

**Providing
the greatest
“Joy of Eating”
in the world**



The Group Brand Statement

The Brilliance of People for the Future of Food

The Group Brand Pledges

We aspire to share the pleasures of good eating and the joys of health with people around the world.

We pledge to impart the “Joy of Eating” with the greatest of care, through products that reflect our appreciation of the bounty of nature and our uncompromising commitment to quality, and to remain at the forefront in our exploration of food’s contribution to a happy and healthy life.



NH Foods Group Integrated Report 2020

1

Value Creation and Strengths

NH Foods Group’s Vision for the Future	02
Value Creation Trajectory of NH Foods Group	04
The NH Foods Group’s Risks and Opportunities	06
The NH Foods Group Delivers the “Joy of Eating” while Facing Social Issues	08
- Value Creation Process -	
Performance Highlights	10
Consolidated Financial Highlights	11





Message from the President
PAGE 12

Strategies that Support Sustainable Growth

2

Message from the President **12**

Message from Director Responsible for Sustainability 18

Special Feature:

Aiming to Build a Sustainable Vertical Integration System

20

Message from General Manager of Corporate Planning Division **36**

Processed Foods Business Division **38**

Fresh Meats Business Division **40**

Overseas Business Division **42**

Coexistence and Sustainability of Business Platforms

3

Human Resources Supporting Our Business **44**

Education and Dissemination of Information Related to Food Allergies **46**

Contributing to Society through Food and Sports **47**

Corporate Governance **48**

Outside Directors' Messages **52**

Internal Control **57**

Board Members and Executive Officers **60**



Corporate Data

4

Main Companies of the Group **62**

Corporate Data, Stock Information **63**

Note: The fiscal year runs from 1 April until 31 March of the next year. FY2019 is the period from April 1, 2019 through March 31, 2020.

Forward-looking statements

This integrated report includes forecasts regarding targets, strategies, and earnings. These forecasts are based on information available at the current time and contain certain assumptions about the future. They are subject to numerous external uncertainties in areas such as the economic environment, market trends, and exchange rates. Actual performance may differ significantly from the targets in this presentation, and investment decisions should not be based exclusively on them.

NH Foods Group's Vision for the Future

Taking a long-term view toward 2042, the 100th anniversary of our founding, the NH Foods Group is working to achieve the *ideals* we aspire to. With the "Joy of Eating" as a fundamental theme, we are contributing to enjoyable and healthy lifestyles by anticipating trends in food as they change with the times, and creating a food culture that portrays the times.

Today

Medium-Term Management Plan 2020

Theme

Building systems that pave the way to the future

Continuous implementation of Corporate Philosophies and Management Principles

Ideals for around 2040

We will bring people together everywhere by creating great-tasting fare that contributes to happy and healthy lives

Corporate Philosophies

1. Under the basic theme of “Joy of Eating” our company creates a culture that marks an epoch and contributes to society.
2. Our company is a place where employees can feel truly happy and fulfilled.

Management Principles

1. Act with noble ideals and the determination to achieve them.
2. Learn from others, teach others, and be willing to be taught by others.
3. Create the times by meeting the needs of the times.
4. Expand relationships through quality and service, and take responsibility for all people with whom we have relationships.
5. Strive for a highly functional organization.

Value Creation Trajectory of NH Foods Group

The history of the NH Foods Group goes back to the establishment of a ham and sausage manufacturing plant in 1942. Today, as a leader in providing processed foods and fresh meats to the domestic market and as a global enterprise active overseas in production, processing and sales. NH Foods and the companies under its corporate umbrella fulfill a vital responsibility to provide food to customers at home and abroad.

Processed Foods Business Division

1966
Launched skinless wiener line that is both easy to eat and delicious
Introduced Winny



1972
Responded to the diversification of culinary culture
Entered the processed foods business



1979
Established Processed Foods Department (now Processed Foods Business Division, Delicatessen Department)



1981
Broadened food operations
Entered the marine foods processing business with acquisition of the Marine Foods Corporation



1981
Ultrathin-sliced ham launched for particularly health-conscious consumers
Introduced Thin Slice Hams

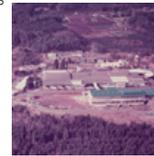


Fresh Meats Business Division

1968
Entered the chicken farming business
Established Nippon Broiler Co., Ltd. (now Nippon White Farm Co., Ltd.)



1970
Established the Fresh Meats Business Department
Established JF Corporation



1973
Entered the pork farming and processing business
Established Nippon Pork Co., Ltd. (now Nippon Food Packer Kagoshima, Inc.)

1970-1990
Incorporated fresh meat sales companies and established sales network throughout Japan

Overseas Business Division

1977
Began overseas expansion
Acquisition of Day-Lee Meats, Inc. of Los Angeles, USA (now Day-Lee Foods, Inc.)

1988
Implemented integration system in Australia
Purchased Whyalla Feedlot (Australia)



1989
Established Thai Nippon Foods Co., Ltd.

NH Foods Group

1942
Proposing a new culinary culture
Established the Tokushima Meat Processing Plant and started producing hams and sausages
Reorganized the company to form Tokushima Ham Co., Ltd. in 1951



1962
Listed on the 2nd Section of the Tokyo Stock Exchange

1963
Tokushima Ham Co., Ltd. merged with Torisei Ham Co., Ltd., changed the company name to Nippon Meat Packers, Inc. Established the Workers' Union



1967
Promoted to the 1st Section of the Osaka Securities Exchange and Tokyo Stock Exchange

1976
Listed on the Luxembourg Stock Exchange

1985
Launched Medium-Term Management Plan Part 1

1986
Established Corporate Philosophies, Management Principles, and Action Guidelines

Total market value
¥ **95.4** billion
(as of March 31, 1985)

Non-financial initiatives

1969
Introduced the Consumer Delegate Committee System, a unique monitoring system



1973
Established the professional baseball team Nippon-Ham Fighters Baseball Club Co., Ltd.

1981
NIPPON-HAM FIGHTERS won the Pacific League (professional baseball championship)

Changes in total market value

Deliver quality protein amid food shortages of postwar era

Provide safe, high-quality products

Proposals for a new food culture

Expanding food product categories

1940s-1950s

- Electric refrigerators become commonplace
- Japan's first supermarket opens

1960s

- Westernization of eating habits
- Tokyo Olympics held

1970s

- Liberalization of pork imports
- Oil shocks
- Expansion of nuclear families
- Development of the restaurant industry

1980s

- Spread of microwave ovens
- Enactment of the Equal Employment Opportunity Law

1992
Launched the yogurt and lactic acid probiotic beverages business

Inherited the business of Kansai Luna, Inc. (now Nippon Luna, Inc.), which began to sell yogurt beverages ahead of other companies in Japan



1985
Launched coarse-ground pork wieners for customers seeking authentic products
 Introduced SCHAU ESSEN



2003
 Merged Ham & Sausages Department, Processed Foods Department, Delicatessen Department, Sales Division and established Processed Foods Business Division

Established Affiliated Business Division
 Hoko Co., Ltd. joined the Nipponham Group

2006
Brought out gift products using integrated system

Launched Domestic Premium Utsukushi-no-Kuni



2020
 Merged Affiliated Business Division and Nippon Pure Food, Inc. to Processed Foods Business Division

2019
Offered the first SCHAU ESSEN-brand extension
 Launched SCHAU ESSEN Hot Chili



2020
Met increasing needs of meat substitutes
 Launched NatuMeat



Total market value
¥ 387.6 billion
 (as of March 31, 2020)

1993
Built system for swift deliver of high-quality fresh meats

Fresh meat sales company, the Nippon Food Group, reached 100 business sites



2002
Launched major domestically produced chicken brand
 Launched Sakurahime



2002
Started swift delivery of fresh meats via one of the largest logistics centers in Japan

Established Nippon Logistics Center, Inc.



1997
 Started farming Omugi-Gyu in Whyalla Feedlot

1998
 Established the Environmental Charter and the Environmental Code of Conducts

2002
 Scandals within the Nipponham Group
 Established the Compliance Promotion Division and others

2004
 Started overseas IR activities

2005
 Established the Group brand

2015
Responding to increasing demand for chicken driven by heightened health consciousness

Acquired Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi



2016
 Established the Overseas Business Division

2017
Added new beef suppliers

Acquired stock in Breeders & Packers Uruguay S.A. (BPU)



1991
Advanced research into food safety and reliability and healthy foods and ingredients

Completed the Research and Development Center in Tsukuba, Ibaraki

1997
Launched allergen-free products
 Introduced *aplighit*

2002
 Established the Quality Assurance Rules

2004
 Launched allergen-free products, the *Minna-no-Shokutaku* series



2005
Wasting nothing from the Bounty of Nature
 Introduced *Glucosamine Chondroitin EX*

2006
 HOKKAIDO NIPPON-HAM FIGHTERS won the Japan Series (professional baseball championship) for the first time



2011
 Launched products with the carbon footprint mark

2020
 Agreed with the Recommendations of the TCFD

2020
 Joined RSPO

New medium-term management plan*

Medium-Term Management Plan 2020*

2004–2006 Part 1

2007–2009 Part 2

2010–2012 Part 3

2013–2015 Part 4

2016–2018 Part 5

2019–2021

* Fiscal years run from April of one year through March of the next year.

Proposals for a product lineup suited to diversifying lifestyles

Improved customer satisfaction with top-notch management for No. 1 quality

Pioneering the future of food

1990s

- Liberalization of imports of beef and oranges
- Growth of the ready-made meal market

2000s

- Consumers' demand for food safety and reliability increased
- Japan's first BSE outbreak
- Soaring raw material and fuel costs

2010s

- Consumption tax increased
- UN Sustainable Development Summit held
- Paris Agreement signed

The NH Foods Group's Risks and Opportunities

Various social issues are emerging including the increasing degree of risk in providing stable supplies of food. The NH Foods Group is looking closely at both the risks and opportunities presented by changes in our operating environment, with the aim of continuous growth by proactively pursuing the challenge of creating new “Joys of Eating.”

Megatrends affecting the NH Foods Group

Consumer trends	Changes in the supply-demand balance of food due to the world's growing population ¹	2019 World population	7.71 billion	>	2040 Forecast	9.20 billion	
	Support for increased consumption of fresh meat worldwide ²	2016-18 Average beef consumption	62.1 million tons	>	2029 Forecast	72.9 million tons	
		2016-18 Average pork consumption	114.4 million tons	>	2029 Forecast	131.8 million tons	
		2016-18 Average chicken consumption	97.9 million tons	>	2029 Forecast	121.1 million tons	
	Numbers of households where both partners work ³	1980	6,140 thousand households	>	2019	12,450 thousand households	
Number of people with food allergies domestically ⁴	2014	Rate of food allergies	>	3-year-olds: approx.	21 %		
Production and breeding-related	Decrease in the number of domestic livestock farmers ⁵	Cattle 1965 Households	1,440 thousand	>	2019	46.3 thousand	
		Pigs 1965 Households	702 thousand	>	2019	4.32 thousand	
		Broilers 1965 Households	20.5 thousand	>	2019	2.25 thousand	
	Drop in Japan's food self-sufficiency ratio ⁶	1965	Japan's food self-sufficiency ratio (calorie basis)	73 %	>	2019	38 %
Price trends	Trends in meat and seafood prices ⁷	All foods Compared to 2015		>	2019	104.3 %	
		Seafood Compared to 2015		>	2019	112.1 %	
		Fresh meats Compared to 2015		>	2019	104.3 %	
Quality-related	Problems concerning food safety and reliability ⁸	2003	Voluntary recall of food products cases (in Japan)	159	>	2014	1,014
Environment-related	Japan's greenhouse gas reduction target under Paris Agreement	Compared to FY2013		>	FY2030	Down 26 %	
	Global water demand ⁹	2000		>	2050	Up 55 %	

Sources:

¹United Nations "World Population Prospects 2019"
²The Ministry of Agriculture, Forestry and Fisheries, "World Food Demand Forecast for 2029"
³The Gender Equality Bureau Cabinet Office, "White Paper on Gender Equality 2020 (Summary)"
⁴Complete survey by the Tokyo Metropolitan Government about allergies among three-year-olds
⁵Statistics from the Ministry of Agriculture, Forestry and Fisheries
⁶The Ministry of Agriculture, Forestry and Fisheries, "Food Self-Sufficiency Ratio in 2019"
⁷"Consumer Price Index 2015-Base Consumer Price Index" Statistics Bureau, Ministry of Internal Affairs and Communications
⁸The Food and Agricultural Materials Inspection Center, an Incorporated Administrative Agency (Annual figures)
⁹OECD statistics

The NH Foods Group's responses

Processed Foods Business Division

Risks

- Declining birthrate and aging population
- Greater concern regarding food safety
- Rising personnel expenses and labor costs from contraction of working-age population
- Rising prices from changes in supply-demand balance for marine resources
- Procurement risks from climate change

Opportunities

- Needs for simple and convenient foodstuffs
- Adoption of diverse food culture
- Changes in demand for foods from heightened health consciousness
- Increased demand for dairy products
- Heightened awareness of food waste
- Increased demand for reserve and emergency supplies that can be stored at room temperature
- Growing demand for meat substitutes

Countermeasures

- Develop products for younger consumers and single-person households (products that can be eaten with one hand and do not require any utensils)
- Develop and sell microwaveable products (products that can be eaten by just heating up in the microwave)
- Expand lineup of food allergy-friendly products
[> See page 31 for details](#)
- Develop new products that can be stored at room temperature (*Stock Pork*)
- Reduce resources used in packaging
[> See page 32 for details](#)
- Promote labor savings and mechanization of production lines
- Diversify resource procurement sources
- Develop meat substitutes (*NatuMeat*)
[> See page 31 for details](#)

Fresh Meats Business Division

Risks

- Decrease in livestock farmers from lack of successors
- Proliferation of diseases
- Higher prices for grains used for feed raw materials
- Higher procurement prices for imported fresh meat
- Increased calls for stronger measures to address climate change

Opportunities

- Increased fresh meat consumption by older generations
- Needs for simple and convenient foodstuffs
- Adoption of diverse food culture

Countermeasures

- Promote the use of IT and mechanization like smart pig farming
[> See page 25 for details](#)
- Extend "best before" dates
[> See page 28 for details](#)
- Recycle farm excreta
- Generate electric power using biomass
- Expand sales of branded fresh meats
- Introduce local packaging

Overseas Business Division

Risks

- Decreases in production volumes and productivity from shortage of agricultural workers
- Higher prices for grains used for feed raw materials
- Proliferation of diseases
- Quality-driven increases in production costs

Opportunities

- Increased global demand for fresh meat
- Increased needs for Japanese diet from heightened health consciousness
- Vitalization of new markets for processed foods in response to changes in lifestyles

Countermeasures

- Upgrade feed plants in Australia
[> See page 22 for details](#)
- Promote cyclical agriculture
- Strengthen disease prevention systems on farms
- Extend "best before" dates by enhancing production and preservation technologies
[> See page 28 for details](#)
- Cultivate next generation of farmers and production workers through on-site experiences and tours for students, etc.

The NH Foods Group's business foundation

Risks

- Food safety
- Natural disasters, sudden accidents, social systems, etc.
- Information leakage
- Compliance-related

Countermeasures

- Promote CSR procurement
[> See page 29 for details](#)
- Thorough quality assurance system
[> See page 33 for details](#)
- Prepare business continuity plan (BCP), disaster response manuals, and system to confirm employees' safety
[> See page 59 for details](#)
- Thorough information management through compliance training, level-specific education for employees, etc.
[> See page 58 for details](#)
- Promote and build a thorough awareness of compliance, primarily through the Compliance Committee
[> See page 57 for details](#)

The NH Foods Group Delivers the “Joy of Eating” with Value Creation Process

Based on a corporate culture that embraces challenge, the NH Foods Group has built a vertical integration system that facilitates stable supply of high-quality fresh meats and processed foods safely and securely. Going forward, we will continue to pursue the challenges of formulating management plans that contribute to the resolution of social issues and creating new social value.

External environment (risks and opportunities)

- Changes in the supply-demand balance for food driven by global population growth
- Growing global demand for fresh meats
- Declining birthrate and aging population
- Decrease in the number of livestock farmers
- Decline in Japan’s food self-sufficiency ratio
- Lifestyle diversification from increase in the number of households where both partners work in Japan

> See page 7 for details

1 Sources of value creation

Manufacturing capital

Number of factories

Domestic: **72**
Overseas: **21**

Intellectual capital

Vertical integration system

Sales capabilities from top market share in Japan

Ability to develop category-leading products

Financial capital

Capital expenditures

¥**47.8** billion

Sales capital

Sales staff

6,248 people

Sales bases

286 locations

Human capital

Developers/researchers

489 people

Quality assurance personnel

Domestic: **812** people

Overseas: **249** people

Social and related capital

Consumer Delegate Committee, in service for 50 years

High brand power

Natural capital

Company-owned farms

153 locations

Contracted farms

368 locations

2 Business model to support sustainable growth



While Facing Social Issues

4 Social value to be created

Providing the greatest "Joy of Eating" in the world

Offering safe and reliable foods

Providing foods in response to diverse lifestyles

Expanding our lineup of health-conscious products

Food allergy-friendly products

Reducing food waste

Promoting the livestock industry

Contributing to the development of food culture

Financial KPIs

- Business profit
- ROE
- ROIC
- WACC
- Free cash flow

Non-financial KPIs

- Five Material Issues
 > See page 19 for details
- Environmental targets → ESG Data Book*
- Brand value
- External evaluations

* https://www.nipponham.co.jp/eng/csr/report/res/pdf/2020_all_web.pdf

3 Business domains

Processing

Fresh Meats

Overseas

Medium-Term Management Plan 2020

THEME

Building systems that pave the way to the future

MANAGEMENT STRATEGIES

> See page 14 for details

- Strengthen profitability by improving the efficiency of existing businesses
- Create value through dialog with consumers
- Enhance and develop technological capabilities for conceptualizing and realizing the future of food
- Change gears in overseas market deployment
- Pursue sustainability

Manufacturing

Consignment and Distribution

Marketing and Sales

Volume Retailers and Restaurants

Development

Quality Assurance

Performance Highlights (FY2019)

Financial Highlights (IFRS)

BUSINESS PROFIT

¥ **43.8** billion

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

¥ **19.2** billion

OVERSEAS NET SALES

¥ **129.6** billion

* Net sales to external customers

BUSINESS PROFIT RATIO

3.6 %

ROE

4.8 %

DOE

2.3 %

ROIC

5.3 %

CAPITAL EXPENDITURES/ DEPRECIATION AND AMORTIZATION

¥ **47.8** billion/
¥ **33.0** billion

Business Highlights

DOMESTIC MARKET SHARE



Hams and sausages **18.3** %

(SCI data from INTAGE Inc.)

DOMESTIC MARKET SHARE



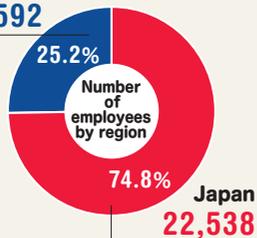
Fresh meats **20.8** %

Note: See page 41 for livestock species market shares.
(Based on NH Foods data)

NUMBER OF EMPLOYEES BY REGION

30,130

Overseas
7,592



(As of March 31, 2020)

NUMBER OF GLOBAL OFFICES

Japan **485**

Overseas **85**



(As of April 1, 2020)

NUMBER OF QUALITY ASSURANCE MANAGERS

Japan **812**

Overseas **249**

Total **1,061**



(As of March 31, 2020)

CONSUMER MONITORING SYSTEM

Introduced Consumer Delegate Committee System in **1969**

Total meetings held **620**

Total Consumer Delegate Committee Members **2,030**



(As of March 31, 2020)

NUMBER OF EXTERNALLY CERTIFIED BUSINESS SITES BASED ON OBJECTIVE APPRAISAL OF SAFETY

170



(As of March 31, 2020)

RATE OF PROGRESS ON CSR PROCUREMENT

Approx. **80** %



(As of March 31, 2020, percentage of procurement costs for key raw materials from primary domestic suppliers)

INTERACTION WITH STAKEHOLDERS ON THE TOPIC OF FOOD EDUCATION

Number of participants in wiener sausage making workshops
27,945



(FY2005–2019)

RATIO OF FEMALE EMPLOYEES IN SUPERVISORY AND LEADERSHIP POSITIONS (GROUP)

12.9 %



(As of March 31, 2020)

Consolidated Financial Highlights

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31

Millions of Yen

	2020	2019	2018
Net Sales	¥1,229,826	¥1,234,180	¥1,258,463
Operating Income	39,500	32,265	45,830
Profit before Tax	27,039	30,267	52,798
Profit Attributable to Owners of the Parent	19,214	19,561	37,552
Business Profit	43,772	38,311	50,589
Total Assets	768,861	741,388	734,528
Total Equity Attributable to Owners of the Parent	404,414	401,014	417,982
Interest-Bearing Liabilities	176,493	147,009	111,401
Net Cash Provided by Operating Activities	65,464	30,844	53,284
Net Cash Used in Investing Activities	(36,728)	(45,110)	(48,194)
Free Cash Flow	28,736	(14,266)	5,090
Net Cash Provided by (Used in) Financing Activities	(3,077)	2,932	(27,110)
Capital Expenditures	47,802	47,820	41,201
Depreciation and Amortization	33,038	22,417	20,714

Per Share Amounts:

Yen

Basic Earnings per Share			
Continuing operations	¥ 186.70	¥ 183.21	¥ 352.26
Discontinued operations			
Total	¥ 186.70	¥ 183.21	¥ 352.26
Diluted Earnings per Share			
Continuing operations	¥ 186.64	¥ 181.48	¥ 350.00
Discontinued operations			
Total	¥ 186.64	¥ 181.48	¥ 350.00
Total Equity Attributable to Owners of the Parent	¥ 3,929.43	¥ 3,896.64	¥ 3,888.48
Cash Dividends	¥ 90.00	¥ 90.00	¥ 53.00

Financial Indicators:

Business Profit Ratio	3.6%	3.1%	4.0%
Return on Equity (ROE)	4.8%	4.8%	9.4%
Return on Invested Capital (ROIC)	5.3%	4.9%	6.6%
Total Equity Attributable to Owners of the Parent Ratio	52.6%	54.1%	56.9%
Interest-Bearing Liabilities/Equity Ratio	0.44 times	0.37 times	0.27 times
Interest Coverage Ratio	40.6 times	24.2 times	43.1 times
Payout Ratio (Consolidated)	48.2%	49.1%	30.1%

Notes

- NH Foods Ltd. voluntarily applied International Financial Reporting Standards (IFRS) beginning with its Consolidated Financial Statements for the First Quarter of the Fiscal Year Ended March 31, 2019.
- Figures have been rounded to the nearest unit.
- As of April 1, 2018, NH Foods Ltd. carried out a share consolidation at a ratio of one share for each two shares of common stock. Total equity attributable to owners of the parent, basic earnings per share and diluted earnings per share were computed on the assumption that the share consolidation was carried out at the beginning of the year ended March 31, 2018. Cash dividends represent the actual payment prior to the relevant share consolidation.
- Operating income represents net sales less cost of goods sold and selling, general and administrative expenses.
- With the aim of clarifying profits gained from business activities, the Group has replaced the previous operating profit classification with business profit (calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and making adjustments of foreign exchange gains and losses determined by the Group, adjustments in accordance with IFRS, and adjustments of non-recurring items).
- Interest-bearing liabilities consists of short-term bank loans, current maturities of long-term debt and long-term debt, less current maturities (including zero coupon convertible bonds) in the consolidated balance sheets.
- Capital expenditures represent the additions to tangible and intangible fixed assets.
- Depreciation and amortization consist of depreciation of tangible fixed assets and amortization of intangible fixed assets.
- ROE = Profit attributable to owners of the parent / Average total equity attributable to owners of the parent × 100
Free cash flow = Net cash provided by operating activities + Net cash used in investing activities
Total equity attributable to owners of the parent ratio (%) = Total equity attributable to owners of the parent / Total assets × 100
Interest-bearing liabilities/equity ratio (times) = Interest-bearing liabilities / Total equity attributable to owners of the parent
Interest coverage ratio = Net cash provided by operating activities / Interest paid

Message from the President



Yoshihide Hata
President and Representative Director

We will strive to fulfill our mission to ensure a stable supply of food and be a corporate group that achieves sustainable growth through measures that address social issues.

