

The cover features a white triangular area on the left containing the title. The background is a composite of a blue sky with white clouds and a green field, and a close-up of vibrant green leaves.

Sustainability Fact Book 2024

MTG

Contents

- ✔ Editorial Policy
 - Basic approach
 - Communication Map
- ✔ Top Message
- ✔ Sustainability Policy
- ✔ Sustainability Promotion System
- ✔ Materiality
 - Specific Process
 - Materiality (Key Issues)
 - Details of Initiatives and Indicators
- ✔ Details of Initiatives
- ✔ APPENDIX
 - SDGs Goals and ESG



Basic approach

MTG is working to realize its corporate philosophy of “One shines, We shine, All shines” through its corporate activities aimed at solving environmental and social issues.

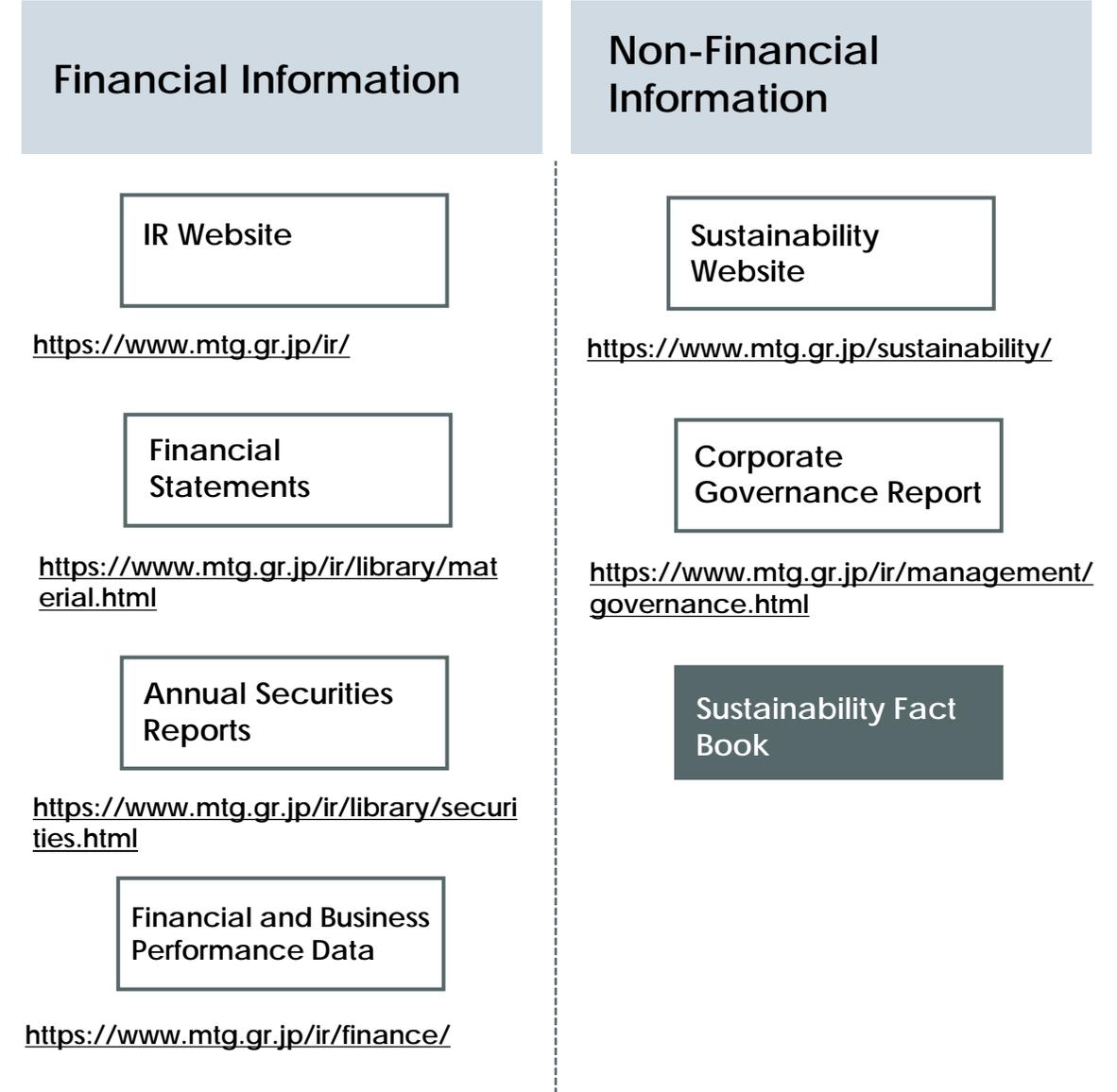
In order to deepen the understanding of our stakeholders regarding our various sustainability initiatives, we have comprehensively introduced our policies, systems, materiality, and specific initiatives in our Sustainability Fact Book.

Target period The contents focus on the results for the fiscal year ending September 2024 (October 1, 2023 to September 2024), but also include some information from other periods.

Report coverage Examples of MTG Co., Ltd., its consolidated subsidiaries, and other group companies.

Reporting cycle Published annually.

Communication Map



Top Message

Aiming to realize our corporate philosophy of “One shines, We shine, All shines,” we will contribute to a sustainable society by actively engaging in corporate activities that aim to solve environmental and social issues.

President and Representative Director
Chair of the Sustainability Committee
Tsuyoshi Matsushita

Our group aims to realize our corporate philosophy of “One shines, We shine, All shines,” and we will contribute to a sustainable society by actively engaging in corporate activities that aim to solve environmental and social issues.

Rapid environmental changes and crises, such as climate change and the resulting natural disasters, resource issues, and the expansion of geopolitical risks, are having a significant impact on the economies of Japan and the world. At the same time, there is an increasing demand for corporate social responsibility, such as decarbonization and initiatives to address human rights issues, with the aim of creating a sustainable society.

