

## Focus 1: Human resource strategy

# Focus 1

Interview with the Executive Officer in Charge of Human Resources, NH Foods Group Human Resources Strategy

We will nurture the capabilities of individuals to build an organization that “creates value together” with both internal and external partners.

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### Overview of our human resource strategy

— Please share a little about the human resource strategy overview and the background behind its formulation.

The NH Foods Group’s goal is the realization of our corporate philosophies. We are engaged in discussions on what is needed to realize these philosophies and to survive within a rapidly changing business environment, amid transforming social values and work sensibilities. In 2021, we identified our current human resources materialities. Actually, we implemented reforms to our human resource systems in fiscal 2019 with the aim of moving away from a focus on age and years of experience within the Group and enabling exceptional talent to advance quickly. Furthermore, in fiscal 2021, we further revised our compensation and appraisal systems in accordance with our materiality initiatives and also reviewed our systems in response to the diversification of the values held by our employees. In the discussions that followed, we decided we should also readjust our human resource strategy in

order to further transform the Group.

The diagram at the top of the righthand page shows an overview of our human resource strategy. While formulating Medium-Term Management Plan 2023, our current medium-term management plan, we decided that we would aim to realize our corporate philosophies by working to increase social value (non-financial value) and business value (financial value) in order to maximize corporate value. Our human resource strategy clarifies the direction we will take to link together the abilities of individual employees with our corporate value. We will aim to improve employee engagement and to foster value creation and innovation with the goal of maximizing human capital. This will be achieved through initiatives focused on three pillars—“personal growth,” “organizational growth,” and “diversity, equity, and inclusion (DE&I).” These initiatives will create human resources management systems in the form of a cycle consisting of hiring, education/development, evaluation/treatment, and transfer/assignment.

### Details of personal growth initiatives and current progress

— Please tell us about the personal growth initiatives.

Personal growth involves each individual employee creating their own growth narrative, engaging in self-improvement, taking up challenges, and helping each other to achieve greater growth. In other words, it focuses

on autonomy. One of the qualities we seek in our ideal human resources is the willingness to take on challenges. We want employees to drive their own growth by proactively achieving ambitious goals. At the risk of being misunderstood, we could just focus on enhancing learning opportunities, such as education and training programs.

### Overview of our human resource strategy



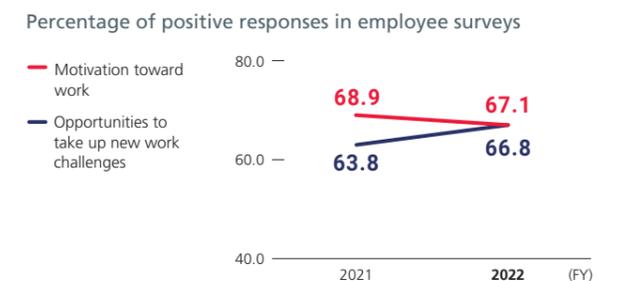
However, there are many different paths to self-realization, so we also want to help employees to take on their own individual challenges and respond to their motivation to actively learn the skills they need to achieve their goals.

In fiscal 2021, we added “challenge” as one of the items in our employee management by objectives system. At the start of every fiscal year, employees are asked to set a goal for the coming year with Vision2030, our vision of “unleashing new potentials for protein,” in mind. As the interpretation of the word “challenge” can differ between people, these goals are set through discussions between supervisors and their team members, ensuring proper communication. At the end of the year, each employee’s achievements and progress toward their goal are evaluated and the results are reflected in their personnel appraisals, and we also hold career counseling to provide employees with advice that will help them reach the next stage of their growth. Additionally, we have set up a system for recognizing employees who achieve exceptional results in their “challenge” endeavors, and in fiscal 2022, 13 employees received commendations.

We also provide reskilling support for employees who want to learn new skills in their pursuit of self-realization, and we are training in-house assessors as specialists in providing objective and fair appraisals. In addition to the above, we also hold career planning seminars and career interviews for employees in the fiscal year before they turn 30, 40, 50, and 55 so that they can review their career path so far and consider their future.

### — Are you introducing employee surveys?

We have introduced employee surveys. Since 2021, we have been implementing a PDCA cycle that covers “challenge” and “engagement” among other items as a framework for monitoring the employee engagement situation. Recent data shows that the percentage of employees who say that they have opportunities to take up new work challenges has risen from 63.8% in fiscal 2021 to 66.8% in fiscal 2022. However, it also shows that engagement is an issue, as the percentage of employees who say that they have motivation toward work has decreased from 68.9% in fiscal 2021 to 67.1% in fiscal 2022. We have set engagement as one of the items we will focus on toward realizing our materiality and based on the fiscal 2023 survey results, we will work on areas such as revising and strengthening the operation of human resources systems that enable employees to feel motivation and growth.



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Details of organizational growth initiatives and current progress

— Please tell us about the organizational growth initiatives.

Organizational growth primarily involves the enhancement of value creation. We are implementing human resource management systems and leadership development that will strengthen organizational capabilities and nurture our ability to create even greater value.

Our human resource management systems aim to produce the ideal human resources shown in the diagram below. These systems take the form of a cycle consisting of hiring, education/development, evaluation/treatment, and transfer/assignment.

