

The NH Foods Group is working to fulfill its social responsibilities as a company and achieve the Group Corporate Philosophies by building the most appropriate governance structure for the Group based on the NH Foods Group Fundamental Policy on Corporate Governance. The application of this structure aims to enhance management transparency and efficiency across the entire Group, to ensure timely and proper decision making as well as appropriate business operations, to enable proactive and courageous business judgments, and to clarify responsibilities.

Efforts to strengthen corporate governance

Achievements in the reinforcement of corporate governance

fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Medium-Term Management Plan	New Medium-Term Management Plan Part 1 Restructuring of our corporate culture and promoting management reform		New Medium-Term Management Plan Part 2 Corporate value improvement by continuous reform and challenge			New Medium-Term Management Plan Part 3 Solidifying domestic operations and becoming a global enterprise			New Medium-Term Management Plan Part 4 Improve the profitability of domestic operations and reinforce the foundation of overseas operations			New Medium-Term Management Plan Part 5 Creating a stable business model through reform			Medium-Term Management Plan 2020 Building systems that pave the way to the future			Medium-Term Management Plan 2023 (first year)			
Number of directors*1 (Outside directors)	11 (2)	10 (2)	11 (2)	10 (2)	10 (2)	10 (2)	10 (1)	12 (2)	12 (2)	10 (2)	10 (2)	10 (2)	10 (2)	10 (2)	10 (2)	10 (2)	9 (3)	8 (3)	8 (3)	—	—
Number of Audit & Supervisory Board members*1 (Outside Audit & Supervisory Board members)	5 (4)	5 (4)	5 (4)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	—	—
Main efforts to strengthen corporate governance	2003 • Established the Management Strategy Committee, Investment and Finance Committee, and Corporate Executive Committee • Established the Compliance Committee, Compensation System Committee (now Compensation Committee), and Crisis Management Committee (now Risk Management Committee) 2004 • Established the Corporate Governance Committee			2006 • Established the Corporate Value Evaluation Committee*2 2008 • Established the JSOX Committee (now Internal Control / JSOX Committee)			2011 • Established the Executive Appointments Committee			2016 • Established the Board of Independent Officers and Representative Directors, and Board of Independent Officers			2018 • Established the CSR Promotion Committee*2 2020 • Established the Sustainability Committee*2 • Introduced the Performance-Based Stock Compensation Plan			2021 • Established the Group Audit & Supervisory Board Members' Office • Revised the Fundamental Policy on Cross-Shareholdings					
NI (NH Foods Group Identity)	1986 • Established Corporate Philosophies, Management Principles, and Action Guidelines 2002 • Revised the NH Foods Group Code of Conduct 2005 • Established the Group Brand			2010 • Revised NH Foods Group Action Guidelines			2014 • Established the Group Audit & Supervisory Board Members' Office														

*1 Number after the Ordinary General Meeting of Shareholders
 *2 The Corporate Value Evaluation Committee was renamed as the Corporate Value Enhancement Committee in 2015. In 2020, the Corporate Value Enhancement Committee and CSR Promotion Committee were merged to form the Sustainability Committee.

Cross-shareholdings

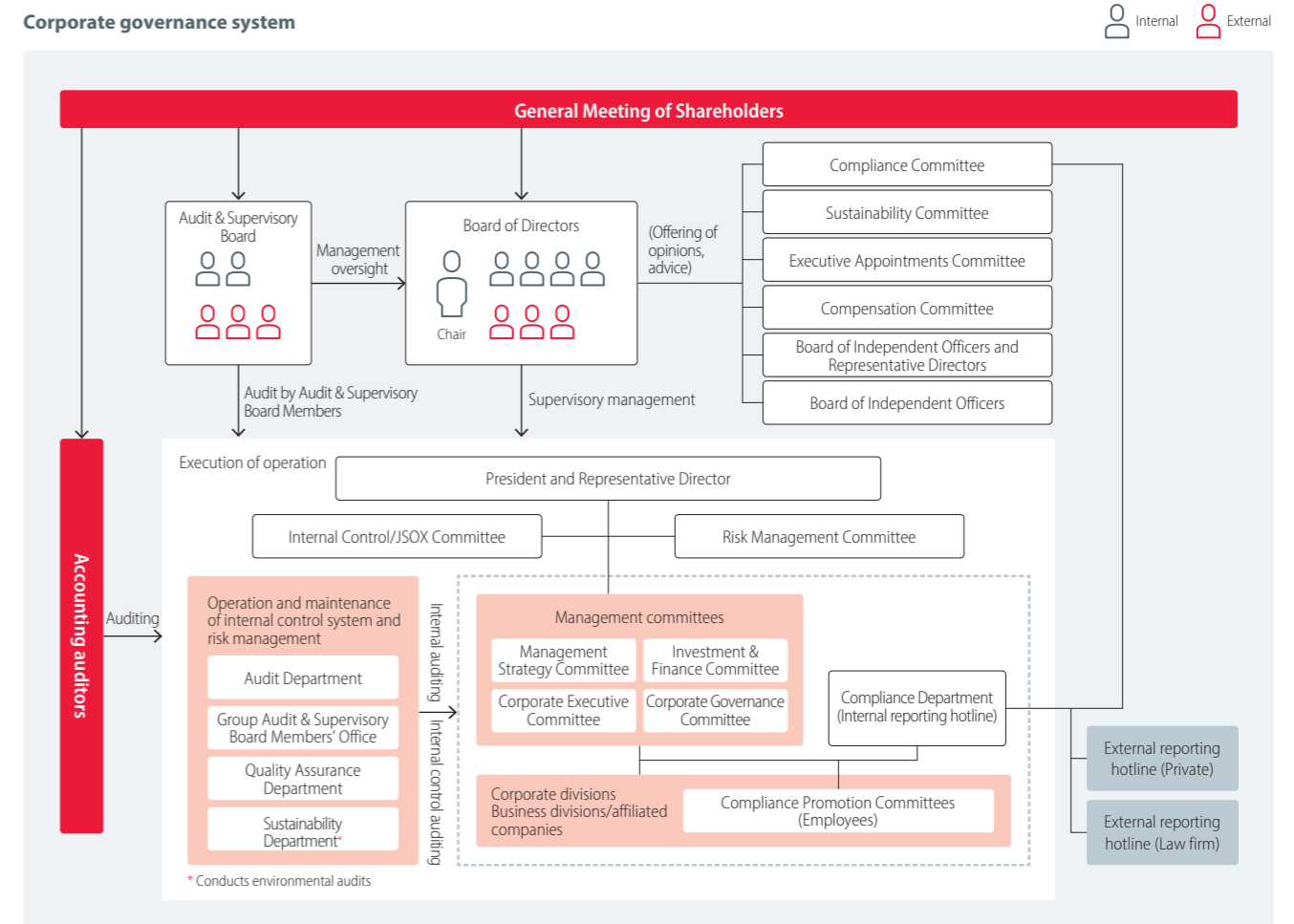
In principle, the Company does not hold shares in cross-shareholdings. However, we may hold shares in cross-shareholdings in cases where it is recognized that cross-shareholding is essential to the sustainable growth of the Group or to improving corporate value, such as for reinforcing alliances in order to maintain business transactions and expand our business, and for smooth fund raising.