The global food environment is characterized by a new set of circumstances. Various social issues have appeared, including a sense of impending crisis over the stable supply of food given concerns about the continued spread of COVID-19, as well as global population growth and accelerated climate change. The NH Foods Group will strive at home, of course, and overseas as well to fulfill its mission to ensure a stable supply of safe and reliable food products and, from a long-term perspective, endeavor to contribute toward solutions to social issues by delivering new “Joy of Eating.”

Ideal image for long term

Fulfilling Group's social responsibility in new normal

As COVID-19 spread worldwide, governments declared states of emergency. Japan took this step in April. As the situation unfolded, I was reminded of the importance of our social mission to ensure a stable supply of food. The COVID-19 pandemic provoked a sudden rise in household demand, particularly for ham, sausages and processed foods as well as for domestic pork and chicken. We had to respond to a huge increase in online ordering, heightened stock demand and a noticeable trend toward bulk purchasing under tough conditions. Thankfully, our supply chains remained intact, and we were able to meet specific supply responsibilities. The NH Foods Group will help solve social issues and contribute to the enhanced health of consumers and a better quality of life for all through business activities on the basic premise of preventing the spread of infection and due consideration to the safety of employees.

Lifestyles and eating habits are likely to continue changing. As people shift into a different kind of normal in their daily routines, they will still be looking for convenience and cost-savings, perhaps even more than before, and they will acquire a greater appetite for nutritionally balanced, wholesome meals as well as opportunities for foods made more satisfying through, for example, the addition of enjoyable conversation around the table.

The strengths of the NH Foods Group include a quick supply system featuring vertical integration that facilitates everything from production to sales in-house, a global procurement system, and a diverse lineup of food products emphasizing proteins and sources of nutrition that help people maintain and improve their immune systems. We will draw on these strengths to leverage strategies fine-tuned to changes in the operating environment. Going forward, we remain committed to addressing environmental and social issues straight on and developing and growing as a corporate group to contribute to the realization of a sustainable society.

Painting the ideal corporate picture to be a group chosen by customers and society as a whole

The business environment ahead has become increasingly uncertain. But guided by the corporate philosophy on the fundamental "Joy of Eating" theme, we will strive to anticipate food trends changing with the times, shape a new food culture that goes ahead of the times, and contribute to fun, healthy living for everyone. Driven by a long-term perspective looking ahead to 2042 when we celebrate our 100th year in business, we have painted a corporate ideal for 2030 and are working through measures to realize this status. To achieve continuous growth amid major changes in the business environment, we will draw on the corporate characteristics that make us unique and maximize our corporate strengths to demonstrate capabilities and create new value.

In our picture for the future, the NH Foods Group shares the pleasures of good eating and the joy of good health with people around the world through food. Additionally, our future hinges on employees fully demonstrating their capabilities, fostering an inherent sense of service to society, and becoming a corporate group that has the enduring support of all stakeholders, including customers and society as a whole.

The NH Foods Group's uniqueness lies in a corporate climate that embraces challenges. Early management kept trying to build the successful business model that the Group uses today. To demonstrate real value amid changing business conditions, we will create new "Joy of Eating" and vigorously embracing challenges. In this approach, the goals of individuals align with those of the organization, fostering a sense of solidarity that raises overall capabilities.



Factoring in risks and opportunities to reinforce business development

To achieve continuous growth, the NH Foods Group has to factor in risks, such as evolving market conditions as well as issues of safety, natural disasters and climate change, capitalize on opportunities, and leverage operations linked to business opportunities to create value.

Market conditions with the potential to impact operations include livestock production costs affected by soaring raw materials prices and higher feedstock prices. These costs have to be factored into strategies for boosting productivity at farms and factories and for developing high-value-added products.

With regard to safety, the emphasis is on automating production lines, optimizing quality assurance systems and obtaining certification to ensure stable operation whatever the situation.

Infections, such as influenza and norovirus, which employees tend to pick up each winter, fall under natural disasters. We knew about and recognized this risk. What we did not anticipate was a global pandemic like COVID-19, and going forward, we will take large-scale measures to deal with infections.

At the same time, COVID-19 highlighted the potential of working from home and sparked new product ideas. NH Foods' independent monitoring system—Consumer Delegate Committee—is a six-month assignment, but participants who completed the term continued under the NIPPONHAM FAMILY CIRCLE. Members of the CIRCLE were surveyed in early May, against the backdrop of COVID-19, and comments to the questionnaire indicated growing interest in making dishes using frozen vegetables and sausages or processed meats as well as products that children and husbands could use to create a meal.

We recognize that environmental issues, including climate change, are major risks for us since such risks affect our livestock production and breeding business. In June 2020, we accepted the recommendations of the Task Force on Climate-related Financial Disclosure and joined the TCFD Consortium. Going forward, we will clarify the impact on operations by studying risks and opportunities related to climate change and analyzing scenarios. In addition, we will evaluate and address risks related to food loss and the use of resources for plastic packaging and containers, as well as water-related risks in production and manufacturing areas in Japan and overseas. Of particular note, water is indispensable for fattening livestock and in manufacturing products, so it is important for us to find an appropriate assessment tool to gauge water-related risks attendant with climate change.

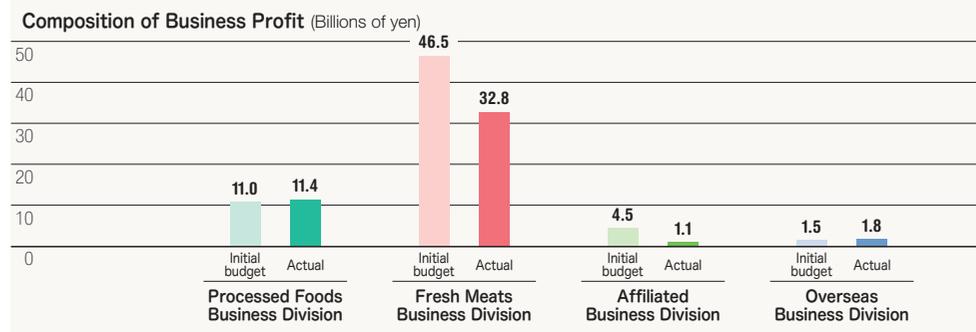
Progress on Medium-Term Management Plan 2020 theme “Building systems that pave the way to the future”

Steady progress on building systems despite difficulty in reaching targets

To establish a platform to support efforts to realize the image we see for ourselves in the future, we embarked on Medium-Term Management Plan 2020—Building systems that pave the way to the future. FY2019, ended March 31, 2020, was the second year of this plan, and concerted efforts led to improvement in business profit and the business profit ratio in the Overseas Business Division and Processed Foods Business Division. But due to several factors, including a worsening market environment for fresh meats, net sales decreased ¥4.4 billion year on year, to ¥1,229.8 billion. Nevertheless, business profit rose ¥5.5 billion, to ¥43.8 billion, the business profit ratio was 3.6%, ROE was 4.8% and ROIC was 5.3%. The Processed Foods Business Division marked success with a product mix and marketing strategy driven by a profit emphasis and achieved higher productivity, and in the Australia operations of the Overseas Business Division, a favorable turn in the external environment and internal improvement activities led to a better income/expense balance and a certain degree of progress toward profitability. But in the Fresh Meats Business Division, poultry prices dropped even more than we imagined, and in the former Affiliated Business Division, competition intensified in the sales environment. These factors led to a discrepancy between estimates and actual results. Consequently, progress toward targets set when the plan was formulated was slowed by challenging conditions. Nevertheless, we were still able to move steadily forward on building systems that pave the way to the future. In addition, we carefully re-examined capital expenditure plans and, with an increase of up to ¥23.0 billion in lease assets due to a change in accounting standards, set aside ¥200 billion over the three years of the current medium-term management plan. Consequently, investing cash flow will match operating cash

flow to ensure positive free cash flow over the duration of the medium-term management plan. Going forward, we aim to maximize free cash flow by raising the business profit ratio, securing operating cash flow and optimizing investing cash flows.

PROGRESS ON MEDIUM-TERM MANAGEMENT PLAN 2020 (FY2019)



ROIC (RETURN ON INVESTED CAPITAL)

Return on invested capital (Total Equity + Interest-Bearing Debt)

ROIC	=	Net sales Invested capital [Invested capital turnover]	×	Business profit Net sales [Business profit ratio]	×	After tax [Tax rate]
FY2017 results 6.6%	=	2.39 (times)	×	4.0%	×	0.69
FY2018 results 4.9%	=	2.27 (times)	×	3.1%	×	0.69
FY2019 results 5.3%	=	2.15 (times)	×	3.6%	×	0.69
FY2020 forecast 4.2%	=	1.99 (times)	×	3.1%	×	0.69



Contributing to realization of sustainable society through business activities

The NH Foods Group is working on management strategies, as described in Medium-Term Management Plan 2020, with an emphasis on measures to strengthen profitability by improving the efficiency of existing businesses and changing gears in overseas market expansion. At the same time, we are looking toward the future from a medium- to long-term perspective by creating value through dialogue with consumers, enhancing and cultivating technological capabilities to shape concepts on the future of food and to realize this future, and pursuing sustainability.

We put together the strategy for creating value through dialogue with consumers using initiatives to promote consumer-oriented management and to analyze future dining demand, executed by the Lifestyle Research Office, which was established in April 2018. Operating divisions pursued product development and sales promotions based on the results of this analysis. Going forward, we will ramp up branding and marketing practices that resonate with consumers and work with other companies on food market forecasts, and we will strive to help address issues, such as marketing challenges, of concern to our business accounts—that is, the customers who sell our products to consumers.

Regarding the strategy for enhancing and cultivating technological capabilities to shape concepts on the future of food and to realize this future, we are pursuing R&D on a new protein source. Going forward, we will expand our response to the domestic meat-alternative market and accelerate R&D on cultured meat with IntegriCulture Inc., into which we have invested capital. We are also working toward practical application of the Smart Pig Farming Project, which was tested out in FY2018.

The strategy for pursuing sustainability hinges on Five CSR Material Issues. We are engaged in initiatives to expand CSR procurement, popularize products for people with food allergies, and address the diminished physical performance that accompanies advanced aging, such as frailty, in addition to initiatives aimed at reducing environmental impact through steps to reduce greenhouse gas emissions, save resources, make packaging more lightweight and decrease food loss. Going forward, we will expand the scope of CSR procurement beyond domestic suppliers to include overseas suppliers as well. In addition, we will extend the range of environment-themed activities, namely continued efforts to reduce environmental impact and analysis of water risk. Going further still, in the pursuit of sustainability through business activities, we integrated the CSR Promotion Committee and the Corporate Value Enhancement Committee in April 2020 under a new name—the Sustainability Committee—which functions as an advisory committee to the Board of Directors. The committee discusses policy and themes relating to sustainability, confirms the status of sustainability-oriented approaches and considers the opinions of third parties as well as the pursuit of sustainability.

Concerted effort to wrap up “Building systems that pave the way to the future” in FY2020

FY2020, ending March 31, 2021, will be the final year of Medium-Term Management Plan 2020, and this will be the time to demonstrate the Group’s strengths and wrap up “Building systems that pave the way to the future.”

Toward this end, we will strive for agility (quick decisions and flexibility), maximum synergistic effect and GRIT (stick-to-effect and determination).

The Processed Foods Business Division will deepen brand strategy through such approaches as new brand development and brand extension. Also, the Affiliated Business Division and Nippon Pure Food, Inc. have been merged into the Processed Foods Business Division to maximize synergies in development, manufacturing, marketing and logistics for dairy products, marine products, extracts and primary meat processing.

In the Fresh Meats Business Division, the aim is to improve profitability through the sale of brand meats and the use of a channel strategy. In addition, efforts will be directed toward sustainability in domestic production of fresh meats and enhanced procurement of imported fresh meats.

The Overseas Business Division will target growth by strategically strengthening its business platform from both production and export perspectives. This division will also work more closely with the Processed Foods Business Division and the Fresh Meats Business Division.

On a groupwide basis, to create workplaces where employees are happy and thrive, we have presented various changes under Work Style Reform Ver.1, including measures to improve general working conditions, facilitate diverse work styles and embrace a range of diversity-driven opinions. Going forward, under Work Style Reform Ver.2, we will cultivate a corporate atmosphere that fuels engagement and promote human resources system reform in the areas of education and training, evaluation and benefits to raise per-capita productivity and creativity.

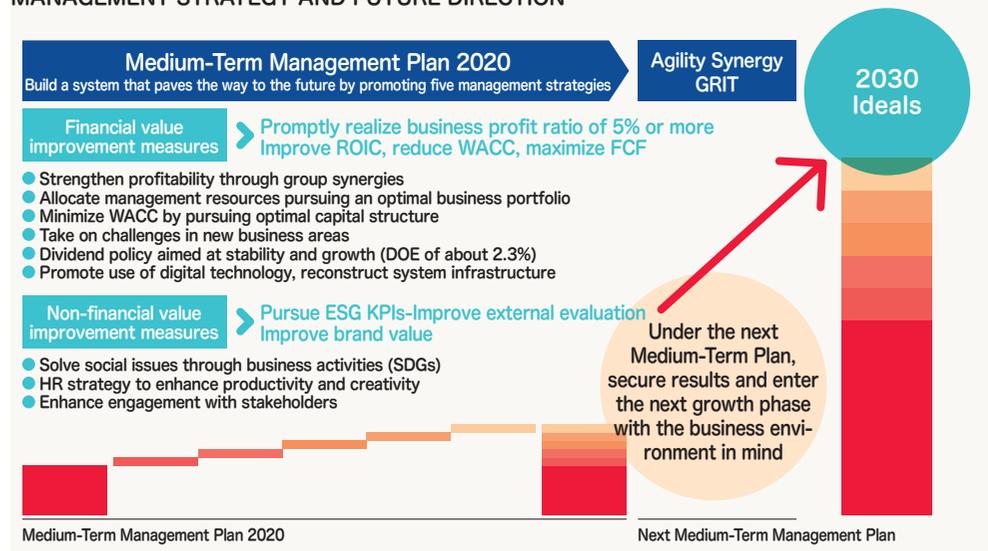
In addition, an emphasis will also be placed on portfolio optimization to maximize synergies across the Group and on improving corporate value by utilizing digital technology.

In conjunction, we will encourage greater cooperation among all business divisions. But specific emphasis will be placed on the following internal alliances: The Processed Foods Business Division and Fresh Meats Business Division will pursue overall optimization of production, manufacturing, marketing and logistics systems. The Fresh Meats Business Division and Overseas Business Division will focus on stable procurement of imported fresh meats and development of brand meats tailored to consumer tastes in the domestic market. The Processed Foods Business Division and the Overseas Business Division will direct attention mainly toward production of high-quality products for the Japanese market.

Digital technology has sparked new lifestyle patterns in terms of food diversification, fragmentation and personalization. Paralleling these changes, new distribution methods have emerged along with different



MANAGEMENT STRATEGY AND FUTURE DIRECTION



business models. Companies that do not or cannot apply digital technology have no future. For the NH Foods Group, this year will be the dawn of the digital transformation. We will be rolling out the following initiatives under Stage 1.

First, we aim to improve productivity by integrating and restructuring platform systems on a groupwide basis, swiftly identifying useful information and achieving quick decision-making, and making operations more efficient across the Group. Second, we will embrace diverse work styles, including remote work using mobile and cloud technology. Third, we will capture and utilize Big Data and apply AI and other technologies to underpin efforts including product development using AI-driven supply-and-demand forecasting and ID-POS, greater automation in food production and livestock operations, and development of a smart pig farming system to invigorate activity in the livestock industry.

In Stage 2, we will create new value using our own management resources, and in Stage 3, we will construct a network that extends beyond the Group and fuel open innovation.

Message to stakeholders

In pursuit of ideal image and improving corporate value

The next medium-term management plan, which kicks off in FY2021, will be a time to achieve solid results and set the stage for growth on our journey toward the kind of corporate group we want to be by 2030. The NH Foods Group will strive to boost corporate value from both financial and non-financial perspectives.

To raise financial value, we will strive to strengthen profitability through Group synergies, promote allocation of management resources aimed at building an optimal business portfolio, seek to improve ROIC and maximize free cash flow. We will also pursue opportunities in new business domains. In addition, we aim to enhance efficiency and create new businesses using the benefits of digital transformation. Our dividend policy will highlight stability and continuous dividend growth, with a DOE benchmark of about 2.3%.

To raise non-financial value, we will focus on acquiring higher external evaluation of our ESGs and boost brand value. This will be accomplished by offering solutions to social issues through business activities, promoting human resources strategies that underpin higher productivity and creativity, and reinforcing engagement with stakeholders. We recognize that promoting business activities from an ESG perspective allows us to contain risks and volatility and translates into higher financial value through a decrease in weighted average capital cost (WACC).

We will fulfill our mission to ensure a stable supply of safe and reliable food products and endeavor to contribute toward solutions to social issues by creating new “Joy of Eating.” We will elevate our presence as a corporate group that is always the first choice of all stakeholders. The times are unprecedented but we, as a corporate group, can overcome the myriad difficulties by drawing on the overall capabilities of the Group.

I ask shareholders and investors to maintain support for us with a long-term perspective.

Message from Director Responsible for Sustainability

We will be a company—and by extension, a corporate group—chosen by consumers in every era because we value communication with stakeholders and seek to find solutions to social issues.



Sadanori Miyagai

Director and Managing Executive Officer

The world is in the midst of great change, driven by such factors as heightened awareness of social issues and a wider embrace of digital transformation to manage the challenges caused by the COVID-19 pandemic. Against this backdrop, NH Foods executed a structural adjustment in April 2020, with the CSR Department renamed the Sustainability Department and clarified its stance on efforts to expand business profits through solutions to social issues. Our goal is to be a company—and by extension, a corporate group—chosen by consumers in any era. To achieve this, we will deepen the collective connection to stakeholders including customers, suppliers, and employees, we have built to date and contribute to the realization of a sustainable society.

Realizing a sustainable society hand-in-hand with stakeholders

The NH Foods Group promotes business activities that incorporate the needs of SDGs- and ESG-oriented investors while helping to solve social issues. Five CSR Material Issues form the cornerstone of these activities. We emphasize the pursuit of sustainability in Medium-Term Management Plan 2020, with the theme “Building systems that pave the way to the future,” as well as rely on the Sustainability Committee, chaired by the president of NH Foods, to facilitate opinion exchange with experts and consider measures to underpin sustainability. As a complement to this, the ES (Environment/Society) Subcommittee was newly established to swiftly implement decisions. In addition, we engage stakeholders, including non-profit organizations, in in-depth dialogue on such topics as human rights and animal welfare.

Efforts to instill greater awareness in employees

Employees are the fuel that actually drives sustainability efforts forward. Therefore, the Group strives to raise awareness of sustainability issues through group study and training programs. A survey of employees conducted in FY2019 revealed that 91% were familiar with the Five CSR Material Issues, up nine percentage points from the previous year, and 87% were familiar with SDGs, up 19 percentage points from a year earlier.

Focus on measures across whole supply chain

The NH Foods Group has a responsibility to provide food to customers and thus focuses on procurement of sustainable raw materials and building good relationships with suppliers.

