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Corporate Governance Report

CORPORATE GOVERNANCE

FOOD & LIFE COMPANIES LTD.

Last Update: December 25, 2025

FOOD & LIFE COMPANIES LTD.

Masahiro Yamamoto, Representative Director, President & CEO

Contact: Legal Dept., 06-6368-1039

Stock Code: 3563

<https://www.food-and-life.co.jp/>

The corporate governance of FOOD & LIFE COMPANIES LTD. (the “Company”) is as described below.

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

1. Basic Views

Our basic views on corporate governance are to ensure that management can check the status of compliance with laws, regulations, and the Articles of Incorporation, and that the management system is maintained to preserve this approach under our Corporate Philosophy, which consists of our VISION (Our goal for the future), our PROMISE (Value for our customers), and our PRINCIPLES (Our behavioral guidelines). Moreover, in order to achieve our Corporate Philosophy and management goals, we believe that establishing a management system that can direct the awareness and business activities of all officers and employees will lead to fairer and more transparent management, which will serve the interests of all stakeholders.

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

The Company complies with all the principles of the Corporate Governance Code.

[Disclosure Based on each Principle of the Corporate Governance Code] Updated

[Principle 1-4] Policy regarding the reduction of listed shares held as cross-shareholdings

As a general rule, the Company does not hold cross-shareholdings. Cross-shareholdings will be necessary only when it is determined that such holdings will contribute to the enhancement of corporate value for the company over the medium-to-long term.

[Principle 1-7] Related party transactions

The Company has established Related Party Transactions Management Regulations and obtains the approval of the Board of Directors for any new transactions directly with the Company's officers and its major shareholders or any other transactions that fall under the provisions of the Regulations. In the event that a related party transaction is initiated, the Board of Directors reviews the transaction annually to determine whether or not it can be continued.

[Supplementary Principle 2-3-1] Recognizing issues surrounding sustainability as important management issues tied to risk reduction and profit opportunities, considering active and proactive measures and responses

[Supplementary Principle 3-1-3] Initiatives, etc., related to sustainability

[Supplementary Principle 4-2-2] Formulation of basic policies by the Board of Directors regarding the Company's sustainability initiatives, overseeing the allocation of management strategies and the implementation of business portfolio strategies

(i) Sustainability Initiatives

The Company recognizes that addressing issues surrounding sustainability, including social and environmental issues, is important for the enhancement of corporate value over the medium to long term. The Board of Directors discussed future sustainability management and announced its initiatives in the new Medium-term Management Plan starting from the fiscal year ending September 30, 2024.

The Company is promoting sustainability management that includes resource initiatives based on upstream collaboration and reduction of food loss through the introduction of digital transformation (DX). In addition, in order to clearly position sustainability as a management issue for the Company and its subsidiaries (“the Group”) and to implement initiatives, the Company established the Sustainability Promotion Committee, chaired by the President & CEO, in the fiscal year ended September 30, 2022. We have also analyzed the climate change-related risks and opportunities for the Group and disclosed information in line with the TCFD recommendations. More details have been published on the Company's website.

<Sustainability Initiatives>

[Japanese] <https://www.food-and-life.co.jp/sustainability/>

[English] <https://www.food-and-life.co.jp/en/sustainability/>

<Medium-term Management Plan>

[Japanese] https://food-and-life.co.jp/wp-content/uploads/2024/12/medium_term_plan_2024.pdf

[English] https://www.food-and-life.co.jp/wp-content/uploads/2024/12/medium_term_plan_eng2024.pdf

<Establishment of the Sustainability Promotion Committee>

[Japanese] https://www.food-and-life.co.jp/wp-content/uploads/2022/11/20221128_2.pdf

[English] <https://food-and-life.co.jp/en/corporate-news/14165/>

<Disclosure of Information in line with TCFD Recommendations>

[Japanese] <https://www.food-and-life.co.jp/sustainability/tcf-recommendation/>

[English] <https://www.food-and-life.co.jp/en/sustainability/tcf-recommendation/>

(ii) Investment in Human Capital

We strive to promote diversity, equity, and inclusion through mutual respect and acceptance of individuality, regardless of age, gender, nationality, or disability. We also strive to foster growth and create a meaningful workplace where employees feel rewarded by tailoring human resources development to individual characteristics at each of our stores.

[Japanese] <https://www.food-and-life.co.jp/sustainability/diversity-inclusion/idea>

[English] <https://www.food-and-life.co.jp/en/sustainability/diversity-inclusion/idea>

(iii) Investment in Intellectual Property

We recognize that maintaining and enhancing the value of intellectual property rights such as trademarks and brands is essential for the sustainable growth of the Company and for creating value for society, and we acquire and maintain intellectual property rights both in Japan and overseas. We also promote the protection of intellectual property by taking prompt and rigorous action against counterfeit products and services that undermine the value of our intellectual property rights. In addition, we work to proactively disclose investment in acquisition, maintenance, and protection of intellectual property rights.

[Supplementary Principle 2-4-1] Ensuring diversity in the appointment and promotion of core human resources, etc.

We promote diversity, equity, and inclusion based on the belief that it is important for each and every individual to utilize their strengths and feel that they are participating in the company or organization in their own way, thereby creating new value and leading to business results.

(i) Active participation of women

We have established a target value for the percentage of women in management positions for the entire Group as one of our management indicators to advance their promotion into management positions.

Moreover, in order to improve the internal environment, we hold workshops to gather a wide range of options from within the Company and consider and implement measures.