Once a year, we review all cross-held shares and closely examine whether factors such as the benefit of holding these shares, the risk of stock price fluctuations, and the credit risk of the issuing company are worth the capital cost, and then comprehensively determine whether holding such shares is appropriate or not.

If we determine that holding certain shares has become less necessary, we will dispose of such shares in an appropriate manner, taking into consideration matters such as stock price and market trends. There are also cases where even though the holding of certain shares has been recognized as significant, they may be disposed of based upon an agreement with the issuing company.

When exercising the voting rights of cross-held shares, we deliberate on each proposal offered by the issuing company and respect such proposals as long as they do not disregard the interests of shareholders. However, if any incidents of misconduct (including misconduct by management members) or antisocial behavior occur at an issuing company, we will exercise our voting rights with the aim of improving said company's corporate governance.

Corporate governance system



Directors and the Board of Directors

The Company clarifies that responsibility and authority regarding the management supervisory function lies with directors and responsibility and authority regarding the business execution function lies with executive officers.

We have set the number of directors to at least three but no more than 12 to ensure prompt and proper decision making and minimize the scope of liability of that body. We also appoint more than one outside director to ensure transparency. Currently, the Board comprises eight directors (seven men and one woman), which includes three outside directors. A director's term is one year for the purpose of facilitating annual accountability. The Board of Directors meets once a month with the president and representative director as chairperson, and makes decisions on the matters set forth in the laws, regulations, and the Articles of Incorporation, as well as other important matters. In FY2020, it discussed the new medium-term management plan and materialities.

Audit & Supervisory Board members and the Audit & Supervisory Board

The Audit & Supervisory Board carries out part of the supervisory function of the Company in cooperation with the Board of Directors. As an independent body entrusted by shareholders, it audits the execution of duties by directors. We have set the number of Audit & Supervisory Board members to at least three but no more than five to enable it to fully perform its supervisory function toward the Board of Directors. Also, in principle, over half of the members are outside Audit & Supervisory Board members. Currently, the Board comprises five members (all men), which includes three outside members.

The Audit & Supervisory Board should comprise individuals who have expertise in finance, accounting, and legal affairs, and there should be at least one member who has appropriate knowledge of finance and accounting in particular. The Audit & Supervisory Board meets once a month and discusses important matters concerning auditing.

Optional committees

To enhance the objectivity and transparency of management, the Company has established the following optional committees as advisory bodies to the Board of Directors.

	Objective and details	Meetings in FY2020
Compliance Committee	To ensure thorough compliance and raise society's trust in the Group by comprehensively confirming and reviewing Groupwide compliance and making proposals to the Board of Directors and management committees.	4 (100% attendance)
Sustainability Committee	To comprehensively review the sustainability initiatives of the Group, and report and make proposals to the Board of Directors.	3 (100% attendance)
Executive Appointments Committee	To strengthen the supervisory function of the Board of Directors by enhancing the transparency and objectivity of decisions on the selection of candidates for the positions of representative director, director, and Audit & Supervisory Board member, as well as discussions regarding the dismissal and/or removal of the President and Representative Director and other management members (executive directors and executive officers).	5 (100% attendance)
Compensation Committee	To strengthen the supervisory function of the Board of Directors by enhancing the transparency and objectivity of decisions regarding compensation for corporate officers (including executive officers).	3 (92.3% attendance)
Board of Independent Officers and Representative Directors	To facilitate exchanges of opinion among independent officers and representative directors as a forum for making proposals regarding improvements to the Group's corporate value and reforms to corporate culture.	2 (100% attendance)
Board of Independent Outside Officers	To facilitate discussions between independent directors and Audit & Supervisory Board members as a forum for exchanging information and sharing understandings from an independent and objective perspective.	2 (100% attendance)

Composition of optional committee (as of April 1, 2021)

◎ Chairperson ○ Committee member * Independent officer

Position	Name	Compliance Committee	Sustainability Committee	Executive Appointments Committee	Compensation Committee	Board of Independent Officers and Representative Directors	Board of Independent Outside Officers
President and Representative Director	Yoshihide Hata	◎	◎		○	○	
Representative Director	Tetsuhiro Kito	○	○			○	
Representative Director	Nobuhisa Ikawa	○	○			○	
Director	Fumio Maeda	○	○				
Director (outside)	Yasuko Kono*	○	○	◎	○	○	◎
Director (outside)	Atsushi Iwasaki*		○	○	◎	○	○
Director (outside)	Hideo Arase*		○	○	○	○	○
Director (outside)	Akihiko Shiba*			○		○	○
Director (outside)	Masayuki Kitaguchi*	Observer				○	○
Director (outside)	Tokushi Yamasaki*		Observer			○	○

Notes: 1. In addition to the above, the Compliance Committee also includes the Corporate officer in charge of the Compliance and Audit Departments, corporate officer in charge of the Human Resources and General Affairs Departments, general manager of the Compliance Department, labor union representatives, and external experts.
 2. In addition to the above, the Sustainability Committee also includes the General manager of the Overseas Business Division, corporate officer in charge of the Human Resources and General Affairs Departments, and external experts.

Auditing system

Internal audits and audits by Audit & Supervisory Board members

The implementation of internal audits has been assigned to 19 employees of the Audit Department and is carried out in coordination with Audit & Supervisory Board members and accounting auditors. These audits include site visits to plants, business offices, and other facilities, as well as at both domestic and overseas subsidiaries, to evaluate their accounting and business operations. The results of internal audits are reported to the Board of Directors.

Accounting auditors evaluate the effectiveness of internal controls by holding discussions with the Audit Department to gauge the status of internal audits. They also exchange information concerning audit results.

With regard to audits by Audit & Supervisory Board members, members attend meetings of the Board of Directors, Management Strategy Committee, and other boards and committees in order to confirm business execution by directors. Each quarter, Audit & Supervisory Board members also exchange opinions and proposals with the President and Representative Director, and exchange opinions with outside directors.

