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Basic views on sustainability and promotion framework

Basic views

In March 2021, the NH Foods Group formulated Vision 2030—Unleash new potentials for protein— as a milestone in efforts to achieve its corporate philosophy.

This is a vision of where we want to be in 2030. In addition to our existing values of safety and reliability and deliciousness, it represents our desire to expand the possibilities of protein by thinking outside the box to create a variety of food scenes that respond to changes in the social environment and people’s lifestyles and to continue

to support happy daily eating.

On the occasion of the formulation of this vision, we reviewed the previous Five CSR Material Issues and re-identified the Five Materialities (key issues) as the social issues to be solved on a priority basis toward the realization of Vision2030.

The Group aims to achieve these Five Materialities to realize a sustainable society.

Sustainability promotion system

We have established a Sustainability Committee with the chairperson of the Board of Directors of NH Foods Ltd. serving as chair. In principle, the committee meets at least once every quarter in order to hear the opinions of external experts and outside directors who have expertise in ESG matters and to carry out activities such as formulating sustainability policies and strategies, and checking the progress being made by each Group company. The details of these discussions are reported to the Board of Directors, which makes decisions if necessary.

The ES (Environment/Social) Subcommittee and TCFD Task Council operate under the committee and comprises the director in charge of sustainability and the heads of major departments and divisions. It has been tasked with formulating specific strategies that correspond to discussions by the committee and developing measures to be carried out by business divisions.

Activities by Organization

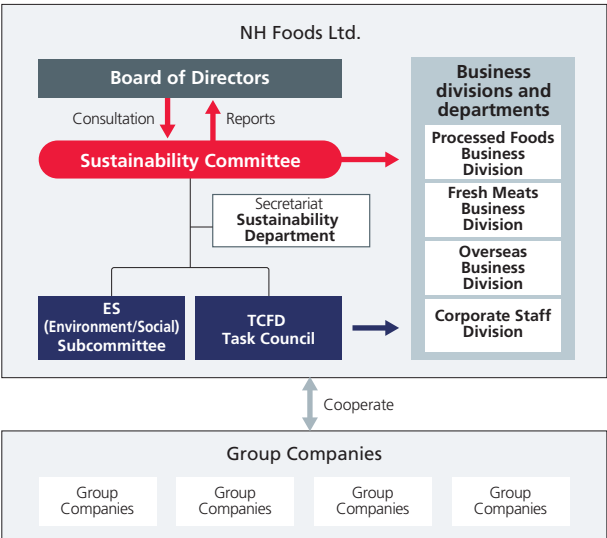
Organization entity	Role	Organization	Frequency of meetings
Sustainability Committee	Formulation of the Group’s sustainability policy and consideration of strategy	• Directors • Outside directors • General managers of business divisions • Audit & Supervisory Board members / outside experts	4 times / year
ES (Environment / Social) Subcommittee	Incorporation of strategies determined by the Board of Directors into business units and formulation of measures and indicators concerning key issues	• Director in charge of sustainability • Heads of departments and sections	4 times / year
TCFD Task Council	Evaluation of the risks and opportunities related to climate and formulation of scenarios	• Director in charge of sustainability • Director in charge of management of each business division • Heads of departments and sections and relevant personnel	2 times / year

Composition of the Sustainability Committee As of June 2023

Position	Name	Role
Chairperson and Director	Tetsuhiro Kito	Committee chairperson
President and Representative Director (President and CEO)	Nobuhisa Ikawa	Committee member
Director and Managing Executive Officer	Fumio Maeda	Committee member
Director and Managing Executive Officer	Masahito Kataoka	Committee member
Director and Managing Executive Officer	Kohei Akiyama	Committee member
Director (Outside)	Yasuko Kono*	Committee member
Director (Outside)	Hideo Arase*	Committee member
Director (Outside)	Tokushi Yamasaki*	Committee member
Managing Executive Officer	Nobuo Oda	Committee member
Managing Executive Officer	Yukihiro Matsumoto	Committee member
Executive Officer	Hirohide Fujiwara	Committee member
Audit & Supervisory Board Member (Outside)	Shigeru Nishiyama*	Observer
Outside expert’s Position, Name of the company	Name	Role
External Director, Kurita Water Industries Ltd.	Keiko Tanaka	Committee member
General Manager, CSR & Global Environment Center, Daikin Industries, Ltd.	Satoru Fujimoto	Committee member
Satoshi Okazaki Certified Public Accountant Office	Satoshi Okazaki	Committee member
Part time lecturer, Department of Preventive Medicine and Public Health, School of Medicine, Keio University	Itsuko Horiguchi	Committee member

* Independent officers

Sustainability promotion framework



Focus 1: Human resource strategy

Focus 1

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

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

Kohei Akiyama

Director and Executive Officer in charge of the Human Resources Department, Legal Affairs Department, Public & Investor Relations Department, and Secretarial Office



Overview of our human resource strategy

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

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

order to further transform the Group.

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

Details of personal growth initiatives and current progress

— Please tell us about the personal growth initiatives.

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

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

Overview of our human resource strategy



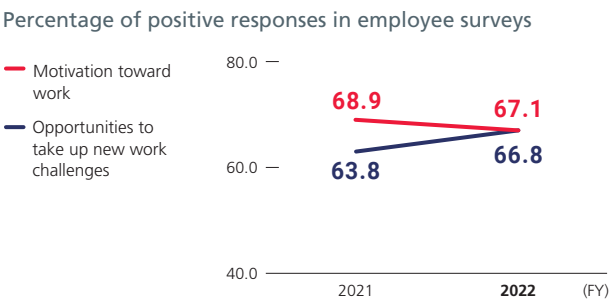
However, there are many different paths to self-realization, so we also want to help employees to take on their own individual challenges and respond to their motivation to actively learn the skills they need to achieve their goals.

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

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

— Are you introducing employee surveys?

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



Focus 1: Human resource strategy

Details of organizational growth initiatives and current progress

— Please tell us about the organizational growth initiatives.

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

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

Defining optimal human resources

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

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

Details of DE&I initiatives and current progress

— Please tell us about the DE&I initiatives.

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

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

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

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

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

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

to participate in training during childcare leave.

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

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

Relationship to the materialities

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

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

However, once we had clarified our goal of maximizing

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

Overview of initiatives on key priorities



KPIs

— Please tell us about human resource-related KPIs.

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

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

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

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

Employee development and respect for diversity

Improving employee engagement

NH Foods Ltd. implements an Employee Self-Realization System in which employees discuss their careers with their supervisor once a year. Alongside this, it also carries out an employee engagement survey. The Company carries out these surveys as part of efforts to improve employee engagement and to create value and innovation by grasping how well various measures are taking root within the Company and then using the results to revise and improve their content.

Creating a positive work culture

NH Foods Ltd. is implementing various initiatives that aim to foster a culture in which employees receive a real experience of challenge and growth.

In 2021 it started an awards system the recognizes individual employees who contribute to the realization of Vision2030—Unleashing new potentials for protein. This initiative not only raises the motivation of award winners, but also contributes to fostering a drive to take on challenges across entire workplaces as successful examples are shared on a company-wide basis. In addition to this company-wide awards system, the company is also enhancing initiatives such as an awards system for business divisions and departments with the goal of creating an organizational culture in which employees can independently take on challenges within a framework that ensures their efforts are evaluated appropriately.

Supporting career self-direction

NH Foods Ltd. holds career planning seminars for employees in the fiscal year before they turn 30, 40, 50, and 55 so that they can review their career path so far and consider and adjust their future career plans.

In fiscal 2022, it also introduced the following two career support channels on a trial basis.

- Consultations with an external career consultant
Target: Employees who have turned 54
- Consultations with an inhouse career consultant
Target: Employees who have been with the company for two or three years

Trials of both initiatives have been completed and plans are in place to enhance their functions.

In fiscal 2023, the company started providing support for reskilling by introducing subscription-based e-learning, which enables employees to choose freely from a range of educational courses. It believes that enabling employees to take control of their careers and acquire skills that will help them make an impact within the company will lead to not only individual growth, but also organizational growth.

Strengthening management capabilities

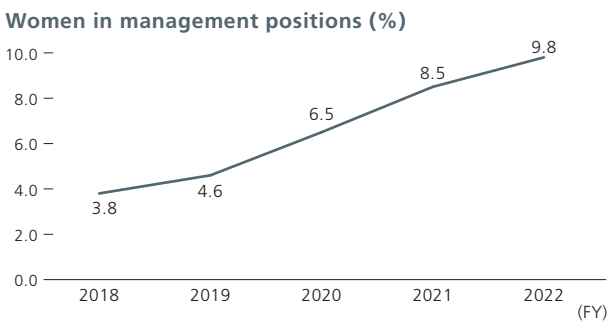
We have replaced former performance evaluations with interviews with employees that facilitate self-directed career formation, with the aim of strengthening management capabilities. Implementation included updating interview manuals and raising awareness of the importance of these interviews to career building.

In fiscal 2023, we enhanced the content of assessor training for employees in management positions. In addition to this, we are carrying out initiatives that support self-directed career formation by employees, including incorporating programs into training that provide managers with the ability to adapt flexibly to change.

Career development for women

NH Foods Ltd. is working toward achieving the target of a percentage of women in management positions of 20% or higher by fiscal 2030 by expanding its pool of candidates for management and supervisory positions. In fiscal 2022, it strengthened interviews with employees eligible for childcare leave both before and after taking the leave to avoid employees leaving or having their careers derailed due to childcare.

Going forward it will further expand the pool of female talent by tackling issues faced on a departmental level and planning and implementing training and other initiatives for developing the skills of female employees.



* NH Foods Ltd.
* Data regarding the percentage of women in management positions at each Group company is the same as in the Group's Annual Securities Report.

Supporting work-life balance

NH Foods Ltd. is enhancing various systems that can help employees achieve a work-life balance.

In fiscal 2022, it helped support the balancing of work and childcare by establishing 20 days of special leave that can be used by employees taking paternity or childcare leave, five days of which must be taken consecutively, with the aim of raising the percentage of male employees taking childcare leave to 100%.

It also revised its flextime system for child and nursing care to enable employees to adopt workstyles that fit their life situation, including pregnancy, childcare, and nursing care, and these systems are now being used more effectively. Going forward, it will work to enable employees to realize workstyles adapted to the circumstances of each individual, including measures for supporting the balancing of work and healthcare.

Closing the gender pay gap

At NH Foods Ltd., although there is no difference in wages at the time of recruitment, employees who have been with the company for many consecutive years tend to have higher salaries, and a high proportion of these are men. At the same time a high proportion of associate workers, which includes locally employed employees and temp staff, are women. This has resulted in a gender wage gap and the figures for fiscal 2022 are shown below.

Please note that figures in the statutory disclosure items section of the table below have been calculated based on the Act on the Promotion of Women's Active Engagement in Professional Life, and the figure for "all employees*¹" includes both career employees and contract employees working full-time hours on an unlimited-term contract. Therefore, in order to provide a picture that more clearly represents the situation at the company, we also calculated figures for the wages of career employees only (as well as a breakdown of managers and general employees) as voluntary disclosure items. For career employees, there are no discrepancies in the wages of employees in the same position, so the gap is due to factors such as the proportion of employees by rank, the proportion that are locally employed, number of consecutive years worked, and number of working hours.

Difference between the wages of male and female employees*²

Item		FY2022 (%)
Statutory disclosure items	All employees* ¹	58.0
	Full-time employees* ³	61.0
	Temp employees* ⁴	75.2
Voluntary disclosure items	Career employees	68.1
	Managers	91.7
	General employees	76.3

*¹ All employees: Employees and temp employees
*² Gender pay gap refers to the percentage difference between the wages of male and female employees calculated based on the Act on the Promotion of Women's Active Engagement in Professional Life
*³ Full-time employees: Career employees and contract employees working full-time hours on an unlimited-term contract
*⁴ Temp employees: Part-time employees and non-career employees on a fixed-term contract. Excludes dispatch employees.

Going forward, we will work to close the wage gap between male and female employees by introducing workstyles that fit different life stages, increasing the percentage of women in management positions, and strengthening career development support for women.

Promoting health management

We are promoting health management under the Health and Safety Declaration made by top management.

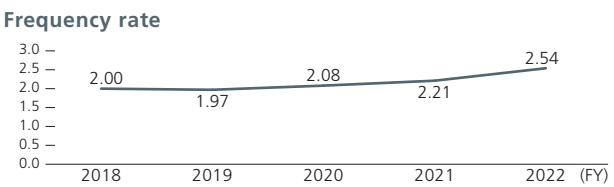
For example, NH Foods Ltd. is working to help employees avoid lifestyle-related diseases and prevent mental unwellness through initiatives such as enhancing health guidance by occupational health professionals and using stress checks to improve workplace environments. It is also focused on raising employee health literacy in order to increase the effects of these initiatives and in fiscal 2022, it started distributing a health-focused e-mail newsletter and providing e-learning (self-care and line-care). Going forward, we will strive to improve employee health literacy by providing more opportunities for dialogue between employees and occupational health professionals and using health data to develop effective health support initiatives.

Strengthening occupational safety

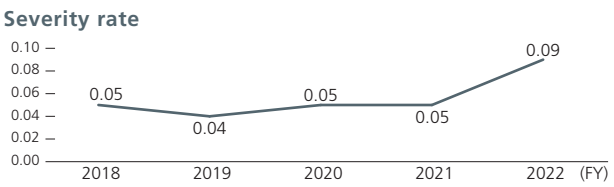
We operate an occupational health and management system centered around our manufacturing plants. We strive to build and maintain safe, employee-friendly work environments by implementing PDCA cycles, which helps prevent workplace accidents.

We also use a database to record information such as the causes of accidents that occur and subsequent measures taken. This is shared Group-wide in a timely manner to prevent similar accidents from occurring.

Going forward, we will focus on further enhancing the knowledge and awareness of our safety officers through study sessions and the introduction of sensory education using technologies such as VR.