With regard to sustainable raw materials procurement, our processed marine products business has obtained Marine Stewardship Council and Aquaculture Stewardship

Council certifications and is expanding the volume of raw materials handled. In addition, we joined the Roundtable on Sustainable Palm Oil (RSPO) in 2020 and will address the demands of society when it comes to procuring palm oil.

To build good relationships with suppliers, we formulated the NH Foods Group CSR Procurement Policy in April 2017 and have required suppliers to acknowledge this policy and fill out a self-check sheet to demonstrate their understanding of the content since FY2018. To promote shared awareness of CSR, we talk to the suppliers and ask the business operator to implement improvements when we discover an issue in returned self-check sheet. In FY2018, we had 36 domestic main raw material suppliers, representing about 60% of the supply purchases by value, fill out the self-check sheet, and welcomed a rise to 71 suppliers, which is about 80% of the supply purchases by value, in FY2019. In FY2020, we hope to expand the scope of suppliers to include 22 companies in Japan that make indirect materials, packing materials, and other materials. These companies

account for about 60% of the supply purchases of such materials by value. In addition, we ask overseas suppliers, who represent about 60% of the supply purchases by value, to acknowledge CSR procurement and fill out the self-check sheet to confirm understanding.

Activities aimed at sustainable livestock operations and supply of protein

Against the backdrop of an increasing global population and wider consumption of fresh meats, the NH Foods Group engages in activities from two directions to supply sustainable protein.

The first is to contribute to a sustainable livestock industry. To address such issues as a decrease in livestock farmers, a labor shortage and the rising age of farmers and farmhands, we are involved in verification tests for **smart pig farming** in cooperation with NTT DATA Corporation as a part of the digital transformation.

> See page 25 for details

The second is to take on the challenge of new possibilities with an eye toward securing a wider selection of protein sources and reducing the environmental impact by the livestock industry. In Japan and the West, more and more customers are looking for products that do not contain meat, so the

NH Foods Group responded with NatuMeat, which is a processed product made with plant-derived ingredients instead of meat but it still offers the same texture and flavor of meat. We are also pursuing R&D on cultured meat in cooperation with partners including venture companies.

Set medium- and long-term environmental performance targets based on materiality

Since farms, factories, and other facilities under the Group umbrella use considerable amounts of electricity and water, NH Foods set three-year environmental performance targets in line with the medium-term management plan. The Group has been working to reduce the volume of greenhouse gas emissions and use water more effectively. From now on, to accelerate environmental initiatives, we will establish medium- and long-term environmental performance targets with an emphasis on CO₂, water resources, food loss and waste including plastics, to be achieved by 2030.

Complementing these efforts, on the topic of greenhouse gas reduction, NH Foods jumped aboard the TCFD bandwagon in June 2020, and going forward, the Company will analyze risk and opportunity scenarios and incorporate them into measures in business

plans, including the use of renewable energy, to reduce CO₂ emissions from fossil fuels. In addition, we anticipate that greenhouse gases, such as methane released by livestock in our production and breeding operations, will become an issue requiring attention in the future.

With regard to water resources, we conduct risk screening in areas where factories are located, at home and abroad, using the World Resources Institute's (WRI) Aqueduct* platform. Going forward, we will consider measures in areas where risk is extremely high. In Japan, there are no extremely high risk locations, but considering situations such as flooding due to torrential rains, we will seek to minimize risk including through business continuity plans.

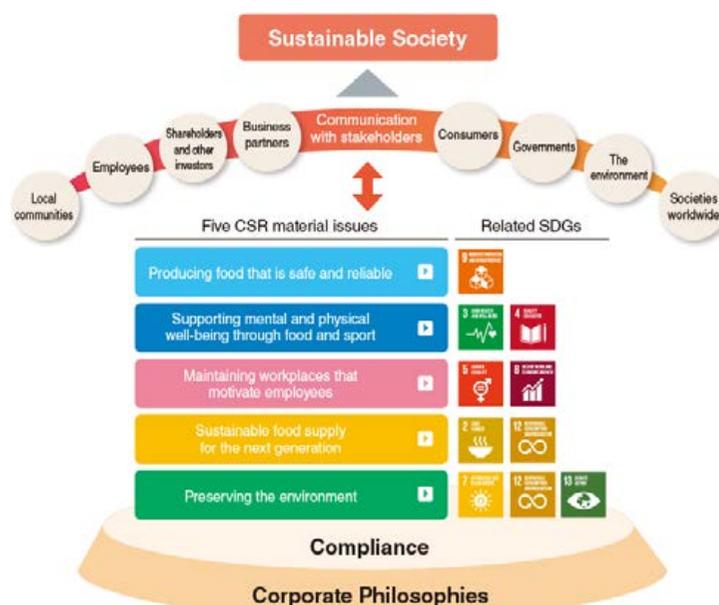
For food loss, we are working on initiatives to visualize amounts and causes of food loss in the manufacturing process and other stages of operation with the goal to reduce food loss. In addition, our goal is to reduce output of waste plastics in the manufacturing process and to recycle whatever is generated.

We will embark on a new medium-term management plan in FY2021, and this plan also takes requests from the public into consideration. By incorporating measures linked to higher corporate value into this plan, we will help to solve social issues while enhancing profits from business activities.

* Water risk mapping tool provided by World Resources Institute

Five CSR Material Issues

With its Corporate Philosophies underpinning management, the NH Foods Group values communication with stakeholders in pursuing CSR focused on Five CSR Material Issues based on compliance. We believe that we can help establish a sustainable society by addressing these issues with stakeholders.



Special Feature: Aiming to Build a Sustainable Value Chain

Using a unique system that covers the entire value chain, the NH Foods Group provides high-quality foods with exceptional added value.

The NH Foods Group's mission is to provide high-quality fresh meats and processed foods with exceptional added value, by looking closely at the bounty of nature and listening to customers. We have built a unique vertical integration system that includes production, breeding, packing, and processing at farms and factories in Japan and around the world, and extends to consignment and distribution, and have achieved a market share of 20% (according to NH Foods data) of the fresh meat sold in Japan. We are also creating new food categories aligned with food diversification and changing lifestyles, to contribute to food security in the future and a happy and healthy life.

Vertical Integration System

Production and Breeding



> See page 22 for details

We breed cattle, pigs, and chickens at Group farms in Japan and overseas, to produce safe and reliable fresh meats.

Packing and Processing



> See page 28 for details

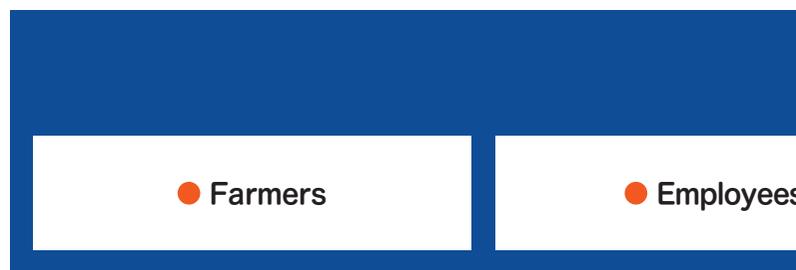
With efficient packing, processing, and shipping, we provide a stable supply of fresh meats that are shipped quickly to maintain freshness.

Procurement



> See page 29 for details

We are building strong relationships with suppliers to deliver products that are safe and reliable.



Vertical Integration System

Manufacturing



> See page 32 for details

We provide a stable supply of safe, delicious products while also working to address social issues like food waste and labor savings.

Consignment and Distribution



> See page 34 for details

We are building an efficient supply structure by connecting packing and processing centers with manufacturing centers and sales centers.

Marketing and Sales



> See page 35 for details

We are building a marketing structure that accurately addresses diverse customer needs.

Volume Retailers and Restaurants



> See page 35 for details

We provide a speedy, stable supply of the items.

Development



> See page 30 for details

We are developing products that address social changes like lifestyle diversification.



Quality Assurance



> See page 33 for details

We are implementing thorough quality assurance and obtaining external certification to provide products that are safe and delicious.

Related Stakeholders

● Suppliers

● Distributors

● Customers



Production and Breeding



> Beef: Whyalla Feedlot, Australia

In Australia, in addition to rearing branded beef at our own feedlots, the NH Foods Group purchases, packs, and processes cattle from outside the Group and exports this beef to Japan and countries around the world. With global demand for beef growing, we are working to strengthen and expand our value chain to contribute to the stable supply of fresh beef and beef by-products.

Annual shipments of Whyalla Beef
 Approx. **120,000** head
(FY2019 actual)

Number of cattle packed annually in Australia
 Approx. **440,000** head
(FY2019 actual)

Strengths

- Rearing branded cattle at our own feedlots
- Vast feedlot in Australia, making it one of the least susceptible to the spread of disease
- Value chain that includes packing and processing

Risks and Opportunities

- Growing demand for beef
- Effect on supply-demand balance from climate change

Rearing cattle on the vast Whyalla Feedlot

Omugi-Gyu and other branded beef sold by the NH Foods Group in Japan is all reared on the Whyalla Feedlot in the Darling Downs region of the State of Queensland in northeastern Australia. This vast feedlot comprises 6,000 hectares. The facility is one of Australia's largest single feedlots, which gives it the benefits of holding down

manufacturing costs for feed and making disease less likely to spread among cattle. The Whyalla Feedlot is normally fattening roughly 50,000 head of cattle purchased from local farmers.

Climate change-driven events like droughts and floods mean that the Australian cattle business faces the issue of stability in the cattle supply. The Whyalla Feedlot is located at the center of the area along the border between Queensland and New South Wales, that is rich in livestock farming and agriculture, giving it the advantage of being able to procure cattle and feed flexibly from the north or from the south and as the seasons and weather change. In addition to using grain to fatten cattle and enhance the flavor of the beef, the fattening business is able to minimize difficulties in collecting calves caused by the changing of the seasons and weather. This makes it possible to maintain stability in both quality and supply. To build good relationships with livestock farmers, we strive to improve the productivity of the entire value chain by doing things like passing on information related to feed and on the health of cattle to producers.



Feed compound made at in-house feed plant produces high-quality meat

At the Whyalla Feedlot, cattle with superior-quality meat are fattened in about six months. As the cattle grow, the feed mix needs to be adjusted, and by providing feed with the appropriate composition, we are able to control the meat quality and improve the growth rate. Being able to provide safe feed is one of the feedlot's major strengths, and beef that has fattened and made into products from cows that were fed our proprietary grain blends has won numerous awards in competitions in Australia, leading to higher brand value in the market.

During 2020, operations commenced at a feed plant that has been upgraded to improve feed quality and make its production more efficient. The new plant has enhanced capacity with more advanced automated control functions in the production lines, making it possible to fatten cattle using the energy of grain more efficiently. The facility is designed for efficiency with simplified work flows for employees and feeding vehicles, leading to a reduced operational burden.

Addressing water risks

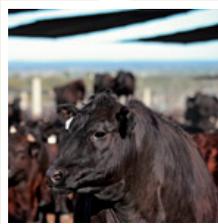
Securing sufficient drinking water for the cattle is indispensable for the Whyalla fattening business. Sufficient water for cultivation is also essential for increasing feed self-sufficiency, and we are engaged in additional excavation of new wells to ensure that we are able to maintain sufficient water resources.

The situation is becoming increasingly difficult, however, as the government sets quotas on the amount of water that can be drawn in response to events like recent drought. We are therefore pursuing the cyclical use of water by proactively making efficient use of wastewater from the fattening lots as fertilizer in cultivation.

Animal welfare initiatives

Shaded areas inside the fenced-in areas of the Whyalla Feedlot protect the cattle from

the sun's strong ultraviolet rays to reduce stress. We also fulfill our responsibilities for animal welfare by having specialist trainers continuously provide training to employees. In addition, a designated Animal Welfare Officer (AWO) monitors the feedlot's operations and conducts regular internal inspections.



Creating a strong value chain through vertical integration and raising manufacturing efficiency through automation

The vertical integration of the manufacturing processes at the Whyalla Feedlot with the packing processes at Oakey Beef Exports Pty. Ltd. constitutes the strength of our beef business in Australia. This vertical integration provides a stable supply of beef, while also ensuring the traceability of branded beef.

Oakey Beef Exports receives 150,000 head of cattle annually from the Whyalla Feedlot and also purchases cattle from nearby farmers, and is working to raise productivity by carrying out appropriate operations that are aligned with shipping schedules from the feedlot and farmers. Going forward, we will pursue automation within the plant that will make it possible, for example, to provide ground beef with a designated fat ratio to a major hamburger chain that is one of our customers. We are also introducing automated control systems in refrigerators to conserve energy and labor.

Initiatives with employees

The feed factory and packing plant both have much large equipment, and we are proactively pursuing industrial health and safety. In addition to instilling awareness in on-site employees, we send veteran employees and employees with expertise in equipment from plants and head office

divisions to conduct checks to see if equipment improvement is needed.

We are also proactively promoting local hiring, and currently 20% of local residents are working at the Whyalla Feedlot.

Involvement with the local community

With the workforce in primary industries contracting, the Whyalla Feedlot and Oakey Beef Exports hold events to strengthen cooperation with farmers and secure young human resources. Strengthening cooperation with farmers leads to stable purchasing of cattle. We also provide plant tours and extracurricular instruction for local high school students to improve the image of livestock farming, which leads to the development of the next generation and job creation.

OUR TEAM



TONY FITZGERALD
General Manager
Whyalla Feedlot

We are expanding our activities with branded beef like *Omugi-Gyu*.

The Whyalla Feedlot is a leader in branded beef in Australia, and *Omugi-Gyu* is proof of that success. We began raising *Omugi-Gyu* in 1997, and since then have accumulated abundant expertise through the development of the premium brands *Angus Reserve*, *Wild Rivers Purebred Wagyu*, and *Oakey Premium Wagyu*. These brands have received numerous awards, including in 2020 the Gold Medal for *Angus Reserve* in the Branded Beef competition at the Brisbane Royal Show.

With beef consumption growing around the world, consumer interest is also increasing, and this is increasing the importance of branded beef for Australian industry. Given the high regard given to "Japan quality," going forward we will develop markets in countries and regions beyond Japan and Australia.



Production and Breeding



> Pork: Interfarm Group

The Interfarm Group is one of Japan’s largest pig producers, shipping roughly 640,000 pigs annually. The group’s use of feed mixtures and selective breeding that are aligned with customer preferences has led to the development of branded pork including *Mugikomachi*™ and *Kenko Buta*.

Domestic shipments

Approx. **640,000** pigs
(FY2019 actual)

Strengths

- Rearing branded pigs on own farms
- One of Japan’s largest pig producers
- Thorough health and quality assurance of pigs

Risks and Opportunities

- Growing demand for pork
- Decline in number of livestock farmers in Japan
- Spread of disease
- High feed prices

Interfarm

The Interfarm Group directly operates 26 farms across Japan including Interfarm Co., Ltd., and each farm is engaged in end-to-end operations from the birth of sows to mating, farrowing, rearing, and fattening.

Using thorough sanitary management to produce high-quality pork

Roughly 180 days are required for pig production, but the optimal environment differs at various stages of growth, and the pigs need to be moved as they grow. The Interfarm Group carries out thorough

sanitary management; after pigs are moved, the pens are washed down and disinfected before the next group is brought in. In addition, pens have air conditioning to maintain the pigs’ health, and employees shower and vehicles are washed before entering farms to ensure that no diseases are brought into the farm.

Thorough odor management

In consideration of nearby residents and in accordance with relevant laws and regulations, the group conducts thorough odor management including the use of machines to disperse deodorizer in areas where manure accumulates.

Recycling pig manure (addressing water risk)

A portion of manure from farms is treated at wastewater treatment facilities in accordance with relevant laws and regulations.

In addition, a portion is fermented and decomposed to produce compost and fertilizer. With growing demand for organic fertilizer, this nutritionally balanced compost and fertilizer is also contributing to local farmers to improve their soil.

Certain farms are also currently making plans to reuse water via reverse osmosis (RO) filtration.



Animal welfare initiatives

To ensure that our carefully raised pigs are processed without incurring stress, holding areas have been installed at processing plants, primarily at Nippon Food Packer, Inc.

Supporting development of next-generation human resources in collaboration with Obihiro University of Agriculture and Veterinary Medicine

In December 2017, the NH Foods Group concluded a comprehensive collaboration agreement with Obihiro University of Agriculture and Veterinary Medicine to foster the next generation of human resources and promote the livestock industry, and in 2018 we began hands-on training and lectures at the university for the university's students and instructors. Once a year, a hands-on program is offered that features tours of the entire workflow, including at the farms of Interfarm Co., Ltd., the processing line of Nippon Food Packer, Inc., and the farm and processing line of Nippon White Farm Co., Ltd. Through training that includes on-site experience in animal welfare management, disease prevention, and food sanitation, this program provides the young people who represent the future of the livestock industry with knowledge they cannot get from university classes. This training with an on-site perspective both trains the next generation of human resources and promotes the livestock industry.

Interfarm Co., Ltd.	<ul style="list-style-type: none"> • Farm tour • Tour of urine treatment facility
Nippon Food Packer, Inc.	<ul style="list-style-type: none"> • Tour of processing line • DVD viewing and plant tour
Nippon White Farm Co., Ltd.	<ul style="list-style-type: none"> • Tour of manufacturing line • DVD viewing and plant tour

Sample program (2 days)



Tour of a farm of Interfarm Co., Ltd.

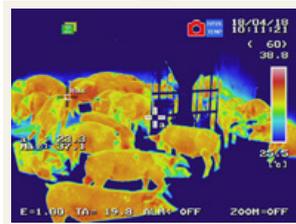
Smart Pig Farming

COLUMN

• Creating farms with few people and high productivity

The NH Foods Group launched the Smart Pig Farming Project, utilizing artificial intelligence and the Internet of Things, in December 2018. The project is being led by the Research and Development Center and the IT Strategy Department of NH Foods Ltd., with Interfarm Co., Ltd. providing breeding expertise and fields for verification testing, NTT DATA SBC Corporation building an information gathering system using cameras and sensors installed in piggeries, and NTT DATA Corporation conducting big data analysis of the information collected by the system and developing an image diagnosis program that uses AI.

With experienced livestock farmers aging and retiring, it is becoming necessary to raise many pigs with a limited time involvement, and using the pig farms of Interfarm Co., Ltd. as testing fields, the project aims to achieve highly productive farm management with few people.



• Teaching the expertise of expert breeders to AI

Today, we are inputting breeding expertise into AI programs at a farm of Interfarm Co., Ltd., which has very high productivity and expert breeders with a wealth of experience. For example, when a breeder determines that a pig does not look well, they will also confirm whether the AI

program was able to make the same determination, thereby increasing the precision of the AI program. Raising the precision of automated determination using AI will reduce the likelihood that inexperienced breeders will miss signs of problems, and is expected to enable meticulous breeding management. By efficiently and accurately understanding health conditions and confirming that an appropriate rearing environment is being maintained, we believe this smart pig farming system will lead to a reduced workload for employees and work-style reform on farms.

• Using across the Group and contributing to the revitalization of the livestock industry

We aim to implement the smart pig farming system during FY2021. We will not introduce the system at all farms at once, however, but will instead roll it out giving priority to the farms where it is seen having the greatest effect. The knowledge gained from this project will be used to increase the efficiency and productivity of the Group's pig farming business. We are also looking beyond the Group with the aim of packaging the smart pig farming system and selling it to third parties in the future, thereby contributing to the revitalization of the livestock industry.



SHIN SUKEGAWA
 Researcher
 Research and Development Center
 NH Foods Ltd.



Production and Breeding



> Chicken: Nippon White Farm Group

The Nippon White Farm Group operates one of Japan’s largest poultry businesses, shipping roughly 72 million chickens annually. Group farms raise healthy parent stock, and the fertilized eggs laid by those chickens are hatched and raised on farms with a sanitary environment, and delivered to the market as chicken meat under brands including *Sakurahime*™.