In accordance with our basic sustainability policy, which is based on our corporate philosophy, our sustainability activities identify 16 materiality issues (priority issues in sustainability) with reference to the United Nations' Sustainable Development Goals (SDGs), etc., and we have established action plans (initiatives) for each of these materiality issues.

The progress of these initiatives is monitored by the Sustainability Committee, of which I am the chairperson, with the participation of directors, and the details are reported to the Board of Directors. We will continue to promote initiatives for sustainability, along with an effective system.

Based on our corporate philosophy of “One shines, We shine, All shines,” our business vision of “VITAL LIFE” aims to create a sustainable society through business activities that help people around the world live healthy, beautiful, and fulfilling lives.

We sincerely ask for your continued support.



Sustainability Policy

Our corporate philosophy is "One shines, We shine, All shines". We are promoting sustainability activities based on this corporate philosophy as the pillar of our basic policy on sustainability.

The aim of "One shines" is to help our employees achieve wonderful lives, and we want each and every one of our employees to have dreams and lead bright, positive, shining lives. "We shine" aims to contribute to society through our business activities, and we want to help people around the world lead healthy, beautiful, vibrant lives through the products and services provided by MTG. "All shines" aims to contribute to the development of human society, as well as to the consideration and preservation of the global environment, with a view to creating a sustainable global environment.

In addition, our policies include systems and initiatives related to corporate governance, compliance and group management as mechanisms to support sustainable growth.



We aim to help each and every employee to have a dream and to lead a wonderful life that shines brightly with positivity.

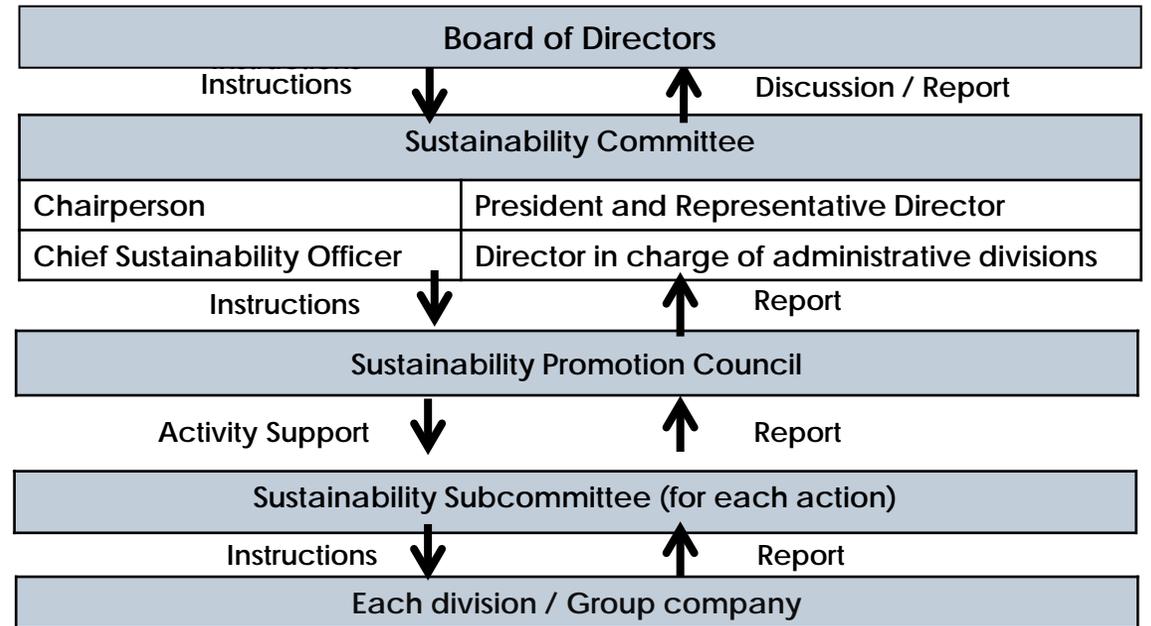
We aim to help people around the world to live healthy, beautiful and vibrant lives through the products and services provided by MTG.

We aim to contribute to the development of human society, as well as to the preservation of a sustainable global environment.

Construction of a system to support sustainable growth

Sustainability Promotion System

In order to place sustainability at the core of management and promote it across the entire Group to enhance corporate value over the medium to long term, we established the Sustainability Committee in August 2024. The Board of Directors is responsible for overseeing sustainability, including risks and opportunities, and the President and CEO, executive officers in charge, and each organization under their control are responsible for carrying out operations. The Sustainability Committee manages and evaluates progress towards targets and reflects this in the response and strategy, while the Board of Directors fulfills its supervisory and monitoring functions. The Sustainability Committee meets twice a year, and submits reports to the Board of Directors twice a year. In order for the Board of Directors to fully fulfill its supervisory and monitoring functions, it conducts prior deliberations on policies and strategies to be resolved by the Board of Directors, as well as progress management and evaluation of targets and deliberations on individual measures. In the fiscal year ending September 2024, the Board of Directors deliberated and reported on the establishment of the Sustainability Committee, the identification of materiality, and the enhancement of information disclosure based on the TCFD.



Process for identifying materiality

We have identified materiality by holding company-wide discussions on the issues that our group should address among the various social issues.

STEP 1: Identifying social issues

We analyzed the impact of social trends such as the SDGs and the Global Risks Report on our group, and also considered and identified expectations and requests from various perspectives through our interactions with stakeholders, including shareholders and investors, customers, business partners, and employees.