Result for FYE September 30, 2025: 7.4%

Target for FYE September 30, 2027: 11%

(ii) Active participation of foreign national employees

We make decisions about hiring and promotion based on ability, regardless of nationality.

In order to further expand our business in Japan and overseas in the future, we will be creating and continually improving upon a working environment that allows foreign national employees to play an active role. As part of this, we are continuously making our manuals available in multiple languages as needed in order to promote the training of foreign national employees in Japan.

(iii) Active participation of mid-career hires

The Company promotes employees based on ability regardless of whether they joined as a new graduate or a mid-career hire.

We are actively recruiting mid-career hires, and they accounted for 57% of new hires in the fiscal year ended September 2025.

[Principle 2-6] Disclosing personnel and operational initiatives which ensure that corporate pensions are functioning properly, managing conflicts of interest

There is no impact on financial position as the Company does not have a retirement benefit plan and does not operate a corporate pension reserve fund.

[Principle 3-1] Enhancing the disclosure of information

(i) Company objectives (management philosophy, etc.), business strategies and business plans

Under our Corporate Philosophy, which consists of our VISION (Our goal for the future), our PROMISE (Value for our customers), and our PRINCIPLES (Our behavioral guidelines), "Our goal is to bring delicious food and dishes to everyday meals, and provide enriching experiences to our customers." We will continue to take on challenges to make this aspiration a reality. Business strategies and business plans: These are published on the Company website.

[Japanese] https://www.food-and-life.co.jp/wp-content/uploads/pdf/financial/medium_term_plan.pdf

[English] https://www.food-and-life.co.jp/wp-content/uploads/2024/12/medium_term_plan_eng2024.pdf

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

Please refer to section "I.1. Basic Approach" earlier in this document.

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

Remuneration, etc. for the Directors (excluding Audit and Supervisory Committee Members) is determined by the Board of Directors after the deliberation and report of the Nomination and Remuneration Committee, an optional advisory body, within the limits of the total amount of remuneration approved by the General Meeting of Shareholders. In addition, the remuneration, etc. of each Audit and Supervisory Committee member is determined through discussion by the Audit and Supervisory Committee members in accordance with laws and regulations as a general rule.

(iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and Audit and Supervisory Committee member candidates

The Company's policy is to ensure the independence and objectivity of the Board of Directors as well as the experience, insight, and expertise of each individual, and to consider the size of the Board of Directors and Audit and Supervisory Committee as a whole and the balance of candidates (including the number of outside officers) that make up these bodies in order to create an appropriate structure that enables each person to properly fulfill their role and responsibilities and respond appropriately to management issues in the Group's business. The Nomination and Remuneration Committee, an optional advisory body, deliberates on the nominations of candidates for Director, and the Company obtains the consent of the Audit and Supervisory Committee for the nominations of candidates for directors who are Audit & Supervisory Committee Member before the nominations are submitted as proposals for the election of directors at the Board of Directors meeting and the General Meeting of Shareholders. If a director is deemed unsuitable to be a director of the Company due to breach or neglect of professional duties, the Board of Directors determines the treatment of the director based on the deliberations and report of the Nomination and Remuneration Committee.

(v) Explanations with respect to each appointments/nomination in the appointment/dismissal of the senior management and the nomination of directors and Audit and Supervisory Committee member candidates

This information is published in the Notice of the Ordinary General Meeting of Shareholders.

[Supplementary Principle 4-1-1] Roles and responsibilities of the Board of Directors (1)

The Company delegates decisions on business execution to the President & CEO and other members of the management team with the aim of clarifying the system of responsibility and accelerating decision-making in the management of the Group, except for matters that are required to be resolved by the Board of Directors under laws and regulations, the Articles of Incorporation, and the Regulations of the Board of Directors. Matters related to decision-making and decision-making authority are stipulated in the Regulations of the Board of Directors and the Schedule of Administrative Authority.

[Principle 4-9] Criteria for determining the independence of outside directors

Please refer to "II.1. (5) [Independent Officers] Other Matters Concerning Independent Officers" later in this document.

[Supplementary Principle 4-10-1] Views on the independence, authority, role, etc. of the Nomination and Remuneration Committee

The Company has established the Nomination and Remuneration Committee, an optional advisory body to the Board of Directors, to enhance the fairness and transparency of procedures related to the nomination and remuneration of directors. Independent outside directors form a majority on the Nomination and Remuneration Committee to ensure its independence. The Nomination and Remuneration Committee deliberates at the request of the Board of Directors and then submits its report to the Board of Directors on matters related to the appointment, dismissal, and remuneration (includes the design of the remuneration system and determination of the amount of remuneration) of officers, including the President & CEO, and the formulation and operation of succession plans, etc.

[Supplementary Principle 4-11-1] Views on the balance of knowledge, experience, and abilities, diversity, and size of the Board of Directors as a whole

Candidates for director who have extensive experience and a high level of insight and expertise as well as a high standard of ethics and outstanding character are nominated by the Board of Directors from inside and outside of the Company and elected by the General Meeting of Shareholders to ensure the diversity of the Board of Directors and the optimal balance of knowledge, experience, and abilities as a whole for the Company.

The composition of the Company's outside directors consist of eight (8) persons, four (4) of whom are men and four (4) of whom are women, with extensive experience in corporate management, finance/accounting, marketing, global management, risk management, legal affairs, ICT/Digital, sustainability and human capital management. The knowledge and experience possessed by each director is set out in the Notice of the Ordinary General Meeting of Shareholders.