Domestic shipments

Approx. **72** million chickens
(FY2019 actual)

Sakurahime™ shipments

Approx. **27** million chickens
(FY2019 actual)

Strengths

- Branded chickens are raised on own farms
- One of Japan’s largest poultry business operators
- Thorough maintenance of health and quality of chickens
- Operations at five locations across Japan

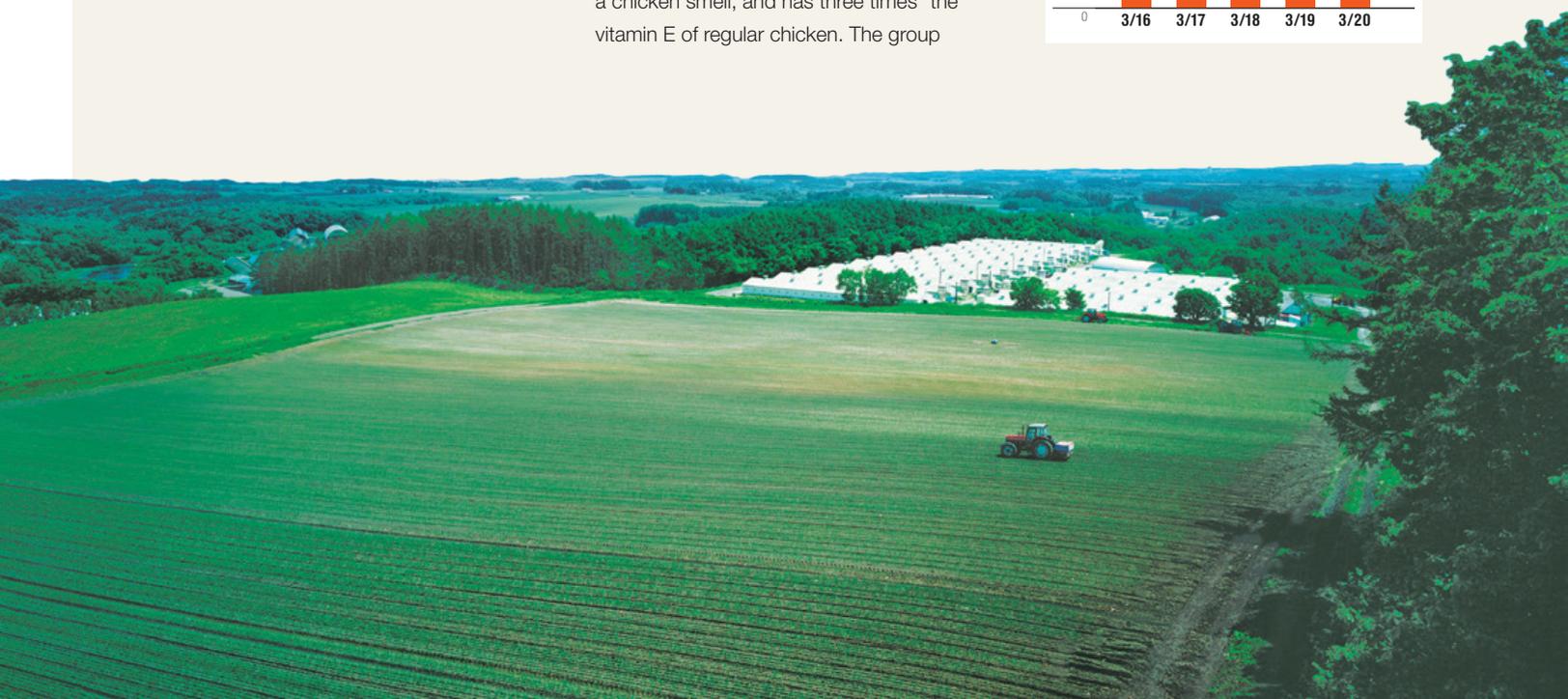
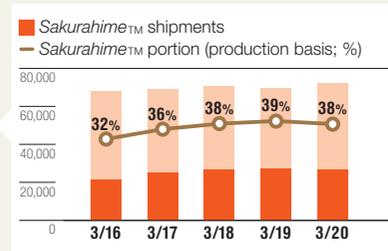
Risks and Opportunities

- Growing demand for chicken meat
- Shortage of livestock industry workers in Japan
- Spread of disease
- High feed prices

Nippon White Farm Group

The Nippon White Farm Group raises chickens in Hokkaido, Aomori, Yamagata, Niigata, and Miyazaki prefectures in harmony with the soil and climate of each location, and has proactively created original brand products. *Sakurahime*™ chicken has translucent pink meat without a chicken smell, and has three times* the vitamin E of regular chicken. The group

Chicken shipments and *Sakurahime*™ shipments (1,000 chickens)



also raises *Shiretoko Chicken* on the Shiretoko Peninsula, where the surrounding waters have ice floes, and *White Chicken*, with original feed mixtures that are adjusted to stages of growth, and all of these brands have been well received by customers.

Sanitary farm environments lead to improved productivity, and to maintain these environments the farms use an “all-in, all-out” method whereby each farm receives all chicks at once, and ships all chickens at once. The group also uses precise ventilation and temperature controls aligned with each growth stage, which improves growth rates and body weight and also reduces the per-kilogram production cost.

Chickens are raised over a period of roughly 48 days, and are delivered to processing plants in a way that does not incur stress.

* Comparison with value in the Standard Tables of Food Composition in Japan - 2015

Addressing water risk

Each farm and plant of the Nippon White Farm Group primarily uses groundwater, and faces the risk of water shortages or muddy water caused by abnormal weather. To address this, they have installed storage tanks, and also maintain water safety with equipment including filtration equipment and ozone sterilization equipment. In addition, the entire group is striving to conserve water, and reduce water usage through actions like reusing overflow water.

Recycling chicken manure

Since the Act on the Proper Management and Promotion of Use of Livestock Manure took effect in 2004, the Nippon White Farm Group has endeavored to use chicken manure. Treatment of chicken manure is one of the major issues that needs to be addressed for the continuity of the poultry business.

One use of chicken manure is for composting. For this reason, each location strives to produce compost using equipment like environmental plants. In places like Hokkaido with large-scale farming operations, circular agriculture using compost is employed.

Boiler for chicken manure incineration has the capacity to incinerate 440 tons daily

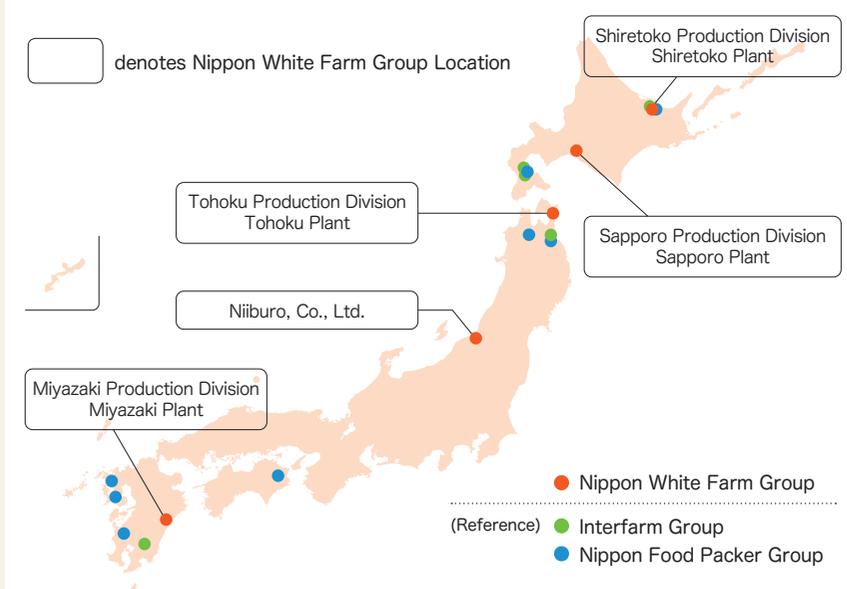


In Miyazaki Prefecture, poultry farmers, local agricultural cooperatives, and businesses in the prefecture established the joint venture Miyazaki Biomass Recycle Co., Ltd. in 2003, as Japan’s first biomass power producer to use poultry manure. The company has the capacity to generate 76,662 MWh annually, which is enough power to supply roughly 20,000 residential households. Production farms contracted by the Miyazaki Production Division of Nippon White Farm Co., Ltd. generate approximately 43,000 tons of poultry manure annually, and roughly 90% of this is incinerated and used for biomass power generation.

Industrial health and safety

With the livestock industry facing a shortage of workers, the Nippon White Farm Group has formulated an industrial health and safety policy, and has a Health and Safety Committee and a Worker Safety Management Committee, which meet monthly, to promote the creation of safe and comfortable workplaces.

DOMESTIC PRODUCTION AND PACKING SITES (as of April 1, 2020)





Packing and Processing



Number of pigs processed

Approx. **1.62** million pigs
(FY2019 actual)

Providing high-quality fresh chicken meat

Chickens delivered from Nippon White Farm Group farms to plants are packed and processed in roughly 70 minutes per bird, and are delivered via the Group's distribution network and displayed in stores with freshness maintained.



➤ Providing meat that is safe and reliable

Packing and processing pork and chicken within the Group means that we are able to make maximum use of the non-edible portions and also deliver products timely to markets where needs are high. In addition to using the carefully raised bounty of nature while leaving nothing to waste, we have built a business model that is resilient against market changes.

Labor savings through automation

Nippon White Farm Group plants are promoting labor savings through mechanization to address the issue of a shortage of packing and processing workers. Specifically, the chicken packing process has introduced deboning equipment, and while at first there were issues with the yield rate, ongoing improvements have been able to raise productivity.



Initiatives to conserve resources and reduce food waste

Sakurahime chicken, which is produced and sold in Japan, is also delivered with local packaging. Local packaging means that the fresh meat is packed, processed, and packaged close to where the chickens are raised, eliminating the need for supermarkets to transfer the products to plastic trays, and reducing the environmental impact by making it possible to use less packaging material.

From September 2019, all pork products have shifted to vacuum packaging. This extends the "best before date" by



roughly two weeks, which leads to the reduction of food waste.

Making maximum use of the bounty of nature

Bones that are left after pork is packed and processed and byproducts like collagen from subsequent packing and processing are used as extract seasonings in *ramen* soup stock and other sauces and as an ingredient in dietary supplements. The carcasses and other byproducts of the chicken packing and processing process are used in *ramen* soup stock and as extract seasonings for sauces in the same ways.

Initiatives to reduce environmental impact

As manufacturing volume grows, the Aomori Plant of Nippon Food Packer, Inc. has reduced CO₂ emissions by 627 tons (approximately 6%) from the previous fiscal year by switching from Class A fuel oil to LNG and converting to highly efficient boilers. Water consumption intensity has also improved by roughly 10% as a result of a review of usage volumes for washing vehicles and checking for leaks in pipes.



Procurement



➤ Promoting CSR procurement

The NH Foods Group has formed solid relationships with the suppliers from which we procure primary ingredients, materials, packaging materials, and other items, and by creating a value chain that is resilient against changes in the external environment, we are fulfilling our responsibility as a supplier of the foods we produce.

WEB

NH Foods Group CSR Procurement Policy

https://www.nipponham.co.jp/eng/csr/human/supply_chain/

CSR Procurement Policy

The NH Foods Group formulated the NH Foods Group CSR Procurement Policy in 2017 to build relationships of trust with suppliers and fulfil our social responsibility through procurement.

Progress in CSR procurement

• Cooperation with suppliers

The NH Foods Group launched its CSR procurement initiative in FY2018 to encourage primary suppliers in Japan to understand and cooperate with the Group's initiatives. Along with explaining our policy, we have asked the suppliers to fill out a checklist covering compliance with legal regulations and social norms, product and service quality and safety, respect for human rights, occupational health and safety, and environmental preservation. Where issues were identified, particularly with respect to human rights and labor, the environment, and the prevention of corruption, we discussed those issues and requested improvements. The survey of domestic primary suppliers (which corresponds to 80% of our procurement cost) was completed in FY2019, and in FY2020 we intend to conduct surveys of domestic suppliers of packaging and secondary materials and of overseas suppliers of primary ingredients, packaging materials, and secondary materials (each corresponding to 60% of our procurement cost). This is leading to a common awareness of our corporate social responsibility and the building of strong relationships.

• RSPO membership

In August 2020, the NH Foods Group applied for membership in the Roundtable on Sustainable Palm Oil (RSPO). This is in response to society's call to achieve the target of 100% procurement of sustainable palm oil by 2030.

• MSC/ASC certification

Our processed marine products business has obtained certification for certain primary ingredients from the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC), and going forward we will increase our handling of certified items. During FY2019, we sold roughly 8 tons of MSC-certified scallop muscle and 16 tons of MSC-certified northern shrimp with tails attached, and roughly 10 tons of ASC-certified whiteleg shrimp with heads attached.

• Increased use of FSC-certified paper

Products including the *Irodori Kitchen* series and *Hoko Baby Cheese* use paper certified by the Forest Stewardship Council® (FSC), and going forward we will increase the use of FSC-certified paper to include things like gift products.

Procurement capabilities

Sakurahime chicken produced in Japan and *Omugi-Gyu* beef produced in Australia are meat brands that use the Group's integration. The NH Foods Group has also secured external procurement channels outside the Group's integration.

Specifically, we are strengthening our strategic partnerships with overseas meat packers to reduce costs and develop original standardized products through long-term, stable purchasing. This is demonstrated by the abundant lineup of fresh meat products that the Group handles. In recent years, we have concentrated on importing and selling meat produced without the use of antibiotics and growth hormones and with special attention paid to feeds. This type of branding and creation of standards cannot be achieved without first having relationships of trust with partners over many years.

The current COVID-19 pandemic has increased instability in procurement globally, but we believe these initiatives will enable the Group to maintain stable supplies.





Development



> Developing products from a customer perspective

The NH Foods Group listens to customers and pays attention to changes in foods and lifestyles to develop new products and improve existing products. We also develop products that are allergy-friendly and that use the ideas of younger employees, to meet the expectations of a broad range of customers and to attract new customers.

Allergy-friendly products

27 items
(FY2019 actual)

Number of health-conscious items

Ham and sausages **14** items

Deli products **5** items

Dairy products **5** items
(FY2019 actual)

Product development that uses customer voice

• Dining Table Forecast

Surveys are made in a Lifestyle Research Office of the effect of changes in things like the social environment and people's awareness on the "dining table."

The market size of this dining table and the value which the targeted customers search for are shared within the Group as the Dining Table Forecast, and addressed as prioritized areas, and tie-ups between product development and marketing activities are promoted.

In the spring of 2020, we announced new products that address changes to the dining table as a result of developments including the age of the 100-year life, the proliferation of smartphones, the increase in households with both partners working, the increase in the percentage of men who never marry and number of single-person households, and the normalization of abnormal weather.

• Consumer Delegate Committee

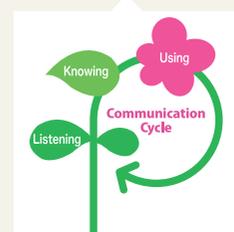
The NH Foods Group launched the Consumer Delegate Committee in 1969 as an independent consumer monitoring system. The committee is made up of women above the age of 20 who are interested in food and are solicited from among the general public. The members exchange opinions through product examination sessions, plant tours, and other activities, and this feedback is used to improve and develop products.



A meeting of the Consumer Delegate Committee (October 2019)

• Realizing customer preferences

The NH Foods Group uses a communication cycle of "listening, knowing, and using" to enhance customer satisfaction and improve products and services. The customer voice has been used for things including the official recognition of the use of microwaves for *SCHAU ESSEN* products, a simplified way of making *Hanetsuki Gyoza* fried dumplings, and labeling improvements.



Addressing food allergies

The NH Group began researching food allergies in 1996, in response to one customer's request via the customer support desk to "Please develop products that my child with food allergies can eat with peace of mind." In 1997, we developed sausage that did not use any specific raw materials* that cause allergies, and today we offer a broad range of products including ham, sausage, hamburgers, and rice bread as the *Minna-no-Shokutaku* series, based on the concept of "People with food allergies and the rest of their family all being able to enjoy the same meal." In 2019, we released hamburger steak and meatballs that can be stored at room temperature for up to one year, as emergency rations or for taking to outdoor events. We will continue to develop products in response to customer voice going forward.

* Specified raw materials: Five as of 1997: eggs, dairy products, wheat, buckwheat, and peanuts. Currently seven with the addition of shrimp and crab.



for push-of-a-button microwaving). This line of products, which addresses the increase in single consumers, was born from an idea presented at a Young Employees' New Product Proposal Forum.

The 3rd Young Employees' New Product Proposal Forum was held at the Tokyo Branch Office on July 13, 2020. Because of the COVID-19 pandemic, 22 of the 25 participants participated remotely from plants or research centers. This was the largest event to date in terms of participants, with developers from the Dairy & Marine Products Division, which became part of the Processed Foods Business Division in April 2020, and from Nippon Pure Food Inc. joining as well. All of the proposals were timely, taking into account the lifestyle and food style changes taking place among consumers as COVID-19 becomes part of their daily lives, and many new ideas from the unique perspective of young people were proposed. Next, these ideas will be refined at Group companies and plants with a view toward becoming products.



Product development using the ideas of younger employees

As part of the NH Foods Group's desire to maintain workplaces that motivate employees, we proactively use ideas from younger employees in our product development, and at the Processed Foods Business Division, young employees at plants and research centers hold Young Employees' New Product Proposal Forums, where they make freewheeling proposals for products based on new ideas and concepts.

At an exhibition in 2020, we launched the *One-Ren* series that can be eaten by young consumers with "one hand" while looking at their smartphone, and can be easily prepared in a microwave oven (*ren-chin* is slang



Young Employees' New Product Proposal Forum (held remotely in 2020)

Release of plant-derived *NatuMeat*

Against a backdrop of food diversification, we released *NatuMeat*, made using plant-derived ingredients, in March 2020.

NatuMeat is a series of alternative meat products made from soybeans and *konnyaku* in place of meat that replicate the flavor and texture of meat, featuring five products—ham-type, sausage-type, hamburger steak, keema curry, and meatball-type. We will continue to use our expertise developed in food processing to pursue enhanced flavor in plant-based meat going forward.



Research and development of cultured meat

With meat consumption growing globally, the NH Foods Group is working to fulfill its responsibility to provide animal protein into the future by developing technologies that use cultivated animal cells to manufacture food. As part of this effort, in 2019 we commenced joint research related to cultured meat with IntegriCulture Inc., a startup company engaged in cell cultivation. In addition, our Research and Development Center is taking up technological issues including cultivation methods and cell quality to cultivate cells more efficiently. We are initially dealing with difficult issues like cost and taste, but we hope to provide customers with new food unlike any seen before after these hurdles are overcome.





Manufacturing



Manufacturing sites aiming for safety and reliability as well as the resolution of social issues

The NH Foods Group manufactures products including hams and sausages, processed foods, processed marine products, probiotic beverages, and dairy products at 93 manufacturing sites in Japan and overseas. Each manufacturing site pursues thorough safety and reliability, as well as initiatives like reducing food waste and the use of plastic.

Reducing food waste

The NH Foods Group has endeavored to reduce food waste by identifying its sources. We discovered that many cases of food being discarded involved human error like mistakes in mixing of ingredients or contamination by foreign objects, or manufacturing and sales-related issues including excessive production or accumulations of inventory. Currently, we have been able to reduce these losses by roughly 20% at one plant by raising awareness at manufacturing and sales bases, and going forward we will further analyze causes and make rules to strengthen cooperation with manufacturing and sales.

Labor savings through AI

Faced with the issue of a shortage of workers, we are programming craftsmanship into artificial intelligence programs. By enabling AI to determine, for example, whether *SCHAU ESSEN* products have irregular shapes or colors, or to make sure that there are no cracked bones in *CHIKICHIKI Bone* fried chicken, we will work to save labor while maintaining safety and reliability.

Effective use of packaging materials

The problem of ocean plastics has become ever more prominent and the curtailing of the use of plastics has become a social issue, such as the promotion of charging for plastic shopping bags at retail stores. The NH Foods Group is working to reduce the use of the packaging materials made from plastic in a way that also reduces costs. For example, changing a

cornered shape for pizza trays reduced the amount of plastic used, thereby reducing the product's environmental impact without creating inconvenience or raising costs.

Reducing the amount of plastic used in a tray by 47%*



* Compared with NH Foods' previous product (FY2012)

SDG study sessions

The NH Foods Group has set targets pertaining to the UN's Sustainable Development Goals at each plant, and is also endeavoring to share relevant information. The second SDGs Joint Workshop was held in August 2019 at the Kanto Plant of Nipponham Processed Foods Ltd., with participants from four plants representing four companies: Nipponham Processed Foods Ltd., Nipponham Northeast Ltd., Nipponham Delicatessen Ltd., and Nipponham Factory Ltd. Participants gave presentations on topics including SDG-related product development, reducing environmental impact, creating workplace environments where employees feel motivated, and contributing to local communities.



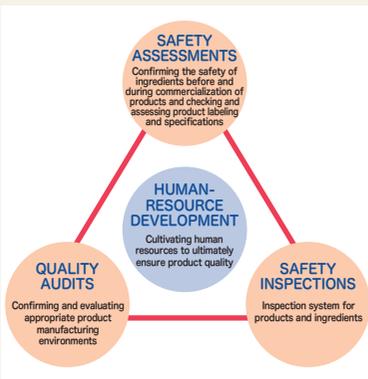


Quality Assurance



Quality assurance system providing customers with products that are safe and reliable

As a food manufacturer striving to achieve “Management for No. 1 Quality” and satisfy customers, fulfilling our social responsibility of providing foods that are safe and reliable is a major prerequisite. To meet this responsibility, the NH Foods Group is strengthening its safety assessments, quality audits, and safety inspections, supported by a platform of human resource development.



Safety assessments

Before a product is sold, we assess its safety from ingredients to the final product, including legal and regulatory compliance of labeling and specifications. By passing these rigorous inspections, we provide customers with products that are safe and reliable.

Quality audits

Working with the NH Foods Group’s quality assurance managers, we check items related to quality at farms and production sites, manufacturing plants, and sales bases in Japan and overseas, to confirm the appropriateness of ingredients, product manufacturing environments, and quality assurance systems.

Safety inspections

We inspect ingredients and products to confirm that they do not contain microbes, chemical residue, or allergens.

We also conduct daily inspections to ensure that operations are carried out appropriately as per the NH Foods Group’s quality assurance rules.

Implementation of traceability

The NH Foods Group has created a product information management system (called *Seijitsu-kun*®), and all product information including ingredients, compounds, and packaging is registered. With on-site daily manufacturing documents and a tracing system in place, we regularly carry out highly precise, speedy

verification. This makes it possible to gather required information quickly in cooperation with manufacturing plants.

Training certified technical specialists

We are working to train quality assurance specialists through an education system that can raise the level from the online learning to acquire knowledge, the basic group training, and the certified technical specialist test. In addition to knowledge and techniques, we expect certified technical specialists to show leadership and problem-solving capabilities. Moreover, these specialists not only carry out their work in their own business division, but also act as internal instructors for basic group training and administrators for the certified technical specialist test.



OUR TEAM

RIN KOIDE

Certified Technical Specialist on Equipment Detecting Foreign Objects Nipponham Hokkaido Factory Ltd.

<Comment from FY2019 certified specialist >

In addition to emphasizing the training of future certified technical specialists, going forward I believe we should place importance on networking with manufacturers and among certified technical specialists, contributing to raise the level of the NH Foods Group through stronger quality assurance activities.