Also, in order to monitor the status of business execution, at least one full-time Audit & Supervisory Board member and one outside Audit & Supervisory Board member participate in interviews with directors twice per year, and executive officers and the heads of major departments and divisions once per year, in order to confirm the situation regarding matters such as business execution, governance and compliance initiatives, workstyle reform,

and human resources development.

Audits of domestic and overseas Group companies are conducted annually at key business sites mainly selected based on an audit plan formulated at the beginning of each fiscal year, and biannually at other sites. During these audits, interviews are held regarding matters such as the progress of business execution, response to material risks, compliance initiatives, progress on workstyle reform, and requests for the Group.

Audit & Supervisory Board members exchange information once per month with the accounting auditor and the internal audit departments, and observe audits by the internal audit departments and audits by the accounting auditor (including the year-end inventory audit).

Establishment of the Group Audit & Supervisory Board Members' Office

In April 2021, we established the Group Audit & Supervisory Board Members' Office to strengthen the Group's auditing and internal control functions and to establish an audit structure that also oversees affiliated companies. The office will coordinate with the Audit Department and Audit & Supervisory Board members to conduct preparatory training for newly appointed Audit & Supervisory Board members at Group companies and support the development of new auditing tools, as well as facilitate information sharing aimed at improving the quality and effectiveness of audits.

Accounting audits

The Company has concluded an auditing contract with Deloitte Touche Tohmatsu LLC, to carry out audits in accordance with the Companies Act of Japan and the Financial Instruments and Exchange Act. In addition, the department in charge of accounting holds discussions with accounting auditors as necessary with the aim of improving the transparency and correctness of accounting procedures.

Names of CPAs who performed audits	Name of Auditing Firm
Wakyu Shinmen	Deloitte Touche Tohmatsu LLC
Koichi Sekiguchi	Deloitte Touche Tohmatsu LLC
Shunsuke Matsumoto	Deloitte Touche Tohmatsu LLC

Notes: Assistants who helped with accounting audits included 17 CPAs, 11 CPA-certified individuals, and 33 other individuals.

Outside directors' messages



Yasuko Kono
Outside Director

I would like to see investment and human resources utilized with a "let's find a way to do it" mindset.

Vision2030, which was released in March 2021, contains the phrase "Unleash new potentials for protein." These words encapsulate both the respect for the foods business that the NH Foods Group has built up and a desire to stay ahead of the times. Also, the achievement of this vision is deeply connected to the realization of the materialities.

In order to ensure that out of the many companies engaged in manufacturing food products in Japan and overseas, people continue to love and choose the NH Foods Group, we must not lose sight of what is important for the world today and remain sensitive to even the smallest changes.

In recent years, there has been a growing emphasis on sustainability in regard to the environment and social issues, and society's expectations of companies have become more diverse. For example, diversity management is one way to build a strategy

that meets the expectations of society. This requires the utilization of human resources with a variety of different backgrounds and values, including people of differing gender, nationality, age, and level disability, in order to generate innovation. Therefore, rather than finding reasons for not being able to do something, I think we should take an approach in which we utilize investment and human resources with a "let's find a way to do it" mindset.

The core element of our 2023 and 2026 medium-term management plans is to combine robust business management and the achievement of materialities from an ESG perspective in a way that develops both while drawing out synergistic effects. KPI have been set for each materiality, so we know what needs to be done at each of our workplaces to contribute to the achievement of the materialities. I think that if both management and employees can work together to carry out their own duties while regularly following up on each other, it will be rewarding for the entire Group.



Hideo Arase
Outside Director

I was impressed at how the management team deepened their understanding by increasing the number of opportunities to discuss the overseas business.

As I mentioned in last year's report, the overseas business will continue to become increasingly important. Therefore, I was impressed at how the management team has increased the number of opportunities to discuss overseas matters at Medium-Term Management Plan formulation meetings and meetings of the Board of Directors, thereby deepening their understanding of these matters. Currently, the main focus is on following up on past matters, but we will see new initiatives linked to business development in the future and it is recognized that the overseas business will play a large part in achieving Medium-Term Management Plan 2023.

We are facing the challenges of an information disparity between Japan and overseas, insufficient capabilities to build a competitive edge overseas, and a lack of human resources. When implementing

Medium-Term Management Plan 2023, I think that employee enthusiasm and hospitality will be important. We can draw out the enthusiasm of each employee by utilizing their strengths and ideas. In regard to raising hospitality, it will be important to foster a collaborative spirit within the Group in a way that makes employees feel happy and valued. I would like leaders to recognize what their team members have achieved and to provide feedback on areas where there is still work to be done. This leads to sound growth, which will be fundamental to achieving the plan.

Additionally, I think Vision2030 is a succinct representation of how the NH Foods Group can leverage its strengths to meet customer needs. I see the key phrases as being "free-thinking," "the possibilities of protein," "contribution to the environment and society," and "creating diverse dietary lifestyles that can be enjoyed freely." Let's work to make Medium-Term Management Plan 2023 a reality.



Atsushi Iwasaki
Outside Director

Instead of pinning hope and fears on changes in ROIC, we need strategy based on sophisticated analysis.

At the start of the newest medium-term management plan, the Group also formulated Vision2030 - "Unleash new potentials for protein." The vision was created through many discussions carried out over a long period and I think this was an excellent process. Promotional activities will be crucial to achieving the vision and I think the following two points provide important guidance.

The first point is to strive to relate activities to existing concepts, such as the Corporate Philosophies Action Guidelines, and to communicate them as simply as possible. The second is to ensure that there are employees who are passionate about achieving the vision in each workplace. I plan to monitor future promotional activities based on these two points.

I think that the process for creating the 2023 and 2026 medium-term management plans enabled the visualization of shareholder capital costs and incorporated it into strategy. However, one issue will be raising awareness among employees. We need to find a

way to add an investment efficiency perspective to thought processes that emphasize profitability. While this can also be achieved through measures such as personnel assessments and training systems, I think the most fundamental way is to repeatedly communicate the Group's reason for being and the direction in which we should be moving.

Therefore, our role and responsibility as outside directors is to use our knowledge to provide advice on management direction and improvement with the aim of realizing sustainable growth for the Group and raising corporate value in the medium- to long-term. While the basis for achieving this is speaking at Board of Directors meetings, I have found that we can see the essence of a problem by actively obtaining information concerning the process of how it arrived on the agenda at a Board meeting.

