

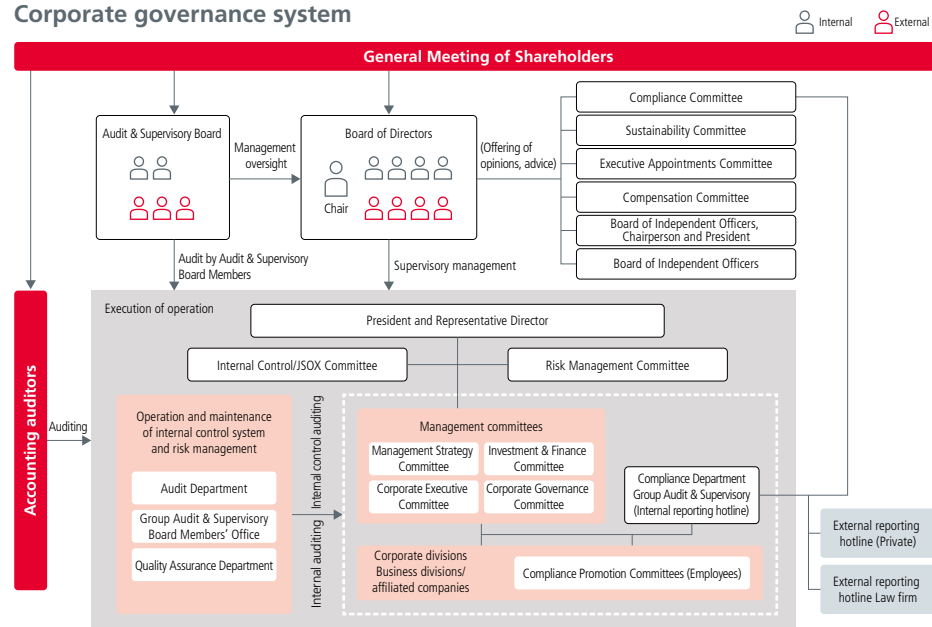


# Corporate governance

## 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



## Achievements in the reinforcement of corporate governance

Medium-term management plan	Number of directors <sup>*1</sup> (Outside directors)	Number of Audit & Supervisory Board members <sup>*1</sup> (Outside Audit & Supervisory Board members)	Main efforts to strengthen corporate governance
FY2003-2005 New Medium-Term Management Plan Part 1	11 (2)	5 (4)	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
	10 (2)	5 (4)	
	11 (2)	5 (4)	
FY2006-2008 New Medium-Term Management Plan Part 2	10 (2)	5 (3)	2006 • Established the Corporate Value Evaluation Committee <sup>*2</sup> 2008 • Established the JSOX Committee (now Internal Control / JSOX Committee)
	10 (2)	5 (3)	
	10 (2)	5 (3)	
FY2009-2011 New Medium-Term Management Plan Part 3	10 (1)	5 (3)	2011 • Established the Executive Nomination Committee
	12 (2)	5 (3)	
	12 (2)	5 (3)	
FY2012-2014 New Medium-Term Management Plan Part 4	10 (2)	5 (3)	
	10 (2)	5 (3)	
	10 (2)	5 (3)	
FY2015-2017 New Medium-Term Management Plan Part 5	10 (2)	5 (3)	2016 • Established the Board of Independent Officers and Representative Directors, and Board of Independent Officers
	10 (2)	5 (3)	
	10 (2)	5 (3)	
FY2018-2020 Medium-Term Management Plan 2020	10 (2)	5 (3)	2018 • Established the CSR Promotion Committee <sup>*2</sup> 2020 • Established the Sustainability Committee <sup>*2</sup> • Introduced the Performance-Based Stock Compensation Plan
	9 (3)	5 (3)	
	8 (3)	5 (3)	
FY2021-2023 Medium-Term Management Plan 2023	8 (3)	5 (3)	2021 • Established the Group Audit & Supervisory Board Members' Office • Revised the Fundamental Policy on Cross-Shareholdings 2023 • Reformed officer compensation and evaluation systems
	8 (3)	5 (3)	
	8 (3)	5 (3)	
FY2024-2026 Medium-Term Management Plan 2026	9 (4)	5 (3)	2024 • 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.



## Corporate governance

## Corporate governance system overview (No. of meetings in FY2023)

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]	11 ● 9 inside officers (9/0) ● 2 outside officers (0/2)	Chairperson	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 [5]	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, Chairperson and President [2]	8 ● 2 inside officers (2/0) ● 6 outside officers (5/1)	—	Convenes as the Board of Independent Officers, Chairperson and President to facilitate exchanges of opinion among independent officers, chairperson and president 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]	15 ● 8 inside officers (8/0) ● 7 outside officers (4/3)	Chairperson	To comprehensively review the sustainability initiatives of the Group, and report and make proposals to the Board of Directors.
Internal Control/JSOX Committee [3]	18 ● 18 inside officers (17/1)	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]	12 ● 12 inside officers (11/1)	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.



## Officers

### Directors

①	<b>Tetsuhiro Kito</b>	Chairperson and Director Chairperson of the Board of Directors
②	<b>Nobuhisa Ikawa</b>	President and Representative Director President and CEO
③	<b>Masahito Kataoka</b>	Director and Vice President Executive Vice President In charge of Accounting & Finance Department and Sustainability Department
④	<b>Fumio Maeda</b>	Director Senior Managing Executive Officer General Manager of Fresh Meats Business Division
⑤	<b>Kohei Akiyama</b>	Director Managing Executive Officer In charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Public & Investor Relations Department and Secretarial Office
⑥	<b>Yasuko Kono</b>	Outside Independent officer Director
⑦	<b>Hideo Arase</b>	Outside Independent officer Director
⑧	<b>Tokushi Yamasaki</b>	Outside Independent officer Director
⑨	<b>Hiroko Miyazaki</b>	Outside Independent officer Director



④

⑥

⑧

②

①

③

⑨

⑦

⑤

## Audit & Supervisory Board Members

10	<b>Sadanori Miyagai</b>	Audit & Supervisory Board Member (full-time)	13	<b>Shigeru Nishiyama</b>	Audit & Supervisory Board Member <b>Outside</b>
11	<b>Nobuyuki Tazawa</b>	Audit & Supervisory Board Member (full-time)	14	<b>Katsumi Nakamura</b>	Audit & Supervisory Board Member <b>Outside</b>
12	<b>Masayuki Kitaguchi</b>	Audit & Supervisory Board Member <b>Outside</b>			



## Managing Executive Officers

### Nobuo Oda

In charge of Business Development & Strategy Division, Corporate Planning Department, General Manager of Tokyo Branch Office; in charge of Growth Strategy Project

### Yukihiro Matsumoto

General Manager of Processed Foods Business Division

### Yoshitaka Hasegawa

In charge of Audit Department and Compliance Department; General Manager of Group Audit & Supervisory Board Members' Office

## Executive Officers

### Tadaaki Ito

General Manager of Overseas Business Division; General Manager of Operations Management Division

### Akio Wakita

General Manager of Product Management Division, Processed Foods Business Division

### Yasuyuki Oishi

General Manager of Quality Assurance Department; in charge of Customer Service Department and Research & Development Center

### Hideki Fujii

In charge of North America, Operations Management Division, Overseas Business Division; President and Director of Day-Lee Foods, Inc.