Consignment and Distribution



➤ Consignment and distribution system that uses digital transformation to make operations more efficient and reduce environmental impact

The distribution business of the NH Foods Group's Fresh Meats Business Division is carried out by Nippon Logistics Center, Inc., which has some of Japan's largest refrigerated and frozen storage facilities in Kanto and Kansai regions, and Nippon Chilled Logistics, Inc., which delivers products to sales companies across Japan. For the Processed Foods Business Division's distribution business, Nippon Daily Net Co., Ltd. handles storage operations while delivery operations are carried out by Nippon Route Service Co., Ltd.

Energy management and measures to address climate change

To be able to manage and deliver fresh meat and processed food products at each product's optimal temperature, both Nippon Logistics Center, Inc. and Nippon Daily Net Co., Ltd. carry out refrigerated and frozen management with a variety of temperature zones.

Nippon Logistics Center, Inc. is proactively working to preserve the environment, by installing cooling systems that use ammonia as a refrigerant as a way to respond to climate change and prevent the depletion of the ozone layer, as well as solar power generation systems on the roofs of its warehouses in Kanto and Kansai regions.

Using digital technology to optimize warehouse operations

Nippon Logistics Center, Inc. has installed a delivery and shipping system that uses bar codes for accurate inventory management and shipping. Nippon Daily Net Co., Ltd. uses a system that tracks progress in processes from picking to the completion of sorting in real time, for speedy and accurate sorting.

Drivers' industrial health and safety

Nippon Chilled Logistics, Inc. is ensuring the safety of its drivers by holding accident prevention meetings at each center three times a year, and using simulators to conduct annual aptitude tests for

drivers. Nippon Route Service Co., Ltd. regularly holds safety training sessions for all employees, and conducts health checks and tests for alcohol on drivers before they depart and after they return, to ensure safe driving.

Reducing the environmental impact of delivery

Nippon Chilled Logistics, Inc. is working to reduce the environmental impact of delivery by switching to hybrid and other environmentally friendly vehicles, and by reviewing delivery routes for greater efficiency. Nippon Route Service Co., Ltd. holds sessions for all employees to raise environmental awareness in driving.

In addition, Nippon Chilled Logistics, Inc. and Nippon Route Service Co., Ltd. provide shared refrigerated and frozen delivery to reduce transport costs for various customers and their environmental impact.

New logistics base of Nippon Daily Net Co., Ltd. commences operations

COLUMN

To resolve the issue of storage capacity in the Nagoya area, the Nagoya No. 2 Center commenced operations in June 2020. With an automated warehouse that can store a combined roughly 2,500 pallets of chilled and frozen products, this facility will improve storage efficiency while reducing the workload. In addition, environmental considerations include the installation of energy-efficient refrigerators and freezers that use ammonia as a refrigerant.





Marketing and Sales



Marketing and sales structure to accurately meet customers demand

Marketing functions at the processed foods business, which were previously handled by both the head office and sales companies, have been consolidated at NH Foods Marketing, Ltd., to strengthen the marketing function and to expand into e-commerce and other new channels. Food companies that handle fresh meats use a broad range of product groups and networks to meet diverse customer needs.

Development of NH Foods Marketing, Ltd.

One year has passed since NH Foods Marketing, Ltd. was established. To build a strong marketing structure that is the foundation of the business model of the processed foods business, the new company is pursuing four primary missions: reinforce contact with customers; expand the allocation of brand products; promote the use of frontline insights in product development; and cultivate new marketing channels. Products are being developed to cultivate new sales channels that we did not previously address, including home improvement retailers and drugstores, as we strive to expand new channels with a focus on products that can be stored at room temperature. We also established a dedicated business division for e-commerce in FY2020, to make a full-fledged effort to access this channel. With demand for

e-commerce growing and changes in consumer purchasing behaviors under the impact of the COVID-19 pandemic, it will be essential to strengthen our efforts in new channels to bring them to the same level as for existing customers. In tandem with customers who are making increased use of AI, we are also building a structure for this area and shifting to digital technologies as we proceed to “build systems that pave the way to the future.”

Nippon Food Group

The Nippon Food Group comprises four companies covering Hokkaido, Tohoku, Kanto, Chubu, Kinki, Chugoku, Shikoku, Kyushu and Okinawa regions, and is engaged in direct route sales closely tied to local areas in each region. With 114 sales bases, the group has a sales network covering all of Japan, making it an indispensable “food infrastructure” in each region.

The Nippon Food Group’s strength lies in its ability to supply an abundant product lineup and its marketing ability in various sales channels. Its capabilities as a supplier are supported by the NH Foods Group’s procurement strength, making it possible for Nippon Food Group to handle a broad range of domestically made and imported products, focusing on beef, pork, and chicken. Its sales channels range from mass retailers and wholesalers, to processed food manufacturers and restaurants.

The group has optimized its mix of products and sales channels to address the COVID-19 pandemic, with the aim of maintaining profitability and continuous growth even during this difficult time.

Mass retailers	49.7%
Wholesalers	23.3%
Manufacturers	11.1%
Retailers	7.4%
Restaurants	5.8%
Services	0.1%
Logistics	0.1%
Agriculture	0.0%
Other	0.3%
NH Foods	1.0%
Affiliated companies	1.1%
All industries	100.0%

Sales results of food companies by channel (FY2019)

Food advisors

To let more people know about the value of our branded meats and other products, the Nippon Food Group’s food advisors help to set up sales areas, advise on cooking methods, and provide information on new products. With in-store sales being hindered by the COVID-19 pandemic, these advisors are striving to maintain contact with customers through activities like strengthening remote communication.



Message from General Manager of Corporate Planning Division

Overall optimization of businesses and higher corporate value will be keys to continuous growth of the NH Foods Group.



Fumio Maeda

Director and Managing Executive Officer,
General Manager of
Corporate Planning Division

To realize continuous growth amid intensifying competition, the NH Foods Group drew up the groupwide blueprint of processes for sustainable corporate growth. In April 2020, NH Foods Ltd. established the Corporate Planning Division to oversee implementation of these processes. Looking to ensure sustainable growth group-wide, the new division is tasked with instilling the ideas of top management throughout the Group and will also play a part in drafting medium-term management plans, restructuring existing businesses, pursuing an optimal portfolio and formulating IT and technology strategies.

Employee understanding indispensable to strategy success

Processes for sustainable corporate growth highlights 1) creating an organization that achieves continuous growth through changes in the corporate culture and changes in the perspectives of management and employees; 2) embracing the challenge to revamp business models; and 3) emphasizing a selection-and-concentration approach to business and business location reform. In putting these processes to work, it is vital to have conversations not only among upper management but also with staff and for staff to understand the reasons behind these processes. This applies to site managers and staff as well. For example, targets like an improved income/expense balance and higher sales are easy for all employees to embrace as common goals, but it is imperative that they also accept and commit to efficient management practices pegged to

ROIC, ESG strategies aimed at sustainable management, and business model reform. The Corporate Planning Division will incorporate strategies into practical approaches to underpin sustainable growth and, through visualization of these approaches, help everyone acquire a shared view of goals that are not easily recognized as shareable.

Seek overall optimization of value chains to realize competitive portfolio

A noteworthy feature of the NH Foods Group is that the companies under its umbrella are connected through processes, such as production, manufacturing, shipping and receiving, logistics and sales, and for value chains that create various benefits for society. Drawing on this feature, we will build a competitive portfolio by assessing value chains overall rather than by an individual process, and work toward an optimized structure.

We will also explore more effective use of

management resources from the perspectives of the domestic share and the domestic and overseas balance. For production and logistics bases operated to date by each business division, we will promote a review from a Group position, looking at such factors as standardized operating rates for all locations, selecting the best locations for fulfilling supply responsibilities to huge markets in Tokyo, Nagoya and Osaka, and executing selection-and-concentration of locations to ensure efficiency from the perspective of overall optimization rather than partial optimization.

Leverage “Connect,” an IT project that paves the way to the future

Our IT strategy is a vital part of responses to enhance the resiliency of supply chain management, which is essential to business activities. Systems within the Group were upgraded along with growth in each business division and, as a result, did not provide a bird’s-eye view of the whole organization. Consequently, there have

been instances when decisions were delayed. Now, with requirements for companies to strengthen group management and corporate governance, the Corporate Planning Division will look to system integration to promote enhanced cooperation among business divisions and ensure that operations in each process, such as manufacturing or logistics, are the right size and utilize labor-saving options, and to facilitate faster financial accounting. In this pursuit, we will draw upon the combined expertise of our Business Innovation Department and IT Strategy Department. In addition, we will support the promotion of measures to encourage teleworking and workstyle reforms to better reflect evolving lifestyles.

Foster corporate culture that welcomes pursuit of new businesses

The Group's development has been fueled by the passion and challenging spirit of our corporate predecessors. I believe future growth is not possible without a willingness to accept challenges. Looking ahead to

2042 and our 100th anniversary, we will foster a corporate culture that rekindles the spirit that inspires people to take on challenges. Toward this end, we launched a new business posting system, acknowledging that the corporate culture of our future requires the creation of a framework not just the magnanimity of encouraging people to be receptive to the challenge of change. In addition, speaking from my own experience, personnel exchanges are also valuable. By experiencing various types of work beyond business divisions, such as the fresh meats and processed foods businesses, I broadened my career horizons and acquired a willingness to accept challenges that endures to this day. I would like to create a framework that enables employees to take on challenges and expand opportunities to grow through personnel exchanges.

Experience dealing with risks leads to creation of robust structure

With the spread of COVID-19 and state of emergency declarations, the focus of the NH

Foods Group was to fulfill supply responsibilities with a priority on the safety of employees. We encouraged employees whose work could be done at home to take the telework option. Manufacturing and logistics divisions continued to operate but efforts were made to ensure the safety of employees through reduced potential for close contact in factory, cafeteria and locker room settings.

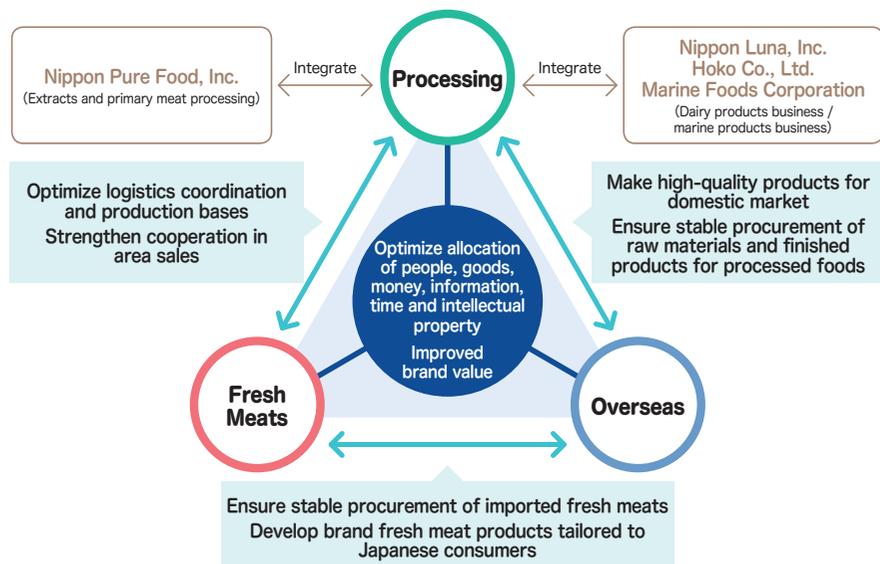
As the NH Foods Group has built shares of about 20% in the domestic fresh meats and processed foods markets (hams and sausages), fulfilling supply responsibilities is vital. We will use the lessons learned from the recent pandemic experience to reinforce the stability of our supply structure for food as well as the procurement structure for raw materials and supplies, pursue development and proposal capability geared to new-normal lifestyles, and upgrade our solid distribution system. Experience gained in dealing with risks provides an opportunity to grow. Our efforts, then, will not be aimed at a return to the status quo that existed before COVID-19 but rather emphasize the creation of a robust structure that leads to an even higher level of corporate value.

Maximizing Group Synergies

In April 2020, NH Foods merged the Affiliated Business Division into the Processed Foods Business Division and integrated business segments of the Processed Foods Business Division prior to restructuring with dairy products, marine products, extracts and primary meat processing operations. The goal is to maximize synergies. In addition, we will encourage cooperation among business divisions to enhance product appeal and procurement capabilities and seek to optimize production, manufacturing, marketing and logistics systems. NH Foods will also work to improve corporate value through optimal allocation of management resources in pursuit of the ideal overall portfolio.

Optimize Production, Manufacturing, Marketing and Logistics Systems

Maximize synergies by sharing product development, technology, sales channels and assets



Processed Foods Business Division

We will enhance the level of synergy between the Processed Foods Business Division and companies under the division umbrella to increase profitability, as we work to create new food categories.



Nobuhisa Ikawa

Representative Director and
Senior Managing Executive Officer,
General Manager of
Processed Foods Business Division

Looking Back on FY2019

The Processed Foods Business Division achieved higher sales and profit year on year, posting ¥353.8 billion* in net sales and ¥11.4 billion* in business profit. These results reflect such factors as a sharper brand strategy and a sales strategy with an emphasis on profitability as well as a better product mix and improved productivity plus the fact that raw materials prices moved within the expected range.

In the Processed Foods Business Division, we focused on three themes to increase profitability: 1) strengthening product development capabilities through site-oriented marketing; 2) redefining the cost structure through a fundamental review of the existing framework; and 3) persevering with a positive, challenge-embracing spirit and self-responsibility.

In “strengthening product development capabilities through site-oriented marketing,” we put the spotlight on *SCHAU ESSEN*TM, a core brand, and chilled pizza. For *SCHAU ESSEN*TM, we extended the line with new flavors, including hot chili and cheese, to attract a wider customer base, and for chilled pizza, we enhanced the selection of items in the high-price range. We also tried new sales approaches, including a shift from television commercials to web video platforms to attract a younger customer base.

In “redefining the cost structure through a fundamental review of the existing framework,” we pursued organizational reforms, reviewed raw materials purchasing methods and operation of equipment in factory divisions, changed manufacturing methods and implemented other initiatives not considered before.

In “persevering with a positive, challenge-embracing spirit and self-responsibility,” we established structures, such as a project team comprising young employees tasked with product development proposals and another that collects submissions for new product ideas. The goal is to cultivate a corporate atmosphere that motivates employees to embrace challenges.

* Figures prior to retroactive revision, figures for former Processed Foods Business Division only

Toward Sustainable Growth

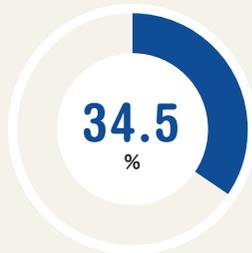
Enhance Level of Synergy between Processed Foods Business Division and Companies under Division Umbrella

In April 2020, Marine Foods Corporation, which specializes in raw fish products for sushi and processed marine products; Hoko Co., Ltd., which handles cheese, canned foods, frozen foods, and freeze-dried foods; Nippon Luna, Inc., which offers yogurt and lactic acid probiotic beverages; and Nippon Pure Food, Inc., which manufactures processed meat and livestock extracts, came under the Processed Foods Business Division umbrella.

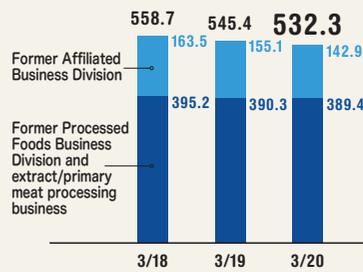
In FY2018, Marine Foods, Hoko and Nippon Luna belonged to the Affiliated Business Division, which showed a drop in sales to ¥142.9 billion, mainly due to a challenging sales environment for marine products business. But on the profit front, business profit rose, to ¥1.1 billion, largely reflecting sharper cost competitiveness achieved due to a new factory for dairy products going into operation and reflecting an improvement in the profitability of the marine products business. Each company has achieved a certain degree of success in working to expand business in line with earnings power and has engaged in product development to create new value. Nevertheless, there are many issues related to profitability that must be addressed.

Project teams have been set up by function—marketing, manufacturing, procurement, development, logistics and management—to cross-match respective strengths among the four companies added to the Processed Foods Business Division and the division itself, and identify synergies. By maximizing each function, we will expand the range of products offered to customers and increase opportunities to ensure customer satisfaction.

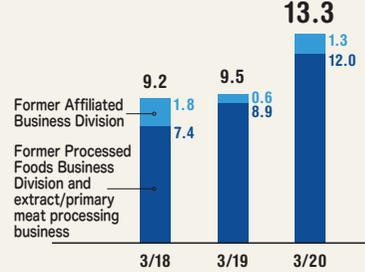
SHARE OF NET SALES



NET SALES (Billions of yen)



BUSINESS PROFIT (Billions of yen)



From FY2020, the figures for FY2017 and beyond have been retroactively adjusted to account for the integration of the old Affiliated Business Division and the extract and primary meat processing business into the Processed Foods Business Division.

Create New Categories from Market Perspective

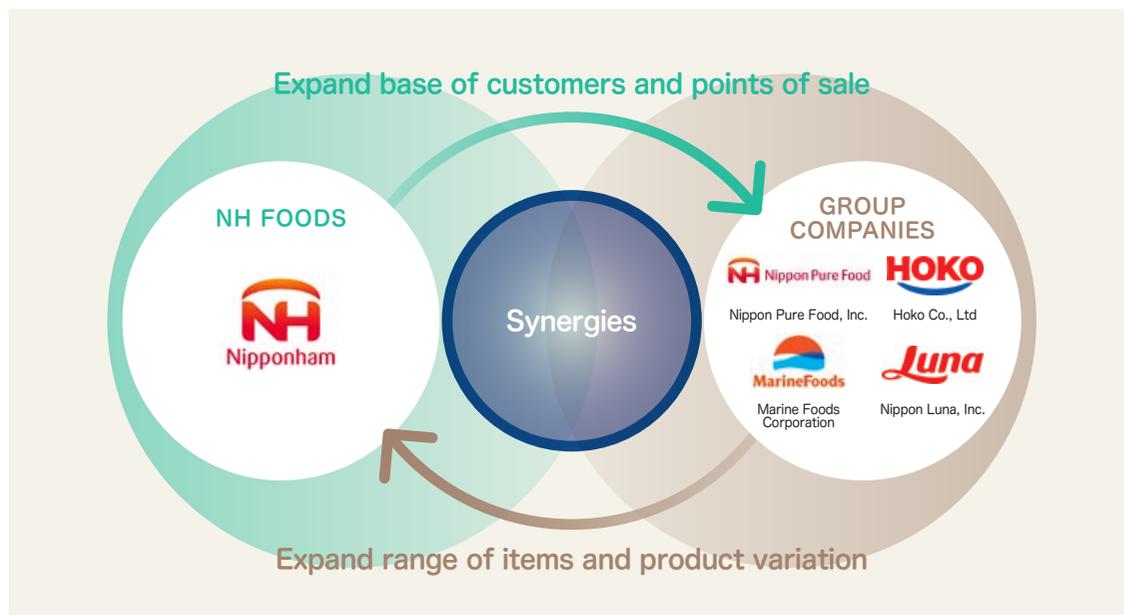
The Processed Foods Business Division has a mission to deliver the “Joy of Eating” to customers and will fulfill this mission in line with the corporate principles and management philosophy of the NH Foods Group by responding to the demands of the times and creating a food culture that goes ahead of the times. Manufacturing products from a customer perspective and providing services from a customer perspective is indispensable in our efforts. Therefore, in FY2020, we will restructure the original NH Foods marketing process, enhance our ability to create a system to better utilize consumer comments in product development, upgrade distribution data analysis, and strengthen development of hit brands and new categories for the next generation.

Delivering the “Joy of Eating” to Our Customers

For the NH Foods Group, business hinges on protein. Protein is also the underlying concept of the founder’s goal to “improve the health and physique of the people by providing animal protein in the diet.”

Through the recent addition of proteins—cheese, yogurt and marine products—to existing lineups of ham, sausages and processed foods, the Processed Foods Business Division will offer new value as a collection of companies providing various sources of protein. I believe this will expand the possibilities of our social contribution.

We will fulfill our responsibility to stably provide safe and reliable food products and, by generating a higher level of synergy between us, as the operating division, and the companies under our umbrella, and reinforcing product development from a market perspective, we will deliver “Joy of Eating” with a difference.



Fresh Meats Business Division

We will strive for sustainable growth, supported by a solid revenue base built on an organization that tackles challenges and tremendously robust production and supply capabilities.



Tetsuhiro Kito

Representative Director and
Senior Managing Executive Officer,
General Manager of
Fresh Meats Business Division

Looking Back on FY2019

The Fresh Meats Business Division posted a mixed performance in FY2019. Net sales were up, hitting ¥771.8 billion*, but business profit was down, settling at ¥32.8 billion*.

Higher sales reflects a certain degree of success in efforts to improve productivity in upstream businesses, reinforce product development, including measures to promote branded meats, as well as highlight the appeal of antibiotic-free products and emphasize the beef category, while also strengthening marketing activities. Despite this, various factors squeezed profits, including higher domestic production costs, a deteriorating supply-and-demand balance, a steeper-than-expected drop in market prices for domestic chicken, damage to poultry houses caused by earthquakes, and unstable market prices for pork due to African swine fever overseas.

We promoted branded meats as we worked toward higher sales volume, targeting 105% over FY2018, and ended FY2019 with 103% expansion, supported primarily by sales of imported branded meats.

* Figures prior to retroactive revision

Toward Sustainable Growth

The Fresh Meats Business Division has a tradition—a corporate culture that embraces challenge. Driven by this tradition, we will lay a solid revenue base for sustainable growth, generate creative ideas for each structure, be that marketing or production, and transform into a division primed for growth.

Product Development and Brand Development Underpin Improved Earnings

In the domestic fresh meats business, the NH Foods Group will penetrate the market with high-quality branded fresh meats produced through its unique vertical integration system and execute measures to push brand

recognition higher. We will also strive to boost brand value through such approaches as rebranding branded meats and extending the freshness date.