In addition, the nomination of candidates for director is submitted as a proposal for the election of directors to the Board of Directors and the General Meeting of Shareholders following deliberation by the Nomination and Remuneration Committee.

[Supplementary Principle 4-11-2] Concurrent positions held by officers at other listed companies

The information is published in the Notice of the Ordinary General Meeting of Shareholders and the Annual Securities Report.

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

The Company conducts annual surveys and other measures to analyze and evaluate the overall effectiveness of the Board of Directors, with the aim of enhancing its effectiveness. The summary of the evaluation is disclosed on the Company's corporate website.

[Japanese] <https://food-and-life.co.jp/investor/evaluation-effectiveness/>

[English] <https://food-and-life.co.jp/en/investor/evaluation-effectiveness/>

[Supplementary Principle 4-14-2] Training policy for officers

Based on the needs and requirements of the director, the Company provides training and other opportunities to acquire knowledge related to the roles and responsibilities expected of directors of listed companies, such as relevant laws and regulations, and compliance. The Company also provides forums including offsite meetings for the directors who possess extensive experience and expertise to exchange opinions with each other and make suggestions to the Group.

[Principle 5-1] Dialogue with shareholders

The Company endeavors to have its senior management and directors engage in dialogue to the extent reasonable in order to enhance corporate value over the medium to long term through constructive dialogue with shareholders and investors. Please refer to section "III. 2. Status of Investor Relations Activities" later in this document for specific IR activities. In addition, the Company's policy on the development of systems and initiatives to promote constructive dialogue with its shareholders and investors is as follows.

- (i) Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below regarding overall dialogue with shareholders and investors;
The Company selects an officer with responsibility for investor relations and shareholders/investors and implements measures to realize constructive dialogue.
- (ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;
To ensure appropriate dialogue with shareholders and investors, the department responsible for investor relations regularly exchanges information with the Finance & Accounting Department, the Corporate strategic Planning Department, the Legal and General Affairs Department and others and works to develop a liaison system.
- (iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);
The Company engages in constructive dialogue with shareholders and investors through financial results briefings and other methods in addition to the General Meeting of Shareholders and individual meetings. The Company also publishes materials through the Investor Relations page on its website.
- (iv) Measures to appropriately and effectively relay shareholder and investor views and concerns learned through dialogue to the senior management and the board;
The department responsible for investor relations reports the opinions, interests, and concerns of shareholders and investors to the Board of Directors in a timely and appropriate manner.
- (v) Measures to control insider information when engaging in dialogue;
When engaging in dialogue with shareholders and investors, we comply with insider trading prevention rules and do not selectively disclose undisclosed material information to specific persons.

[Principle 5-2] Formulating and disclosing business strategies and plans

[Supplementary Principle 5-2-1] Explaining the basic policies and state of review regarding the business portfolio

The Company works to achieve sustainable growth and enhancement of shareholder value over the medium to long term. When establishing our business strategies and plans, we present our basic policies on earnings plans and capital policies taking into consideration the cost of capital. In addition, at our financial results briefings, we provide detailed explanations of these policies and targets, as well as business strategies such as the business portfolio and investment plans to achieve them. We also publish the materials used for these explanations on our website.

[Action to Implement Management That Is Conscious of Cost of Capital and Stock Price]

Content of Disclosure Updated	Disclosure of Initiatives (Update)
Availability of English Disclosure Updated	Available
Date of Disclosure Update Updated	December 22, 2023

Explanation of Actions Updated

Based on the policy described in [Supplementary Principle 5-2-1] above, the Company has established a target for ROE, an indicator of return on capital, in addition to KPIs for consolidated revenue and operating profit. Furthermore, with the weighted average cost of capital (WACC) set as the cost of capital, the Board of Directors verified the level of achievement of return on capital by comparing it to ROIC for each business and business site.

With respect to the Company's stock price, we strive to ensure that our growth potential is fairly and adequately evaluated by the market by engaging in proactive dialogue with shareholders and investors, communicating our medium- to long-term growth strategy, and further enhancing our disclosed information.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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[Status of Major Shareholders] Updated

Name/Company name	Number of shares owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	16,859,100	14.89
Custody Bank of Japan, Ltd. (Trust account)	6,089,700	5.38
STATE STREET BANK AND TRUST COMPANY 505001	4,026,938	3.56
National Federation of Agricultural Cooperative Associations	3,744,400	3.31
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	3,217,602	2.84
JPMorgan Securities Japan Co., Ltd.	2,351,757	2.08
JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	2,249,512	1.99
STATE STREET BANK AND TRUST COMPANY 505325	1,840,878	1.63
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO	1,738,147	1.53
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	1,667,531	1.47

Controlling Shareholder (excluding parent company)	None
Parent Company	None

Supplementary Explanation

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
Fiscal Year-End	September
Business Sector	Retail industry
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Net Sales (Consolidated) for the Previous Fiscal Year	More than 100 billion yen and less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 10 and less than 50

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

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

The Company considers outside directors to be significant in enhancing the corporate governance system and therefore eight (8) of the nine (9) directors we appointed are outside directors. The outside directors are composed of one (1) legal expert, three (3) corporate finance experts, and four (4) corporate managers who are expected to contribute to the Company's business operations. This composition ensures that the outside directors can effectively supervise business execution from an independent standpoint (in particular, supervise management, including whether minority shareholders are appropriately protected), in addition to providing useful advice for the Company's business operations as members of the Board of Directors.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	13
Directors' Term of Office Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors Updated	9
Appointment of outside directors	Appointed
Number of Outside Directors Updated	8
Number of Outside Directors designated as Independent Directors Updated	8

