Sustainability management

The NH Foods Group has established *the joy of eating* as one of our corporate philosophies. This philosophy expresses the way in which food brings the excitement of great taste and the joy that comes from good health, and we believe this is the starting point for people's well-being.

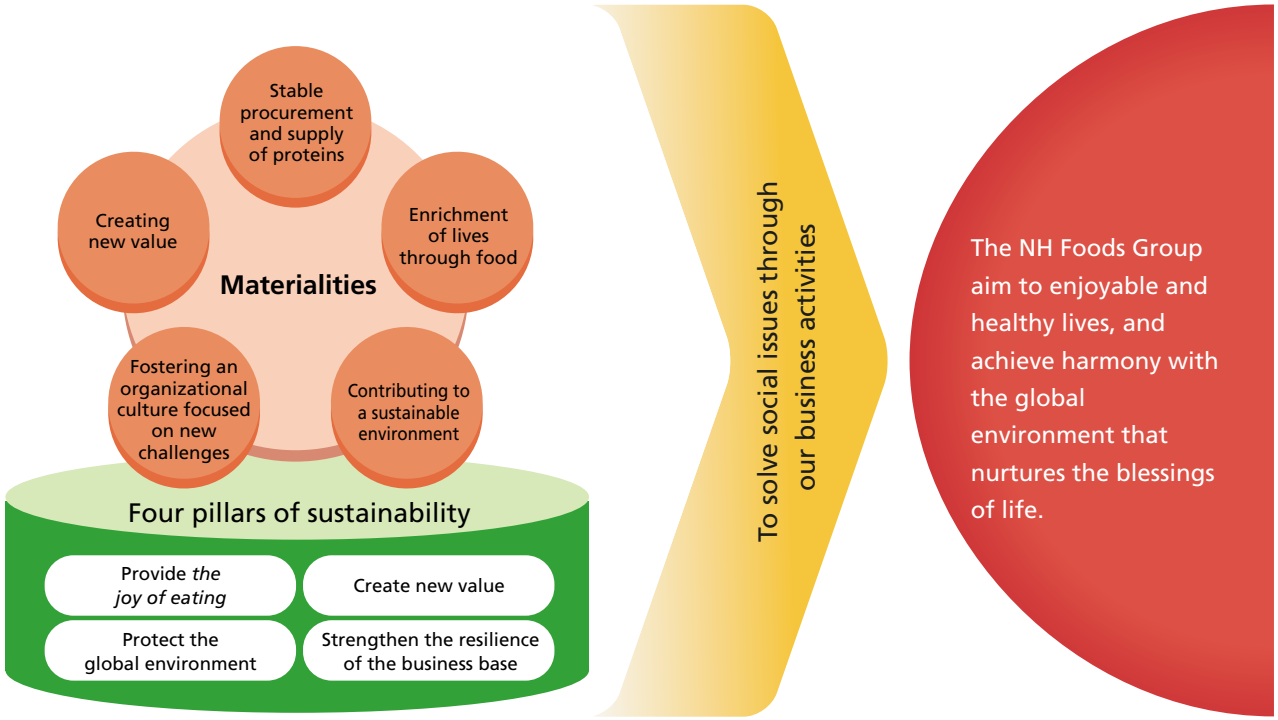
Since our founding, the NH Foods Group has supplied protein, an important nutrient that makes up about one-fifth of people's bodies, through meat, fish, dairy products, and other sources.

However, it has been suggested that food demand will exceed supply in the future due to the effects of global population growth and climate change. There are particular concerns about a shortage of protein, which is essential for the human body, and we face many challenges to ensuring stable supplies.

To address these challenges sincerely and achieve sustainable supplies of protein, we have established a Sustainability Strategy based on four pillars of sustainability.

Through our business activities, we will continue to take on the challenge of solving social issues, aiming to contribute to enjoyable and healthy lives, and achieve harmony with the global environment that nurtures the blessings of life.

Overview of our sustainability strategy



Four pillars of sustainability

Provide *the joy of eating*

We will continue to provide the protein that is essential for making and maintaining strong bodies. Moreover, in response to diversifying lifestyles and values, we will continue to deliver the excitement of great taste and the joy that comes from good health.

Create new value

The NH Foods Group's strength lies in protein. Building on this pillar, we will think with freedom and take on the challenge of creating new businesses with a variety of partners.

Protect the global environment

The global environment is what nurtures the blessings of life, including the vital resources that provide protein. With this in mind, we will reduce the environmental impact of our supply chains in order to protect the global environment.

Strengthen the resilience of the business base

In addition to providing protein, we aim to achieve sustainable business growth and fulfill our social responsibilities by responding quickly and flexibly to changes in society and addressing issues specific to the livestock industry.

Sustainability management

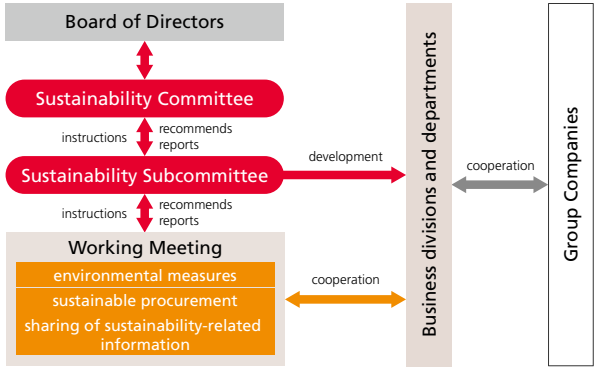
Sustainability promotion system

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 Sustainability Subcommittee operates 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.

The Working Meeting is a forum for sharing information about environmental measures and sustainable procurement, as well as other sustainability-related information, primarily among corporate back-office departments. It also facilitates the introduction of specific measures and collaboration with business divisions and monitors progress.

Sustainability promotion framework



Activities by Organization

Organization entity		Role	Organization	Frequency
Sustainability Committee		• Considers and formulates the Group's sustainability policy and strategy • Supervises ESG-related initiatives*1	• Directors • Outside directors • General managers of business division • Outside experts • Audit & Supervisory Board member	4 times / year
Sustainability Subcommittee		• Applies strategies decided by upper-level management meetings to business divisions and Group companies	• Director in charge of sustainability • Business division general managers • Heads of departments and sections	4 times / year
Working Meeting	Environmental measures	• Discusses, recommends, and manages targets related to key themes*2 based on the environmental policy • Addresses environmental information-related disclosure regulations (TCFD, TNFD, etc.)	• Heads and personnel in charge of related departments	9 times / year
Working Meeting	Sustainable procurement	• Enhances the sustainability of procurement activities and the effectiveness of sustainable procurement	• Managers and personnel in charge of related departments	5 times / year
Working Meeting	Sharing of sustainability-related information	• Shares information among corporate related departments to prevent business risk and to build resilient systems • Addresses human rights due diligence	• Corporate departments	3 times / year

*1 Materiality initiatives and progress, environmental management, human rights management, human resource strategies, sustainable procurement, animal welfare, other sustainability-related matters

*2 Key themes based on the environmental policy: Climate change, plastic reduction, the reduction of water risks and usage, food loss reduction, waste reduction, biodiversity

Main topics discussed by the Sustainability Committee in FY2024

Themes	Content of discussions
Sustainability strategy and our materialities	We have created a clearly defined future vision and roadmap for the NH Foods Group by formulating the four pillars of sustainability and visualizing our overall strategy, including related materiality items.
Disclosure based on TCFD and TNFD guidelines	Topics discussed by the Sustainability Committee included scenario analysis and business impact assessment. In addition to identifying and prioritizing risks and opportunities, the Committee also explored future response measures.
Review of medium- to long-term environmental targets	We created the Eco-Cycle concept as an environmental protection vision for the NH Foods Group. We are working toward the realization of this concept by formulating a 2050 roadmap and revising our medium- to long-term environmental targets.
Disclosure strategy for non-financial information	The Sustainability Committee discussed a disclosure strategy designed to enhance our messaging and external evaluations in non-financial areas.

Materiality targets and progress

Materialities	Issues	Measures	Our vision	FY2024
Stable procurement and supply of proteins	Ensure the stable procurement and supply of meat	• Expansion of stable supply of livestock meat • Continued efforts to prevent the outbreak of diseases	Domestic meat product sales volume growth rate 104% compared to FY2023 (FY2026)	103%
	Achieve sustainable livestock production	• Support and co-create with farmers • Provide technical guidance for PIG LABO® and the poultry production business • Develop and utilize new technologies such as smart livestock farming		
Enrichment of lives through food	Address diversifying lifestyles and value sets	• Develop and provide products that meet diverse needs • Provide food experiences that bring about smiles • Spread the knowledge gained in Japan to other countries and regions	• 50% of the main consumer products in the ham and sausage, processed food category, including Mealin'Good products. (FY2026) • Overseas processed product business sales growth rate: 200% compared to FY2013 (FY2026)	19.5%
	Contribute to solutions for food issues	• Develop and provide products that contribute to the development of healthy bodies		112.8%
Contributing to a sustainable environment	Climate change response	• Reduction of CO_2 emissions from fossil fuels (SCOPE 1, 2)	Domestic: –29% compared to 2013 (FY2026) Domestic: –46% compared to 2013 (FY2030)	–24.1%
			Overseas: –17% compared to 2021 (FY2026) Overseas: –24% compared to 2021 (FY2030)	–5.7%
		• Reducing livestock-derived greenhouse gas emissions • Implementation of measures at our own farms	—	Joint research • Cattle methane gas (Hokkaido University) • Pig methane gas (Tokushima University)
	Promotion of resource conservation	• Reduce plastics use Scope: Packaging materials derived from fossil fuels among those products subject to the Containers and Packaging Recycling Law in Japan	Domestic: –17% compared to 2013 (FY2026) Domestic: –20% compared to 2013 (FY2030)	–34.2%
Creating new value	Provide new value through food and sports	• Plan urban area centered on the food and sports businesses around HOKKAIDO BALLPARK VILLAGE	Increase the number of visitors and permanent residents by enhancing facilities and services in the F VILLAGE (FY2030)*1	Number of visitors: Approximately 4.19 million people*2 Resident population: –
	Create businesses that expand the potential of protein	• Create value by strengthening R&D • Explore various possibilities for protein	Launch and monetize businesses (FY2030)	Formulate a company-wide R&D strategy linked to business strategy.
			Establish technology for commercialization (FY2030)	Promoting research into koji (mycoprotein) and cellular foods
Fostering an organizational culture focused on new challenges	Train/recruit innovative managers	• Review executive evaluation items and enhance the management succession plan	Progress of transformation, challenges, and employee engagement initiatives (FY2030)	1. Strategic recruitment, selection, and training • Formation of candidate pool • Strengthening of selection and training systems 2. Promotion of individual growth • Appropriate evaluation and treatment according to results • Career autonomy and career enrichment • Partial revision of overseas personnel system
	Promote the participation of a diverse range of human resources	• Reinforce and embed systems that encourage and recognize each individual's efforts • Creating an environment in which a diverse range of individuals are respected and can thrive	Progress of Priority Management Items (FY2030)	