I would like to see management that instead of pinning its hope and fears on changes in ROIC, develops new strategy through sophisticated analysis. I recognize that my role as an outside director is to provide advice that helps to realize this.

Reasons for election and attendance of outside directors and Audit & Supervisory Board members

Name	Reason for election	Attendance
Yasuko Kono Outside Director	Yasuko Kono is expected to utilize her abundant experience and knowledge concerning consumer affairs to aid the general management of the Group and to provide valuable advice regarding the promotion and implementation of the Group's five materialities, which are social issues that should be addressed in order to realize the Group's Vision2030. She has already provided valuable and timely advice regarding "create value through dialog with consumers" and "pursue sustainability," which were management policies in Medium-Term Management Plan 2020.	Board of Directors meetings: 100% (18/18)
Atsushi Iwasaki Outside Director	Atsushi Iwasaki is expected to utilize his expert knowledge and abundant experience as a certified public accountant to aid the general management of the Group and to provide valuable advice regarding "shift to a sustainable business model with profitability," a management policy in Medium-term Management Plan 2023 that was formulated by backcasting from the achievement of Vision2030. He has already provided valuable and timely advice regarding "strengthen profitability by improving the efficiency of existing businesses," which was a management policy in Medium-Term Management Plan 2020.	Board of Directors meetings: 100% (18/18)
Hideo Arase Outside Director	Hideo Arase has served as a director in charge of overseas business at a major manufacturer of medical equipment and possesses abundant experience of and deep insight into global corporate management that can adapt to change. He is therefore expected to aid the general management of the Group and to provide valuable advice regarding "establish a growth model for overseas business," a management policy in Medium-term Management Plan 2023 that was formulated by backcasting from the achievement of Vision2030. He has already provided valuable and timely advice regarding "change gears in overseas market deployment," which was a management policy in Medium-Term Management Plan 2020.	Board of Directors meetings: 100% (18/18)
Akihiko Shiba Outside Audit & Supervisory Board member	Akihiko Shiba provides advice in a timely manner to ensure the legality and appropriateness of Group management from an objective and fair perspective based on his expert standpoint and abundant experience as an attorney-at-law. He has also served as a member of the Executive Appointments Committee.	Board of Directors meetings: 100% (18/18) Audit & Supervisory Board meetings: 100% (18/18)
Masayuki Kitaguchi Outside Audit & Supervisory Board member	Masayuki Kitaguchi provides advice in a timely manner to ensure the legality and appropriateness of Group management from an objective and fair perspective based on his expert standpoint and abundant experience as an attorney-at-law and certified public accountant. He has also served as an observer at meetings of the Compliance Committee.	Board of Directors meetings: 100% (18/18) Audit & Supervisory Board meetings: 100% (18/18)
Tokushi Yamasaki Outside Audit & Supervisory Board member	Tokushi Yamasaki provides advice in a timely manner to ensure the legality and appropriateness of Group management based on his expert standpoint and abundant experience as a former food sector securities analyst. He has also served as an observer at meetings of the Sustainability Committee.	Board of Directors meetings: 100% (18/18) Audit & Supervisory Board meetings: 100% (18/18)

Evaluation of effectiveness of the Board of Directors

The Company has conducted analysis and evaluations of the effectiveness of the Board of Directors in accordance with the NH Foods Group Fundamental Policy on Corporate Governance since FY2015 with the aim of improving the effectiveness of the Board by identifying issues concerning its structure and operation.

Evaluation process

Each year, we carry out a questionnaire survey of all directors and Audit & Supervisory Board members. Also, in order to ensure that officers can be honest with their opinions and to realize objective analysis, responses are delivered directly to a third-party evaluation organization without passing through an internal secretariat. We also conduct interviews with a number of directors.

At a meeting of the Board of Directors on April 26, 2021, there was an exchange of opinions based on a report containing the objective analysis and assessment of the third-party evaluation organization. Analysis and assessment of the Board of Directors was

conducted at the Board meetings held on May 1, June 11, and June 24 using the results of the exchange of opinions as a reference.

Response to issues identified in the previous fiscal year

- | | |
|---|--|
| (1) Members and operation of the Board of Directors | (4) Evaluation and compensation of the members of management |
| (2) Management strategy and business strategy | (5) Communication with shareholders |
| (3) Corporate ethics and risk management | |

The results of analysis by the Board of Directors confirmed that the Board of Directors comprises members with a variety of knowledge and experience, that there is appropriate discussion of management strategy that sufficiently takes into account the Company's situation and the external environment, and that there is appropriate oversight and monitoring of the establishment and operation of internal controls systems and initiatives for compliance with corporate ethics.

However, issues that are important for further increasing effectiveness were raised, including establishing risk assessment processes, practicing sustainable management, cultivating potential management successors, verifying whether cross-shareholdings are appropriate, and enhancing discussions on the appropriate allocation of digital business resources.

Response to FY2019 issues

(1) Promoting business execution under ROIC index management and reporting the results to the Board of Directors with the aim of realizing management with an awareness of ROE improvement and capital costs

We are promoting business execution under ROIC index management and progress is confirmed and shared through quarterly business execution reports.

(2) Sharing an ESG perspective and the social agenda called for by the SDGs, and formulating medium-to long-term strategies that connect to the Group's five CSR material issues

We share an ESG perspective and the social agenda called for by the SDGs and the medium-term management plan was formulated with connections to the five materialities.

In order to further increase the effectiveness of the Board of Directors, we will strengthen initiatives under the following three themes.

- Continuously strengthen discussion of risks that the Board should be aware of based on Group-wide identification and organization of risk.
- Share social issues that need to be solved to achieve the SDGs and issues that should be addressed from a sustainability perspective to formulate and execute medium- to long-term strategies connected to the five materialities.
- Have the Executive Appointments Committee reassess and revise measures related to the Plan for the Development of Next-Generation Executives, such as the selection, training, and transfer program, and then report to the Board of Directors.

In addition to the three themes above, we will also work to enhance discussions regarding the appropriate allocation of digital business resources and verifying whether cross-shareholdings are appropriate.

Officers compensation

Basic policy

The purpose of the officers compensation system at the Company is to selectively train and promote excellent human resources as executives, to further clarify the linkage between officers, compensation and Company's business performance/shareholder value and to provide an incentive for enhancing corporate value over the medium-to long-term with the aim of realizing the corporate philosophy for each executive director and executive officer.

System development, compensation levels, system operation, etc., are to be deliberated by the Compensation Committee, with an independent outside director acting as chairperson, and with the final decision to be made by the Board of Directors. Regarding compensation levels for each individual officer, the reasonableness of these levels is verified every year with reference to the investigation results, etc., of third-party organizations.

