consumer orientation toward health and high quality, combined with population growth and progress in development of refrigeration infrastructure in emerging countries. Meanwhile, expectations and demands toward companies will undoubtedly become more diversified and sophisticated.

③ **Nichirei Group Management Cycle**

② Evaluation Points
Assumed positioning of the company in the future market (domestic, overseas, new business)

② (Vision toward 2030)
The Company will promote innovation to create new value that solves the problems of customers and society, and to contribute to people's good dietary life and health.
In the domestic operations, we aim to firmly establish ourselves as the most profitable company in the processed foods and logistics businesses, by providing higher added value and maximizing capital efficiency. In the overseas operations, we target an overseas sales ratio of 30%, particularly through M&A and alliances to expand scale and operating area. In addition, we look to establish new earnings pillars by creating new businesses.

Description

Examples of companies that **have adequately addressed the questions** are presented, along with key evaluation points related to their SX efforts.

① Question number on SX survey form, company name

List the question number, perspective item, and company name on the SX Questionnaire associated with each good practice case.

② Questions

Questions for which less than 50% of the applicants chose option 1 (the question is fully addressed) are listed.

③ Evaluation Points

Introduce evaluation points for disclosure of companies that are good examples of SX initiatives

④ Examples of Corporate Disclosures

Disclosure details of good practice companies as the basis for evaluation points

Source : Nichirei Corp. | INTEGRATED REPORT 2024

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When setting the vision, does the company consider ^② the positioning of the company in the future market and the actions necessary to achieve it (backcasting), taking into account the expected ^① social changes in the short, medium and long term? ^③

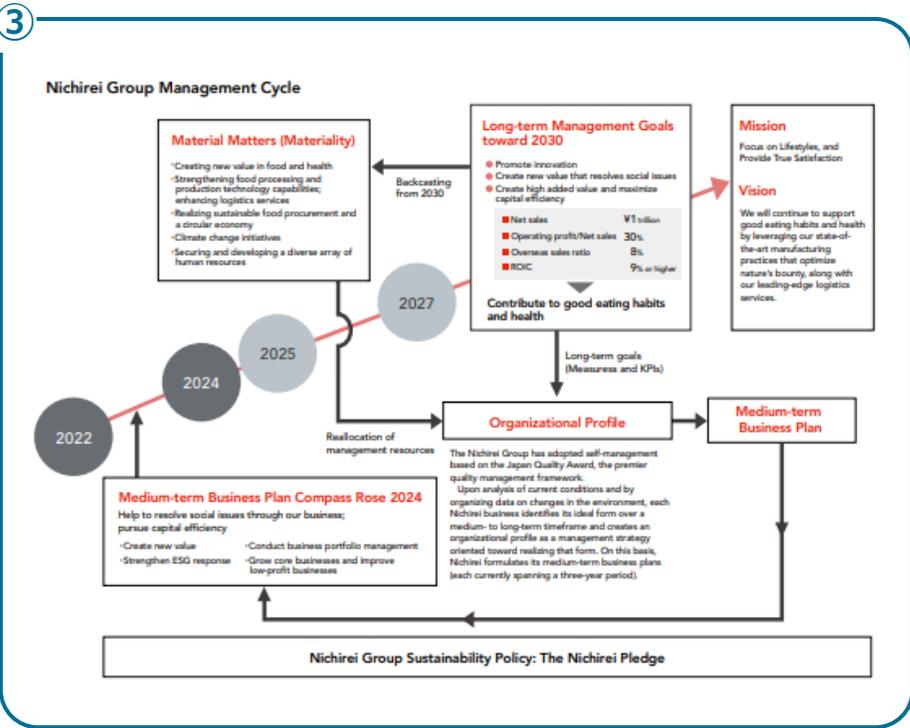
① Evaluation Points
We consider this on the basis of "social changes envisioned **in the mid-to long-term (2030)**".

① III. Formulation of Long-term Management Goals Toward 2030
(Recognition of the business environment)
The prospect of a significant decline in the Japanese population presents concerns over the likelihood of a dwindling domestic consumer market. However, new demand will likely arise from the growing need to save time and the diversification of consumption patterns, resulting from changes in family composition and lifestyles. Outside of Japan, the frozen foods and logistics markets are poised to expand, supported by an increasing consumer orientation toward health and high quality, combined with population growth and progress in development of refrigeration infrastructure in emerging countries. Meanwhile, expectations and demands toward companies will undoubtedly become more diversified and sophisticated

② Evaluation Points
Assumed **positioning of the company in the** future market (domestic, overseas, new business)

② (Vision toward 2030)
The Company will promote innovation to create new value that solves the problems of customers and society, and to contribute to people's good dietary life and health.
In the domestic operations, we aim to firmly establish ourselves as the most profitable company in the processed foods and logistics businesses, by providing higher added value and maximizing capital efficiency. In the overseas operations, we target an overseas sales ratio of 30%, particularly through M&A and alliances to expand scale and operating area. In addition, we look to establish new earnings pillars by creating new businesses.

③ Evaluation Points
We are considering items to be addressed from a **backcasting** perspective



When setting the company's vision, after analyzing ^① **the company's competitive advantages and strengths**, does the company consider how to ^② **strengthen and maintain them** in the future (i.e., forecasting)?

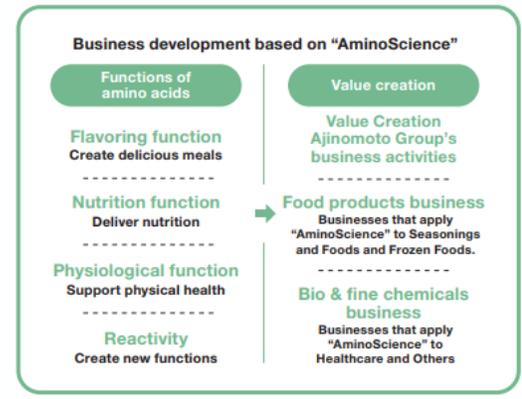
① Evaluation Points
The **company's strengths** (AminoScience) are linked to its future aspirations (what it wants to be).

② Evaluation Points
After analyzing the company's strengths (AminoScience), the company has identified **points (growth areas) to strengthen** for the future.

① What is "AminoScience?"
"AminoScience" is a collective term for the various materials, functions, technologies, and services derived from the research and implementation processes with a rigorous focus on unlocking the power of amino acids. It also refers to the Ajinomoto Group's unique scientific approach to connect these to resolving social issues and contributing to wellbeing. "AminoScience" is one of the sources of the Ajinomoto Group's competitive advantage not easily imitated by other companies.

Well-being for a more prosperous future
Fulfilling the Ajinomoto Group's Purpose requires that we co-create social value and economic value through our business. We believe we can create a more prosperous future for all human beings, our society and our planet by repeating the cycle of improving empathy, accomplishing "well-being" from the consumer's perspective, and returning to society the values we co-create through our business. To achieve these goals, it is important that all employees and stakeholders take active roles, sharing our passion for our Purpose. It's essential that we have a corporate culture that is continually working to realize our vision. Through "AminoScience," the Ajinomoto Group will continue its constant pursuit of the co-creation of social and economic value as we look beyond resolving food and health issues and contribute to the well-being of all human beings, our society and our planet with "AminoScience."

ASV (Ajinomoto Group Creating Shared Value) is about co-creating social and economic value through business. It is the Ajinomoto Group's basic philosophy for realizing its "vision for the future" and Purpose. How do Ajinomoto Group members around the world understand and work towards ASV?



② Co-creating value in four growth areas with "AminoScience"

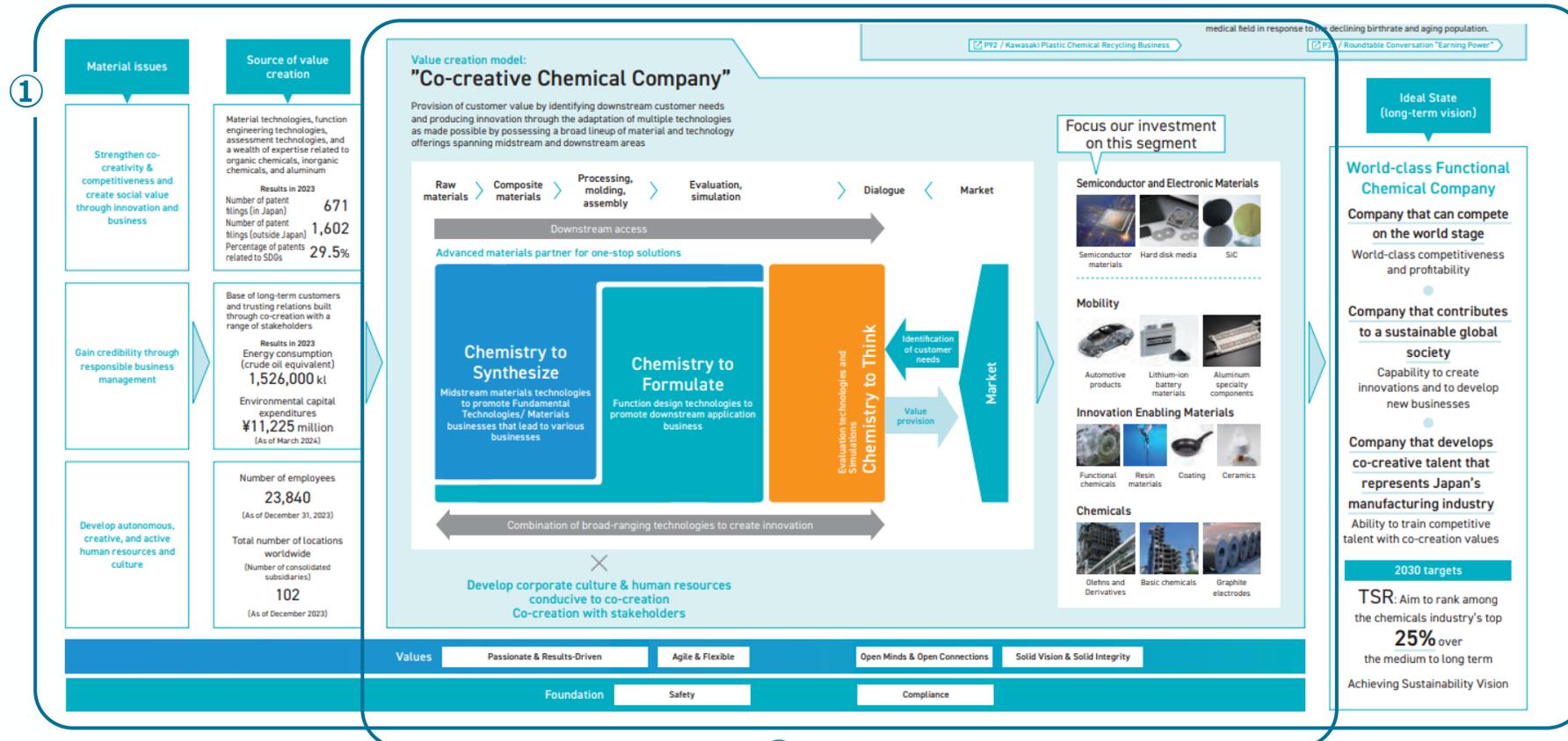
"AminoScience" is the source of the Ajinomoto Group's unique strengths and competitiveness. We can co-create greater social and economic value in four growth areas: Healthcare, Food & Wellness, ICT, and Green.

<p>Healthcare</p> <p>Contributing to advance treatment and prevention, and to help extend healthy life expectancy.</p> <p>With "AminoScience" providing a deeper understanding of the human body, and with the addition of gene therapy CDMO Forge, we will contribute in a wide range of areas, from providing solutions for advanced medical modalities to extending healthy life expectancy.</p>	<p>Food & Wellness</p> <p>Contributing to well-being and self-fulfillment through food.</p> <p>We combine a new business model that utilizes "AminoScience" with an existing business model that evolves through orchestration. We contribute to well-being in everyday life by empathizing with the perspectives of each individual consumer.</p>	<p>ICT</p> <p>Contributing to advance semiconductors for a smart society</p> <p>By utilizing "AminoScience", we will contribute to the evolution of semiconductors with faster speed and lower environmental impact, as well as to the realization of a smart society, including AI, autonomous driving, and photonics-electronics fusion.</p>	<p>Green</p> <p>Contributing to society and the Earth with an eye to the future through sustainable environmental issues.</p> <p>We aim to address pressing environmental issues by reducing the environmental impact through "AminoScience", creating a positive impact, and contributing to the provision of sustainable food and the realization of a bicycle.</p>
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Based on the ^①vision, has the company established a ^②business model (including transformation) that will serve as the basis for long-term, sustainable corporate value?

① Evaluation Points

② The value creation story describes the **desired image (long-term vision)**, and **a business model has been set up to create businesses** that lead to this vision.



Based on the vision, has the company analyzed its position in the market power structure and identified the factors that differentiate it from its competitors and the sustainability of such differentiation?

1 Evaluation Points

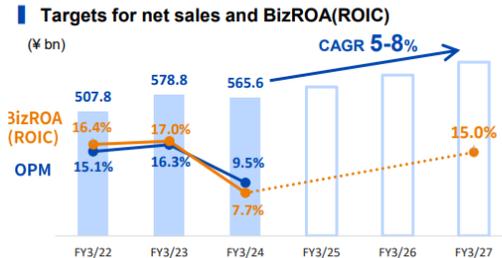
A market power structure with other companies that includes market shares for each of the company's key products, and shows how other companies are entering the market.

2 Evaluation Points

In order to show the company's position in relation to other companies, **differentiation factors** are listed.

Passive Components business strategy

- Pursue continuous growth by providing timely products to the growing markets with leveraging materials, processes technology and quality capability.



1 Priority products estimated market share

Ceramic capacitors for automobiles	No.2 market share	35-40%
Film capacitors	No.2 market share	15-20%
Inductors EMC filters	No.1 market share	45-50%
Varistors	No.1 market share	55-60%
PTC Thermistors	No.1 market share	50-55%

Strategies	Opportunities	Competitive advantage
<ul style="list-style-type: none"> Further strengthen high-reliability products for powertrains Launch new products for ADAS use Optimize investments and manufacturing sites in line with market growth Improve quality and productivity Combine materials and optimal production methods, e.g., winding, layering, and thin-film technologies 	<ul style="list-style-type: none"> Increase in added value and number of components due to the progress of xEVs and ADAS of vehicles Increase in demand for low power consumption passive components, e.g., AI servers Increase in demand for high value-added custom products for industrial equipment use 	<ul style="list-style-type: none"> Combination of materials and processes technology Long-standing quality track record in the automotive market High-reliability eco-friendly technologies, e.g., high-temperature and high-voltage In-house production engineering technology



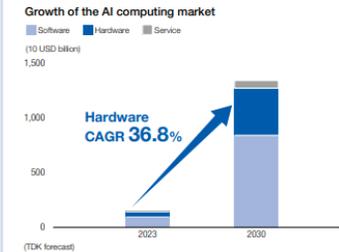
There are also expectations that the number of components used in xEVs will increase steadily. In tandem with this trend, we will substantially increase our production capacity for our main products including MLCCs and film capacitors to steadily meet this demand.

Number of components usage per gasoline vehicles vs. xEVs

	ICE	HEV	PHEV	BEV
MLCCs	5,000	6,000	8,000	10,000
Inductors	450	600	650	700
Piezoelectric Products	100	140	160	180

TOPICS

New needs for passive components in AI markets
In conjunction with the rapid development of AI, the AI computing market is expected to undergo substantial growth in the future. In this market, the demand is increasing not only for software including AI services, but also for hardware, such as the electronic components used by processors and peripheral devices, and in 2030, we expect the growth rate to exceed 36% compared to 2023.



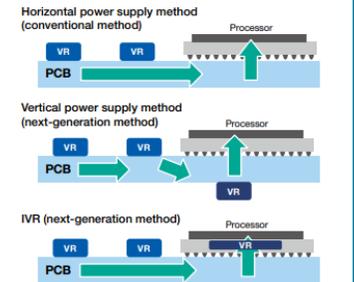
As the performance of the processors used in AI servers improves, the electricity consumption of and the amount of heat generated by power supplies are also expected to increase greatly. To solve these issues, TDK is conducting research on next-generation power supply methods that can save energy by reducing resistance component.

Until now, a horizontal power supply method where electronic components are located around a processor was the mainstream. We believe that future trends will

include, for example, an increase in vertical power supply methods, where the power supply and electronic components are placed directly under the processor, and integrated voltage regulators (iVRs) that are mounted on the board.

If these new technologies can be achieved in the future, we expect that power loss will be reduced by the equivalent of several nuclear power plants compared to conventional power supply methods.

These new technologies will require ultra-compact and ultra-thin electronic components, and for this reason, TDK is developing next-generation inductors that use the winding, multilayering, and thin-film technologies and multilayer thin-film capacitors, which we have developed over many years so that we can respond to these needs.



Has the company formulated a **long-term business portfolio image** to achieve its goals **through ROIC analysis, etc.**, and developed **a strategy to realize this** portfolio?

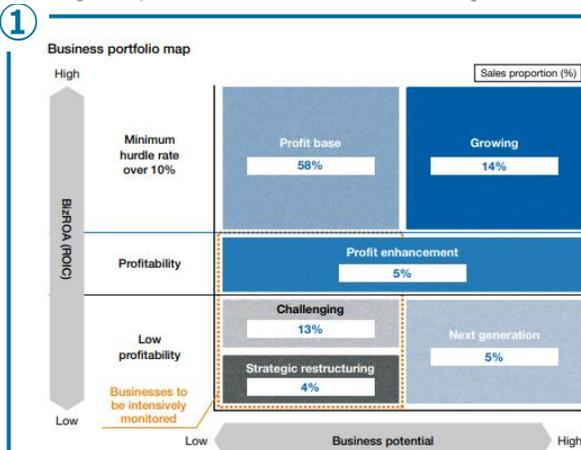
1 Evaluation Points

ROIC Analysis: Portfolio criteria are developed using a table with two axes: "BizROA (ROIC)" and "business potential".

Implementing proactive business portfolio management

Starting in FY March 2022, TDK has stratified approximately 80 cash-flow business units (CBUs) in four segments into six levels based on two axes—BizROA (ROIC) and business potential—and has clarified the strengths of investment allocation to transform and optimize the business portfolio. With respect to BizROA (ROIC), we set a minimum hurdle rate of 10%, and we invest with priority businesses that clear this hurdle and have high future potential.

Starting with the period of the new Medium-term Plan



· BizROA (ROIC) = Business OP after tax and before distribution of corporate expenses / business assets.
 · The 10% minimum hurdle rate is calculated, considering the 7% corporate WACC and corporate expenses.

2 Evaluation Points

Long-term business portfolio: The business expansion policy (direction of growth and capital efficiency improvement) for each segment at a future point in time is shown.

(from FY March 2025), we evolved from a two-axis map of investment allocation to a two-axis map of our business portfolio. We will invest management resources with a focus on businesses that clear the minimum hurdle rate and are expected to grow in the future while appropriately monitoring businesses that fall below the minimum hurdle rate and regarding which there are concerns about future growth ("Businesses to be intensively monitored" in the business portfolio map below) and implement prompt measures to achieve a turnaround. We will also investigate the competitive advantages and sustainability of businesses from a best

owner perspective and reinforce proactive portfolio management, even for those businesses with operating profit margins in the black.

By implementing these measures, we will improve the corporate BizROA (ROIC), secure permanent surplus capacity for investment in order to allocate management resources to growth areas, and improve opportunities for optimal investment in growth businesses, thereby reinforcing the balance of the business portfolio throughout the company.

Past example

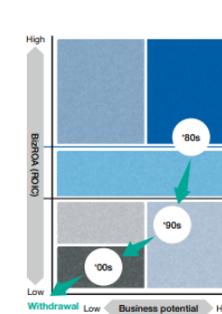
Until now, we have been working to transform and strengthen our business portfolio through M&A and divestment, taking into consideration the competitive advantages of our management resources and industry lifecycles.

For example, we divested our audio tape business in the 2000s. We also achieved a turnaround for SAW devices by introducing TDK process technologies into EPCOS and increasing added value. Later, we sold the business to Qualcomm for about ¥300.0 billion in 2017 from the perspective of the best owner. We then used the proceeds from that sale to acquire InvenSense with the aim of reinforcing the sensor business, and we have expanded and enhanced our sensor product portfolio.

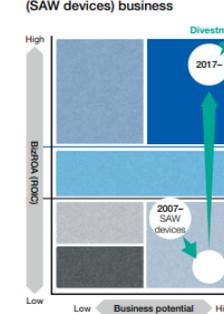
3 Evaluation Points

Strategy: Evaluate each business and optimize overall performance through an integrated management process.

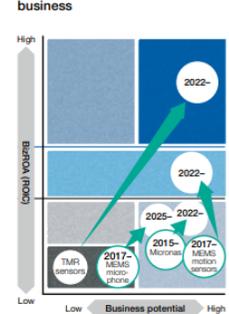
Audio tape business



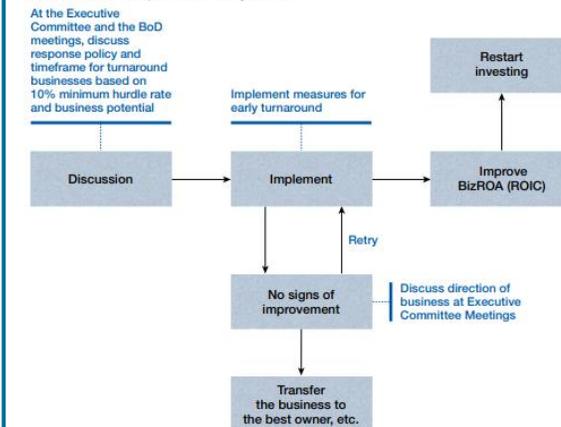
Passive components (SAW devices) business



Sensor application products business



3 Proactive business portfolio management



Emphasis on asset profitability

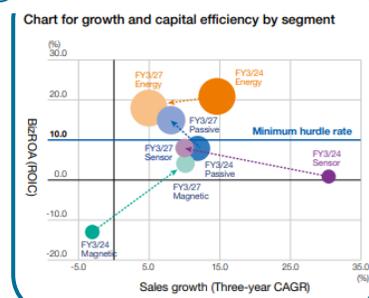
Going forward, we will strive to promote and reinforce business portfolio management in each of the 80 CBUs with the objective of improving ROIC in each segment as indicated in the diagram. Starting in the new Medium-term Plan period, we will place greater emphasis on asset profitability by disclosing ROIC target and actual values in each segment, and in our dialogue with investors, we plan to engage in more specific discussions based on the asset profitability of each business.

Over the medium to long term, we will implement measures to enhance profitability relating to magnetic application products and sensor application products with the objective of clearing the minimum hurdle rates.