Outside Directors' Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company *										
		a	b	c	d	e	f	g	h	i	j	k
Minesaburo Miyake	From another company											
Reiko Kanise	From another company											
Teiichi Takatsuki	From another company											
Mami Taira	Certified Public Accountant											
Emi Omura	Lawyer											
Eietsu Sakuraba	Academic											
Tetsuya Ebata	From another company											
Haruko Watanabe	From another company											

* Categories for "Relationship with the Company"

“○” when the director presently falls or has recently fallen under the category;

“△” when the director fell under the category in the past;

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

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

a Person who executes business for the Company or its subsidiary

b Person who executes business for a non-executive director of the Company's parent company

c Person who executes business for a fellow subsidiary

d Person/entity for which the Company is a major client or person who executes business for said person/entity

e Major client of the Company or a person who executes business for said client

f Consultant, accounting expert or legal expert who receives large amount of cash or other assets from the Company in addition to remuneration as a director/company auditor

g Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)

h Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)

i Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)

j Person who executes business for an entity receiving donation from the Company (applies to director him/herself only)

k Other

Name	Audit and Supervisory Committee Member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Minesaburo Miyake		○	---	Mr. Minesaburo Miyake has long-term management experience and good insight as a manager. He was appointed as a director since it was determined that he would be able to provide management supervision to enhance the sustainable corporate value of the Group based on his experience and insight as a management expert. There is no conflict of interest with the Company.
Reiko Kanise		○	---	Ms. Reiko Kanise has a long-term track record of corporate management as a manager and abundant experience in and broad insight on retail business and marketing. She was appointed as a director since it was determined she would be able to provide management supervision to enhance the sustainable corporate value of the Group. There is no conflict of interest with the Company.
Teiichi Takatsuki	○	○	---	Mr. Teiichi Takatsuki has extensive knowledge of BtoC business and the management of companies expanding their operations through a multi-store business model, along with extensive experience in accounting and finance. Therefore, he was appointed as a director since he has served as an audit and supervisory board member for a long time and is also well-versed in audit practices. There is no conflict of interest with the Company.
Mami Taira	○	○	---	Ms. Mami Taira is a qualified certified public accountant and tax accountant and is well-versed in finance and accounting. Therefore, she was appointed as a director since it was determined she would be able to utilize her high level of insight in the Company's audits, etc. There is no conflict of interest with the Company.
Emi Omura	○	○	---	Ms. Emi Omura has extensive experience and broad knowledge as a lawyer and is also well-versed in corporate law. Therefore, she was appointed as a director since it was determined she would be able to provide the Company with appropriate advice and supervision. There is no conflict of interest with the Company.
Eietsu Sakuraba		○	---	Mr. Eietsu Sakuraba has served as Director-General of the Food Industry Bureau at the Ministry of Agriculture, Forestry and Fisheries. He also served as a professor at the Faculty of Agriculture, Takasaki University of Health and Welfare. Therefore, the Company appointed him as a director to benefit from his management supervision as an expert in food safety/security and environmental issues to enhance the corporate value of the Group. There is no conflict of interest with the Company.
Tetsuya Ebata		○	---	Mr. Tetsuya Ebata has extensive management experience as a long-time executive and deep expertise and broad insight in digital media and marketing. The Company appointed him as a director, expecting him to oversee management to enhance the sustainable corporate value of the Group. There is no conflict of interest with the Company.
Haruko Watanabe		○	---	Ms. Haruko Watanabe has long-standing track record as a business leader and extensive experience and broad expertise in various insurance businesses. The Company appointed her as a director, expecting her to oversee management with the aim of enhancing the sustainable corporate value of the Group.

[Audit and Supervisory Committee]

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chairperson
Audit and Supervisory Committee	3	1	0	3	Outside Director
Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed				

The Company has established the Audit and Supervisory Committee Office and appointed employees to assist the Audit and Supervisory Committee in the smooth execution of its duties as dedicated personnel. The appointment of such assistant employees and personnel transfers (including transfer destinations), personnel evaluations, disciplinary actions, etc., of such assistant employees require the consent of the Audit and Supervisory Committee.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors, and Internal Audit Department

The Company has entered into an audit contract with KPMG AZSA LLC and undergoes accounting audits. The Audit and Supervisory Committee, the Internal Audit Department, and the Accounting Auditor exchange information as necessary to enhance mutual collaboration and ensure the legality and appropriateness of the Company's operations.

[Voluntary Established Committee]

Voluntary Establishment of Committee equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntary Established Committee, Attributes of Members Constituting the Committee and the Committee Chairperson Updated

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	4	1	1	3	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	4	1	1	3	0	0	Inside Director

Supplementary Explanation Updated

The Company has established the Nomination and Remuneration Committee to serve the functions of both a nomination committee and a remuneration committee, which are optional committees, in order to ensure objectivity and transparency in the appointment, dismissal, and remuneration (including the design of the remuneration system and determination of remuneration amounts) of officers, including the Representative Director, President & CEO and the corporate officers.

The Committee is composed of members selected by resolution of the Board of Directors, a majority of whom are independent outside directors.