### Toyotake Imon

General Manager of Domestic White Meat Division, Fresh Meats Business Division

### Nobuhiro Hosoya

General Manager of Sales Management Division, Fresh Meats Business Division

### Takao Seki

General Manager of Sales Management Division, Processed Foods Business Division

### Seiji Inatomi

In charge of Australia, Operations Management Division, Overseas Business Division; Managing Director of NH Foods Australia Pty Ltd

### Masashi Kabayama

General Manager of Administrative Division, Processed Foods Business Division

### Shuichi Toda

General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division

### Sakae Kishimoto

General Manager of Marketing Management Division, Processed Foods Business Division

### Naomi Koga

General Manager of Administrative Division, Fresh Meats Business Division

### Hirohide Fujiwara

In charge of DX Promotion Department, IT Strategy Department and Sports Business Department

\* See the Notice of the 79<sup>th</sup> Ordinary General Meeting of Shareholders on our website for bios, positions, responsibilities, and important concurrent positions.

**Discussion** with outside directors

## What is your evaluation of the NH Foods Group as it strives for transformation and how will you support it going forward?

—A conversation with four outside directors.

### Q1. What is your evaluation of the past year?

**Kono** I think the main topics to address concerning the previous fiscal year are the turnover in top management positions and launch of a new management framework following a downturn in business performance, the formulation of Medium-Term Management Plan 2026, and the redefining of our materialities.

Corporate growth requires an accurate understanding of the demands and expectations of not only shareholders, but also a wide range of stakeholders, including consumers, employees, and local communities, and it is essential that this understanding is reflected in strategy formulation. I have been involved in the activities of consumer organizations for many years and I have participated in decision making concerning government policy on food safety and food education. I have leveraged this experience in my activities with the Compliance Committee, as well as the Consumer Delegate Committee, which interacts directly with consumers, to facilitate active discussions from a consumer-oriented perspective that focus



Yasuko Kono

Tokushi Yamasaki

Hiroko Miyazaki

Hideo Arase



## Corporate governance

on non-financial matters, including the utilization of human capital and response to climate change.

As chairperson of the Executive Nomination Committee, I have made recommendations regarding potential members of the Board of Directors and worked to further develop succession plans that consider the sustainability of the Group. I think this focus on enhancing corporate value and business continuity has been reflected in the content of discussions at committee meetings.

**Yamasaki** My background is in securities analysis, so I was able to provide recommendations and advice, and to share opinions with individuals, in a way that incorporated the perspectives of the stock and capital markets. An area I particularly focused on was management speed. I felt that the speed of the Company's management was a little slow compared to other companies listed on the Prime Market. Structural reforms were being mentioned at Board of Directors meeting three years ago but from the outside, it looked like no action had been taken. However, over the past year there has been a clear change. The Company's human resource strategy and its capital and finance strategies have been clarified and from a governance perspective, progress has been made on setting agendas for Board of Directors meetings and delegating authority regarding reporting items. I feel the Company is approaching a significant turning point.

**Arase** I have worked in the healthcare field for over 40 years and also have experience of corporate management overseas. I provided advice on business strategy from various perspectives based on this experience. This fiscal year, we formulated the medium-term management plan and we incorporated keywords that differentiate us from other companies into this plan to showcase our strengths to shareholders in an easy-to-understand manner. I also

proposed that we include clear, specific behaviors that employees at business sites within the Company should be practicing. In addition to this, I advised that decisions regarding the M&A of overseas companies should be based on a specific process that focuses on whether the target can raise the overall corporate value of the Company.

**Miyazaki** I worked as an attorney at law for law firms in Japan and the US, providing legal advice to companies. Following this, I led the legal departments of three foreign-owned companies and then served as a representative director. When I was appointed as an outside director of NH Foods in June 2024, I spoke with members of the Executive Nomination Committee and came to understand that I am expected to actively provide recommendations for raising corporate value with a focus on transformation.

Over the next year, I want to provide advice and oversight that helps business managers to take appropriate risks. In times of transformation, it is especially important to take risks in the right way. I will oversee and support various initiatives by facilitating discussion between our outside directors, who each have their own area of specialization, and the executive team in a way that focuses on specific details regarding risk, rather than abstract concepts.

### Q2. How do you evaluate the Group's organizational and governance frameworks and what issues have you noticed?

**Yamasaki** The major theme of the evaluation of effectiveness of the Board of Directors was separating oversight and executive functions, and this was also recognized as an issue among directors. One of the challenges to address was management speed, which has seen rapid improvement over the past year. Over the last

four to five years, the management speed of companies listed on the TSE Prime Market has been rising considerably due to the increase in companies adopting a Company with Nominating Committee structure, which fully separates oversight and execution, and there was concern that the gap between us and these companies was widening. However, as I mentioned above, improvements have been made over the past year. Discussions are underway as to whether the gulf in management speed is the result of corporate governance structure or management methodology, and I hope that progress will be made on Going forward, we need to continue to deepen discussion concerning the separation of the oversight and executive functions to raise the Company's management speed and greatly enhance corporate value.

Another issue was that there was not enough discussion of management strategy. Going forward, I think it will be important to thoroughly discuss both business and



#### Hiroko Miyazaki

Ms. Hiroko Miyazaki took office as Outside Director in June 2024. She has broad business experience as an attorney at law firms in Japan and abroad and also has experience in corporate management through serving as legal director and president and representative director at global companies.



## Corporate governance

sustainability strategy, and to clarify what the Board of Directors and executive team should be doing.

**Arase** Separating oversight and execution makes the Board of Directors responsible for deciding and supervising important policy, enabling directors to get an overview of every aspect of management. This means transitioning to a monitoring style of governance. While it is important for the Board to make decisions on short-term business matters, I would like to see more discussion on growth strategy that is rooted in management from a medium- to long-term perspective.