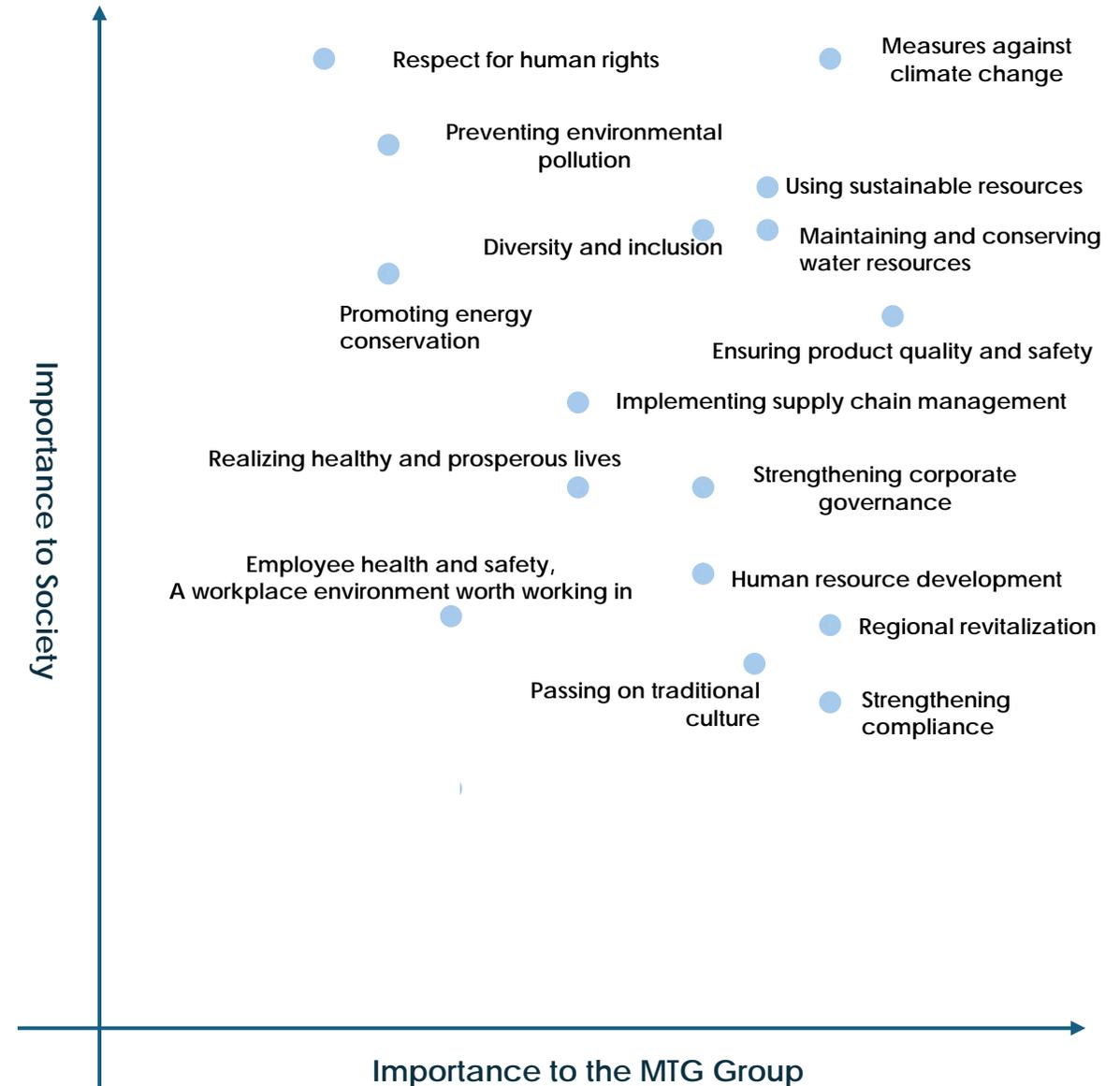
STEP 2: Discussion by the department in charge of promoting sustainability and the director in charge

The department in charge of promoting sustainability evaluated and scored each issue from the perspective of its impact on society and the Group, prioritized them, and organized the key issues through repeated discussions with the director in charge.

STEP 3: Resolution at the Board of Directors Meeting

The key issues that had been organized by the Sustainability Promotion Department were submitted to the Board of Directors Meeting in August 2024 and were resolved. A specific action plan was then formulated and disclosed as the company's sustainability activities in March 2025.

Materiality Identification Diagram



Materiality

<p>“One shines” Realization of a wonderful life for employees</p>	<p>“We shine” Contribution to society through business activities</p>	<p>“All shines” Consideration and preservation of the global environment</p>	<p>Construction of a system to support sustainable growth</p>
<ul style="list-style-type: none"> • Diversity and inclusion • Human resource development • Employee health and safety, and a workplace environment that is rewarding to work in 	<ul style="list-style-type: none"> • Ensuring product quality and safety • Implementing supply chain management • Realizing healthy and prosperous lives • Respecting human rights • Passing on traditional culture • Regional revitalization 	<ul style="list-style-type: none"> • Climate change measures • Prevention of environmental pollution • Promotion of energy conservation • Sustainable use of resources • Maintenance and conservation of water resources 	<ul style="list-style-type: none"> • Strengthening corporate governance • Strengthening compliance