[Matters Concerning Independent Directors]

Number of Independent Directors Updated

8

Other Matters Concerning to Independent Directors

Based on the requirements for independent directors and corporate auditors by financial instrument exchanges in Japan, including Tokyo Stock Exchange Inc., a director or auditor is deemed to be independent and is designated as an independent director or auditor if none of the following apply.

1. A person who served as an executive of the Company or the Company's consolidated subsidiary at any time during the last ten (10) years (this refers to a person defined in Article 2, Paragraph 3, Item 6 of the Regulations for Enforcement of the Companies Act. The same applies hereinafter.)
2. A major shareholder of the Company (this refers to a party who directly or indirectly owns 10% or more of the voting rights of the Company) or an executive of such a shareholder
3. A major supplier of the Company (this refers to a company whose revenue from the Company in any of the most recent three (3) business years accounts for 2% or more of the Company's consolidated revenue in that business year) or an executive of such a supplier

4. A major client of the Company (this refers to a company whose payments from the Company in transactions with the Company in any of the most recent three (3) business years account for 2% or more of the Company's consolidated sales in that business year) or an executive of such a client
5. A partner or employee of an auditing firm that is currently the Company's accounting auditor, or another accounting professional in charge of auditing the Company or its subsidiaries, or a partner or employee of an auditing firm that has been the Company's accounting auditor, or another accounting professional in charge of auditing the Company or its subsidiaries within the past three (3) years
6. A consultant, accounting professional, legal professional, or tax professional who has received a large amount of money from the Company other than officer's remuneration (if the person receiving the money is an individual, this refers to an average of 10 million yen or more per year for the past three (3) years, and if the person receiving the money is an organization, this refers to an average of 10 million yen or more paid by the Company for the past three (3) business years (of the organization) or 2% of the organization's consolidated total sales, whichever is greater) or who has received other assets (if the person receiving the assets is an organization such as a corporation or association, this refers to a consultant, accounting professional, legal professional, or tax professional who belongs to the organization)
7. A director (limited to those who execute business operations) or an executive of an organization to which the Company has made large donations (meaning donations exceeding 10 million yen per year on average for the most recent three (3) business years)
8. A major lender of the Company (this refers to a financial institution or other large creditor that is indispensable for the Company's fundraising and on which the Company depends to the extent that there is not alternative), or its parent company, or an executive of either of these parties
9. An executive of a company that accepts directors from the Company
10. A person to whom any of the above items from 2 to 8 have applied at any time during the three (3) years prior to assuming his/her position, or if a corresponding organization exists, a person who, at any time during the three (3) years prior to assuming his/her position, belonged to said organization.
11. A close relative (this refers to a relative within the second degree of kinship) of a person listed in any of the items above (limited to key persons)
12. A person who has been in office as a director for more than six (6) years
13. Even if any of the items 2 to 11 above apply to a person, if the Company considers that such person is suitable to be an independent director of the Company in light of the person's character, insight, etc., the Company may appoint such person as an independent director of the Company, provided that such person meets the requirements for an outside director under the Companies Act and discloses the reasons why the Company considers such person to be suitable as an independent director of the Company.

[Incentives]

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme,
Introduction of Stock Option Scheme

Supplementary Explanation for Applicable Items

The Company grants share acquisition rights to the Group's directors and executive officers with the objective of increasing their motivation and morale to improve the Group's performance. The details are described in the sections on the status of share acquisition rights and the status of corporate governance in the Notice of the Ordinary General Meeting of Shareholders and the Annual Securities Report.

Persons Eligible for Stock Options

Internal Directors and Employees of the Company,
Directors and Employees of Subsidiaries of the Company

Supplementary Explanation for Applicable Items

The Company grants share acquisition rights to the Group's directors, executive officers and employees with the objective of increasing their motivation and morale for improving the Group's performance.

[Director Remuneration]

Status of Disclosure of Individual Director's Remuneration

The Company discloses selected individual remuneration.

Supplementary Explanation for Applicable Items

The results for the fiscal year ended September 30, 2025 are as follows.
 Three (3) directors (not serving on the Audit and Supervisory Committee) (not serving as outside directors): Total remuneration, etc. 332 million yen; Base remuneration 114 million yen; Bonus 66 million yen; Stock options 143 million yen; Other 9 million yen
 Three (3) directors (not serving on the Audit and Supervisory Committee) (serving as outside directors): Total remuneration, etc. 28 million yen; Total base remuneration 28 million yen
 Four (4) directors (serving on the Audit and Supervisory Committee) (serving as outside directors): Total remuneration, etc. 36 million yen; Total base remuneration 36 million yen

"Other" is the amount corresponding to rent for company housing provided free of charge to directors.

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The details of the policy on determining remuneration, etc. amounts for officers and calculation methods and the method of determining remuneration, etc. are as follows.

Remuneration, etc. for the Directors (excluding Directors serving on the Audit and Supervisory Committee) is determined by the Board of Directors after the deliberation and report of the Nomination and Remuneration Committee, an optional advisory body, within the limits of the total amount of remuneration approved by the General Meeting of Shareholders.

Remuneration, etc. for directors (serving on the Audit and Supervisory Committee) is determined within the total amount of remuneration approved at the General Meeting of Shareholders through discussions with the Audit and Supervisory Committee members (or through discussions of the Audit and Supervisory Committee if all committee members agree).

The provision of a subsidy for company housing is determined by resolution of the General Meeting of Shareholders. This matter has been disclosed as non-monetary remuneration.

Other details are disclosed in IV. 4 [Status of Corporate Governance] (4) [Remuneration, etc. for Officers] in the Annual Securities Report.