**Kono** The approach of Medium-Term Management Plan 2026 is to continue providing households with a stable supply of safe animal proteins while properly respecting the bounty of nature. This resonates with consumers. Gaining the understanding of stakeholders will be essential for promoting this message. Even though the people involved in formulating the plan have a full understanding, unless we can get the employees who will actually be implementing



### Hideo Arase

Mr. Hideo Arase took office as Outside Director in June 2019. He has abundant experience of and deep insight into global-scale corporate management. He serves as chairperson of the Compensation Committee, and as a member of the Executive Nomination Committee, the Compliance Committee, and the Sustainability Committee.

measures and the management teams at subsidiaries to take ownership of it, our efforts will come to nothing. Sharing information with stakeholders is key to encouraging understanding, and our communications efforts to date have been insufficient. Over the past year, I have consistently asked for improvements to be made, such as having the matters discussed by the Board of Directors disclosed immediately through the Company's website, and there are signs that it is becoming easier to provide information.

**Yamasaki** The Company has the management resources to become leaders in various fields, including governance, ESG, and the meat industry, so I want to showcase this more strongly. If we can leverage our strengths to demonstrate leadership in each field, it will raise our brand value.

Recently, President Ikawa has been sharing policies and thoughts through various media channels. If he continues with these efforts, I think it will raise the brand value of the Group in the medium to long term.

**Miyazaki** A key step in providing recommendations for raising corporate value is to provide the Board of Directors with appropriate information at the right time. I will actively propose the way that information should be circulating.

### Q3. Please tell us about the issues and achievements concerning each strategy and your thoughts on future initiatives.

**Arase** In regard to overseas strategy, I think it is important that head office and the business frontlines can share opinions with each other freely and both develop through this process. Employees on the frontlines are always thinking about the who, when, what, and how of marketing, so I think a challenge is for the management of business divisions to come up with clearer policies and direction and then



### Yasuko Kono

Ms. Yasuko Kono took office as Outside Director in June 2018. She has extensive knowledge and experience concerning consumer issues. She serves as chairperson of the Executive Nomination Committee, as well as a member of the Compensation Committee, the Compliance Committee, and the Sustainability Committee.

communicate these to the frontlines in a way that will translate into action and results. It is also key that progress is measured not just in terms of qualitative aspects, but through a framework that also adds quantitative evidence. Value is created on the frontlines, so I think the management of each division should let the frontlines lead the way and engage in finding ways to provide robust support.

The steps for developing business in a new country are as follows. First you create a vision which contributes to that country, then you gauge unmet needs, and finally you come up with plans and strategy. The business will not be on track to succeed until these three steps have been taken. I will leverage my experience and knowledge to help find solutions to issues from a frontline perspective.

**Yamasaki** Looking at the Company's 80-year history, we are reaching a long-term turning point in terms of financial and capital strategy. By accurately gauging capital cost and then categorizing this cost by business to improve ROIC and



## Corporate governance

ROE, we will be practicing substantive ROIC management. In regard to investment discipline, which includes M&A, it is important to make decisions on whether to push forward or pull back after carrying out a precise evaluation of risk versus return based on objective data. This is especially true for NH Foods, as our four main businesses each have a different business model. There needs to be an accurate assessment of where to prioritize cash allocation and to what extent returns will surpass costs. However, over the last year, we have built a framework for investment discipline, so I anticipate that in the medium to long term, we will have lean financial and profit structures in place that enable cash to be moved efficiently to where it is needed.

**Kono** In our human capital strategy, we already have a system in which personnel are rotated between the Fresh Meats, Processed Foods, and Overseas business divisions, which steadily develops human resources that can engage in



### Tokushi Yamasaki

Mr. Tokushi Yamasaki took office as Outside Director in June 2022. 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. He serves as a member of the Executive Nomination Committee, the Compensation Committee, and the Sustainability Committee.

business operations. On the other hand, the current business environment requires human resources who can make appropriate judgment concerning social issues and wield decision-making authority, and I feel we need to strengthen in this area, including in our corporate units. Our top management team has been working on this issue for five years but it is not an area where it is easy to produce results.

Diversity and inclusion has become a priority across the globe and the Corporate Governance Code requires stewardship of human capital. I think having a balanced composition in terms of gender is essential and this is a big part of discussions concerning succession planning at meetings of the Executive Nomination Committee.

While it is difficult to produce results in the short term, we now have Ms. Miyazaki onboard as an outside director, and she brings even greater knowledge of gender in organizational management from the perspective of both a lawyer and corporate manager. I expect this will be of huge benefit to the Group. I think it will also improve our effectiveness.

**Miyazaki** I will continue doing my best to exceed expectations. In addition to addressing diversity within the Group, I also want to realize more dynamic collaboration with our many partner companies. Combining the strengths of people with completely different backgrounds generates innovation. As the first step to achieving this, I think it is important that we properly communicate our strengths and ensure everyone shares aspirations and operates under the same code of conduct.

### Q4. What are your future aims and objectives toward increasing corporate value?

**Yamasaki** Over the past five years, I have listened to the

opinions of investors and analysts and turned this into feedback for the Company. I think my most important job is to clarify the gaps between the information gathered by the Company and the information that I can gather from the industry using my experience as an analyst. At the same time, I will also showcase the appeal of NH Foods. I think we still have plenty of growth potential.

**Arase** Innovation requires diversity combined with networks. I have experience of managing in different cultures and I have also built up a network in academia. I think I can be useful in many ways, including in the food industry and in new businesses. I have also experienced many failures in regard to the actual application of DX. I believe that I can use these experiences both in an oversight function and to provide advice from an independent position.

**Miyazaki** Our role as outside directors is not to address short-term or surface issues, but to provide a vision of what the Group should be. This will be achieved through discussion that inherently questions what the Group wants to do and what its DNA is. When the field of vision of people on the frontline or executives becomes too narrow, I want to provide advice that expands their perception. I want to contribute to the realization of an NH Foods where the perspective of the Board of Directors and the perspective of the executive team rub against each other to find a middle ground and produce deeper insight.

**Kono** I evaluate the overall Company by looking at whether it can take a leap forward as a sustainable enterprise in the medium to long term. The Group will continue to take on challenges while remaining fully conscious of various issues. I want our stakeholders to see the hard work the Group is putting in to make progress.





## Corporate governance

## Reasons for election and attendance of directors (FY2023)

Attendance is based on the number of relevant meetings attended in fiscal 2023, while the positions shown are positions held from June 2024 onward.