In addition, our response to packaging for domestically produced fresh meats which was prompted by persuasive comments from many customers, will demonstrate the excellence of the Group through product development and supply from a user perspective.

For imported fresh meats, we aim to provide products, such as antibiotic-free products and higher-processed products that meet consumer requests and differentiate us from the competition. We will accomplish this by strengthening development of new brands through alliances with local meat packers, minimizing the impact of volatility in market prices and shaping a business model that supports profitability. We will also work to ensure stable procurement even in a changing external environment by maintaining multiple pipelines in countries from which we purchase mainstay items.

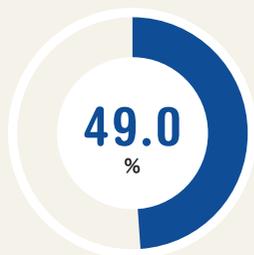
Expand Sales Volume in Line with Profitability and Strengthen Channel Strategy

The NH Foods Group has captured top share in volume retailer and regular retailer marketing channels, but issues still remain for convenience store and restaurant channels. Nevertheless, taking a medium- to long-term view, we anticipate expansion along these channels as well, and we will work to hone our marketing edge as we reinforce product development and proposal-making matched to different restaurant formats.

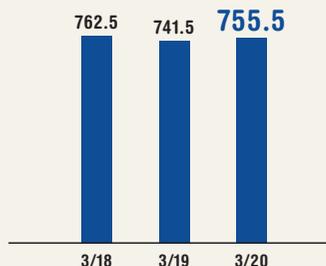
To increase sales along the convenience store channel, we will enhance our approach to chains with low shares of purchased ingredients from us and emphasize development of new products that showcase our strength in procurement.

For the restaurant channel, our focus will be on visiting area customers and opting more for other modes of contact as well, depending on the situation concerning COVID-19, and to help customers with sales promotion activities by extending expertise in marketing, especially to restaurants in urban settings.

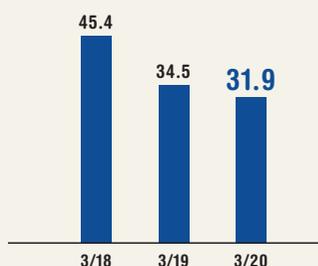
SHARE OF NET SALES



NET SALES (Billions of yen)



BUSINESS PROFIT (Billions of yen)



From FY2020, the figures for FY2017 and beyond have been retroactively adjusted to account for the integration of the old Affiliated Business Division and the extract and primary meat processing business into the Processed Foods Business Division.

We will also reinforce our approach to growth channel customers, including discount stores and drugstores.

Raising Profitability of Upstream Businesses

The Nippon White Farm Group, which is engaged in chicken production, was affected by a drop in market prices as well as damage to poultry houses caused by the Hokkaido Eastern Iburi earthquake. However, if these external impacts are excluded, this group grew on an actual value basis and its cost-competitiveness was maintained. In FY2020, the Nippon White Farm Group will strive to raise productivity to an even higher level by addressing the issue of aging facilities and equipment and introducing labor-saving measures.

The Interfarm Group, which is engaged in pork and beef production, will continue its involvement in the Smart Pig Farming Project, which started verification tests in December 2018. This group will also enhance measures to deal with livestock disease and to reduce the accident rate (death rate due to livestock disease).

The Nippon Food Packer Group, which is engaged in beef and pork procurement, processing and packing, will

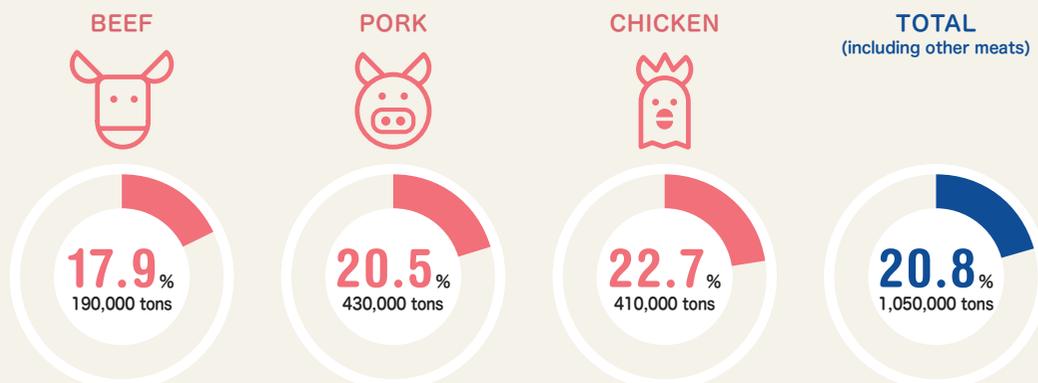
focus on measures to stabilize shipments with cost reduction in mind and to address aging facilities and equipment.

Reinforcing Domestic and Overseas Partnerships

The Fresh Meats Business Division boasts tremendous procurement power and will draw on this capacity to build resilient ties with suppliers and will also work to develop and promote branded products from a customer perspective. Cooperation with Nippon Food Group, which has strong sales capabilities, will lead to higher market share. We will strive to maximize the strengths of companies under the division umbrella and reinforce partnerships at home and abroad.

For us to hone production and procurement capabilities, leverage brand development to underpin higher earnings, and expand our presence along certain marketing channels, it is vital that employees acquire a certain consciousness—an awareness of issues. Therefore, in the Fresh Meats Business Division, we will strive to create an atmosphere that enables employees to be united in their efforts and demonstrate the power of teamwork, to work with enthusiasm and to embrace challenges.

RELATIONSHIP BETWEEN FRESH MEAT MARKET SCALE AND SHARES (as of March 31, 2020)



Overseas Business Division

Our goal is to be a truly global company, and we will achieve this by strengthening our branding and marketing activities overseas and promoting exports from overseas to Japan.



Nobuo Oda

Managing Executive Officer,
General Manager of
Overseas Business Division

Looking Back on FY2019

The Overseas Business Division comprises 26 companies with operations in 15 countries and regions around the world. Of note, we marked improvements in our processed foods business in Americas operations as well as internal improvements in Australia operations and a favorable external environment in that market, which underpinned an increase in net sales, at ¥255.0 billion. But business profit dropped, settling at ¥1.8 billion.

In Australia operations, an improvement in cattle breeding and production and a favorable shift in cattle shipments helped local operations control production costs. In Americas operations, earnings benefited from a drop in processed food manufacturing costs and a review of marketing costs, and an increase in the price of exports, paralleling rising demand for beef in China. Meanwhile, in Asia and Europe operations, a notable factor in higher earnings was a brisk increase in the price of chicken in Turkey.

Despite these positive results, issues were identified that will require attention going forward. For example, in Australia, record-setting drought has led to a decrease in the number of heads of cattle raised, which could drive up the price of live cattle. In addition, we anticipate a prolonged downturn in restaurant demand worldwide due to the impact of COVID-19 and will be drafting responses to mitigate this situation and other risks.

Going forward, we will build a structure that is more resilient to changes in the external environment, primarily through operational improvements at each Group company overseas in this segment as well as thorough KPI management.

Toward Sustainable Growth

We will strive to create sustainable business activities overseas, and to achieve this, we will reinforce the value chain that integrates production, manufacturing, sales and other operations in each country and region, develop the skills of global human resources, and enhance governance practices.

Currently, the beef business in Australia is working to realize the best level of integration for operations, from production and breeding to sales, and is delivering products to more than 40 countries around the world. We will also promote capital investment, work toward more efficient productivity through enhanced refrigeration and freezing facilities, and improve the quality of feed and make feed production more efficient by building new feed plants.

[> See page 23 for details](#)

The processed foods business, emphasizing operations in the United States and the ASEAN region, is strengthening the overall structure for developing value-added products and services suited to the local market environment and consumer needs.

In response to heightened awareness of food diversity, seven overseas companies have obtained halal accreditation and are promoting product development and sales matched to the dietary customs of Muslims, a segment of the population that is expected to increase in the coming years. To expand the processed food business overseas, we will pursue timely product development aligned to a deeper awareness of food culture and to consumer preferences. At the same time, we will enhance R&D activities and sharpen our marketing capabilities.

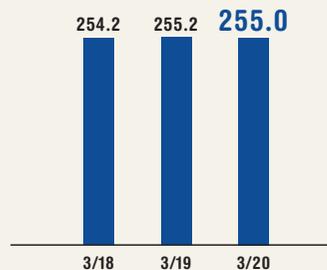
Using Group Synergies to Leverage Export Capabilities

Currently, products exported from overseas to Japan include beef from Australia and Uruguay, pork from Europe and the United States as well as Latin America, chicken from the ASEAN region and Brazil, marine products from Chile, and

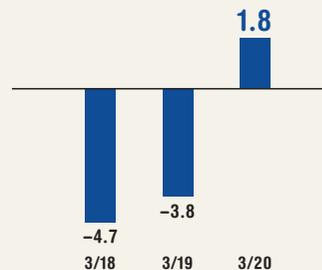
SHARE OF NET SALES



NET SALES (Billions of yen)



BUSINESS PROFIT (Billions of yen)



processed foods from China and other parts of Asia.

Going forward, we will promote export of products to Japan in compliance with Economic Partnership Agreements, such as EPA and TPP11.

We will strive to ensure procurement of products with a competitive advantage in the home market and ensure stable supply matched to demand through joint efforts with the Processed Foods Business Division and the Fresh Meats Business Division in Japan.

The approach for international markets—that is, exports from Japan to destination markets overseas—will emphasize an understanding of local food needs and diverse value perceptions and hinge on product development and meal-making suggestions aligned to demand. We will reinforce ties with local suppliers abroad and raise food productivity and supply capabilities to underpin our status as a socially significant company.

Stronger Branding and Marketing

Of beef products, two brands are being marketed globally. One is NATURE'S FRESH. This brand of beef, produced and raised in Australia, reflects a conscious effort to protect the natural environment. It provides traceability to give customers a solid sense of safety and peace of mind, and it is free of growth hormones and antibiotics. The other brand is Angus Reserve, which draws on techniques gained in the production of *Omugi-Gyu*, a brand for Japan.

Of processed foods, Crazy Cuizine and Day-Lee Pride—both made and sold in the Americas—target the local Asian community, and the NutriPlus series (photo below)—made and marketed in Malaysia—is a halal accreditation product and enjoys a loyal following in that market. These products exemplify a strategic approach to product development and sales matched to respective country and region.

BRANDED PRODUCTS OFFERED OVERSEAS



NutriPlus



NATURE'S FRESH



Crazy Cuizine

OVERSEAS LOCATIONS/COMPANY NAME



* NH Foods' Overseas Business Division is in Japan.

Human Resources Supporting Our Business

The NH Foods Group is promoting work-style reform to create workplaces that support the health of all workers, with the aim of being a place where employees can feel truly happy and fulfilled.

Promoting work-style reform

As working styles become more diverse to accommodate a work-life balance for things like child rearing and nursing care, it is becoming difficult to continue to develop as a company under previous business models and operational models. Under Work Style Reform Ver. 1, the NH Foods Group revised its work standards and reviewed operations to create a work platform, and strove to reduce work hours and eliminate unnecessary and unreasonable tasks. Next, we will address drastic changes to our operating environment through Work Style Reform Ver. 2, which will reform the human resource system including training, evaluation, and compensation to increase diversity in working styles, and promote the cultivation and flourishing of diverse human resources. In addition, by cultivating a corporate climate

that takes up challenges, we will promote reforms in the actions and awareness of each employee, which will lead to greater creativity. Furthermore, we will review operations themselves, while also promoting operational reforms using digital transformation (DX) as well as telework and mobile work.

Under our “Five CSR Material Issues,” the NH Foods Group defines “Maintaining work places that motivate employees” as one that contributes to lives that are enjoyable and healthy through the resolution of social issues, to give employees a feeling of “job satisfaction.” We believe “job satisfaction” is the driving force behind the pursuit of creating new value, and that this leads to continuous corporate growth.

Promoting health management

In October 2016, NH Foods Ltd. designated employees’ health as an important foundation of management, and began working to create a health management structure and healthy workplace environments Groupwide under a Health and Safety Declaration, while at the same time implementing full-fledged health management.

With the enactment of legislation related to work-style reform, it is becoming increasingly necessary to carry out industrial health activities effectively and efficiently. From FY2019 we have concluded comprehensive industrial health contracts to give Group companies access to NH Foods’ industrial physicians and nurses and infirmaries, and introduced a support program for returning to work, face-to-face instruction regarding long work hours, stress checks, training for workplace health and safety, and workplace inspections. The number of Group employees covered by the comprehensive industrial health contracts was roughly 470 employees at 10 Group companies located at the Osaka Head Office, and roughly 1,340 employees at 20 Group companies located at the Tokyo Branch Office. We also hold seminars on health and diet and on health and exercise to promote the health of our employees.

GROUP COMPREHENSIVE INDUSTRIAL HEALTH CONTRACTS

Primary support	Examples of support activities
Group contract for industrial physicians	<ul style="list-style-type: none"> • Determination of suitability for work from physical examinations, Face-to-face instruction for persons with long work hours or high stress levels • Consultations for returning to work, Workplace inspections, Health and safety education
Industrial nurses	<ul style="list-style-type: none"> • Health guidance after physical examinations • Support for industrial health education with assignment to specific companies
Infirmaries	<ul style="list-style-type: none"> • Consultation when feeling ill during work hours • Health management, use of equipment

Note: Ordinary legally designated duties of industrial physicians

Supporting participation by diverse human resources

Nipponham Career Consulting Ltd., which is engaged in career development support, established an Osaka office in April 2019 to support the employment of persons with disabilities, and in November 2019 was certified as a special-purpose subsidiary of NH Foods Ltd. Five employees joined the Osaka office in October 2019, and two more joined in April 2020. The office is engaged in mail center sorting, delivery, and collection at the mail center, as well as preparing business cards and other printed materials, replenishing stock of items sold in-house, and scanning printed materials. NH Foods' ratio of employees with disabilities currently stands at 2.36%, and going forward we plan to expand operations that are aligned with the skills of persons with disabilities as we work to create workplaces in which diverse human resources can participate.



Diversity

The Group has officially introduced telework and flextime for childcare and nursing care needs, aimed at promoting flexible work styles, including enabling employees to balance work with childcare and nursing care.

We promote the active participation of women, and aim to increase the percentage of women in leadership positions. We are also promoting gender equality through posters and internal newsletters that encourage men to be involved in housework and childcare.

USAGE OF CHILD AND NURSING CARE-RELATED SYSTEMS (NH FOODS LTD.)

Items	Details	FY2015	FY2016	FY2017	FY2018	FY2019
Before and After Childbirth Leave (number of leave takers)	An employee giving birth can take the leave six weeks before giving birth (or 14 weeks for a multiple pregnancy) and eight weeks after giving birth	26	26	40	30	42
Spousal Childbirth Leave (number of leave takers)	For a period from one week before the expected delivery date of an employee's spouse and two weeks after giving birth, an employee may take three days of leave (paid leave)	41	28	52	27	30
Childcare Leave	Until the child of an employee reaches the age of one year * This can be extended until the age of three if the child is unable to enter a nursery.	52	63	76	70	73
Male		5	5	8	4	5
Female		47	58	68	66	68
Rate of Employees Returning to Work (%)	(Number of employees returning from childcare leave) / (Number of employees expected to return from childcare leave) x 100	95.5	91.3	97.0	97.1	97.0
Shortened Working Hours for Childcare (number of users)	Until an employee's child finishes the sixth year of elementary school, the employee's scheduled working hours in a day may be shortened by up to two hours	61	59	64	91	98
Nursing Leave (number of leave takers)	When the child of an employee up to the sixth year of elementary school requires nursing, up to 12 days of leave per year can be taken (paid leave)	39	58	59	118	145

Education and Dissemination of Information Related to Food Allergies

Wanting to provide the Joy of Eating to all people, the NH Foods Group is engaged in a wide range of activities related to food allergies, including the manufacturing and sales of products that can be enjoyed by persons with food allergies, research and development in food allergen detection technologies, and education and dissemination of information related to food allergies.

Providing allergy-friendly recipes

Because persons with food allergies often feel burdened when preparing daily meals, NH Foods has been providing allergy-friendly recipes (in Japanese) continuously since 2003 through its “Food Allergy Net” food allergy information website. With people increasingly eating at home in the face of the spread of

the novel coronavirus, in 2020, we have been developing new allergy-friendly simple recipes that use our products and posting these on the NH Foods (Japanese) website in response to customer feedback including the difficulty of preparing meals more often and a lack of variety of dishes.

“Project A” joint food allergy initiative

NH Foods is working with food companies, which offer allergy-friendly products, Otafuku Sauce Co., Ltd., Nagatanien Co., Ltd., and House Foods Corporation to address the social issue of food allergies through the collaborative “Project A.”



Project A disseminates information and raises awareness related to food allergies, and promotes allergy-friendly products. During FY2019, the project held “Food Allergy Lecture and Tasting Parties” for the media in Tokyo and for dietitians and nutritionists in Hiroshima and Osaka. The Osaka event featured a presentation on menu points considering food allergies by Professor Nobue Takamatsu of the Beppu University Graduate School of Food and Nutrition Science, who is also a pediatric allergy educator certified by the Japanese Society of Pediatric Clinical Allergy. A report (in Japanese) on Professor Takamatsu’s presentation is available for anyone to access on our own “Food Allergy Net” food allergy information website. The attendees took notes and listened attentively, as they have few opportunities to study food allergies but need

this knowledge in their workplaces in nursery schools, schools, and a hospital. The four companies provided an allergy-friendly menu for the tasting portion of the event to demonstrate the tastiness of their products. The companies’ products were also on display, giving the attendees an opportunity to examine them, and ask questions and talk with company representatives.



Contributing to Society through Food and Sports

When NH Foods' founder established the Nippon-Ham Fighters Baseball Club, which was the predecessor to the Hokkaido Nippon-Ham Fighters, he pledged to “contribute to society through food and sports.” The Group carries on the spirit of our founder, and is committed to sharing “the pleasures of good eating” and “the joys of health” by continuously supporting mental and physical well-being through food and sports.

Supporting mental and physical well-being with new baseball stadium and ball park in Hokkaido



The NH Foods Group is moving forward with preparations to open a new baseball stadium and ball park in the city of Kitahiroshima, Hokkaido.

The comprehensive real estate developer ES-CON JAPAN Ltd. is participating in the city's development and has contracted for naming rights, with the name of the baseball stadium to be ES CON FIELD HOKKAIDO. The sports park will be named HOKKAIDO BALLPARK F VILLAGE, incorporating the letter “F” from the Nippon Ham Fighters' team name to incorporate a sense of “Fan,” “Future,” “Forest,” “Fun,” and “Fusion.”

Both of the facilities are scheduled to open in 2023. HOKKAIDO BALLPARK F VILLAGE will offer various forms of entertainment including dining, shopping, bathing facilities, and glamping, and will contribute to local economic revitalization by providing new styles of enjoying sporting events. The facility will also function as an evacuation area in the event of natural or other disasters.

Let's extend healthy lives through food and sports (exercise)!

Under the “Joy of Eating,” which is part of our corporate philosophies, we are contributing to people's enjoyable and healthy lives through food and sports, which in turn provide “the pleasures of good eating” and “the joys of health.”

In addition to delivering healthy protein, we are popularizing sports culture through professional and amateur sports, promoting regional sports, and providing the children of the next generation with opportunities to learn how to build strong, healthy bodies by teaching the importance of a nutritionally balanced diet and exercise through nutrition classes. In addition, since 2017 we have been conducting joint testing with the Kansai Medical University's School of Public Health in the area of preventing frailty* by “promoting health through food and exercise,” with the aim of extending people's healthy lives.

* In this context, “frailty” refers to a physical condition in which physical and cognitive functions are diminished, but not to the point of requiring nursing care.



Corporate Governance

The NH Foods Group aims to enhance the management transparency and efficiency of the entire Group and increase its corporate value by pursuing thorough compliance management and enhanced corporate governance.

Efforts to strengthen corporate governance

ACHIEVEMENTS IN THE REINFORCEMENT OF CORPORATE GOVERNANCE

(Year)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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		
Number of Directors*	11	10	11	10	10	12	10	12	12	10	10	10	10	10	10	10	9	8
Of whom, Outside Directors	2	2	2	2	2	2	1	2	2	2	2	2	2	2	2	2	3	3
Number of Audit & Supervisory Board Members*	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Of whom, Outside Audit & Supervisory Board Members	4	4	4	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Committees	<p>2002 Established Corporate Ethics Committee (until 2004)</p> <p>2006 Established Corporate Value Evaluation Committee (Antitakeover measures are introduced)</p> <p>2015 Renamed Corporate Value Enhancement Committee</p> <p>Established CSR Promotion Committee 2018</p> <p>Integrated the CSR Promotion Committee and Corporate Value Enhancement Committee to establish the Sustainability Committee 2020</p> <p>2003 Established Compliance Committee</p> <p>2003 Established Compensation System Committee</p> <p>2011 Renamed Compensation Committee</p> <p>2011 Established Executive Appointments Committee</p> <p>Established Board of Independent Officers and Representative Directors, and Board of Independent Officers 2016</p> <p>2003 Established Crisis Management Committee</p> <p>2007 Renamed Risk Management Committee</p> <p>2008 Established JSOX Committee/2009 Renamed Internal Control/JSOX Committee</p>																	
Management Committees	<p>2003 Established Management Strategy Committee, Investment and Finance Committee, and Corporate Executive Committee</p> <p>2004 Established Corporate Governance Committee</p>																	
NI (Nipponham Group Identity)	<p>2002 Revised Nipponham Group Code of Conduct</p> <p>2010 Revised Nipponham Group Action Guidelines</p> <p>2005 Established the Group Brand</p> <p>2014 Changed the Group Brand and the Corporate Brand</p> <p>(1986 Established Corporate Philosophies, Management Principles, and Action Guidelines)</p>																	
Officers Compensation	<p>Introduced the Performance-Based Stock Compensation Plan 2020</p>																	

* Number after the Ordinary General Meeting of Shareholders

PROPORTION OF OUTSIDE DIRECTORS



PROPORTION OF OUTSIDE AUDIT & SUPERVISORY BOARD MEMBERS



The Board of Directors of the Company currently comprises five internal executive directors and three independent outside directors, with the aims of enhancing management transparency, supervising business operations, and strengthening governance.