BizROA (ROIC) by segment

	FY3/21	FY3/24	FY3/27 (target)
Company-wide	5.2%	5.3%	8.0%
Passive Components	-	7.7%	15.0%
Sensor Application Products	-	1.2%	8.0%
Magnetic Application Products	-	-12.2%	4.0%
Energy Application Products	-	21.5%	18.0%

2 Chart for growth and capital efficiency by segment



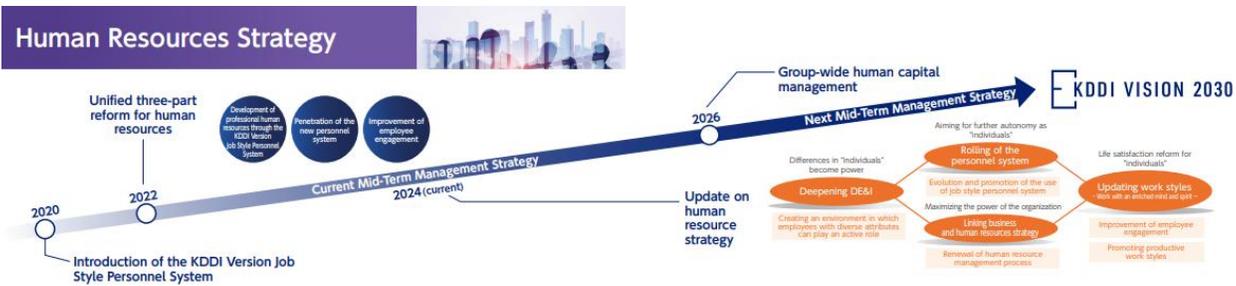
Does the company ^①develop HR strategy and invest ^②in human capital, including wage increases, to achieve its vision?

① Evaluation Points

Human resource issues are recognized, policies are formulated to address them, and **human resource strategies are systematically developed.**

② Evaluation Points

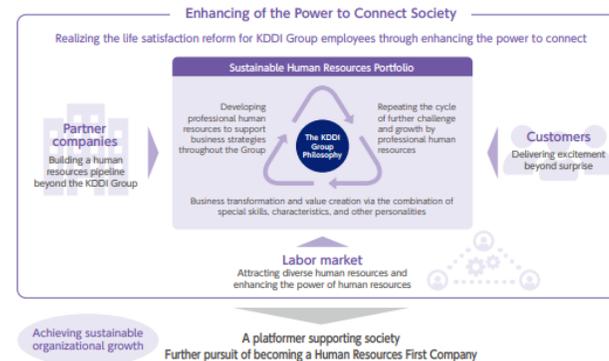
Wage increases included in human capital investment.



① Current Issues and Response Policy

The New Satellite Growth Strategy aims to not only address capability gaps through M&A and mid-career recruitment but also realize its goals by combining internal assets with external expertise to generate new ideas. To achieve this, we will flexibly assign the right person to the right position in accordance with the abilities and career aspirations of all KDDI Group employees, and integrate our business strategy and human resources strategy across the entire Group. We will promote this as a "Group-wide transformation to a human resources-first approach."

As a result, the entire Group can foster a culture in which professional human resources in various business areas mutually recognize and enhance each other, thereby fulfilling a sustainable human resources portfolio.



② マルチステークホルダー方針

当社は、企業経営において、株主にとどまらず、従業員、取引先、顧客、債権者、地域社会をはじめとする多様なステークホルダーとの価値協創が重要となっていることを踏まえ、マルチステークホルダーとの適切な協働に取り組んでまいります。その上で、価値協創や生産性向上によって生み出された収益・成果について、マルチステークホルダーへの適切な分配を行うことが、賃金引上げのモメンタムの維持や経済の持続的発展につながるという観点から、従業員への還元や取引先への配慮が重要であることを踏まえ、以下の取組を進めてまいります。

記

1. 従業員への還元

当社は、「人財ファースト企業」への変革を、「KDDI 版ジョブ型人事制度」「社内 DX の推進」「KDDI 新働き方宣言の実現」の3つの柱で推進することにより、社会と企業の持続的な成長と生産性向上に取り組み、付加価値の最大化に注力します。これらにより生み出した収益、成果は賃金の引上げだけではなく、積極的な人材投資に取り組み、また、従業員のエンゲージメント向上や更なる生産性の向上に資するよう従業員への持続的な還元を目指します。

Does the company disclose its perceived cost of capital and its perception of the **① cost of capital for each of its major business segments?**

① Evaluation Points
Quantitative presentation of cost of capital by business segment using weighted average cost of capital (WACC)

Segment		Organic growth (CAGR)		Business profit (B) (CAGR)		ROIC		EBITDA margin	
		FY22 ^{forecast*} (Sales)	FY25 (FY22-25)	FY22 ^{forecast*} (BP)	FY25 (FY22-25)	FY22 ^{forecast*}	FY25	FY22 ^{forecast}	FY25
Seasonings and Foods	Seasonings	¥748.7 billion	5%	¥81.0 billion	12%	Approx. 12%**	16%	15%	16%
	Quick Nourishment								
	Solution & Ingredients								
WACC 6% → 7%***									
Frozen Foods	Frozen Foods	¥261.1 billion	3%	¥0.1 billion	¥10~ billion	Approx. 0%**	5%	4%	8%
WACC 5% → 5%***									
Healthcare and Others	Bio-Pharma Services & Ingredients	¥303.5 billion	8%	¥55.8 billion	13%	Approx. 13%**	18%	24%	27%
	Functional Materials								
	Others								
WACC 8% → 7%***									
Total		¥1,367.0 billion	5%	¥133.0 billion	15%~	8.0% (Approx. 9%**)	13%	15%	17%
WACC 5% → 6%***									

Source : Ajinomoto Co., Inc. | Purpose-Driven Management by Medium-Term ASV Initiatives 2030 Roadmap (p.33)

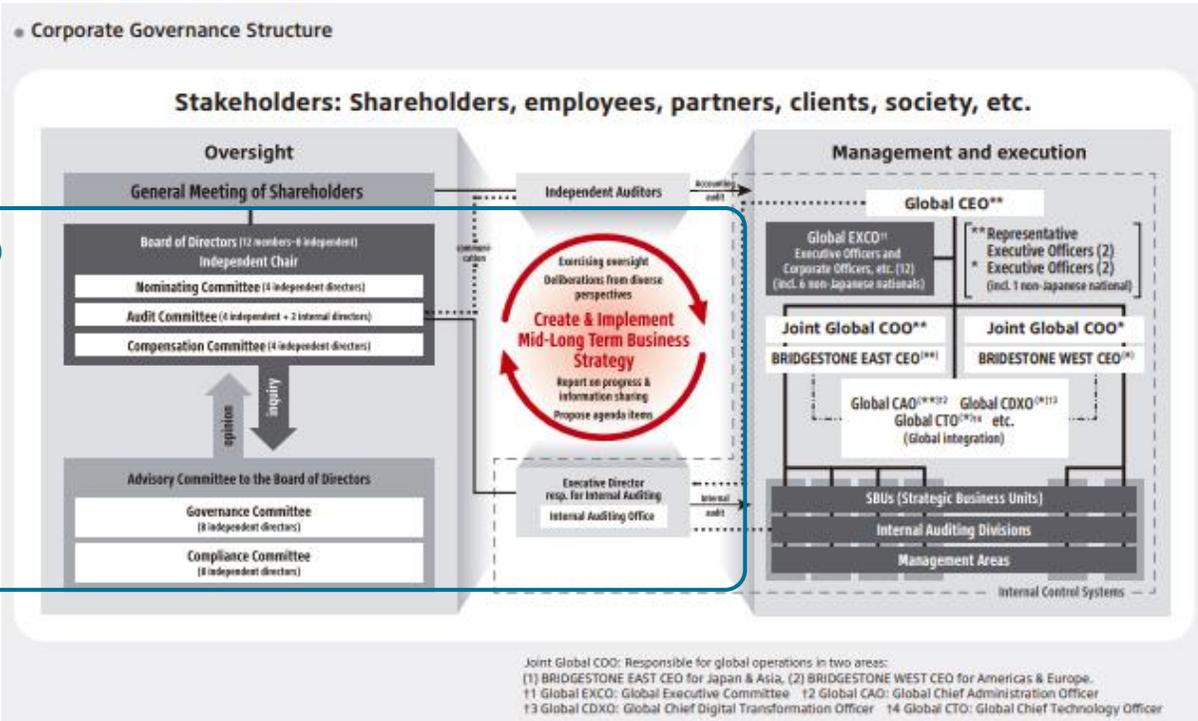
Do the board of directors, especially ^① **outside board of directors**, ^② **appropriately oversee and evaluate (monitor) the strategic decision-making** of the management team responsible for business execution?

① Evaluation Points

The chart shows that the board of directors, with a majority of **independent outside board of directors**, oversees and evaluates the management and execution of the company.

② Evaluation Points

The role played by outside board of directors in **monitoring management's decision-making** (proposals and decisions).



Supplementary Principle 4.11.3

Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.

② As a result of this Board evaluation in 2023, it has been determined that decision-making ensures transparency and that the oversight functions of the Board are being carried out through timely reports to the Board for deliberation, productive discussions among members of the Board, reports and discussions on specific themes based on proposals by independent directors at board meetings, active deliberations at board meetings taking the various perspectives of external independent directors into account and the ongoing efforts of the legally- required and advisory committees to create an organization of global awareness.

Information on the status of execution was shared by the Global CEO to the Board of Directors in a timely and appropriate manner, centered on reports on discussions at the Global Executive Committee (Global EXCO) *1. This enabled the results of the Mid Term Business Plan (2021-2023) to be checked in the light of the already formulated Mid-Long Term Business Strategy and 2030 Long Term Strategic Aspiration and to be used as the basis for the new Mid Term Business Plan (2024-2026) as well as for deliberations and decisions on individual matters. As a result, discussions between the directors and the executive departments were further enhanced when formulating the new Mid Term Business Plan (2024-2026) and when discussing and deciding on individual matters. In addition, the method of setting the agenda for the Board of Directors has been **changed so that the Chairman of the Board of Directors, who is also an independent non-executive director, now drafts the agenda, based on the proposals of the other independent non-executive directors, which has led to even more active discussions that have further increased objectivity and transparency.**

*1: It is comprised of the executive officers and the officers of main business and function and positioned as a highest-level management executive meeting to supervise business strategy and execution with Global CEO as a chairman.

Does the company ^① evaluate the progress and results of the strategy based on the established KPIs and KPIs, and indicate the status of achievement to investors in the conversation? ^②

① Evaluation Points

KPIs are set and progress can be monitored by writing down both **targets and results**.

① Meiji ROESG

ROE: 10.16% (3-year average) × Achieve ESG goals: x1.2 (Achieved 5 Indicators) + Indicators unique to Meiji: +0pt = Meiji ROESG: 12.2pt

Evaluation Indicators	FY2023 Result	FY2023 Target
MSCI ESG Ratings	A	A
DJSI	67 points	65 points
FTSE4Good	4.2 points	3.8 points
CDP (Climate Change)	A	A
CDP (Water Security)	A	A

Sustainability > External Recognition

*1 Compared to 2016 (men 72.14 years old/women 74.79 years old)
 *2 2019 latest survey
 *3 FY2022 latest survey; based on people aged 65 or older receiving routine vaccinations
 *4 Compared to FY2020
 *5 KOSTAVIE approved as a vaccine for the ancestral strain

Indicators	FY2023 Result	FY2023 Target
1) Extend healthy life expectancy*1	+0.56 years*2	+1 year
2) Amount of protein intake	71.4 g/day*2	75 g/day
3) Vaccination rate for influenza vaccines	57.8%*2	60%
4) Employee engagement score	Deviation score B	Deviation score A
5) Sales growth rate for health-conscious products, nutritional products with added value, products for a super-aged society*3	-0.9%	10% or more
6) Success in and supply of vaccine and therapeutic agent for COVID-19	Under development*4	Development and supply

For detailed results of ESG Indicators and Indicators unique to Meiji, please refer to the following page
 Page 17 2023 ESG Summary →

KPIs		FY2021 Result	FY2022 Result	FY2023 Result	YoY Change	FY2023 Target
		(2023 Medium-Term Business Plan Target)				
Integrated goal	Meiji ROESG	12.3pt	13.8pt	12.2pt	-1.6pt	13pt
	Consolidated net sales	JPY 1,013.0 bn	JPY 1,062.1 bn	JPY 1,105.4 bn	+4.1% + JPY 43.3 bn	JPY 1,080.0 bn
Growth and Profitability	Overseas net sales	JPY 92.9 bn	JPY 120.0 bn	JPY 132.3 bn	+10.2% + JPY 12.2 bn	JPY 134.5 bn
	Consolidated operating profit (margin)	JPY 92.9 bn (9.2%)	JPY 75.4 bn (7.1%)	JPY 84.3 bn (7.6%)	+11.8% + JPY 8.8 bn	JPY 120.0 bn (11.1%)
Efficiency and Safety	ROIC	8.4%	6.3%	6.2%	-0.0pt	10% or more
	ROE	13.5%	10.0%	6.9%	-3.1pt	11% or more
Return to shareholders	Payout ratio	28.0%	36.4%	52.3%	+15.9pt	40.0%

② Evaluation Points

"Progress of KPIs" is presented **in dialogue with investors**.

② Constructive Dialogue with Shareholders

Status of Dialogue in FY2023

(1) Main themes of the dialogue

- Progress of KPIs set forth in the 2023 Medium-Term Business Plan (Meiji ROESG**)
- Management policy, business strategies, and capital policy (capital investment, shareholder returns, etc.) in the 2026 Medium-Term Business Plan
- FY2023 Results and FY2024 Plans
- ESG activity policies and initiatives

(2) Main interests and concerns of shareholders

- Food segment: Impact of cost increases in raw materials, etc., and measures to address them such as price increases
- Pharmaceutical segment: Sales trend of antibacterial drugs, status of COVID-19 vaccine research and development, and the impact of the NHI drug price revisions
- Overseas business (especially China business in the Food segment)
- Sustainability procurement, biodiversity, human capital, Intellectual Property, Digital Transformation, etc.

(3) Major issues that the Company recognizes as issues through dialogue with shareholders

- Food segment: Feasibility on measures to recover sales volume of mainstay products
- Pharmaceutical segment: Engage in COVID-19 vaccine development
- Accelerate overseas business expansion and improve its profitability
- Issuing stable and continuous shareholder returns, conducting opportunistic share buyback
- Further promotion of sustainability management, fusing financial and non-financial information (pursue Trade-On)
- Create synergy between food and pharmaceuticals

(4) Status of feedback

- Dialogue content with shareholders is summarized in the IR monthly report, which is then reported by the director in charge of IR to the Board of Directors on a regular basis
- After being reported to management, the IR monthly report is then distributed to all employees. Shareholder and investor opinions are widely shared within the Meiji Group

* ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

Do you ^① **review** and ^② **take action to improve** key issues, strategies, KPIs, governance structure, etc., based on input received through dialogues, etc.?

① Evaluation Points

Reviewing key issues **in** response to opinions and requests obtained through the conversation

② Evaluation Points

Reflecting opinions and requests obtained **in the management strategies** through the conversation.

① 5. **Feedback of shareholder and investor opinions and concerns identified through dialogue**

We minute and record the results of interviews and meetings with shareholders and investors. The content of the dialogue is conveyed to the Board and the HMC on a quarterly basis and discussed at meetings as needed. Matters of high importance or those that require a prompt response are reported to the Representative Director, President and CEO and other executive officers in charge on a case-by-case basis for appropriate action without having to await the next reporting opportunity.

② 6. **Items incorporated based on dialogue and subsequent feedback**

In particular, the Board and the HMC discussed the comments received from several shareholders and investors regarding the importance of cash allocation, shareholder returns, and capital efficiency.

Specifically, in order to increase our corporate value, we have decided to adopt the coexistence of growth and capital efficiency as our basic management policy, and to pursue an optimal capital structure and enhance the sophistication of investment decision-making, as well as to emphasize the diversification of our shareholders and improve share liquidity. In addition, we will continue to promote capital efficiency-conscious management, including ROIC and ROE as one of the KPIs, based on the financial strategy of the "PERSOL Group Mid-term Management Plan 2026."

3 . Successful companies Report

How to read

Page layout

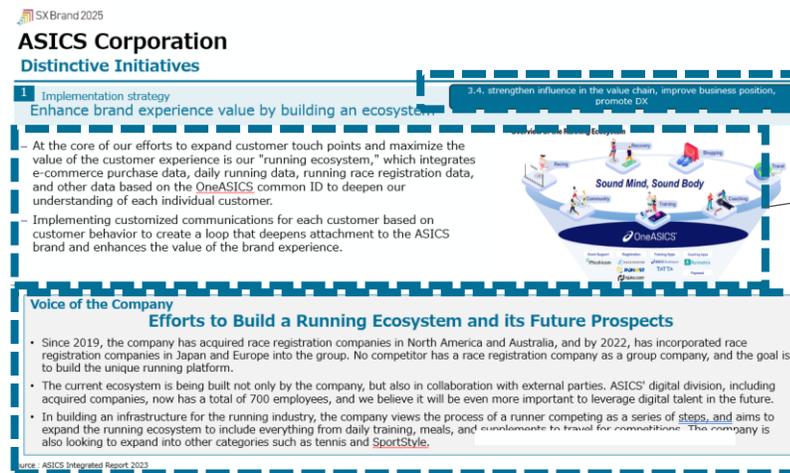
Company Overview

(Page 1)



Initiatives

(Page 2,3)



Description

1 General comments and evaluation by viewpoint

SX Brands Evaluation Committee (hereinafter, the details of the evaluation by the Evaluation Committee are described by company

- In selecting SX Brands, companies are evaluated from four perspectives ((1) values and long-term strategy, (2) execution strategy, (3) KPIs and governance, (4) substantive dialogue and engagement) as a whole and by perspective, and (5) feasibility)

2 Value Creation Story

Value creation story (process) as a way of medium- to long-term value creation of a company, excerpted from disclosure materials

3 Guidance for Collaborative Value Creation 2.0 where applicable

In "Guidance for Collaborative Value Creation 2.0", Paragraph number(s) associated with each initiative

4 Introduction of distinctive initiatives

Introducing the characteristic studies and initiatives of each company, focusing on the contents that were highly evaluated by the evaluation committee.

5 Company Voices

Comments from the company on the trigger, review process, etc. for each initiative.

*Independent of the content of the evaluation by the evaluation committee

List of Companies (in Japanese alphabetical order)

Company Name	Page
ASICS Corporation	32
Ajinomoto Co., Inc.*	35
KDDI CORPORATION*	38
SoftBank Corp.	41
DAIICHI SANKYO COMPANY, LIMITED*	44
Daikin Industries, Ltd.*	47
TDK Corporation	50
Nichirei Corporation	53
PERSOL HOLDINGS CO., LTD.	56
Bridgestone Corporation*	59
Meiji Holdings Co., Ltd.*	62
Ryohin Keikaku Co.,Ltd.	65
Resonac Holdings Corporation.	68

* : The Company selected for SX Brands 2024 and SX Brands 2025 for two consecutive years

ASICS Corporation

*average of September 2023 - August 2024

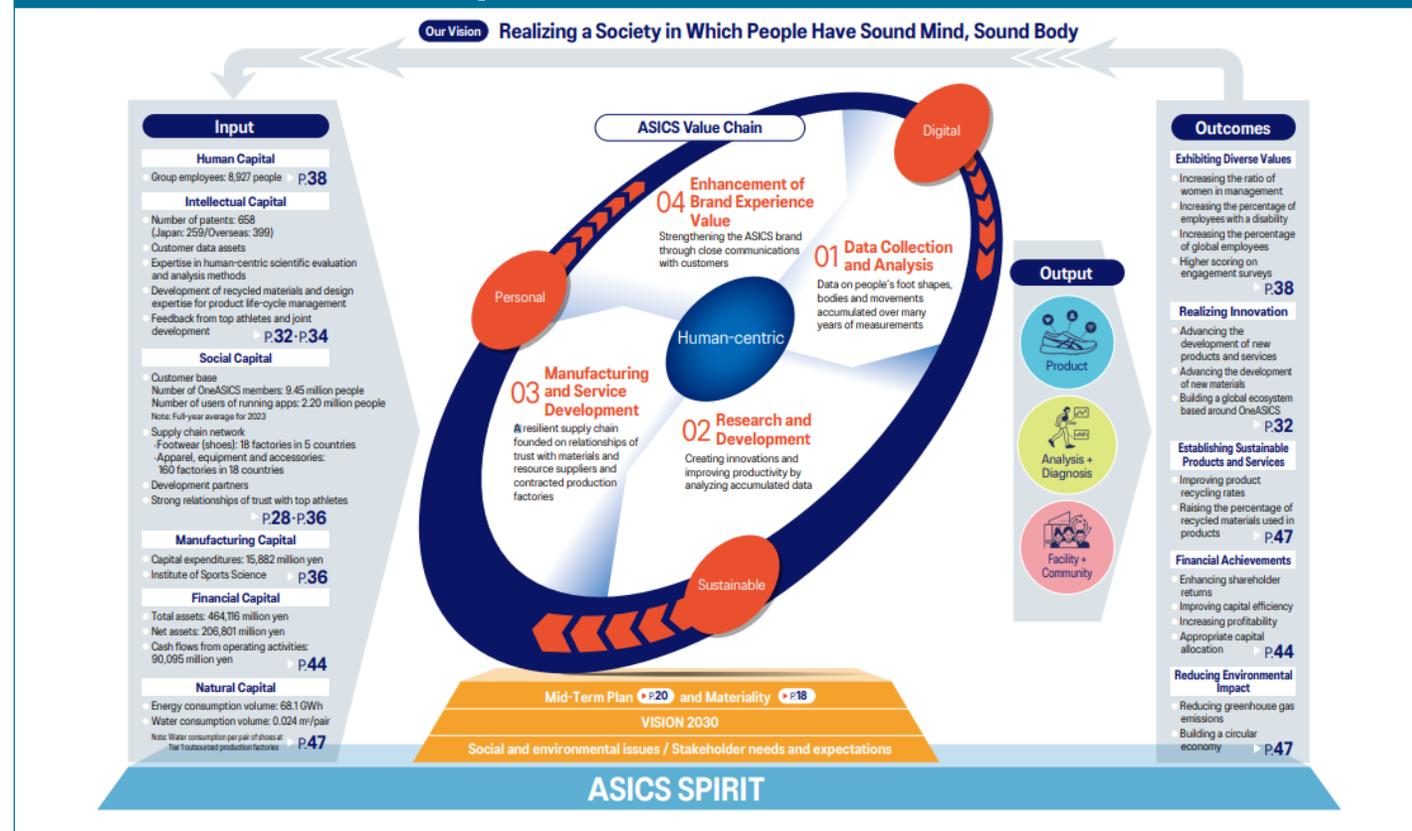
General Evaluation

- The corporate philosophy is backed up by the company's track record. And it is the foundation of the company's long-term strategy.
- Materiality reflects the company's unique characteristics and is consistent with its corporate philosophy. By reviewing the overall framework of marketing, digital and corporate, then confirming performance improvements as a result.

