

A Message from the Chairperson of the Executive Nomination Committee



Yasuko Kono
 Outside Director, Chairperson of
 the Executive Nomination Committee

Curriculum vitae

April 2002	Director, Ibaraki Co-op
June 2005	Director, Consumers' Co-operative Co-opdeli Business Union
June 2008	Director, Ibaraki Consumers' Co-operative Union
August 2012	Director General, National Liaison Committee of Consumers' Organization
January 2013	Member, Pharmaceutical Affairs and Food Sanitation Council, Ministry of Health, Labour and Welfare
April 2013	Director General and Joint Representative, National Liaison Committee of Consumers' Organization (General Incorporated Association) Member, Shokuiku (Food and Nutrition Education) Promotion Council, Cabinet Office
October 2013	Expert Member, Food Safety Commission (Cabinet Office)
December 2013	Temporary Member, Consumer Commission (Cabinet Office)
December 2013	Member, Transport Council of the Ministry of Land, Infrastructure, Transport and Tourism
April 2014	Special Advisor to Consumer Affairs Agency
July 2015	Member, Council of Food, Agriculture and Rural Area, Ministry of Agriculture, Forestry and Fisheries
June 2017	Director, Japan Consumers' Association (General Incorporated Foundation) (currently held position) Director General, Consumers' Smile Fund (NPO) (currently held position)
June 2018	Outside Director of NH Foods Ltd. (currently held position)
December 2018	Member, Financial System Council, Financial Services Agency (currently held position)
January 2019	Member, Forestry Policy Council, Forestry Agency (currently held position)
June 2019	Director, Japan Federation of Shihō-Shōshi Lawyer's Associations
April 2021	Member, Cultural Council, Agency for Cultural Affairs, Government of Japan (currently held position)

Achieving real organizational strength under a new management team—future priorities

A new team to lead NH Foods forward beyond the present challenges Selection process for the new CEO, expectations toward the new team

The NH Foods Group has defined five key attributes required for its leaders—integrity, devotion, deliberation, endeavor, and empathy. When I was appointed as an outside director in 2018, the main selection criteria were possession of these attributes, together with years of continuous service, and the level of contribution to business performance. The revised Corporate Governance Code provided clearer definitions of the roles of committees in relation to nominations and remuneration. Based on these changes, the NH Foods Group has adopted selection processes that are more rational, efficient, and objective.

In 2018, the previous CEO, Yoshihide Hata, established a new management team. This team laid the foundations for the sustainable growth of the Group and created a vision for the future. From a governance perspective, they improved the effectiveness of the Board of Directors and strengthened internal control functions. Unfortunately, the launch of the new medium-term management plan coincided with major changes in the external environment, including the onset of the global spread of the COVID-19 pandemic, and the invasion of Ukraine. This situation inevitably resulted in changes to the plan.

Who would be the best person to take the helm in this challenging business environment, and lead the NH Foods Group out of the crisis and back to its role as a pioneer? What experience and skills would be needed for this role? Who could combine these abilities with the five key attributes for leadership? We approached the selection process, which

included face-to-face interviews, with the aim of finding a person whose past business experience had instilled a strong commitment to the improvement of corporate value and a keen focus on growth—a person who would combine the spirit of challenge with the ability to maintain an efficient executive organization. Our discussions and interviews led to us to advise the Board of Directors that Nobuhisa Ikawa possessed qualities that would enable him to provide strong leadership and implement the necessary reforms.

The position of chairperson was reinstated in fiscal 2023. Assessments of the effectiveness of the Board of Directors had highlighted the need to separate executive and oversight functions, and the elimination of the situation in which the representative director also served as chairperson of the Board of Directors became an urgent priority. Starting from the current fiscal year, NH Foods will appoint a chairman who will serve as chairperson of the Board of Directors. Under the new structure, the CEO will have representative authority while the chairman will not. This will enhance the transparency and objectivity of the Board of Directors.

The Executive Appointments Committee consists of three outside directors and one outside member of the Audit & Supervisory Board. Internal officers participate as observers, but only outside officers have the power to select candidates. Our recent deliberations involved in-depth debate about the current and future situations of the NH Foods Group, including the need to react nimbly to changes in the external environment while achieving a recovery in business performance and moving forward to new challenges. The Executive Appointments Committee views the result of this selection process with a sense of expectation and confidence.

Our immediate priority is to build an organization with diversity, including the Board of Directors.

A major priority for the future of the NH Foods Group is diversity. The achievement of organizational diversity is vital to the development of a management organization that will be able to deliver success regardless of changes in the external environment. Of course, this also applies to the Board of Directors. We are now discussing ways to ensure the effectiveness of the Board of Directors. We are using a skill matrix that encompasses the experience, specialist skills, achievements, and other attributes of all directors to identify areas that need further strengthening, so that suitable people within the company can be trained and selected. We are approaching these decisions not only through official meetings, but also by creating opportunities for in-depth one-on-one interviews.

The Executive Appointments Committee has also raised concerns about the fact that there is not one female managing executive officer. We are currently discussing this issue from the perspective of achieving diversity. Because change is especially difficult for a large corporation with a long history, it is important to use a variety of opportunities to explain why change is necessary, in order to gain the

understanding of people working in the related units. I believe that direct discussions with the CEO are also essential. We will continue to work tenaciously to achieve positive results.

Each year the Executive Appointments Committee discusses the results of initiatives and improvements made and submits the results of our deliberations to the Board of Directors as part of the succession planning process. We strive to select candidates who are likely to contribute to corporate value enhancement and sustainable growth from a long-term perspective in the period to 2030 or 2050.

A review of fundamentals is an essential first step for the acceleration of progress toward future challenges.

In March 2021, NH Foods announced Vision2030 with “Unleash new potentials for protein” as its corporate message. To achieve this goal, NH Foods will need to take a multifaceted approach, including the development of cultured proteins, plant-based proteins, and milk proteins. Above all, the company must never forget the importance of respect for the bounties of nature.

The NH Foods Group is a pioneer in the development of special products, such as allergen-free foods, products with reduced salt and fat content, and preservative-free products. This was possible thanks to a long tradition of communication with ordinary consumers. Going forward, the company needs to build on this tradition as it takes up new business challenges. There will also be opportunities to advance to a new phase by adopting new ways of selling existing products, such as the development of overseas markets for allergen-free products. There is also a need for longer-term perspectives, such as the allocation of investment and human resources to co-creation initiatives with external entities, while also pursuing in-house R&D activities.

The core questions for the new three-year medium-term management plan that will start in the next fiscal year are the areas that NH Foods Group regards as its core domains, and its reasons for prioritizing those areas. After reviewing these fundamental questions, the company will need to focus on the questions of how it can meet the needs of a diverse society and pursue initiatives that everyone will be able to view with pride.

The NH Foods Group has consistently emphasized sound management in recent years. However, I feel that this emphasis on certainty has had the effect of narrowing the scope for new challenges. I hope that the company will make a fresh start that will allow it to move forward toward a new phase of growth and success.