

Focus on Group Structural Reforms

In pushing ahead with Group structural reforms, the NH Foods Group aims to materialize sustainable management in keeping with its corporate culture.

The NH Foods Group embarked on Group structural reforms in April 2017. Over the past year, we have reinforced initiatives relating to social issues we face as a food producer, transforming the Company to fulfill its corporate social responsibilities. Management and employees will strive to transform the organization through such efforts to drive sustainable growth and materialize sustainable management so we are the top choice of customers and other stakeholders.



Kazunori Shinohara

Vice President and Representative Director

Pushing Ahead with Group Structural Reforms Based on Change & Challenge Approach

I was put in charge of Group structural reforms in April 2017. Over the past year, I have visited business sites in Japan and abroad to see things for myself and work out how we can change for the better to remain true to how we operate in the NH Foods Group. I think that remaining true to how we do things means being prepared to relentlessly pursue new challenges. Our problem in recent years, however, has been that we have been too short-termist in focusing on businesses and have lacked the resolve to take on new challenges. To overcome that weakness by materializing structural reforms based on our Change & Challenge approach, management must take the lead in efforts to transform our employees and the organization.

Cultivating Managers Who Can Show Employees How to Tackle Challenges

The Group requires managers to be loyal, dedicated, considerate, prepared to meet new challenges, and empathetic. The fundamentals of reform are sharing such qualities with others, encouraging people to change attitudes and actions while reconsidering the approaches to selecting managers. We will

endeavor to choose and foster executives and other managers who can show employees how to tackle new challenges.

Fostering the Knowledge of Each Employee

Employees have diverse skills and goals that we need to identify by engaging with them. We can therefore clarify personal growth opportunities within the Company and cultivate a corporate culture that champions positivity.

We believe that an environment where we can fully demonstrate our abilities is the starting point for changing the Company.

In fostering human resources, it is important to both provide opportunities while enhancing the knowledge of each individual. Our people must naturally acquire the latest information and knowledge about technologies and management techniques. They must also familiarize themselves with our sites and offerings as a food producer and create external networks so they can broaden their learning. Having employees with different roles in each value chain share their views about their stances and jobs will help bring depth to tasks and expand knowledge. It is important for people to pass on basic techniques to others so we can develop new products. Therefore, I would like to create an academy where younger employees can acquire techniques from experienced workers.

The greater employee knowledge that results from that approach should lead to the discovery of new tastes and services. When I oversaw product development at manufacturing sites, processed foods did not taste sufficiently good. We addressed this issue in view of changes in the social structure, and progressed by creating simple, home-made-style items that are delicious.

Food should be convenient. It should be delicious and quick to prepare. I think that our task as a food company is to identify and resolve any inconvenience, concerns, or taste issues.

▶ **Becoming an Organization that Maintains Process-Centric PDCA Cycles**

The issues that organizations need to resolve are out there in the field. We naturally need to go to business sites to identify the issues and employ PDCA cycles in driving improvements.

While it is important to commit to results, that is meaningless without process validation. Undertaking process-centric PDCA cycles accelerates improvements. Having executives visit business sites and communicate makes it possible to

make the right decisions fast. It also becomes easier to convey what has been decided to the entire organization, enabling us to initiate new approaches more quickly. To make our organization more powerful, it is vital to properly undertake this basic approach and ensure that the Company overall habitually works as an organization.

▶ **Materializing Sustainable Operations**

We will change the Company and its relationship with society by transforming our managers, employees, and organization.

The Group focuses on five important CSR issues. We aim to materialize sustainable management that enjoys the support of customers and other stakeholders by cultivating new businesses that factor in issues and Sustainable Development Goals and by resolving social issues through core businesses. At the same time, it is important to generate appropriate profits and invest in ongoing growth to maintain business sustainability. We would like all stakeholders to assess the Group's efforts from long-term perspectives.

GROUP STRUCTURAL REFORMS