Name	Reasons 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, Chairperson and President	Board of Independent Outside Officers
Tetsuhiro Kito	Mr. Tetsuhiro Kito has been in charge of the field of 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 2026 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%)	—	Observer	● 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 2026 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%)	—	●	○ 4/4 (100%)	○ 4/4 (100%)	—	○ 4/4 (100%)	○ 2/2 (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 2024, he has led business operations as the Director and Executive Vice President 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 2026 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%)	—	○	—	○ 4/4 (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 2026 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%)	—	○	○ 4/4 (100%)	○ 4/4 (100%)	—	—	—	—
Kohei Akiyama	Mr. Kohei Akiyama has led business operations as the person in charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Public and Investor Relations Department, and Secretarial Office of NH Foods Ltd. He has contributed to further development of the Group by implementing various measures based on the "Medium-Term Management Plan 2026," to realize the NH Foods Group "Vision 2030," a milestone for achieving the corporate philosophy.	○ 13/13 (100%)	—	○	○ 4/4 (100%)	○ 4/4 (100%)	Observer	Observer	—	—



## Corporate governance

Name	Reasons 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, Chairperson and President	Board of Independent Outside Officers
Yasuko Kono Outside Independent officer	Since Ms. Yasuko Kono has rich experience and knowledge concerning consumer issues, we expect her to provide us with valuable suggestions regarding promotion and implementation of structural reform and growth strategies to transform the Company under the theme of “working together to create value through protein” for the “Medium-Term Management Plan 2026.”	○ 18/18 (100%)	—	—	○ 4/4 (100%)	○ 4/4 (100%)	● 5/5 (100%)	○ 4/4 (100%)	○ 2/2 (100%)	● 2/2 (100%)
Hideo Arase Outside Independent officer	Mr. Hideo Arase has served as a Director in charge of overseas business at a major manufacturer of medical equipment, and possesses abundant experience and deep insight in global-scale corporate management that may cope with changes. Therefore, we expect him to provide us with valuable suggestions regarding promotion and implementation of structural reform and growth strategies to transform the Company under the theme of “working together to create value through protein” for the “Medium-Term Management Plan 2026.”	○ 18/18 (100%)	—	—	—	○ 4/4 (100%)	○ 5/5 (100%)	● 4/4 (100%)	○ 2/2 (100%)	○ 2/2 (100%)
Tokushi Yamasaki Outside Independent officer	Mr. Tokushi Yamasaki has professional knowledge and abundant experience as a securities analyst. Therefore, we expect him to provide us with valuable suggestions regarding promotion and implementation of structural reform and growth strategies to transform the Company under the theme of “working together to create value through protein” for the “Medium-Term Management Plan 2026.”	○ 18/18 (100%)	—	—	—	○ 4/4 (100%)	○ 5/5 (100%)	○ 4/4 (100%)	○ 2/2 (100%)	○ 2/2 (100%)
Hiroko Miyazaki Outside Independent officer	Ms. Hiroko Miyazaki has broad business experience as an attorney at law firms in Japan and abroad and also has experience in corporate management through serving as legal director and president and representative director at global companies. We expect her to provide us with valuable suggestions regarding promotion and implementation of structural reform and growth strategies to transform the Company under the theme of “working together to create value through protein” for the “Medium-Term Management Plan 2026” by using her rich experience and deep insight.	—	—	—	—	—	—	—	—	—

## Reasons for election and attendance of Audit &amp; Supervisory Board members (FY2023)

Attendance is based on the number of relevant meetings attended in fiscal 2023, while the positions shown are positions held from June 2024 onward.

Name	Biography, etc.	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, Chairperson and President	Board of Independent Outside Officers
Sadanori Miyagai	Mr. Sadanori Miyagai has rich work experience and knowledge gained by overseeing departments in the Corporate Management Division and serving as General Manager of the Administrative Division, Fresh Meats Business Division. He serves as chairperson of the Audit & Supervisory Board.	○ 18/18 (100%)	● 18/18 (100%)	Observer	—	—	—	—	—	—
Nobuyuki Tazawa	Mr. Nobuyuki Tazawa possesses rich work experience and knowledge related to business management gained while serving as General Manager of the Administrative Division, Processed Foods Business Division and in other positions.	○ 18/18 (100%)	○ 18/18 (100%)	Observer	—	—	—	—	—	—
Masayuki Kitaguchi Outside	Mr. Masayuki Kitaguchi possesses a professional standpoint and abundant experience as a certified public accountant and attorney at law. He serves as an observer on the Executive Nomination Committee.	○ 18/18 (100%)	○ 18/18 (100%)	—	—	—	○ 5/5 (100%)	—	○ 2/2 (100%)	○ 2/2 (100%)
Shigeru Nishiyama Outside	Mr. Shigeru Nishiyama possesses a professional standpoint and abundant experience as a certified public accountant and a professor of a graduate school. He serves as an observer on the Sustainability Committee.	○ 18/18 (100%)	○ 18/18 (100%)	—	—	Observer	—	—	○ 1/2 (50%)	○ 2/2 (100%)
Katsumi Nakamura Outside	Mr. Katsumi Nakamura possesses a professional standpoint and abundant experience as an attorney at law. He serves as an observer on the Compliance Committee.	○ 13/13 (100%)	○ 12/13 (92%)	—	Observer	—	—	—	○ 1/1 (100%)	○ 1/1 (100%)



## Skills of directors (FY2024)

### 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.

Name	Areas of experience and expertise					
	Corporate management	International experience	Global environment / Sustainability	Consumer perspective / Marketing / R&D	Finance / Accounting	Legal affairs / Quality management / Risk management
Tetsuhiro Kito	○	○		○		
Nobuhisa Ikawa	○			○		
Masahito Kataoka			○		○	○
Fumio Maeda	○		○	○		
Kohei Akiyama	○					○
Yasuko Kono <span>Outside</span> <span>Independent officer</span>			○	○		
Hideo Arase <span>Outside</span> <span>Independent officer</span>	○	○				
Tokushi Yamasaki <span>Outside</span> <span>Independent officer</span>			○		○	
Hiroko Miyazaki <span>Outside</span> <span>Independent officer</span>	○	○				○



## Corporate governance

### 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.

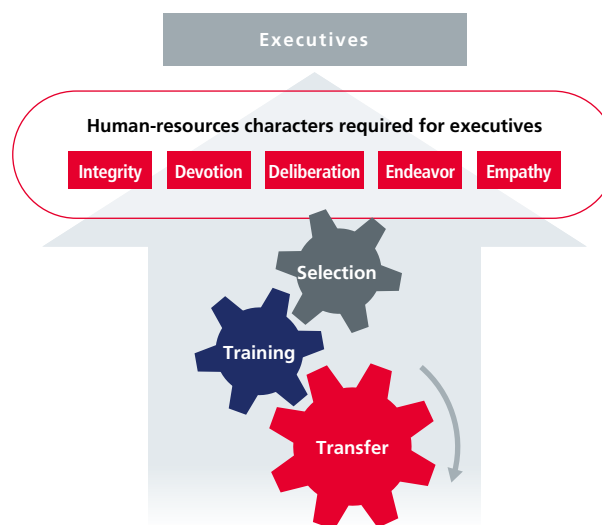
### Developing next-generation executives

#### 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). NH Foods Ltd. is 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." Young 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.