Evaluation by Point of View

Values & long-term strategy	The corporate philosophy is based on the history of the company since its inception and is also closely related to the long-term strategy. The business model is based on differentiated strengths and is structured to support the long-term strategy.
Implementation strategy	Toward VISION 2030, in particular, business portfolio, DX, intangible asset investment including intellectual property, human resources, sustainability, and capital policy are being developed.
KPI & Governance	The majority of the Nominating and Compensation Committee is composed of independent outside directors, and the Chairman of the Committee is also an outside director. The Board of Directors is composed of a diverse range of backgrounds.
Substantial-conversation & Engagement	Management and outside directors, including the chairman&president, are individually interacting with investors. A system for utilizing the dialogue in management is shown.

Value Creation Story



ASICS Corporation

Distinctive Initiatives

1 Implementation strategy Enhance brand experience value by building an ecosystem

3.4. strengthen influence in the value chain, improve business position, promote DX

- At the core of our efforts to expand customer touch points and maximize the value of the customer experience is our "running ecosystem," which integrates e-commerce purchase data, daily running data, running race registration data, and other data based on the OneASICS common ID to deepen our understanding of each individual customer.
- Implementing customized communications for each customer based on customer behavior to create a loop that deepens attachment to the ASICS brand and enhances the value of the brand experience.

Overview of the Running Ecosystem



Voice of the Company

Efforts to Build a Running Ecosystem and its Future Prospects

- Since 2019, the company has acquired race registration companies in North America and Australia, and by 2022, has incorporated race registration companies in Japan and Europe into the group. No competitor has a race registration company as a group company, and the goal is to build the unique running platform.
- The current ecosystem is being built not only by the company, but also in collaboration with external parties. ASICS' digital division, including acquired companies, now has a total of 700 employees, and we believe it will be even more important to leverage digital talent in the future.
- In building an infrastructure for the running industry, the company views the process of a runner competing as a series of steps, and aims to expand the running ecosystem to include everything from daily training, meals, and supplements to travel for competitions. The company is also looking to expand into other categories such as tennis and SportStyle.

ASICS Corporation

Distinctive Initiatives

2 Implementation strategy

Practicing "Intellectual Property Management" that integrates intellectual property and management

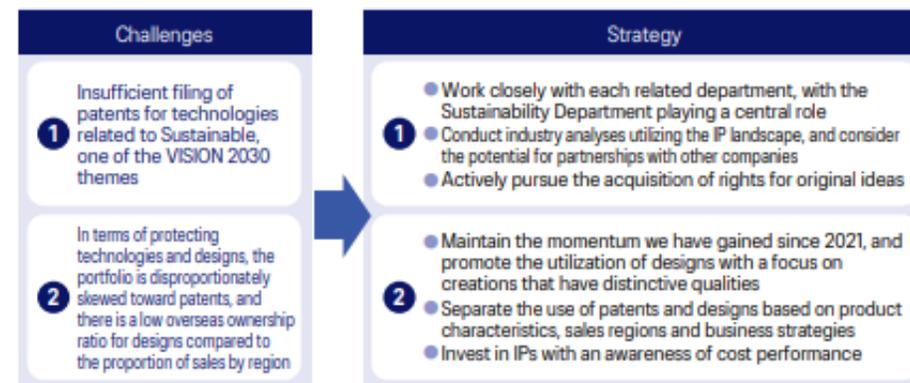
- The ASICS&Onitsuka Tiger brand is the largest intellectual property, and we strategically utilize intellectual property and practice "intellectual property management" to protect the brand, enhance brand value, and increase corporate value.

Voice of the Company

Efforts to Protect "Intellectual Property" as a Brand Company

- The company places the highest priority on brand protection in each of its business areas, and focuses on using patents and designs to protect its products and items it has developed. As a brand manufacturer, the Company places a high priority on actively participating in and protecting intellectual property.
- As part of brand protection, the company believes that we should aim for high value-added, high priced products.

3.7. investment strategies to secure and strengthen intangible assets, including intellectual property



3 Substantive dialogue and engagement

Expansion of two-way dialogue with capital markets

- Trying to expand two-way dialogue with the capital markets. For example, by reviewing and proposing improvement plans based on feedback from the capital markets and holding analyst study sessions for the chairman, president and all executive officers.

Delivering Feedback to Management

Content of feedback	Reporting line	Frequency	Contents
Regular reports made at Board Meeting	Board Meeting	As appropriate	Reporting on the status of financial results meetings and comments and questions from analysts and investors as feedback from the capital markets
IR monthly highlights	All Executive Officers	Monthly	Sending out information on matters of interest to capital market participants, various analyst consensus, trends in stock price-related indicators, status of IR activities, etc., via e-mail

6.4. actions after substantive dialogue, etc.

Voice of the Company

Mechanisms for Utilizing Dialogue in Management

- Based on feedback from investors and analysts, discussions are held daily by the CFO and below to improve disclosure. Based on these discussions, suggestions for improvement are made to the Chairman & President in a timely and flexible manner, and the results are incorporated into IR activities.

Ajinomoto Co., Inc.

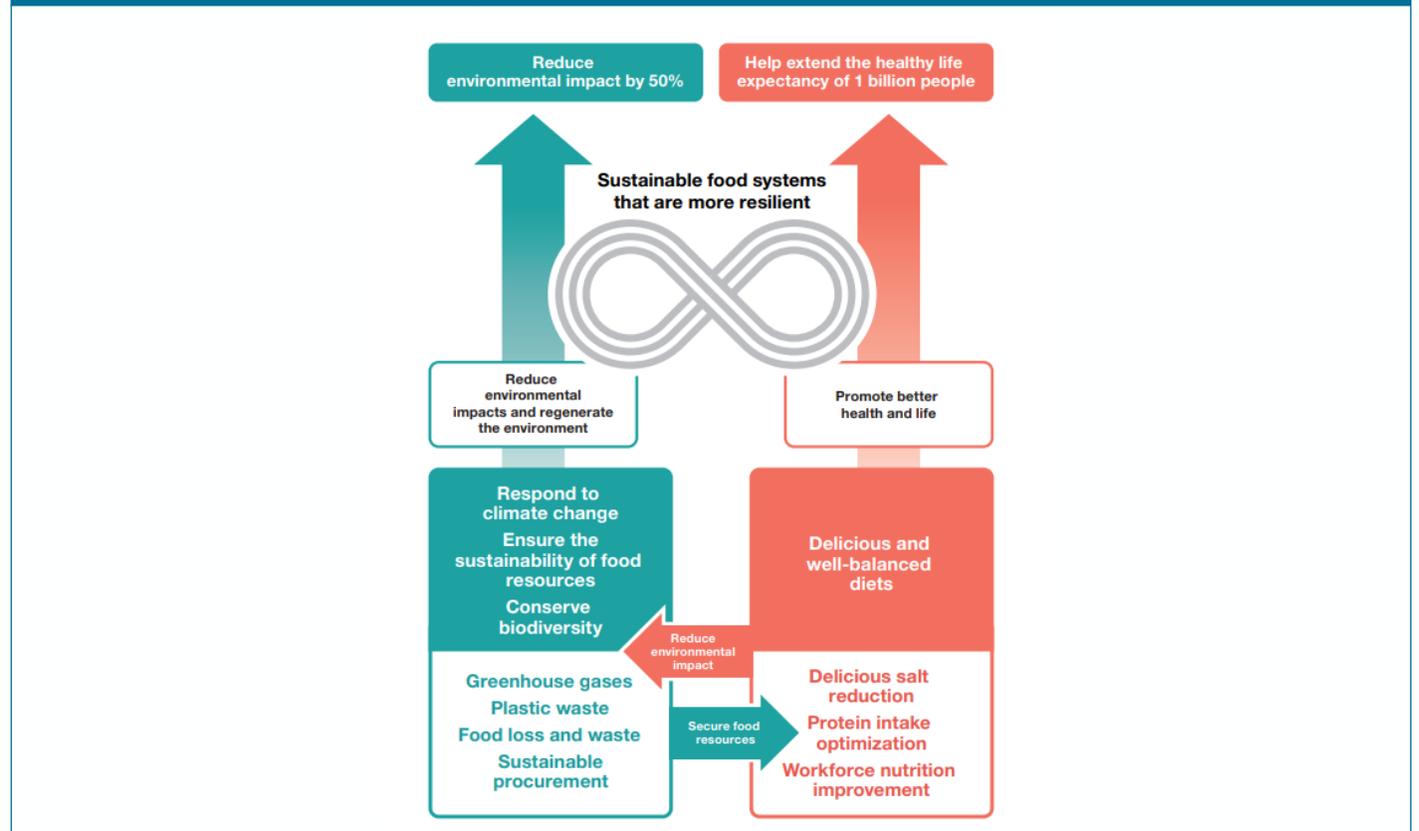
General Evaluation

- The company has established a future business model based on the unique competitive advantage of "AminoScience®" and the consistency of Purpose, Materiality, and each execution strategy centered on the realization of ASV (Ajinomoto Group Creating Shared Value) can be confirmed.
- Further acceleration and progress in ASV management with long term goals can be witnessed and the company is considered to be representative of embodying SX.

Evaluation by Point of View

Values & long-term strategy	Through the two outcomes of reducing environmental impact and helping to extend healthy life expectancy, the company is building a story of realizing its purpose of contributing to the well-being of all human beings, our society and our planet with "AminoScience".
Implementation strategy	The policy for the strategies necessary to achieve the goals regarding human resources and technology, as well as the specifics of the strategies necessary to achieve the goals are discussed.
KPI & Governance	Materiality and executive compensation are aligned, and a governance structure is in place to review strategies and KPIs in a flexible manner.
Substantial-conversation & Engagement	After setting agenda with careful consideration, the President and members of the Board of Directors lead the dialogue with investors in an appropriate formation.

Value Creation Story



Ajinomoto Co., Inc.

Distinctive Initiatives

1 Values and Long-term Strategies Identification of materiality to enhance corporate value

- Materiality is identified from a long-term and multi-stakeholder perspective, looking ahead to 2050.
- The members of the Sustainability Advisory Council, representing key stakeholders, identify key issues and opportunities from their respective perspectives.
- The relationship between materiality items is organized to reflect the concept of sustainable growth through a cycle of (1) honing their co-creation capabilities, (2) taking the seikatsusha (consumer) perspective, (3) while achieving wellbeing, and (4) through their business activities return co-create social value and economic value.

Voice of the Company

The Significance of Taking a Long-Term Perspective

- Looking back on our history, the times when new businesses were successful and companies grew significantly were when we took on difficult challenges with a medium- to long-term perspective.
- For example, the electronic materials business, which is now one of our core businesses, and the Bio-Pharma Service business (CDMO business), including nucleic acid medicine, were created by setting challenging mid- to long-term goals.
- Based on this recognition, we set challenging mid- to long-term goals and emphasize a backcasting approach from there.

1.2. identification of key issues and materialities to provide long-term value to society

Important Issues (Materiality) for the Ajinomoto Group

Value Creation Framework

We will hone our co-creation capabilities, taking the seikatsusha perspective, while achieving well-being, and through our business activities return co-created shared value.

Important issues (Materiality) for the Ajinomoto Group are essential to the Group's ability to continue co-creating social value and economic value over the long term.

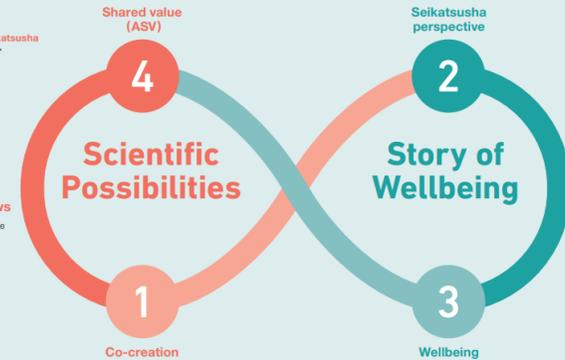
The Group identifies important issues (Materiality) through a process that reflects the thoughts and ideas of management and employees and the expectations from external stakeholders.

The important issues (Materiality) are deeply embedded in our business strategies, our on-site operations, and our Purpose.

What the Value Creation Framework shows

The Value Creation Framework illustrates our approach to sustainable growth as a cycle that connects the power and potential of "AminoScience" (Scientific Possibilities) with the power of stories (Story of Well-being) that contribute to the well-being of all human beings, society, and the planet. The cycle is (1) honing our co-creation capabilities, (2) taking the seikatsusha perspective, (3) while achieving well-being, and (4) through our business activities return co-created shared value.

These follow an infinite loop continuously moving from (1) through (4), meaning that it will sustainably co-create social value and economic value.



Material Themes

- Achievement of a sustainable global environment
- Achievement of well-being through food
- Contribution to advanced medicine and prevention
- Contribution to the evolution of a Smart Society
- Respect for diverse values and human rights
- Reinforcement of our management foundation

Voice of the Company

Dynamic materiality setting that leads to increased corporate value

- Our materiality was recommended by the first Sustainability Advisory Council, chaired by Davis Scott, who is also currently our director, and approved by the Board of Directors.
- The framework is not a snapshot, but a dynamic framework that is aware of how materialities are connected to each other in creating value continuously and sustainably until 2050.
- In FY2024, this framework was organized into "six key themes that the Ajinomoto Group is currently working on" to accelerate and promote actual initiatives.

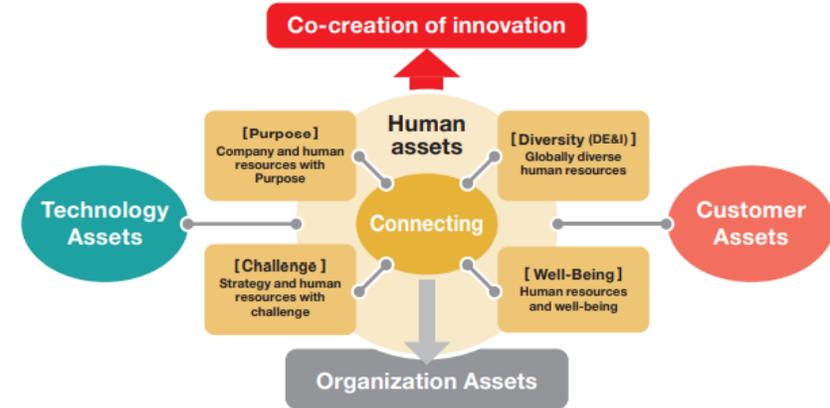
Ajinomoto Co., Inc.

Distinctive Initiatives

2 Implementation strategy Its Vision Promotion of Human Resource Strategies

- In the area of human resources, under the concept of "Connecting", the company is implementing measures globally from the perspectives of "Purpose", "Diversity", "Challenge" and "Well-being".
- In the engagement survey, questions accompanying each step of the "ASV realization process" are set to monitor the progress of ASV realization.

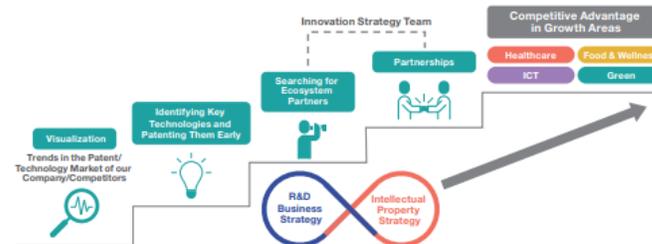
3.6. investment in human capital/human resource strategy



3 Implementation strategy Intellectual property as a competitive advantage common to multiple businesses

2.2.2.1. intangible assets, including management resources and intellectual property, as a source of competitive advantage

- AminoScience® is a competitive advantage common to the four growth areas (Healthcare, Food & Wellness, ICT, and Green) that the company has identified in its vision.



Voice of the Company Strengthening Intellectual Property Across Domains: Technology Assets

- One of our customers told us, "Even though there is only one person who handles inquiries, the responses to inquiries include opinions from a variety of fields, and I can feel that there are many researchers behind the scenes. We believe that this is a proof that our technology, based on our 1,700 researchers, is not divided vertically between projects, but is used across various projects.
- We ensure our competitive advantage not only by owning and developing strategic intellectual property, but also by combining it with our proprietary technology and know-how.

KDDI CORPORATION

*average of September 2023 - August 2024

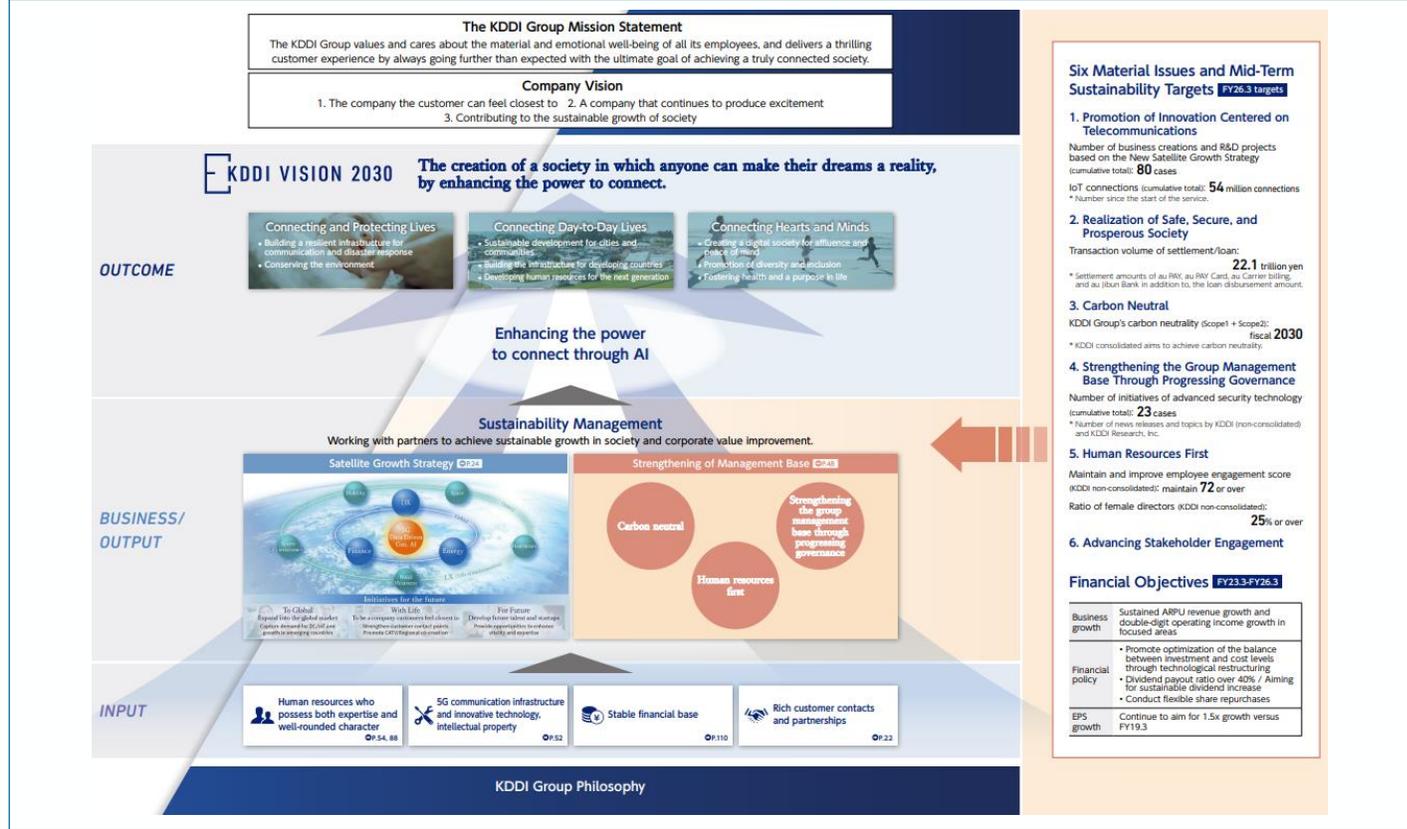
General Evaluation

- Build a value creation story that links the value we provide to society to the enhancement of corporate value by focusing on our strengths in telecommunications technology and leveraging our strengths in partnerships and a stable financial base.
- The existing and new businesses are organized in a clear manner to convey the strength of each strategy and the integrated corporate value creation.

Evaluation by Point of View

Values & long-term strategy	The relationship between existing and new businesses is clearly described in the business model.
Implementation strategy	Existing and new businesses are neatly organized. Execution strategies are formulated in a way that connects to key issues. For example, in human capital, KDDI is working on human capital management by introducing "KDDI's version of Job-based Employment."
KPI & Governance	Materiality is detailed and linked to the business. Non-financial KPIs linked to the business have been set and a system for reviewing them has been established.
Substantial-conversation & Engagement	Management, including the President, engages in dialogue with investors, and there is a system in place to translate the content of the dialogue into initiatives and to develop dialogue methods to elicit dialogue content in line with objectives.

Value Creation Story



KDDI CORPORATION

Distinctive Initiatives

1 Values and Long-term Strategies Growth Strategy and Innovation Promotion

- The company has set "promoting innovation with telecommunications at its core" as a key issue, and is taking on the challenge of creating innovation and business opportunities by developing its "connecting capabilities" in its "core business," which is based on 5G communications, data-driven practices, and the social Implementation of generative AI.
- Under the "New Satellite Growth Strategy," KDDI is working with various partners on business growth in "Orbit1," a business area that drives KDDI's growth, and "Orbit2," a future growth area, in collaboration with the "Core Businesses".
- We have built several business co-creation platforms and are positioning them as important intangibles for new business creation.

3.5. establish and promote organizational processes and support systems for innovation realization

Voice of the Company

Partnering is the key to value creation and sustainable growth

- We are focusing on strengthening relationships with business partners and partnerships in order to create innovations that cannot be achieved by the company alone. We believe that there are limits to what we can do alone and that we can create new value by combining our assets with those of other companies, so we will continue to strengthen our relationships with partners.
- Sustainability management promotes a virtuous cycle in which social growth is utilized in the next business strategy and returned to society. Together with our partners, we aim to achieve sustainable growth of society and increase corporate value.

Overview of the New Satellite Growth Strategy



KDDI's Sustainability Management



KDDI CORPORATION

Distinctive Initiatives

2 Implementation strategy

Human Resource Strategies to Achieve the Goals

- The company has set "human resources first" as its materiality, and aims to create innovation and contribute to the sustainable growth of society by fostering a corporate culture in which diverse and highly-skilled professional human capital can play an active role and a spirit of challenge is abundant.
- KDDI's version of a job-based human resources system is based on KDDI's philosophy and aims to enable all employees to acquire skills that can be applied in new areas while utilizing experience gained in existing businesses, and to become professional human resources that can operate in the marketplace.
- The company is focusing on reskilling AI human resources to secure advanced AI human resources to support our "New Satellite Growth Strategy," which places generative AI at the core of our business strategy, with an emphasis on flexibly adapting our human resource strategy in line with rapidly changing business strategies.