*1 Number of visitors is calculated on a calendar year basis. Resident population is for Kitahiroshima City in FY2030 (vs. October 2023).
*2 Number of visitors from January to December 2024

ESG initiatives in our value chains

Web

Sustainability

Corporate governance

The NH Foods Group is helping to solve social issues through its business activities by implementing ESG initiatives across all of its value chains.

Our main Environmental, social, and governance initiatives

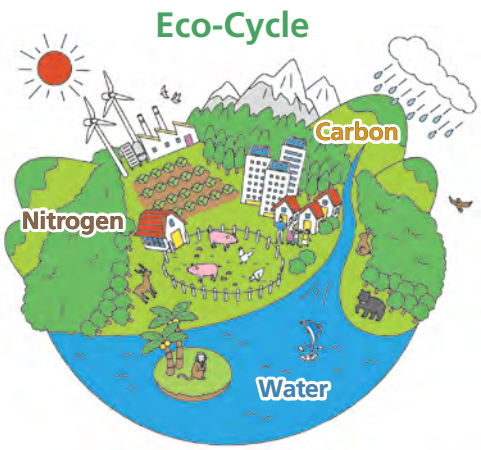
		Procurement	Development	Production and breeding	Packing and processing	Consignment and distribution	Sales and marketing
Environmental	Greenhouse gas emissions	P.61 • Promoting decarbonization of energy at our facilities • Promoting the reduction of livestock-derived greenhouse gas emissions • Local production and consumption of energy from unused resources generated in the production process (e.g., manure)					
	Plastic				P.61 • Reducing petroleum-based plastic packaging materials • Expanding environmentally friendly packaging materials		
	Water			P.61 • Minimize water consumption • Risk reduction in water-stressed areas			
	Food loss				P.62 • Extension of best-by dates • Upcycling of processing offcuts • Food donations		
	Waste		P.62 • Reduction of resource input and final disposal • Creation of a regional recycling model				
Social	Sustainable livestock farming	P.63 • Addressing labor shortages in the livestock industry • Addressing animal welfare issues • Disease control					
	Healthier minds, healthier bodies				P.64 • Provide useful information on proteins • Food education • Nutrition support and sports		
	Human rights	P.65 • Practicing human rights due diligence • Human rights education and training • Supplier monitoring					
	Health management, and occupational health and safety		P.66 • Health management promotion • Maintaining work environments • Strengthening occupational safety				
	Human resource initiatives		P.41 • Train/recruit innovative managers and promote career development for diverse people • Diversity, equity, and inclusion				
Governance	Corporate governance	P.67					

Environmental conservation

"Eco-Cycle": A harmonious relationship between people and the planet

Carbon, water, nitrogen, and other substances that form all life on Earth — including humans and livestock — are regenerated and circulate through natural processes. However, population growth and corporate activities have led to the excessive use of fossil fuels and resources, surpassing the limits of the Earth's natural cycles and causing environmental issues such as climate change and pollution of air and water.

The NH Foods Group envisions a future in which resource use and emissions from our business activities are integrated into a natural material cycle in harmony with nature, supported by coexistence with local communities and business partners (ecosystem). We are actively advancing environmental protection initiatives under this vision, which we call the "Eco-Cycle."



1 Water

The water cycle is a global process that supports all life through the evaporation of water into the atmosphere, from where it falls back to Earth as rain. However, population growth, urbanization, and climate change are causing water shortages and pollution.

The NH Foods Group is continuously improving its production processes to prevent waste by using water resources efficiently. To minimize the environmental load, all water used is cleansed before being returned to the natural environment.

2 Nitrogen

Nitrogen is an essential component of proteins. It circulates around the Earth as it is used by plants, which capture it from the atmosphere via the soil, and animals. However, this natural nitrogen cycle has been disrupted by environmental pollution since the Industrial Revolution, including large-scale waste emissions and excessive use of chemical fertilizers.

Through its business activities, the NH Foods Group is working to mitigate environmental impacts by reducing food losses and composting livestock waste.

3 Carbon

Carbon circulates around the Earth through its use by plants, which absorb carbon dioxide from the atmosphere, and animals. However, in modern times, economic development has been accompanied by a rise in CO_2 levels, leading to the acceleration of warming. The effects of this climate change include floods, droughts, and heat waves.

The NH Foods Group is working to mitigate climate change by reducing CO_2 emissions through energy-saving measures and the use of solar power.

Compliance with TCFD/TNFD frameworks

In 2020, the Group endorsed the proposal presented by the Task Force on Climate-related Financial Disclosures (TCFD)*, and since May 2022, we have been disclosing information such as the results of our scenario analyses.

* The Task Force on Climate-related Financial Disclosures (TCFD) was disbanded in October 2023. Since 2024, its role has been taken over by the International Financial Reporting Standards (IFRS).

In September 2024, the Group pledged support for the philosophy of the Taskforce on Nature-related Financial Disclosures (TNFD). We are now using the LEAP* approach based on the TNFD framework to assess dependencies and impacts on nature in the Group's business activities and identify risks and opportunities.

* LEAP is an acronym for "Locate, Evaluate, Assess, Prepare".

Through these analyses, we have determined that there are many overlaps between natural capital risks and climate change risks.

We will continue to reassess future risks and opportunities in relation to society and the environment, and to take appropriate actions and disclose information for each of these categories.

Medium- to long-term environmental targets

The NH Foods Group has established environmental targets aimed at reducing environmental impacts through its three-year medium-term management plans.

In April 2025, the NH Foods Group announced its "Eco-Cycle" vision for environmental protection. In each of our focus areas, we revised priority items with high environmental significance in our supply chains and added food loss to the list. We now have five priority items based on the Group's business activities. They are greenhouse gases, plastics, water, food loss, and waste.

We also formulated a long-term roadmap for the period to 2050 and reviewed our qualitative targets for 2030 and 2050. Those qualitative targets are shown in the table on the right.

Details of the FY2024 results and progress toward each target can be found on our website.

Web **Environmental targets and results:** https://www.nipponham.co.jp/corporate/sustainability/management/progress.html

Roadmap to 2050: https://www.nipponham.co.jp/corporate/sustainability/environment/goal.html

Medium- to long-term environmental targets

Priority item	FY2026 target	FY2030 target	FY2050 target
Greenhouse gas emissions	Reduction of fossil fuel-derived CO_2 (Scope 1, Scope 2) Domestic: 29% reduction compared to FY2013 Overseas: 17% reduction compared to FY2021 Reduction of supply chain emissions (Scope 3) Domestic targets set	Reduction of fossil fuel-derived CO_2 (Scope 1, Scope 2) Domestic: 46% reduction compared to FY2013 Overseas: 24% reduction compared to FY2021 Reducing livestock-derived greenhouse gas emissions Implementation of measures at our own farms	Going carbon neutral
Plastic	Reduce use of petroleum-based containers and packaging plastics (Products subject to the Containers and Packaging Recycling Law) Domestic: –17% compared to FY2013	Reduce use of petroleum-based containers and packaging plastics (Products subject to the Containers and Packaging Recycling Law) Domestic: –20% compared to FY2013	Petroleum-based plastics minimization through the supply chain
Water	—	Water consumption per production unit Domestic: 5% reduction compared to FY2019 Overseas: 5% reduction compared to FY2021 Implementation of water risk reduction measures in water-stressed areas	Minimize water use and reduce risk in water-stressed areas Addressing water risks in key supply chains
Food loss	—	Food loss reduction Domestic: 20% reduction compared to FY2020	Food loss minimization through the supply chain
Waste	—	Improvement of resource recycling rate Domestic: 98% or more	Sustainable development of circular use through regional collaboration

Priority items for environmental impacts in our supply chains

Our priority items

Our supply chain initiatives will be based on three focus areas and five priority items.

Processes of the NH Foods Group | Supply chain upstream/downstream areas | **Blue text:** Items with especially high outflows

Focus areas		Priority items	Growers, suppliers	Farms	Processing plants	Production plants	Logistics/sales	Commercial customers/consumers
Response to climate change	Climate change	Greenhouse gas emissions	**Livestock-derived,** fossil-derived	**Livestock-derived, fossil-derived**	**Fossil-derived**	**Fossil-derived**	**Fossil-derived**	Fossil-derived
Resource conservation and efficient use	Chemical substances	Plastic	Use, discharge	Use, discharge	**Use, discharge**	**Use, discharge**	Use, discharge	**Discharge**
	Changes in freshwater usage	Water	**Use, discharge**	**Use, discharge**	Use, discharge	Use, discharge	Use, discharge	**Use, discharge**
	Organic substance cycles (carbon, nitrogen)	Food loss	Food residues (edible portion)	Food residues (edible portion)	**Food residues (edible portion)**	**Food residues (edible portion)**	**Product waste**	**Product waste**
Circular use	Organic substance cycles (nitrogen, phosphorus)	Waste	Livestock manure/ wastewater sludge	**Livestock manure/ wastewater sludge**	**Wastewater sludge/** non-edible portion	**Wastewater sludge/** non-edible portion	—	—

Environmental conservation

Our main initiatives for each priority item are outlined below. Detailed reports are available on our website.