Defining optimal human resources

<b>Absolute Reliability</b>	Human resources who can communicate bilaterally, inside and outside the company Understand our social mission, including quality (of products/people) and compliance, and can build relationships of trust with all people
<b>Novel Creativity</b>	Human resources who are not satisfied with the status quo but who can create something new in terms of products and services Create new value, and increase brand value by leading in the vanguard of the times
<b>Endless Challenges</b>	Human resources who can constantly strive to reach higher goals Proactively achieve ambitious goals for the continuous growth of the NH Foods Group

For leadership development, we are implementing initiatives in three categories—executive talent, management talent, and specialist talent—under the theme of securing and cultivating talent who can lead value creation in each business area. The cultivation of executive talent is an extension of the cultivation of management talent, so we are carefully building a talent pool while also advancing initiatives in line with our training programs for next-generation managers. We define management talent as employees who can provide leadership for the improvement of organizational/functional productivity, enhancement of organizational potential, and value

Details of DE&I initiatives and current progress

— Please tell us about the DE&I initiatives.

We think that is critical that we adapt to the diversification of work values by creating environments in which employees can demonstrate their full potential and in which individuals can choose from a variety of workstyles in accordance with life events and life stages. Therefore, we are advancing DE&I initiatives that aim to realize workplaces where diverse values are respected and individuals can work energetically. Although the general direction of initiatives remains the same, it has been expanded to cover themes such as career development for women, workstyle reforms, the enhancement of work-life balance support systems, and health management. For example, we are working to prevent employees having their careers derailed by taking childcare leave. This includes increasing the number of counseling sessions available to relevant employees and enabling them

creation, while specialist talent refers to employees who can provide leadership for the creation of added value and promotion of innovation through the use of specialist skills. Specifically, we are building programs that will strengthen training for producing employees who can lead in the areas such as quality, development, IT, and internal controls.

We are also advancing reforms in regard to recruitment. Previously, we focused almost entirely on hiring and training new graduates and did not carry out much mid-career recruitment. However, in recent years we have been hiring mid-career candidates who have the skills we need in both specialist and management positions.

From a talent management perspective, we need to advance recruitment along two axes in order to secure talent with skills in areas that our current workforce is lacking and talent with skills that will drive strategic business development. We will realize this by training existing employees and recruiting mid-career personnel.

— Could you provide a little more detail about the cultivation of executive talent?

We define executive talent as employees who can provide leadership for the enhancement of group value through group-wide productivity improvement, enhancement of organizational potential, and value creation. We also require executives to possess five human resources characteristics, which are integrity, devotion, deliberation, endeavor, and empathy. Employees who demonstrate these characteristics are cultivated through the training programs for next-generation managers I mentioned before. In 2021, we formalized training programs specifically for officers.

to participate in training during childcare leave.

In regard to career development for women, which we receive a lot of questions about from the stock market, we are gradually seeing the effects of the efforts we have been advancing since 2005, including implementing measures to prevent female employees quitting, building a pool of female management candidates, and transforming organizational cultures. We have set the KPI of having a percentage of women in management positions of 20% or higher by fiscal 2030 and as of fiscal 2022, this figure is 9.8%.

Touching once again on the relationship between the three pillars of our strategy, if we can achieve personal growth, then it will lead to organizational growth, and we have positioned DE&I as the foundation that underpins this.

Relationship to the materialities

— Please explain the relationship between the three pillars and materialities concerning human resources

First of all, our human resources materiality is “employee development and respect for diversity,” which was formulated as part of efforts to realize Vision2030. The three pillars of our human resource strategy were set based on the recognition that we needed to adapt and further evolve in accordance with changes in social values. We also think that each individual measure should be formulated in the same way.

However, once we had clarified our goal of maximizing

human capital in order to maximize corporate value, we made personal growth into one of the pillars, representing a shift in our values as a group. Previously, the Group first considered initiatives for growing stronger as an organization, and then positioned personal growth within these initiatives. The reason we moved away from this thinking is that we wanted to demonstrate to people within and outside the Group that if each employee feels like they are growing, then they become more engaged in their work, which results in the growth of personal abilities. The combination of these individual improvements then leads to greater creation of new value on an organizational level.

Overview of initiatives on key priorities



KPIs

— Please tell us about human resource-related KPIs.

Up until we identified our materialities in 2021, each Group company was responsible for setting its own qualitative and quantitative KPIs. However, we now have 33 KPIs that are pursued on a Group-wide basis in Japan, including KPI related to improvements in employee engagement and the percentage of women in management positions. The Group’s operations include farm management and professional baseball operations and our companies engage in a wide range of businesses both in Japan and overseas, so we also have companies set their own individual targets based on their industry and business activities.

Going forward we intend to reconsider our KPIs with a focus on two directions. Firstly, our current indicators are weighted heavily toward DE&I, so we plan to increase the number of indicators related to personal and organizational growth. Secondly, we will set KPIs that link together human resources and corporate value. For example, we think we need KPIs that address the creation of a culture conducive to challenges, employee engagement, and the building of environments that encourage personal growth. Currently we disclose targets for seven of our 33 indicators, but we plan to further increase this number. In order to maximize human capital, we will set human capital-focused indicators and also provide visualizations to enhance effectiveness.

— Finally, please share your message as the executive officer in charge of human resources.

In 2021, we released Vision2030 and launched initiatives for increasing business and social value with the goal of maximizing corporate value. As stated in our corporate philosophies, our people are the starting point of everything we do. In the coming era, values will become even more diverse and the speed of social change will continue to accelerate. In this environment, there are limits to the challenges that we can overcome by ourselves, so we will need to practice co-creation in various forms. Going forward, we should be looking to fulfill the role of a group that raises the capabilities of individuals to create organizations that can take on the challenge of co-creating value with partners both inside and outside the Group. Under our human resource strategy, we will continue to work toward realizing our corporate philosophies of “creating a culture that marks an epoch and contributing to society” and being “a place where employees can feel truly happy and fulfilled.”