*NH Foods Group average



*NH Foods Group average

Respecting human rights

Formulating the NH Foods Group Human Rights Policy

The NH Foods Group believes that our people are our most important asset and we recognize that we have a social responsibility to respect their basic human rights.

In December 2020, we formulated the NH Foods Group Human Rights Policy, which is based on the UN Guiding Principles on Business and Human Rights determined by the UN Human Rights Council, in order to reaffirm and demonstrate to society our approach and commitment to respecting human rights and to meet the expectations placed on us.

We are implementing human rights initiatives that put this policy into action across the Group as we work to be a corporate group that is trusted by wider society.

Practicing human rights due diligence

In order to implement our human rights policy and respect the human rights of all people that are affected by our business activities, we carry out human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights.

Human rights education and training

The NH Foods Group Action Standards (Japan version) stipulates respect for basic human rights and forbids any discriminatory action or behavior on grounds including gender, age, nationality, religion, creed, social status, or disability. We work to spread respect for human rights among all employees, including by ensuring the standards are read periodically at each workplace.

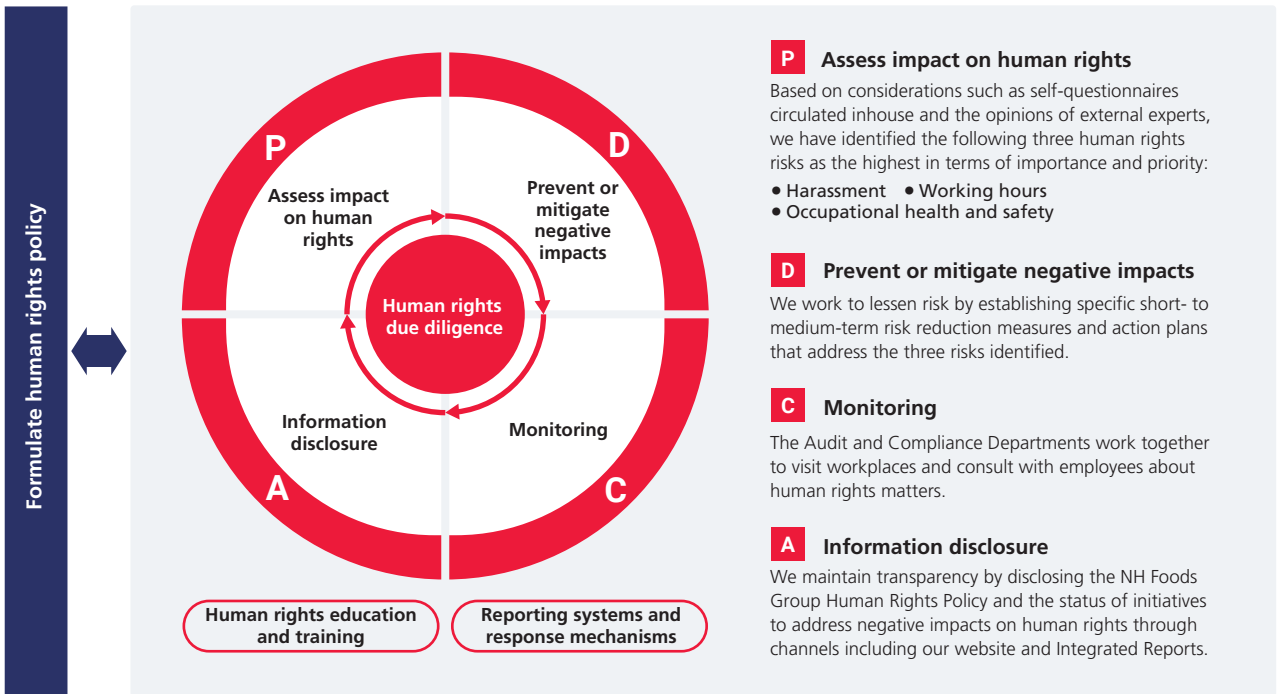
Training at each level, including new employee training and management training, incorporate a Business and Human Rights program that teaches the necessity of fulfilling the corporate responsibility to respect human rights and implementing initiatives to achieve this.

By continuously advancing these kinds of initiatives, we are fostering a corporate culture that ensures human rights violations will not and cannot occur.

Reporting systems and response mechanisms

We have established three channels for reporting human rights-related issues (including sexual harassment and bullying), both internally and externally. Reports can be made anonymously. We also ensure that employees are aware of these channels by placing posters in each workplace and distributing cards to all employees.

Human rights due diligence cycle



Focus 2: Responding to climate change

Focus 2

The NH Foods Group joined the Japan Climate Initiative*1 in 2018, and in June 2020, we endorsed the proposal presented by the Task Force on Climate-related Financial Disclosures*2 (TCFD) and became a member of TCFD Consortium*3.

In May 2022, we disclosed information including the results of scenario analysis and during fiscal 2022 we considered and implemented specific measures to tackle the effects of climate change based on these results. From fiscal 2023 onward, we will reassess risks and opportunities in line with the social environment and we will continue to adapt and disclose information.



*1 Japan Climate Initiative: A network that aims to strengthen the distribution and exchange of information among companies, local governments, NGOs, and others in Japan in order to achieve a low-carbon society. CDP Worldwide-Japan, WWF Japan, and the Renewable Energy Institute serve as the secretariat.

*2 Task Force on Climate-related Financial Disclosures: A task force established in 2015 by the Financial Stability Board (FSB), an international organization in which central banks and financial regulators from major countries participate. In June 2017, the final report released recommendations on voluntary disclosure with the aim of encouraging companies and other organizations to identify and disclose the financial impacts of climate change risks and opportunities.

*3 TCFD Consortium: The consortium was established to discuss measures by companies and financial institutions that endorse the TCFD to effectively disclose information and use disclosed information to make appropriate investment decisions by financial institutions and other entities.

Information Disclosure Based on the TCFD Framework

Governance

We have identified “contributing to a sustainable environment” as one of our materialities. Policies on sustainability and measures regarding climate change, etc., are discussed by the Sustainability Committee. The committee is chaired by the President and Representative Director (from fiscal 2023, by the chairperson of the Board of Directors) and consists of directors, general managers of business divisions, outside directors, and outside experts. The results of discussions held by the Sustainability Committee are then reported to the Board of Directors for deliberation and decision.

The TCFD Task Council was established in fiscal 2021 as a subcommittee of the Sustainability Committee. It is composed of the director in charge of sustainability, officers in charge of overall management at each business

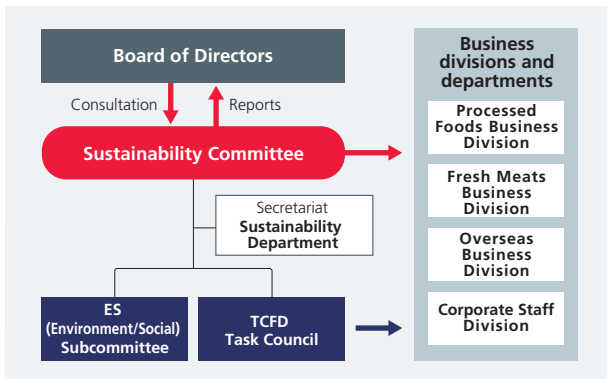
division, the person in charge of the corporate staff unit, and the person in charge of the Research and Development Center. The TCFD Task Council identifies risks and opportunities related to climate change, analyzes scenarios, and examines the effects of business impacts and the status of responses on a company-wide level.

Furthermore, we established the Sustainability Department, which is part of the Corporate Planning Division, as the secretariat for these committees and the director in charge is responsible for overseeing the sustainability field.

Meetings of organizations and main discussion content in fiscal 2022

Timing	Name of meeting body	Main points of discussion
April 2022	TCFD Task Council	Shared ongoing measures, initiatives, and issues from the previous year and confirmed the promotion system
May	TCFD Task Council	Regarding response and adaptation measures, it was decided to limit the increase in production procurement costs and focus on low-carbon and decarbonization measures. It was agreed to hold a separate meeting to discuss specific measures in detail.
July	TCFD Task Council	Shared progress of each measure and potential forms for disclosure
August	TCFD Task Council	Explained the results of analysis of storm surge risks, and confirmed the response and situation for the applicable sites
October	TCFD Task Council	Confirmed progress on measures for feed and livestock growth and reviewed draft disclosure documents (1)
November	Sustainability Committee	Progress report on the status of responses discussed at the TCFD Task Council
January 2023	TCFD Task Council	Confirmed progress on measures and reviewed draft disclosure documents (2)
February	TCFD Task Council	Agreed on a disclosure outline and shared how to proceed with next year's TCFD Task Council

Sustainability promotion framework



Strategy, risk management, indicators and targets, and scenario analysis are being disclosed through the website. This report mainly focuses on fiscal 2022 changes and developments regarding identified risks and progress on handling these.

Risks and opportunities identified based on scenario analysis

Major risks and opportunities attributable to climate change		Impact/ Prospect	Measures
Physical risks	1 Increase and instability in feed costs	Large	<ul style="list-style-type: none">Improving feed conversion ratioImproving feed with in-house formulations and by strengthening cooperation with feed companiesConsidering new procurement of meat from low-risk areas
	2 Effect of rising temperatures on livestock growth	Medium	
	3 Higher risk of disasters at sites	Small	
	4 Greater water stress at sites	Small	
Transition risks	5 Rising energy costs from the introduction of a carbon tax	Large	<ul style="list-style-type: none">Efficient energy use and fuel conversion in processing and manufacturing processesExpanding use of renewable energyReducing logistics emissions by converting to low-emission vehicles and improving logistics efficiency
Opportunities	Increase in environmentally conscious consumption		<ul style="list-style-type: none">Developing products with high sustainability valueProduct development using new proteinsResearch and development of new proteins
	6 Growth of the market for new proteins	Large	

Physical risk | 1 Increase and instability in feed costs—status of response

We have already been tackling steep rises in feed costs by improving feed conversion ratios (the amount of feed required per unit of animal weight gain), and we are working to reduce costs through technological development. Going forward, we will continue to enhance feed conversion ratios. Furthermore, we are working together with feed companies on measures to ensure stable feed procurement in times when imported feed grain is in short supply or prices are too high. Specifically, we are testing whether

stable feed procurement can be realized by expanding the use of grains grown in Japan within feeding operations, including jointly developing proprietary feed formulas that use domestic grains such as brown rice. We are also preparing for cost increases and shortages concerning the procurement of livestock meat from outside the Group by building a meat procurement network that can more stably maintain supplies, including by cultivating new suppliers in countries and regions we already procure from.

Physical risk | 2 Effect of rising temperatures on livestock growth—status of response

Of the Group’s farms, domestic pig and poultry farms (Nippon Clean Farm Ltd. and Nippon White Farm Co., Ltd.) and Turkish poultry farms (Ege-Tav) are expected to face

risks due to rising summer temperatures. Therefore, we are developing measures that consider the characteristics of each area in which we have farms.

Results of an investigation into risk related to the effects of rising temperatures on livestock cultivation and status of our response

Region		Status of response
Domestic	Miyazaki Prefecture, Niigata Prefecture	Cooling pads*1 or misting equipment*2 installed in all poultry houses
	Hokkaido	Cooling pads or misting equipment installed in approximately 67% of all poultry houses scheduled for installations
	Tohoku Region	As the use of misting equipment in semi-windowless poultry houses increases humidity and impacts operations, windows are being left open and fans installed as measures against heat
Overseas	Turkey	Cooling pads installed in all poultry houses
	Australia	Sunshades installed to protect cows from direct sunlight and UV rays

*1 Cooling pads: Cooling system that uses moistened pads placed at the outside air intakes to cool the air inside using the heat of vaporization as outside air passes through.
*2 Misting equipment: Equipment that sprays misty water into a poultry house. As this misty water evaporates, the heat of vaporization lowers the air temperature.

Physical risk | 3 Higher risk of disasters at sites—investigation results and status of response

In fiscal 2022, we reinvestigated risk from flooding. We also conducted a new investigation into risk from storm surges. The results and the status of our response are as follows.

Results of investigation into disaster-related risk and status of response

	Region	Number of sites	Number of sites in high-risk areas	Status of response	Risk assessment
Flood risks	Domestic	206	6	<ul style="list-style-type: none">Review of BCP, including the supply structure of major productsConsidering how to deal with water damage coverage, as it may not be adequately covered depending on the site	Minimal
				<ul style="list-style-type: none">Measures such as raising the floor level of equipment have been implemented (3 sites)Measures are in place at an industrial park (1 site)	
	Overseas	20	7	<ul style="list-style-type: none">Local interviews and past disaster situations make the likelihood of occurrence low (3 sites)	Minimal
Storm surge risks	Domestic	206	2	<ul style="list-style-type: none">Review of BCP, including the supply structure of major products	Minimal
	Overseas	20	3	<ul style="list-style-type: none">Same sites as those with high flood risks, minor due to past disaster situation and flood control measures taken (2 sites)Since the locations of the three processing plants in Australia are dispersed, even if some of them are damaged the impact on operations will be minor	Minimal

Physical risk | 4 Greater water stress at sites—status of response

In fiscal 2022, we reinvestigated risks. The results and the status of our response are as follows.

Results of investigation into water stress risk and status of response

	Region	Number of sites	Number of sites in high-risk areas	Status of response	Risk assessment
Water stress	Domestic	206	0	—	Minimal
	Overseas	20	8 (2°C scenario) 9 (4°C scenario)	<ul style="list-style-type: none">Minimal impact from the perspective of the scale of operations (4 sites)Based on the business impact of past water stress and on-site interviews, the risk was judged to be minimal (5 sites)	Minimal

Transition risk | 5 Rising energy costs from the introduction of a carbon tax

In order to reduce fossil fuel-derived CO2 emissions, we are installing energy efficient equipment, including as replacements for aging equipment, and expanding renewable energy use. From fiscal 2023 onward, we are also incorporating the internal carbon pricing (ICP) approach into the installation and renewal of equipment valued above a specific amount.