Priority items	Main initiatives
Greenhouse gas emissions	• Solar power generation • EVs, waste cooking oil boilers • Waste heat recovery, carbon neutral farms • Utilization of energy from chicken manure • Energy conservation activities, etc.
Plastic	• Recycling of raw material packaging • Reduction of product packaging used (e.g., thickness reduction, tray size changes, use of environmentally friendly packaging) • Recycling of logistics packaging, etc.
Water	• Water conservation, wastewater recycling (e.g., reverse osmosis membrane filtration, reuse for farmland irrigation) • Reuse of coolant water • Effective use of rainwater, etc.
Food loss	• Food donations • Extension of best-by dates • Effective utilization of by-products • Upcycling of processing offcuts, etc.
Waste	• Effective use of livestock excreta • Local production for local consumption • Effective utilization of unused parts • Processing of inedible parts into products • Food residue recycling, etc.

Web https://www.nipponham.co.jp/corporate/sustainability/environment/goal.html

TOPIC | 01 Reduction of greenhouse gas emissions

Introduction of waste cooking oil boilers

We primarily use heavy oil and gas to fuel our boilers. However, we have reduced CO_2 emissions by installing waste cooking oil boilers fueled by waste animal and vegetable oil from food manufacturing processes at six of our plants.

We are working with local businesses to recover, process, and reuse waste cooking oil not only from our own business operations, but also from other businesses, including NH Foods Group companies.

A waste cooking oil boiler

TOPIC | 02 Reduction of plastic use

Use of environmentally friendly packaging

The NH Foods Group is actively introducing environmentally friendly packaging materials. We are helping to promote the recycling of plastic resources by using recycled polyethylene terephthalate (PET) and plant-derived biomass film for some of our packaging materials.

Approx. 12% used

Approx. 10% used

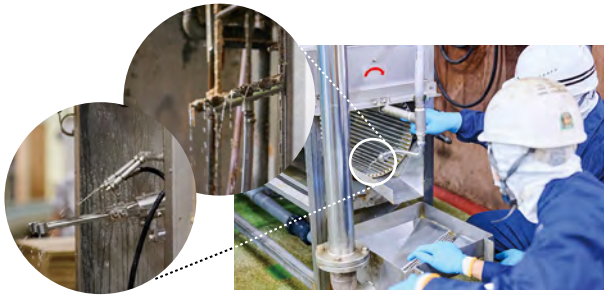
Approx. 20% used

* Upper seal only in all cases

TOPIC | 03 Reducing water consumption

Efficient water use through conserving food processing water

Nippon Food Packer, Inc. has reduced its water consumption by identifying locations with high water usage, improving refrigerator defrosting devices, modifying cleaning nozzles, and raising employee awareness.



Inspections and adjustments achieve more efficient cleaning

Reusing wastewater as irrigation water

Whyalla Beef and Oakey Beef Exports return treated wastewater from their plants to farmland through as irrigation water for feed grains.

Irrigation sprinklers (Oakey Beef Exports Pty. Ltd.)

TOPIC | 04 Food loss reduction

Food donations

We donate unsaleable food products from our manufacturing processes to local *Kodomo Shokudou* (children's cafeterias), social welfare organizations, and other recipients. We ensure that all items donated are safe to eat and within use-by dates.

Food donated to *Kodomo Shokudou* (children's dining rooms) (Nippon Pure Food, Inc.)

Since December 2024, the Isesaki Plant has been providing food products to these facilities through the Isesaki City Social Welfare Council's Isesaki Food Network Project. The Funabashi Plant has been continuing similar efforts since 2019, and the Nishinomiya Plant began similar efforts in fiscal 2024.

A special Christmas donation of NH Foods Group products

Food bank donations (Japan Food Corporation)

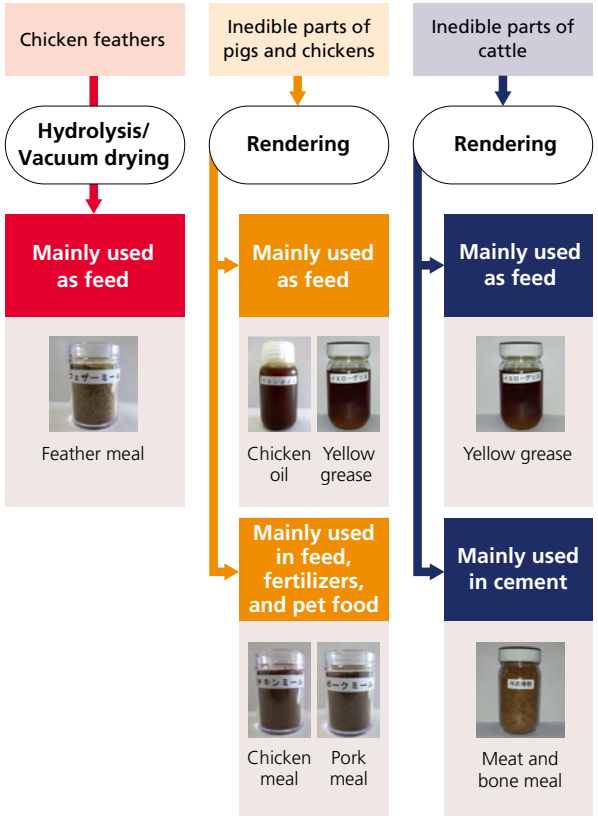
Customs clearance procedures for imported products cause changes in the quantities of the products used for inspections. In the past, the affected products were disposed of as waste, even though they were safe to consume. We have now started to donate these products to foodbanks after ensuring their safety.

TOPIC | 05 Reducing waste

Processing of inedible parts into products

Inedible by-products from our pork, chicken, and beef processing plants are used effectively through processing into feed, fertilizers, fuels, and industrial raw materials.

Processes

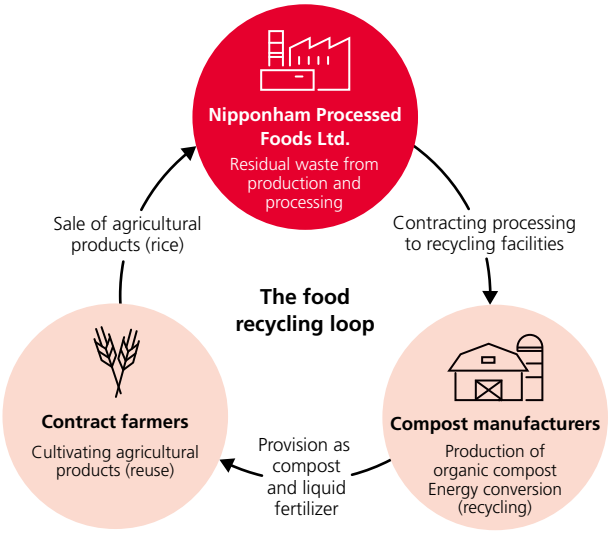


Food residue recycling

Nipponham Processed Foods Ltd. has contracted with a local compost producer to process food residues from manufacturing processes at its Kuwana Plant into compost and heat energy. The compost and liquid fertilizer produced are supplied to contracted farm in the area for use in rice production. Some of the rice produced is supplied to the employee cafeteria at the company's plant.

This initiative has been certified by the Minister of Agriculture, Forestry and Fisheries and the Minister of the Environment as a Recycling Business Plan (Food Recycling Loop).

Food residue recycling process



Sustainable livestock farming

Basic philosophy

To achieve sustainable livestock farming, the NH Foods Group is conducting research on methane reduction to cut livestock-derived greenhouse gas emissions, developing carbon neutral farming, and ensuring animal welfare. Additionally, we are supporting efforts to address labor shortages and disease control across the entire livestock industry. Please visit our website for detailed reports about initiatives by the NH Foods Group to address issues relating to livestock farming.

Web https://www.nipponham.co.jp/corporate/sustainability/social/issue-resolution.html

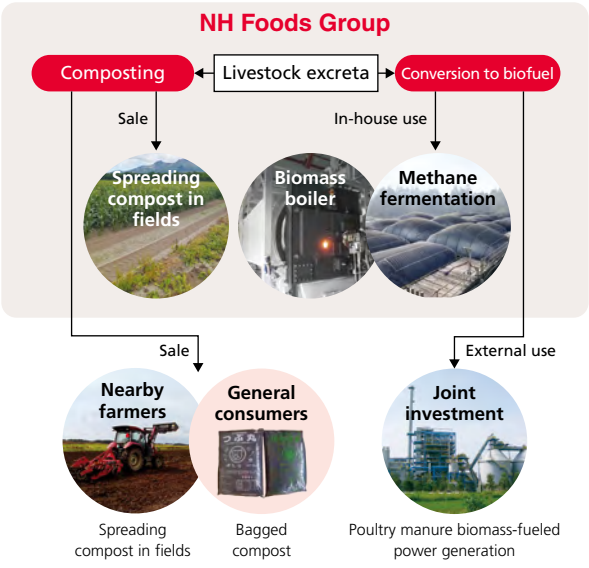
Livestock farming issues	Main initiatives
Greenhouse gas emissions	• Solar power generation • Use of biomass fuel • Research into methane reduction • Development of carbon-neutral farms
Livestock excreta	• Effective utilization of livestock excreta to produce fertilizer and biofuel.
Labor shortages	• Development of PIG LABO® smart pig farming system • Courses for next-generation workers • Technical support for contract farmers
Animal welfare	• Elimination of gestation crates in pig pens • Installation of cameras at farms and meat processing plants to ensure environmental quality • Sunshades installed to protect cattle from direct sunlight • Installation of drinking water facilities in lairage pens
Disease control	• Development and sale of foot-and-mouth disease antigen detection kits

TOPIC | 01 Initiatives relating to livestock excreta

Effective utilization of livestock excreta to produce fertilizer and biofuels

We have consistently engaged in the production, rearing, and sale of pigs and chickens in Japan and cattle in Australia. The excreta produced when raising livestock accounts for the largest amount of waste generated within the Group, and though it has high environmental impact, it can be effectively used as a resource. Our Group effectively utilizes all manure by converting it into compost or biofuel depending on its intended use, and treats urine to purity levels beyond standards set by wastewater regulations before discharging it into rivers and the sea.