[Support System for Outside Directors]

The Company has established the Audit and Supervisory Committee Office and appointed dedicated staff members to provide outside directors (serving on the Audit and Supervisory Committee) with the necessary information.

In order to facilitate full discussions at the Board of Directors meetings, materials are distributed prior to the meetings of the Board of Directors regarding the background, purpose, and content of the agenda items proposed, and explanations (pre-meeting briefing) are provided as necessary.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Board of Directors (nine (9) directors, eight (8) of whom are outside directors) supervises (monitors) the execution of duties based on decisions on basic management policies and other important matters of the Group and reports on business execution, based on the belief that it is a forum for spending sufficient time discussing basic management policies and medium- to long-term strategic issues, taking into account the cost of capital. Additionally, the three (3) Audit and Supervisory Committee members, who are outside directors, constitute the Audit and Supervisory Committee, which confirms the execution of duties by directors by attending meetings of the Board of Directors and conducting audits as needed in the course of daily operations.

We have established the Internal Audit Department as the department responsible for audits. The full-time General Manager of the Internal Audit Department audits the overall business operations of each division of the Group based on an internal audit plan approved by the President. After the internal audit is completed, the results of the internal audit are fact-checked with the head of the audited division and reported to the head of the audited division on the spot. An internal audit report is then prepared and reported to the President. With respect to areas needing improvement, instructions are issued in the President's name to the audited departments requesting them to submit improvement plans, and business operations are improved. In addition, separate reports are made to the Group Corporate Management Committee, the Internal Control Committee, and the Audit and Supervisory Committee.

The Company has entered into an audit contract with KPMG AZSA LLC as its accounting auditor and undergoes accounting audits from an independent and fair standpoint, as well as engaging in consultation and exchanges of opinion from time to time. There are no special interests between the Company and KPMG AZSA LLC or the certified public accountants who perform the services.

In addition to the above, the Company's risk management system is designed to identify, evaluate, and prevent risk by taking an integrated overview of various risks, and to minimize damage, prevent recurrence by responding promptly and appropriately any risks that do materialize. To preserve the Company's corporate value and to ensure compliance with laws and regulations, we have established the Risk Management Regulations and the Internal Control System Operation Regulations, which are operated by the Internal Control Committee.

The Internal Control Committee is chaired by the President & CEO and is composed of lawyers as outside experts and members selected by the chairperson. The secretariat is the Legal and General Affairs Department. Meetings are held regularly in addition to on an ad-hoc basis as the secretariat makes requests to the chairperson for such meetings as necessary.

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company entered into agreements with each of the non-executive directors to limit their liability for damages outlined under Article 423, Paragraph 1 of the Companies Act. The limit on damages under these agreements is set at the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

FOOD & LIFE COMPANIES LTD. is a company with an Audit and Supervisory Committee. By establishing the audit and supervisory structure of the Audit and Supervisory Committee and increasing the ratio and diversity of outside directors on the Board of Directors, we have increased the transparency and objectivity of the Board of Directors and further strengthened corporate governance. In addition, by delegating significant authority to executive directors and executive officers, we have established a system that promotes the separation of business execution and supervision, and enables swifter decision-making regarding business execution. All three (3) of the directors serving on the Audit and Supervisory Committee are outside directors.

We have also established the Audit and Supervisory Committee Office as a dedicated department to assist with the duties of the Audit and Supervisory Committee, ensuring the thoroughness of audits.

The Company has adopted an executive officer system to separate the management supervision function from the business execution function. In addition, we have strengthened the supervisory function by establishing the Internal Control Committee with outside experts as members and the Nomination and Remuneration Committee on which independent outside directors form the majority of the members.

III Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of General Meeting of Shareholders	To allow shareholders to fully consider the agenda for the General Meeting of Shareholders, we distribute the notice early and post it early on the Company's website, regardless of the provisions of the Articles of Incorporation.
Scheduling the General Meeting of Shareholders on a Non-Peak Day	Since the Company's fiscal year ends in September, and the Ordinary General Meeting of Shareholders is held in December each year, this is not considered to be a peak date.
Electronic Exercise of Voting Rights	The Company has introduced the exercise of voting rights via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform.
Provision of Notice (or Summary of Notice) of General Meeting of Shareholders in English	We prepare an English version of the notice of convocation (summary) and post it on the Company's website. It is also provided on the electronic voting platform.
Other	The 9th Ordinary General Meeting of Shareholders held in December 2023 and the 10th Ordinary General Meeting of Shareholders held in December 2024 were livestreamed.