Details of initiatives and indicators related to materiality

Materiality	Action Plan	Details of Initiatives	Indicators
■ “One shines” Realization of employees' wonderful lives			
<ul style="list-style-type: none"> • Diversity and inclusion • Human resource development • Employee health and safety, and a workplace environment that is fulfilling to work in 	(1) Promoting the active participation of women and diversity	Development of systems that make it easy to work and creation of opportunities to play an active role	<ul style="list-style-type: none"> • Ratio of female managers • Ratio of male employees taking childcare leave
		Development of a workplace environment that is worthwhile	• Ratio of employees with disabilities
	(2) Fostering human resources and implementing career development	Practice of human resource development and career development	–
	(3) Fostering human resources with a management mindset	Development of human resources with a sense of management	–
	(4) Initiatives for health management	Support for the prevention, early detection and early treatment of mental and physical illnesses	<ul style="list-style-type: none"> • Number of employees requiring re-examination at regular health checkups • Stress checks
■ “We shine” Contribution to society through business activities			
<ul style="list-style-type: none"> • Ensuring product quality and safety • Implementing supply chain management • Realization of healthy and fulfilling lives • Respect for human rights • Inheritance of traditional culture • Regional development 	(5) Ensuring product quality and safety	Improving quality and ensuring product safety	–
	(6) Respect for human rights	Use of RSPO palm oil	• Ratio of RSPO certified products
	(7) Realization of healthy and prosperous lifestyles	Supporting improvements in health in local communities and society	–
	(8) Revitalization of local communities and protection and inheritance of traditional culture	Revitalizing the local community centered on Goto Island	–
		Implementing donation activities	–
	Utilizing traditional craft techniques	–	
■ “All shines” Consideration for and preservation of the global environment			
<ul style="list-style-type: none"> • Climate change measures • Prevention of environmental pollution • Promotion of energy conservation • Use of sustainable resources • Maintenance and conservation of water resources 	(9) Reducing the burden on the global environment	Reduction of greenhouse gas emissions (Scope 1-3)	• Carbon dioxide emissions
	(10) Initiatives for nature conservation	Nature conservation through the planting of camellia trees on company-owned farms	• Number of trees planted
	(11) Maintenance and conservation of water resources	Reduction of wastewater volume through the use of fine bubbles	–
	(12) Promotion of responsible procurement	Use of RSPO palm oil	• Ratio of RSPO certified products
■ Building a framework to support sustainable growth			
<ul style="list-style-type: none"> • Strengthening corporate governance • Strengthening compliance 	(13) Strengthening corporate governance and compliance systems	Compliance with the Corporate Governance Code	–
	(14) Implementing a management system based on divisional profitability	Group (unit) management	–

(1) Promoting the active participation of women and diversity

One shines

Promoting the active participation of women



KPI	FY2022	FY2023	FY2024	FY2027
Ratio of women in managerial positions	9.3%	10.9%	11.7%	15%
Ratio of men taking parental leave	21.4%	15.4%	48.5%	100%

Creating a system that makes it easy to work and creating opportunities for people to play an active role

As 56.2% of the employees at the three companies that make up the core of our group's business - MTG, MTG Professional, and MTG FORMAVITA - are female, we have positioned the "promotion of women's success" as an important theme that will lead to the growth of the entire group, and we are working to create systems that are easy to work in for both men and women and to create opportunities for success.

Development of systems that make it easier to work

We have developed various systems, such as annual paid leave, childcare and nursing care leave, and a shortened working hour system, so that both men and women can work in a way that suits their life stage.

Creation of opportunities for female employees to play an active role

Women are playing active roles as group leaders (equivalent to section managers) and store managers in a wide range of jobs, including sales and store management. In the future, we will implement group leader training, section manager training, and training for female employees' superiors, so that more women can play a role in management positions.

※Aggregate values for MTG co., Ltd., MTG Professional, and MTG FORMAVITA are used.

(1) Promoting the active participation of women and diversity

One shines

Employment of Foreigners and People with Disabilities



》》 Creating a rewarding work environment

Employees with disabilities grow herbs in a cultivation room with a plant system installed indoors, and the harvested crops are processed into herbal tea. At the hot water dispensers in the Nagoya head office and Tokyo branch office, we provide Kawagoe Farm's herbal tea free of charge as part of our in-house employee welfare program, so that employees can enjoy herbal tea freely.

In addition, by bringing in-house work that is currently outsourced and forming specialized work teams, we aim to create a more rewarding workplace environment and increase the ratio of disabled employees from 2.36% in the fiscal year ending September 2024 to 2.7% by 2027.

In addition, with regard to foreign employees, the ratio of foreign employees in the entire Group is 6.6%, and the ratio of foreign employees directly employed by the Company is 9 countries. We will continue to work to promote diversity in the future.

※MTG Co., Ltd. only



(2) Human resource development and career development in practice

One shines

Human resource development and career development in practice



»» Supporting the autonomous development of employee skills

■ Implementation of training by rank and year of employment

In addition to onboarding training for new graduates and mid-career hires to promote their early integration and success, we also provide annual training, management training for managers and group leaders, and other learning opportunities, creating an environment where each and every employee can continue to take on new challenges.

■ Implementation of the Hikari Philosophy Co-education Group

With the aim of achieving the happiness of each and every employee in both material and spiritual terms and creating a healthy corporate culture, we regularly provide opportunities for employees to learn about the Hikari Philosophy, the ideas that our group values, regardless of their employment status or position.

■ Career Development Support

In order to accelerate the autonomous career development and skill development of our employees, we are working to create skill maps that visualize the skills required for each department. By understanding the skills and levels required for each person's work, we will support them in creating their own vision of what they want to become and creating opportunities for them to learn independently.

(3) Fostering individuals with a managerial mindset

One shines

Fostering individuals with a managerial mindset



»» Through opportunities to access management information, we aim to promote management by all employees.

■ Implementation of a group management system

In our group, we have adopted a “group management system” that encourages employees to improve the profitability of their own organization by dividing the organization into small management units and clearly identifying the profit and loss of each unit. We also hold monthly review meetings where the directors ask about the profitability of each business, and we are working to improve the management skills of our leaders.

■ Implementation of management policy announcement meetings

In order to ensure that each and every employee understands the messages and management policies of the management team, we hold company-wide management policy briefings that all employees can attend, and also hold briefings on the policies of each department, which are based on the company-wide policies. These are opportunities for employees to come into contact with the policies of the management team and leaders.

■ Implementation of study sessions for leaders

We hold regular study sessions for all leaders at the section manager level and above to help them become true managers. The president himself acts as the instructor, providing direct guidance to leaders, and the sessions are used as a place to improve management skills through topics such as how to draw up organizational and business strategies and visions, and how to build relationships of trust with members.