Effective utilization of livestock excreta



TOPIC | 02 Addressing labor shortages

AI-driven contributions to the improvement of pig farming productivity

The transfer of pig farming skills to future generations is a major focus of concern. To address this issue, the NH Foods Group has developed the PIG LABO® system, which provides comprehensive support from sow breeding to piglet rearing and shipment. As the first phase, we developed an AI-based estrus detection system called PIG LABO® Breeding Master and introduced it at Nippon Clean Farm Ltd.'s Raiman Farm in December 2023. Since October 2024, we have also launched pilot sales of the second phase, PIG LABO® Growth Master, developed in collaboration with a research group from the University of Miyazaki's Faculty of Engineering. This system uses 3D cameras mounted on cables installed within pig pens to capture images, which are then analyzed by AI to estimate pig weight, calculate the weight distribution of the herd, and determine the average weight. Since there is no need to move pigs during weight measurement, stress on the pigs is reduced, contributing to both animal welfare and improved productivity.

Outline of PIG LABO® smart pig farming system

Healthier minds, healthier bodies

Basic philosophy

The NH Foods Group's commitment to health

We aim to build a brighter future by addressing challenges to human mental and physical well-being and finding solutions for social issues.

Our vision is to unleash new potentials for protein. Under that vision, we will fully mobilize our group resources to explore all possible uses for proteins.

Working primarily with proteins, we will work to enhance physical well-being while providing experiences that bring emotional fulfillment. For society as a whole, our goal is to build an environment in which people can enjoy better lifestyles.

That is the NH Foods Group's commitment to health.

Contributing to well-being

The NH Foods Group has been providing nutritious and delicious meals under the basic theme of its corporate philosophy to provide the "*joy of eating*." With the increasing focus on well-being, a concept as much about mental health as physical health, the dual themes for our initiatives going forward will be to supply high-quality protein while providing hands-on opportunities.

Themes	Main initiatives
Providing proteins	• Provide proteins that meet diverse needs. • Develop and provide products that contribute to healthy lives. • Provide useful information on proteins.
Providing hands-on opportunities	• Food education • Community coexistence and events • Nutrition support and sports

Web https://www.nipponham.co.jp/corporate/sustainability/human/well-being.html

TOPIC | 01 Providing proteins

Provide useful information on proteins

The NH Foods Group provides not only protein-related products, but also a wide range of information.

We have launched the NH Foods Map for the Future of Protein website as information media for everyone to think about the future of protein. This website introduces our efforts to provide a diverse supply of proteins and research that expands the possibilities of protein beyond food, and also includes content that allows you to check the amount of protein you need with a self-service calculator.

We also provide an extensive range of protein-related information, including recipes, meat cooking techniques, and basic data, primarily through our websites.

NH Foods Map for the Future of Protein

TOPIC | 02 Providing hands-on opportunities

Food education — Decorative cutting classes

Nipponham Customer Communication Ltd., which oversees the Group's department store and service promotion businesses, holds cooking classes that use products such as ham and sausages and decorative cutting classes. The content of food education lectures and the level of practical education are adapted according to the participants. Through these activities, participants learn about healthy eating and the enjoyment of food.

A decorative cutting class experience

Nutrition support and sports

Supporting the development of athletes from the perspective of food

The NH Foods Group helps people to stay mentally and physically healthy through food and support for sports activities. The Group also creates new value through food and sports, while contributing to regional and community development and the promotion of sports. That is why our registered dietitians and certified sports nutritionists employed by NH Foods Ltd. provide sports nutritional support to sustain and nurture professional athletes and share the knowledge gained from this widely through classes and lectures, food education, and other activities.

Sports nutrition support

Human rights

Respect for 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.

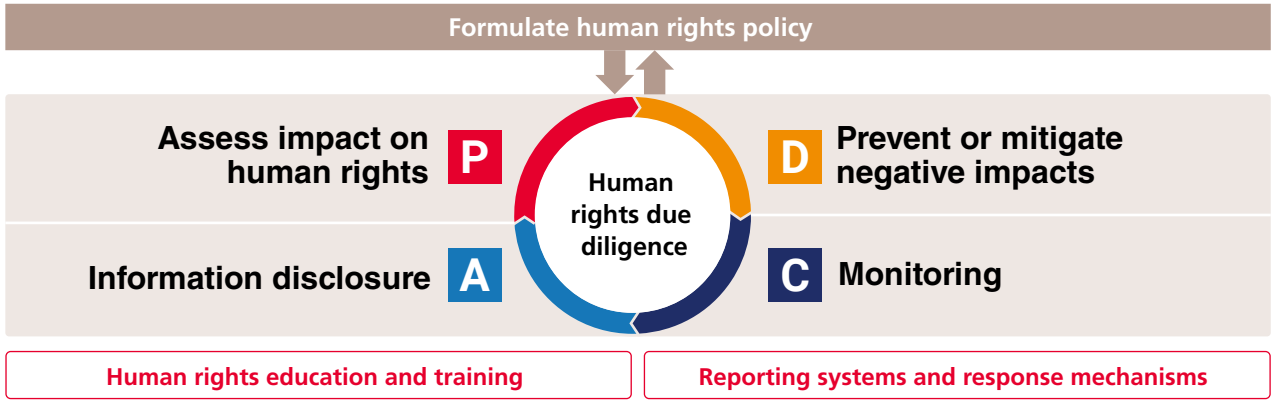
We are implementing human rights initiatives that put this policy into action across the Group as we work to be a corporate group that is trusted by wider society.

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.

NH Foods Ltd. carries out an assessment of impact on human rights every three years and the most recent assessment identified harassment, occupational health and safety, and working hours as risks. Identified risks are managed on a Groupwide basis by the Risk Management Committee. Relevant departments also monitor these risks through interviews and audits.

Human rights due diligence cycle



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 multiple channels for reporting human rights-related issues (including sexual harassment and bullying). 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.

Supplier monitoring

We require suppliers to understand and comply with our Sustainable Procurement Policy and Sustainable Procurement Guidelines. The status of compliance is monitored and investigated through SAQs*. We interpret incomplete or unclear answers within these questionnaires as a potential risk and carry out interviews to look into the matter.

* SAQ: Self-Assessment Questionnaire

Health management

Health management promotion

A core requirement for the realization of the Group's corporate philosophy is the creation of healthy and safe working environments in which all employees can maintain good mental and physical health and work happily with a sense of security.

We are promoting health management under the Health and Safety Declaration made by top management. We have also formulated the NH Foods Group Basic Health Policy and the Basic Policy on Occupational Health and Safety as a framework for specific initiatives to build healthy working environments in accordance with our Health and Safety Declaration. Our industrial health staff and human resource management organization will continue to work with the health insurance association to promote health management by supporting various health maintenance and enhancement initiatives under the Industrial Safety and Health Act.

Certified Outstanding Organizations of KENKO Investment for Health

The Recognition Program for the Outstanding Organizations of KENKO Investment for Health is a system for recognizing corporations, both large enterprises and SMEs, that have particularly good health and productivity management practices, based on initiatives that address local health issues and the health promotion efforts of the Nippon Kenko Kaigi.

In 2025, the NH Foods Group was certified for the fourth consecutive year as a "Outstanding Organization of KENKO Investment for Health" in the large enterprise category. Several other group companies also received certification, including some that earned the "Bright 500" designation, which is awarded to the top 500 small and medium-sized enterprises.

The goal is to develop an environment in which outstanding enterprises implementing health and productivity management are highlighted, allowing them to gain enhanced recognition from employees, employment seekers, related enterprises, financial institutions, etc., as organizations that consider employee health and productivity management from a business-management perspective and strategically implement initiatives.

2025 健康経営優良法人 KENKO Investment for Health 大規模法人部門

2025 健康経営優良法人 KENKO Investment for Health 中小規模法人部門 ブライト500

2025 健康経営優良法人 KENKO Investment for Health 中小規模法人部門

Acquisition status

Large enterprise category	• NH Foods Ltd. • Nipponham System Solutions Ltd. • Nipponham Processed Foods Ltd. • Nipponham Delicatessen Ltd. • Higashi Nippon Food, Inc.
Small and medium-sized enterprise category Bright 500 (Bright 500 is a certification system for the top 500 small and medium-sized companies.)	• Kyodo Foods Co., Ltd.
Small and medium-sized enterprise category	• Nipponham Northeast Ltd.

Maintaining work environments

In order to recruit and retain human resources, we are working to reduce total working hours, support the balancing of work with childcare, nursing care, and treatment of illness, and realize flexible work styles. In fiscal 2025, we streamlined work processes, developed and disseminated work rules, and created time for employees to take on the challenge of new types of work.

Strengthening occupational safety

The NH Foods Group regards the health of each and every employee as an important management foundation. Based on this, we introduce occupational health and safety management systems, especially at manufacturing plants, and strive to maintain and improve occupational health and safety levels.

We also work to strengthen the coordination and improve the knowledge of supervisors on a daily basis through initiatives focused on safety supervisors, including holding study sessions and enabling supervisors from different business locations to tour each other's workplaces.

In the event of a workplace accident, we share details of what happened and response measures throughout the Group in a timely manner to prevent similar incidents from occurring.