## Corporate governance

## 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

In fiscal 2023, we conducted the evaluations by way of questionnaires and interviews covering all directors and Audit & Supervisory Board members. Also, 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 conducted interviews with a number of directors. At a meeting of the Board of Directors on April 26, 2024, 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
- (2) Management strategy and business strategy
- (3) Corporate ethics and risk management
- (4) Evaluation and compensation for members of the management
- (5) Communication with shareholders and others

#### Initiative items

- Supervising business portfolio management from the perspective of "total optimization" bearing in mind capital costs
- Supervising whether a review of strategy in response to changes in the business environment is being conducted, getting into alignment with the medium-term management plan
- Human investments for achieving the medium-term management plan and supervision of human resources strategy for the realization thereof
- Consideration of appropriate delegation of authority in a way that recognizes the roles of supervision and execution
- Improvement of the operation of Board of Directors' meetings (improvement of the quality of materials, proper time allocation, etc.)
- Enhancement of training for corporate officers

#### FY2023 evaluation results

- (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.
- (2) Itemized Overview
  - (1) Members and Operation of the Board of Directors  
The Company's Board of Directors confirmed that, it has the member composition with the necessary knowledge, experience, competence and diversity being ensured. On the other hand, it also confirmed that there is room for improvement in allocating time appropriately to important agendas.
  - (2) Management Strategy and Business Strategy  
Continuing from the last year, it was confirmed that adequate supervision is given to responses to issues involving sustainability. In addition, the appropriate supervision of the ideal human resource strategy, which was an issue last year, was improved. On the other hand, it was confirmed that there is a need for continuously strengthening the allocation of management resources from the perspective of total optimization bearing in mind capital cost.
  - (3) Corporate Ethics and Risk Management  
It was confirmed in this financial year as well that, officers and employees have had good understanding on and are complying with the "Nipponham Group Global Action Guidelines", the hotline and helpdesk are functioning effectively, and the internal controls system have been properly established and are being operated.
  - (4) Evaluation of and Compensation for Members of the Management  
Continuing from the last year, Compensation Committee confirmed the incentive compensation system was appropriately considered from the perspective of a healthy system for the sustained growth and in comparison with other companies.
  - (5) Communication with Shareholders and Others  
It was confirmed in this financial year as well that, opinions and other information obtained through communication with shareholders were fed back to the Board of Directors and effectively utilized in deliberations.

#### Main topics discussed by directors

- Medium-term management plan
- Officer evaluation and compensation
- Risk Management Committee Report
- Business Execution Report (business strategy, overall Group strategy, financial strategy, materiality strategy, cross-divisional strategy, functions strategy)
- Revisions to the materiality
- Cross-Shareholdings Review Report
- Human resource strategy

#### Future efforts

- Based on the results of the above evaluation, we have decided to further promote the following initiatives for the realization of the Medium-Term Management Plan 2026:
- We will promote more efficient deliberation of agendas and reporting items depending on the importance of each agenda.
  - We will supervise the appropriate allocation of management resources from the perspective of total optimization, while bearing in mind capital costs.
  - We will continue to supervise the way human resources strategy is implemented as it is critical for the fostering of an organizational culture that takes on challenges.
- We will continue enhancing the effectiveness of the Board of Directors in the future to further increase corporate value and to achieve our vision for the Group.

## A message from the chairperson of the Board of Directors

### We are aiming to raise medium- to long-term corporate value by improving the effectiveness of the Board of Directors.

#### Please share your review of the past year and your thoughts about the evaluation of the Board of Directors' effectiveness.

The overall score of the evaluation of the effectiveness of the Board of Directors in fiscal 2023 was positive, rising by 4.6 percentage points, which shows that improvements are being made. In particular, we received high scores for corporate ethics and risk management for a third consecutive year. On the other hand, the scores for management strategy and business strategy were low, and within this, I think it is clear that we must make improvements concerning the separation of oversight and execution of duties, and the total optimization of management resource allocation in a way that is conscious of capital cost.

I was appointed as chairperson of the Board of Directors in April 2023. Although I am an inside director, I have carried out activities over the past year with a focus on managing Board operations from a perspective that is neutral toward both the executive and oversight sides.

Before my appointment, five objectives were set in regard to the operation of the Board of Directors. The first is to improve the setting of agendas for Board meetings. It was assessed that these meetings were generally running a little long compared to other companies, so we have worked to



#### Tetsuhiro Kito

Chairperson and Director Chairperson of the Board of Directors

streamline meetings and make the content more appropriate by being more selective regarding agenda items and streamlining reporting items.

The second objective is to make discussion of management strategy more dynamic. The fiscal 2023 evaluation has flagged that discussion of management strategy feels inadequate.

The third is to ensure the quantity and quality of information provided. We have requested that people responsible for giving reports make these reports compact in terms of both format and content. In the past, quarterly reports on the activities of each business division were sometimes dozens of pages long, but now we are asking that they become more compact, containing just the necessary information. I feel that there has been improvement on this point since the third quarter.

The fourth objective is to strengthen communication between the executive and oversight functions. We have

worked to create opportunities for communication between inside and outside directors not only at Board meetings, but also within everyday business operations.

The fifth is to monitor and supervise the progress being made on management strategies. We are putting a particular focus on progress being made in terms of the total optimization of management resource allocation in a way that is conscious of capital cost, which was a concern highlighted in the evaluation of the effectiveness of the Board of Directors.

#### What are your plans for raising corporate value going forward?

If we are to make discussion at Board of Directors meetings more dynamic, I think it is important to approach discussions and decision-making from a wide range of angles to encourage realizations and cross-checking. I want both inside and outside directors to participate in discussions and decision-making to make use of diversity and their respective knowledge.

