[Note of Caution]
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February 13, 2024

Notice Concerning the Opinion of the Board of Directors on the Shareholder Proposal

Company name: Ezaki Glico Co., Ltd.
Representative: Katsuhisa Ezaki, Chairman
Securities code: 2206 (Listed stock exchange: Tokyo Stock Exchange)

The Company hereby announces that, as of January 17, 2024, the Company has received a letter from its shareholder, Longchamp SICAV (proxy: Dalton Investments Inc.; hereinafter referred to as the "Proposing Shareholder"), stating that it will submit a shareholder proposal (hereinafter referred to as the "Shareholder Proposal") at the 119th Ordinary General Meeting of Shareholders (hereinafter referred to as the "Shareholders' Meeting") scheduled to be held on March 26, 2024.
The Company has deeply examined the contents of the Shareholder Proposal, and as a result, at a meeting of the Company's Board of Directors held today, resolved to oppose the Shareholder's Proposal. The Company informs you of the following.

Details

Ⅰ Contents of the Shareholder Proposal

1. Agenda

(1) Amendment to the Articles of Incorporation Pertaining to Disclosures on Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price
(2) Acquisition of Treasury Stock
(3) Amendment to the Articles of Incorporation on the Decision-Making Body for Dividends of Surplus, Etc.
(4) Approval of Amount of Remuneration for Restricted Stock Compensation Plan

2. Summary of Proposal and Reason for Proposal

As described in the attached "Contents of the Shareholder Proposal".
The attached "Contents of the Shareholder Proposal" is the original text of the Shareholder Proposal submitted by the Proposing Shareholder.

Ⅱ Opinion of the Board of Directors on the Shareholder Proposal

1. Amendment to the Articles of Incorporation Pertaining to Disclosures on Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price

(1) Opinion of the Board of Directors of the Company

The Board of Directors is against this proposal.

(2) Reasons for opposition

This shareholder proposal requests the new establishment of a chapter and provisions in the Articles of Incorporation to the effect of examining initiatives for "actions aimed at realizing management mindful of capital cost and share price" requested by the Tokyo Stock Exchange on March 31, 2023 and disclosing current valuations, policies/targets and initiatives/timing of their implementation based on said request in the Corporate Governance Report and on the Company website. However, from the Company's perspective, disclosures under that request should be determined on a case-by-case basis based on the highly flexible, highly liquid nature of the Company's management strategy and operating environment. The Company therefore believes that setting forth provisions such as those under this proposal in its Articles of Incorporation, which stipulates fundamental norms in operating a company, is not appropriate.

Over time, the Company has developed products in accordance with its philosophy of "Good Taste and Good Health" and its founder's spirit of "contributing to society through business and continuing to pursue healthier days for more people." Having commemorated the 100th anniversary of its founding in February 2022, the Company newly set forth a corporate raison d'être (Purpose: "Healthier days, Wellbeing for life") and its ideal shape (Vision: "The Glico Group will continue to provide value in the form of 'A Wholesome Life in the Best of Taste' through the creative use of first-class ingredients for high quality of life."

In order to reinforce its value-creation efforts aimed at realizing its purpose of "Healthier days, Wellbeing for life," the Company is currently implementing its medium-term business plan (FY2022-FY2024) under which it has set forth the three business strategy pillars of "1. Offering 'Great Taste and Good Health'," "2. Realization of a customer-driven value chain" and "3. Transformation toward focused business fields." Over the term of its current medium-term business plan, the Company intends to focus on value-creation and continuously grow its profit for the sake of continually improving its ROE/PBR as well.

Moreover, to give an example, in making investment decisions, the Company is working on various projects under the broad goal of having a management structure that is mindful of the cost of capital and share price. This includes verification by its Investment Committee of whether returns that exceed the cost of capital can be earned. At the same time, rather than be solely mindful of share prices in the short term, the Company aims to realize management that emphasizes contributions to its shareholders and various other stakeholders and positively serves the improvement of corporate value over the medium to long term and the common interests of shareholders.

For the above reasons, the Board of Directors of the Company is against this shareholder proposal.

2．Acquisition of Treasury Stock

(1) Opinion of the Board of Directors of the Company

The Board of Directors is against this proposal.