3.6. investment in human capital/human resource strategy

Voice of the Company

Facilitates cross-organizational collaboration

- Through "KDDI's version of the job type," we aim to achieve major goals faster by connecting and mixing the personalities of professional human resources in diverse areas of expertise.
- In FY2024, we began disclosing professional human resources in each of the 30 fields of expertise throughout the company (displaying the professional human resources mark in the company's address book, which is visible to all employees).
- In addition to ensuring the transparency of evaluations, we aim to promote cross-organizational collaboration using professional human resources as a hub, and to create a corporate culture in which professional human resources are recognized and praised.

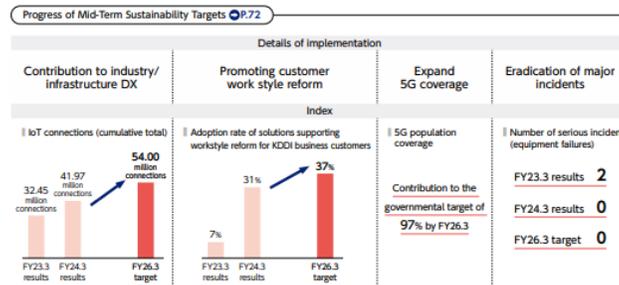
3 KPI & Governance

Set KPIs for non-financial information

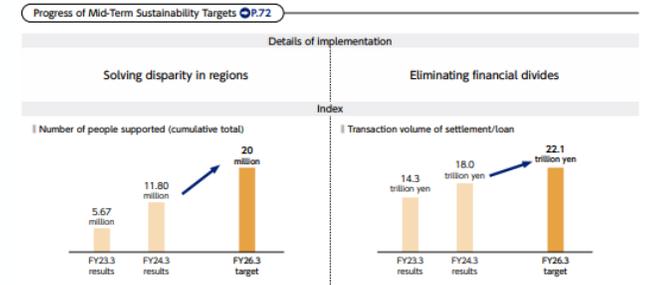
- Define the value delivered and set business-related KPIs to address materiality and manage progress.
- Achievement of sustainability-related KPIs is linked to executive compensation and bonuses for all employees to promote the penetration of sustainability management and encourage action.

4.3. establish original KPIs to show the progress of the strategy

Materiality 1 on "Promoting Innovation with Communications at the Core"
KPIs for "Building a Sustainable Industrial and Infrastructure Environment"



Materiality 2: "Realization of a Safe, Secure, and Prosperous Society"
KPIs for "Realization of Regional Co-Creation"



SoftBank Corp.

*average of September 2023 - August 2024

General Evaluation

- Building a value creation story that uses technology as a competitive advantage to create social value.
- TSR is used as an indicator of medium- to long-term growth and, to be effective, is linked to executive compensation.

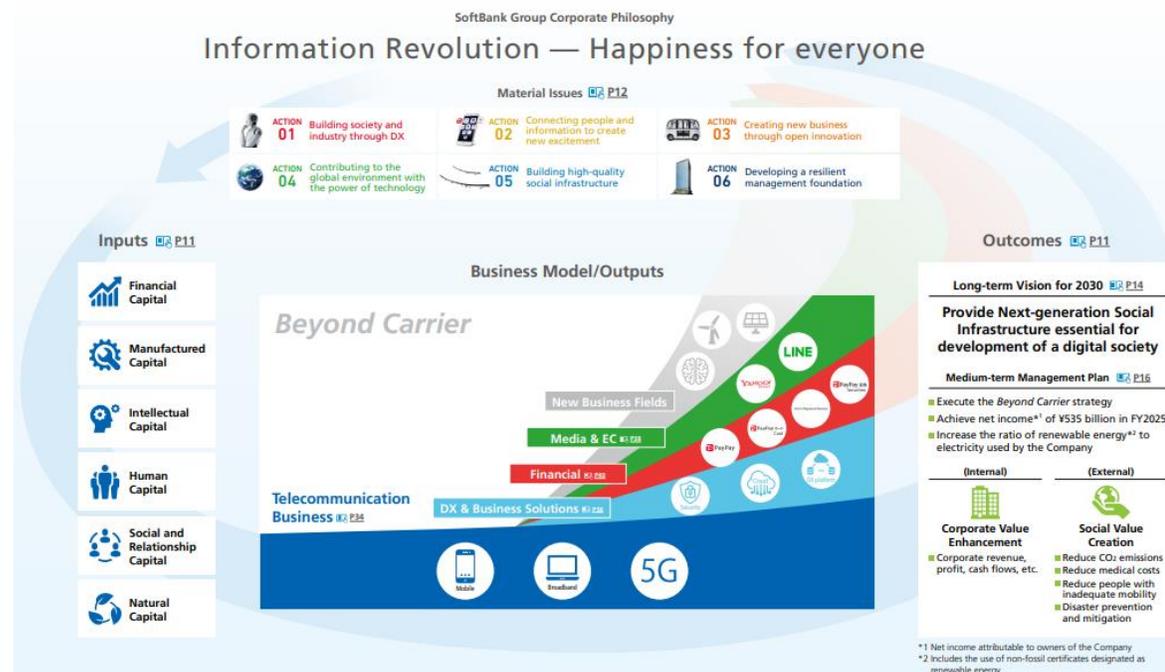
Evaluation by Point of View

Values & long-term strategy	The company has set up a business model that creates social value by addressing risks and realizing opportunities, using its strengths in technology as a competitive advantage, told in a coherent story.
Implementation strategy	The elements necessary to realize its "vision" include portfolio strategy, intellectual property, and the use of human resources, each of which has established a response that contributes to the realization of the vision.
KPI & Governance	TSR and materiality targets have been established as indicators for determining performance-based compensation for executives. In addition, non-financial KPIs linked to business progress have been established, and a system is in place to review strategies based on these KPIs. In addition, the non-financial KPIs themselves are reviewed according to circumstances.
Substantial-conversation & Engagement	The President & CEO and external directors are available for dialogue, and a mechanism exists to reflect the content of the dialogue in initiatives.

Value Creation Story

Maximizing corporate value, centered on the *Beyond Carrier* strategy

We aim to maximize our corporate value by pursuing sustainable growth in our telecommunications business while going beyond just being a telecommunications carrier to actively roll out new businesses in the information and technology fields. By serving as a catalyst for digitalization across society and solving social issues, we aim to become the Corporate Group needed most by people around the world.



SoftBank Corp.

Distinctive Initiatives

1 Values and Long-term Strategies

Developing a long-term vision to enhance corporate value

- Long-term vision is to become “a company that provides next-generation Social infrastructure essential for development of a digital society.”
- In building the next generation of social infrastructure, the company is working to develop sustainable, distributed AI data centers where renewable energy produced in each region is consumed locally by data centers in these region.
- Maximizing the use of cutting-edge technologies such as AI, IoT, and Big Data, which are the company's strengths, reduces business risks while creating business opportunities.

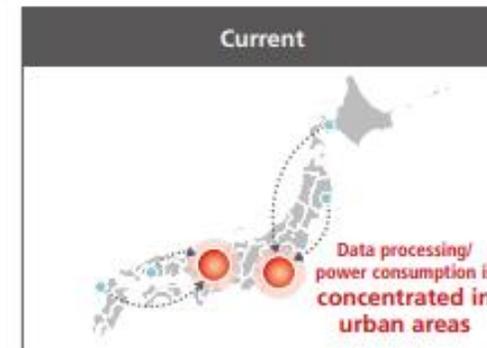
Voice of the Company

Creating social value through next-generation infrastructure and customer touchpoints

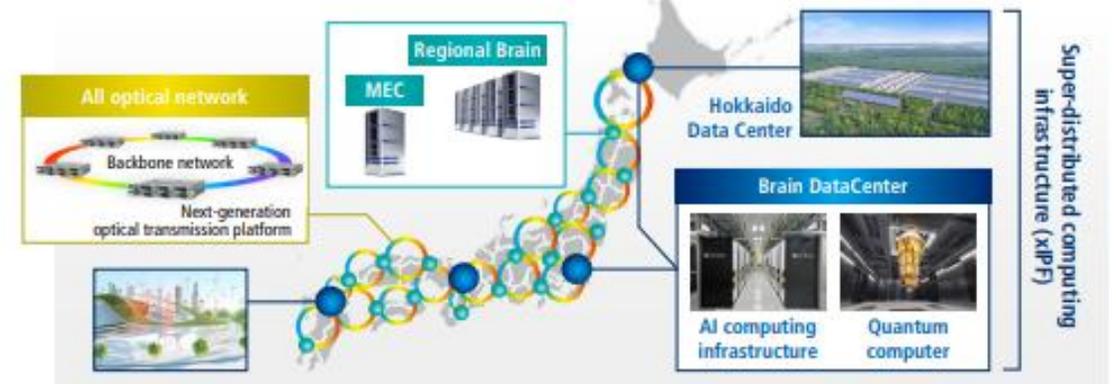
- As its "vision" for 2030, the company envisions a more prosperous society by providing next-generation social infrastructure that leverages digital technology and AI. To achieve this vision, forecasting is currently accelerating new business models such as xIPF, distributed computing infrastructure, and generative AI in its business and investment areas.
- The source of its competitiveness is its strong customer base through its telecommunications business and LINE Yahoo! services, as well as the knowledge gained from partnerships with global technology companies through the SoftBank Group and the SoftBank Vision Fund. Leveraging these resources, the company is aiming to grow its business beyond mobile phones and the Internet, and is committed to solving social issues and contributing to a better society by using digital technology.

2-1.1. Goal of providing long-term value to society

Issues in the current infrastructure



“Next-generation Social Infrastructure” that we aim to build



SoftBank Corp.

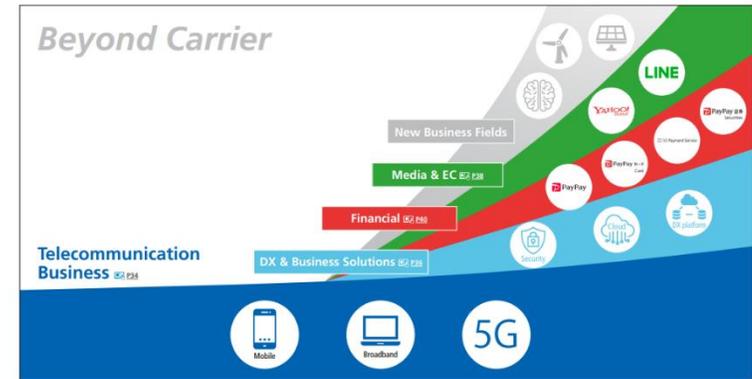
Distinctive Initiatives

2 Implementation strategy

Medium- and Long-term Growth Strategies to Achieve Goals

- With "Beyond Carrier" as its growth strategy, the company aims to maximize its corporate value by actively developing its business in various fields of information technology, such as "DX & Business Solutions," "Financial," "Media & EC," and "New Business Fields," while pursuing sustainable growth in its core telecommunications business.
- The company is strengthening collaboration between its telecommunications business and the Group company businesses to enhance the competitiveness of its telecommunications business and create synergies, such as increasing the number of service users and user engagement in the Group's businesses.

2-2. Business model

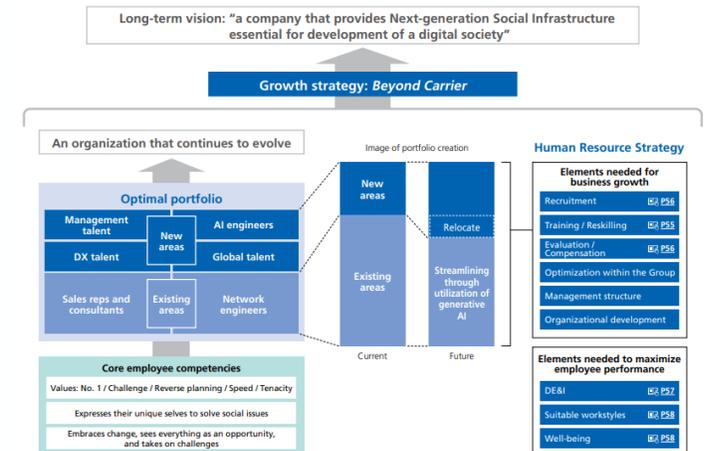


3 Implementation strategy

Human Resource Strategies to Achieve the Goals

- Securing necessary human resources and developing organizations to provide next-generation social infrastructure to realize a society coexisting with AI
- Human resources strategy linked to management strategy, with two axes: development of new areas and use of generated AI.

3.6. Investment in human capital/human resource strategy



Voice of the Company

Human resource strategy portfolio through optimization of human resource allocation

- Our human resource strategy is based on our growth strategy in "Beyond Carrier" and emphasizes the importance of integration with our business strategy. The company aims to move from the existing field of telecommunications to new fields. In the existing field, we are trying to improve the efficiency of human resource allocation by using technology and generative AI in the business itself. We are aiming to enhance our AI engineering and global human resources by allocating the surplus personnel generated by the streamlining of operations to newer areas.

DAIICHI SANKYO COMPANY, LIMITED

*average of September 2023 - August 2024

General Evaluation

- Disclosure of core pharmaceutical science is an excellent explanation of conference information.
- Sustainability management rooted in the company's core business, which uses technology and technology to solve major social issues around the world in the area of anti-cancer drug discovery, is pervasive throughout the company and continues to produce high performance, making it a representative example of an SX company.

Evaluation by Point of View

Values & long-term strategy

The Company is building a business around ADC antibodies, which is one of the Company's strengths, and has created an area of competitive advantage, and it is consistent.

Implementation strategy

The company has prioritized research and development prioritizing ADC, which is its strength, and the strategy has been formulated in a consistent manner.

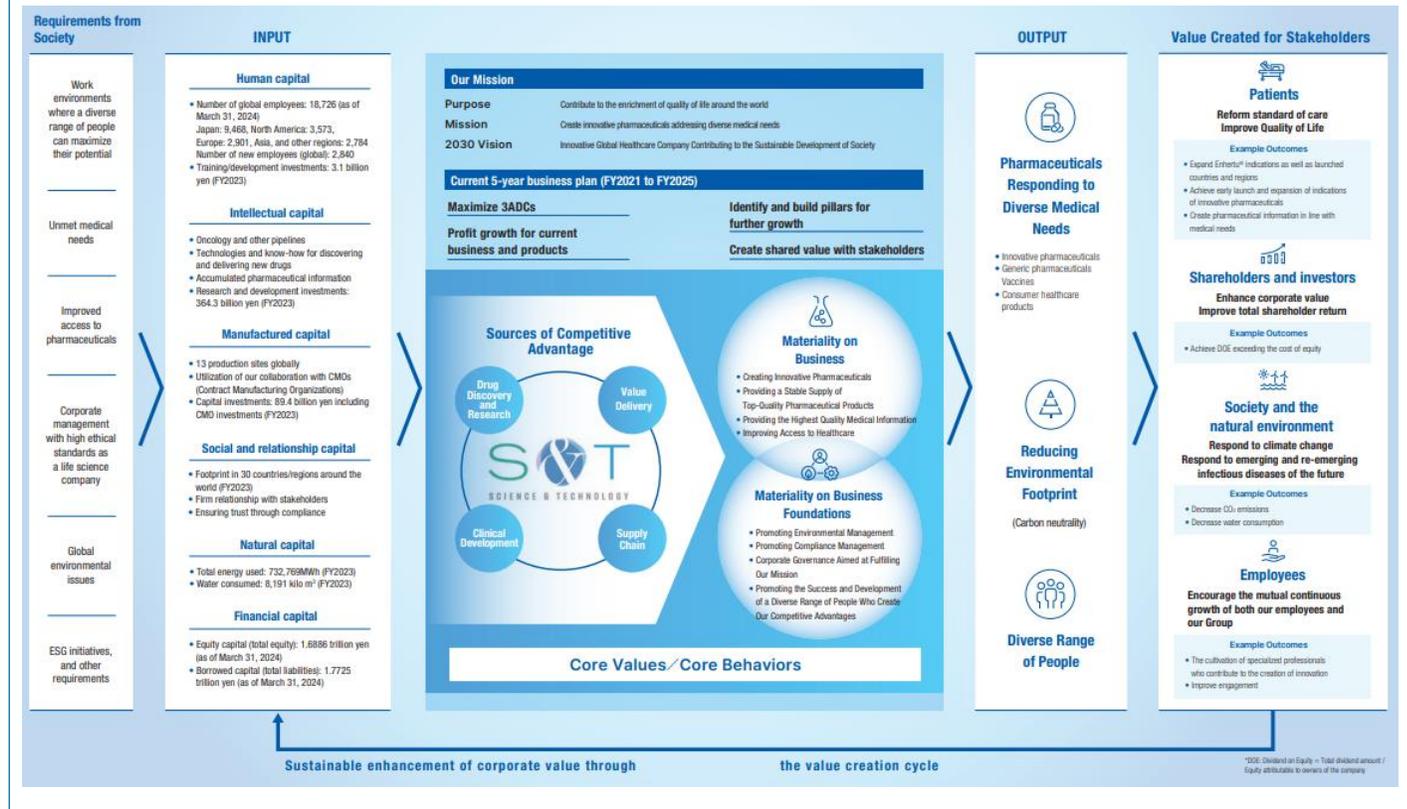
KPI & Governance

Financial materiality is organized using the Company's core oncology revenue as the KPI, while non-financial materiality is divided into two categories: one is related to the business and the other is related to the infrastructure of the business.

Substantial-conversation & Engagement

In addition to the full disclosure of data at academic conferences, which is of paramount importance for a pharmaceutical company, the company also participates in various briefings, such as the Sustainability Opinion Exchange Meeting.

Value Creation Story



DAIICHI SANKYO COMPANY, LIMITED

Distinctive Initiatives

1 Values and Long-term Strategies

Setting the goal by backcasting & forecasting

2.1.1. the goal of providing long-term value to society

- In formulating its 2030 Vision, the Company sees "Science & Technology (S&T)" as a source of value creation. Based on the status of the pipeline at the time of formulation and the areas in which S&T can demonstrate its strengths, the company has positioned oncology as a pillar of its growth strategy and aims to become a global healthcare company as stated in its vision by promoting globalization and the development of specialized human resources (from a forecasting perspective).
- The company envisions a future social environment in which "Healthcare as a Service (HaaS)" becomes a reality, enabling the provision and use of data to optimize individual medical services, care for patients' families, and support patients' prognoses. In such a society, the company is considering the creation of innovative drugs and the provision of services that contribute to improving patients' quality of life (backcasting perspective) from the perspective of Patient Centricity.
- Specifically, the company aims to contribute to the well-being of patients by providing comprehensive support and care to address the issues and problems faced by cancer patients, their families and caregivers in oncology, where the company has its greatest strength.
- As various companies and organizations collaborate to build a "total care ecosystem" that utilizes personal medical and health data, the company is working to create innovative services and solutions based on its strength in science and the trust it has built. The company aims to provide healthcare that is personalized to each individual and to realize more comprehensive support.

Voice of the Company

Set the goal by backcasting

- The concept of HaaS in our company is based on the idea of Society 5.0 from the viewpoint of what the future society will be like from a health and medical perspective.
- We are discussing the concept of HaaS in our company, including the opinions of not only board members but also those from outside the company, and how we can contribute to HaaS by developing our business in this context.



DAIICHI SANKYO COMPANY, LIMITED

Distinctive Initiatives

2 Implementation strategy Human capital for the realization of our vision

- In order to further strengthen S&T, which is the source of the Group's value creation and its greatest strength, the Company believes that reforms starting with "human resources," "technology," and "organization" are necessary.
- Achieve sustainable value creation by strengthening R&D capabilities and driving organizational transformation through the globalization of human capital
- In recent years, the company has been focusing on developing and acquiring biotech human resources, especially those engaged in drug discovery research and pharmaceutical technology, global human resources to promote global management, and DX human resources to promote DX throughout the company.

3.6. investment in human capital/human resource strategy

Voice of the Company Human capital to generate intellectual capital

- The most important reason why we have been able to continue to produce new drugs is that the strength of S&T permeates our organization at the DNA level. We believe that this strength has been shaped by a culture that allows active discussion regardless of position and a history of continuous R&D investment by management who believe in the power of the company's research department.

3 Implementation strategy Maintain R&D investment

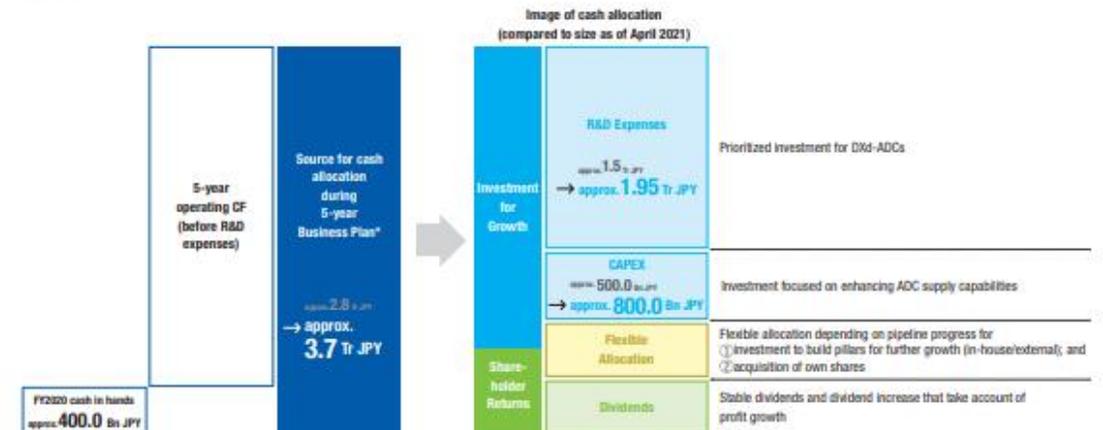
- The company is prioritizing R&D expenditures on five products (5DXd-ADCs) that utilize proprietary DXd-ADC technology . Furthermore, in order to create a virtuous cycle for sustainable growth, the company plans to actively invest in growth driver candidates and initial research following the 5DXd-ADCs.

3.2. capital allocation strategy

Voice of the Company Reasons for maintaining a high R&D expense ratio

- For many years, the Company has been able to invest approximately 20% of its R&D expenditures as a percentage of sales. Our strength in S&T platform has enabled us to continuously create innovative drugs and maximize the value of our pipeline through strategic alliances and other means, which has led to cash inflows and enabled us to reinvest in S&T.

Cash allocation



Daikin Industries, Ltd.

General Evaluation

- Composing a very understandable story in which environmental impact reduction is a long-term strategy.
- Climate change, which is closely related to the company's core business, is the most important issue, and the company explains in an easy-to-understand way how to create a framework to solve the problem.

Evaluation by Point of View

Values & long-term strategy

In formulating the strategic management plan "FUSION25," the long-term strategy is formulated based on an integrated approach, including backcasting based on changes in the world 10 to 20 years into the future and the company's ideal state, and using this as the key strategic theme for the five-year management plan.