Regarding efforts to reduce greenhouse gas emissions

from livestock, in the Australian cattle business, we are verifying whether the addition of additives to feed can suppress the fermentation of methane in the digestive tract, as well as its effects on cattle fattening and meat quality. Alongside this, we are collaborating with a university on research into curbing methane emissions. In the domestic pig farming business, we are using biogas energy generated from waste and wastewater treatment.

Solar panel / waste oil boiler installation status

Equipment	Number of sites for installation	CO2 reduction
Solar panels	Operating: 24 sites (6,400 MWh)	2,400 t-CO2
	Operation planned: 5 sites (5,500 MWh)	2,000 t-CO2
Waste oil boilers	6 sites	2,600 t-CO2

Research partners and themes

Partner	Research theme
Hokkaido University	Development of methane emission suppression method in bovine lumen
Osaka University	Study of porous organic salts with specific adsorption ability for methane
Tokushima University	Research on greenhouse gas emissions in pigs

Opportunity | 6 Growth of the market for new proteins—status of response

We are developing and expanding sales of plant-based protein products with the goal of achieving sales of 10 billion yen by fiscal 2030. In addition to fresh meat substitutes, we are also developing seafood-substitutes and in fiscal 2022, we launched deep-fried fish products

for both the restaurant and consumer markets in Japan. Regarding cellular foods (cultured meat) made from a large number of livestock-derived cells, we have successfully cultured cells using food-based culture media instead of costly animal serum.

Contributing to a sustainable environment

Contributing to a sustainable environment

Following the formulation of Vision2030—Unleashing new potentials for protein—and the Five Materialities (key issues), the NH Foods Group has set medium- to long-term targets based on the materiality of “contributing to a sustainable environment.” These targets are to be achieved by 2030. For details regarding fiscal 2022 results and progress regarding these targets, please see the NH Foods Ltd. website.

Medium- to long-term environmental targets

Priority	Indicators: Targets to be achieved by 2030	Results
Responding to climate change	Reduce fossil fuel-derived CO ₂ emissions in Japan by 46% or higher compared to fiscal 2013 (Fiscal 2013: 550,518t-CO ₂ → fiscal 2030: 297,279t-CO₂)	Reduction rate: 18.7%
	Reduce fossil fuel-derived CO ₂ emissions overseas by 24% or higher compared to fiscal 2021 (Fiscal 2021: 143,340t-CO ₂ → fiscal 2030: 108,938t-CO₂)	Reduction rate: 2.0% ^{*1}
	Promote research and technological development to control and reduce greenhouse gases from livestock	Joint research through industrial-academic collaboration
Resource saving and recycling	Reduce waste emissions per production unit in Japan by 5% compared to fiscal 2019 (fiscal 2019: 134.6kg/t → fiscal 2030: 127.9kg/t)	Reduction rate: 7.2%
	Realize a waste recycling rate in Japan of 92% or higher (fiscal 2019: 84.1%)	Recycling rate: 91.9%
	Reduce water consumption per production unit in Japan by 5% compared to fiscal 2019 (fiscal 2019: 15.2m ³ /t → fiscal 2030: 14.4m³/t)	1.3% increase
	Reduce water consumption per production unit in overseas by 5% compared to fiscal 2021 (fiscal 2021: 14.7m ³ /t → fiscal 2030: 14.1m³/t)	3.4% increase
	Identify areas with high water risk around business sites in Japan and overseas, implement risk reduction measures in line with actual conditions in each area, and use water resources sustainably	Carried out continuous monitoring in line with TCFD recommendations
Addressing biodiversity	Use 100% RSPO-certified palm oil (including book & claim)	0% ^{*2}

^{*1} Initiative started in fiscal 2022
^{*2} Activities to reduce usage of uncertified palm oils were carried out

Reducing greenhouse gas emissions

To reduce fossil fuel-derived CO₂ emissions, we are continuing to implement measures such as switching to energy-saving equipment and LED light fittings, introducing CFC-free refrigerators and freezers, installing solar power generation equipment, and adopting waste oil boilers that help reduce consumption of heavy fuel oil and natural gas. In our logistics operations, we are working to further reduce the number of truck deliveries made through initiatives such as integrating Group logistics and carrying out joint deliveries.



The Iseaki Plant of Nippon Pure Food, Inc.



The Shizuoka Factory of Nipponham Factory Ltd.



The Hokkaido Factory of Nipponham Delicatessen Ltd.

Reducing plastic use

We are reducing plastic use within the Group by reviewing the packaging of products while still taking quality into account.

Wiener sausage products

In 2022, we switched the packaging of *SCHAU ESSEN* from a drawstring-style bag to newly developed eco-friendly pillow-type packaging. By removing the “topknot” drawstring section of the previous packaging, we were able to decrease the amount of plastic used by 28% ^{*1}, reducing annual plastic use by 248 tons ^{*2}.

^{*1} Compared to the previous *SCHAU ESSEN* 127g double pack
^{*2} Calculated based on sales data from February 1 to December 10, 2022



In order to further reduce plastic use, we have also changed the packaging for our mainstay sausage products *SCHAU ESSEN*, *Houjun*, *Winnie*®, and *Mori-no-Kaori*. This includes reducing the width of the tape used to attach double packs together for sale from 18mm to 15mm.



Biodiversity initiatives

Rich soil and oceans, and clean air and water that provide the bounty of nature are essential for the business activities of the Group, whose work stems from these resources. In order to pass down rich soil and oceans to the next generation, we are working to prevent environmental pollution and to reduce environmental burden by appropriately managing environmental management systems at each business location as stipulated by the Environmental Policies of the NH Foods Group.

Our environmental preservation activities in Japan include encouraging employees to participate in forest development activities under the Corporate Forest program

The Chuka Meisai series

For some products in the *Chuka Meisai* series, we have removed the tray that was previously placed under the product, reducing the amount of plastic used by 19.3%, which amounts to approximately 111 tons^{*} over a six-month period (compared to previous packaging).

^{*} Calculated based on sales data for four products (*Subuta*, *Happosai*, *Chinjao Rosu*, *Hoikoro*) from October 1, 2022, to March 31, 2023



Chilled drinks

For chilled drink products such as *Vanilla Yogurt Drink*, *Torokeru Lassi Mango*, and *Nyusankin Green Smoothie*, we have switched the material we use to make the straw attached to containers from regular plastic to the more environmentally friendly and biodegradable biomass polyethylene. Biomass polyethylene is made from plant-based oil derived from sugarcane. Sugarcane absorbs CO₂ during photosynthesis which is thought to negate the CO₂ emissions generated when biomass polyethylene is burned.



Sustainability topics

Addressing food diversity and health

Supporting people with allergies and their families

Table for All Food Allergy Care



Table for All Food Allergy Care is a comprehensive food allergy platform established in February 2022. In addition to supplying food allergy information, it also provides a tool that enables users to consult with registered dietitians online and an online community. Products can be purchased directly through the site. Regarding the Group's sales of food allergy-related products, the shipment value in fiscal 2022 was ¥1.16 billion and we aim to raise this to ¥4 billion by fiscal 2030.

involves promoting allergy-friendly products, jointly developing recipes, sharing food allergy information, and raising awareness concerning food allergies, with the goal of contributing to the realization of a society in which everyone can enjoy food together, regardless of whether they have food allergies or not. Since May 2021, it has been creating pamphlets on food allergies and distributing them to elementary schools free of charge. In 2023, the third year of this initiative, it published 100,000 pamphlets and since late April, it has been informing elementary schools in 47 prefectures across Japan of their availability. It also sends instructors to give classroom lessons at elementary schools that request it and in fiscal 2022, online classes on food allergies were held at five schools.



* In no particular order: Otafuku Sauce Co., Ltd., Kenmin Foods Co., Ltd., Nagatanien Co., Ltd., NH Foods Ltd., and House Foods Corp.

Nipponham Foundation for the Future of Food

We established the Nipponham Foundation for the Future of Food in 2015 as a public service project specializing in food allergies. The foundation actively funds research, shares information, and works to raise awareness in the food allergy domain. In 2017 it became a public interest incorporated foundation.

In fiscal 2022, the foundation held a trial tasting of the winning recipe of the foundation's recipe contest with a view to using it at an actual nursery. The tasters were the nursery staff and they assessed the recipe as suitable. Plans are in place to serve it to the children during fiscal 2023.



Project A—A joint initiative tackling food allergies

Project A is a collaborative project among five food manufacturers* who make allergy-friendly products. It

Research into allergen prevention foods

Since 2017, NH Foods Ltd.'s Research & Development Center has been advancing joint research with national research institutions and healthcare facilities into allergen prevention foods. The research aims to ensure that more and more children can avoid the struggle of coping with food allergies and embrace the *Joy of Eating*. Going forward, we will carry out clinical studies with a focus on ensuring both preventative effects and safety.

Walnut allergy test kits

In recent years, the number of immediate-type allergic reactions caused by nuts has increased, and they have overtaken wheat to become the 3rd most common allergy trigger. This is due to a considerable increase* in reactions triggered by walnuts. Walnuts have been added to the list of specified allergens that must be stated on food labelling, so we have developed test kits that can detect walnuts and began selling them in March 2023. We will expand our lineup of test kits going forward.

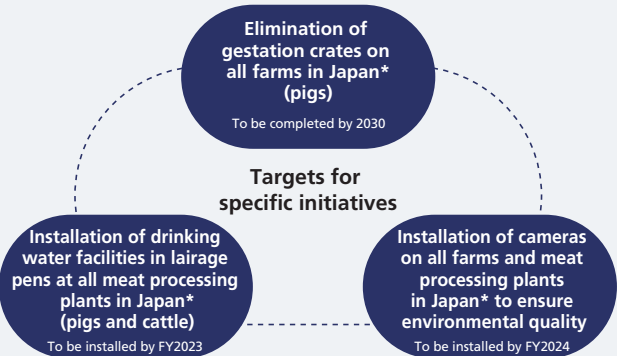


* 2021 Report on the Nationwide Health Impact of Immediate-Type Food Allergies by the Japan Consumer Affairs Agency

Addressing animal welfare

Initiatives under the animal welfare policy

We have formulated the NH Foods Group Animal Welfare Core Values and the NH Foods Group Animal Welfare Code of Conduct and we are working toward three targets, including the elimination of gestation crates for pigs by fiscal 2023 (see diagram below).



* For companies in which the NH Foods Group holds a majority stake



A free-range sow gestation pig house (Nippon Clean Farm Ltd.)

Nippon Clean Farm Ltd., which operates a pig rearing business, is working to reduce the stress of pigs being raised at its Oshamambe Chirai and Oshamambe Ayame Farms in Hokkaido by eliminating gestation crates. Reducing the stress of mother pigs raises productivity. We are also installing cameras at all farms and processing plants with the goal of enhancing the quality of livestock rearing and rearing environments.

Whyalla Beef Pty. Ltd., which operates a cattle business in Australia, is working to realize low-stress rearing environments for cattle at its feedlots. For example, it is installing sunshades to protect the cows from direct sunlight and providing water and feed in a way that takes into account safety and sanitation.

Ege-Tav, our chicken rearing business in Turkey, is paying attention to the rearing space, environmental temperature, and ventilation of its farms.



Sunshades installed to protect cattle from direct sunlight (Whyalla Beef Pty. Ltd., Australia)

Contributing to human resource development

Working toward co-creation through support for the students who will realize the future of food

Supporting ham production that takes animal welfare into account

We have been supporting ham production activities by Tokushima University's Faculty of Bioscience and Bioindustry since 2018. In addition to providing processing equipment, NH Food Ltd. employees responsible for providing technical guidance, including overseas, also share advice on meat processing and quality control. One of the features of the faculty's ham production activities is that the pigs due to be processed are raised on the faculty farm with animal welfare taken into account. The ham is also aged and finished using locally sourced salt and sugar. Until recently, it was distributed through Japan's Furusato Nozei hometown tax scheme, but in April 2023, a venture company was started at the university to handle sales.

Collaborating on product development and promotion planning

As part of our marketing strategy, since 2021, we have been collaborating with Tokyo Communication Arts College, a vocational school in the Jikei Group of Colleges, on a product development project that incorporates a Generation Z perspective. In addition to jointly developing home-use products for Hoko Co., Ltd.'s *Rolf* brand of cheeses, we are also jointly planning a promotion for canned mackerel products. Through this collaboration, we hope to incorporate diverse perspectives while also contributing to the development of young talent.



Focus 3: Governance discussion

Focus 3

The NH Foods Group’s proposals for the future Realizing Vision2030 “unleash new potentials for protein”



Tokushi Yamasaki
Outside Director

Tetsuhiro Kito
Chairperson and Director
Chairperson of the Board of Directors

Hideo Arase
Outside Director

Review of fiscal 2022

Question 1 Please review the past year from your perspectives as outside directors and executives.

Yamasaki • In last year’s integrated report, I raised five management issues to be addressed. Namely, is the Company moving quickly enough toward the realization of its management policies? How are materiality-related initiatives being quantified and linked specifically and logically to the improvement of corporate value? How effectively are human and financial resources being utilized? How is brand value being enhanced? And is risk being managed adequately on a company-wide basis? I feel that the speed of management’s handling of these is still a little slow. In particular, structural reforms, including portfolio revisions that are a key concern for investors and analysts, are a core part of our management direction and I think we need to further raise the speed at which they are being implemented.

Arase • One point I recognized as an issue was the growth strategies for overseas businesses. I previously worked for a medical devices manufacturer. While stationed in Europe, I experience things like discrepancies between the information I was given in Japan and the actual situation on the ground, and a gap in the way things were interpreted by head office and the frontline businesses. In order to build a competitive position in this kind of situation, we had to repeatedly use our wisdom and knowledge to come up with creative solutions. To build such a position within a different cultural environment, you need a process in which you go to the actual location, analyze the situation, take action, and then learn from the results. I think it will still take time to achieve this. If managers cultivate future leaders who possess a mix of idealism, logic, and patience, and who can implement future overseas strategy, then we should continue to grow.