Summary of director compensation

The Company revised its officer compensation system in FY2020, and introduced the Performance-Based Stock Compensation Plan in order to provide an incentive to encourage the enhancement of corporate value over the medium- to long-term.

When introducing the plan, we adopted a board benefit trust system for officers in which a set amount of shares in the Company are acquired by a trust using monetary contributions from the Company, and these shares are delivered to recipients, such as directors who are in office during the eligibility period, through the trust.

	Fixed Compensation 60%		Performance-Linked Compensation 40%	
	Basic Compensation	Performance-Based Compensation	Performance-Based Compensation	Performance-Based Stock Compensation
Positioning	Fixed compensation	Short-term incentive compensation	Long-term incentive compensation	
Recipients	<ul style="list-style-type: none"> Directors Executive officers Audit & supervisory board members 	<ul style="list-style-type: none"> Directors (excluding outside directors) Executive officers 	<ul style="list-style-type: none"> Directors (excluding outside directors) Executive officers 	
Delivery form	Money	Money	Stock (BIP Trust)	
Evaluation indicators	-	<ul style="list-style-type: none"> Consolidated net sales Consolidated business income ROE ROIC Individually established management issues 	<ul style="list-style-type: none"> Consolidated net sales Consolidated business income ROE 	
Delivery method	Payment of standard amounts established by position	If the standard performance achievement level is 100%, the payment will vary within the range from 0 to 200%, according to the level of achievement.	Points will be granted according to the level of achievement of the target values of the performance indicators set in the Medium-Term Management Plan. If the standard performance achievement level is 100%, the payment will vary within the range from 0 to 130%.	

Category	Number	Aggregate amount of compensation, etc. (millions of yen)	Amount of compensation, etc., by type (millions of yen)			
			Basic compensation	Appraisal compensation	Stock acquisition-based compensation	Performance-based stock compensation
Directors (Outside Directors)	10(3)	297(38)	202(38)	56(-)	10(-)	28(-)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	5(3)	88(38)	88(38)	- (-)	- (-)	- (-)
Total (Outside Officers)	15(6)	385(77)	290(77)	56(-)	10(-)	28(-)

Point calculation formula

$$\text{Number of points granted}^*1 = (\text{Base amount of stock-based compensation by position}^*2 / \text{Share price for point calculation}^*3) \times \text{Performance-linked coefficient}^*4$$

*1 Rounded down to the nearest whole number.

*2 The base amount of stock-based compensation by position is the amount of compensation set by the Company in advance as the base amount of stock-based compensation for each position.

*3 The share price for point calculation is the average acquisition unit price (rounded off to the nearest whole number) of the shares of the Company acquired by the BIP Trust established under the Plan. If the trust period of the Trust is extended in order to continue the Plan, the price will be the average acquisition unit price (rounded off to the nearest whole number) of the shares of the Company that are newly acquired by the Trust after the extension.

*4 The target values of each indicator used to measure the degree of achievement of the performance goal will be the quantitative target values for each business year that were announced at the time the Medium-Term Management Plan of the Company was formulated.

Target values for the current Medium-Term Management Plan

Target Value	FY2021
Consolidated net sales	¥1,180.0 billion
Consolidated business income	¥48.0 billion
ROE	6.8%

Plan for the Development of Next-Generation Executives (selection, training, and transfer)

Human-Resources characters required for executives

The Group is working to continuously enhance corporate value by establishing the Plan for the Development of the Next-Generation Executives and defining five “Human Resources Characteristic Required for Executives” (integrity, devotion, deliberation, endeavor, and empathy). The assessment of corporate officers involves executive officers creating a commitment sheet that incorporates these five requirements, followed by an interview with the President during which the setting and achievement of targets is confirmed. NH Foods Ltd. is also working to cultivate the next-generation of human resources who possess the five requirements by introducing programs such as a selection, training, and transfer program and an executive behavioral characteristic analysis program on a company-wide basis. First, we will enhance the pool of potential executives by revising human resources systems, to create more opportunities for potential next-generation leaders. We will then develop training for each level of the workforce based on this.

Developing next-generation executives

The Group implements next-generation executive planning initiative in accordance with the process in the Guidelines for Strategic Development of Managerial Human Resources to Improve Corporate Value released by the Ministry of Economy, Trade and Industry. Our plan started in 2018 and as of May 2021, we are engaged in Phase 4 – “Evaluation of the results of development, and reassessment and reevaluation of related measures.” In fiscal 2021, our new executive officers participated in a young managers forum with a view to cultivating next generation executive experience and creating useful contacts outside of the Group.

As part of our newly established training programs for each employee level, we plan to hold talks on the latest trends in corporate governance at meetings of the Board of Directors and talks by managers at meetings of the Corporate Executive Committee. We are also introducing a voluntary

program for managers run by an external educational institution so that officers can continue to improve their abilities after being appointed and can maintain and further develop the five requirements of our managers.

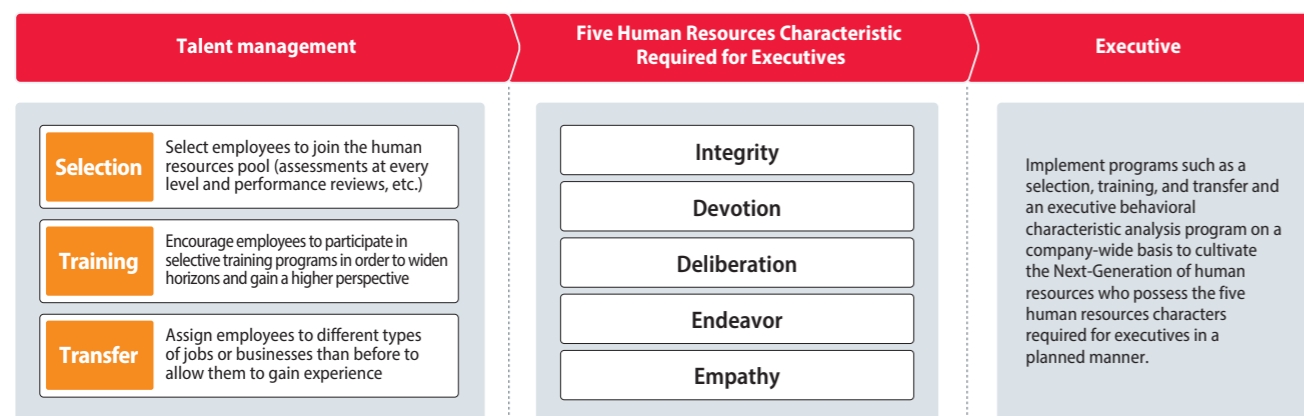
Additionally, we conduct 360-degree evaluation for employees who are the heads of major departments and divisions or above, which incorporates feedback from superiors, peers, and people working under them. These are useful for self-development.