(2) Reasons for opposition

In order to enforce its value-creation efforts aimed at realizing its purpose of "Healthier days, Wellbeing for life," as it strives to continuously grow profit and realize the improvement of corporate value over the medium to long term, the Company believes that effectively balancing its cash allocation across "growth investment," "business operating funds" and "shareholder returns" is extremely vital. In order to achieve its business strategies and capital investment for value creation, the Company has disclosed that over the term of its current medium-term business plan, it plans on allocating its cash on hand and operating cash flow in the amount of 50 billion yen to invest in growth sectors and growth markets, research and development, and digital platforms. They plan to invest 30 billion yen to normal capital expenditure for existing businesses, 20 billion yen toward shareholder returns, and 30 billion yen to the redemption of convertible bonds with stock subscription rights. They will simultaneously conduct investments for growth purposes while maintaining stable shareholder returns.

Under this policy, based on its medium- to long-term management strategy and operating environment, the Company will determine full-year dividends, and is endeavoring to bolster shareholder returns that include stable dividends. Note that actual shareholder returns by the Company to date are as shown in the table below. For FY2023, the Company has decided to pay a full-year dividend of 80 yen per share (consolidated dividend payout ratio of 36.0%).

On the other hand, this shareholder proposal calls for the acquisition of a total of 6,360,000 shares within one year with a total acquisition price of up to 27 billion yen. Based on the fact that profit attributable to owners of the parent for FY2023 is 14.1 billion yen, the total acquisition price for the treasury stock is an excessive level at roughly double that. Moreover, because the proposal calls for the acquisition to be carried out in the short timeframe of within one year from the conclusion of this General Shareholders Meeting, the Company is forced to conclude that the proposal is grounded in a short-term perspective. If such a proposal is passed, there is a likely risk that the balance across "growth investment," "business operating funds" and "shareholder returns" will be greatly compromised and that the improvement of the Company's corporate value over the medium to long term and the common interests of shareholders will be damaged.

For the above reasons, the Board of Directors of the Company is against this shareholder proposal.

(Reference) Actual Shareholder Returns over Past Five Years

	FY2019	FY2020	FY2021	FY2022	FY2023
Annual dividends per share	60 yen	65 yen	70 yen	80 yen	80 yen
Amount of treasury stock acquired	4.99 billion yen	-	-	4.99 billion yen	-

3．Amendment to the Articles of Incorporation on the Decision-Making Body for Dividends of Surplus, Etc.

(1) Opinion of the Board of Directors of the Company

The Board of Directors is against this proposal.

(2) Reasons for opposition

This shareholder proposal requests that the Articles of Incorporation be amended so that the company determines the amount of dividends from surplus, etc., at their Annual General Meeting of Shareholders, in cases where shareholders submit associated proposals. From the standpoint of improving corporate value over the medium to long term, and the common interests of shareholders, the Company enables itself to conduct dividends from surplus, etc., based on resolutions of the Board of Directors rather than those of the General Meeting of Shareholders, so that it can flexibly determine dividend amounts after considering total cash allocation.

The Company believes that effectively balancing its cash allocation across "growth investment," "business operating funds" and "shareholder returns" is extremely vital in the sustainable improvement of corporate value over the medium to long term. Its basic policy with respect to "shareholder returns" is to stably distribute profit that continuously expands through growth investment to its shareholders ideally with a dividend payout ratio on a certain level.

In accordance with the above basic policy, the Company has concluded that matters pertaining to capital policy such as dividends and the acquisition of treasury stock should be determined together with its management policy in order to reinforce value creation aimed at realizing its purpose of "Healthier days, Wellbeing for life", contributing to the improvement of corporate value over the medium to long term, and supporting the common interests of shareholders. The Company has therefore set its decision-making body for dividends from surplus, etc. as the Board of Directors, pursuant to the provisions of Article 459 paragraph 1 and Article 460 of the Companies Act.

For the above reasons, the Board of Directors of the Company is against this shareholder proposal.

４. Approval of Amount of Remuneration for Restricted Stock Compensation Plan

(1) Opinion of the Board of Directors of the Company

The Board of Directors is against this proposal.