Implementation strategy

The key strategic themes defined in the strategic management plan "FUSION25" are formulated on the basis of the long-term strategy and are flexible enough to respond to changes in the external environment and maintain consistency. The company is steadily achieving results through a variety of measures, including acquisitions.

KPI & Governance

Non-financial KPIs are indicators related to "climate change response."

Substantial-conversation & Engagement

The system is designed in such a way that the person in charge, who is deemed to be appropriate according to the topic of the dialog, will respond to the request.

Value Creation Story



Daikin Industries, Ltd.

Distinctive Initiatives

1 Values and Long-term Strategies

Set "Aiming" by backcasting & forecasting

2.1.1. the goal of providing long-term value to society

- The company have established a clear process from the perspective of both backcasting, which takes into account long-term changes in society and our positioning in future markets, and forecasting, which is based on our unique strengths, to create a "vision" in our strategic management plan "FUSION25" for the period from FY March 2022 to FY March 2026. Aiming Image" is set.
- Flexibly revising the action plan in light of changes in the external environment since the initial "FUSION 25" plan was formulated.

Voice of the Company

Positioning of the company at a future point in time

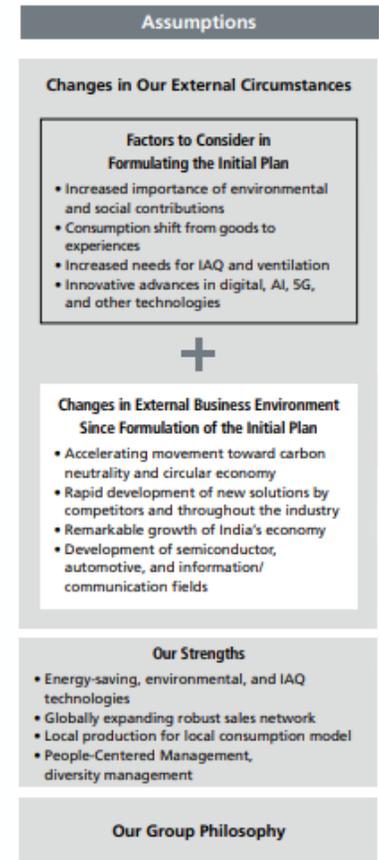
- Currently, the company has a high market share in each of the world's regions, and in the future, it intends to lead the air conditioner industry in emerging markets such as India and Africa, where demand for air conditioners is expected to increase. Although the company has not disclosed quantitative market share targets, its policy is to approach solutions to environmental and social issues through sales of air conditioners with high environmental performance and energy solutions.
- As each employee interacts with various stakeholders in the course of his or her work, he or she is aware of the position that external stakeholders expect Daikin to take, and this is reflected in the direction that the company as a whole aims to take.

Voice of the Company

A corporate culture that favors free and vigorous discussion

- When deciding on strategies and policies, the company has a corporate culture in which employees, regardless of their positions or responsibilities, share their opinions flatly from their respective standpoints, and engage in a series of controversial discussions. By fully expressing their opinions, employees feel a strong sense of accomplishment in setting goals, which is linked to the ability to implement them in the field.

Second half of "FUSION25 Assumptions for the development of the Three-Year Plan



Daikin Industries, Ltd.

Distinctive Initiatives

2 Implementation strategy

Efforts to create new intellectual property both internally and externally

- In order to strategically promote IP activities that contribute to business, the Technology Development and Business Divisions and the Intellectual Property Group are working together to build and strengthen the IP portfolio. This type of intellectual property system is also being established at each of the company's overseas bases.
- The company is working to raise awareness of intellectual property through our "Effective Patent Incentive System," which rewards not only patents that protect our products and technologies, but also those that attract the attention of other companies.
- In light of changes in industrial and social structures, the company is focusing on the creation of new intellectual property by moving away from a self-focused approach, defining "collaborative creation" as efforts to provide new value in cooperation with startups, industry, government, and academia, and by creating a mechanism that incentivizes both parties to create new inventions.

3.5. establish and promote organizational processes and support systems for innovation realization

R&D Bases



3.7. investment strategies to secure and strengthen intangible assets, including intellectual property

3 Implementation strategy

Market expansion through standardization of in-house technology

- An index for properly evaluating the energy-saving performance of inverter machines, which was proposed in collaboration with other companies in the industry in Japan, was adopted as an ISO standard, an international standard, in 2013.
- The use of this index has led to a broader evaluation of energy-saving performance in emerging countries, which has led to an increase in the use of our high-efficiency inverters, and the company is actively pursuing a market expansion strategy through the formation of such rules.

Voice of the Company

Axis of Decision Making for IP and Technology Disclosure

- The decision to release patents and technologies to the public is made at the discretion of senior management after much internal debate and controversy. Beginning in 2011, patents related to the Refrigerant HFC-32 will be released globally free of charge to encourage refrigerant conversions around the world.
- Decisions are discussed in terms of "does it contribute to business growth" and "will helping to solve environmental and social problems increase the company's value in the future."

TDK Corporation

*average of September 2023 - August 2024

General Evaluation

- Under the corporate motto "Contribute to culture and industry through creativity," the report clearly shows how the company will transform its business portfolio and promote value creation to leverage its core competencies for the society of the future.
- Understand overall market trends (GX and DX) and incorporate them into your company's strategy from a mid- to long-term perspective.

Evaluation by Point of View

Values & long-term strategy

The major trends in the overall market and the company's market opportunities within these trends are presented from a long-term perspective and as a strategy for the immediate future. The content is concrete and convincing. The strategy is also linked to the company's philosophy.

Implementation strategy

The business model is defined in accordance with the Long-term Vision and is closely linked to the identified key issues(materiality).

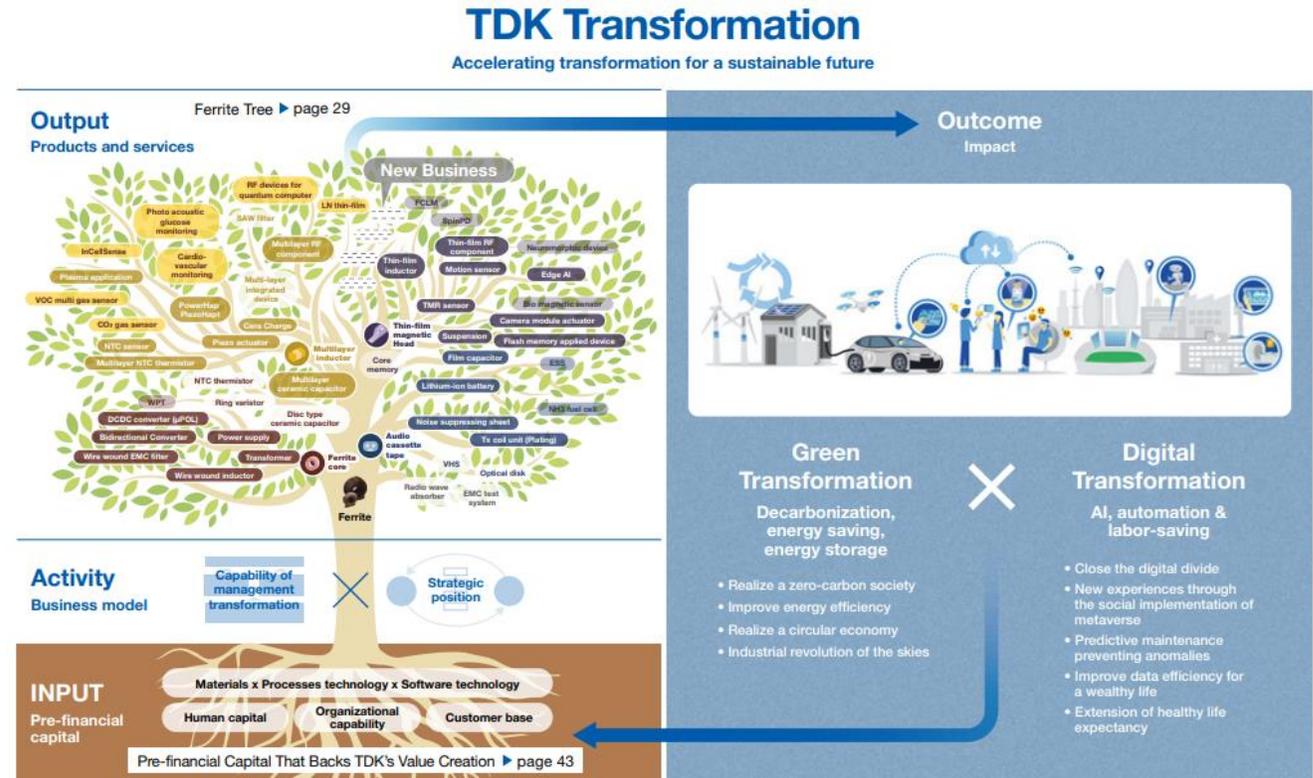
KPI & Governance

The concept of governance is presented as "board culture," and a system is in place to strengthen the monitoring function.

Substantial-conversation & Engagement

The President & CEO is responsive to dialogue in conversations with investors. Actions are indicated based on feedback received.

Value Creation Story



TDK Corporation

Distinctive Initiatives

1 Values and Long-term Strategies

Formulate a Long-term Vision that addresses social issues

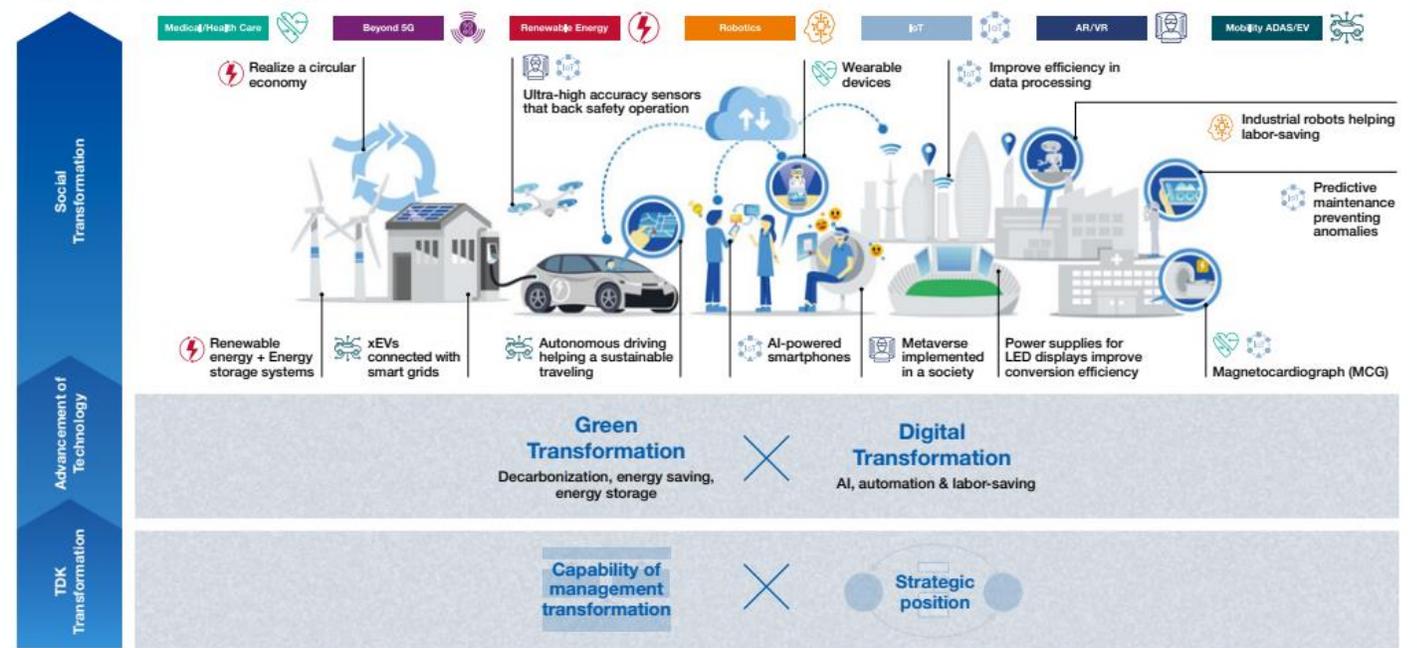
1.1. significance of defining values

- "Green Transformation (GX) and Digital Transformation (DX)," which are major trends in the marketplace as a whole, and the "Long-term Vision (TDK Transformation)" have been formulated as market opportunities that can contribute to this social transformation.
- TDK Transformation," our Long-term Vision, is linked to our strategy and corporate philosophy in a way that aims to contribute to technological evolution and a sustainable future by developing of electronic devices that contribute to social transformation.

Voice of the Company Management Transformation Capability and Positioning in TDK Transformation

- To realize this vision, the company has established a new Long-term Vision, "TDK Transformation," which looks 10 years into the future.
- In this process, the future image of society was predicted by forecasting, and after repeated discussions with senior management and directors, the "ideal state of TDK" was established by backcasting.
- In establishing the Long-term Vision, we took time to discuss the sources of competitive advantage, competitive advantage over competitors, and market positioning of each business company. From these discussions, we developed a common language for our four business companies, and have now organized "capability of management transformation and strategic position" as a new element necessary for Transformation.

Image of social transformation TDK projects



TDK Corporation

Distinctive Initiatives

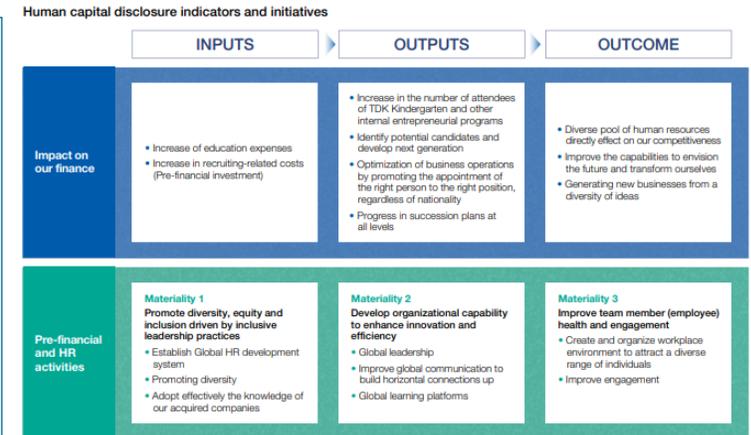
2 Implementation strategy Human capital for the realization of our vision

- The Global Management Development Program strengthens the bonds between diverse human resources across Group companies, enhancing their ability to envision and execute the future.

Voice of the Company Strengthening The Ties Among Diverse Human Resources to Take on The Challenge of Innovation

- TDK has a leadership program that brings together a diverse group of management and future leader candidates from around the world. The ideas generated by this program have led to the creation of an internal incubator program structure, and ideas for solution businesses using edge AI have been generated and actually commercialized through horizontal connections in executive-level training.
- TDK has a corporate culture that takes on the challenge without fear of failure. The CTO himself stated, "I have experienced failures myself, and steady development led to success, regardless of the opinions of upper management. As he mentioned, TDK has tackled challenges by learning from failures and avoiding repeating the same mistakes.

3.6. investment in human capital/human resource strategy



3 Substantive dialogue and engagement Reflecting the content of dialogue with investors in our initiatives

- The President & CEO personally responds to dialogue with shareholders and implements specific actions based on feedback.
- Appropriate selection of individuals to interact with investors, e.g., inclusion of non-financial items in executive compensation calculations, presentation of results that reflect investor views.

6.3. methods of substantive dialogue etc./6.4. actions after substantive dialogue etc.

Voice of the Company Internal Development of "Shared Value Created through Dialogue" IR Activities

- The IR department of the company attaches great importance to the dialog with investors and conducts approximately 400 to 500 individual dialogues per year. Starting this fiscal year, the contents of these dialogues are shared as "IR reports" on the intranet, which can be viewed not only by management but also by general employees, to enhance the transparency of information within the company.

General Evaluation

- Establish a clear vision of the company's positioning in light of future social conditions, and manage the company using a variety of indicators to achieve this vision.
- Each strategy is developed with a narrative. It is generally consistent and integrated.

Evaluation by Point of View

Values & long-term strategy

Each element of the value creation story is in place, the value to be created is set based on the future society, and the company's market positioning is clear.

Implementation strategy

Based on the As-Is/To-Be strategy, the different strategies are structured in terms of bridging the gap between the two. The policies for human resources, DX, and capital policy are described, as well as the specifics of the strategies necessary to achieve the goals.

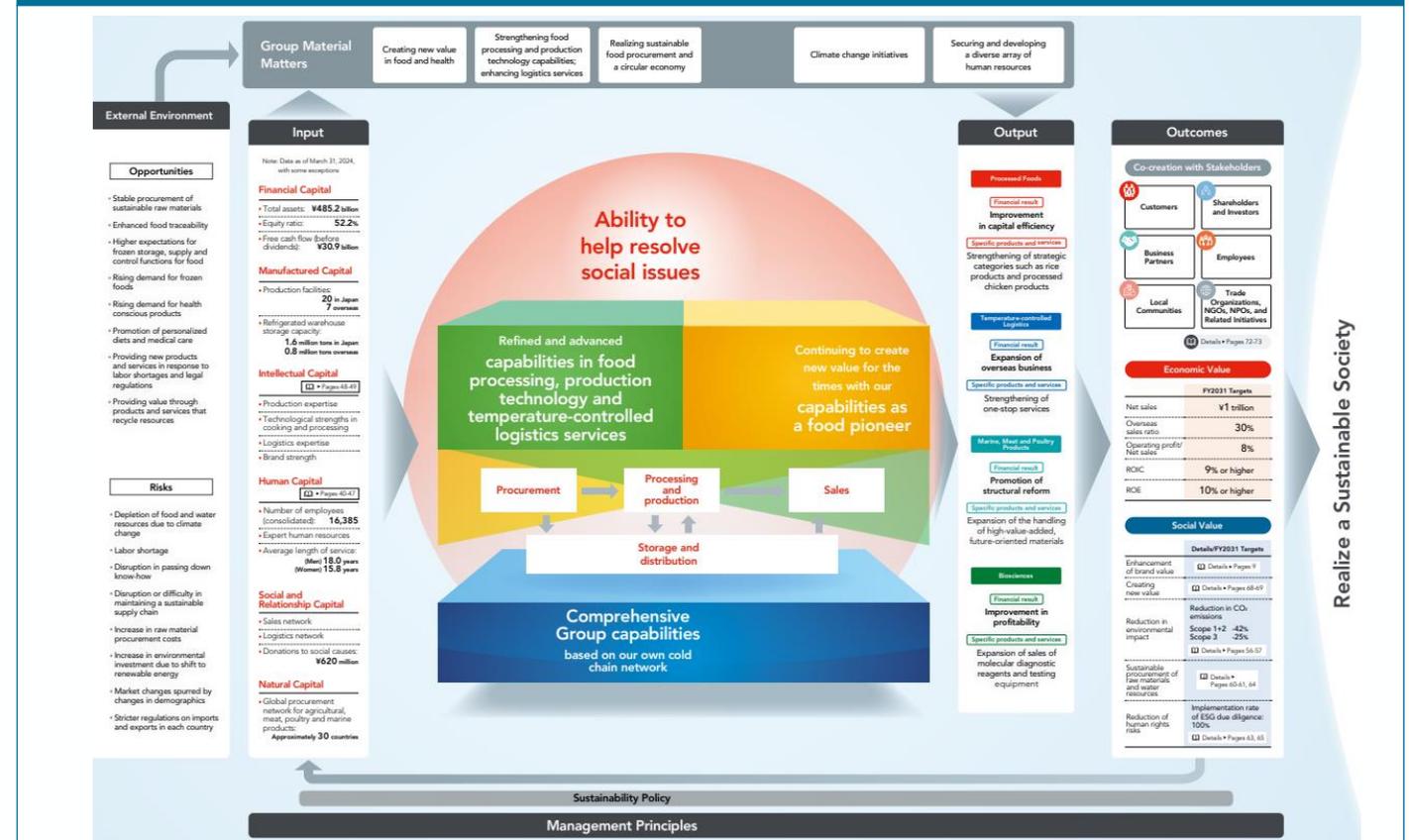
KPI & Governance

Non-financial, business-related KPIs have been established to address materiality and manage progress. A system to review strategies and KPIs has been established and is actually being reviewed.

Substantial-conversation & Engagement

The various preparations, the setting up of correspondents, etc., are being handled with care. The company also responds to messages from the capital market, such as the adoption of KPIs in relation to investor opinions.

Value Creation Story



Nichirei Corporation

Distinctive Initiatives

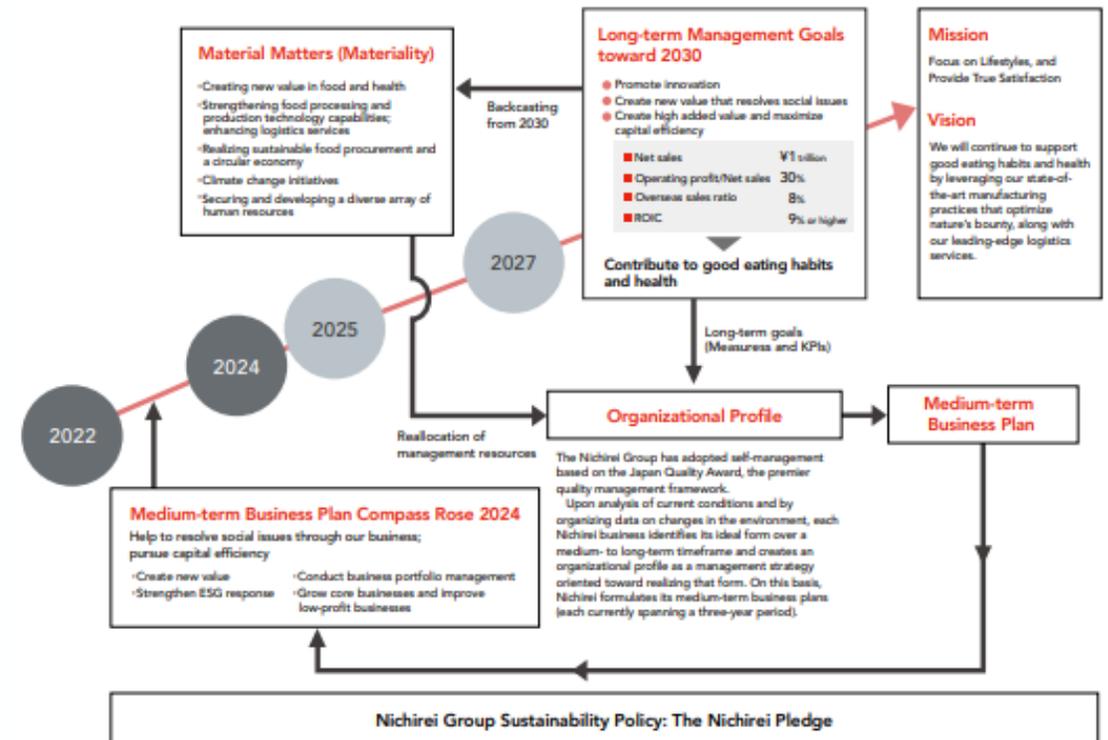
1 Values and Long-term Strategies Backcasting to set the goal

- In order to realize our vision for 2030, we are linking our business activities to solutions for social issues, identifying materialities and integrating them into our management strategy.
- The goals have been regularly reviewed since the initial plan was formulated, and the strategies have been updated in response to changes in the environment and the emergence of new social issues.