We are carrying out succession planning for CEO and management positions through measures such as disclosing our requirements of executives, applying various external assessment systems, and carrying out education and training. Each year we make improvements, and the details of these improvements are discussed by the Executive Appointments Committee and confirmed by the Board of Directors.

Guidelines for the strategic cultivation of management leaders who can raise corporate value

	Item
Phase 1 Definition of the character of management leader human resources Formulation of a management leader human resources strategy	<ul style="list-style-type: none"> Formulation of the five human resources characters required for executives Articulation of the Plan for the Development of the Next-Generation Executives in the NH Foods Group Fundamental Policy on Corporate Governance Addition of five requirements to the corporate officers' commitment sheet
Phase 2 Identification and evaluation of human resources, and selection and retention of candidates	<ul style="list-style-type: none"> Formulation of a corporate officer candidate selection and deselection scheme Appointment of outside officers
Phase 3 Formulation and implementation of a human resources development plan, and conditioning and support for the development environment	<ul style="list-style-type: none"> Conduct an executive behavioral characteristic analysis program for new executive officers Addition of employees who are subject to 360-degree evaluations (August 2021) Implementation of officer interviews by outside officers
Phase 4 Evaluation of the results of development, and reassessment and reevaluation of related measures	<ul style="list-style-type: none"> Systemization of education and training programs for officers (from April 2021)

Overview of the program for cultivating Next-Generation executives



Compliance

Compliance promotion framework

Important information concerning compliance is centrally managed by the Compliance Department which reports in real time to directors, Audit & Supervisory Board members, executive officers, and the heads of relevant departments and divisions and also presents reports to the Board of Directors and Compliance Committee.

Additionally, the Compliance Committee, which is responsible for verifying compliance status and considering compliance policies across the Group, the Compliance Promotion Committees, which advance compliance initiatives at each Group company and business division, and the Compliance Leader Conference, which comprises representatives from the Compliance Promotion Committee of each Group Company and considers specific measures, all coordinate to share the latest information and to work thoroughly toward better compliance management.

In fiscal 2020, the Compliance Committee met four times and the Compliance Leader Conference met three times.

Ensuring corruption prevention

We formulated the NH Foods Group Action Standards (Japan version) for Group companies in Japan and the NH Foods Group Overseas Governance Policy for Group companies overseas with a particular focus on preventing bribery. We also prohibit the provision of entertainment or gifts to public officials with the purpose of unjust profit, either directly or indirectly through agents or the like.

Revision of the NH Foods Group Harassment Prevention Handbook

We have established the NH Foods Group Global Action Standards as shared global standards and based on this, we formulated the NH Foods Group Action Standards (Japan version) for Japan. Additionally, in June 2020, we revised the NH Foods Group Harassment Prevention Handbook in accordance with revisions to harassment laws in Japan.

Identifying potential risks through regular visits to business sites

Members of the Compliance Department regularly visit our business sites and solicit feedback from employees. The goal is to identify potential risks, avoid them, take preventive measures, detect problems early, and solve them.

Employee awareness-raising activities

We work to entrench compliance awareness through the entire Group by leveraging various opportunities to carry out awareness-raising activities.

Compliance training is conducted for each level of employee and involves content such as learning about harassment issues and compliance violations and discussing case studies as a group.

Also, all employees attend Compliance Competitions held at each business location and Group company, which include compliance study sessions and other events.

Additionally, each office holds office study groups to learn about harassment prevention and vitalizing workplace communication using video materials and case studies.

FY2020 Compliance Training (Group companies in Japan)

Number of attendee: **1,370**
Number of attendees ranked manager and higher: **1,102**

Note: Total number of participants in training programs for each employee level, such as new employee training, manager training, and Group president training. Manager training is attended by heads of departments and divisions.

FY2020 Compliance Competition

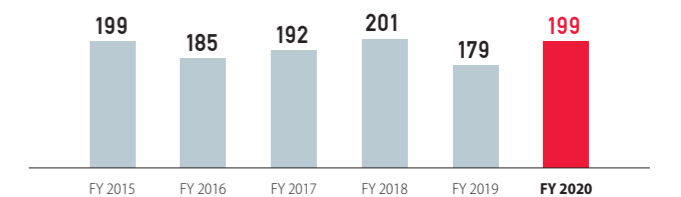
Number of attendee: **20,545**

Establishing consultation channels

We have established consultation channels which all Group employees can access freely in order to share opinions, whistle blow, or seek advice about workplace issues. This includes one in-house channel and two external channels. In 2018, we also established the Auditor Consultation Channel to facilitate the reporting of illegal and illicit activities by Group officers.

Additionally, the NH Foods Group Whistleblowing Rules clarify that the identity of whistleblowing individuals should be protected and that unfair treatment toward these individuals is strictly prohibited. All Group employees are made thoroughly aware of these regulations. Employees can also consult or make reports through these channels anonymously.

Number of consultations received (including whistleblowing reports)