Additionally, ensuring that governance is carried out on a Group-wide basis is extremely important. As the Hokkaido Nippon-Ham Fighters baseball team has a particularly big effect on the Group, I would like to make sure that proper governance is being practiced there, considering the shift to the new structure and opening of the new ballpark.

Yamasaki • Speaking of governance, we have been thoroughly discussing overall risk management and I think the content of these discussions is getting deeper. In the

2022 evaluation of the effectiveness of the Board of Directors, the evaluation of protective governance by both inside and outside officers produced good results, which is a positive development.

Arase • In fiscal 2022, one of our focuses was diversity, equity and inclusion (DE&I). An organization that has diversity produces innovation, which leads to long-term growth and an increase in corporate value. We have repeatedly told the Board of Directors that we want this to stimulate management thinking in terms of mindset and organizational culture and that we expect changes in behavior. Also, I have shared examples from other companies and my own views with the Human Resources Department, which considers diversity initiatives and human resource systems, and appealed to each committee about the importance of DE&I.

The Group decided that its first step toward realizing diversity management is to promote career development for women. We set the percentage of female executives as a KPI and this has been gradually improving, reaching 8.5% in fiscal 2021 and 9.8% in fiscal 2022. It is forecast to surpass the 10% mark during fiscal 2023. We are also encouraging the recruitment of mid-career employees for management positions. As an industry leader, we need to further accelerate these efforts.

Another focus was the evolving and deepening governance. An example of this was in risk management, where we expanded our discussion of cyber security measures to include considerations of how frontline workplaces should respond to a systems failure.

Kito • Looking back over fiscal 2022, there has been a significant change in our expense framework, including costs directly connected to our business such as electricity costs, and the prices of feedstuff, raw materials, and fuel. This has made the business environment harsher than ever before. Within this, we have been promoting ROIC management and although we failed to meet our targets, awareness has been spreading within the Company. This was demonstrated in the way our executive officers pursued the KPIs. I think that improvements in specific KPIs will accelerate management speed.

On the other hand, efforts to optimize our business

Focus 3: Governance discussion

portfolio are still underway, and I think that from a perspective of overall optimization, our portfolio needs to be more deeply tied to our business strategies.

I recognize that progress has been made on the

discussion of risk and that the Board of Directors has matured to a point where it can sufficiently fulfill its functions.

New Leadership Structure

Question 2 Please share your expectations of the new leadership structure.

Arase • Chairperson Kito has a wealth of experience in the Fresh Meats, Processed Foods, and Overseas business divisions, a deep understanding of the Group’s business, and he is very empathetic. President Ikawa has plenty of vitality and a willingness to take on challenges. Therefore, we expect great things from the new leadership structure. First, I would like them to demonstrate leadership that uses the lessons learnt in fiscal 2022 to improve business performance in fiscal 2023 and that also starts reforms with a long-term perspective, including efforts to improve competitiveness by providing customers with unique value, strengthening human resources strategy, and enhancing capital strategy in a way that will raise share price.

Having Board of Directors meetings chaired by a non-executive chairperson also facilitates a smoother exchange of questions and answers. Although we still

need to come up with ways to realize long-term growth and an optimal approach in terms of management, I feel that Mr. Kito has found a good balance and often brings broad vision and a long-term perspective into discussions.

Yamasaki • Under the previous structure, we made progress on raising the effectiveness of the Board of Directors and improving internal control functions and coordination between businesses. I would like these kinds of efforts for strengthening our management foundation continue under the new structure. Furthermore, I also expect to see initiatives for increasing management speed and dramatically raising corporate value. Regarding the setting of agendas for Board of Directors meetings, I expect the focus to be on evolving and deepening discussions, as mentioned by Mr. Arase, while at the same time, I think that we outside directors should make it our role to propose agenda items and enhance discussions.

Arase • If I could add one more point, my expectation of Mr. Kito as chairperson is that he will leverage his non-executive position to act as an industry leader and to connect with public agencies.

Yamasaki • I agree with Mr. Arase. I want us to implement that kind of proactive communication with parties outside the Group to enhance brand value and contribute to solutions to social issues facing the industry.

Kito • I have experience of working in nearly all of our business areas so I have built a network that includes various industry organizations and public agencies. I will use my non-executive position to build a closer affinity between our business and various organizations through exchange and to start conversations about environmental improvement, including matters such as Japan’s food self-sufficiency and food security. I recognize that there are high expectations for me in this regard and I will work to fulfill them.



Evaluation of the Governance System

Question 3 What are your thoughts on the issues concerning oversight, execution of duties, and evaluations of effectiveness?

Yamasaki • My evaluation of the current governance system is roughly the same as the general overview of the evaluation of the effectiveness of the Board of Directors. It is sufficiently effective. Regarding the issue of separating oversight and the execution of duties, this is something that involves both inside and outside officers, so we need to organize ourselves, including setting agendas and delegating authority for reporting items.

In regard to organizational structure, more and more companies are choosing to become a company with an audit and supervisory committee, as defined in the Companies Act. Although we are a company with an audit and supervisory board, this is not through choice of an organizational structure. I think we should discuss how we can use our organizational structure to facilitate faster management.

Arase • I feel there are some issues regarding the operation of the Board of Directors, deepening of discussions, and the handling of the execution of duties.

Firstly, looking at the operation of the Board of Directors, like Mr. Yamasaki said, when selecting agenda items for meetings, we should delegate authority for procedural items to the Management Strategy Committee so that we can deepen discussion of management issues. Also, issues concerning sustainability are being discussed by the Sustainability Committee but I feel these discussions are not sufficiently deep, so I think it would be better if the Board of Directors were to decide which direction conversations should take.

Secondly, on deepening discussions, we tend to have a lot of discussions about policy and management direction. I would like to hear more discussion and exchanges of opinion about strategies for actually implementing these. We probably also need to deepen discussion about the current situation concerning competition and the markets in order to properly evaluate these strategies.

Thirdly, regarding handling by executives, as outside directors we need to advise the executives of what the role of an executive officer should be. I also expect them to take this advice and turn it into executable wisdom, even if it is just a single idea. Also, once these ideas have been put into practice, I would like to hear the results so that they can be used in future discussions.



Kito • Until fiscal 2022, I was also on the executive side, so I understand the kinds of issues faced by executives and the business frontlines. Outside directors also have knowledge that we do not. Mr. Arase has a wealth of overseas experience, Mr. Yamasaki has experience as an analyst, while Ms. Kono brings a consumer organization perspective. Having access to this experience and these perspectives is invaluable for the executive side. As chairperson of Board of Directors meetings, I would like to enrich meetings by incorporating the opinions of outside directors, while ensuring that the choice of agenda items and time allocated to each item are appropriate. I feel that experiments like making a nomination and then asking everyone’s opinions, regardless of whether hands are raised or not, are realizing more dynamic discussions on deeper topics.

One area where we need to further deepen discussions is medium- to long-term strategy, or in other words, our next medium-term management plan and the achievement of Vision2030. We will have more in-depth conversations about topics including restructuring our business portfolio and linking materialities to corporate value. I also think it is important that we disclose the content of these kinds of discussions to investors.

Focus 3: Governance discussion

Question 4 What are your expectations of Mr. Kito as chairperson of Board of Directors meetings?

Arase • I have three requests. The first is that you select and prepare agenda items, which means arranging and clarifying discussion points as the facilitator. The second is that you take a long-term perspective. Ultimately, the executive side tends to focus on the short term, so I would like to see more balance. Thirdly, I think there are cases where it would be better if outside directors submitted agenda item proposals, such as for non-financial issues.

Kito • In regard to selecting agenda items, I will do my best to solve operational issues and facilitate in a way that enables thorough discussion. I also agree that discussions

should include a long-term perspective. Regarding non-financial matters, if the outside directors can propose agenda items, I think it will lead to dynamic discussions.

Yamasaki • Since Mr. Kito started chairing Board of Directors meetings, I feel that the handling of reporting items has become more compact, the materials provided for each agenda item are easier to understand, and there is an environment that is more conducive to discussion. I agree with Mr. Arase in that I would like to see agenda items that draw more on the perspectives of outside directors.

Realizing Vision2030

Question 5 What initiatives should the NH Foods Group be advancing and what role should the Board of Directors play in order to realize Vision2030?

Arase • Innovation will be essential for realizing Vision2030. I want to see each business division coordinating with the Research and Development Center and interacting with customers in order to create new products and services that can compete at an international level. In order to raise our competitiveness overseas, we especially need to build a foundation of diverse creativity, flexibility, and resilience. When I served as president of the holding company for the Americas business in the U.S., I was able to witness how U.S. companies embrace diversity, not only in terms of different genders, ages, races, and nationalities, but also in terms of different cultures, values, and ways of thinking. This gave me firsthand experience of how this diversity accelerates innovation. I strongly feel that Japanese companies also need the vitality that comes from changing values by embracing the differences of each individual. I want to work with the Human Resources Department to increase the number of personnel we have who can create change by advancing human resource development focused on nurturing each individual's abilities.

I also expect to see innovation in terms of organization and management. Our Board of Directors already has a management element which focuses on the decision-making function regarding the execution of business, but I think we also need to further develop a

monitoring element more focused on the oversight function. The fundamentals of this monitoring element are 1) deciding management direction, 2) entrusting the execution of business to the management team, and 3) evaluating the results of this execution and then reflecting this in the handling of management personnel matters. Monitoring the execution of business by the management team is an important responsibility of Board of Directors. If we understand the thinking of influential overseas institutional investors and act accordingly, I think it will be recognized in the stock market, leading to an increase in corporate value.

Yamasaki • Realizing Vision2030 is inextricably linked to "strive for a highly functional organization," one of our Management Principles. At present, I think we have yet to achieve organic connections between the Group's most promising management resources. As Mr. Kito mentioned earlier, it is essential that we restructure our portfolio, and if we are to hold discussions at Board of Directors meetings that envision as far ahead as 2050, then we must do so with our purpose firmly in mind. I think that this will lead to organic connections between various resources and businesses.

Kito • I think that the most important role of the Board of Directors is to achieve both social value with economic value.

Our mission is to provide stable supplies of safe, dependable, and delicious foods with a focus on protein. This helps to solve social issues, including food security and self-sufficiency in Japan. Therefore, you could say that steadily growing our business will create both social and economic value. However, to realize Vision2030, I feel it will be essential to

accelerate portfolio restructuring, overcome the 2024 problem facing Japan in the logistics industry, and free ourselves from the tendency to keep everything inhouse. I recognize that there are questions to be addressed regarding further enhancing the functions of the Board of Directors and carrying out appropriate risk management.

Future Aims and Objectives

Question 6 What are your future aims and objectives toward increasing corporate value?

Yamasaki • I'm sure you are aware that since fiscal 2022, our price to book value ratio (PBV ratio) has been trending at the low level of less than one. In other words, our evaluation by the stock market has fallen, as the market thinks we are not effectively using the funds we have procured from our shareholders. The management team must address this issue with sincerity. Against the backdrop of this low PBV ratio, it is important that we move proactively and swiftly to solve medium- to long-term financial and non-financial management issues.

Specifically, financial issues include significantly raising ROIC and ROE levels, while non-financial issues include building ESG and brand strategies that will raise corporate value in a way that is unique to the Group. In my opinion, I will work to tackle these important issues by actively giving opinions and repeatedly advancing discussions at Board of Directors meetings and other meetings in a way that increases management speed. This will include addressing matters such as restructuring our business portfolio and how we can link our sustainability initiatives to the enhancement of corporate value.

Arase • I think the role of the outside director is to provide an objective, external perspective to make discussions more dynamic and to manage risk. Within this, I recognize that it is my role to analyze the risks involved in both aggressive and defensive management and ensure these are reflected in strategies. To put it another way, my challenge is to work out how we should approach the future. Social value is important, but financial value is crucial. I will continue to tackle questions such as how we should respond to great change in the external environment and how we should transform in terms of competitiveness and profitability from a medium- to long-term perspective.

Kito • We are a corporate group that is responsible for food supply infrastructure. For the longest time we focused on keeping all development inhouse, but now we are rethinking our approach and we intend to focus on co-creating with partners who hold diverse views of what challenges should be addressed. Going forward, we will fulfill our responsibility by solving issues together with a wide range of partners so that we can raise corporate value and realize the sustainable growth of the Group.