Also, the Group's business is grounded in agriculture and livestock farming, so it is closely linked to primary industry, and we are Japan's largest provider of animal-derived protein. I think ensuring our employees have a firm understanding of our significance to society is important for realizing our Vision2030 "Unleash new potentials for protein." The key to achieving this will be to raise the job satisfaction and loyalty of employees, facilitating the fostering of an organizational culture focused on new challenges.

Also, to improve corporate value, we need to make decisions that consider the interests of all stakeholders, including consumers and communities, and not just shareholders and employees. I recognize that my role in achieving this will be to build bridges, and I will strive to make further improvements to the effectiveness of the Board of Directors.





## 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. Additionally, at a meeting of the Board of Directors held on April 8, 2024, partial amendments were made to the policy (partial amendments to the method for calculating performance-based stock compensation) on condition of approval at the 79th Ordinary Shareholders' Meeting held on June 25, 2024.

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. 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

### Breakdown of officer compensation

	Basic compensation 55%	Performance-based compensation 28%	Performance-based stock compensation 17%								
Positioning	Fixed compensation	Short-term incentive compensation	Long-term incentive compensation								
Recipients	<ul style="list-style-type: none"> <li>Directors</li> <li>Executive officers</li> <li>Audit &amp; supervisory board members</li> </ul>	<ul style="list-style-type: none"> <li>Directors (excluding outside directors)</li> <li>Executive officers</li> </ul>	<ul style="list-style-type: none"> <li>Directors (excluding outside directors)</li> <li>Executive officers</li> </ul>								
Delivery form	Money	Money	Stock (BIP Trust)								
Evaluation indicators	—	<table border="1"> <tr> <td>Financial</td> <td>           Annual performance  <ul style="list-style-type: none"> <li>Consolidated net sales</li> <li>ROE</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Consolidated business income</li> <li>ROIC</li> </ul> </td> </tr> <tr> <td>Non-financial</td> <td colspan="2">           Management issues  <ul style="list-style-type: none"> <li>Innovation and challenge<sup>*1</sup></li> <li>Career development for diverse people<sup>*2</sup></li> <li>Materialities<sup>*3</sup></li> </ul> </td> </tr> </table> <p><sup>*1, 2</sup> Linked to the key focuses of Medium-Term Management Plan 2026  <sup>*3</sup> Linked to key focuses (materiality) of sustainability strategies</p>	Financial	Annual performance <ul style="list-style-type: none"> <li>Consolidated net sales</li> <li>ROE</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated business income</li> <li>ROIC</li> </ul>	Non-financial	Management issues <ul style="list-style-type: none"> <li>Innovation and challenge<sup>*1</sup></li> <li>Career development for diverse people<sup>*2</sup></li> <li>Materialities<sup>*3</sup></li> </ul>		<table border="1"> <tr> <td>Financial</td> <td> <ul style="list-style-type: none"> <li>Consolidated net sales</li> <li>Consolidated business income</li> <li>ROE</li> <li>TSR<sup>*4</sup></li> </ul> <p><sup>*4</sup> Added in fiscal 2024 with the aim of further clarifying the correlation between business results and share prices</p> </td> </tr> </table>	Financial	<ul style="list-style-type: none"> <li>Consolidated net sales</li> <li>Consolidated business income</li> <li>ROE</li> <li>TSR<sup>*4</sup></li> </ul> <p><sup>*4</sup> Added in fiscal 2024 with the aim of further clarifying the correlation between business results and share prices</p>
Financial	Annual performance <ul style="list-style-type: none"> <li>Consolidated net sales</li> <li>ROE</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated business income</li> <li>ROIC</li> </ul>									
Non-financial	Management issues <ul style="list-style-type: none"> <li>Innovation and challenge<sup>*1</sup></li> <li>Career development for diverse people<sup>*2</sup></li> <li>Materialities<sup>*3</sup></li> </ul>										
Financial	<ul style="list-style-type: none"> <li>Consolidated net sales</li> <li>Consolidated business income</li> <li>ROE</li> <li>TSR<sup>*4</sup></li> </ul> <p><sup>*4</sup> Added in fiscal 2024 with the aim of further clarifying the correlation between business results and share prices</p>										
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%.								



## Corporate governance

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: 22), 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 position, an evaluation of total shareholder return (compared to TOPIX), and the 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.

### 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)	202	147	30	25	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	50	50	—	—	2
Outside Officers	78	78	—	—	7

\*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 78th Ordinary General Meeting of Shareholders held on June 27, 2023.

\*2 The maximum amounts of compensation (basic compensation and appraisal 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 as expenses, etc., under Japanese GAAP in related to the share delivery points clarified by the estimated amount to be granted for the fiscal year under review based on the Plan. Note that compensation in the form of stock acquisition rights was discontinued in July 2020 following the introduction of the performance-based compensation plan.

\*3 Appraisal compensation is monetary compensation that varies in accordance with the level of achievement of targets concerning the Company's business performance for the fiscal year (consolidated net sales, consolidated business income, ROE, and ROIC) and targets concerning management issues that have been set on an individual basis. Its purpose is to provide an incentive for enhancing corporate value over the medium to long term. Performance-based stock compensation is a compensation plan that also provides an incentive for enhancing corporate value over the medium to long term. Points are granted based on the 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. Looking at business performance for fiscal 2023, consolidated net sales were ¥1,303,432 million, consolidated business income was ¥44,939 million, and ROE was 5.5%. As results concerning individual business divisions are not disclosed, we are unable to disclose the result for ROIC, but there was year-on-year improvement for each indicator.

\*4 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.





## Corporate governance

### Summary of Audit & Supervisory Board member compensation

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

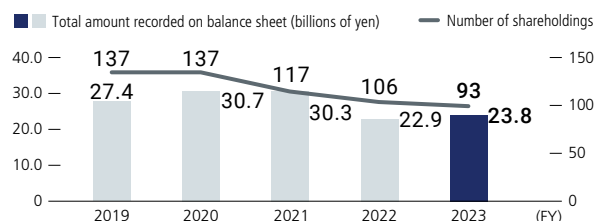
### Reducing cross-shareholdings

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 2024, the total market value of our cross-shareholdings was approximately ¥23.8 billion. This amounts to around 2.5% 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.

#### Number of shareholdings and balance sheet amount



### 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 (August 2024)



Investors tour facilities of Australian business (June 2024)

#### FY2023 activities

Category	Number
Individual meetings with institutional investors	283 times
Overseas IR meetings (in-person overseas IR activities resumed from 2023)	8 locations
Facility observation tours for institutional investors * In-person observation tours resumed from 2023	2 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 small meeting	1 time
Engagement meetings	16 times
Business briefings (IR Days)	1 time
Online company introductions for individual investors	1 time
Online briefings for individual shareholders	1 time

### 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 attend interviews with directors twice per year, and executive officers and the heads of major departments and divisions



## Corporate governance

once per year. These interviews last around an hour and a half and confirm the situation regarding matters such as business execution, internal controls, response to material risks, and initiatives to improve workplace environments.