2.1.1. the goal of providing long-term value to society

Nichirei's Management Cycle

Nichirei Group Management Cycle



Voice of the Company Efforts to create an organizational profile that integrates diverse perspectives

- We periodically conduct a long-term project called "Organizational Profile" to review its management cycle. This project functions as a preliminary step in the formulation of a medium-term business plan, and adopts a qualitative rather than quantitative approach. Employees at all levels, from junior staff to general managers, are involved in this project, which provides a forum for sharing a vision for the next five years. Beginning in 2023, a future vision beyond 2030 and looking ahead to 2035 will be considered, and this is an important effort to create a story that will help the company meet the challenges of the future.

Nichirei Corporation

Distinctive Initiatives

2

2.2.2 Factors essential for securing competitive advantage

Values and Long-term Strategies

Competitive advantage and value created by proprietary technology

- Consideration of measures to grow the business by solving social problems through a business model that takes advantage of a wide range of business development functions and its capabilities as a food pioneer, its capabilities in food processing, production technology and temperature-controlled logistics services, and its comprehensive Group capabilities.

Voice of the Company

Leveraging the "capabilities as a food pioneer" and a commitment to food in product development

- Based on its rich history in refrigerated warehousing, fisheries, and frozen food technology, the Company has developed its business with "capabilities as a food pioneer" at its core. With its self-developed frozen foods technology, the Company has established itself as a pioneer in the frozen foods industry by introducing *Chawan-Mushi* (savory egg custard) to the market as the first frozen prepared food product in Japan. In the future, the company aims to further enhance its competitive advantage by constantly focusing on technological development to improve quality and by introducing innovative technologies.
- The company maximizes the use of intellectual property in its existing businesses and pursues "deliciousness," which is the Company's most important aspect from the perspective of capabilities as a food pioneer. The company is committed to reproducing handmade textures such as crispiness and crunchiness in frozen foods, and aims to provide consumers with a new dining experience.

3

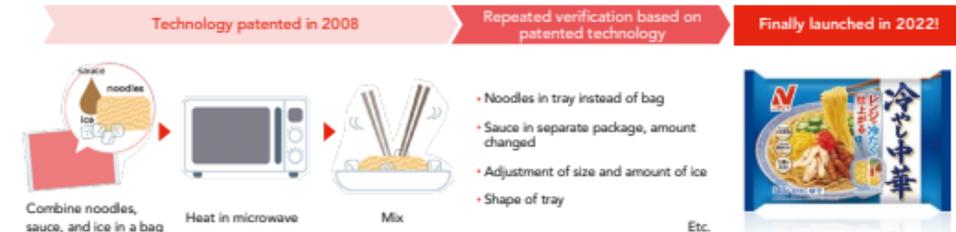
3.7.1. investment in technology (intellectual capital)

Implementation Strategy

Innovation and growth pioneered by intellectual capital

- Intellectual property is positioned as a growth asset that adds value to business activities and contributes to increasing corporate value.
- Promoting intellectual property management to acquire, utilize, and protect patents, trademarks, and other rights in conjunction with

Examples of Intellectual Property Management: Utilization of long-accumulated technological and product development capabilities



Voice of the Company

Utilizing Intellectual Property to Support Creation and Innovation

- In managing intellectual property, it is important to make use of patents acquired in the past in accordance with the modern business environment. Responding to societal challenges and changes in the marketplace, and developing new products based on existing intellectual property, responds to the demands of society and promotes the sustainable growth of the company.

General Evaluation

- The social issues that the business model seeks to address have a clear direction, and the values and Implementation strategy are developed with a compelling narrative.
- Efforts to evaluate the effectiveness of the Board of Directors indicate that a highly effective governance structure has been established.

Evaluation by Point of View

Values & long-term strategy	Through an approach that integrates values, business models, and long-term strategies, the company works to address social issues.
Implementation strategy	Based on materiality, specific Implementation strategies and KPIs have been defined, and holistic efforts are being developed, including the activities of various human resources and data governance functions.
KPI & Governance	The company has established clear KPIs in line with its business strategy and conducts effective monitoring. The company also implements highly effective governance through an independent and diverse board of directors and a distinctive skills matrix.
Substantial-conversation & Engagement	Transparency is enhanced by disclosing the status of the dialog with shareholders and investors.

Value Creation Story

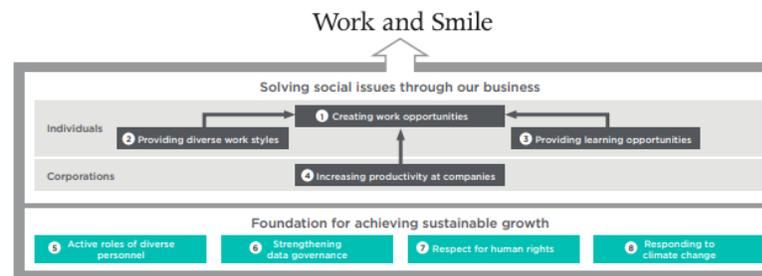


PERSOL HOLDINGS CO., LTD.

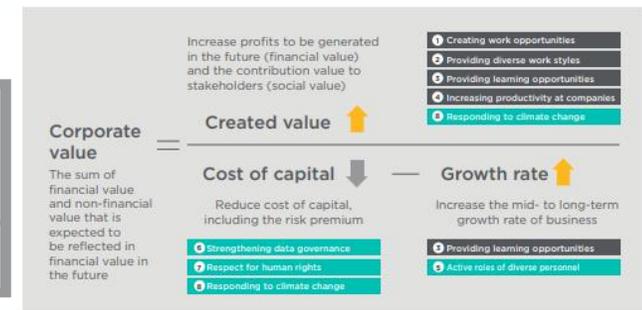
Distinctive Initiatives

1 Values and Long-term Strategies Identification of materiality to enhance corporate value

- Based on the corporate philosophy of "Work and Smile," eight materialities have been identified, including creating work opportunities, and the values, business model and long-term strategy are linked in a value creation story.
- Based on the Discount Cash Flow method (Continuous Growth Model), corporate value and eight "materialities" are organized in relation to management and business



1.2. identification of key issues and materialities to provide long-term value to society



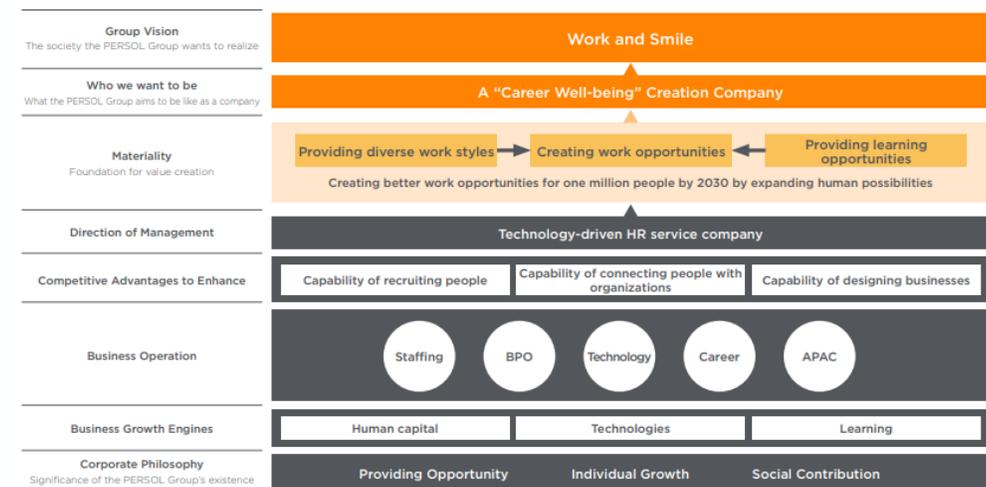
2 Values and Long-term Strategies Aim setting by forecasting

- With the aim of creating value and growing the business in response to future changes in the environment, the company draws a value creation story for 2030 from a forward looking perspective.

2.1.1. the goal of providing long-term value to society

Voice of the Company
Value Creation Strategies that Combine Technology and People

As we set out our value creation vision for 2030, we are pursuing measures to increase productivity through the use of technology, while maintaining our fundamental strengths in the people business. In an increasingly digitalized industry, we aim to strike a balance between emphasizing the value created by human intervention and increasing efficiency through digitalization.



PERSOL HOLDINGS CO., LTD.

Distinctive Initiatives

3 KPI & Governance

5.3. skills and diversity of the president and management team /
5.4. skills and diversity of non-executive officers

Oversee and evaluate executive skills and strategic decision-making within the Board of Directors

- Independent and diverse Board of Directors.
- The definition of the skills (knowledge, experience, and abilities) that the board of directors should possess and the reasons for their selection are identified and clear.
- The Company evaluates the effectiveness of the Board of Directors with the aim of further improving the functioning of the Board of Directors. Each year, the Company evaluates the effectiveness of the Board of Directors as a whole and publishes a summary of its methods, processes, and results.

Voice of the Company Board of Directors Diverse workforce composition

In order to realize our ideal vision of a "Career Well-being" Creation Company, it is essential to accelerate business and promote value creation, and we recognize the importance of a diverse workforce as the foundation for achieving this goal. The Company also attaches importance to appropriate oversight functions, and given the importance of social value and human capital, the Company aims to stimulate discussion by including people with specialized knowledge on the Board of Directors. As a result of these efforts, discussions on "Career Well-being" and "Human Capital Management" have increased at board meetings, and the quality of discussions has improved.

Voice of the Company Assessing Board Effectiveness and Efforts to revitalize

- The Company conducts its evaluation of effectiveness through feedback from external questionnaires and individual interviews with each outside director and the Chairman. This method allows for a direct exchange of opinions on the operation of the Board of Directors and agenda items, and has stimulated more active discussions.
- The company has established a forum for dialogue between the CEO and outside directors only, providing an opportunity to ask in-depth questions directly to the CEO. In addition to these efforts, meetings for outside directors only are held on a regular basis to exchange opinions from an independent perspective.

Skills that the Board of Directors should have (knowledge, experience, and expertise)

Skills that the Board of Directors should have	Definitions	Reasons for the selection of skills
Corporate management	• Experience and ability of engaging in important decision-making within the organization	To exercise an appropriate management oversight function based on their own management experience in making important business decisions to realize the Group Vision of "Work and Smile" and in exercising leadership of the management team
Innovation / Technology	• Knowledge and experience regarding technology utilization and innovation in corporate management	To exercise appropriate management oversight in the creation of new value through innovation and the utilization of the Group's data and technology as it evolves into a "technology-driven HR service company," as defined in the direction of management
"Career Well-being" / Human capital management	• Knowledge and experience regarding human capital management, human resource strategy and health management, etc.	To exercise appropriate management oversight in order for diverse human resources to accelerate business and promote value creation as we aim to realize who we want to be, defined as a "Career Well-being" Creation Company
Internationality	• Experience and ability of organizational operation, business management, and business operation involving multiple countries at an international organization or company (not limited to experience in Asia)	To exercise appropriate management oversight with respect to the establishment of management and governance structures as we pursue global business development
Risk management / Legal affairs	• Knowledge and experience regarding risk management • Knowledge and experience regarding business law and governance	To exercise appropriate management oversight in promoting sound business activities and legal compliance in accordance with the PERSOL Group Code of Conduct as a precondition for improving corporate value over the mid to long term
Finance / Accounting	• Knowledge and experience regarding business plan, budget, and capital policies • Sufficient knowledge and experience as a specialist of financial accounting	To exercise the management oversight necessary to ensure the growth, efficiency, and soundness of the financial base and to achieve appropriate cash allocation and shareholder returns as we seek to increase corporate value over the mid to long term
Sustainability	• Experience and ability of working on promotion of sustainability and solving social issues in business management	To exercise appropriate management oversight in promoting sustainability management that creates value for society by overcoming diverse challenges that society faces through business activities that realize the Group Vision of "Work and Smile"

Bridgestone Corporation

General Evaluation

- A story has been constructed to identify management priorities and the direction to address and achieve them by leveraging the company's competencies.
- With the goal of creating tires that support the evolution of mobility, including EVs, the company is making outstanding efforts to reduce CO2 emissions and energy consumption during the manufacturing process, manage a sustainable natural rubber supply chain, and build a mobility ecosystem.

Evaluation by Point of View

Values & long-term strategy

Strategies are being developed to address management priorities by leveraging the competencies of the company. The company is making outstanding efforts to develop tires that support new mobility, including EVs, by reducing CO2 emissions in the manufacturing and procurement process and creating a mobility ecosystem.

Implementation strategy

The company allocating resources to enhance human resource development, DX enhancement, and intellectual property management.

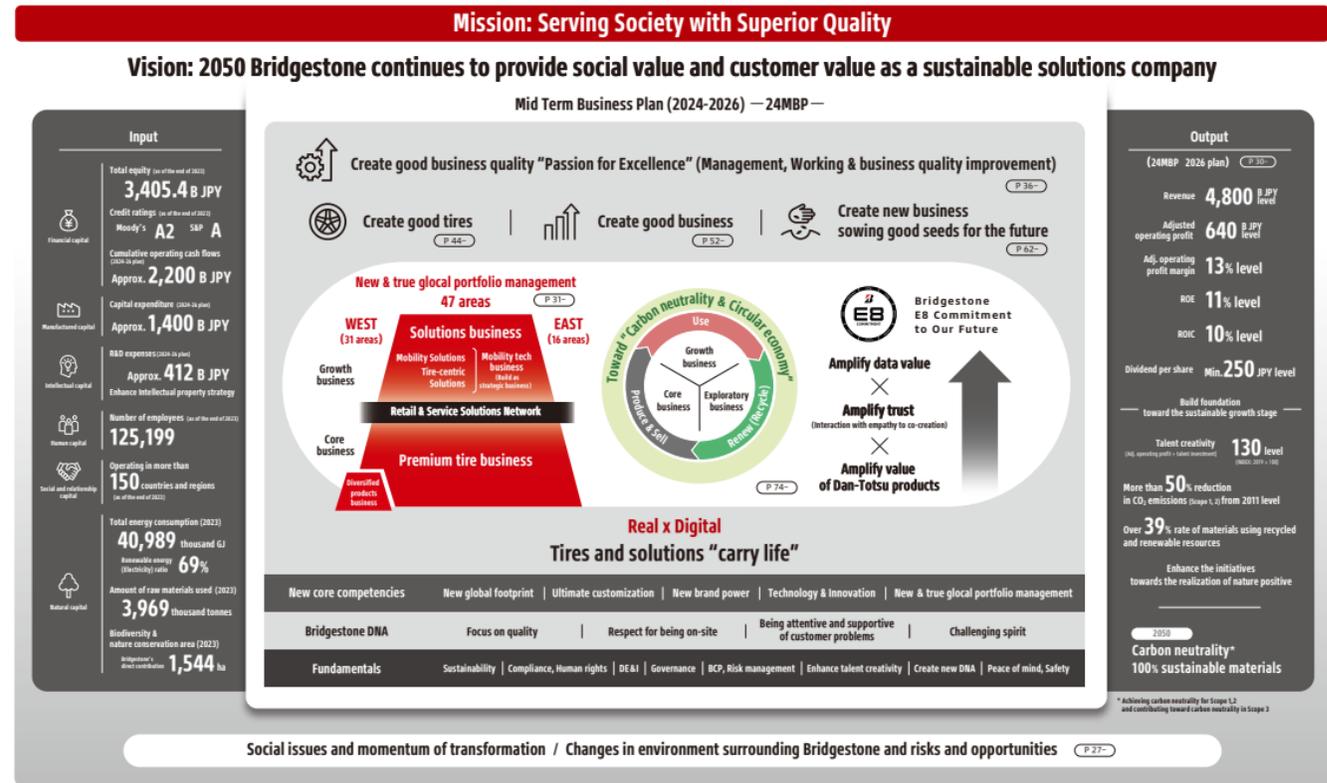
KPI & Governance

The Board of Directors regularly addresses sustainability in global discussions and steadily monitors KPIs.

Substantial-conversation & Engagement

The CEO and outside directors attend dialogues with investors, share opinions obtained at these dialogues regularly at the Board of Directors and other important meetings, and implement the PDCA cycle.

Value Creation Story



Bridgestone Corporation

Distinctive Initiatives

1 Values and Long-term Strategies

2.1.1. the goal of providing long-term value to society

Clarify the company's vision and the value it provides, with sustainability at its core

- To place sustainability at the core of corporate management, with the goal of creating social and customer value through the company's operations.
- The Bridgestone E8 Commitment (E8), a corporate commitment to provide social value and customer value, serves as the axis of value creation.

Voice of the Company Sustainability at the Core of Management

- Under the leadership of top management, we have placed sustainability at the core of our management, and have integrated and unified sustainability and management strategies.
- To create sustainable social value and customer value to realize the vision looking ahead of 2050, we identify management priorities, integrate them into our business plans, and implement and promote them, while also identifying risks and opportunities from a sustainability perspective.

Voice of the Company Established "E8" as the axis of value creation to materialize the vision

- The Bridgestone E8 Commitment (shown on the right) embodies our company's vision, and has been established as "the axis to drive management while earning the trust of future generations" and an axis of value creation, and has been widely disseminated to our global employees.
- Embodying activities in each global workplace to realize the 8 "E's". Expanding the creation of social value and customer value (co-creation) within and outside the company, including partners, and promoting activities to realize the vision on a global basis.

Bridgestone 3.0 Journey Vision

Toward 2050, Bridgestone continues to provide social value and customer value as a sustainable solutions company.

- Energy** Committed to the realization of a carbon neutral mobility society.
- Ecology** Committed to advancing sustainable tire technologies and solutions that preserve the environment for future generations.
- Efficiency** Committed to maximizing productivity through the advancement of mobility.
- Extension** Committed to nonstop mobility and innovation that keeps people and the world moving ahead.
- Economy** Committed to maximizing the economic value of mobility and business operations.
- Emotion** Committed to inspiring excitement and spreading joy to the world of mobility.
- Ease** Committed to bringing comfort and peace of mind to mobility life.
- Empowerment** Committed to contributing to a society that ensures accessibility and dignity for all.

Bridgestone E8 Commitment to Our Future

For the sake of the Earth, which future generations of children have entrusted in our care.
Together with you.

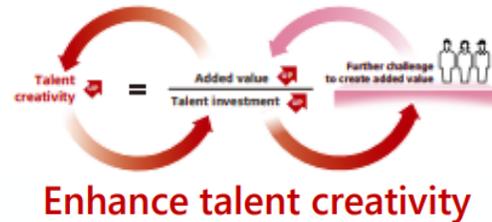
Bridgestone Corporation

Distinctive Initiatives

2 Implementation strategy

Talent Strategy to Realize 2030 Long Term Strategic Aspiration

- Taking initiatives for promoting a talent strategy setting "talent creativity KPI" as a global indicator, in addition to aiming for a talent group that can support new business value and business portfolio.



3.6. investment in human capital/human resource strategy

Voice of the Company

In addition to promoting initiatives to enhance talent creativity, engage in improving productivity for continuous talent investment

- The company has been accelerating initiatives with global common axis, using "talent creativity" as a KPI, based on the fundamental concept of "reinforcing talent investment to increase added value and create a virtuous cycle of value creation".
- The company has been advancing transformation of corporate culture to create new DNA and promote culture change in line with the corporate commitment, "Bridgestone E8 Commitment".

3 Implementation strategy

Efforts to establish an appropriate supervision and monitoring system

5.5. oversight and evaluation of strategic decisions

Voice of the Company

Regularly review and discuss progress on the execution side with expert personnel

- The global management team meets quarterly to discuss management priorities, including execution progress and issues related to initiatives. The CEO reports the content of these discussions to the Board of Directors at the immediately following Board meeting.
- The Board has members with different areas of expertise, including sustainability and global business. For example, in the area of sustainability, the Company discusses with its Chairman, who is an independent outside director and a sustainability expert, when appropriate, the level of the Company's efforts from an external perspective and when and what topics should be discussed by the Board.

- Progress of the Mid-term business plan based on the medium- to long-term business strategy is confirmed at the Board of Directors meetings.

Name	Executive Officers/ Non-executive Directors/ Outside and Independent Directors	Tenure as Director (years)	Nominating Committee	Audit Committee	Compensation Committee	Sustainability	Capital, Human Resources and Organizational Strategy	Global Experience	Technology and Innovation	Finance and Accounting	Legal Affairs and Risk Management	Management Experience at Other Companies
Shuichi ISHIBASHI	Representative Executive Officer	4				○	○	○				
Masahiro HIGASHI	Representative Executive Officer	3				○	○	○				
Akira MATSUDA	Internal / Non-executive	1		○		○		○				
Tsuyoshi YOSHIMI	Internal / Non-executive	5		○			○			○	○	
Yuri OKINA	Outside / Independent	10	○		○	○	○			○		
Yukari KOBAYASHI	Outside / Independent	1		○				○	○			○
Yojiro SHIBA	Outside / Independent	6		○			○	○				○
Yoko SUZUKI	Outside / Independent	6		○		○	○				○	
Scott Trevor DAVIS	Outside / Independent	13	○		○	○	○	○				
Yasuhiro NAKAJIMA	Outside / Independent	1		○						○	○	
Kenichi MASUDA	Outside / Independent	8	○		○			○			○	
Kenzo YAMAMOTO	Outside / Independent	8	○		○			○			○	○

Meiji Holdings Co., Ltd.

General Evaluation

- In addition to the Medium-term Business Plan based on the Meiji Group 2026 Vision, the direction of each Implementation strategy is clearly indicated based on the ROESG, and the Implementation strategy is being executed with an emphasis on sustainability toward the vision centered on the ROESG.

Evaluation by Point of View

Values & long-term strategy

Based on the megatrends and the management philosophy of maximizing health value, the company is developing a long-term strategy, including the introduction of ROESG.

Implementation strategy

With regard to human resources and DX, the company is concretizing the strategic policies necessary to realize its vision and the strategies necessary to achieve its goals. In light of the failure to achieve the previous Medium-Term Business Plan, the company is working to change its business strategy and human capital under the banner of the "Transformation".

KPI & Governance

Meiji ROESG is one of the elements that determines performance-based compensation for executives. The company's governance shows ingenuity, including the inclusion of a sustainability expert as an outside director.