(4) Health management initiatives

One shines

Support for the prevention, early detection and early treatment of mental and physical illnesses

KPI	FY2022	FY2023	FY2024	FY2027 Goal
Periodic health checkups Persons subject to re-examination (※1)	17.1%	13.4%	13.6%	11.4%
Stress check Comprehensive health risk	75	76	75	80 or below

※MTG Co., Ltd. only

Preventing illness of the mind and body of employees

Promoting re-examinations of health check-ups

We promote appropriate medical check-ups at medical institutions by encouraging employees to visit them through recommendations from industrial health staff, and we also aim to detect and treat diseases at an early stage. We also promote lifestyle improvements and behavioral changes by making use of specific health guidance and information provision.

Supporting cancer screenings

In addition to regular health check-ups, we also provide full subsidies for various cancer screenings, including stomach cancer, lung cancer, colorectal cancer, prostate cancer, breast cancer, and cervical cancer, to support the maintenance of employee health and the early detection and treatment of diseases.

Strengthening mental health support (utilizing stress checks)

While the quantitative burden is high among the scales used to measure overall health risks, workplace support is functioning well. We will continue to utilize group analysis to maintain the current level and strengthen mental health support throughout the workplace through line care.

(*1) Items subject to re-examination: blood pressure, blood tests (general, liver function, kidney function, uric acid, lipids, glucose metabolism), urine tests, electrocardiograms, chest X-rays, internal medicine examinations



(5) Ensuring product quality and safety

We shine

Improving quality and ensuring product safety

Implementing activities to improve quality and ensure product safety

At MTG, in order to ensure development quality and product safety, we reflect **past know-how and risk assessment results** in the relevant departments, including development and quality assurance, and implement design reviews and evaluation verification at **each step of the planning concept, mass production design, design verification, manufacturing preparation, and mass production**.

In order to ensure manufacturing quality, we carry out **on-site inspections of our manufacturing partners** to identify issues and raise the level of quality control, and we also **collect and analyze defect and complaint information** to identify the root causes and prevent recurrences. Finally, we **reflect the opinions of the market in our products** by feeding back the opinions of our customers, which we receive through inquiries and questionnaires, to our development department and development and manufacturing partners. Through the above measures, we will strive to improve product quality and ensure safety.



(6) Respect for human rights / (12) Promotion of responsible procurement

We shine

Use of human rights-friendly resources

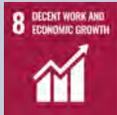
All shines

Promotion of responsible procurement

»» Support RSPO activities, promote the use of human rights-friendly resources and responsible procurement

Surfactants, which play an important role as raw materials for cosmetics, are made from palm oil, which is extracted from oil palms. As a result, issues such as the cutting down of rainforests and human rights violations associated with the development of oil palm plantations have come to the fore, and there is a growing demand for sustainable and responsible procurement and consideration for human rights. In response to this, an international organization called the Roundtable on Sustainable Palm Oil (RSPO) was established to prevent further destruction of precious rainforests. The current (as of the fiscal year ending September 2024) estimated amount of palm oil used by our group is **approximately 76 tons**. In the future, we will register as a **RSPO Supply Chain Associate Member** (associate member class: annual usage of 500 tons or less) and **Green Palm member**, and we will continue to procure certified oil using the book-and-claim method* for the amount we use. Through the above activities, we will promote the use of human rights-friendly resources and responsible procurement by **increasing the percentage of RSPO palm oil used from the current 0% to 40% by 2027**.

Book and Claim System: Producers certified by the RSPO are issued with certification credits (certificates) for the certified oil they produce. This system supports certified palm oil producers by allowing them to purchase these certification credits.



(7) Realizing healthy and fulfilling lives

All shines

Supporting the improvement of health in local communities



Supporting the improvement of health in local communities in cooperation with universities, companies and local governments

We are participating in the "Zutto Genki! Project" in Toyota City, Aichi Prefecture, as a member of a group of businesses led by Chubu Electric Power Co., Inc. We provided the elderly in Toyota City with the 'SIXPAD Foot Fit Lite', which uses EMS to train the leg muscles used when walking, and the 'Suitore' DVD, which allows you to do full-body exercises while sitting, free of charge for one year, and held measurement sessions once every two months to measure the various physical fitness and health conditions of the participants. The machines and equipment are certified as **health and beauty promotion tools and as tools for improving quality of life (QOL)**. (Some products)

After the above initiatives, we plan to work with universities and companies as well as local governments to implement **health improvement support for the community and society**.

In the future, we will work to increase the number of health promotion events and the number of participants in these events, and to increase the muscle mass of participants.

(8) Revitalization of local communities and preservation/inheritance of traditional culture

All shines

Donation activities

» Contributing to support for people around the world to lead more vital social lives

As examples of our activities, in August 2024, we donated the high-performance sterilizing water generator "e-3X" to the Aichi Prefecture Ama City, Ama City Council of Social Welfare, and the Ishikawa Prefecture Suzu City Council of Social Welfare

In September 2023, we donated the high-performance sterilizing water generator "e-3X" to a children's soup kitchen.

We will continue to support our business vision of "VITAL LIFE" - the realization of healthy, beautiful and vibrant lives for people around the world - through our donation activities of our own products to meet the needs of recipients, such as social welfare facilities in disaster areas and local communities.



(8) Activation of local communities and protection/inheritance of traditional culture

All shines

Utilization of traditional craft techniques



»»» Promotion of collaboration between “brands and traditional techniques”

We will incorporate product designs and materials that make use of Japan's wonderful **traditional technology and traditional industries, and communicate them both domestically and internationally**. We will also **continue to spin the value of traditional craft technology**, and also link this to **the development of new customer segments through fusion with brands**.