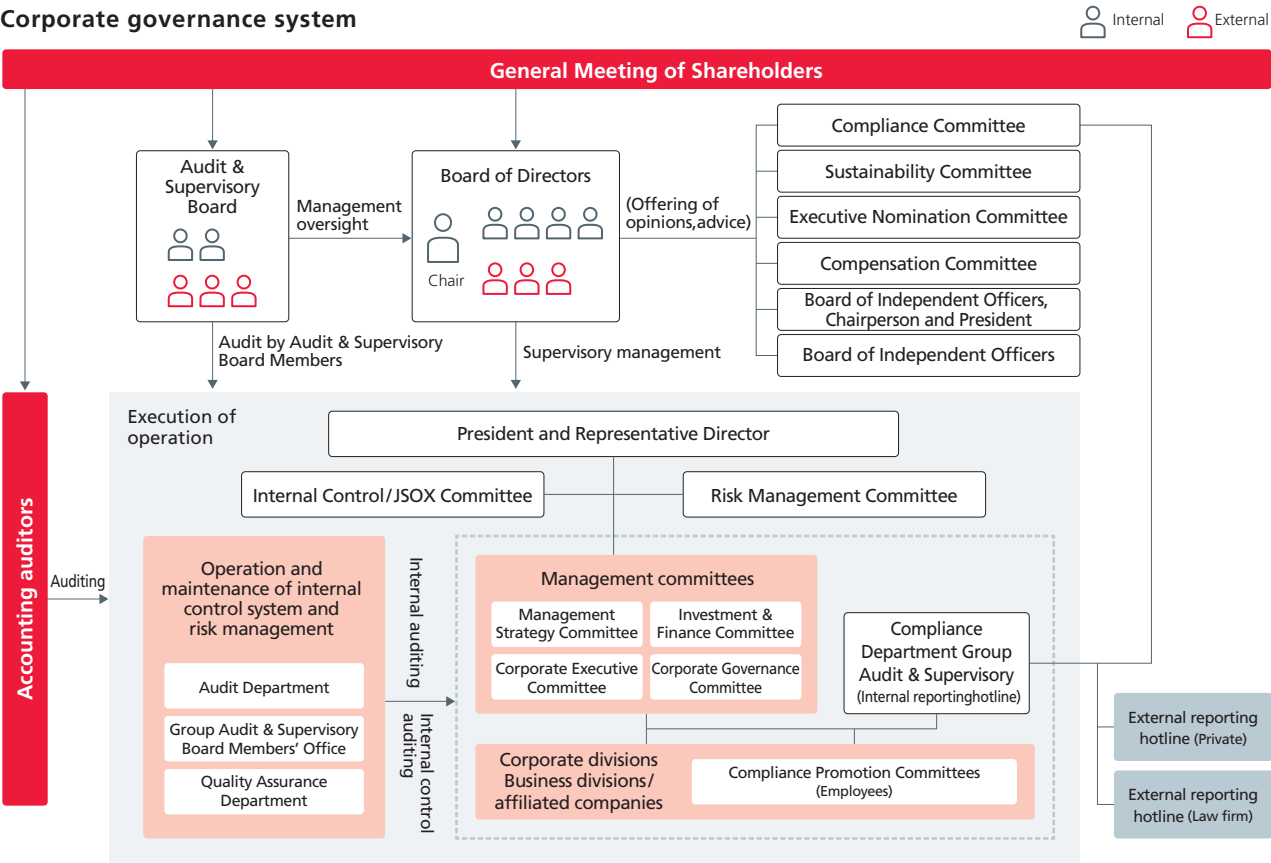


Corporate governance

Achievements in reinforcing the corporate governance system

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

Corporate governance system



Corporate governance system overview (No. of meetings in FY2022)

Body	No. of members (male/female)	Chair	Objective and other details
Directors and the Board of Directors (18)	8 • 5 inside officers (5/0) • 3 outside officers (2/1)	Chairperson	We have set the number of directors to at least three but no more than 12 to ensure prompt and proper decision making in consideration of the scope of liability of that body. We also appoint more than one outside director to ensure transparency. It meets once a month and makes decisions on matters set forth in laws, regulations, and the Articles of Incorporation, as well as other important matters.
Audit & Supervisory Board (18)	5 • 2 inside officers (2/0) • 3 outside officers (3/0)	—	We have set the number of members to at least three but no more than five to enable it to fully perform its supervisory function toward the Board of Directors and half of the members should be outside Audit & Supervisory Board members. There should also be at least one member who has appropriate knowledge of finance and accounting in particular. It meets at least once a month and discusses important matters concerning auditing.
Compliance Committee (4)	10 • 8 inside officers (8/0) • 2 outside officers (0/2)	President and Representative Director	To ensure thorough compliance and raise society’s trust in the Group by comprehensively confirming and reviewing Groupwide compliance and making proposals to the Board of Directors and management committees.
Executive Nomination Committee (6)	4 outside officers (3/1)	Outside director	To strengthen the supervisory function of the Board of Directors by enhancing the transparency and objectivity of decisions on the selection of candidates for the positions of representative director, director, and Audit & Supervisory Board member, as well as discussions regarding the dismissal and/or removal of the President and Representative Director and other management members (executive directors and executive officers).
Compensation Committee (4)	4 • 1 inside officer (1/0) • 3 outside officers (2/1)	Outside director	To strengthen the supervisory function of the Board of Directors by enhancing the transparency and objectivity of decisions regarding compensation for corporate officers (including executive officer)
Board of Independent Officers and Representative Directors* (2)	9 • 3 inside officers (3/0) • 6 outside officers (5/1)	—	Convenes as the Board of Independent Officers and Representative Directors to facilitate exchanges of opinion among independent officers and representative directors as a forum for making proposals regarding improvements to the Group’s corporate value and reforms to corporate culture.
Board of Independent Outside Officers (2)	6 outside officers (5/1)	Outside director	To facilitate discussions between independent directors and Audit & Supervisory Board members as a forum for exchanging information and sharing understandings from an independent and objective perspective.
Sustainability Committee (4)	13 • 7 inside officers (7/0) • 6 outside officers (4/2)	President and Representative Director	To comprehensively review the sustainability initiatives of the Group, and report and make proposals to the Board of Directors.
Internal Control/JSOX Committee (3)	19 • 19 inside officers (19/0)	Officer appointed by the President and Representative Director	To evaluate the effectiveness of internal controls at all Group companies and internal controls concerning business processes, as well as to report the results of these evaluations to the Board of Directors and members of management as a basis for manager evaluations
Risk Management Committee (4)	13 • 13 inside officers (13/0)	Officer appointed by the President and Representative Director	To discuss issues and measures concerning risk management (risk prevention and rapid response to business emergencies) and to report matters under consideration by the Committee and the results of discussions to the Board of Directors or at Management Strategy Committee with the aim of contributing to the management of the Group

* In fiscal 2023, convened as the Board of Independent Officers and Representative Directors to facilitate exchanges of opinion among independent officers and representative directors

Achievements in the reinforcement of corporate governance

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Medium-term management plan	New Medium-Term Management Plan Part 1			New Medium-Term Management Plan Part 2			New Medium-Term Management Plan Part 3				New Medium-Term Management Plan Part 4			New Medium-Term Management Plan Part 5			Medium-Term Management Plan 2020			Medium-Term Management Plan 2023		
Number of directors*1 (Outside directors)	11 (2)	10 (2)	11 (2)	10 (2)	10 (2)	10 (2)	10 (1)	12 (2)	12 (2)		10 (2)	10 (2)	10 (2)	10 (2)	10 (2)	10 (2)	10 (2)	9 (3)	8 (3)	8 (3)	8 (3)	8 (3)
Number of Audit & Supervisory Board members*1 (Outside Audit & Supervisory Board members)	5 (4)	5 (4)	5 (4)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)		5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)	5 (3)
Main efforts to strengthen corporate governance	2003 • Established the Management Strategy Committee, Investment and Finance Committee, and Corporate Executive Committee • Established the Compliance Committee, Compensation System Committee (now Compensation Committee), and Crisis Management Committee (now Risk Management Committee) 2004 • Established the Corporate Governance Committee			2006 • Established the Corporate Value Evaluation Committee*2 2008 • Established the JSOX Committee (now Internal Control / JSOX Committee)			2011 • Established the Executive Nomination Committee							2016 • Established the Board of Independent Officers and Representative Directors, and Board of Independent Officers			2018 • Established the CSR Promotion Committee*2 2020 • Established the Sustainability Committee*2 • Introduced the Performance-Based Stock Compensation Plan			2021 • Established the Group Audit & Supervisory Board Members’ Office • Revised the Fundamental Policy on Cross-Shareholdings 2023 • Reformed officer compensation and evaluation systems		

*1 Number after the Ordinary General Meeting of Shareholders

*2 The Corporate Value Evaluation Committee was renamed as the Corporate Value Enhancement Committee. In 2020, the Corporate Value Enhancement Committee and CSR Promotion Committee were merged to form the Sustainability Committee.

Officers (As of June 27, 2023)



Directors

①	Tetsuhiro Kito	Chairperson and Director	Mr. Tetsuhiro Kito joined the Company in 1982. He took office as Director and General Manager of the Sales & Marketing Division, Processed Foods Business Division in 2015. In 2019, he was appointed as General Manager of the Overseas Business Division. He took office as Representative Director and Executive Vice President, and General Manager of the Fresh Meats Business Division, and Officer in charge of cross-business strategy promotion in April 2021. In April 2023, he became Chairperson and Director of the Company and Chairperson of the Board of Directors.
②	Nobuhisa Ikawa	President and Representative Director President and CEO	Mr. Nobuhisa Ikawa joined the Company in 1985. He took office as Director and General Manager of the Processed Foods Business Division in 2018. He took office as Representative Director and Executive Vice President, and General Manager of the Corporate Planning Division and officer in charge of the Research & Development Center, new business development, and the Hokkaido Project in April 2022. In April 2023, he became President and Representative Director (President and CEO).
③	Fumio Maeda	Director and Managing Executive Officer General Manager of Fresh Meats Business Division	Mr. Fumio Maeda joined the Company in 1988. He has primarily been engaged in the fresh meats and processed foods businesses. He took office as a Director (Managing Executive Officer) and General Manager of the Processed Foods Business Division in April 2022. In April 2023, he became Director (Managing Executive Officer) and General Manager of the Fresh Meats Business Division.
④	Masahito Kataoka	Director and Managing Executive Officer In charge of Accounting & Finance Department and Sustainability Department; General Manager of Tokyo Branch Office	Mr. Masahito Kataoka joined the Company in 1985. He has primarily been engaged in operations related to accounting and finance, as well as public and investor relations. Since April 2021, he has been leading business operations as Director in charge of the Accounting & Finance Department, Quality Assurance Department, Customer Service Department, and Lifestyle Research Office and as General Manager of Tokyo Branch Office. He took office as Director (Executive Officer) in June 2021. In April 2023, he became Director (Managing Executive Officer) in charge of the Accounting & Finance Department and Sustainability Department. He is also currently General Manager of the Tokyo Branch Office.
⑤	Kohei Akiyama	Director and Managing Executive Officer In charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Public & Investor Relations Department and Secretarial Office	Mr. Kohei Akiyama joined the Company in 1987. He has primarily been engaged in operations related to human resources. In April 2023, he was appointed as a Managing Executive Officer of the Company in charge of the Human Resources Department, Legal Affairs Department, General Affairs Department, Public & Investor Relations Department and Secretarial Office. In June 2023, he was appointed as Director (Managing Executive Officer).
⑥	Yasuko Kono	Outside Director	Ms. Yasuko Kono took office as Outside Director in June 2018. She has extensive knowledge and experience concerning consumer issues.
⑦	Hideo Arase	Outside Director	Mr. Hideo Arase took office as Outside Director in June 2019. He served as the director in charge of overseas business at a major manufacturer of medical equipment and has abundant experience of and deep insight into global-scale corporate management.
⑧	Tokushi Yamasaki	Outside Director	Mr. Tokushi Yamasaki took office as Outside Director in June 2022. From June 2019 to May 2022, he served as an Outside Audit & Supervisory Board Member. He has also served as a securities analyst in the food sector for a major securities company, and possesses professional knowledge and abundant experience of food companies in general.

Audit & Supervisory Board Members

⑨	Sadanori Miyagai	Audit & Supervisory Board Member (full-time)	Mr. Sadanori Miyagai joined the Company in 1982. From June 2019 to March 2021, he served as Director and Managing Executive Officer in charge of the Quality Assurance Department and Sustainability Department, and he has extensive work experience and knowledge concerning quality and environmental auditing.
⑩	Nobuyuki Tazawa	Audit & Supervisory Board Member (full-time)	Mr. Nobuyuki Tazawa joined the Company in 1984. From April 2017 to March 2019, he led business administration leveraging his rich work experience and knowledge as Executive Officer and General Manager of the Administrative Division, Processed Foods Business Division.
⑪	Masayuki Kitaguchi	Outside Audit & Supervisory Board Member	Mr. Masayuki Kitaguchi took office as Outside Audit & Supervisory Board Member in 2019. He has professional knowledge and abundant experience as a certified public accountant and as an attorney at law who handles a wide range of legal matters.
⑫	Shigeru Nishiyama	Outside Audit & Supervisory Board Member	Mr. Shigeru Nishiyama took office as Outside Audit & Supervisory Board Member in June 2022. He is able to provide advice related to sustainability based on his professional knowledge and abundant experience as a certified public accountant and a professor of a graduate school.
⑬	Katsumi Nakamura	Outside Audit & Supervisory Board Member	Mr. Katsumi Nakamura took office as Outside Audit & Supervisory Board Member in June 2023. He has professional knowledge and abundant experience as an attorney at law.

Managing Executive Officers

Nobuo Oda General Manager of Overseas Business Division; General Manager of Operations Management Division	Yukihiro Matsumoto General Manager of Processed Foods Business Division	Keiji Maeda General Manager of Sales Management Division, Processed Foods Business Division
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Executive Officers

Hideki Fujii In charge of Americas of Operations Management Division, Overseas Business Division; President and Director of Day-Lee Foods, Inc.	Tadaaki Ito General Manager of Administrative Division, Overseas Business Division	Takao Seki General Manager of Business Development & Strategy Division	Shuichi Toda General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division
Shuichi Narumi General Manager of Domestic Red Meat Division, Fresh Meats Business Division	Hirohide Fujiwara In charge of Corporate Planning Department, DX Promotion Department, IT Strategy Department and Sports Business Department	Akio Wakita General Manager of Product Management Division, Processed Foods Business Division	Yoshitaka Hasegawa In charge of Audit Department and Compliance Department; General Manager of Group Audit & Supervisory Board Members' Office
Toyotake Imon General Manger of Domestic White Meat Division, Fresh Meats Business Division	Seiji Inatomi In charge of Australia, Operations Management Division, Overseas Business Division; Managing Director of NH Foods Australia Pty Ltd	Sakae Kishimoto General Manager of Marketing Management Division, Processed Foods Business Division	Yasuyuki Oishi General Manager of Quality Assurance Department; in charge of Customer Service Department and Lifestyle Research Office, and Research & Development Center
Nobuhiro Hosoya General Manager of Sales Management Division, Fresh Meats Business Division			

Note: See the Notice of the 78th Ordinary General Meeting of Shareholders on our website for bios, positions, responsibilities, and important concurrent positions.