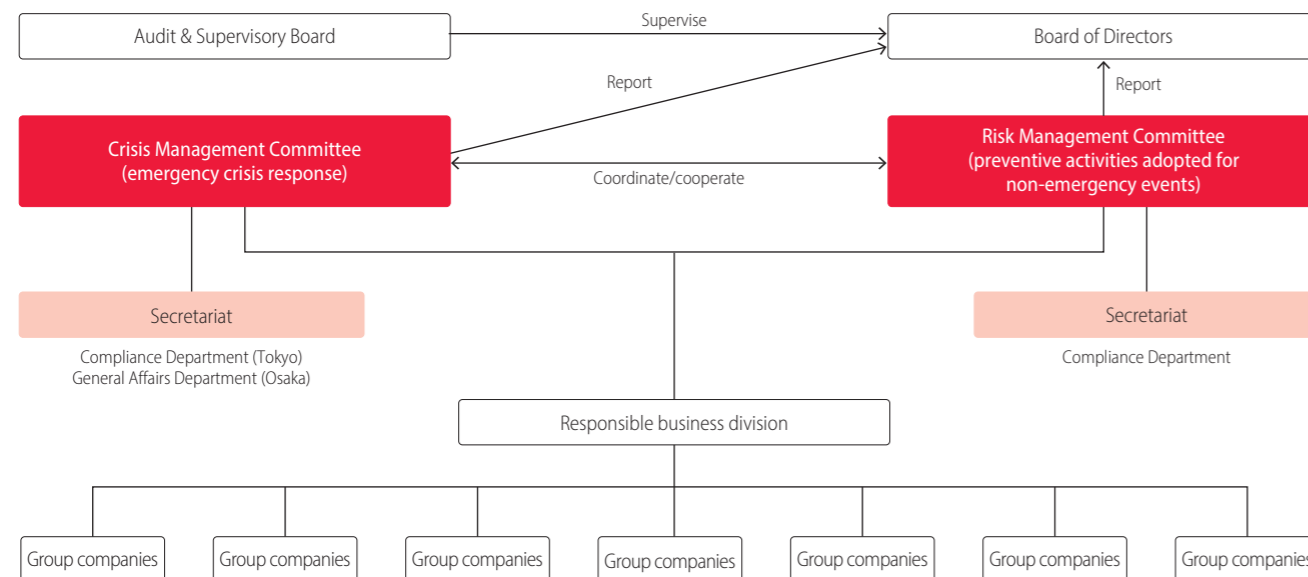
Risk management

Risk Management System

The risk management systems adopted by the Company are based on the "Risk Management Rules" outlining basic policies and management systems concerning risk management, with the President and Representative Director as the highest management executive. The "Risk Management Committee" established by the President and Representative Director works to identify and assess various risks, as well as specify priority risks, and consider countermeasures. Based on the policies of the Committee, individual business divisions and departments coordinate risks relating to their own particular business domains and functions. Results are reported to the Board of Directors through the Committee. When events occur that may have a significant impact on the Group's business activities, units for taking countermeasures tailored to the expected severity of the risks are organized, and prompt and appropriate action is undertaken.

Not all risks are managed under the above frameworks. Product market risks arising from daily business activities is handled by individual business divisions, and financial risks by the Accounting & Finance Department and related business divisions.

Risk Management System



Business Continuity Plan (BCP)

The Group periodically enhances and revises its disaster prevention and BCP manuals, and establishes measures to enable key operations to continue even in the event of a crisis.

However, because the current BCP primarily assumed the occurrence of large-scale natural disasters in the disaster prevention manual, it did not take into consideration the occurrence of a pandemic such as the COVID-19 outbreak that has spread on a large scale since the beginning of 2020. Going forward we will take pandemics into account as we build systems that ensure food supply chains can be maintained in times of crisis.

Information Security Measures

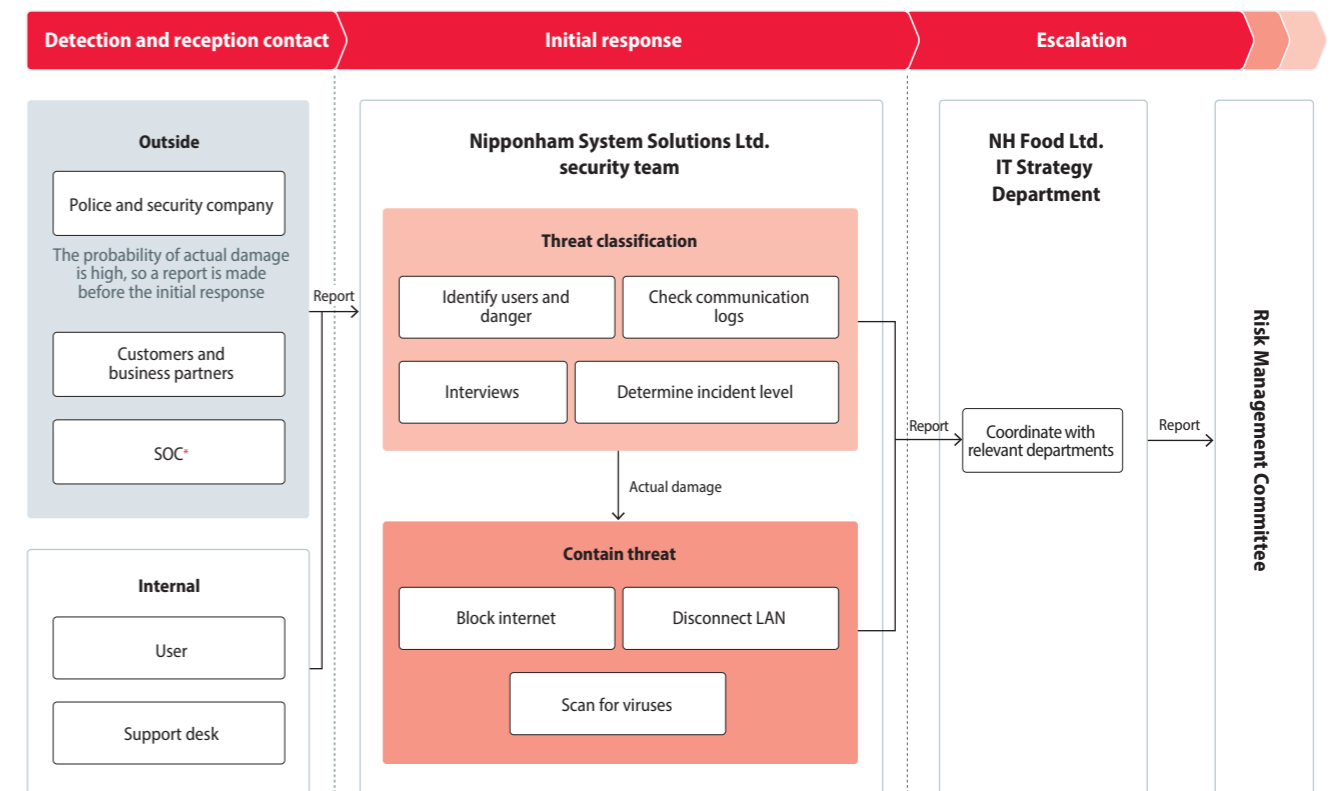
The Group recognizes that information security is a major issue affecting operations, conducts risk assessments for the Group as a whole, and implements appropriate information security measures in a deliberate manner.

As cyberattacks have become an unavoidable risk in recent years, we have taken technical security measures that anticipate external attacks, including security measures for networks and devices such as

PCs, and we are also working to reduce information security risks, including cyberattacks, by conducting information security education for Group employees on a regular basis.

Due to the impact of the spread of COVID-19, more people are working from home. In response to this changing environment, we will continue to strengthen our networks and implement measures aimed at minimizing damage should a cyberattack occur.