As a collaboration between traditional techniques and brands, we have commercialized the “ReFa HEART KYOTO”, which incorporates the “urushi-nuri” (lacquerware) technique that represents Kyoto's traditional industries. This product has been adopted as a gift for those who make a tax payment to their hometown in Kyoto City, and is sold through our own online shop and other channels. In addition, with the cooperation of the Kyoto Municipal Institute of Industrial Technology, we have been able to match up with partners who are working on lacquerware. In addition, the 100% natural boar bristle brush “ReFa BRISTLE OAK” uses brass for the brush stand, and was produced using the casting techniques of Takaoka copperware, which is one of the traditional craft techniques of Takaoka City, Toyama Prefecture. The brush handle is made of natural wood, and the product was developed using woodworking techniques such as cutting and laminating that make the most of the characteristics of the wood. This product is also sold at our online shop and duty-free stores. We collaborate with the artisan skills of **traditional Japanese crafts such as lacquerware, casting, woodwork, and mother-of-pearl inlay, and convey the unique beauty of Japan**. We will continue to develop products that allow you to experience the “luxury of traditional techniques blending into your daily life”.

(8) Revitalization of local communities and the protection and inheritance of traditional culture

All shines

Regional revitalization through the Goto camellia project



»» Developing industries that utilize the camellia, a local resource of Goto

The group company “Goto no Tsubaki Inc.” is developing businesses that utilize the **Goto camellia, which has been native to the Goto Islands in Nagasaki Prefecture since ancient times**. In addition to flowers and seeds, which are only harvested once a year, the company is also developing products that use leaves, branches, fruit rinds, and “camellia yeast” extracted from camellia flowers. We are also aiming to create new businesses by researching and studying all aspects of the history and culture of the Goto Islands, and discovering hidden strengths.

In the Goto Islands, where depopulation and aging are progressing, we will work to increase employment in Goto City and continuously support the revitalization of the entire archipelago by raising the value of Goto camellias, making them widely known, and working to develop industries that make use of camellias. Using the revitalization of the local economy through the Goto camellia project as a role model, we will continue to explore the potential of various local industries in Japan.



(9) Reducing the Environmental Burden on the Earth

All shines

Reduction of Greenhouse Gas Emissions (Scope 1-3)"

KPI	FY2023	FY2030 Goal
Total emissions (tCo2e)	1,182	686
Scope1 (tCo2e)	185	107
Scope2 (tCo2e)	997	578

»» Active efforts to reduce greenhouse gases (Scope 1 and 2)

To contribute to the realization of a sustainable society, our group recognizes addressing climate change-related issues as a top priority. Taking into account both opportunities and risks anticipated from a long-term perspective, we are committed to advancing our efforts to tackle climate change challenges. Referring to the Science Based Targets (SBT) framework, we have established medium- to long-term greenhouse gas (GHG) emission reduction targets to manage climate-related risks and opportunities. Specifically, we aim to reduce GHG emissions (Scope 1 and 2) by 42% by fiscal year 2030, using fiscal year 2023 as the base year.

Looking ahead, we will actively work to further reduce GHG emissions (Scope 1 and 2) through measures such as adopting renewable energy-derived electricity, while also enhancing our understanding of GHG emissions across Scope 3.

Disclosure based on the TCFD recommendations:
<https://www.mtg.gr.jp/sustainability/initiatives/environment/tcfd/>



At our group company, Goto no Tsubaki Co., Ltd., we are actively contributing to reducing (offsetting) carbon dioxide emissions by using **clean energy from floating offshore wind turbines on the island** for the electricity used in our business activities.

Photo provided by Goto City

All shines

Conservation of the camellia of Goto



KPI	FY2022	FY2023	FY2024	FY2027 Goal
Number of camellia trees planted and distributed	100	100	200	300

»» Nature conservation through the planting of camellia trees on our own farm

The group company “Goto no Tsubaki Inc.” owns a **4-hectare farm** on the Goto Islands in Nagasaki Prefecture, where it **manages 10,000 camellia trees**. By working on the planning, production and sales of camellia-derived skincare products and food, the company is working to maintain the camellia, an important resource for the island.

At our own farm, we are working to **preserve the camellia of Goto, plant camellia trees on the farm, and promote planting by distributing camellia seedlings**. We are not only maintaining and managing the existing camellia trees, but are also actively promoting new planting in order to pass on the rich nature of the Goto Islands to the next generation.

All shines

Preservation of water resources and reduction of wastewater volume through fine bubbles



»» Preservation of water resources and reduction of CO2 emissions in society

The cumulative total of fine bubble shower heads with water-saving functions shipped has exceeded 2 million units. When using the latest model, Fine Bubble U,^{*1} there is an **approximately 30% water-saving effect** compared to a normal shower, and this also leads to a reduction in CO2 emissions as gas usage is also reduced. If all the Fine Bubble showers that have been shipped to date are used in each household, the water-saving effect will be equivalent to more than 130,000 swimming pools in one year^{*2}. We will continue to work towards **water resource conservation and CO2 emissions reduction** through the spread of Fine Bubble showers. We have also been actively disseminating information as a full member (board member company) of the Fine Bubble Industry Association (FBIA) since its establishment, and **have contributed to the recognition of fine bubble technology**. As a FBIA member company, we have also established a website to disseminate the possibilities and appeal of fine bubble technology, with the hope of having more stakeholders become aware of the power of fine bubbles^{*3} and contributing to the realization of more vibrant lives for people. We are not only developing products that utilize this technology, but are also actively disseminating information through this website.

^{*1} ReFa FINE BUBBLE U: Calculated as 30% mist, 10% pure straight, 50% straight, and 10% point jet ^{*2} Water savings per household x cumulative sales (calculated based on the amount of water saved per shower using Fine Bubble U, assuming a shower time of 6 minutes per person, a shower flow rate of 12 L/min, and an average household size of 2.23 people in Japan) ^{*3} For information on the performance of fine bubbles, please refer to the official ReFa brand site.