WEB

NH Foods Notice of the 78th Ordinary General Meeting of Shareholders
<https://www.nipponham.co.jp/eng/ir/events/generalmeeting/>

Corporate governance

Skills, attendance, and reasons for election of directors (FY2022)

Formulation and use of the skill matrix

Using the long-term vision, the medium-term management plan, the NH Foods Group Fundamental Policy on Corporate Governance and other policies as a base, we plotted a skill matrix to provide a visual representation of core and fundamental skills related to overall management, as well as the Company’s unique skills for realizing its long-term vision, such as a “consumer viewpoint.” The Board of Directors is composed of human resources that have been selected through deliberation by the Executive Nomination Committee because they satisfy the requirements of each skill item in a well-balanced manner, while diversity is also taken into account.

Attendance is based on the number of relevant meetings attended in fiscal 2022, while the positions shown are positions held from June 2023 onward.

Name	Reasons for election	Areas of experience and expertise						Committees serving on ●Committee chairperson ○Committee member								
		Corporate management	International experience	Global environment / Sustainability	Consumer perspective / Marketing / R&D	Finance / Accounting	Legal affairs / Quality management / Risk management	Board of Directors	Audit & Supervisory Board	Management Strategy Committee	Compliance Committee	Sustainability Committee	Executive Nomination Committee	Compensation Committee	Board of Independent Officers and Representative Directors	Board of Independent Outside Officers
Tetsuhiro Kito	Mr. Tetsuhiro Kito has been in charge of the Processed Foods Business, group sales management and the Group Sales Planning Department and has served as General Manager of the Overseas Business Division. He has also served as Vice President and Representative Director, General Manager of the Fresh Meats Business Division and officer in charge of cross-business strategy. Since April 2023, he has chaired Board of Directors meetings as Chairperson and Director of the Company, during which he has encouraged Outside Directors to actively contribute with opinions and advice, and he has contributed to the further development of the Group by overseeing various initiatives based on Medium-Term Management Plan 2023 toward the realization of the NH Foods Group “Vision2030,” which was established as a milestone for achieving the Group’s corporate philosophy. In this way, he has fulfilled his role as a Director.	○	○		○			● 18/18 (100%)	—	○ 24/24 (100%)	● 4/4 (100%)	● 4/4 (100%)	—	—	○ 2/2 (100%)	—
Nobuhisa Ikawa	Mr. Nobuhisa Ikawa has served as General Manager of the Processed Foods Business Division, Vice President and Representative Director, General Manager of the Corporate Planning Division and officer in charge of the Research & Development Center, new business development, and the Hokkaido Project. Since April 2023, he has led business operations as President and Representative Director of the Company and he has contributed to the further development of the Group by advancing various initiatives based on Medium-Term Management Plan 2023 toward the realization of the NH Foods Group “Vision2030,” which was established as a milestone for achieving the Group’s corporate philosophy. In this way, he has fulfilled his role as a Director.	○			○			○ 18/18 (100%)	—	● 24/24 (100%)	○ 4/4 (100%)	○ 4/4 (100%)	—	—	○ 2/2 (100%)	—
Fumio Maeda	Mr. Fumio Maeda has served as General Manager of the Corporate Planning Division, Executive Officer in charge of the Research & Development Center and the Hokkaido Project ,and General Manager of the Processed Foods Business Division. Since April 2023, he has led business operations as General Manager of the Fresh Meats Business Division and he has contributed to the further development of the Group by advancing various initiatives based on Medium-Term Management Plan 2023 toward the realization of the NH Foods Group “Vision2030,” which was established as a milestone for achieving the Group’s corporate philosophy. In this way, he has fulfilled his role as a Director.	○		○	○			○ 18/18 (100%)	—	○ 24/24 (100%)	○ 4/4 (100%)	○ 4/4 (100%)	—	—	—	—
Masahito Kataoka	Mr. Masahito Kataoka, has served as Executive Officer in charge of the Accounting & Finance Department, Quality Assurance Department, Customer Service Department and Lifestyle Research Office. Since April 2023, he has led business operations as Managing Executive Officer in charge of the Accounting & Finance Department and Sustainability Department and he has contributed to the further development of the Group by advancing various initiatives based on Medium-Term Management Plan 2023 toward the realization of the NH Foods Group “Vision2030,” which was established as a milestone for achieving the Group’s corporate philosophy. In this way, he has fulfilled his role as a Director.					○	○	○ 18/18 (100%)	—	○ 23/24 (95.8%)	○ 4/4 (100%)	○ 4/4 (100%)	—	—	—	—
Yasuko Kono Outside *	Ms. Yasuko Kono actively shares opinions as Chairperson of the Executive Nomination Committee and as a member of the Compensation, Compliance, and Sustainability Committees. In this way, she has fulfilled her role as an Outside Director.			○	○			○ 18/18 (100%)	—	—	○ 4/4 (100%)	○ 4/4 (100%)	● 6/6 (100%)	○ 4/4 (100%)	○ 2/2 (100%)	● 2/2 (100%)
Hideo Arase Outside *	Mr. Hideo Arase actively shares opinions as Chairperson of the Compensation Committee and as a member of the Executive Nomination and Sustainability Committees. In this way, he has fulfilled his role as an Outside Director.	○	○					○ 18/18 (100%)	—	—	—	○ 4/4 (100%)	○ 6/6 (100%)	● 4/4 (100%)	○ 2/2 (100%)	○ 2/2 (100%)
Tokushi Yamasaki Outside *	Mr. Tokushi Yamasaki actively shares opinions as a member of the Executive Nomination, Compensation, and Sustainability Committees. In this way, he has fulfilled his role as an Outside Director.			○		○		○ 18/18 (100%)	—	—	—	○ 3/3 (100%)	○ 6/6 (100%)	○ 3/3 (100%)	○ 1/1 (100%)	○ 1/1 (100%)
Kohei Akiyama	Mr. Kohei Akiyama has primarily been engaged in operations related to human resources and since April 2023, he has led business operations as Managing Executive Officer in charge of the Human Resources Department, Legal Affairs Department, General Affairs Department, Public & Investor Relations Department and Secretarial Office. He has contributed to the further development of the Group by advancing various initiatives based on Medium-Term Management Plan 2023 toward the realization of the NH Foods Group “Vision2030,” which was established as a milestone for achieving the Group’s corporate philosophy. In June 2023, he was appointed as Director (Managing Executive Officer).	○					○	—	—	○ 24/24 (100%)	○ 4/4 (100%)	○ 4/4 (100%)	—	—	—	—

*Independent officers

Corporate governance

Reasons for election and attendance of Audit & Supervisory Board members (FY2022)

Attendance is based on the number of relevant meetings attended in fiscal 2022, while the positions shown are positions held from June 2023 onward.

Name	Reason for election	Committees serving on ● Committee chairperson ○ Committee member								
		Board of Directors	Audit & Supervisory Board	Management Strategy Committee	Compliance Committee	Sustainability Committee	Executive Nomination Committee	Compensation Committee	Board of Independent Officers and Representative Directors	Board of Independent Outside Officers
Sadanori Miyagai	Mr. Sadanori Miyagai served as a Director and Managing Executive Officer in charge of the Quality Assurance Department and Sustainability Department of NH Foods Ltd. from June 2019 to March 2021, and has rich work experience and knowledge concerning quality and environmental audits.	○ 18/18 (100%)	● 18/18 (100%)	Observer	—	—	—	—	—	—
Nobuyuki Tazawa	Mr. Nobuyuki Tazawa has contributed to raising the effectiveness of audits by the entire Audit & Supervisory Board, including by providing precise advice based on workplace observations. He possesses rich work experience and knowledge.	○ 18/18 (100%)	○ 18/18 (100%)	Observer	—	—	—	—	—	—
Masayuki Kitaguchi*	Mr. Masayuki Kitaguchi has fulfilled his role as an Outside Audit & Supervisory Board member, including by actively sharing opinions as an observer at Compliance Committee meetings. He has professional knowledge and abundant experience as a certified public accountant and attorney at law.	○ 18/18 (100%)	○ 18/18 (100%)	—	Observer	—	○ (New member)	—	○ 2/2 (100%)	○ 2/2 (100%)
Shigeru Nishiyama*	Mr. Shigeru Nishiyama provides advice in a timely manner to ensure the legality and appropriateness of Group management from an objective and fair perspective based on his expert standpoint and abundant experience as an certified public accountant and a graduate school professor. He has also served as an observer at meetings of the Sustainability Committee.	○ 13/13 (100%)	○ 13/13 (100%)	—	—	Observer	—	—	○ 1/1 (100%)	○ 1/1 (100%)
Katsumi Nakamura*	Mr. Katsumi Nakamura provides advice in a timely manner to ensure the legality and appropriateness of Group management from an objective and fair perspective based on his professional knowledge and abundant experience as an attorney at law. He has also served as a member of the Sustainability Committee.	○ (New member)	○ (New member)	—	Observer (new appointment)	—	—	—	—	—

* Independent officers

Evaluation of effectiveness of the Board of Directors

The Company has conducted analysis and evaluations of the effectiveness of the Board of Directors in accordance with the NH Foods Group Fundamental Policy on Corporate Governance since fiscal 2015 with the aim of improving the effectiveness of the Board by identifying issues concerning its structure and operation.

Evaluation process

Each year, we conduct evaluations by way of questionnaires for all directors and Audit & Supervisory Board members. Also, in an attempt to ensure candid opinions are obtained 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. We also conduct interviews with a number of directors. At a meeting of the Board of Directors on April 28, 2023, the effectiveness of the Board and issues to be addressed going forward were confirmed based on a report containing the objective analysis and assessment of the third-party evaluation organization.

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

Priority themes for FY2022	<ul style="list-style-type: none">Optimizing the Group's business portfolio and appropriately allocating management resourcesResponding to sustainability-related risk by recognizing that in addition to minimizing risks, turning these risks into profit opportunities is an important management challenge and by actively tackling this challenge with a view to raising medium- to long-term corporate valueIdentifying Group-wide risks and evaluating them in terms of importance and order of priority, and then overseeing the implementation of countermeasures for risks identified as high priorityEnsuring appropriate monitoring of the status of human resources strategy, strengthening governance, and expanding discussion related to management succession planning.Discussing the possible causes of the significant disparity in the evaluation of inside and outside officers.
FY2022 evaluation results	<div>1. Effectiveness of the Board of Directors As a result of the objective analysis conducted by the third-party evaluating organization, the effectiveness of the Board of Directors of the Company was confirmed as being suitably ensured in line with the Company's basic views on corporate governance.</div> <div>2. Itemized overview (1) Members and operation of the Board of Directors It was evaluated that the proportion and qualifications of the independent outside directors continue to be appropriate and that opinions are being constructively given and discussed. On the other hand, it was confirmed that there is room for further improvement in the delegation of authority from supervisory and executory perspectives, the operation of Board of Directors' meetings, such as materials and time allocation for each agenda, and training for corporate officers.</div> <div>(2) Management strategy and business strategy Continuing from the last year, issues involving sustainability were evaluated as being actively and proactively addressed. On the other hand, business portfolio management from the perspective of "total optimization" bearing in mind capital cost, monitoring of strategy, and appropriate supervision of the ideal human resources strategy were confirmed to require continued reinforcement going forward.</div> <div>(3) Corporate ethics and risk management It was evaluated that in this financial year as well, officers and employees have a good understanding of and are complying with the NH Foods Group Global Action Guidelines, the hotline and helpdesk are functioning effectively, and internal controls system have been properly established and are being operated. In addition, the risk evaluation process, which was last year's issue to be addressed, was drastically improved due to the efforts of the Risk Management Committee.</div> <div>(4) Evaluation and compensation for members of the management Continuing from the last year, the incentive compensation system was evaluated as having become a healthy system for sustained growth.</div> <div>(5) Communication with shareholders and others A system to promote constructive communications with shareholders has been established and it was evaluated that an improvement has been made in relation to the provision of highly useful information to shareholders.</div> <div>Main topics discussed by directors<ul style="list-style-type: none">Officer evaluation and compensationRisk Management Committee ReportBusiness Execution Report (business strategy, overall Group strategy, financial strategy, materiality strategy, cross-divisional strategy, functions strategy)Cross-Shareholdings Review ReportHuman resource strategy</div>
Future efforts	<div>Going forward, we will continue to advance fiscal 2022 initiatives while also further developing the following initiatives.</div> <ul style="list-style-type: none">Supervising business portfolio management from the perspective of "total optimization" bearing in mind capital costsSupervising whether a review of strategy in response to changes in the business environment is being conducted, getting into alignment with the medium-term management planHuman investments for achieving the medium-term management plan and supervision 39 of human resources strategy for the realization thereofConsideration of appropriate delegation of authority in a way that recognizes the roles of supervision and executionImprovement of the operation of Board of Directors' meetings (improvement of the quality of materials, proper time allocation, etc.)Enhancement of training for corporate officers

Corporate governance

Officer compensation

Basic policy

At a meeting of the Board of Directors held on February 12, 2021, policy was established for determining the content of individual compensation for directors.

The officers compensation system provides compensation to individual executive directors and executive officers who have been selected from among the finest management talent and nurtured and promoted by the Company. Its purpose is to further clarify the linkage between officers, compensation and the Company's business performance/shareholder value and to provide an incentive for enhancing corporate value over the medium-to long-term with the aim of realizing the corporate philosophy.

System development, compensation levels, system operation, etc., are to be deliberated on by the Compensation Committee, with an independent outside director acting as chairperson, and with the final decision to be made by the Board of Directors.

Regarding compensation levels for each individual officer, the reasonableness of these levels is verified every year with reference to the investigation results, etc., of third-party organizations.

Summary of director compensation

Compensation for directors (excluding outside directors) comprises monetary compensation (basic compensation and performance-based compensation) and performance-

based stock compensation. The ratio of each of these (assuming a standard performance achievement level of 100%) is 55% basic compensation, 28% performance-based compensation, and 17% performance-based stock compensation (in fiscal 2022, this ratio was 60%, 23%, 17%). Outside directors receive only basic compensation in consideration of their role. Additionally, retirement benefits are not paid to any directors.