Basic flow of response to information security incident



* SOC(Security Operation Center) : An expert organization that detects and analyzes cyberattacks and provides advice on how to respond

(As of June 25, 2021)



Directors	① Yoshihide Hata	President and Representative Director President and CEO	Mr. Yoshihide Hata joined the Company in 1981. He took office as Director in 2011, and as Director and General Manager of the Corporate Management Division in 2012, leading the Accounting & Finance Department and Group management as a whole. In 2018, he took office as President and Representative Director.
	② Tetsuhiro Kito	Representative Director and Executive Vice President General Manager of Fresh Meats Business Division and in charge of cross-business strategy	Mr. Tetsuhiro Kito joined the Company in 1982. He took office as Director and General Manager of the Sales & Marketing Division, Processed Foods Business Division in 2015. In 2019, he was appointed overseas business as General Manager of the Overseas Business Division. He took office as Representative Director and Senior Managing Executive Officer, and General Manager of the Fresh Meats Business Division, and officer in charge of cross-business strategy promotion in April 2020.
	③ Nobuhisa Ikawa	Representative Director and Executive Vice President General Manager of Processed Foods Business Division and in charge of new business development	Mr. Nobuhisa Ikawa joined the Company in 1985. He took office as Director and General Manager of the Processed Foods Business Division in 2018, and has led the processed foods business as a whole. He took office as Representative Director and Executive Vice President, and General Manager of the Processed Foods Business Division and officer in charge of new business promotion in April 2021.
	④ Fumio Maeda	Director and Managing Executive Officer General Manager of Corporate Planning Division; in charge of Research & Development Center and Hokkaido Project	Mr. Fumio Maeda joined the Company in 1988. He has primarily been engaged in the fresh meats and processed foods businesses. He took office as a Managing Executive Officer and General Manager of the Corporate Planning Division in April 2021, and Director and Managing Executive Officer in June same year. He is also in charge of the Research & Development Center and for advancing the Hokkaido Project.
	⑤ Masahito Kataoka	Director and Executive Officers in charge of Accounting & Finance Department, Quality Assurance Department, Customer Service Department and Lifestyle Research Office and General Manager of Tokyo Branch Office	Mr. Masahito Kataoka joined the Company in 1985. He has primarily been engaged operations in related to accounting and finance, as well as public and investor relations. Since April 2021, he has been leading business operations as Director in charge of the Accounting & Finance Department, Quality Assurance Department, Customer Service Department, and Lifestyle Research Office.
	⑥ Yasuko Kono Outside	Director	Ms. Yasuko Kono took office as Outside Director in 2018. She has extensive knowledge and experience concerning consumer issues.
	⑦ Atsushi Iwasaki Outside	Director	Mr. Atsushi Iwasaki took office as Outside Director in June 2019. He has a proven track record and experience as Outside Audit & Supervisory Board Member up to FY2018, and has professional knowledge as a certified public accountant.
	⑧ Hideo Arase Outside	Director	Mr. Hideo Arase took office as Outside Director in June 2019. He was in charge of overseas business at a major manufacturer of medical equipment and has abundant experience of and deep insight into global-scale corporate management.

Audit & Supervisory Board Members	⑨ Nobuyuki Tazawa	Audit & Supervisory Board Member (full-time)	Mr. Nobuyuki Tazawa joined the Company in 1984. From April 2017 to March 2019, he led business administration leveraging his rich work experience and knowledge as Executive Officer and General Manager of the Administrative Division, Processed Foods Business Division.			
	⑩ Sadanori Miyagai	Audit & Supervisory Board Member (full-time)	Mr. Sadanori Miyagai joined the Company in 1982. From June 2019 to March 2021, he served as Director and Managing Executive Officer in charge of the Quality Assurance Department and Sustainability Department, and he has extensive work experience and knowledge concerning quality and environmental auditing.			
	⑪ Akihiko Shiba Outside	Audit & Supervisory Board Member	Mr. Akihiko Shiba took office as Outside Audit & Supervisory Board Member in 2015. He has a professional standpoint and abundant experience as an attorney at law.			
	⑫ Masayuki Kitaguchi Outside	Audit & Supervisory Board Member	Mr. Masayuki Kitaguchi took office as Outside Audit & Supervisory Board Member in June 2019. He has professional knowledge and abundant experience as a certified public accountant and attorney at law.			
	⑬ Tokushi Yamasaki Outside	Audit & Supervisory Board Member	Mr. Tokushi Yamasaki took office as Outside Audit & Supervisory Board Member in June 2019. He has served as a securities analyst in the food sector for a major securities company, and possesses professional knowledge and abundant experience of food companies in general.			
Managing Executive Officers	Keiji Maeda	General Manager of Sales Management Division, Processed Foods Business Division	Nobuo Oda	General Manager of Overseas Business Division and Operation Management Division	Hitoshi Yao	In charge of Compliance Department and Audit Department and General Manager of Group Audit & Supervisory Board Members
Executive Officers	Hideki Fujii	In charge of Americas of Operations Management Division, Overseas Business Division President and Director of Day-Lee Foods, Inc.	Shuichi Toda	General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division	Hirohide Fujiwara	General Manager of Corporate Planning Department and in charge of DX Promotion Department and IT Strategy Department, Corporate Planning Division
	Tadaaki Ito	General Manager of Administrative Division, Overseas Business Division	Kohei Akiyama	In charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Public and Investor Relations Department, Secretarial Office and corporate communications	Akio Wakita	General Manager of Domestic Fresh Meats Production Division, Fresh Meats Business Division
	Kuniharu Hirai	General Manager of Administrative Division, Processed Foods Business Division	Hideki Egi	General Manager of Product Management Division, Processed Foods Business Division	Yukihiro Matsumoto	General Manager of Dairy and Marine Products Division, Processed Foods Business Division
	Takao Seki	General Manager of Sales & Logistics Operations Division, Fresh Meats Business Division	Shuichi Narumi	General Manager of Domestic Fresh Meats Sales Division, Fresh Meats Business Division	Yoshitaka Hasegawa	General Manager of Accounting & Finance Department
	Hiroyuki Tsukuda	General Manager of Administrative Division, Fresh Meats Business Division				

Note: See our website for bios, positions, responsibilities, and important concurrent positions in our Notice of the 76th Ordinary General Meeting of Shareholders

WEB NH Foods Notice of the 76th Ordinary General Meeting of Shareholders
<https://www.nipponham.co.jp/eng/ir/events/generalmeeting/>