Note: For more information, please see the Company website.

WEB NH Foods corporate governance
<https://www.nipponham.co.jp/eng/ir/policy/governance.html>

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.

	Objectives	Times Convened in FY2019
Compliance Committee	To comprehensively review Groupwide compliance and make proposals to the Board of Directors and management committees, in order to ensure thorough compliance for the Group and improve social trust	6 (97.6% attendance)
Executive Appointments Committee	To improve the supervisory function of the Board of Directors by way of enhancing the transparency and objectivity of decisions on candidates for the Representative Directors/Directors/Audit & Supervisory Board Members as well as discussion on dismissal and/or removal of the President and Representative Director and other management (executive directors and the executive officers)	6 (100% attendance)
Compensation Committee	To enhance the transparency and objectivity of decisions on compensation for corporate officers (including executive officers) and improve supervisory function of the Board of Directors	5 (100% attendance)
Board of Independent Officers and Representative Directors	To improve the Group's corporate value and provide a venue for proposing reformation of corporate culture by free and open discussions among independent officers and representative directors	2 (90.9% attendance)
Board of Independent Officers	To exchange information and to share understandings from an independent and objective perspective	2 (100% attendance)
Sustainability Committee	To comprehensively examine the sustainability initiatives of the Group, and report or make proposals to the Board of Directors	—

Note: In order to further pursue sustainability, which is one of the business policies of the Medium-Term Management Plan 2020, the CSR Promotion Committee and Corporate Value Enhancement Committee were integrated and renamed as the Sustainability Committee.

COMPOSITION OF OPTIONAL COMMITTEES (As of June 25, 2020)

● Committee Chairperson ● Committee Member *Independent Officer

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

Notes: 1. The Compliance Committee comprises the corporate officer in charge of and the General Manager of the Compliance Department, the corporate officer in charge of the Human Resources Department, external experts, and union representatives, in addition to the above members.
2. The Sustainability Committee comprises the General Manager of the Overseas Business Division and external experts, in addition to the above members.

Basic views on corporate governance

In order to establish a corporate governance system which the NH Foods Group considers most appropriate and in order to make such a system functional so that the Company is able to exercise social responsibility for the Group and to realize the vision of the Group as the World Leader in Delivering the “Joy of Eating,” the Company presents its basic views on the corporate governance of the Group

and will continuously strive to enhance such corporate governance.

The principles of corporate governance of the Group are to enhance its management transparency and efficiency, to ensure timely and proper decision making as well as appropriate business operations, to enable proactive and courageous business judgments, and to clarify its responsibility.

Corporate governance system

Directors and the Board of Directors

The Company clarifies responsibilities and authority in the management supervisory function by directors and the business execution function by executive officers. The Company sets the number of directors of at least three but no more than 12, taking timely and appropriate decision making and the scope of the Board of the Directors' responsibilities into consideration and in order to ensure the transparency of the Board of Directors. Also, in general, the Company appoints multiple outside directors.

Currently, there are eight directors, which include three outside directors and they are seven males and one female. In addition, the director's term of office is one year in order to clarify management responsibility for each fiscal year. The Board of Directors is held monthly wherein the president and representative director serves as the chairperson, and makes decisions on the matters set forth in the laws, regulations, and the Articles of Incorporation, as well as other important matters.

Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board takes part in the supervisory function of the Company in cooperation with the Board of Directors, and, as an independent organization entrusted by the shareholders, audits the execution of duties by directors. The Company sets the number of audit & supervisory board members of at least three but no more than five, in order to fully perform the supervisory function toward the Board of Directors. Also, in general, the Company appoints three or more outside audit & supervisory board members.

Currently, there are five audit & supervisory board members, which include three outside audit & supervisory board members and all of them are men. The Audit & Supervisory Board should include individuals who have appropriate expertise in finance, accounting, and legal affairs, and the Company must appoint at least one audit & supervisory board member who has abundant knowledge in finance and accounting. The Audit & Supervisory Board is held monthly, and makes decisions on important matters concerning auditing.

OPINIONS OF OUTSIDE DIRECTORS AND AUDIT & SUPERVISORY BOARD MEMBERS AND THEIR MEETING ATTENDANCE RECORD (From April 1, 2019 to March 31, 2020)

Category	Name	Opinions Expressed	Meeting Attendance Record
Outside Directors	Yasuko Kono	Ms. Kono expressed valuable opinions in a timely manner regarding “Create value through dialog with consumers” and “Pursue sustainability,” which are business policies for the Medium-Term Management Plan 2020, as well as management in general, based on her abundant experience and knowledge in consumer issues. She also served as chairperson of the Executive Appointments Committee, and as a member of the Compensation Committee, Compliance Committee, and CSR Promotion Committee.	Attended 19 of 19 Board of Directors' meetings (Attendance rate: 100%)
	Atsushi Iwasaki	Mr. Iwasaki expressed valuable opinions in a timely manner regarding “Strengthen profitability by improving the efficiency of existing businesses,” which is a business policy for the Medium-Term Management Plan 2020, as well as management in general, from his expert knowledge and extensive experience as a certified public accountant. He also served as chairperson of the Compensation Committee, and as a member of the Executive Appointments Committee and CSR Promotion Committee.	Attended 14 of 14 Board of Directors' meetings (Attendance rate: 100%)
	Hideo Arase	Mr. Arase expressed valuable opinions in a timely manner regarding “Change gears in overseas market deployment,” which is a business policy for the Medium-Term Management Plan 2020, as well as management in general, based on his abundant experience and in-depth knowledge in global business management. He also served as a member of the Executive Appointments Committee, Compensation Committee, Corporate Value Enhancement Committee, and CSR Promotion Committee.	Attended 14 of 14 Board of Directors' meetings (Attendance rate: 100%)
Outside Audit & Supervisory Board Members	Akihiko Shiba	Mr. Shiba expressed his opinions in a timely manner to ensure the legality and appropriateness of Group management from his professional standpoint as an attorney-at-law and abundant experience with fairness and objectivity. He also served as a member of the Executive Appointments Committee and as an observer of the Compliance Committee.	Attended 19 of 19 Board of Directors' meetings (Attendance rate: 100%) Attended 19 of 19 Audit & Supervisory Board meetings (Attendance rate: 100%)
	Masayuki Kitaguchi	Mr. Kitaguchi expressed opinions in a timely manner to ensure the legality and appropriateness of Group management from his professional standpoint as an attorney-at-law and certified public accountant, as well as his abundant experience with fairness and objectivity. He also served as an observer of the Compliance Committee.	Attended 14 of 14 Board of Directors' meetings (Attendance rate: 100%) Attended 14 of 14 Audit & Supervisory Board meetings (Attendance rate: 100%)
	Tokushi Yamasaki	Mr. Yamasaki expressed opinions in a timely manner to ensure the legality and appropriateness of Group management from his professional standpoint as a former food sector securities analyst, as well as his abundant experience. He also served as a member of the Corporate Value Enhancement Committee and CSR Promotion Committee.	Attended 14 of 14 Board of Directors' meetings (Attendance rate: 100%) Attended 14 of 14 Audit & Supervisory Board meetings (Attendance rate: 100%)

Note: Regarding the number of times Mr. Iwasaki, Mr. Arase, Mr. Kitaguchi and Mr. Yamasaki attended, only the meetings of the Board of Directors and Audit & Supervisory Board held after their appointments on June 25, 2019 are counted.

Evaluation of effectiveness of the Board of Directors

The Company has conducted analysis and evaluation of the effectiveness of the Board of Directors in accordance with the NH Foods Group Fundamental Policy on Corporate Governance since FY2015, for the purpose of identifying issues on the system and operation of the Board of Directors of the Company and leading to the efforts to improve the effectiveness of the Board of Directors.

Priority Themes for FY2019 Based on the Evaluation of Effectiveness in FY2018

- (i) Clarify the priority order of matters on which the Board of Directors should focus on in its discussions, such as medium- to long-term strategy and long-term visions, and set a schedule for them
- (ii) Reinforce training sessions for newly appointed corporate officers when they take office and also reinforce training sessions for corporate officers, including providing support for participation in outside training sessions

Initiatives for FY2019 in Response to Priority Themes

(i) Clarification of the priority order of matters on which the Board of Directors should focus on in its discussions

The Board of Directors clarified the priority order for discussion items to be focused on by the Board of Directors, and discussed the review of the business portfolio as a top priority issue continuously at the Board of Directors meetings held on and after July 12, 2019.

(ii) Reinforcement of trainings for officers

Business site visits were carried out to help our newly appointed outside directors deepen their understanding of the Company's businesses. In addition, we promoted participation in external training programs where internal directors and external directors, including newly appointed directors, participated.

Evaluation of Effectiveness and Results for FY2019

The evaluation for the fiscal year commencing April 1, 2019 was conducted by way of questionnaires for all of the directors and audit & supervisory board members, for the purpose of evaluating the activities of the Board of Directors for the fiscal year commencing April 1, 2019 as well as evaluating improvements of the issues identified through the evaluation in the fiscal year commencing April 1, 2018 and confirmation of the progress. Also, in an attempt to ensure obtaining candid opinions from the officers and objective analysis, answers to the questionnaires were directly returned to a third party evaluation organization and not via the Company's secretariat and in addition, the purpose of the questions was explained at the Board of Directors meeting prior to conducting the

questionnaire. Further, interviews were conducted to several directors in order to further examine the points of concerns which were expressed in the questionnaire.

Evaluation items

- (1) Members and Operation of the Board of Directors
- (2) Management Strategy and Business Strategy
- (3) Corporate Ethics and Risk Management
- (4) Evaluation and Compensation of the members of the Management
- (5) Communication with Shareholders

Items Evaluated as Strengths for the Effectiveness of the Board of Directors

- The Board of Directors is composed of members with a wide variety of knowledge and experience.
- Development and operation of the internal control system and efforts for corporate ethics compliance have been appropriately monitored and supervised.
- The details of communication with shareholders and investors have been appropriately reported to and discussed at the Board of Directors.

Future Issues for Further Enhancing the Effectiveness of the Board of Directors

In order to expand discussions on management strategy from the perspective of Groupwide optimization, we will:

- Expand discussions on management strategy that take into account the capital cost
- Expand discussions on the appropriate allocation of digital management resources
- Expand discussions on issues to be addressed from an ESG perspective over the medium to long term
- Expand discussions on succession planning for the management

As a result of repeated discussions in light of the above, we will continue enhancing the effectiveness of the Board of Directors in FY2020 through the implementation of the following efforts toward further enhancing the corporate value and achieving what the Company Group desires to be.

Priority Themes for FY2020

- (i) With the aim of management with an awareness of ROE improvement and capital costs, promotion of execution of business under management of ROIC index and reporting of the results to the Board of Directors
- (ii) Sharing ESG perspective and social agenda called for by the SDGs, and formulating medium to long term strategies connecting with the five CSR material issues of the Group

Outside Directors' Messages

NH Foods' outside directors were asked to identify issues in the Group's governance and social and environmental activities and evaluate status.



Yasuko Kono
Outside Director

NH Foods must promote diversity and ESG activities that other companies look at with keen interest.

● Activities of the Executive Appointments Committee

In FY2019, the Executive Appointments Committee, which comprises four outside

officers and one internal officer, met six times. With the objective information needed to make decisions, the committee pursues discussions until everyone is satisfied that the topic in question has been sufficiently covered. I find this perseverance quite commendable. In the selection of internal directors, as well, the committee is equally thorough, prioritizing the measure of endeavor—to brave a business environment in the midst of drastic changes—among the five requirements (integrity, devotion, deliberation, endeavor and empathy) that NH Foods has set as characteristics for human resources best suited to executive positions, and then determining actual suitability. In addition, although the process for selecting a successor candidate for appointment is agreed upon, assessment based on data alone is insufficient, and going forward, measures, such as interviews with all candidates by the Executive Appointments Committee, will be implemented to achieve greater accuracy in decisions.

● Diversity management and ESG activities

NH Foods has endeavored to grasp current conditions, including the status of women playing more active roles in the Company and circumstances surrounding the hiring of foreign nationals and the disabled. But, unfortunately, diversity management at NH Foods is neither as progressive nor as robust when compared with other companies. However, now, given the current issue of a labor shortage caused mainly by a shrinking population, I think NH Foods will have to incorporate the idea of Diversity & Inclusion into the next medium-term management plan, set the stage for giving work to people who have the desire to work and establishing work styles suitable during the with-coronavirus era*. Meanwhile, NH Foods' governance responses are progressive, but the Company has few robust proposals on environmental and social issues, such as measures to reduce greenhouse gas emissions and limit food waste. Effective themes should be identified for core operations, and an appropriate level of investment made.

* Referring to a time in which COVID-19 continues to circulate, and people live with the threat of it as part of their everyday lives.

● Activities of the Compensation Committee

The Compensation Committee reviews the officer compensation system and reports to the Board of Directors as per Supplementary Principle 4.2.1 of the Corporate Governance Code established by Tokyo Stock Exchange, Inc., which states “The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately.” The Compensation Committee, which met five times, reported to the Board of Directors as appropriate on discussions—those that concluded as well as those still in progress—and shared information.

● Introduction of new compensation plan for officers

NH Foods adopted a performance-based stock compensation plan for directors and executive officers, effective from FY2020. This plan delivers shares, etc., of the Company to eligible officers based on points corresponding to the level of achievement the individual has made toward target value of the performance indicators described in the medium-term management plan. The structure is compliance-conscious, including exclusion from eligibility if certain misconduct has been committed during the term of office.

● Progress on equity cost-conscious Group management

The Corporate Governance Code indicates the importance of equity costs. NH Foods has placed ROE as well as ROIC in its list of key performance indicators. To improve these ratios, the Company must boost profitability and enhance capital efficiency. The latter has not fully penetrated the minds of Group management. Going forward, NH Foods must visualize the cost of equity capital—an unseen cost—and then put it into strategies and translate it into individual efforts.

Issue going forward will be to visualize unseen cost of equity capital, incorporate it into strategies and link it to individual efforts.



Atsushi Iwasaki

Outside Director

I'd like the next medium-term management plan to generate a higher level of expectation from stakeholders.



Hideo Arase

Outside Director

● Upholding corporate ethics

Through constant efforts based on experience to date, NH Foods has built a system to uphold corporate ethics and to monitor and audit activities with respect to corporate

ethics. The Company shares information openly. And management knows exactly what is going on and can respond to questions, even the hard ones from us outside directors. I give top marks to NH Foods for these things. But there is a great divide between Japan and other countries, and this is a problem. The Company will have to implement reform strategies from a medium- to long-term perspective. For example, I think a more effective process would be to single out certain areas, rather than try to cover the entire overseas network, and implement a system to check on the status of corporate ethics compliance in that area. Along with this, the Company should run education and awareness programs. Measures or methods that prove successful could then be applied more extensively throughout the network.

● Ideal overall perspective for global group

The Board of Directors' discussions do take an overall view of the NH Foods Group, but the emphasis tends to be on the domestic market and, moreover, the conversations are typically guided by the perspectives of directors responsible for the execution of business in the domestic market. It is vital for the Board to share and understand basic information pertaining to the entire Group and, when necessary, to see the issues from both execution and supervisory perspectives as a leader.

● Measures in next medium-term management plan

In drafting the next medium-term management plan, there are three issues that should be considered. First, how will NH Foods maintain, reinforce and create competitive excellence, not just from a management perspective but also from an on-site point of view? Second, customers have needs, so what is the value that the Company alone can deliver to meet these needs? And third, how will NH Foods capitalize on the potential inherent in new business for the future? Solutions to social issues through business activities would be included here. For NH Foods' employees, the next medium-term management plan must motivate and spur enthusiasm about work like never before. For other stakeholders, the plan must fuel higher expectations of the Company.

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 the corporate value over the medium to long term aiming to realize the corporate philosophy for each executive director and executive officer.

The system development, compensation levels, system operation, etc., are to be deliberated by the Compensation Committee, where an independent outside director acts as chairperson, with the final decision to be made by the Board of Directors. Regarding the compensation standard of the Company based on his/her position, the reasonableness of the standard is verified every year by reference to the investigation results, etc., of third-party organizations.

Summary of Directors Compensation

The Company revised its officers 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.

In introducing the plan, the Company has adopted a board benefit trust system for officers in which shares of the Company are acquired by a trust established through monetary contributions, and the shares are delivered to eligible directors, etc.

	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%.	

BIP Trust

The BIP (Board Incentive Plan) Trust is an incentive plan for officers that is based on the performance-based stock compensation (Performance Share) scheme and the stock compensation with transfer restriction (Restricted Stock) scheme of the United States. The BIP Trust grants points to directors (excluding outside directors) and executive officers according to their level of achievement of the targets of the performance indicators set in the Medium-Term Management Plan, and delivers shares of the Company in a number equivalent to the points granted during their term of office or at the time of their retirement. These shares cannot be transferred until one year has passed since their retirement.

(Point calculation formula)

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

*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	FY2020
Consolidated net sales	¥1,410.0 billion
Consolidated business income	¥56.0 billion
ROE	7.4%

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

Human-Resources Characters Required for Executives

The Group has established the Plan for the Development of the Next Generation Executives in an attempt to continuous enhancement of the corporate value. In this development plan, we define five requirements of the “Human Resources

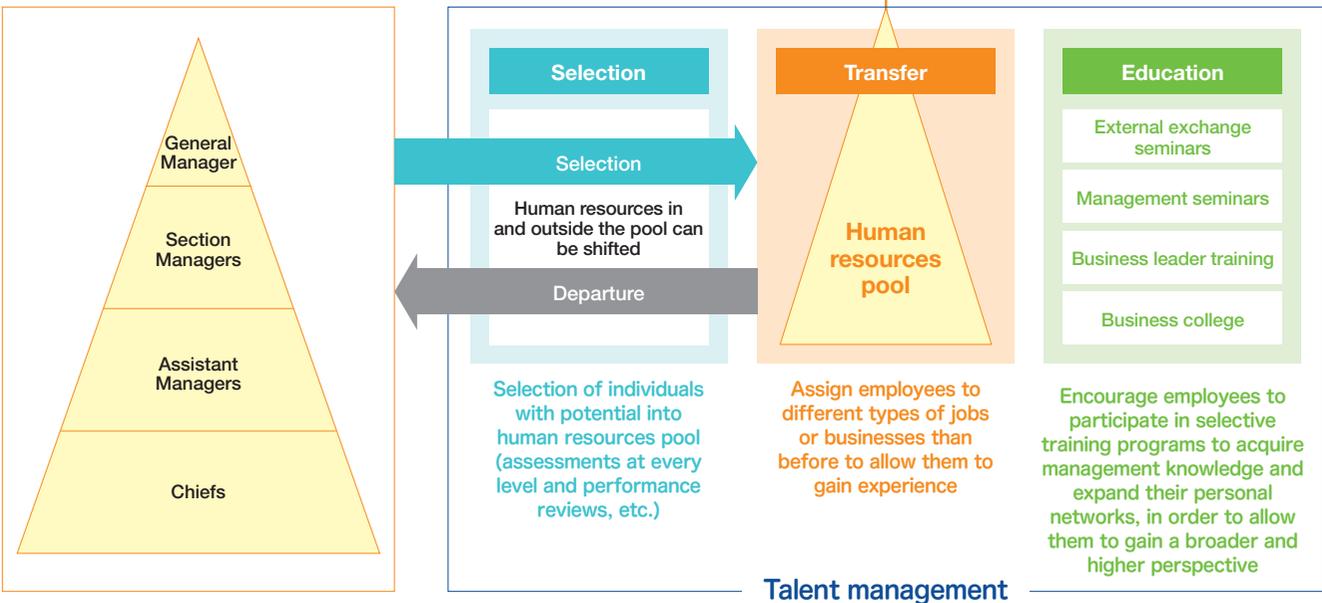
Characters Required for Executives” which are Integrity, Devotion, Deliberation, Endeavor and Empathy, and makes it clear the index for the assessment and development.

Developing Next-Generation Executives

The Group implements next-generation executive plans 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.