(13) Strengthening corporate governance and compliance systems

Mechanism

Strengthening the corporate governance system

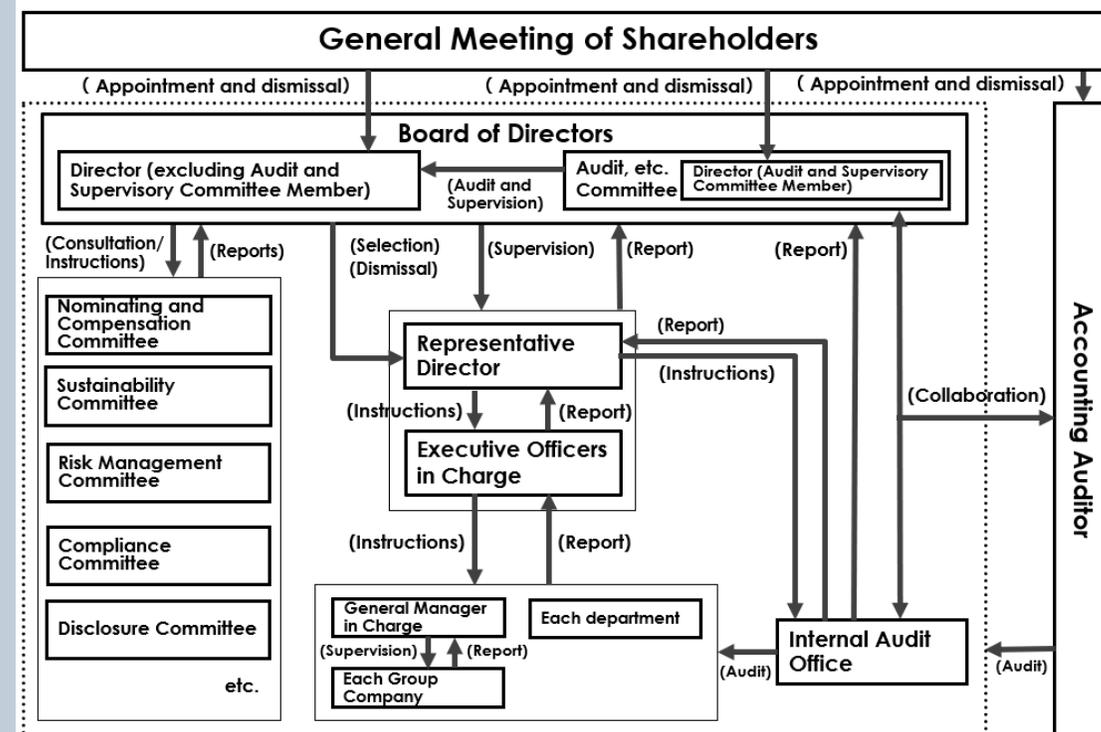
Establish a system for making transparent, fair, quick, and decisive decisions.

Response to the Corporate Governance Code and disclosure of the status of implementation

Based on our corporate philosophy of “One person shines, everyone shines, everything shines”, we have positioned the strengthening of corporate governance as one of the key issues in our corporate management, with the aim of achieving sustainable growth and enhancing corporate value over the medium to long term. With regard to our response to the Corporate Governance Code, we have implemented all five basic principles that apply to companies listed on the Tokyo Stock Exchange Growth Market.

We will continue to conduct regular inspections and review our systems as necessary regarding our corporate governance structure and our response to the Corporate Governance Code.

Corporate Governance Structure Chart



Mechanism

Strengthening the compliance system

»» Fostering a culture of compliance and developing systems

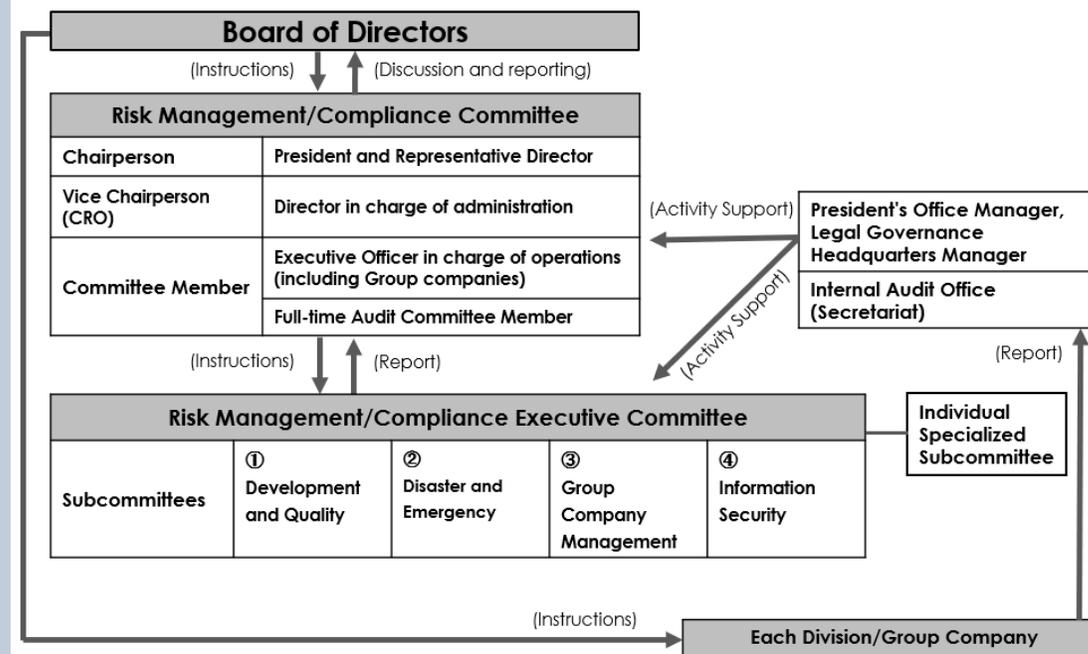
■ Implementation of awareness-raising activities

Our compliance training program consists of company-wide training for each level of the organization and specialized training for each department, both of which are held once a year. In addition, we have set up opportunities for the president and other members of the management team to send out compliance messages.