(2) Reasons for opposition

It is the company's basic policy that remuneration of the Company's Directors shall be linked to shareholder returns so that it fully functions as an incentive to sustainably increase corporate value. Furthermore, the company determines the remuneration of individual directors by setting it at an appropriate level based on the responsibilities of each position. Specifically, Director remuneration consists of basic remuneration as fixed remuneration, bonuses as performance-linked remuneration, and stock-based remuneration. However, outside directors and corporate auditors do not receive stock-based compensation because their role is to monitor and supervise management from an independent standpoint.

With regard to stock-based compensation, at the Annual General Shareholders Meeting held on June 28, 2018, it was resolved that the Company would introduce a restricted stock-based remuneration plan (post-hoc grant) for Directors (excluding Outside Directors and part-time Directors) and Executive Officers with whom a contract of mandate has been concluded ("Targeted Directors" below) in order to provide Directors of the Company with the incentive to work toward the sustainable improvement of the Company's corporate value over the medium- to long-term, as well as to further enhance value-sharing between Targeted Directors and shareholders, with stock-based remuneration provided in the annual amount of 150 million yen or less and a maximum number of 27,000 shares or less. Moreover, remuneration paid in order to grant restricted shares is determined following careful deliberation that takes the balance with fixed basic remuneration, compensation disparity with employees, the size of the company, operating profit levels, and other factors into consideration, with amounts set reasonably in light of the intentions of the plan. Incidentally, under this plan, when the maximum amount of stock-based compensation is granted in the Company's existing remuneration system, stock-based compensation comes to approx. 30% of the total remuneration of Targeted Directors (maximum amount of remuneration of 355 million yen + maximum stock-based compensation of 150 million yen = maximum of 505 million yen).

It is the belief of the Company that under the remuneration plan within the shareholder proposal, in addition to the current compensation limit, the Company would grant monetary compensation claims for the grant of 150,000 shares of the maximum number of shares to be granted to the targeted directors, etc., in an annual amount of 600 million yen or less. We believe that the Shareholder's Proposal, which is designed to grant restricted transferable shares equivalent to three times the fixed remuneration on a cumulative basis over the next three years if the performance criteria are met, is out of line with the current level of performance. At the same time, the Company will continue to examine improvements and changes to Director remuneration, etc. going forward.

Note that due to the Company's poor business performance, there was no stock-based compensation in FY22. Hence, the company reported 0 yen in terms of stock-based compensation in FY2022.

In regard to Director remuneration, the Company believes that the independence and objectivity of the Board of Directors is of high importance. Keeping these factors in mind, as well as considering their advanced knowledge and wealth of experience in corporate management, the company appointed 4 Outside Directors and 3 Outside Corporate Auditors.

Moreover, the Company is tirelessly examining the establishment of a corporate governance structure that strives to create value in order to realize its corporate purpose of "Healthier days, Wellbeing for life" and to continually contribute toward the improvement of corporate value over the medium to long term and the common interests of shareholders. To that end, going forward, the Company will continue to examine increasing the percentage of stock-based compensation for Inside Directors and Executive Officers with whom a contract of mandate has been concluded, expanding target recipients of stock-based compensation to also include employees, in order to heighten their interest in corporate value, and so forth.

In the future, the Company will further evolve upon its pursuit of good health that has remained unchanged since its founding and, together with its business partners, employees, shareholders, the community, future generations, and other diverse stakeholders, will keep making it a point to endeavor towards generating operating results that meet everyone's expectations while pledging to grow and develop sustainably.

For the above reasons, the Board of Directors of the Company is against this shareholder proposal.

End

(Attachment "Contents of the Shareholder Proposal")
*The relevant statements in the Shareholder Proposal submitted by the Proposing Shareholder are posted in the original text.

No. 1 Proposing Agenda

1．Amendment to the Articles of Incorporation Pertaining to Disclosures on Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price
2．Acquisition of Treasury Stock
3．Amendment to the Articles of Incorporation on the Decision-Making Body for Dividends of Surplus, Etc.
4．Approval of Amount of Remuneration for Restricted Stock Compensation Plan

No. 2 Summary of Proposal and Reason for Proposal

1．Amendment to the Articles of Incorporation Pertaining to Disclosures on Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price

(1) Summary of Proposal

This proposes the prescribing of the below provisions as additional Articles of Incorporation of the Company.