In principle, audits of domestic and overseas Group companies are conducted annually at key business sites mainly selected based on an audit plan formulated 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, initiatives to improve workplace environments, the status of workstyle reforms and human resources development, 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, as well as biannual exchanges of information between the Audit & Supervisory Board, accounting auditor, and internal audit departments that bring together all relevant departments.

### 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
Naoki Kawai	Deloitte Touche Tohmatsu LLC
Yuya Minobe	Deloitte Touche Tohmatsu LLC

Notes: Assistants who helped with accounting audits included 19 CPAs, 16 CPA-certified individuals, and 31 other individuals.

### Internal audits

The implementation of internal audits has been assigned to 19 employees of the Audit Department (as of March 31, 2024) and includes audits of business operations in Japan and overseas, enterprise risk management support, and audit quality management. In regard to audit methodology, audits of business processes, risk management, compliance, information security, and other areas at each head office division and Group company are carried out from a risk-oriented perspective based on an audit plan, and then the audited organization is provided with suggestions and advice toward improvements.

Audit results are compiled into a report document, but extremely urgent and important matters are also reported orally. The Audit Department implements audit procedures under the direct jurisdiction of the President and Representative Director and the results of audits are compiled into an audit report which is presented to both the President and Representative Director and the Board of Directors. We have also established an audit quality management framework to confirm the effectiveness of internal audits. This incorporates audit guidance within the department and Computer Assisted Audit Techniques (CAAT) to ensure audits are being carried out based on broader and more varied data sets.

Additionally, the Audit Department coordinates with the Audit & Supervisory Board members and accounting auditors to evaluate the accounting and business operations of the entire Group. When the accounting auditor evaluates the effectiveness of internal controls, it coordinates with the Audit Department to mutually share results.

#### 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	Exchanged opinions with the President and Representative Director (4 times, 2 hours each time)	✓	✓
	Exchanged opinions with outside directors (4 times, 2 hours each time)	✓	✓
	Exchanged opinions with the chairperson of the Board of Directors (2 times, 2 hours each time)	✓	✓
	Interviewed executive directors, executive officers, and general managers of major divisions, excluding the above (33 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)	✓	✓
Compliance Department	Report on the number of consultation cases, etc. (2 times)	✓	✓
Accounting auditor	Received accounting audit plans, accounting audit reports, reviews of quarterly financial results, etc. (12 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 (33 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 (12 times)	✓	△ Note

Note: Information exchange meetings of outside auditors with the Group Auditors' Office and full-time auditors of Group companies are held on an irregular basis.



## Corporate governance

## 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 2023, the Compliance Committee and Compliance Leader Conference met four times each.

### Scandal prevention activities

In order to ensure scandals like the 2002 meat mislabeling scandal do not occur again, we carry out the following three activities each year in August. First, the chair of the Compliance Committee shares a message. Second, we hold discussion sessions in which people involved in the scandal share what they learned. Third, we encourage employees to learn more about the incident through a digital archive containing newspaper articles from the time. Through these activities, we are fostering employee-friendly workplaces.

### 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, in order to detect problems these risks early, and then solve, avoid, or prevent them.

### Working with employees to prevent compliance violations

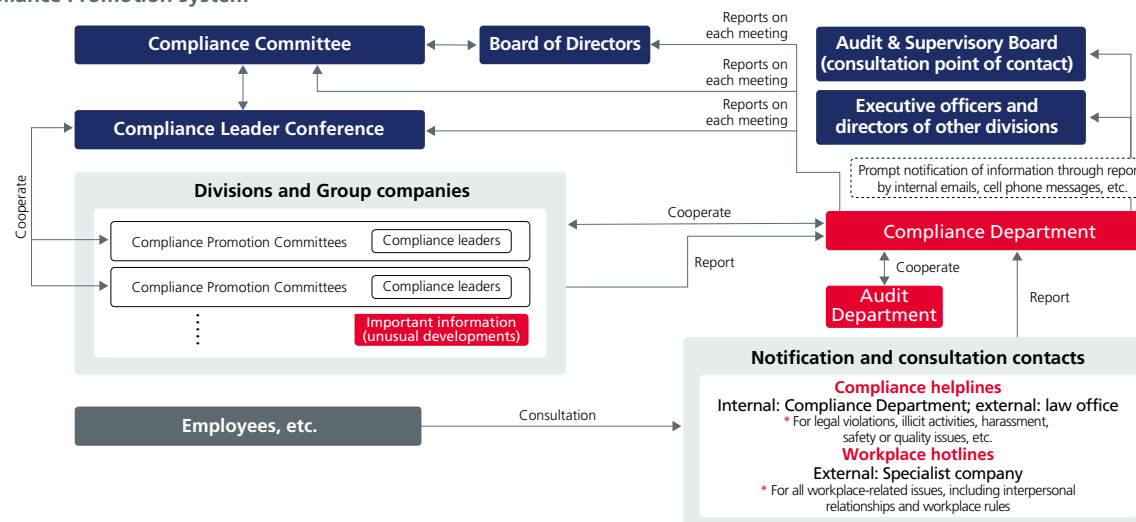
The NH Foods Group works with employees to prevent compliance violations by creating various opportunities for awareness-raising activities.

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, we hold Compliance Competitions Forums for all employees held at each business location and Group company, in order to foster compliance awareness which include compliance study sessions for all employees and other events.

Additionally, each office holds office study groups that aim to prevent harassment and vitalize workplace communication using video materials and case studies.

### Compliance Promotion system





Corporate governance

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.