■ Promotion of organizational activities

We consider risk management and compliance activities to be one and the same, and we are strengthening our activities by promoting both the Risk Management Committee and the Compliance Committee. We have also established and are operating a group-wide internal reporting system (Speak-Up System), and we have set up both internal and external contact points.

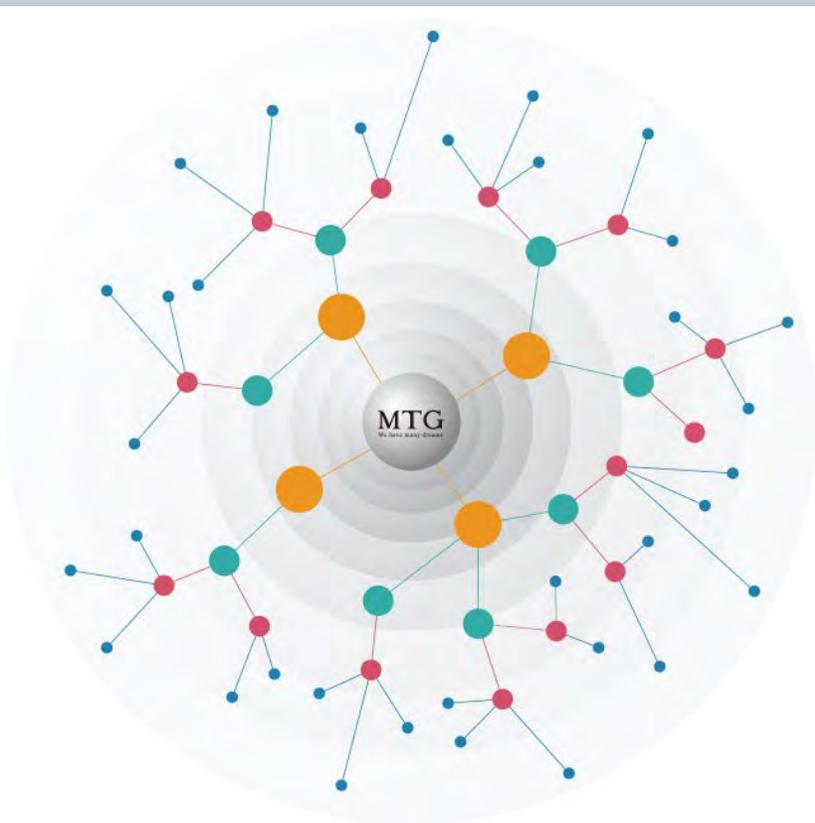
»» Compliance Promotion System Chart



(14) Implementation of a management system based on divisional profitability

Mechanism

Group (Unit) Management



» Based on profit management, we promote the creation of sustainable corporate value.

The purpose of corporate governance is to create sustainable corporate value, and for this reason, management control as an internal activity is considered to be important.

Management control at our company does not simply stop at the level of brand categories and sales channels. We divide the organization within the MTG Group into **over 300 management units**, and manage the profitability of each unit's sales, expenses, and profits. In order to ensure a high level of transparency and expertise, we have established a separate specialized department to manage this, separate from the Finance and Accounting Department. The annual plan is reviewed many times by unit over a **six-month period** starting in the second half of the previous year. Furthermore, in order to **improve the accuracy of annual results, the forecast values of all units are updated twice a month, and business operations are carried out in accordance with progress**. In particular, for unprofitable units, a separate review meeting is held to confirm the profit structure and address issues, with the aim of achieving profitability as soon as possible.

Based on this divisional profitability management, we will review our business portfolio and, at our investment monitoring meetings, we will manage the effectiveness and efficiency of our investments, while also considering future new development, strategic deployment, and financial investment, and **we will carry out management with a medium- to long-term perspective**.

We also believe that developing unit leaders (PC leaders) with this kind of management awareness will also lead to securing future management-level human resources.

In addition, we will consider introducing systems that match the speed of management reform in the future.



Strategic Action	Actions to achieve your goals	Index	17 goals	ESG
"One shines" - Realizing the wonderful lives of our employees				
Promoting the active participation of women and diversity	Creating a workplace environment that is rewarding, with systems in place that make it easy to work and opportunities to play an active role	Ratio of female managers, ratio of male employees taking childcare leave. Ratio of employees with disabilities		S
Implementing human resource development and career development	Supporting employees' independent development of their skills	-		S
Developing human resources with a management mindset	Holding policy announcement meetings and study sessions for leaders	-		S
Health management initiatives	Supporting the prevention, early detection and early treatment of mental and physical illnesses	Number of employees requiring re-examination at regular health checkups, stress check		S
"We shine" - Contributing to society through business activities				
Ensuring product quality and safety	Implementing activities to improve quality and ensure product safety	-		S
Respect for human rights	Support for RSPO activities, use of human rights-friendly resources, responsible procurement	RSPO ratio		S
Realizing healthy and prosperous lifestyles	Support for improving the health of local communities in cooperation with universities, companies and local governments	-		S
Revitalizing local communities and protecting and passing on traditional culture	Urushi, raden, wood, hair / Implementation of donation activities / Goto camellia	-		S
"All shines" - Consideration for and preservation of the global environment				
Reducing the burden on the global environment	Active efforts to reduce greenhouse gases (Scope 1, 2)	Carbon dioxide emissions (Scope 1-3)		E
Initiatives for nature conservation	Nature conservation through the planting of camellia trees in our own farm	Number of camellia trees planted		E
Maintenance and preservation of water resources	Conservation of water resources and reduction of emissions through the use of fine bubbles	-		E
Promotion of responsible procurement	Palm oil policy	RSPO ratio		E
Establishment of a system to support sustainable growth				
Strengthening of corporate governance and compliance system	Establishment of a system to make transparent, fair and bold decisions Fostering a culture of compliance and developing a system			G
Implementation of a management system that adopts divisional profitability	Promoting sustainable corporate value creation based on profitability management			G