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March 13, 2020

Company: DyDo Group Holdings, Inc.  
Representative: Tomiya Takamatsu, President  
(Code 2590 on the First Section of the Tokyo Stock Exchange)  
Inquiries: Naokazu Hasegawa, Corporate Officer  
and General Manager of Corporate Communication Department

### **Overview of the Results of an Evaluation of the Effectiveness of the Board of Directors**

DyDo Group Holdings formulated Group Mission 2030, which sets forth the Group's vision for 2030, and launched the Mid-term Business Plan 2021, a three-year action plan conceived to realize the vision.

This release summarizes the results of a recent evaluation and analysis of the effectiveness of its Board of Directors in light of those goals.

#### **1. Analysis/Evaluation Method**

In order to analyze and evaluate the effectiveness of the Board of Directors, during the period between December 2019 and March 2020, all directors and auditors carried out a self-evaluation survey, and individual interviews were carried out by the Secretariat of the Board of Directors.

After that, at a meeting of the Board of Directors that was held on March 13, 2020, in addition to analyzing the results of the self-evaluation surveys, and in an attempt to enhance awareness regarding present problems, constructive discussions were held regarding these matters and future efforts to realize a higher level of effectiveness for the Board of Directors.

#### **2. Evaluation items**

The self-evaluation survey form included items addressing the following major topics so that respondents could review the effectiveness with which the Board of Directors deliberated and dealt with issues identified through the evaluation of its effectiveness during the previous year:

- (1) Board agenda and operations
- (2) Status of discussions of medium- and long-term issues in light of Group Mission 2030
- (3) Future issues in light of the Corporate Governance Code

### 3. Overview of Analysis/Evaluation Results

On the basis of the outcome of discussions regarding the analysis of the results of the self-evaluation surveys, the Board of Directors of the Company came to the conclusion that “the Board of Directors is functioning effectively.”

#### Status of improvements to the operation of the Board during FY2019

We organized and reviewed the conditions for placing items on the agenda of the Management Committee and the Board so that we could deal with a broad range of management issues during the first year of the Mid-term Business Plan 2021. As a result, the Board was able to focus on companywide issues while making progress in discussions concerning the development of clear and objective standards for withdrawing from business investments.

Additionally, we made two changes from a risk management perspective: enhancing reporting by audit departments on conditions at overseas subsidiaries and requiring the executive in charge of each business segment to report to the Board on the status of management on a quarterly basis in order to enhance reporting on progress in implementing measures addressing management issues. Concerning discussions of important matters such as the revision of strategic facilities in our International Beverage Business, we also worked to make improvements to allow a more fine-grained and timely assessment of local conditions, for example, by creating opportunities for local executives at overseas subsidiaries to brief the Board.

Directors shared an awareness of the following issues that will need to be addressed in the future in order to further boost the effectiveness of the Board of Directors and strengthen its ability to function:

- (1) Concerning the composition of the Board over the medium and long term, it will be necessary to continue considering appointing an even more diverse group of directors in response to the development of the Company’s business strategy and changes in society.
- (2) Concerning materials provided to the Board, there remains room to improve the resources offered to directors, for example by better clarifying key issues in order to further stimulate discussion.
- (3) Concerning the operation of the Board, it will be necessary to enhance opportunities for reporting to, and deliberation by, the Board with regard to important management issues as we seek to increase our corporate value over the medium and long term, including in the hiring and training of human resources, the strengthening of the foundation of our Domestic Beverage Business, and the expansion of our operations in the healthcare domain.
- (4) Concerning deliberation of important issues, it will be necessary to enhance opportunities for directors, operating officers, and outside officers to communicate about operations apart from regular meetings of the Board, which are necessarily subject to time constraints.
- (5) We will also study how to strengthen management structures to reflect the growing importance of international businesses for future growth.

#### 4. Future Efforts

We will continue to pursue such changes and improvements as are necessary to maximize the effectiveness of the Board's oversight function in light of the results of this evaluation of its effectiveness, for example through ongoing monitoring of how the company is dealing with important management issues and a review of how agenda items are chosen and documented with a view toward further stimulating discussion.

[Reference] Issues identified last year

##### **Future issues to address in order to boost the effectiveness of the Board of Directors**

- (1) Concerning the composition of the Board over the medium and long term, it will be necessary to consider appointing an even more diverse group of directors in response to the development of the Company's business strategy and changes in society.
- (2) Concerning materials provided to the Board, there remains room to improve the resources offered to directors, for example by augmenting simplified briefing materials with supplemental explanation of key considerations with regard to matters up for discussion by the Management Committee.
- (3) Concerning deliberation of new investments and discussions concerning the nature and future direction of the Company's business portfolio, it will be necessary to engage in even deeper study of related issues, for example with regard to the criteria that would govern a decision to withdraw from the investment.
- (4) Concerning management of risk in the International Beverage Business, it will be necessary to enhance the Company's management and auditing structures as a holding company, for example by assessing local issues and problems in a timely manner and studying how to identify and deal with priority issues based on the likelihood and impact of associated events.
- (5) The Board will supervise implementation of a strategic plan to train a new generation of executives in an appropriate manner based on its recognition of the fact that hiring, retaining, and training the human resources that will be responsible for the next generation is a key management issue as the Company works to increase its corporate value over the medium and long term.