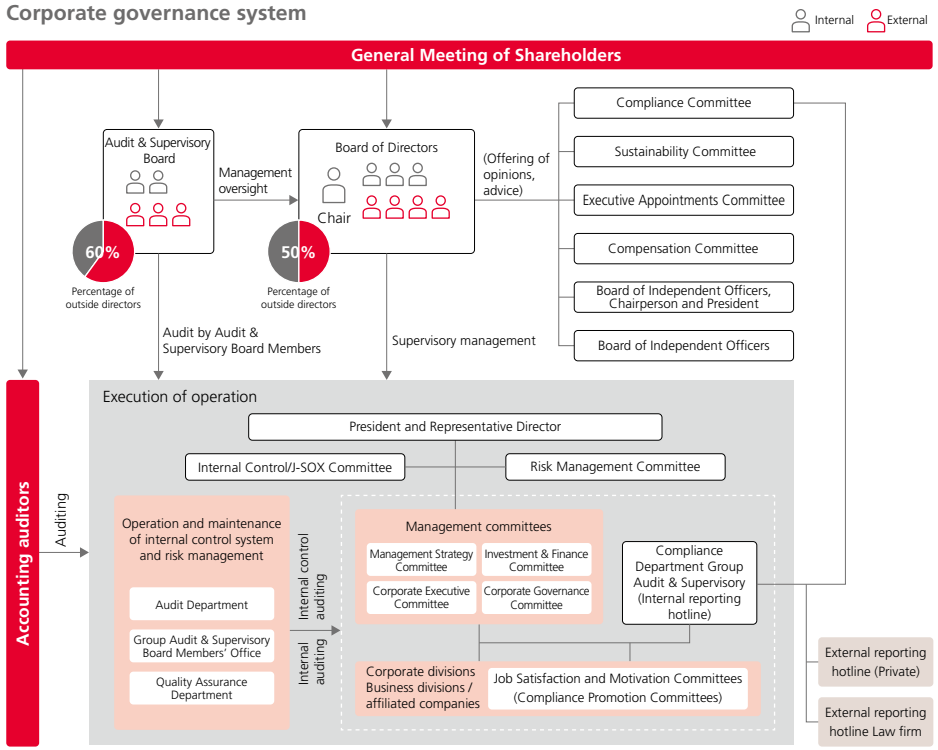
We will continue to raise occupational health and safety levels through study sessions and information sharing with external experts, to foster a safety culture, and to ensure thorough compliance with relevant laws and regulations by strengthening governance concerning occupational safety.

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*1 (Outside directors)	Number of Audit & Supervisory Board members*1 (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*2 2008 • Established the J-SOX Committee (now Internal Control / J-SOX 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*2 2020 • Established the Sustainability Committee*2 • 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
	8 (4)	5 (3)	

*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 FY2024)

Body	No. of members (male/female)	Chair	Objective and other details
Directors and the Board of Directors [18]	9 • 5 inside officers (5/0) • 4 outside officers (2/2)	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)	Full-time Audit & Supervisory Board member	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]	13 • 8 inside officers (8/0) • 5 outside officers (3/2)	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 [6]	5 outside officers (3/2)	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 [3]	5 • 1 inside officer (1/0) • 4 outside officers (2/2)	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]	9 • 2 inside officers (2/0) • 7 outside officers (5/2)	—	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]	7 outside officers (5/2)	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]	14 • 8 inside officers (7/1) • 6 outside officers (4/2)	Chairperson	To comprehensively review the sustainability initiatives of the Group, and report and make proposals to the Board of Directors.
Internal Control/J-SOX Committee [3]	19 • 19 inside officers (18/1)	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 (10/2)	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	**Tetsuhiro Kito**	Chairperson and Director Chairperson of the Board of Directors
②	**Nobuhisa Ikawa**	President and Representative Director President and CEO
③	**Fumio Maeda**	Director and Vice President; Executive Vice President In charge of Corporate Planning Department, Accounting & Finance Department and Growth Strategy Project
④	**Kohei Akiyama**	Director and Managing Executive Officer In charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Public Relations Department and Secretarial Office
⑤	**Yasuko Kono**	Outside Independent Director
⑥	**Tokushi Yamasaki**	Outside Independent Director
⑦	**Hiroko Miyazaki**	Outside Independent Director
⑧	**Masahiko Koyama**	Outside Independent Director

Officers

Audit & Supervisory Board Members

⑨	Nobuyuki Tazawa		Audit & Supervisory Board Member (Full-time)
⑩	Nobuo Oda		Audit & Supervisory Board Member (Full-time)
⑪	Masayuki Kitaguchi	Outside	Audit & Supervisory Board Member
⑫	Shigeru Nishiyama	Outside	Audit & Supervisory Board Member
⑬	Katsumi Nakamura	Outside	Audit & Supervisory Board Member

Managing Executive Officers

Yukihiro Matsumoto
General Manager of Processed Foods Business Division, General Manager of Overseas Management Division

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

Nobuhiro Hosoya
General Manager of Fresh Meats Business Division

Executive Officers

Hideki Fujii
In charge of Promoting Overseas Strategy

Takao Seki
General Manager of Sales Management Division, Processed Foods Business Division

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

Akio Wakita
General Manager of Product Management Division, Processed Foods Business Division

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

Yasuyuki Oishi
In charge of Quality Assurance Department, Customer Service Department and Research & Development Center

Masashi Kabayama
General Manager of Administrative Division, Processed Foods Business Division

Naomi Koga
General Manager of Administrative Division, Fresh Meats Business Division

Atsushi Onishi
In charge of VBM Promotion Office and Sustainability Department

Takashi Kamiya
General Manager of Marketing Management Division, Processed Foods Business Division

Kenji Takasaki
General Manager of Business Strategy Division

Teruyuki Asayama
General Manager of Australia Business Division, Fresh Meats Business Division; Managing Director of NH Foods Australia Pty Ltd.

Takeshi Fukushima
General Manager of Sales Management Division, Fresh Meats Business Division

Tatsuro Hishinuma
General Manager of Domestic Red Meat Division, Fresh Meats Business Division

* See the Notice of the 80th Ordinary General Meeting of Shareholders on our website for bios, positions, responsibilities, and important concurrent positions.

Web NH Foods Notice of the 80th Ordinary General Meeting of Shareholders

Roundtable discussion between the chairperson and outside directors

We are determined to achieve sustainable improvement in our corporate value through innovation and challenges, while remaining focused on the NH Foods Group's social mission to ensure reliable supplies of food.

The NH Foods Group is pursuing sustainable growth in corporate value under Medium-Term Management Plan 2026 and Vision 2030. This roundtable discussion was an opportunity for in-depth discussions between Chairperson and Director Tetsuhiro Kito and four outside directors on topics that included progress on Medium-Term Management Plan, initiatives to enhance the effectiveness of governance, and the outlook for further improvement in corporate value.

① Tetsuhiro Kito

Mr. Tetsuhiro Kito became Chairperson and Director and Chairperson of the Board of Directors in April 2023. Since becoming a director, he has served as General Manager of the Sales & Marketing Division for the Processed Foods Business, General Manager of the Fresh Meats Business Division, General Manager of the Overseas Business Division, and Vice President and Representative Director. He currently serves as chairperson of the Compliance Committee and the Sustainability Committee.

② 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.

③ 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 chairperson of the Compensation Committee, as well as a member of the Executive Nomination Committee, and the Sustainability Committee.

④ Hiroko Miyazaki

Ms. Hiroko Miyazaki took office as Outside Director in June 2024. She has broad business experience as an attorney ,as well as experience in corporate management at global companies. She serves as a member of the Executive Nomination Committee, the Compensation Committee, and the Compliance Committee.

⑤ Masahiko Koyama

Mr. Masahiko Koyama took office as Outside Director in June 2025. He has extensive experience in corporate management including serving as president and representative director of a major corporation in the hotel and resort sector. He serves as a member of the Executive Nomination Committee, the Compensation Committee, and the Compliance Committee.

Roundtable discussion between the chairperson and outside directors

Q1. What is your assessment of progress under Medium-Term Management Plan 2026?

Kito: The theme for Medium-Term Management Plan 2026 is "Innovation and Challenges." While our results in FY2024, which was the first year of the plan, fell short of our targets, we made a certain amount of progress, including efficiency improvements in the Processed Foods Business, and the expansion of the Ballpark Business. I also see the launch of co-creation projects and emerging signs of a commitment to innovation as evidence that we are making progress under the plan.

Kono: I have been watching closely over the past year to see whether the company would be successful in focusing minds across the NH Foods Group toward the achievement of the targets in the Medium-Term Management Plan and the realization of its vision. From that perspective, I have observed that in FY2024, it began to use backcasting from its 2030 vision for each business segment as a mechanism for resolving issues, and that since President Ikawa's message that change is welcome, it has been fostering a culture of approaching business in ways that are not restricted to the success patterns of the past.

Yamasaki: NH Foods experienced adverse external reactions when business profit failed to reach the target level and ROIC and ROE both fell below the cost of capital. However, I do not

see our FY2024 results as especially disappointing, given that grain prices were around 30% higher than in FY2016-18, when earnings last peaked. In fact, I was very impressed by the content of the results, based on changes in three areas. First, volume trends in fresh meat sales were strong compared with the results for FY2016-18. Second, we enhanced our potential by restructuring the Processed Foods Business through painful structural reforms designed to boost sales of the flagship *Schau Essen* range while eliminating low-profit operations. Third, there have been changes in the contributions from group companies, which are steadily generating profits. Contributing factors include higher visitor numbers in the Ballpark Business, and increased sales by Nippon Pure Food. I expect these benefits to become increasingly apparent during the period covered by the Medium-Term Management Plan. Another positive change in FY2024 was the clarification of capital costs for each business area and the development of a structure to allow investment and lending in excess of those costs. I anticipate benefits from the operation of these systems.

Miyazaki: Actions under the Medium-Term Management Plan span three core goals: structural reform, growth strategies, and cultural reform. I am particularly interested in whether these core goals are properly reflected in business strategies, whether actions are in line with the plan, and whether there are any indications that changes are needed. Our structural reforms in relation to the product mix are proceeding faster than expected. In relation to growth strategies, I'm monitoring the balance between risks and returns, especially in overseas business activities. However, I've been impressed by the emergence of a business structure that allows NH Foods to leverage its strengths.