Monetary compensation comprises basic compensation and performance-based compensation. Basic compensation is paid on a monthly basis and comprises a fixed amount which is determined in accordance with position. Performance-based compensation is a variable compensation (a specified amount paid on a monthly basis) that is dependent on annual business performance (consolidated net sales, consolidated business income, ROE, and ROIC) and achievement in regard to management issues determined on an individual basis. If the standard performance achievement level is 100%, the payment will vary within a range of 0 to 200%.

The three evaluation indicators are 1) overall company business results, 2) organizational business results (business division/department) and 3) management issues, and performance evaluations consider each of these independently. Regarding business performance indicators, ROE was adopted in fiscal 2012 to raise consolidated net sales toward sustainable topline growth and to raise consolidated business income and capital efficiency toward

the sustainable growth of Group business. ROIC was adopted in fiscal 2015 as an indicator for business division performance to improve the efficiency of capital investment.

Summary of Performance-Based Stock Compensation

Based on a resolution of the 75th Ordinary General Meeting of Shareholders held on June 25, 2020 (number of officers at the time of the resolution: 23), the Company introduced a performance-based stock compensation scheme for directors (excluding outside directors) and executive officers. The scheme grants recipients shares of the Company or an amount of money equivalent to the disposal value of shares of the Company in accordance with medium- to long-term business performance. The effective start date of the scheme was August 3, 2020.

The purpose of this compensation is to provide an incentive for enhancing corporate value over the medium to long term. Points are granted to each director (excluding outside directors) and executive officer based on their level of achievement of performance targets (consolidated net sales, consolidated business income, ROE) described in the Company's medium-term management plan. Recipients are then issued with a number of shares of the Company equivalent to the number of points they have accumulated, which are issued while the recipient is in office or on retirement. Note that shares are not transferred until at least one year has passed after the recipient's retirement.

The Company's performance-based stock compensation includes malus (reduction of an amount of rights granted but yet to be exercised) and clawback (return of an amount of rights that have been exercised) provisions. These provisions can be exercised in the event of one of the predetermined triggers that include certain wrongdoings, such as a serious breach of duties or material violation of the internal rules. The stock-based compensation subject to return under these provisions shall be the whole or a part of compensation for the fiscal year in which such wrongdoing takes place.

Summary of Audit & Supervisory Board member compensation

Audit & Supervisory Board members receive only basic compensation in consideration of their role. Additionally, retirement benefits are not paid to Audit & Supervisory Board members.

Breakdown of officer compensation

	Basic compensation 60%(FY2022)→55%(FY2023)	Performance-based compensation 23%(FY2022)→28%(FY2023)		Performance-based stock compensation 17%(FY2022)→17%(FY2023)	
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	—	Financial	Annual performance <ul style="list-style-type: none">• Consolidated net sales• Consolidated business income• ROE• ROIC	Financial	<ul style="list-style-type: none">• Consolidated net sales• Consolidated business income• ROE
		Non-financial	Management issues <ul style="list-style-type: none">• Materialities* Out of the management issues items above, non-financial targets from the Materialities must be set for at least one• Business strategy, functional strategy		
Delivery method	Payment of standard amounts established by position	If the standard performance achievement level is 100%, the payment will vary within a range of 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 a range of 0 to 150%.	

Aggregate amount of compensation by officer category, aggregate amount of each type of compensation, and eligible officers

Type of officer	Aggregate amount of compensation, etc. (millions of yen)	Aggregate amount of compensation, etc., by type (millions of yen)			Number of eligible officers
		Basic compensation	Appraisal compensation	Performance-based stock compensation	
Directors (excluding outside directors)	251	159	77	15	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	50	50	—	—	2
Outside Officers	78	78	—	—	8

*1 The aggregate amount of compensation, etc., includes compensation for one director and one Audit & Supervisory Board member who retired at the conclusion of the 77th Ordinary General Meeting of Shareholders held on June 24, 2022.

*2 The maximum amounts of compensation (basic compensation, appraisal compensation, and stock acquisition-based compensation) for directors are ¥42 million per month (as resolved at the 51st Ordinary General Meeting of Shareholders held on June 27, 1996), and the number of directors was 25 at the time of this resolution. Meanwhile, NH Foods Ltd. introduced, by the resolution at the 75th Ordinary General Meeting of Shareholders held on June 25, 2020, the performance-based stock compensation plan for directors (excluding outside directors) and executive officers of NH Foods Ltd., separately from the aforementioned maximum amounts of compensation, etc., for Directors. Under the Plan, NH Foods Ltd. shall contribute trust funds not exceeding ¥220 million per fiscal year for fiscal years covered by the medium-term management plan (the initial coverage period of four fiscal years from the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2024) of NH Foods Ltd. The shares of NH Foods Ltd. shall be acquired through the trust, and the delivery, etc. of the shares, etc. of NH Foods Ltd. shall be made through such trust, in accordance with the position and degree of achievement with respect to the target value of the performance indicators in the medium-term management plan. The number of directors was five at the time of the aforementioned resolution. The aggregate amount of the performance-based stock compensation in the above table represents the amount recorded under Japanese GAAP as expenses, etc., related to the share delivery points that the estimated amount to be granted for the fiscal year under review was clarified based on the Plan. Additionally, stock acquisition-based compensation was ended in July 2020 following the introduction of the performance-based stock compensation plan.

*3 The maximum amounts of compensation, etc., for Audit & Supervisory Board members are ¥8 million per month (as resolved at the 53rd Ordinary General Meeting of Shareholders held on June 26, 1998), and the number of Audit & Supervisory Board members was five at the time of this resolution.

A Message from the Chairperson of the Executive Nomination Committee



Yasuko Kono
Outside Director, Chairperson of
the Executive Nomination Committee

Curriculum vitae

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Corporate governance

Ensuring the diversity of the Board of Directors

Using the long-term vision, the medium-term management plan, the NH Foods Group Fundamental Policy on Corporate Governance and other policies as a base, we plotted the skills and experience required by members of the Board of Directors onto a skill matrix to provide a visual representation of core and fundamental skills related to overall management, as well as the Company’s unique skills for realizing its long-term vision, such as a “consumer viewpoint.” The Board of Directors is

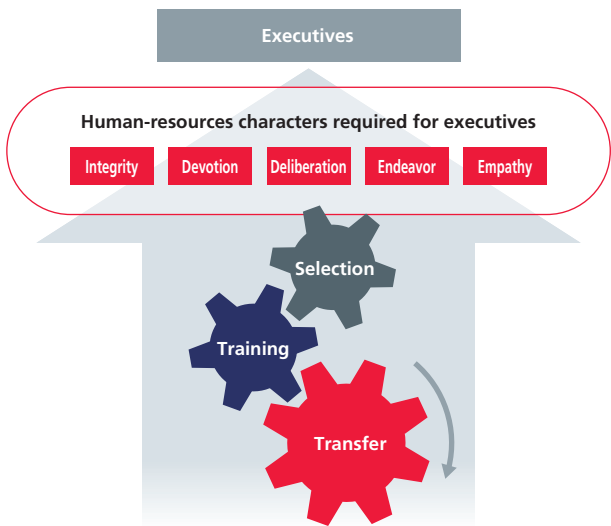
composed of human resources that have been selected through deliberation by the Executive Nomination Committee because they satisfy the requirements of each skill item (corporate management, international experience, global environment / sustainability, consumer perspective / marketing / R&D, finance / accounting, legal affairs / quality management / risk management) in a well-balanced manner, while diversity is also taken into account.

Developing next-generation executives

Human-resources characters required for executives

The Group is working to continuously enhance corporate value by establishing the Plan for the Development of the Next-Generation Executives and defining five “Human Resources Characteristics Required for Executives” (integrity, devotion, deliberation, endeavor, and empathy). The assessment of corporate officers involves executive officers creating a commitment sheet that incorporates these five requirements, followed by an interview with the President during which the setting and achievement of targets is confirmed. NH Foods Ltd. is also working to cultivate the next-generation of human resources who possess the five requirements by introducing programs such as a selection, training, and transfer program and an executive behavioral characteristic analysis program on a company-wide basis.

Additionally, we will expand pathways for diverse talent to become potential next-generation leaders as early as possible through “selection, education, and transfer programs” that provide employees at each level with opportunities to be selected.



Developing next-generation executives

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

In order to educate newly appointed officers, we provide learning opportunities at meetings of the Board of Directors and Corporate Executive Committee (such as talks on the latest trends in corporate governance and by experienced managers). We are also introducing a voluntary program for officers run by an external educational institution so that officers can continue to improve their abilities after being appointed and can maintain and further develop the five requirements of our executives.

Additionally, we conduct 360-degree evaluations for members of Group management (at NH Foods Ltd. this includes heads of major departments and divisions or above), which incorporate feedback from superiors, peers, and people working under them. These are useful for self-development.

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

Audits by Audit & Supervisory Board members

Audit & Supervisory Board members attend meetings of the Board of Directors, Management Strategy Committee, and other boards and committees in order to confirm business execution by directors. Each quarter, Audit & Supervisory Board members also exchange opinions and proposals with the President and Representative Director, and exchange opinions with outside directors. Also, in order to monitor the status of business execution, in principle, at least one full-time Audit & Supervisory Board member and one outside Audit & Supervisory Board member participate in interviews with directors twice per year, and executive officers and the heads of major departments and divisions once per year, in order to confirm the situation regarding matters such as business execution, governance and compliance initiatives, workstyle reform, and the status of human resources development.

Audits of domestic and overseas Group companies are

conducted annually at key business sites mainly selected based on an audit plan formulated at the beginning of each fiscal year, and biannually at other sites. During these audits, interviews are held regarding matters such as the progress of business execution, response to material risks, compliance initiatives, progress on workstyle reform, and requests for the Group. Audit & Supervisory Board members receive a report from the accounting auditor and internal audit departments once per month with the accounting auditor and the internal audit departments, and observe audits by the internal audit departments and audits by the accounting auditor (including the year-end inventory audit).

The Group Audit & Supervisory Board Members’ Office, which was established in April 2021, regularly holds meetings to exchange information.

Main roles and duties of the Audit & Supervisory Board and its members

Item/audit target	Details	Full-time	Outside
Oversight and auditing of the Board of Directors	Attended Board of Directors meetings (18 times)	✓	✓
Auditing of business execution by directors	Interviewed the President and Representative Director (4 times, 2 hours each time)	✓	✓
	Exchanged opinions with outside directors (4 times, 2 hours each time)	✓	✓
	Interviewed executive directors, executive officers, and general managers of major divisions, excluding the above (34 times)	✓	✓
Important meetings other than Board of Directors meetings	Full-time Audit & Supervisory Board members attended and shared opinions at meetings	✓	—
Various Committees	Audit & Supervisory Board members attended meetings of committees and other bodies they are responsible for	✓	✓
Internal audit departments	Received audit reports (12 times)	✓	✓
Accounting and finance departments	Quarterly financial results, accounting auditor activities reports, etc. (7 times)	✓	✓
Accounting auditor	Received accounting audit plans, accounting audit reports, reviews of quarterly financial results, etc. (13 times)	✓	✓
Group companies	Interviewed representatives of Group companies and thoroughly reviewed documents based on an audit plan as an audit of the Group of companies (39 business locations, including companies that only submitted documents)	✓	✓
	Held meetings to exchange opinions with the Group Audit & Supervisory Board Members’ Office and full-time Audit & Supervisory Board members of Group companies (10 times)	✓	—

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
Takashige Ikeda	Deloitte Touche Tohmatsu LLC
Shunsuke Matsumoto	Deloitte Touche Tohmatsu LLC
Naoki Kawai	Deloitte Touche Tohmatsu LLC

Notes: Assistants who helped with accounting audits included 20 CPAs, 17 CPA-certified individuals, and 31 other individuals.

Corporate governance

Internal audits

The implementation of internal audits has been assigned to 21 employees of the Audit Department (as of March 31, 2023) and is carried out in coordination with Audit & Supervisory Board members and accounting auditors. These audits evaluate the accounting and business operations of the entire Group. The results of internal audits are reported to the Board of Directors. Accounting auditors evaluate the effectiveness of internal controls by holding discussions with the Audit

Department to gauge the status of internal audits. They also exchange information concerning audit results.

In fiscal 2022, audits were carried out at 29 Group companies. Additionally, the Risk Management Committee has designated risks that should be addressed. These risks are categorized as illegal labor, Subcontract Act matters, management of IT access authorization, or purchasing, and they are audited on a Group-wide basis.

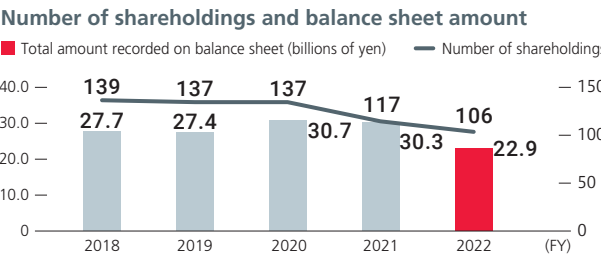
Reducing cross-shareholdings

In principle, the Company does not hold shares in cross-shareholdings. However, we may hold shares in cross-shareholdings in cases where it is recognized that cross-shareholding is essential to the sustainable growth of the Group or to improving corporate value, such as for reinforcing alliances in order to maintain business transactions and expand our business, and for smooth fund raising. Once a year, we review all cross-held shares and closely examine whether factors such as the benefit of holding these shares, the risk of stock price fluctuations, and the credit risk of the issuing company are worth the capital cost, and then comprehensively determine whether holding such shares is appropriate or not.

If we determine that holding certain shares has become less necessary, we will dispose of such shares in an appropriate manner, taking into consideration matters such as stock price and market trends. There are also cases where even though the holding of certain shares has been recognized as significant, they may be disposed of based upon an agreement with the issuing company. As of the end of March 2023, the total market value of our cross-shareholdings was approximately ¥22.9 billion. This amounts to around

2.4% of consolidated assets, which we recognize is not a large proportion, but we will continue to review and shrink all our current investments.