(The underlined sections indicate changes.)

Prior to Amendment	Following Amendment
<u>(Newly established)</u>	<u>Chapter 7 Disclosure</u> <u>(Disclosures on actions aimed at realizing management mindful of capital cost and share price) Article 38 As long as the Company is a listed company, it will examine initiatives for "actions aimed at realizing management mindful of capital cost and share price" as requested by the Tokyo Stock Exchange on March 31, 2023 and will disclose current valuations, policies/targets and initiatives/timing of their implementation based on said request in the Corporate Governance Report and on the Company website.</u>

(2) Reason for Proposal

We are in agreement with the main purport of "actions aimed at realizing management mindful of capital cost and share price" requested of all listed companies on the Prime Market and Standard Market by the Tokyo Stock Exchange on March 31, 2023 ("TSE Request" below).

As also evident in the Company's IR materials, which are inclined toward the disclosure of items on the Statement of Income, Company management and its directors are not very mindful of the cost of shareholders' equity or capital efficiency. When looking back at past results as well, ROE averaged in the 5% range over the past five years. A situation has been persisting in which the Company cannot be described as competently covering the cost of capital expected by shareholders. Regarding share price valuation as well, looking at total shareholder return (TSR) over the past five years shows an ongoing situation in which that indicator has fallen considerably behind TOPIX and competing companies. Based on this current situation at the Company, we believe that the company has a considerable need to deal with the TSE Request in earnest and carry out associated disclosures and initiatives even more so than other Prime Market-listed companies.

In accordance with the framework of the TSE Request, we ask that the Company accurately ascertains its cost of capital and profitability of capital, analyze and evaluate the current situation surrounding what it has ascertained and market valuation at meetings of the Board of Directors, examine and formulate policies aimed at improvement, targets/plan periods and concrete initiatives at meetings of the Board of Directors, disclose the content thereof to investors in an easy-to-understand manner, promote management mindful of the cost of capital and share price based on plans, and proactively conduct dialogue with investors based on disclosure.

2．Acquisition of Treasury Stock

(1) Summary of Proposal

This shareholder proposal proposes that the Company acquire a total of 6,360,000 shares of its common stock within one year from the conclusion of this General Shareholders Meeting through the granting of monies with a total acquisition price of up to 27,000,000,000 yen pursuant to the provisions of Article 156 paragraph 1 of the Companies Act.

(2) Reason for Proposal

The net financial assets of the Company as calculated by subtracting its borrowings and corporate bonds (convertible bonds with stock subscription rights that have fallen under the conversion price included) from the total of the cash and deposits, securities and investment securities that it holds is calculated at 115.6 billion yen as of the end of September 2023, representing over 40% of the Company's market capitalization as of that date. Building up cash assets in excess of necessary cash leads to a drop in capital efficiency and damage to corporate value. The Company's average ROE over the past five years is in the 5% range. A factor behind the fall in its ROE is the holding of excessive cash assets. The Company should therefore further boost its shareholder returns and aim to improve its ROE. Moreover, considering that the net financial assets of the Company amount to 115.6 billion yen, even should it acquire treasury stock up to 27 billion yen per our proposal, we believe that it is possible for the Company to sufficiently secure funds for future M&As, capital investment and research and development as well as funds needed to safeguard against unseen risk. Accordingly, in order to boost shareholder returns and enhance capital efficiency, we believe that the Company should take measures that consist of acquiring approx. 10% of its total outstanding shares (excluding treasury stock) as treasury stock.

3．Amendment to the Articles of Incorporation on the Decision-Making Body for Dividends of Surplus, Etc.

(1) Summary of Proposal

This proposal is to change Article 35 in the Articles of Incorporation of the Company in the below manner.

(The underlined sections indicate changes.)

Prior to Amendment	Following Amendment
(Decision-Making Body for Dividends of Surplus, Etc.) Article 35 The Company will set forth dividends of surplus and other matters set forth in the items under Article 459 paragraph 1 of the Companies Act based on resolutions of the Board of Directors unless otherwise provided for by laws and regulations.	(Decision-Making Body for Dividends of Surplus, Etc.) Article 35 The Company <u>may</u> set forth dividends of surplus and other matters set forth in the items under Article 459 paragraph 1 of the Companies Act based on resolutions of the Board of Directors unless otherwise provided for by laws and regulations.