Koyama: I feel a deep sense of responsibility and resolve following my appointment as an outside director in June 2025. In FY2024, I participated in the Compliance Committee as an outside member and saw first-hand the strong commitment of the Chairperson and President to innovation and challenges. I see

the maintenance of a consensus with employees as vital in this era of uncertainty and increasingly diverse consumer value systems. As an outside director, I look forward to contributing to this by engaging in positive dialogue with people playing key roles in frontline operations, while emphasizing the importance of the values expressed in the company's management principles.

Q2. What were your priorities as a member of the Board of Directors in FY2024?

Kito: As in FY2023, my focus as Chairperson in FY2024 was to energize the Board through initiatives focused on four areas: agenda improvement, the revitalization of discussions about management strategies, ensuring the qualitative and quantitative adequacy of information, and the enhancement of communication between the oversight and executive organizations. We made tangible progress in these areas, as evidenced by an improvement in the Board effectiveness assessment.

Kono: I have also seen clear changes in those four areas, which I attribute to initiatives based on the yearly effectiveness assessments. A notable aspect of our work in FY2024 was our discussions about co-creation and collaboration with the National Federation of Agricultural Cooperative Associations (ZEN-NOH) and the Thai company CPF. Given the prospect of declining demand in Japan, NH Foods will need to pursue efficiency

improvement through co-creation with other companies, rather than relying solely on its own resources.

Yamasaki: Because of my background as a securities analyst, I constantly focus on how investors will perceive a particular proposal and whether they will support it. That perspective is reflected in my questions and comments. This is especially true when we are discussing important matters, such as asset purchases or sales. I have paid close attention to whether investments will yield returns, and whether they will contribute to sustainability and the improvement of corporate value.

Miyazaki: This is my first year as a director. I have focused on the discovery and discussion of matters that are issues for internal directors. Whether in Board meetings or other forums, such as meetings between independent outside directors and the Chairperson or President, I always speak my mind about matters that I see as issues affecting long-term value creation.

Kono: You bring new perspectives to our meetings. I have gained many insights from your comments. It's very useful to be able to engage in constructive debate in other forums in addition to Board meetings.

Kito: Board meetings are inevitably subject to constraints in terms of time and the number of agenda items. Meetings between independent outside directors, the Chairperson and President provide opportunities for free discussions and exchanges of ideas.

Koyama: In my experience, many items on Board agendas have already been shaped and finalized by other processes and often do not reflect real management issues. We also need to consider frontline concerns and issues that are not manifested in the numbers, and whether or not the company's vision has been assimilated by business companies, as well as by divisional general managers and their subordinates. I intend to bring these perspectives to my role on the Board of Directors.

Q3. What was your reaction to the fact that the PBR is currently below 1.0?

Yamasaki: As I commented earlier, the company's real position has improved, and its potential has risen. My concern is that information about these improvements is not being adequately distributed outside of the company. To improve market perceptions, NH Foods needs to raise its performance by gearing its business operations toward the achievement of its 2030 targets of ROE of 9% or higher, and ROIC of at least 7%. We need to raise awareness of the company's future potential by emphasizing not only its business growth, but also its significant social contributions.

Kono: I agree. Business results are the first priority, but NH Foods also needs to strengthen its public relations and IR strategies. The VBM Promotion Office was established as a framework for initiatives to improve the PBR and has been working since FY2025 to provide integrated management of financial and non-financial indicators and improve the precision of IR strategies.

Miyazaki: The views expressed by Mr. Yamasaki and Ms. Kono also resonate with me. I see the present level of the PBR as an inverse indication of capital market expectations that NH Foods Group still has significant unfulfilled potential.

Kito: At a time when capital markets do not take a positive view of fresh meat companies with conservative business models, the company's ability to demonstrate profitability improvement and growth potential will be a key factor. The priority now is to spread the message that the NH Foods Group is on a reliable growth track, based on the results of strategies that include structural reform for the Processed Foods Business, business model improvement for the Fresh Meats Business, concentrated investment in North America for the Overseas Business, and co-creation projects with other companies. I believe that all Board members have a responsibility to work toward the recovery of the PBR to 1.0.

Koyama: I would add that PBR improvement should ideally be the result of company-wide revitalization based on a vision and purpose shared by management and frontline staff.

Q4. What areas need to be strengthened in order to improve the effectiveness of governance?

Kito: My priorities are the separation of oversight and executive functions, and management guided by awareness of capital costs. The key to separating oversight and executive functions is to ensure that all officers have a strong awareness of the roles that are expected of them. To achieve that, we plan to document the roles of and expectations toward all internal and outside directors. I believe that this process will enable outside directors to use their professional skills to identify issues accurately and

provide advice about risks. We aim to move toward management guided by awareness of capital costs by debating and exploring optimal investment allocations based on capital costs for each business segment, as suggested by Mr. Yamasaki.

Kono: From my viewpoint as chairperson of the Executive Nomination Committee, I see the present composition of the Board of Directors as close to optimal in terms of the aspects that have been prioritized over the past few years, such as the ratio of internal to outside directors, the skill matrix, and diversity, equity, and inclusion perspectives. The main focus for the Executive Nomination Committee should be management succession planning. We will continue to debate all aspects of human resource utilization without exemption, and we will manage the committee in line with its mission to build a robust team of directors capable of supporting business execution and improving corporate value.

Yamasaki: As a member of the Compensation Committee, I participate in reviews to ensure that executive remuneration is in line with basic policies, and that the development and administration of systems and the level of remuneration all contribute effectively to the provision of incentives for medium- to long-term improvement in corporate value. These reviews are carried out annually with reference to survey findings from independent bodies. The Committee's deliberations also resulted in the addition of total shareholder returns (TSR) to the assessment indicators for the Performance-Based Stock Compensation Plan, starting in FY2024. We will continue to explore further improvements and enhancements while prioritizing linkage to the company's management and business strategies.

Q5. What are your views on future initiatives to improve corporate value?

Yamasaki: I believe that NH Foods is on the right track, and that the goal of improving corporate value is highly achievable. Based on this assumption, I will continue to monitor the Medium-Term Management Plan objectively and offer recommendations through Board meetings if any gaps emerge. I will also work to deepen my communication with company personnel, including officers. I look forward to energetic discussions about corporate value improvement and portfolio reform.

Miyazaki: Under its "*Proteinnovation*" R&D strategy, the NH Foods Group is working to discover previously unknown potential in protein. Like protein, the NH Foods Group organization contains major hidden potential. I know from experience how difficult it is to create new businesses while deepening existing businesses. Based on that experience, I will provide advice about the identification of risks and ways to achieve growth by taking risks.

Kono: A company's core priority is to maximize its earning power, but its true value comes from being really needed by society. Because of its roots in the livestock industry, the NH Foods Group plays an increasingly important role from a food security perspective by continuing to provide the *joy of eating* in ways that reflect contemporary needs. As someone with a background in consumer affairs, I hope that the NH Foods Group will take pride in fulfilling its mission to supply safe, reliable protein products amid the uncertainty created by inflation and other factors in domestic markets. I look forward to supporting those efforts.

Kito: I agree. We need to build awareness within and outside of the company about the social significance of our contribution to food security, and we need the entire management team to focus their minds and actions toward ensuring that the NH Foods Group is seen as an essential company. As Chairperson of the Board of Directors, I aim to enhance our corporate sustainability

by further strengthening the governance and compliance structures that we have built over the past 20 years.

Koyama: Of the three core goals identified in the Medium-Term Management Plan, I place the greatest importance on cultural reform. We need to consolidate an organization focused on new challenges and train people who can take up those challenges. I see that as our most important priority going forward, and as the foundation for value improvement and the development of growth strategies. I want to contribute to the NH Foods Group from that perspective.

Kito: Your experience as CEO of a national hotel chain has given you a strong awareness of the importance of frontline operations, and a strong commitment to people working in the frontline. The NH Foods Group also employs large numbers of frontline workers throughout Japan, so I look forward to hearing your insights based on frontline perspectives. I would like to thank you all for sharing your valuable time today.

Reasons for election and attendance of directors (FY2024)

Attendance is based on the number of relevant meetings attended in fiscal 2024, while the positions shown are positions held from June 2025 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%)	—	○ 3/3 (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 and the Fresh Meats Business Division. Since April 2025, he has led business operations as Director and Vice President and officer in charge of the Corporate Planning Department, the Accounting & Finance Department and the Growth Strategy Project 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 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.	○ 18/18 (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 fostering an organizational culture focused on new challenges, 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%)	● 6/6 (100%)	○ 3/3 (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 fostering an organizational culture focused on new challenges, 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%)	○ 6/6 (100%)	○ 3/3 (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. Therefore, we expect her to provide us with valuable suggestions regarding fostering an organizational culture focused on new challenges, 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."	○ 13/13 (100%)	—	—	○ 4/4 (100%)	—	○ 6/6 (100%)	○ 2/2 (100%)	○ 1/1 (100%)	○ 1/1 (100%)
Masahiko Koyama Outside Independent officer	Mr. Masahiko Koyama has extensive experience in corporate management including serving as president and representative director in the hotel and resort sector. Therefore, we expect him to provide us with valuable suggestions regarding fostering an organizational culture focused on new challenges, 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."	—	—	—	—	—	—	—	—	—

Reasons for election and attendance of Audit & Supervisory Board members (FY2024)

Attendance is based on the number of relevant meetings attended in fiscal 2024, while the positions shown are positions held from June 2025 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
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	—	—	—		—	—
Nobuo Oda	Mr. Nobuo Oda has extensive experience and knowledge gained through his service as General Manager of the Administrative Division of the Fresh Meats Business Division, General Manager of the Deli Products Division of the Processed Foods Business Division, General Manager of the Corporate Planning Department, General Manager of the Overseas Business Division, and various other positions.	—	—	—	—	—	—	—	—	—
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%)	—	—	—	○ 6/6 (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	—	—	○ 2/2 (100%)	○ 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.	○ 18/18 (100%)	○ 18/18 (100%)	—	Observer	—	—	—	○ 2/2 (100%)	○ 2/2 (100%)

Diversity and skills of directors (FY2025)

The NH Foods Group is dedicated to sharing *the joy of eating*. Under this corporate philosophy, we aim to establish business models that enable us to maximize corporate value by combining business value improvement with efforts to provide solutions to social priorities in relation to food and health, as well as the environment, which is essential to the creation of a reliable protein supply cycle. Our Board of Directors is responsible for maintaining appropriate oversight of our efforts to achieve these goals through the formulation and execution of our long-term vision (Vision2030) and business plans. They approach this task from the perspective of stakeholders, including consumers.

