

Minutes of Sustainability Conference (Main Q&As)

Date & Time : Wednesday, October 6, 2021 10:00 to 11:30

Presenters : President and Representative Director Yoshihide Hata
Director and Managing Executive Officer Fumio Maeda
General Manager of Corporate Planning Division; in charge of Hokkaido project
Director and Managing Executive Officer Masahito Kataoka
In charge of Accounting & Finance Department
Executive Officer Kohei Akiyama
In charge of Human Resources Department, Legal Affairs Department, Public & Investor
Relations Department

Source: See "NH Foods Group Sustainability Conference Materials" on October 6
https://www.nipponham.co.jp/eng/ir/library/events_materials/pdf/20211006.pdf

○Q&A○

> Governance-related

Q1. Awareness of issues and future initiatives regarding the role of the Board of Directors at NH Foods amid the emergence of companies working to separate supervision from business execution

Outside directors consist of three out of eight, and proposals from outside directors are actively received. Internal executive officers are engaged in business and management. Whether to continue a company with statutory auditors will be an issue to be considered in the future.

Q2. About the Board's Diversity and Skills Matrix: Expertise and Experience

The current Board of Directors is composed of members with diverse knowledge and experience and is selected in a well-balanced manner, and we are aiming to disclose the Skills Matrix through the next fiscal year. The Skill Matrix is examined by outside directors and outside Audit & Supervisory Board members who are members of the Executive Nomination Review Committee, and skills items and member skills within business and ESG strategies are adapted.

We will also consider and pursue the diversity of the Board of Directors based on the Skill Matrix.

Q3. How are incentives incorporated into ESG assessments of executive compensation?

Executive remuneration is 60% basic compensation and 40% performance-based compensation and stock compensation. Variable depending on management issues, but materiality is incorporated into evaluation indicators at a certain rate.

Q4. Relationship between advancing of sustainability and reduction of WACC

There are various factors in the reduction of WACC. Sustainability is a medium-to long-term initiative, and the pursuit of materiality also reduces business risks. One of the risks in our business, for example, is rising grain prices due to climate change. If the rise in grain prices can be restrained, it will lead to a reduction in business risks and also reduce WACC.

> Social-related

Q5. Measures to Increase the Ratio of Female Managers

In respect of diversity, we recognize that promoting the active participation of women is also an important issue. While there are many issues in the Group, we will establish KPIs and steadily work on them.

Q6. Animal Welfare Initiatives

We recognize that animal welfare responses are an important issue. The handling of livestock considering animal welfare is proceeding in accordance with our guiding principle. In the future, the policy will be clarified and the guideline will be drawn up.

As a response to the current free stall, it is about 10% of the shipment basis of in-house farms. Over the medium to long term, we intend to respond to all free stalls.

Q7. Employees in Japan and overseas involved in the development of materiality, as well as their participation in and sharing of materials within the company

A considerable amount of time was used to discuss materiality setting. Materiality is translated into English and shared with overseas bases.

In the enlightenment activities, the materiality is also incorporated in the medium-term management plan and Vision2030. Conducted meetings in each division, use of in-house content, caravan activities, and town meetings with nearly 300 people. The formulation of KPIs for materiality cannot be fully addressed, but will be successively formulated and managed.

> Environmental-related

Q8. Concept of Carbon Neutral in 2050

We would like to grasp the progress made in 2030 and show the appropriate timing. How to replace fuels with biotechnology is an issue. Taking these into account, we will present guidelines for 2050 by the next medium-term plan.

Q9. Percentage of Environmental Investments in the Value of Capital Expenditures in Medium-Term Management Plan 2023

Maintenance and renewal is about 90 billion yen, and it is difficult to extract only the investment

amount for the environment, but it is about 15%. Fuel conversions, waste boilers, etc. are expected to be 2.4 billion yen. As we renovate aging facilities, we will give consideration to the environment. We will also consider profitability so as not to increase costs.

Q10. Greenhouse Gas Emissions, Including Overseas Operations in Australia - Scope 3

We recognize that domestic greenhouse gas emissions in Scope 3 are approximately 10.5 million tons. As the calculation of overseas is still unclear, we would like to disseminate the calculated amount including overseas as soon as the guidelines are finalized.

Q11. Calculation Methods for Domestic Farm CO2

The greenhouse gas calculation manual has been established and there is a calculation coefficient. The impact of burps and manure is grasped by the officially announced index, and it is calculated on the basis of the number of livestock.