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, a crisis task force is established to carry out an emergency risk response. This involves taking

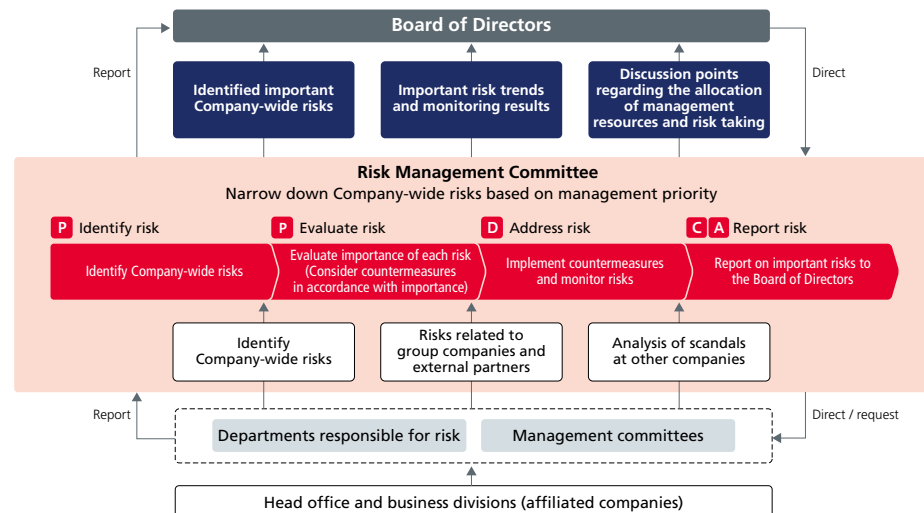
countermeasures tailored to the specifics and expected severity of the crisis in a prompt and appropriate manner.

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.

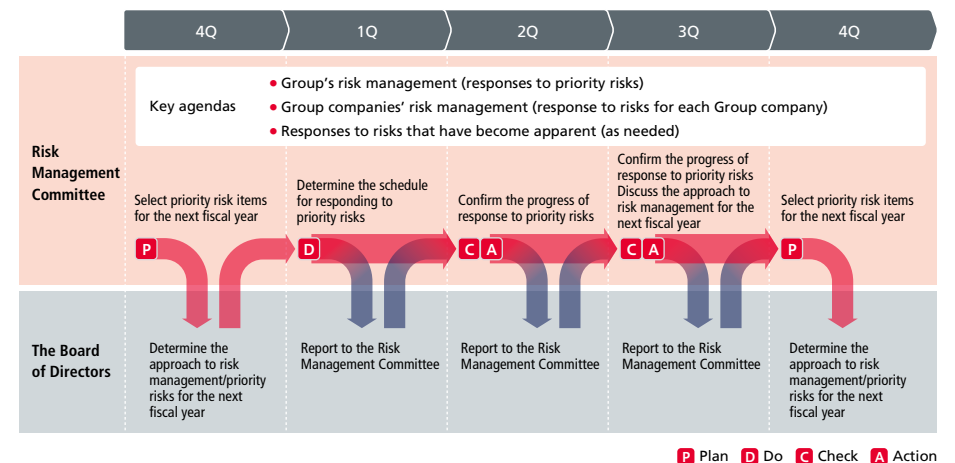
Business continuity plan (BCP)

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 positioned as the highest priority. We are also strengthening countermeasures that anticipate damage caused by cyberattacks.

Functions and positioning of the Risk Management Committee



Annual risk management schedule



P Plan D Do C Check A Action

## 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, we have 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, we are building a framework to detect unauthorized access at an early stage and respond under the assumption that our defenses have already been violated.

We conduct cyberattack response planning on an ongoing basis and are strengthening BCP in preparation for cyberattacks.

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

- Installed software (EDR<sup>\*1</sup>) 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<sup>\*2</sup>) that includes network devices and a cloud service

<sup>\*1</sup> Endpoint Detection & Response: Security software that detects and responds to suspicious behavior and threats within a device.

<sup>\*2</sup> Managed Detection & Response: A managed service that swiftly detects and responds to threats invading a network.

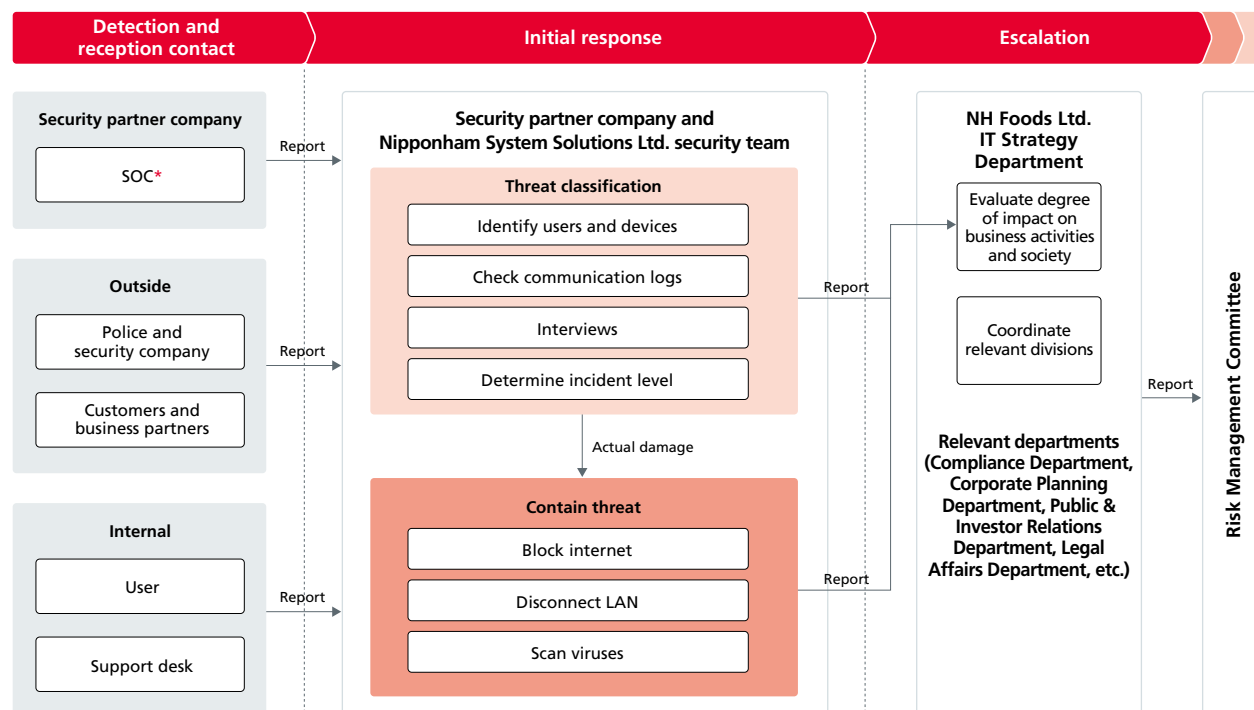
### 2. Evolving response frameworks and flow for security incidents

- Built a 24-hour, 365-day security monitoring and response framework
- Clarified the response flow for security incidents
- Increased security personnel

### 3. Revising backup methods

- Introduced a backup method that enables data recovery in the event of a ransomware attack

### 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