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 in a well-balanced manner, while diversity is also taken into account.

Directors' skill matrix

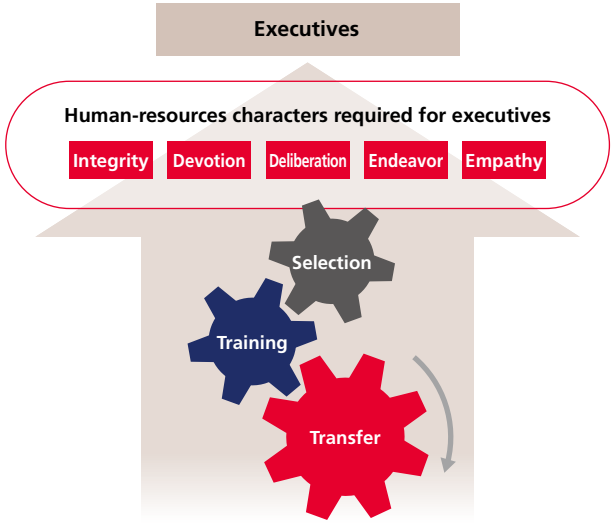
Name	Areas of experience and expertise				
	Corporate management	International experience	Global environment / Sustainability	Consumer perspective / Marketing / R&D	Finance / Accounting / Risk management
Tetsuhiro Kito	○	○		○	
Nobuhisa Ikawa	○			○	
Fumio Maeda	○		○	○	
Kohei Akiyama	○				○
Yasuko Kono Outside Independent officer			○	○	
Tokushi Yamasaki Outside Independent officer			○		○
Hiroko Miyazaki Outside Independent officer	○	○			○
Masahiko Koyama Outside Independent officer	○			○	

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 is developing and implementing plans for the training of next-generation executives 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.

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 2024, we conducted the evaluations by means of a questionnaire 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.

At a meeting of the Board of Directors on April 28, 2025, 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

- We will manage deliberations according to the importance of propositions and improve the efficiency of deliberations on report items.
- We will provide oversight to ensure that management resources are allocated appropriately from an overall optimization perspective and with a focus on capital costs.
- We will continue to provide oversight based on our perception that the human resource strategy is vital for fostering an organizational culture focused on new challenges

FY2024 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 members with the necessary knowledge, experience, competence, and that diversity is being ensured. However, the Board of Directors also acknowledged that it needs to focus on themes that lead to deeper deliberations and oversight, and to deepen discussions about specific themes.

(2) Management Strategy and Business Strategy
The Company's Board of Directors confirmed that it made progress on deliberations about financial strategies and capital policies but also acknowledged the need for multifaceted discussions about management strategies based on the state of the internal and external environments, and for further strengthening of oversight concerning the allocation of management resources to achieve overall optimization with a focus on capital costs.

(3) Corporate Ethics and Risk Management
It was confirmed in this financial year as well that officers and employees have a good understanding of and are complying with the NH Foods Group Global Action Standards, and that there is effective oversight of risk management structures, including the establishment and administration of appropriate internal control systems.

(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

- Progress on the Medium-Term Management Plan
- Officer evaluation and compensation
- Risk Management Committee Report
- Business Execution Report (business strategy, overall Group strategy, financial strategy, growth strategy, functional strategy)
- Cross-Shareholdings Review Report
- Human resource strategy

Future efforts

Based on the results of the above evaluation, we will continue to pursue the following initiatives for the realization of the Medium-Term Management Plan 2026:

- We will recognize the roles of individual officers in the Board of Directors on the basis of their attributes and select agenda items relating to areas in which deeper deliberations and oversight are needed.
- 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.

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. This policy was partially amended at the meeting of the Board of Directors held on April 8, 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.

The Compensation Committee deliberated on the following matters in FY2024.

- June 2024: Regarding the evaluation results of the Corporate Officers for FY2023 and compensation for Corporate Officers for FY2024.
- November 2024: Regarding the confirmation of compensation for Corporate Officers (market standard of compensation)
- February 2025: Regarding the partial revision of remuneration system for Corporate Officers

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

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	• Directors • Executive officers • Audit & supervisory board members	• Directors (excluding outside directors) • Executive officers		• Directors (excluding outside directors) • Executive officers	
Delivery form	Money	Money		Stock (BIP Trust)	
Evaluation indicators	–	Financial	Annual performance • Consolidated net sales • Consolidated business income • ROE • ROIC	Financial	• Consolidated net sales • Consolidated business income • ROE • TSR*4 *4 Added in fiscal 2024 with the aim of further clarifying the correlation between business results and share prices
		Non-financial	Management issues • Innovation and challenges*1 • Career development for diverse people*2 • Materialities*3 *1, 2 Linked to the key focuses of Medium-Term Management Plan 2026 *3 Linked to key focuses (materiality) of sustainability strategies		
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%.	

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 the fiscal year ended March 2013 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 the fiscal year ended March 2016 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 scheme was partially amended pursuant to a resolution adopted at the 79th Ordinary General Meeting of Shareholders held on June 25, 2024 (number of officers at the time of the resolution: 19).

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 in FY2024

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)	262	158	67	37	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	50	50	—	—	2
Outside Officers	88	88	—	—	7

*1 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. This scheme was partially amended pursuant to a resolution adopted at the 79th Ordinary General Meeting of Shareholders held on June 25, 2024, whereby NH Foods Ltd. introduced a 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, and an assessment of the Company's TSR (relative to TOPIX). 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. related to the share delivery points clarified by the estimated amount to be granted for the fiscal year under review based on the Plan.

*2 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), as described in the Company's medium-term management plan, as well as an assessment of the Company's TSR (relative to TOPIX), and each officer's seniority level. 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 2024, consolidated net sales were ¥1,370,553 million, consolidated business income was ¥42,540 million, and ROE was 5.1%. As results concerning individual business divisions are not disclosed, we are unable to disclose the result for ROIC, but there was a year-on-year decline for the Fresh Meats Business, and year-on-year improvements for the Processed Foods Business, the Overseas Business, and the Ballpark Business. .

*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.

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.

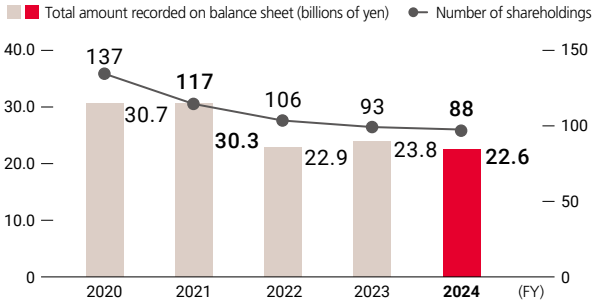
Reducing cross-shareholdings

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 2025, the total market value of our cross-shareholdings was approximately ¥22.6 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.

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 Hong Kong (June 2025)

Individual meeting with an institutional investor in North America (August 2025)

FY2024 activities

Category	Number
Individual meetings with institutional investors	259 times
Overseas IR meetings * In-person overseas IR activities resumed from 2023	6 locations
Facility observation tours for institutional investors * In-person observation tours resumed from 2023	1 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	4 times
Sustainability small meeting	1 time
Engagement meetings	15 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 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 twice-yearly meetings between the Audit & Supervisory Board, accounting auditor, and internal audit departments, with the participation of 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.

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 (35 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. (4 times)	✓	✓
Accounting auditor	Received accounting audit plans, accounting audit reports, reviews of quarterly financial results, etc. (16 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 (12 times)	✓	△*

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

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

* Assistants who helped with accounting audits included 17 CPAs, 17 CPA-certified individuals, and 28 other individuals.

Internal audits

Internal audits are conducted by the Audit Department (20 employees assigned). They include 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.

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.

As a result of compliance activities spanning over 20 years, we believe that the NH Foods Group has made a certain amount of progress toward the creation of a pleasant working environment that discourages compliance violations while fostering employee engagement. However, given society's wide-ranging expectations toward compliance, we can no longer earn the trust of society solely through our existing initiatives, and our approach has therefore evolved into activities designed to foster an organizational culture focused on new challenges and create a working environment that builds employee engagement through initiatives based on autonomous compliance.

Additionally, the Compliance Committee, which is responsible for verifying compliance status and considering compliance policies across the Group, the Job Satisfaction and Motivation Committees (Compliance Promotion Committees), which advance compliance initiatives at each business division and Group company, and the Job Satisfaction Leader Conference, which comprises representatives from the Job Satisfaction and Motivation Committee (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 2024, the Compliance Committee and Compliance Leader Conference met four times each.

Maintaining awareness of compliance and reputational risks

To prevent recurrences of reputational problems like the 2002 meat mislabeling incident, 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 activities such as these, we maintain awareness of the importance of compliance among our employees, over 80% of whom joined the NH Foods Group after the mislabeling incident.

Adoption of the NH Foods Group Anti-Bribery Policy

In response to the growing global awareness of the importance of anti-bribery, the NH Foods Group has established the "NH Foods Group Anti-Bribery Policy." By ensuring that all officers and employees comply with anti-bribery laws and ordinances, we will fulfill our legal and ethical responsibilities as required by society.