(2) Reason for Proposal

According to stipulations in its Articles of Incorporation, the Company sets forth the decision-making body for dividends of surplus, etc. based on resolutions of the Board of Directors. This limits the rights of shareholders with respect to dividends of surplus, etc. Accordingly, the Company should amend its Articles of Incorporation so that in addition to setting forth the decision-making body for dividends of surplus, etc. based on resolutions of the Board of Directors, it can set forth the same based on resolutions of the General Meeting of Shareholders in cases where there are associated proposals by shareholders.

4．Approval of Amount of Remuneration for Restricted Stock Compensation Plan

(1) Summary of Proposal

The limit on Director remuneration at the Company was set forth as an annual amount of 390 million yen or less (annual amount of 35 million yen or less for Outside Directors) at the Annual General Shareholders Meeting held on March 24, 2020. Separately of this, at the Annual General Shareholders Meeting held on June 28, 2018, it was approved that amounts of stock-based compensation would be set forth in an annual amount of 150 million yen or less and a maximum number of shares of 27,000 shares or less (not granted to Outside Directors; includes remuneration for Executive Officers with whom a contract of mandate has been concluded). With this proposal, the Company would grant monetary compensation claims for the granting of restricted stock in an annual amount of 600 million yen or less and a maximum number of shares granted of 150,000 shares or less to Company Directors and Executive Officers who are targeted under the restricted stock compensation plan.

While the specific timing of payment and distribution will be determined by the Board of Directors, this plan would be designed as a performance-based incentive plan and would be designed so that restricted stock equivalent to a cumulative amount of three times fixed remuneration will be granted over the next three years should performance criteria be fulfilled.

(2) Reason for Proposal

We believe that the most considerable weak points of boards of directors in Japan are that directors have few shareholdings and lack a shareholder's perspective as a result. At the Company as well, with the exception of individuals from its founding family, the shareholdings of Directors are limited, with the majority of their economic gains coming from their basic compensation in the form of fixed remuneration. While some remuneration is linked to the achievement of performance, we believe that the sharing of value with stockholders, which is the purpose of restricted stock compensation, is insufficient. It is necessary for the Directors to be given an economic incentive to endeavor to sustainably improve the corporate value of the Company and for Director interests to be unified with those of shareholders so that the positive outcomes of improved corporate value are enjoyed alongside shareholders.

The ideal amount of effective stock-based compensation for facilitating value-sharing between Directors and shareholders is established as an amount equivalent to three times fixed remuneration. The amount of such stock-based compensation for Directors of the Company (Outside Directors excluded) was zero yen in the 118th Fiscal Year (from January 1, 2022 to December 31, 2022). The largest that amount has been in the last five years was in the 116th Fiscal Year (from January 1, 2020 to December 31, 2020), in which stock-based compensation was just 20 million yen. In the 118th Fiscal year, as a full-year amount of approx. 207 million yen in fixed remuneration has been paid to Directors of the Company (Outside Directors excluded), even if remuneration under the restricted stock compensation plan was 20 million yen, that would only come to roughly 10% of fixed remuneration. At this pace, it would take about thirty years to reach an amount equivalent to three times fixed remuneration, which is established as the ideal amount of effective stock-based compensation for facilitating value-sharing between Directors and shareholders. Restricted stock compensation has no meaning if it is not granted while Directors are in office. As such, this compensation needs to be granted to a certain degree in a shorter timeframe.

Moreover, at nearly all major listed companies in Europe and the United States, shareholding guidelines that set forth continuous shareholding conditions over a fixed period of time have been adopted for a certain number of shares believed to be necessary in sharing value with shareholders. In most cases, following a grace period of several years, stock-based compensation is established as three to five times basic compensation for top management and one time compensation even for Outside Directors. We hereby propose that the Directors of the Company and other members of its management team strive for a level of ownership that does not lag behind world standards rather than remain trapped by past conventional wisdom and show their commitment through adequate disclosure, and believe that shareholding guidelines should be established.

End