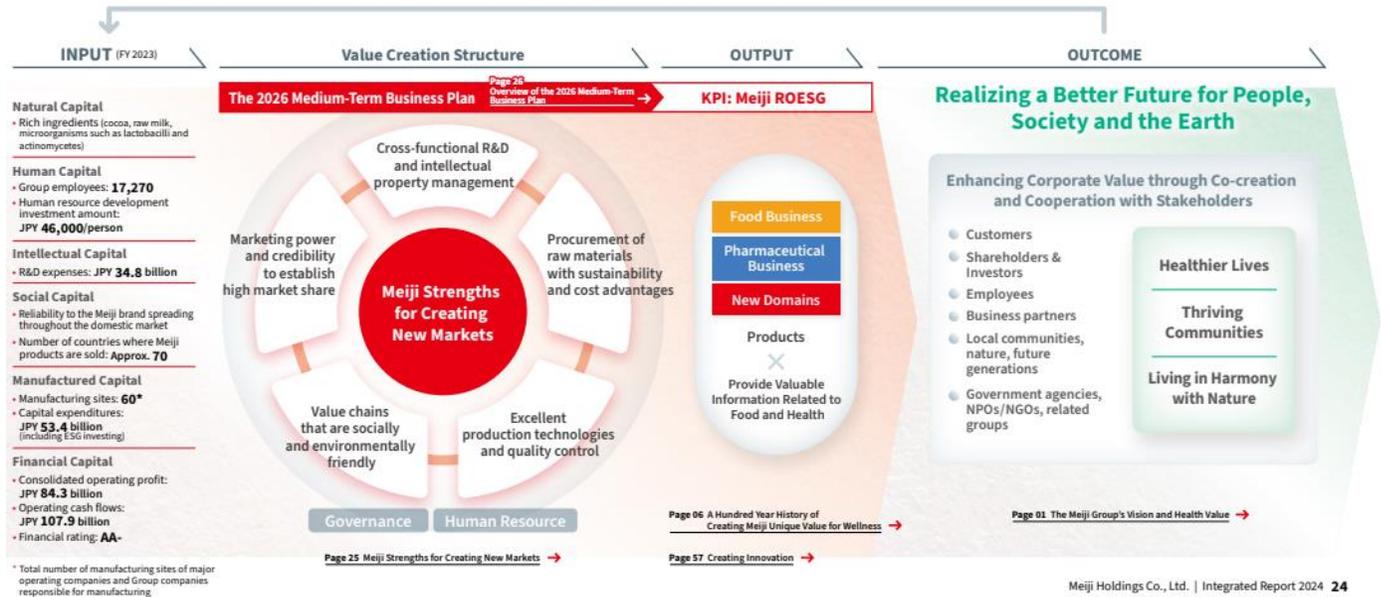
Substantial-conversation & Engagement

There are mechanisms in place for CEO and outside directors to respond to dialogue, to elicit dialogue in line with their objectives, and to reflect the content of the dialogue in their initiatives.

Value Creation Story

The Meiji Group's Process for Value Creation

The Meiji Group has accumulated an abundance of capital. We will create Meiji unique value for wellness based on this capital by leveraging our strengths in order to realize a better future.



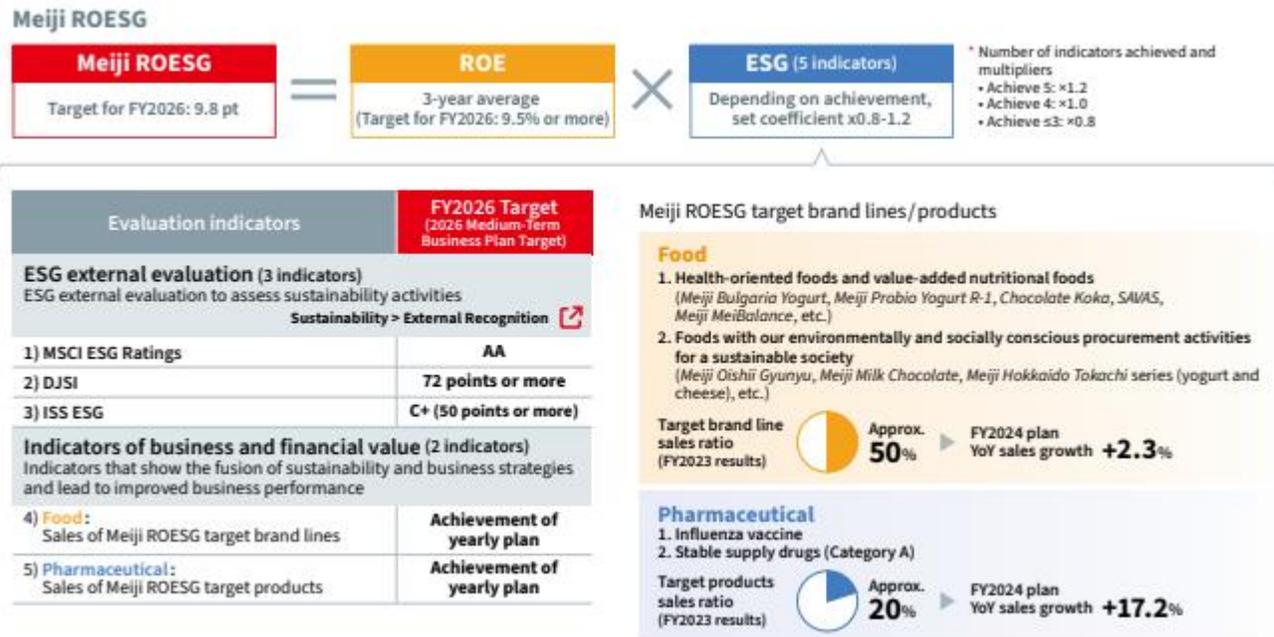
Meiji Holdings Co., Ltd.

Distinctive Initiatives

1 KPI & Governance Unique KPIs that contribute to corporate value creation

4.2. value creation design by connecting corporate value creation and proprietary KPIs

- In order to realize its vision, the company has set "Meiji ROESG" as its top management goal, which consists of two elements: ROE, which indicates earning power, and the degree of achievement of ESG targets.
- The new "Meiji ROESG" sets sales targets for "Meiji ROESG" target brand lines (products) under ESG items as an indicator that symbolizes the fusion of sustainability and business strategies.



Voice of the Company Effect of "Meiji ROESG" setting

- Investors who place importance on ESG have a high evaluation of Meiji ROESG based on their understanding of it. In particular, while many companies only promote ESG initiatives, Meiji ROESG is highly evaluated for its efforts to consider business growth and sustainability as a set, and even ROE.
- We believe that its contribution to society is visible to employees and motivates them to work harder. Many of Meiji's products have the potential to contribute to society and therefore fit well with Meiji ROESG.

Meiji Holdings Co., Ltd.

Distinctive Initiatives

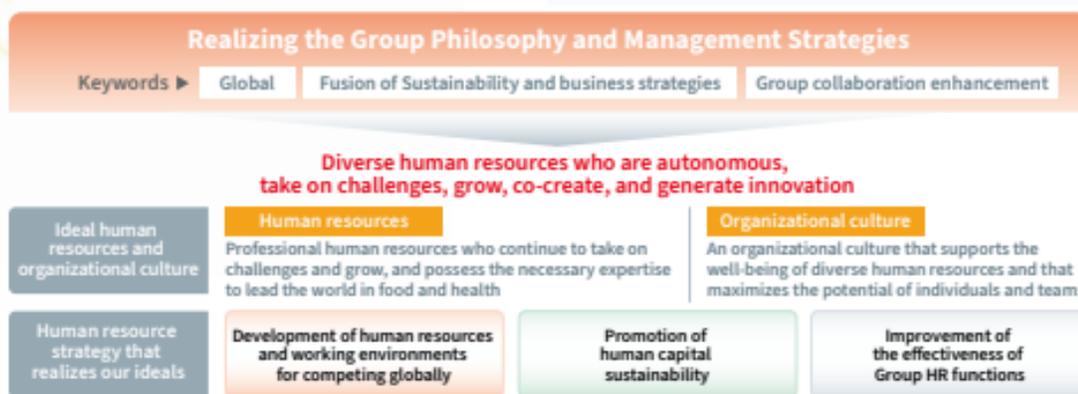
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Implementation strategy

Human resource strategy based on management strategy

- Formulating a "value creation story" that better embodies the connection between management strategy and human resource strategy.
- The company believes that it is our human resources that embody the "Transformation" concept of the new Medium-Term Business plan, and that "Transformation of people and organization" is the most important issue for realizing our management strategy.

Our Value Creation Story: Human Resource Strategy Based on Management Strategies



3.6. investment in human capital/human resource strategy

3

6.4. actions after substantive dialogue, etc.

Substantive dialogue and engagement Reflecting the content of the dialogue in initiatives

- The content of the dialogue with shareholders is reported to the Board of Directors in the IR Monthly Report, which is also made available to all employees, and a system for internal feedback is in place.

Constructive Dialogue with Shareholders

Status of Dialogue in FY2023

(1) Main themes of the dialogue

- Progress of KPIs set forth in the 2023 Medium-Term Business Plan (Meiji ROESG**)
- Management policy, business strategies, and capital policy (capital investment, shareholder returns, etc.) in the 2026 Medium-Term Business Plan
- FY2023 Results and FY2024 Plans
- ESG activity policies and initiatives

(2) Main interests and concerns of shareholders

- Food segment: Impact of cost increases in raw materials, etc., and measures to address them such as price increases
- Pharmaceutical segment: Sales trend of antibacterial drugs, status of COVID-19 vaccine research and development, and the impact of the NHI drug price revisions
- Overseas business (especially China business in the Food segment)
- Sustainability procurement, biodiversity, human capital, Intellectual Property, Digital Transformation, etc.

(3) Major issues that the Company recognizes as issues through dialogue with shareholders

- Food segment: Feasibility on measures to recover sales volume of mainstay products
- Pharmaceutical segment: Engage in COVID-19 vaccine development
- Accelerate overseas business expansion and improve its profitability
- Issuing stable and continuous shareholder returns, conducting opportunistic share buyback
- Further promotion of sustainability management, fusing financial and non-financial information (pursue Trade-On)
- Create synergy between food and pharmaceuticals

(4) Status of feedback

- Dialogue content with shareholders is summarized in the IR monthly report, which is then reported by the director in charge of IR to the Board of Directors on a regular basis
- After being reported to management, the IR monthly report is then distributed to all employees. Shareholder and investor opinions are widely shared within the Meiji Group

** ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

Voice of the Company History and Benefits of Disclosure of Dialogue Content

- The disclosure of dialogue content was initiated on a voluntary basis, based on examples of Implementation by other companies. We believe that the benefits of disclosure include the ability to demonstrate to investors that there are no gaps in their perceptions and the assurance of transparency. In addition, managers are required to view internal financial results briefings in order to promote a healthy crisis awareness.

General Evaluation

- Long-term and Implementation strategies have been developed based on a solid vision, and plans are being steadily implemented.
- Integrate sustainability in quality and manufacturing processes and position it as part of the brand values
- The company is strategically committed to transforming itself into a "Platform for Localization and Circulation of Resources" and is working to promote employee diversity and develop incentive systems aimed at developing businesses that make the most of the characteristics of each region.

Evaluation by Point of View

Values & long-term strategy

The company's goal is to realize a "Truthful and Sustainable Life for All," and its objective is consistent with the role of each store as a "local community center" and the realization of independent store management. The company's long-term strategy, which includes "resource circulation" and "addressing local challenges" as key issues in its vision of what it wants to be by 2030, also reflects the company's unique characteristics.

Implementation strategy

Specific efforts toward the goal of "to take root in local society" and diverse human resources include the introduction of employee diversity and incentive programs. Efforts are also being made to strengthen the competitiveness of their products and to deepen their understanding of the region.

KPI & Governance

Reflecting the results of ESG indicators in the compensation of directors strengthens the governance of ESG initiatives by directors.

Substantial-conversation & Engagement

The company focuses on dialog not only with institutional investors, but also with individual investors.

Value Creation Story

Enhancing Our Corporate Value The Value We Create

As a company that strives "to be a part of people's daily necessities" and contributes to communities through its efforts "to take root in local society" centered on independently managed stores, Ryohin Keikaku will enhance its corporate value over the long term by working with stakeholders to create more a positive impact on the environment and society, thereby helping to realize "a truthful and sustainable life for all."

To be a part of people's daily necessities

Products that take the environment and society into consideration

Apparel	Household goods	Food
 Selection of materials that takes the environment and society into consideration ▶ Page 46	 Skin care series with skin and nature in mind ▶ Page 47	 Food products utilizing materials that would have otherwise gone to waste ▶ Page 50
 Use of circular materials ▶ Page 46	 Development of products made from a single material ▶ Page 46	 PET bottles made from 100% recycled plastic ▶ Page 50

Initiatives and services for realizing "a truthful and sustainable life for all"

 MUJI passport (Smartphone app) ▶ Page 52	 Resource circulation initiatives ▶ Page 51
 MUJI SUPPORT (Lifestyle consultation service)	 ATELIER MUJI (Culture and art events) ▶ Page 54

Designing spaces and residences that reflect MUJI's value

 Design of wood-frame stores and other commercial facilities ▶ Page 54	 Space design business
 MUJI House	 IDEE

Positive impact on the environment and society

Percentage of cotton sourced with consideration for impact on society and the environment ¹ Apparel: 97% Household goods: 47%	Circular society Economic growth in production areas Enhancement of quality of life Community revitalization
Procurement volume of materials that contribute to economic growth in production areas ² Kapok: 286 t Aesee wool: 52 t	
Number of in-store collections of textile and plastic products Approx. 150,000 times ³	
Number of people participating in local revitalization activities Approx. 270,000 ⁴	

Helping to realize "a truthful and sustainable life for all"

To take root in local society

Independent store management and collaboration with local communities

 Community Market events (Community collaboration events) ▶ Page 60	 ITSUMO MOSHIMO (Smaller presentation and collaboration with local government) ▶ Page 64	 Store opening support for local business owners
 Mobile sales bus ▶ Page 67	 Healthcare Centers (Healthcare) ▶ Page 64	 Store with a public library ▶ Page 66

Organization of local resources

 Shokoku Ryohin (Sales of regional specialty products) ▶ Page 62	 Café/MuJI (Local production for local consumption) ▶ Page 65
 Product development with local producers ▶ Page 66	 Sales of regional specialty products

Development of regional stay hubs

 MUJI BASE	 MUJI HOTEL
 MUJI room	 MUJI Camp

1. We recognize Global Organic Textile Standard (GOTS), Cotton made in Africa (CMAA), Global Recycled Standard (GRS) and other certifications as indicators of cotton sourced with consideration for impact on society and the environment.
 2. See page 48 for more details.
 3. See page 48 for more details.
 4. See page 28 for more details.

Ryohin Keikaku Co.,Ltd.

Distinctive Initiatives

1 Values and Long-term Strategies

2.1.1. the goal of providing long-term value to society

Establishment of a new industrial structure "Platform for Localization and Circulation of Resources"

- In order to realize its corporate philosophy, the company believes it is necessary to shift from a traditional "global manufacturing and retailing business" to a "Platform for Localization and Circulation of Resources" that utilizes and circulates local resources. Aiming for "localization" rather than "globalization" and "resource circulation" rather than "manufacturing and retailing."
- This new business model promotes local production for local consumption and aims to build a business model that is not dependent on primary resources by recycling and reusing unused products. By collecting and reusing sold products, the goal is to circulate resources while co-creating with consumers and other companies.
- The Company will continue to contribute to the economic development of developing regions through production in the form of a "global manufacturing and retailing business" utilizing global supply chains, with a focus on conventional apparel, and will also promote local production for local consumption in the area of food, as well as the area of recycling and reuse business using unwanted household items as the main raw material.

Voice of the Company

Background and initiatives for the "Platform for Localization and Circulation of Resources"

- Aiming to realize a "Truthful and Sustainable Life for All", "we are building a supply chain model based on local production for local consumption while maintaining our global supply chain model. The conventional manufacturing process of sourcing, producing, and transferring sales of the right products from the right place will continue, but because of the possibility of insufficient response to social issues in the future, we have established the Circular Business Division and a policy to focus on resource circulation.
- A new store, the largest in the world, was opened in Kashihara City, Nara Prefecture, based on the concept of "circulation" to handle reused and recycled products. We plan to use this initiative as a foothold for nationwide expansion and development toward a more sustainable business model.

Actions up to 2030



Ryohin Keikaku Co.,Ltd.

Distinctive Initiatives

2 Values and Long-term Strategies Efforts to address local challenges and revitalize regions

- The company is working to create a platform to realize a "Truthful and Sustainable society" in each region.
- By establishing the Social Good Business Division and engaging in businesses that solve social issues, Ryohin Keikaku aims to create a system of public interest and mutual aid in society, and to create an organic link between the economy, culture, and the environment.
- The company has various projects not only in the store but also in the community and throughout the country.



3 Implementation strategy Efforts to "to take root in local society"

- Interaction and collaboration with local communities: collaborating with local government, local businesses and producers, and organizing events.
- Community revitalization: revitalizing shopping streets, opening stores at roadside stations, revitalizing and renovating apartment complexes, revitalizing vacant houses, utilizing closed schools, and selling local commercial materials.
- Utilization of local resources: working with local businesses to promote the sale of local products and resource circulation.
- Community-based services: development of "Healthcare Centers", mobile sales, development of regionally limited products, and support for local businesses to open a one-*tsubo* store within MUJI stores in shopping districts.

2.1.1. the goal of providing long-term value to society

Voice of the Company Activities of the Social Good Business Division

- The Social Good Business Division was established with the objective of not only returning a portion of profits to society, but also to address local challenges and revitalization as an actual business.
- Through the operation of a regional experience-based accommodation facility such as "MUJI BASE OIKAWA," which was renovated from a closed school and utilizes idle assets in the community, we are working to promote regional industry and create regional experiences. We contribute to the local economy by enhancing the attractiveness of the area and creating an environment that attracts people from the suburbs. We believe that these activities will greatly benefit our business as well.

3.2. capital allocation strategy

Resonac Holdings Corporation

industry

Chemicals

PBR*

1.0(consolidated)

*average of September 2023 - August 2024

General Evaluation

- The company has established a vision based on the purpose of "changing society through the power of chemistry," and has defined three key issues: "Gain credibility through responsible business management," "Strengthen co-creativity&competitiveness and create social value through innovation and business," and "Develop autonomous, creative, and active human resources and culture," and has integrated values, vision, and long-term strategy.
- The goal of the long-term vision is to become a "world-class functional chemical company" by 2030, and strivings are being made to achieve this goal.

Evaluation by Point of View

Values & long-term strategy

The values and vision are integrated with long-term strategies, including the establishment of three key issues and the long-term concentration of resources on semiconductor materials.

Implementation strategy

Accurately describes its approach to the core strategies of human resources, business portfolio, investment in intangible assets, and financial capital to achieve the goals of the long-term vision.

KPI & Governance

Both financial and non-financial KPIs are set appropriately.

Substantial-conversation & Engagement

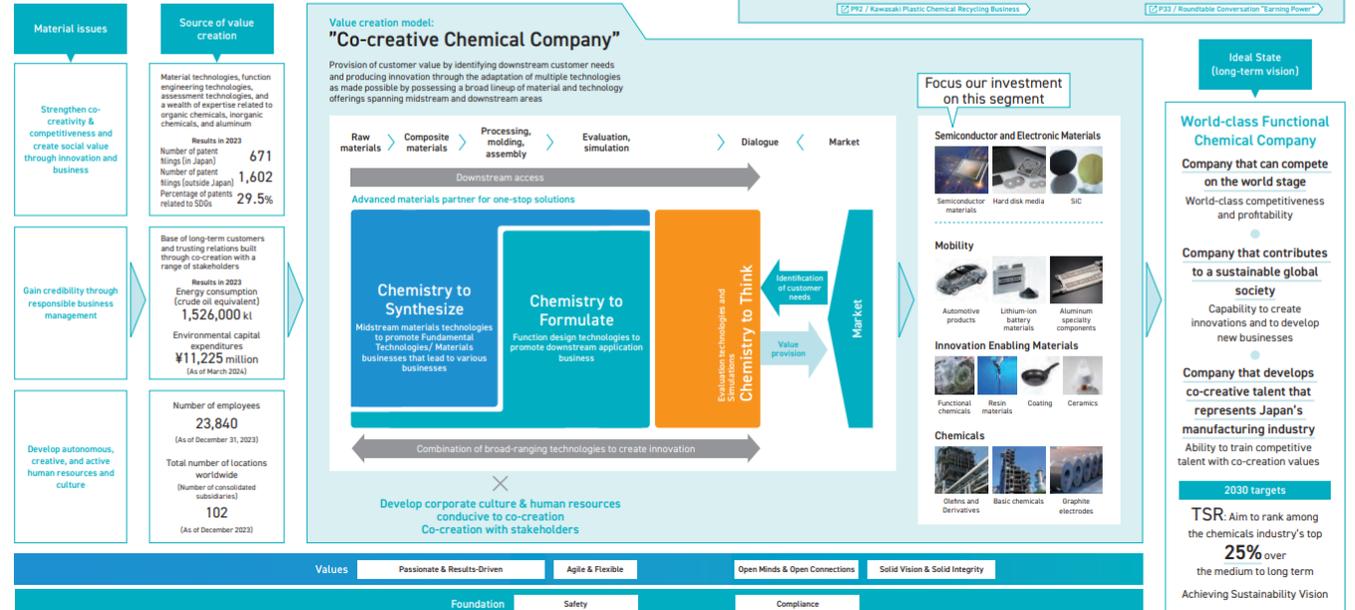
The company is commended for its dialogue between the president and outside directors and shareholder investors, and for its reporting of investor feedback to the management team.