Identifying potential risks through regular visits to business sites

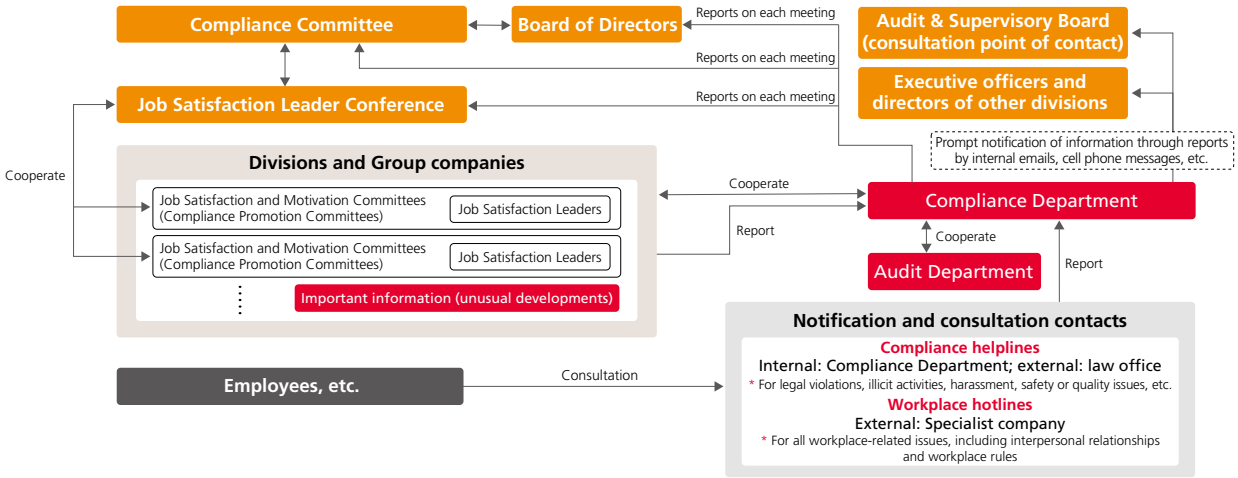
Members of the Compliance Department regularly visit our business sites and solicit feedback from employees. The goal is to identify potential risks, in order to detect problems these risks early, and then solve, avoid, or prevent them.

Creating pleasant working environments

The NH Foods Group creates various opportunities for awareness-raising activities as part of its efforts to create pleasant working environments.

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.

Compliance Promotion system



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.

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.

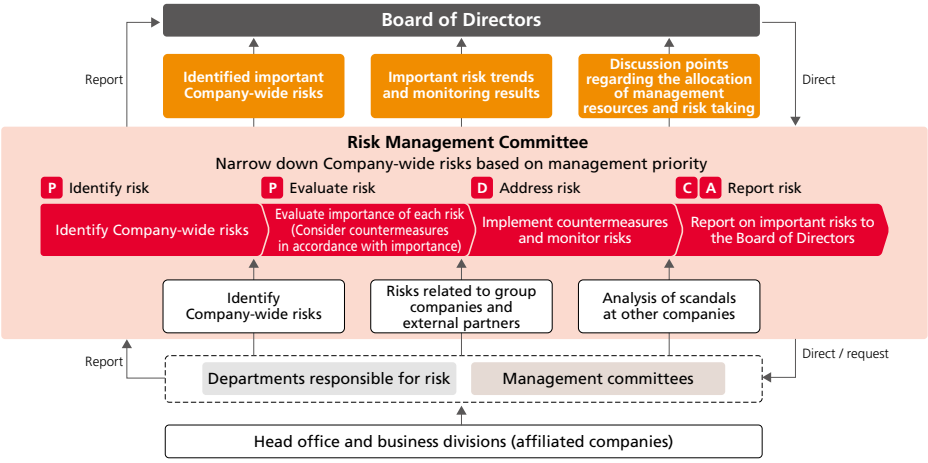
The Board of Directors considers responses to important risks that the Risk Management Committee thinks may have a significant impact on the Group's business activities. When an important risk is recognized to be manifesting, a crisis task force is established to carry out an emergency risk response. 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.

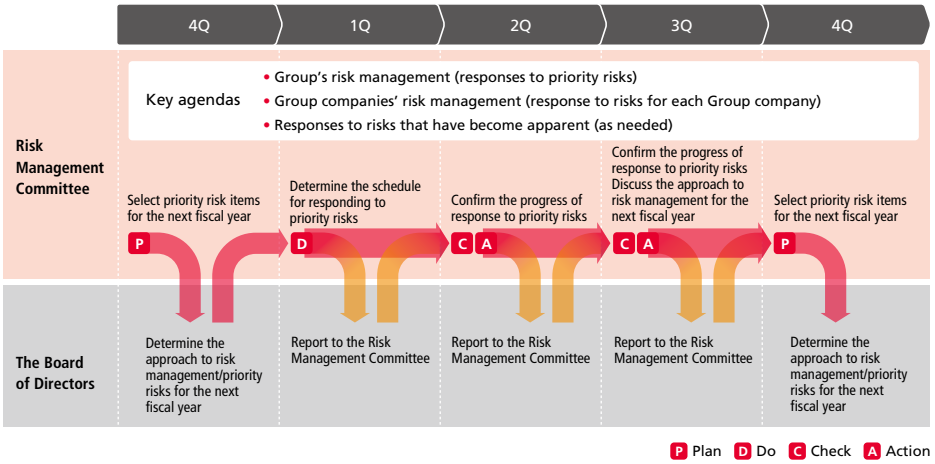
Business continuity plan (BCP)

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, as well as major natural disasters.

Scheme for considering important risks



Annual risk management schedule



Information security

Information security policy

In recent years cyberattacks targeting companies and organizations have become more sophisticated, diverse, and prevalent, and the threat to information security has increased. The range of areas that need to be considered from an information security perspective is also expanding due to the growing use of smart devices, cloud services and AI.

The NH Foods Group has positioned information security as a management priority. We have formulated the NH Foods Group Information Security Policy and related regulations as a framework for carefully planned information security measures.

Information security action structure

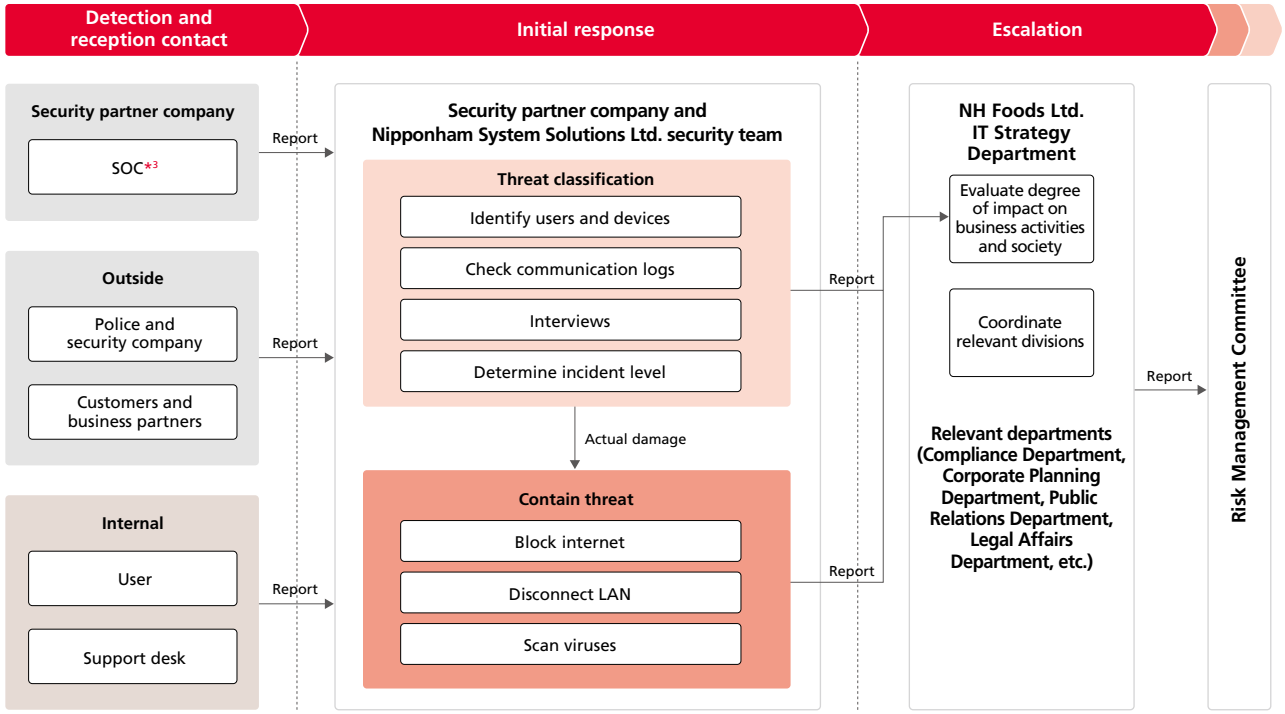
The NH Foods Group has created a cybersecurity management structure with the executive in charge of IT operations as the Chief Information Security Officer. We are continuously updating our plans for countermeasures against cyberattacks. In addition to a 24/365 security monitoring and action flows, we also maintain security incident response structures in collaboration with security partners capable of providing comprehensive IT security support. In addition, we have expanded BCP exercises based on cyberattack scenarios.

Information security initiatives

We conduct group-wide risk assessments and implement countermeasures covering networks and devices. These include the introduction of endpoint detection and response (EDR*1) software, which detects and responds to suspicious behavior on PCs and servers, and managed detection and response (MDR*2) security management services covering network equipment and cloud services. Because not all cyberattacks are preventable, we have also created systems that allow us to detect and respond to incursions quickly. We also provide regular education and training about targeted attack emails ("phishing") as part of our efforts to raise the security awareness of officers and employees.

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

Basic flow of response to information security incident



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