2. Status of IR-related Activities

	Supplementary Explanation	Explanations by the representative in person
Formulation and Publication of Disclosure Policies	We have prepared and published a disclosure policy. [Japanese] https://food-and-life.co.jp/investor/stock/disclosure-policy/ [English] https://food-and-life.co.jp/en/investor/stock/disclosure-policy/	
Regular Investor Briefings held for Individual Investors	We hold information meetings for individual investors.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	We hold information meetings for analysts and institutional investors.	Held
Regular Investor Briefings held for Overseas Investors	We hold information meetings for overseas investors.	Held
Online Disclosure of IR Information	We have established a dedicated investor relations site on our website to disclose information about the Company to investors. [Japanese] https://food-and-life.co.jp/investor/ [English] https://food-and-life.co.jp/en/investor/	
Establishment of Department and/or Placement of a Manager in Charge of IR	We have established the IR Section within the Finance & Accounting Department to handle correspondence with overseas shareholders and international investors. Additionally, the Corporate Strategic Planning Department and the Legal & General Affairs Department also conduct activities for shareholders and investors, each according to their respective roles.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	We have established our VISION (Our goal for the future), our PROMISE (Value for our customers), and our PRINCIPLES (Our behavioral guidelines) which stipulate our respect for the position of stakeholders.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We have established five (5) guiding principles, which we call "PRINCIPLES (Our code of conduct)," to realize our Corporate Philosophy: "VISION (The future we aim for as a company)" and "PROMISE (Value provided to our customers)." We develop our CSR activities based on two of these principles: "Dedicated/single-minded sincerity" and "Appreciation to all, from the bottom of our hearts." Specifically, we continue our activities aimed at becoming a store cherished by the local community through activities such as work experience program, on-site lecture, and rice farming experience program for local elementary and junior high school students, as well as sponsoring of baseball for people with disabilities.
Formulation of Policies, etc. on Provision of Information to Stakeholders	In order to increase management transparency, we disclose information to stakeholders in a timely and appropriate manner in accordance with our disclosure policy and the timely disclosure rules stipulated by stock exchanges.

IV Matters Concerning the Internal Control System

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

The Company has established the Basic Policy on Internal Control, the details of which are as follows.

- System to ensure that the execution of duties by the Company's directors and employees, as well as the directors and employees of its subsidiaries, complies with laws, regulations, and the Articles of Incorporation
 - (i) The Company and its subsidiaries, the Group, will comply with the Corporate Philosophy, laws and regulations, and internal rules, and take the initiative in ensuring compliance.
 - (ii) For the purpose of establishing a compliance system and preventing violations of laws and regulations, the Company will establish the Internal Control Committee, chaired by the President & CEO and composed of outside experts and others as the members. The committee will meet regularly to implement necessary improvement and educational measures across all the Group. The Internal Control Committee will also report progress to the Board of Directors as appropriate.
 - (iii) The Company will establish an internal audit department independent of business execution departments to audit the status of compliance in the business execution of each department and the internal control system. A system will be established for reporting of audit results as appropriate to the Group Corporate Management Committee, the Audit and Supervisory Committee, and the Internal Control Committee.
 - (iv) The Company will put in place a system for reporting immediately to the Audit and Supervisory Committee and to the Internal Control Committee without delay in the event that a violation of laws and regulations, the Articles of Incorporation, internal rules, or other material facts are discovered or suspected.
 - (iv) The Company will establish a hotline for reporting and consultation on violations of laws and regulations, the Articles of Incorporation, and internal rules, etc. to ensure the early identification and resolution of information concerning compliance with laws and regulations and violations of internal rules.
- System to ensure the preservation and management of information related to execution of duties by directors

Information and documents, etc. related to the execution of duties by the directors and others will be properly preserved and managed by the department with responsibility in accordance with the relevant rules and laws and regulations.
- Rules and other systems related to the management of risk of loss of the Company and its subsidiaries
 - (i) The Company will establish Risk Management Rules and an Internal Control Committee with the purpose of identifying all risks that threaten the continuous development of the company and to establish a risk management system.
 - (ii) The Internal Control Committee will establish a system for appropriate risk management, such as identifying, analyzing, and evaluating risks that are important to the Group's management and formulating improvement measures.
 - (iii) For measures to be taken in the event of an emergency, the Company will establish Crisis Management Rules and put in place a system capable of responding promptly and appropriately.
 - (iv) To guide information security activities, the Company will establish Basic Information System Rules and standards for the handling of information assets.
- System for ensuring efficient execution of duties by the directors of the Company and its subsidiaries, etc.
 - (i) The Board of Directors will determine the Medium-term Management Plan and single fiscal year management plans and will periodically review the progress of plans.
 - (ii) The Company will establish Rules of the Board of Directors to ensure the efficiency and appropriateness of the Board of Directors.
 - (iii) The Internal Control Committee will put in place a system for providing progress reports to directors as appropriate.
 - (iv) Efficiency of duties for each director will be ensured by clarifying the scope of responsibilities and decision-making procedures in accordance with the Rules on Division of Duties and the Rules on Administrative Authority.
- System for reporting matters concerning the execution of duties by the directors, etc. of subsidiaries to the Company
 - (i) The status of business execution of the Group will be regularly reported at the meetings of the Board of Directors.
 - (ii) The Company will request reports on the status of business execution and financial information, etc. from its subsidiaries from time to time.
- System to ensure the appropriateness of operations at the corporate group consisting of the Company and its subsidiaries
 - (i) The Company will establish and disseminate common group-wide compliance rules in order to instill a unified basic view of corporate ethics throughout the Group. However, in overseas countries, the Company will work to make appropriate adjustments, such as phased introduction, taking into account differences in laws, regulations, customers, and other aspects of the countries concerned.