Value Creation Story

Value Creation Process

Change Society through the Power of Chemistry

Contribute to the sustainable development of global society by creating functions required of the times as an advanced material partner



Resonac Holdings Corporation

Distinctive Initiatives

1 Values and Long-term Strategies

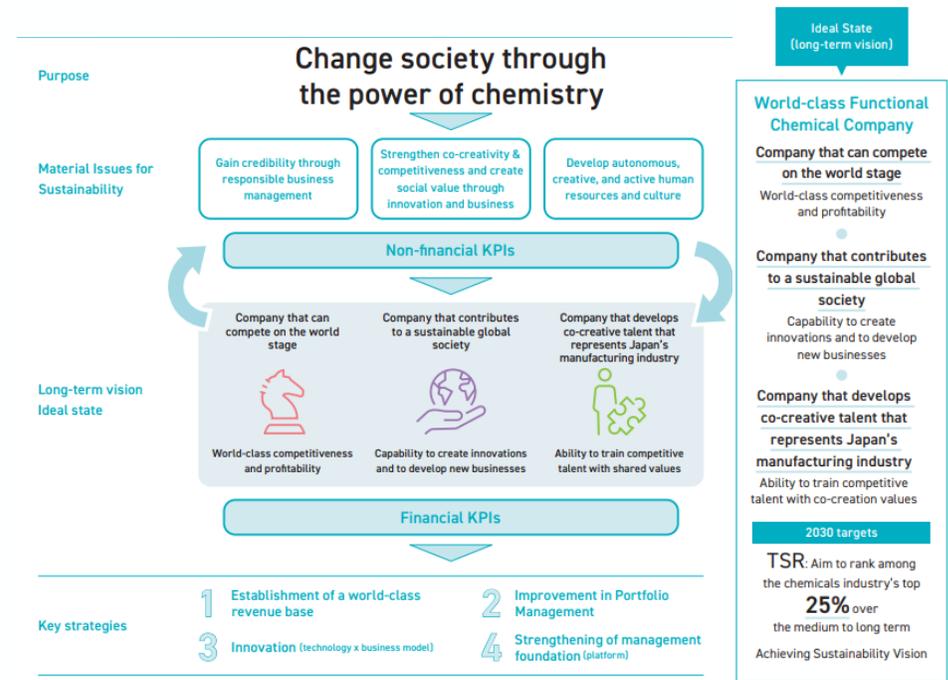
2.1.1. the goal of providing long-term value to society

Set the goal of becoming a "world-class functional chemical company"

- The merger of Showa Denko and Hitachi Chemical in 2023 to form the new company Resonac is positioned as a new start, a "second founding," with the goal of becoming a world-class manufacturer of functional chemicals by 2030.
- Starting from the purpose of "Change society through the power of chemistry", three key challenges were identified by considering both societal expectations and our own materiality: "Fostering trust through responsible business operations," "Improving co-creation and competitiveness through innovation and business, and creating social value," and "Fostering autonomous and creative human resources and a culture. and "Fostering a culture of autonomous and creative human resources"

Voice of the Company
Strengthen competitiveness and promote co-creation based on "Corporate Value = Strategy x Individual Ability x Corporate Culture"

- Our competitiveness is based on our technological capabilities in semiconductor electronic materials and our ability to interact directly with industry-leading customers. To continue to grow in advanced semiconductor materials, it is important to anticipate industry fluctuations and develop next-generation materials in a timely manner through dialogue with our customers. Even though we may focus on areas other than semiconductors in the future, we believe that as a manufacturer of functional chemicals, we can co-create with relevant stakeholders by leveraging our technological and interactive capabilities to provide products that meet customer needs.
- Developing innovative technology as well as fostering a culture of human resource development and co-creation is essential to maintain and further strengthen our competitive edge above. We focus on fostering co-creative talent by emphasizing the success of autonomous and creative individuals. We see fostering co-creation both internally and externally as an important element of our business growth, and we are actively implementing initiatives to instill Purpose Values.



Resonac Holdings Corporation

Distinctive Initiatives

2 implementation strategy

Human capital for the realization of our vision

- The company believes it is important to improve corporate value by closely aligning business and human resource strategies. Achieve further business growth by building a co-creation culture unique to Resonac and developing co-creation-oriented human resources.
- In order to realize the ideal state of each business, the skills and competencies required for each type of job are organized and defined, and a workforce plan is formulated according to the status of the required human resources required. For example, the Electronics Division has identified the gap between the desired workforce composition and the workforce in five years, and is implementing actions related to recruitment, resource reallocation, retention/engagement, and engineer training.

3.6. investment in human capital/human resource strategy

Voice of the Company

Instilling Purpose Values through Co-Creation and Dialogue

- In an effort to create a co-creative workforce, MHI is working to instill and implement Purpose and Values within the company, with the CEO and CHRO visiting sites in each country to hold town halls, small-group roundtables, and meetings with management. At the field level, management and employees also hold one-on-one meetings at a high frequency to support the promotion of growth.
- In the area of talent management, the company has introduced an early selection program and an open application system to enable employees to consider and shape their own careers.

3 implementation strategy

R&D and Intellectual Property Strategies to Achieve the Goals

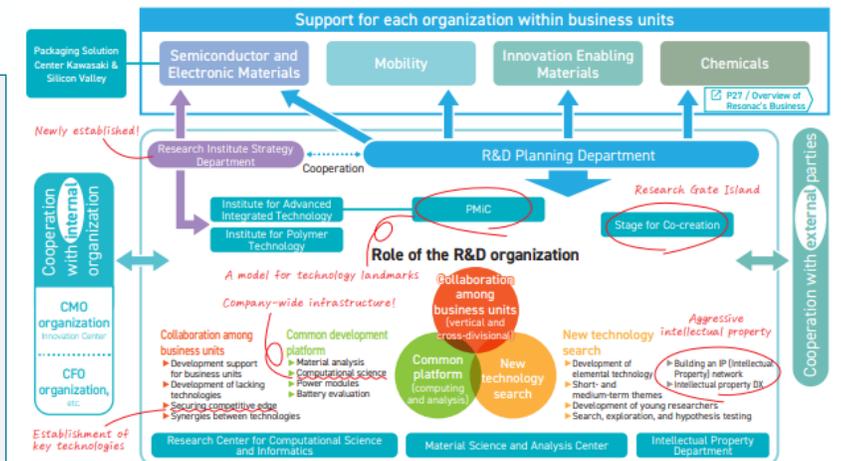
3.7. investment strategies to secure and strengthen intangible assets, including intellectual property

In order to increase the likelihood of the manifestation of research results, the company promotes co-creation R&D in collaboration with internal organizations and external stakeholders.

Voice of the Company

Co-creation R&D with dialogue at its core

- In R&D, we are promoting open innovation and internal and external co-creation through the Packaging Solution Center. In terms of intellectual property strategy, the Semiconductor Electronic Materials segment is pursuing the establishment of an intellectual property portfolio that is best suited to each business, such as filing patents globally to continue to win in cutting-edge fields.
- We are pursuing an organizational structure that enables cross-functional initiatives. In 2024, the Research Institute Strategy Department will be established to create an environment that enables constant dialog between R&D and the field. We are incorporating FFS theory to align individual characteristics with personnel placement, placing a strong emphasis on the development of a talent portfolio.



4. SX Nominated Companies Report

List of companies (in Japanese alphabetical order)

This year, the following two companies were newly selected as "SX Nominated Companies" from among the companies not yet selected as "SX Brands 2025" that are implementing excellent initiatives that deserve special attention.



List of companies (in alphabetical order)

企業名	Page
TechnoPro Holdings, Inc.	73
TOTO LTD.	74

General Evaluation

- Developing long-term business strategies in the technical labor market to address potential domestic engineer shortages.
- As a long-term strategy, the company is evolving its engineer staffing business, enhancing the value of its services while focusing on engineer development. In addition, the company has a policy of complementing its talent and technology through mergers and acquisitions when necessary.

Evaluation by Point of View

Implementation strategy

Based on its long-term DX strategy and human resources strategy, the company is taking strategic actions, including mergers and acquisitions, to respond to the changing environment in the engineer staffing industry. The company is developing a workforce plan to shift from engineer staffing to the Solution Business, through leveraging its engineer data.

Voice of the Company

Synergy Generation basis our engineer asset

- We believe that expanding our Core Business towards Solution Business enhances engineer's career streams, leading to improved pricing and, ultimately, better treatment for engineers. To maximize synergies between our Core Business (engineer staffing) and Solution Business, fostering engineer and optimal allocation are critical. Unlike the multi-tier subcontracting model common in the Japan IT industry, we aim to establish an operational model that fully utilizes our engineer asset in the Core Business, thereby gaining a competitive advantage in the Solution Business.

Distinctive Initiatives

1

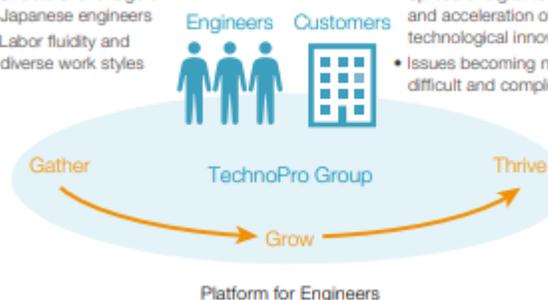
Implementation strategy Portfolio Management Strategy

3.3. business portfolio management strategies, including divestiture and exit strategies

- The Company pursues a strategy of focusing on quality in the Core Business and striving to grow.
- By driving a transformation that focuses on business "evolution" rather than mere diversification, the company is expanding its business and transforming business model by anticipating medium- and long-term market supply and demand trends.
- The Solutions Business, an evolution of the engineer staffing business, has been designated as a new pillar of the company's business, and the company is working to expand customer needs and technical services by pursuing economies of scope through leveraging existing strengths and assets.

Human Capital Management at the TechnoPro Group

- Structural shortage of Japanese engineers
- Labor fluidity and diverse work styles
- Spread of digital technologies and acceleration of technological innovation
- Issues becoming more difficult and complex



General Evaluation

- The company establish a brand as "Japan's Toilet" and building a strong, competitive position.
- Issues such as health, water conservation, energy and water efficiency, and conservation initiatives are developed into value creation stories.

Evaluation by Point of View

Values & long-term strategy

Guided by its vision and mission, TOTO has formulated a long-term management strategy, "TOTO WILL 2030," with 2030 as the target year, and is developing a strategy with a consistent story.

Common Group Philosophy

The Common Group Philosophy represents the inherited values of TOTO that are shared among employees and will be carried forward into the future.



Vision for Business Activities

Our vision and mission are positioned as the course of our business activities that change in accordance with the demands of the times.

Voice of the Company

The heart and soul of a company that transcends tradition and time

- The company was founded with the aim of improving people's lifestyle and culture through sanitary ware at a time when sewage infrastructure was underdeveloped. Inheriting the words of the company's first president, "provide good products and satisfy the customer," the company has continued to provide new values. While responding to the changing times, we have continued to promote our business with unchanging values.
- Within the company, the group's common philosophy is "heart" and the vision for business activities is "body in action". We believe it is important to keep our minds the same, but to change the way we move our bodies in accordance with the times, and to continue to proactively take on new challenges.

Distinctive Initiatives

1 Values and Long-term Strategies

2.2.1. position in the market power structure

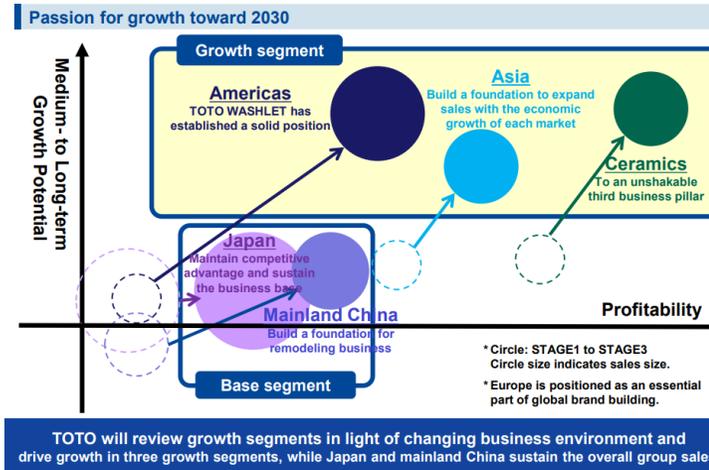
Solid brand power and future prospects for "Japan's Toilet" acclaim

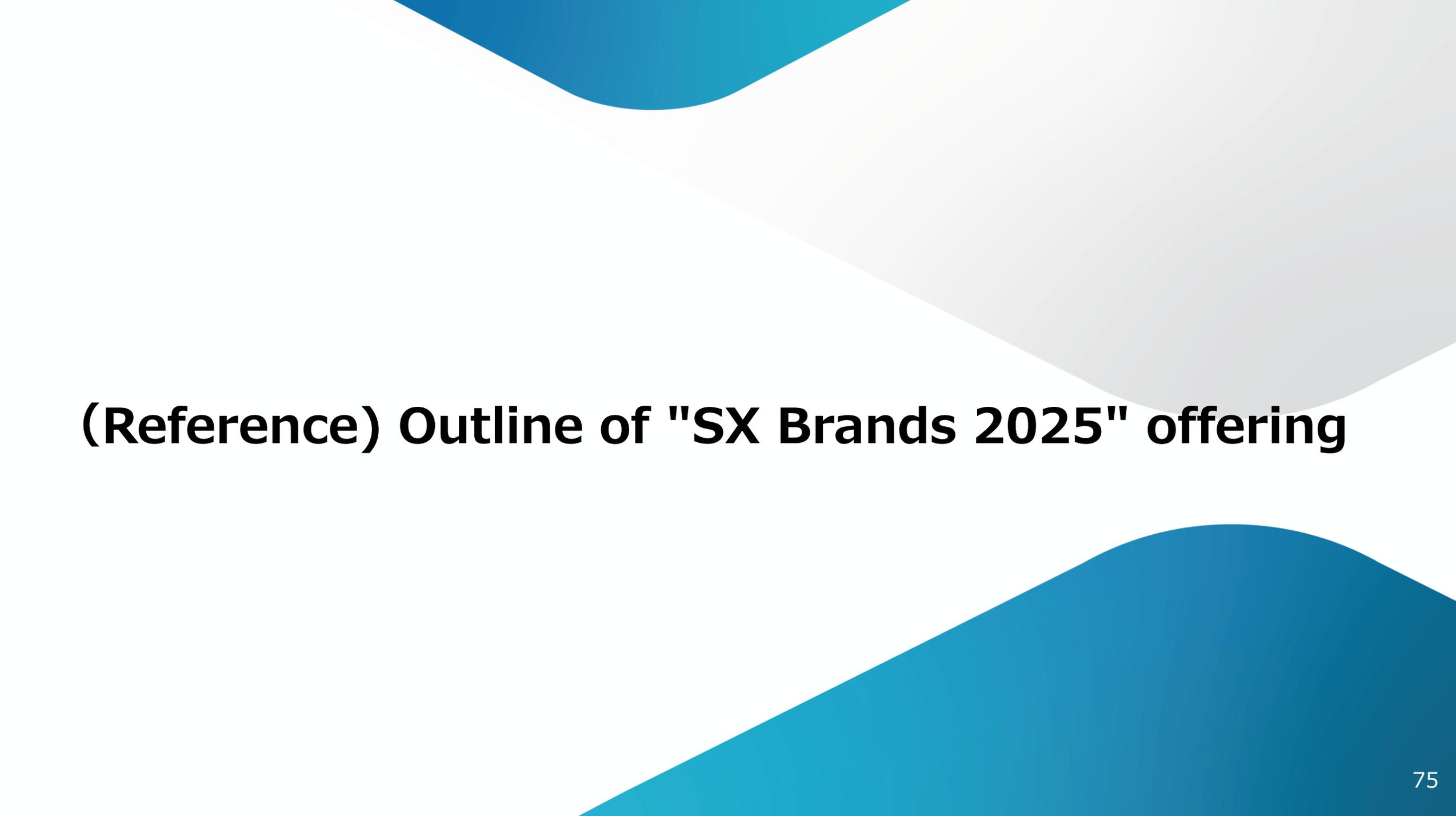
- Based on the TOTO Group Corporate Philosophy, which has been passed down through more than 100 years of history since the company was founded in 1917, the TOTO Group formulated the "Shared Value Creation Strategy TOTO WILL 2030".
- Based on its greatest strength of "quality and uniformity", the company has formulated and implemented a transformation of its business portfolio.

Voice of the Company

Prospects for becoming a global company with Ceramics technology as its core

- Although we have a strong image as a Japanese toilet manufacturer and home furnishings company, we aim to transform our portfolio into a comprehensive ceramics company by expanding sales of home furnishings products overseas and developing our ceramics business, a new business field.
- It is expected that society and the economy will continue to change more rapidly and that demand will diversify. For this reason, starting in 2024, we will launch an initiative to solicit ideas from within the company. We believe it is important to foster a culture of exploring new business opportunities and sharing challenges and failures.





(Reference) Outline of "SX Brands 2025" offering

Outline of the SX Brands 2025 Offering

- The following is overview of the SX Brands 2025 application process.
- In the SX screening process, the value creation stories of the applicant companies are reviewed based on the Guidance for Collaborative Value Creation 2.0 framework.

[Reference] Guidance for Collaborative Value Creation 2.0:

https://www.meti.go.jp/policy/economy/keiei_innovation/kigyokaikei/guidance_for_collaborative_value_creation_2.0_en.pdf

item	Contents
Target Company	Companies listed on the Prime, Standard, and Growth markets of the Tokyo Stock Exchange as of September 1, 2024.
Application Period	September 18, 2024 (Wednesday) 10:00 Start November 18, 2024 (Monday) 16:00 Deadline (strictly enforced)
How to apply	Please access the SX Survey URL, enter your answers to each question, and then submit the survey. Please answer once per company.

Composition of the SX Questionnaire and items to be included

- The SX Survey Form was designed to determine whether the applicant companies were able to **construct a value creation story through a series of selective and descriptive items**. To this end, the SX survey form was designed from the four perspectives of **"values and long-term strategy," "execution strategy," "KPIs and governance," and "substantive dialogue and engagement" that make up the value creation story**.
- The questionnaire also asked respondents to provide references to integrated reports, annual reports, and other documents.

1. Values and long-term strategy

"Values" are the **axis for determining the actions to be taken by a company and each employee to solve social issues**. It is important for a company to express its unique values and, based on these values, to **consider which social issues to be solved as "important issues" in the context of sustainable value creation for the company**.

"Long-term strategy" can be constructed by integrating the **formulation of a vision to identify long-term social trends, the construction and transformation of a business model** that will serve as the pillar of realization, and the analysis of **risks and opportunities that should be taken into consideration**. Companies should **build their long-term strategies in an integrated manner with their values and key issues**, based on an understanding and analysis of risks and opportunities, in order to show how they can create sustainable value in response to changes in the industrial structure and business environment.

2. Execution Strategy

The **"execution strategy" is a foot- and mid- to long-term strategy to materialize and realize the long-term strategy** by maintaining and strengthening the company's resources and relationships with its stakeholders. Companies are required to formulate their execution strategies based on **an analysis and evaluation of their financial position and operating results**, as well as **an analysis of long-term risks and opportunities**.

3. KPIs and Governance

"KPIs" are **indicators that show how much value is created** by long-term strategies and execution strategies, **and how management analyzes and evaluates that value**. It is **important for** companies to manage the progress and evaluate the results of their strategies using KPIs to **refine and improve their strategies and revise them as necessary**.

"Governance" is a **mechanism or function that disciplines a company to** steadily formulate, promote, and verify its strategies and to **sustainably increase its corporate value**. Companies are required to **develop a governance structure that disciplines corporate behavior so that it is effective and sustainable**.

4. Substantive dialogue and engagement

"Substantive dialogue and engagement" is a **collaborative process in which a company and its investors engage in an interactive dialogue to refine the overall picture of the company's value creation story and its various components**. It is important for companies and investors to **co-create sustainable corporate value** while deepening substantive dialogue and engagement.

Descriptive item questions

- The descriptive items of the SX questionnaire consisted of the following questions.
- While there is no upper limit to the number of words, a total of 10,000 words was set as a guideline.

1. How do you envision the **megatrends of future social issues**, which are both **risks and opportunities** for your company on a **long-term time horizon**, and what social issues have you identified as **critical issues based on your company's values? How do you set your "vision" by backcasting from the future and forecasting from your competitive advantage and strength**, and how do you build a **"business model" that will serve as the pillar to realize your vision?** How do you reflect **your analysis of risks and opportunities** in setting your "vision" and building your "business model"? Please provide an overview of these.
2. In order to materialize and realize your long-term strategy, from the viewpoint of **bridging the gap between your "aspirations" and the current state of your company**, have you formulated foot and mid-to-long term strategies such as **human resource strategy, DX strategy, business portfolio strategy, intangible asset investment strategy including intellectual property, capital policy (capital allocation plan, investment plan, etc.)?** Please provide a summary of these strategies.
3. In order to realize the "vision" and strategies based on it, what kind of **governance structure do you have in place**, and **what kind of KPIs do you set to manage the progress of your strategies?** Do you plan to revise the **"vision" and strategies based on it appropriately in response to changes in the external environment?** Please provide an outline.
4. Do you set up an **agenda for dialogue with investors, taking into account important issues?** Has **the company** set up a representative (**CEO/President, outside director, IR staff, etc.**) **according to the attributes of the investors and the purpose of the dialogue?** Does **the company review its initiatives and systems** based on suggestions obtained through dialogue, etc., and **explain the progress and results of the review to investors?** Please provide a summary.
5. In order for us to determine the feasibility of the above, please provide an overview of your initiatives over the past 5 to 10 years (initiatives leading to the content described in 1.2. above). Please describe how your company's **cost of capital (WACC, cost of equity)** and return on **capital (ROIC, ROE)** have been determined, how you have analyzed and evaluated them and their **market valuation (stock price, PER, PBR)**, and what **strategies** you have developed and **implemented** to improve them, as far as they have been considered in the past. Please describe to what extent this has been considered in the past

Evaluation Perspectives on Descriptive Items

- The review was based on the following four main evaluation points – evaluation items for the content of the descriptive items.

(1) Values and long-term strategies

Does the company identify **key issues** based on its own **values from the mega-trends of future social issues** that represent both **risks** and **business opportunities** for the company over the long term time horizon? Has the company established its **"vision" by backcasting from the future and forecasting from** its own **competitive advantages and strengths, taking into account the critical issues**, and has it **developed a "business model"** that will serve as a pillar for the realization of the vision? In addition, does the company reflect the **analysis of risks and opportunities** in setting its "vision" and building its "business model"?

(2) Execution strategy

In order to materialize and realize the long-term strategy, from the viewpoint of **bridging the gap between the "Aspirational Image" and the current image of the company**, has the company formulated a **human resource strategy, DX strategy, business portfolio strategy, intangible asset investment strategy including intellectual property, capital policy (capital allocation plan, investment plan, etc.), etc.?**

(3) KPIs and Governance

In order to effectively promote long-term and sustainable enhancement of corporate value, has the company established a governance structure to appropriately oversee the "vision" and strategies based on it, and **set KPIs to measure the progress of these strategies?** Through these measures, does the company **steadily establish and implement its vision and strategies based on that vision**, while appropriately reviewing them **in response to changes in the external environment and other factors?**

(4) Substantive dialogue and engagement

Has the company set up an agenda and engaged in dialogue **based on key issues?** Has the company **set up a representative (CEO/president, outside director, IR staff, etc.) according to the attributes of the investors and the purpose of the dialogue?** Does **the company review its initiatives and systems** based on suggestions obtained through dialogue, etc., and **explain the progress and results of the review to investors?**

Feasibility

Based on **past initiatives and transformations (track record)**, are **(1) values and long-term strategy, (2) Implementation strategy, and (3) KPIs and governance sufficiently feasible?** Particular emphasis is placed on **management and business transformation*** (especially **management and business transformation beyond the 1x P/B ratio barrier**) initiatives.

*Not limited to the recombination of business portfolios by conglomerate companies, but also includes business transformation by single-business companies.

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