When exercising voting rights attached to cross-held shares, we closely examine the proposed agendas of each company and respect their proposals as long as they do not disregard the interests of shareholders. However, if any misconduct (including misconduct by a management member) or any antisocial behavior occurs at a company in which we have a cross-shareholding, we will exercise our voting rights in a way that contributes to the improvement of the company's corporate governance.



Dialogue with shareholders

We encourage meetings with shareholders, investors, and companies that provide advice on the exercise of voting rights with the aim of realizing constructive dialogue that contributes to the sustainable growth of the NH Foods Group and a medium- to long-term increase in corporate value.



Individual meeting with an institutional investor in the US (July, 2023)



Investors on an observation tour of Hokkaido Ballpark F Village (July, 2023)

FY2022 activities

Category	Number
Individual meetings with institutional investors	169 times
Overseas IR meetings (in-person oversea IR activities resumed from 2023)	9 locations
Facility observation tours for institutional investors *In-person observation tours resumed from 2023	0 times
Business result presentations for institutional investors	4 times
Medium-term management plan progress reports for institutional investors	2 times
Small-number meetings with institutional investors	7 times
Sustainability presentations	1 time
Engagement meetings	27 times
Business briefings (IR Days)	1 time
Online company introductions for individual investors	2 times
Online briefings for individual shareholders	1 time

Compliance

Compliance promotion framework

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

Additionally, the Compliance Committee, which is responsible for verifying compliance status and considering compliance policies across the Group, the Compliance Promotion Committees, which advance compliance initiatives at each Group company and business division, and the Compliance Leader Conference, which comprises representatives from the Compliance Promotion Committee of each Group Company and considers specific measures, all coordinate to share the latest information and to work thoroughly toward better compliance management. In fiscal 2022, the Compliance Committee and Compliance Leader Conference met four times each.

Ensuring corruption prevention

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

Identifying potential risks through regular visits to business sites

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

Working with employees to prevent compliance violations

The NH Foods Group works with employees to prevent compliance violations by creating various opportunities for awareness-raising activities.

Each year we run compliance e-learning programs and other activities for employees at each level of seniority. These initiatives help participants to learn about human rights, which are the focus of growing public concern, and to acquire risk management knowledge.

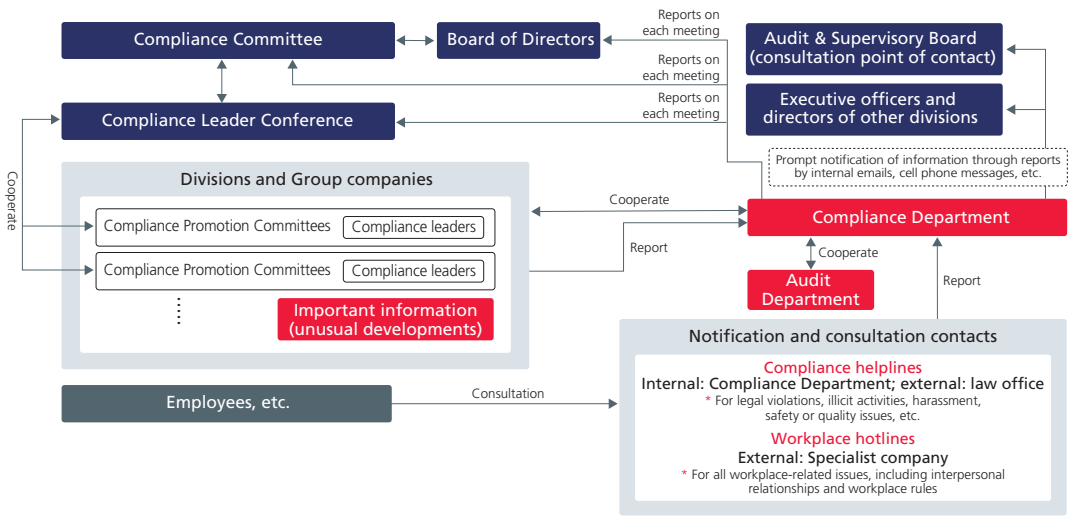
Also, all employees attend Compliance Competitions held at each business location and Group company, which include compliance study sessions and other events.

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

Consultation channels

We have established consultation channels which all Group employees can access freely in order to share opinions, whistle blow, or seek advice about workplace issues. This includes one in-house channel and two external channels. In 2018, we also established the Auditor Consultation Channel to facilitate the reporting of illegal and illicit activities by Group officers. Additionally, the NH Foods Group Whistleblowing Rules clarify that the identity of whistleblowing individuals should be protected and that unfair treatment toward these individuals is strictly prohibited. All Group employees are made thoroughly aware of these regulations. Employees can also consult or make reports through these channels anonymously.

Compliance framework



Corporate governance

Risk management

Risk management structure

The risk management systems adopted by the Company are based on the “Risk Management Rules” outlining basic policies and management systems concerning risk management, with the President and Representative Director as the highest management executive.

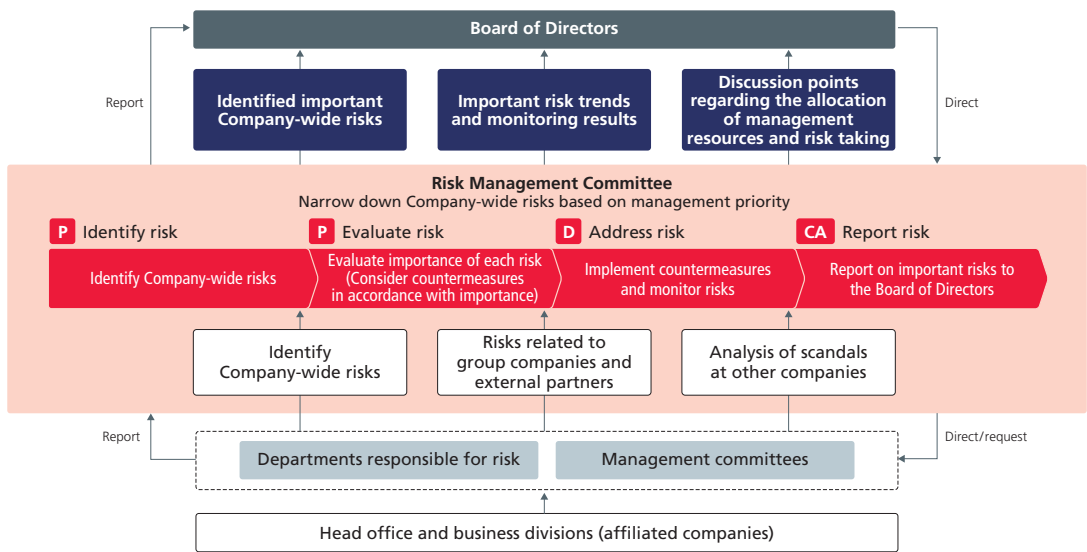
The Board of Directors considers responses to important risks that the Risk Management Committee thinks may have a significant impact on the Group’s business activities. When an important risk is recognized to be manifesting, units for taking countermeasures tailored to the expected severity are organized, and prompt and appropriate action is undertaken.

In addition to the above, product market risks arising from daily business activities are handled by individual business divisions, and financial risks by the Accounting & Finance Department and related business divisions.

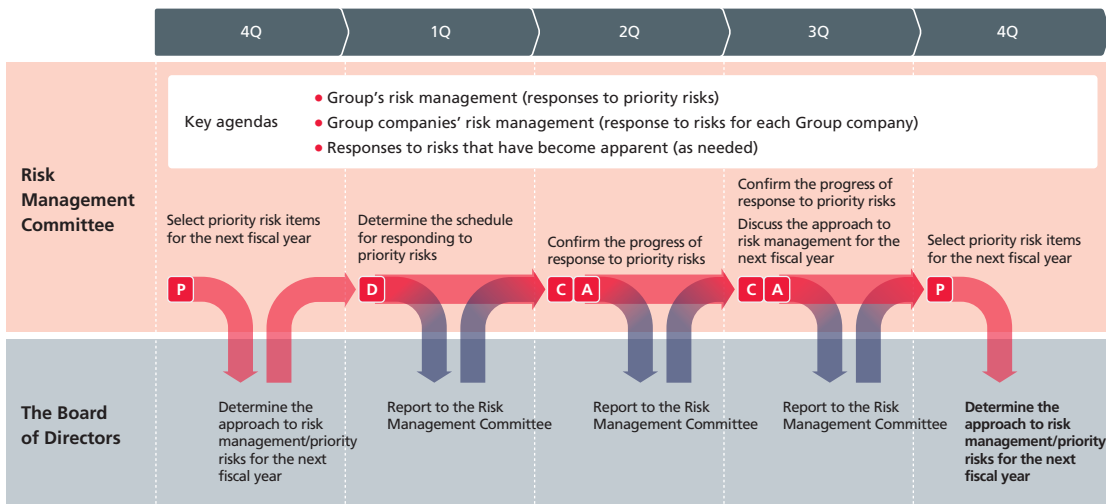
Business continuity plan (BCP)

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, with employee safety as the highest priority.

Functions and positioning of the Risk Management Committee



Annual risk management schedule



P Plan D Do C Check A Act

Information security

The Group recognizes that information security is a major issue affecting operations, and it conducts risk assessments for the Group as a whole, and implements appropriate information security measures in a deliberate manner. In recent years cyberattacks targeting companies and organizations have become more sophisticated and diverse, and the threat to information security has increased. Use of smart devices and cloud services is also rising, meaning the scope of information security considerations has grown.

As comprehensive information security measures that cover an entire network are now essential, in fiscal 2022, we established a joint system with a security partner company that can provide comprehensive support covering every aspect

of IT security and we will continue to strengthen information security. Also, cyberattacks are spreading wildly across the globe and as it is difficult to prevent 100% of these attacks, since fiscal 2022 we have been shifting to measures that assume our defenses have already been violated. We are strengthening security by building a framework to detect unauthorized access at an early stage and respond swiftly. The main measures to strengthen information security taken in fiscal 2022 are shown below.

Going forward, we will conduct cyberattack response planning at the management level and strengthen BCP in the event of a cyberattack.

1. Detecting and responding to suspicious behavior and introduction of a management system

- Installed software (EDR*) to detect and respond to suspicious behavior on Group PCs and servers in Japan
- In addition to the above, installed a security management service (MDR*) that includes network devices and a cloud service

*1 Endpoint Detection & Response: Security software that detects and responds to suspicious behavior and threats within a device.
*2 Managed Detection & Response: A managed service that swiftly detects and responds to threats invading a network.

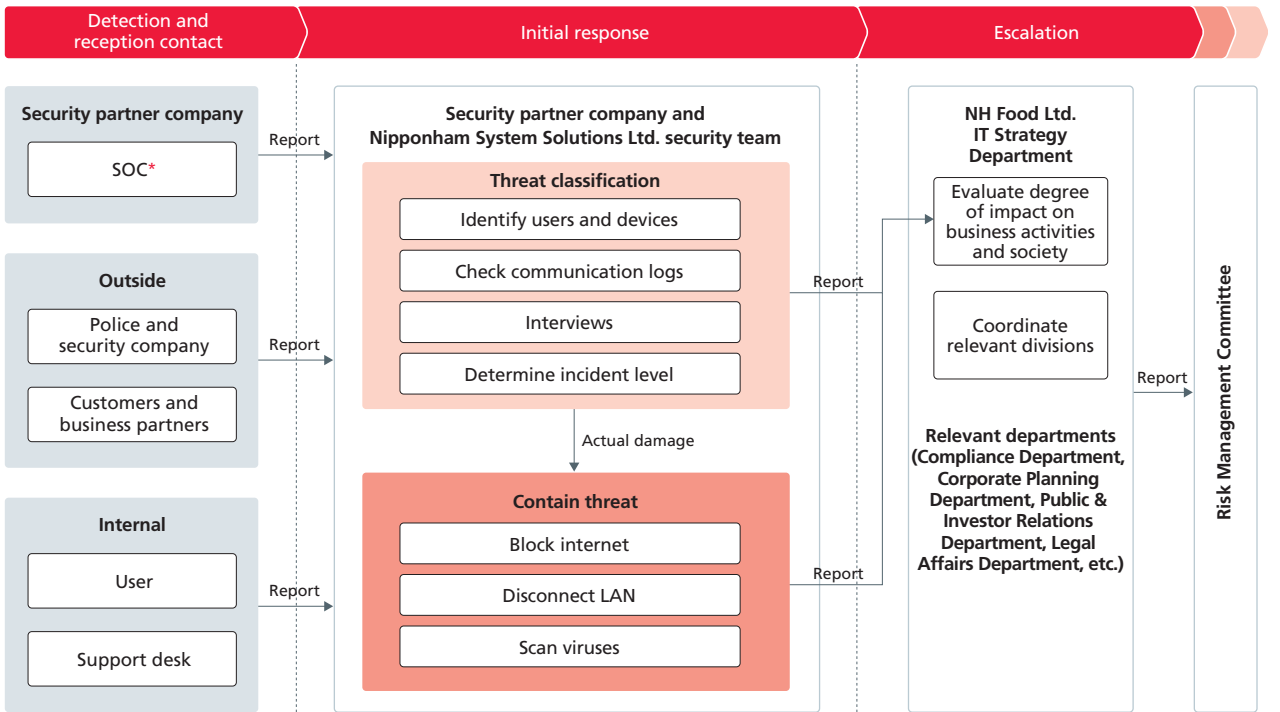
2. Evolving response frameworks and flow for security incidents

- Built a 24-hour, 365-day security monitoring and response framework that started operation in fall 2022
- Clarified the response flow for security incidents
- Increased security personnel

3. Revising backup methods (enabling recovery even after a ransomware attack)

- Completed an investigation into the backup situations of existing systems in fiscal 2022. Actual countermeasures being implemented during fiscal 2023.

Basic flow of response to information security incident



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