- (ii) The Group's officers and managers will hold meetings regularly to exchange information and share the basic policies for the Group's overall management plan and important measures.
 - (iii) The Internal Audit Department will periodically conduct audits of each company of the Group.
- Matters concerning directors and employees to assist the Audit and Supervisory Committee members in their duties, matters concerning the independence of such directors and employees from other directors (excluding directors serving on the Audit and Supervisory Committee), and matters concerning ensuring the execution of the Audit and Supervisory Committee's instructions to such directors and employees
When requested by the Audit and Supervisory Committee, the Company will appoint suitable persons in terms of expertise and knowledge to assist the Audit and Supervisory Committee members in their duties. The evaluation, appointment, dismissal, personnel transfer, wage revision, etc. of the assistants to the Audit and Supervisory Committee will require the consent of the Audit and Supervisory Committee members, and their independence from directors, etc. will be ensured.
 - System for the Company's directors (excluding directors serving on the Audit and Supervisory Committee) and employees and the directors, etc., corporate auditors, and employees of the Company's subsidiaries to report to the Audit and Supervisory Committee members, system concerning other reports to the Audit and Supervisory Committee members, and system for ensuring that persons who have reported to the Company's Audit and Supervisory Committee are not treated disadvantageously as a result of having made such report
 - (i) To ensure in-depth sharing of information between the Group's Audit and Supervisory Committee members, directors (excluding directors serving on the Audit and Supervisory Committee), and employees, a system will be in place that enables Audit and Supervisory Committee members to attend various meetings, including the meetings of the Board of Directors, to express their opinions and allows directors (excluding directors serving on the Audit and Supervisory Committee) and employees to respond appropriately to requests for explanations as necessary.
 - (ii) The Company will establish a system for reporting immediately to the Audit and Supervisory Committee members and a system for a department that received a report to report to the Company's Audit and Supervisory Committee in the event that the Group's directors (excluding directors serving on the Audit and Supervisory Committee) and employees discover or suspect violations of laws and regulations, the Articles of Incorporation, or internal rules. In addition, we will prohibit through internal rules any disadvantageous treatment caused by making such a report.
 - (iii) The Company will establish a system for the Group's directors and employees to report the status of internal control related to financial reporting, accounting standards and the status of activities of the Internal Audit Department, and the status of other activities of corporate auditors at subsidiaries to the Audit and Supervisory Committee as necessary.
 - (iv) The Company will establish a system that enables the Audit and Supervisory Committee members to inspect approval documents and reports, etc. prepared by each department and submitted to the department with responsibility as necessary.
 - Matters concerning the policy for payment in advance or reimbursement procedures for expenses incurred in the execution of the duties of the Audit and Supervisory Committee (limited to those related to the execution of the duties of the Audit and Supervisory Committee) and the processing of other expenses or liabilities incurred in the execution of said duties and other systems for ensuring that audits by the Audit and Supervisory Committee are conducted effectively
 - (i) The Company will establish a system whereby the Audit and Supervisory Committee members will receive reports and explanations from the accounting auditor regarding the accounting audit and, as necessary, will hear about the status of the audit implementation.
 - (ii) The Company will strive to establish an effective audit system in order to check and detect fraudulent and improper conduct at an early stage by ensuring a system of cooperation between the Internal Audit Department and the Audit and Supervisory Committee members.
 - (iii) The Company will establish a system for directors and employees to respond promptly and appropriately in the event that the Audit and Supervisory Committee requests an explanation or report of operations.
 - (iv) When an Audit and Supervisory Committee member requests the Company to pay in advance expenses incurred in the performance of his/her duties (limited to those related to the execution of the duties of the Audit and Supervisory Committee), the Company will promptly process such expenses, unless it is proven that such expenses are not necessary for the execution of the duties of the Audit and Supervisory Committee member.
 - System for elimination of anti-social forces
The Company will establish Rules for Responding to Anti-Social Forces and will take a resolute stance against any unreasonable demands made by antisocial forces and will firmly refuse such demands, including those related to business relationships.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company has established Rules for Responding to Anti-Social Forces and a manual. We have also established a system whereby the department with responsibility will centrally manage all information and take prompt action, including consultation with the competent police station, the corporate defense council, and legal counsel in the event of any unreasonable demands made by anti-social forces.

In addition, employees in the relevant departments actively participate in seminars on anti-social forces held by related organizations to raise awareness and gather information.

Moreover, to prepare for any eventuality, we have strengthened our relationship with the consultation desk of the competent police station and established an emergency system through our legal counsel, in addition to joining the corporate defense council to strengthen our systems for cooperation.

With respect to checks on our business partners, in the case of new business partners, our basic policy when initiating new transactions is to use Nikkei Telecom to search for an individual if the business partner is an individual and for the company and its representative if the business partner is a corporation. If there are still concerns, we report them to the relevant department and the Internal Control Committee, and also make inquiries and consult with external organizations (the police, the corporate defense council secretariat, bar associations, etc.). In addition, we collect information on reputations and rumors from financial institutions and business partners. We also carry out checks using the same methods when any doubts arise about our existing business partners.

V Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not adopted

2. Other Matters Concerning the Corporate Governance System, etc.

General Meeting of Shareholders

Appointment/dismissal

Appointment/dismissal

Appointment/dismissal

Consulting

Answering

Auditing/
supervision

Collaboration

Selection/dismissal/
supervision

Reporting

Reporting

Reporting

Internal Control Committee

Reporting

Instructing

Reporting

Reporting

Instructing

Corporate Management Committee

Instructing

Reporting

Internal Audit Department

Supervision

Proposals/reporting

Internal audits

Accounting
audits

Collaboration

Accounting auditor

Board of Directors

6 directors (excluding Audit and
Supervisory Committee members)
(5 of whom are outside directors)

Audit and Supervisory Committee

3 directors (serving on the Audit and
Supervisory Committee)
(3 of whom are outside directors)

President & CEO

Internal Control Committee

Internal Audit Department

Divisions and Group companies

Nomination and
Remuneration Committee

Sustainability Promotion Committee