	Item	Initiatives by the NH Foods Group
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 five requirements for the “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"> • Revisions to the guidelines for the Executive Appointments Committee • Formulation for a corporate officer candidate selection and deselection scheme
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 • Conduct a 360-degree evaluation for internal corporate officers
Phase 4	Evaluation of the results of development, and reassessment and reevaluation of related measures	<ul style="list-style-type: none"> • Implementation of the PDCA cycle in the annual scheme

Manage selection opportunities and determine selection into/ departure from human resources pool



Auditing system

Internal Audits and Audits by Audit & Supervisory Board Members

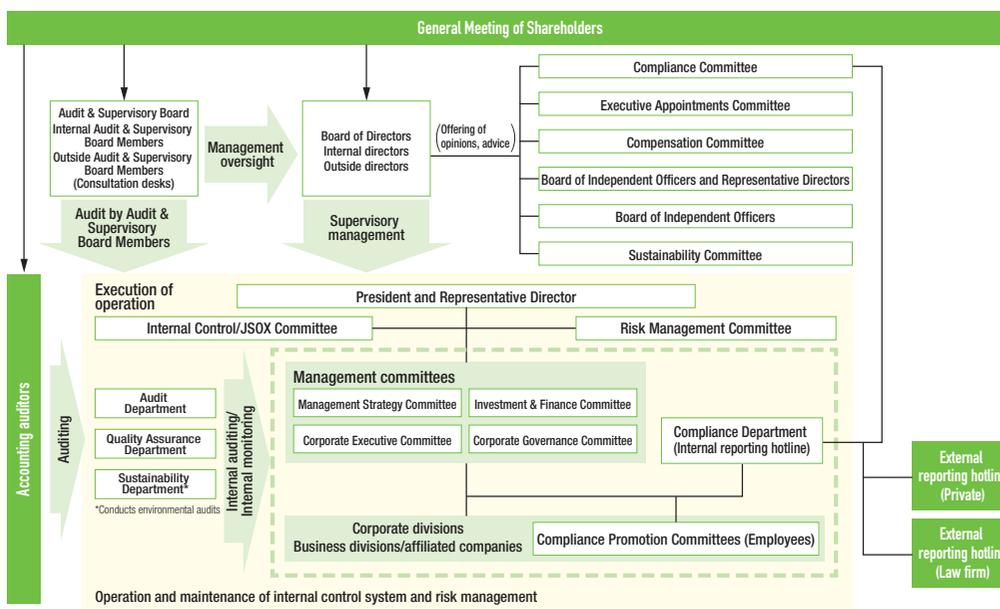
Internal audits (assigned by 19 auditing staff in the Audit Department) are carried out with audit & supervisory board members and accounting auditors. Such audits are conducted at plants, business offices, and other facilities, as well as at both domestic and overseas subsidiaries to evaluate their accounts and business operations. The results of internal audits are reported to the Board of Directors, and are carefully considered to ensure both thorough compliance and improvement of business operations.

Accounting auditors hold discussions with the Audit Department and obtain the status of internal audits to evaluate the effectiveness of internal controls. They also exchange information concerning audit results to increase the efficiency of audits.

With regard to audits by audit & supervisory board members (five appointed members), these members attend meetings of the Board of Directors, Management Strategy Committee, boards,

and committees in order to check business execution by directors. Audit & supervisory board members also exchange opinions and proposals with the President and Representative Director, and exchange opinions with outside directors on a quarterly basis. In order to hear the status of business execution, in addition to the full-time audit & supervisory board members, in principle, at least one outside audit & supervisory board member interviews directors twice per year, and executive officers and the heads of major departments and divisions once per year, in order to confirm the status of matters such as business execution, governance and compliance initiatives, workstyle reform, and human resources development. With regard to audits of domestic and overseas Group companies, visiting audits are conducted annually at key business sites selected based on an audit plan formulated at the beginning of each fiscal year, and biannually at other sites as a

general rule. During these audits, interviews are held regarding matters such as the progress of business execution, response to material risks, compliance initiatives, status of workstyle reform, and requests. Audit & supervisory board members exchange information once per month with the accounting auditor and the internal audit departments, and attend audits by the internal audit departments and audits by the accounting auditor (including the year-end inventory audit), as matters for confirmation.



Accounting 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
Kenichi Takai	Deloitte Touche Tohmatsu LLC
Shunsuke Matsumoto	Deloitte Touche Tohmatsu LLC

Notes: 1. Assistants who helped with accounting audits included 25 CPAs, 17 CPA-certified individuals, and 54 other individuals.
2. As the number of consecutive years that audits have been performed does not exceed seven years, this information is not stated.

Internal Control

The NH Foods Group is committed to strengthening internal controls at its offices and at Group companies, in recognition of the importance of not only the management framework, but also cumulative efforts in the workplace to fulfill responsibilities to all stakeholders and enhance the effectiveness of compliance and risk management.

Compliance promotion framework

The NH Foods Group has reinforced compliance by ① **formulating a compliance management policy**, ② **conducting awareness-raising activities** to ensure that employees are aware of these policies in order to implement them, ③ **monitoring** to confirm proper implementation, and ④ **modifying and improving** as necessary. By repeating this cycle, we endeavor to enhance and reinforce compliance management.

Compliance Committee

Chaired by the President of NH Foods Ltd., the Compliance Committee comprehensively evaluates issues such as verification of compliance status, development of a compliance promotion framework, and the formulation of compliance policies for the entire NH Foods Group. It also plans measures to promote compliance awareness and proposes them to the Board of Directors and other management committees.

Compliance Promotion Committees

The Compliance Promotion Committees, which have been established within individual Group companies and business divisions, discuss compliance and proactively develop compliance awareness activities.

Compliance Leader Conference

The Compliance Leader Conference comprises representatives of the Compliance Promotion Committees and plans specific activities for ensuring compliance awareness for the entire NH Foods Group. In FY2019, we worked to eliminate harassment and improve communication between employees under the theme “We all are partners of each other; let’s create and coordinate workplaces we can be proud of.” In FY2020, we will continue this theme, and hold ongoing discussions to promote independent compliance activities by each company in the Group.



Implemented in April 2019

① Formulating a compliance management policy

We have established the “NH Foods Group Global Action Standards,” which are common worldwide, and, based on this, we have 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 the harassment laws in Japan.



2 Conducting awareness-raising activities

Compliance training

We are working to instill the importance of compliance by holding compliance-training seminars for each level of the organization to disseminate knowledge and generate Group discussions based on case studies.

FY2019
Compliance Training
Number of attendees **1,026**
Number of attendees ranked manager and higher **795**

Compliance competition

The competition fosters compliance awareness, in order to create a workplace to be proud of. It is attended by all employees of Group companies and business sites.

FY2019
Compliance Competition
Number of attendees **17,460**

Office study groups

Offices convene study groups individually or with nearby business units to explore material presented on video or in case studies regarding harassment prevention and vitalizing workplace communication.



Implemented in August 2019

Corruption Prevention

To prevent bribery, we have established the “NH Foods Group Action Standards (Japanese version)” for Group companies in Japan, and the “NH Foods Group Overseas Governance Policy” for Group companies overseas. We prohibit entertainment and gifts to public officials for the purpose of unjust profit, either directly or indirectly through agents or the like, and ensure awareness of the standards through such means as training and visits to business sites in Japan and internationally.

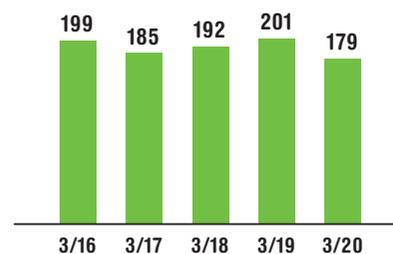
3 Monitoring

Consultation desks

We set up a desk in-house and two outside, which all Group employees can freely access in order to report complaints, blow the whistle, or seek advice about workplace issues.

In addition to the consultation desks above, we established the Auditor Consultation Desk for reporting Directors in January 2018 in order to encourage reporting of illegal and illicit activities by Group officers.

NUMBER OF CONSULTATIONS RECEIVED



Regular communication with employees at 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.

Risk management

Basic Policy

We position risk management as a key management issue for the future growth of the Group. Through the practice of risk management, we endeavor to live up to the trust of our stakeholders and enhance our corporate value.

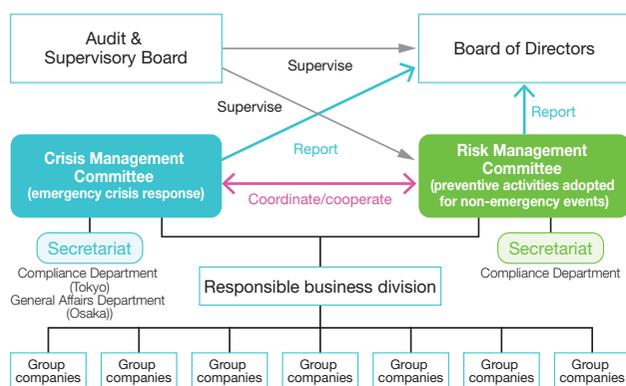
Risk Management Activities

Risk management of the Group is founded on two pillars: “preventive activities adopted for non-emergency events (material risk prevention activities)” and “emergency crisis response (the Crisis Management Committee).” In the preventive activities adopted for non-emergency events, risks identified based on internal and external information are categorized into 13 broad categories, ranging from those attributable to internal factors to those attributable to external factors. Although diseases and infections were identified as risks, we did not anticipate a pandemic such as COVID-19 that has spread on a large scale in 2020. For this reason, in response to the COVID-19 outbreak, we established the Crisis Management Committee for emergency crisis response, and measures were implemented in coordination with management.

Going forward, we will continue to review risk identification, identify risks including measures in response to infectious diseases such as pandemics, and analyze the causes of these risks, preventive measures, and scenarios for responding to an outbreak.

Risk Management System

The Compliance Department has comprehensively managed the risks within the NH Foods Group. Through close cooperation with the relevant departments, the Compliance Department—acting in



line with risk management guidelines—has put systems in place for conveying information promptly and accurately and for establishing a quick response in the event that any of the anticipated risks should materialize. The Risk Management Committee is responsible for discussing and deciding on issues and countermeasures pertaining to the promotion of risk management throughout the Group.

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. By adding the occurrence of pandemics to the current disaster prevention and BCP manuals, we will establish a system that will enable us to maintain our food supply chain even in the event of a crisis.

Information Security Measures

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

In addition to security measures for networks and devices such as PCs, we enhance information security by conducting information security education for Group employees on a regular basis.

Due to the impact of COVID-19, more people are working from home. We will continue to strengthen our networks and security in response to this changing environment.

Board Members and Executive Officers (As of June 25, 2020)

Directors



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.



Tetsuhiro Kito

Representative Director
(Senior Managing Executive Officer)
General Manager of Fresh Meats Business Division

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 led 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 in April 2020.



Sadanori Miyagai

Director (Managing Executive Officer)
In charge of Quality Assurance Department,
Customer Service Department, Sustainability
Department and Lifestyle Research Office;
General Manager of Tokyo Branch Office

Mr. Sadanori Miyagai joined the Company in 1982. He is responsible for corporate planning and corporate management, and administration of the Fresh Meats Business Division. He took office as Director in June 2019.

Outside Directors



Yasuko Kono

Outside Director

Ms. Yasuko Kono took office as Outside Director in 2018. She has extensive knowledge and experience concerning consumer issues.

Audit & Supervisory Board Members/Outside Audit & Supervisory Board Members



Koichi Nishihara

Audit & Supervisory Board Member

Mr. Koichi Nishihara joined the Company in 1975. In 2015, he took office as Audit & Supervisory Board Member, and contributes to the enhanced effectiveness of audits by the Audit & Supervisory Board as a whole, including providing appropriate suggestions based on on-site physical inspections.



Nobuyuki Tazawa

Audit & Supervisory Board Member

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.



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.



Nobuhisa Ikawa

Representative Director
(Senior Managing Executive Officer)
General Manager of Processed Foods Business Division

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 Senior Managing Executive Officer, and General Manager of the Processed Foods Business Division in April 2020.



Fumio Maeda

Director (Managing Executive Officer)
General Manager of Corporate Planning Division;
in charge of Research & Development Center

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 General Manager of the Corporate Planning Division in April 2020, and Director and Managing Executive Officer in June same year.



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 until FY2018, and has professional knowledge as a certified public accountant.



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 and deep insight in global-scale corporate management.



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.



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 in a major securities company, and possesses professional knowledge and abundant experience in food companies in general.

Executive Officers

Managing Executive Officers

Keiji Maeda	General Manager of Sales Management Division, Processed Foods Business Division
Nobuo Oda	General Manager of Overseas Business Division
Hitoshi Yao	In charge of Compliance Department and Audit Department

Executive Officers

Masahito Kataoka	In charge of Accounting & Finance Department and Public & Investor Relations Department
Hideki Fujii	General Manager of Operations Management Division, Overseas Business Division
Tadaaki Ito	General Manager of Administrative Division, Quality Assurance Office, Overseas Business Division
Kuniharu Hirai	General Manager of Administrative Division, Processed Foods Business Division
Takao Seki	General Manager of Sales & Logistics Operations Division, Fresh Meats Business Division
Hiroyuki Tsukuda	General Manager of Administrative Division, Fresh Meats Business Division
Shuichi Toda	General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division
Toshiyuki Hagino	General Manager of Sports Community Department
Kohei Akiyama	In charge of Human Resources Department, Legal Affairs Department, General Affairs Department and Secretarial Office
Kazuhiro Mikuni	General Manager of Dairy & Marine Products Division, Processed Foods Business Division
Hideki Egi	General Manager of Product Management Division, Processed Foods Business Division
Shuichi Narumi	General Manager of Domestic Fresh Meats Sales Division, Fresh Meats Business Division
Hirohide Fujiwara	General Manager of Corporate Planning Department, Corporate Planning Division
Akio Wakita	General Manager of Domestic Fresh Meats Production Division, Fresh Meats Business Division

Note: See our website for bios, positions, responsibilities, and important concurrent positions in our Notice of the 75th Ordinary General Meeting of Shareholders

WEB

NH Foods Notice of the 75th Ordinary General Meeting of Shareholders
<https://www.nipponham.co.jp/eng/ir/events/generalmeeting/>

Main Companies of the Group

(As of April 1, 2020)

Production and Breeding

- Nippon White Farm Co., Ltd. (Japan)
- Interfarm Co., Ltd. (Japan)
- Niiburo, Co., Ltd. (Japan)
- Whyalla Beef Pty. Ltd. (Australia)

Packing and Processing of Fresh Meats

- Nippon Food Packer, Inc. (Japan)
- Nippon Food Packer Kagoshima, Inc. (Japan)
- Nippon Food Packer Shikoku, Inc. (Japan)
- Nippon Food Packer Tsugaru Co., Ltd. (Japan)
- Usune Co., Ltd. (Japan)
- Miyazaki Beef Center Co., Ltd. (Japan)
- Nippon Pure Food, Inc. (Japan)
- Oakey Beef Exports Pty. Ltd. (Australia)
- Wingham Beef Exports Pty. Ltd. (Australia)
- Thomas Borthwick & Sons (Australia) Pty. Ltd. (Australia)
- Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi (Turkey)
- Breeders & Packers Uruguay S.A. (Uruguay)

Sales of Fresh Meats

- Higashi Nippon Food, Inc. (Japan)
- Kanto Nippon Food, Inc. (Japan)
- Naka Nippon Food, Inc. (Japan)
- Nishi Nippon Food, Inc. (Japan)
- NHJF Corporation (Japan)
- Minami Nippon Fresh Food, Ltd. (Japan)
- NH Foods Australia Pty. Ltd. (Australia)
- Beef Producers Australia Pty. Ltd. (Australia)
- Day-Lee Foods, Inc. (USA)
- Nippo Food (Shanghai) Co., Ltd. (China)

Production and Sales of Hams and Sausages

- Nipponham Factory Ltd. (Japan)
- Nipponham Hokkaido Factory Ltd. (Japan)
- Nipponham Northeast Ltd. (Japan)
- Kyodo Foods Co., Ltd. (Japan)
- Japan Assorted Business Services Co., Ltd. (Japan)
- Nipponham Southwest Ltd. (Japan)
- Hakodate Carl Raymon Co., Ltd. (Japan)
- Kamakura Ham Tomioka Co., Ltd. (Japan)
- NH Foods Vietnam Joint Stock Company (Vietnam)
- Redondo's, LLC (USA)

Production of Processed Foods

- Nipponham Processed Foods Ltd. (Japan)
- Nipponham Delicatessen Ltd. (Japan)
- Premium Kitchen Co., Ltd. (Japan)
- NH Foods Mexicana S.A. DE C.V. (Mexico)
- Shandong Rilong Foodstuffs Co., Ltd. (China)
- Thai Nippon Foods Co., Ltd. (Thailand)
- Thai Nippon Vegetable Co., Ltd. (Thailand)
- NHF Manufacturing (Malaysia) Sdn. Bhd. (Malaysia)
- NH Foods Diamond Indonesia, Ltd. (Indonesia)

Sales of Hams and Sausages, and Processed Foods

- NH Foods Marketing, Ltd. (Japan)
- Nipponham Customer Communications Ltd. (Japan)

Production and Sales of Processed Marine Products

- Marine Foods Corporation (Japan)
- Hoko Co., Ltd. (Japan)
- Uwakai Marinefarm Co., Ltd. (Japan)
- Kushiro Marusui Co., Ltd. (Japan)

Production and Sales of Fermented Milk, Lactic Acid Probiotic Beverages, and Dairy Products (Cheese)

- Nippon Luna, Inc. (Japan)
- Hoko Co., Ltd. (ROLF Division) (Japan)

Production and Sales of Extract Seasonings

- Nippon Pure Food, Inc. (Japan)
- Pure Food Asia, Inc. (Taiwan)

Production and Sales of Freeze-Dried and Frozen Foods

- Nipponham Frozen Foods Ltd. (Japan)
- Hoko Co., Ltd. (Japan)

Professional Sports

- Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd. (Japan)
- Fighters Sports & Entertainment Co., Ltd. (Japan)

IT, Services, and Other Businesses

- Nipponham System Solutions Ltd. (Japan)
- Nipponham Business Associe Ltd. (Japan)
- Nipponham Career Consulting Ltd. (Japan)
- Nipponham Designing Ltd. (Japan)

Logistics and Trading

- Nippon Logistics Group, Inc. (Japan)
- Nippon Chilled Logistics, Inc. (Japan)
- Nippon Logistics Center, Inc. (Japan)
- Nippon Daily Net Co., Ltd. (Japan)
- Nippon Route Service Co., Ltd. (Japan)
- Japan Food Corporation (Japan)
- NH Foods Chile Y Compania Limitada (Chile)
- NH Foods Singapore Pte. Ltd. (Singapore)
- NH Foods (Thailand) Ltd. (Thailand)
- Thai Nippon Cold Storage Co., Ltd. (Thailand)
- NH Foods Taiwan Ltd. (Taiwan)
- NH Foods U.K. Ltd. (The United Kingdom)

- NH Foods Ltd. (Japan)

Corporate Data, Stock Information

(As of April 1, 2020)

CORPORATE DATA

Corporate name	NH Foods Ltd.
Established	May 30, 1949
Capital	¥36,294 million
President	Yoshihide Hata
Employees (As of March 31, 2020)	30,130 (consolidated) 2,158 (non-consolidated) (including the average number of temporary employees)
Main businesses	<ul style="list-style-type: none"> • Manufacture and sale of processed meats (hams and sausages, etc.) and cooked foods (retort-packed food, pre-prepared foods, etc.) • Breeding of livestock, and processing and sale of fresh meats • Production and sale of marine and dairy products
Head office	BREEZE TOWER, 4-9, Umeda 2-chome, Kita-ku, Osaka 530-0001, Japan
Telephone	+81-6-7525-3026

SHARE DATA (As of March 31, 2020)

Authorized shares	285,000,000
Issued and outstanding	102,958,904
Shareholders	26,671

● Major Shareholders (Leading 10 by Shareholding)

Name of Shareholders	Thousands of Shares
The Master Trust Bank of Japan, Ltd. (Trust account)	15,024
Japan Trustee Services Bank, Ltd. (Trust account)	7,536
The Hyakujushi Bank, Ltd.	3,768
Meiji Yasuda Life Insurance Company	3,677
The Norinchukin Bank	2,963
Nippon Life Insurance Company	2,785
MUFG Bank, Ltd.	2,747
Sumitomo Mitsui Banking Corporation	2,325
JP MORGAN CHASE BANK 385151	1,738
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	1,654

Note: In addition to the list above, NH Foods Ltd. holds 39 thousand shares of common stock.

● Shareholders by Category

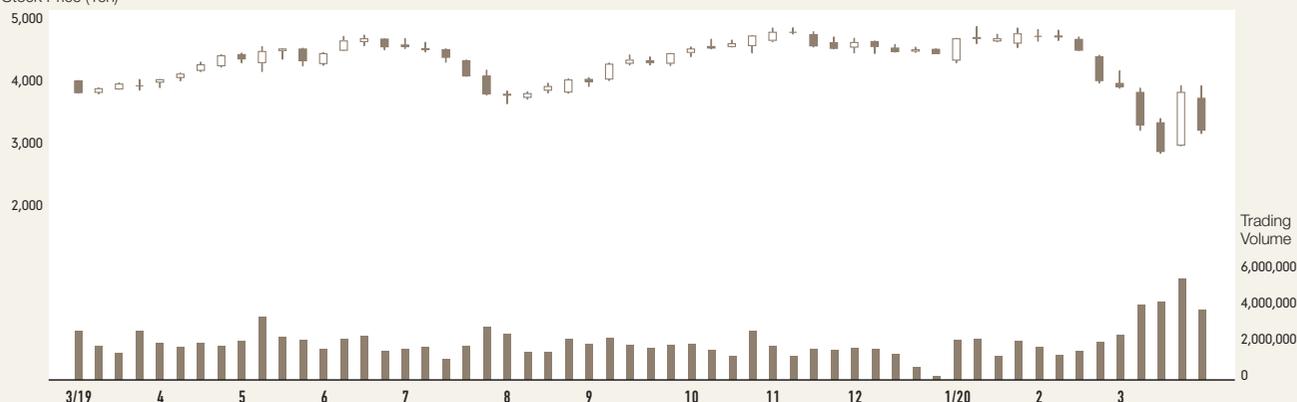
	Thousands of Shares	Shareholders
Financial institutions	59,401	86
Foreign investors	23,111	552
Individual/Other	13,822	25,622
Treasury stock	39	1
Other companies	3,317	372
Securities firms	3,266	38

● Shareholders by Holding

	Thousands of Shares	Shareholders
Less than 100	42	1,398
100 – Less than 1,000	7,308	21,900
1,000 – Less than 10,000	5,620	3,031
10,000 – Less than 100,000	7,694	256
100,000 – Less than 500,000	10,190	45
500,000 or more	72,102	41

STOCK PRICE TREND

Stock Price (Yen)





<https://www.nipponham.co.jp/eng/>

