

No.	Principles	Contents of the Corporate Governance Code	Implementation status		Corresponding articles in NH Foods Group Fundamental Policy on Corporate Governance
			Comply	Explain	
	Section 1	Securing the Rights and Equal Treatment of Shareholders			
1	General Principle 1	Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively. In addition, companies should secure effective equal treatment of shareholders. Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.	○		Section 3. 1. (2) Securing the Rights of Shareholders
2	Principle 1.1	【Principle 1.1 Securing the Rights of Shareholders】 Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general shareholder meeting.	○		Section 3. 1. (1) General Meetings of Shareholders Section 3. 1. (2) Securing the Rights of Shareholders
3	1.1.1	When the board recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.	○		Section 3. 1. (1) General Meetings of Shareholders
4	1.1.2	When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.	○		Section 3. 1. (4) Fundamental Policy on Capital Strategies
5	1.1.3	Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tend to be prone to issues and concerns.	○		Section 3. 1. (2) Securing the Rights of Shareholders
6	Principle 1.2	【Principle 1.2 Exercise of Shareholder Rights at General Shareholder Meetings】 Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.	○		Section 3. 1. (1) General Meetings of Shareholders
7	1.2.1	Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general shareholder meetings.	○		Section 3. 1. (1) General Meetings of Shareholders

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8	1.2.2	While ensuring the accuracy of content, companies should strive to send convening notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agenda. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the company's website.	○		Section 3. 1. (1) General Meetings of Shareholders
9	1.2.3	The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.	○		Section 3. 1. (1) General Meetings of Shareholders
10	1.2.4	Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general shareholder meeting. In particular, companies listed on the Prime Market should make the Electronic Voting Platform available, at least to institutional investors.	○		Section 3. 1. (1) General Meetings of Shareholders Section 3. 1. (2) Securing the Rights of Shareholders
11	1.2.5	In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in attending the general shareholder meeting or exercising voting rights, companies should work with the trust bank (shintaku ginko) and/or custodial institutions to consider such possibility.	○		Section 3. 1. (1) General Meetings of Shareholders
12	Principle 1.3	【Principle 1.3 Basic Strategy for Capital Policy】 Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.	○		Section 3. 1. (4) Fundamental Policy on Capital Strategies
13	Principle 1.4	【Principle 1.4 Cross-Shareholdings】 When companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to doing so, such as their policy and concept regarding reducing cross-shareholdings. In addition, the board should closely examine whether the purpose of the holding is appropriate and whether the benefit and risks in connection to holding the shares is balanced with the capital cost for each individual shareholding and verify the appropriateness of the shareholdings. Details of such verification should also be disclosed. Listed companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings and act in accordance to such standards.	○		Section 3. 1. (5) Fundamental Policy on Cross-Shareholdings

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14	1.4.1	When listed companies are indicated from a company which holds the listed companies' shares as cross-shareholdings (cross-shareholding shareholder), that it intends to sell such shares or make similar proposals, the listed companies should not try to prevent the sale or disposal of the shares by making suggestions that trade relationship be decreased.	○		Section 3. 1. (5) Fundamental Policy on Cross-Shareholdings
15	1.4.2	Listed companies should not carry out transactions with cross-shareholding shareholders which may be detrimental to the common interests of the company and shareholders, such as by continuing the transaction without duly considering the economic reasonableness of the transaction.	○		Section 3. 1. (5) Fundamental Policy on Cross-Shareholdings
16	Principle 1.5	【Principle1.5 Anti-Takeover Measures】 Anti-takeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and kansayaku should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.	○		Section 3. 1. (6) Fundamental Policy on Corporate Control
17	1.5.1	In case of a tender offer, companies should clearly explain the position of the board, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.	○		Section 3. 1. (6) Fundamental Policy on Corporate Control
18	Principle 1.6	【Principle 1.6 Capital Policy that May Harm Shareholder Interests】 With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the board and kansayaku should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.	○		Section 3. 1. (4) Fundamental Policy on Capital Strategies

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19	Principle 1.7	<p>【Principle 1.7 Related Party Transactions】</p> <p>When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions, these procedures should be disclosed.</p>	○		Section 3 . 1 . (7) Fundamental Policy on Transactions between Related Parties
Section 2 Appropriate Cooperation with Stakeholders Other Than Shareholders					
20	General Principle 2	<p>Companies should fully recognize that their sustainable growth and the creation of mid- to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders.</p> <p>The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.</p>	○		Section 1 . 2 . The NI and the Group Brand Pledges Section 4 . Cooperation with Stakeholders
21	Principle 2.1	<p>【Principle 2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term】</p> <p>Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid- to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.</p>	○		Section 1 . 2 . The NI and the Group Brand Pledges
22	Principle 2.2	<p>【Principle 2.2 Code of Conduct】</p> <p>Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The board should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization, including the front line of domestic and global operations.</p>	○		Section 4 . 1 . Relationship with Employees
23	2.2.1	<p>The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company's corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.</p>	○		Section 4 . 1 . (3) Monitoring
24	Principle 2.3	<p>【Principle 2.3 Sustainability Issues, Including Social and Environmental Matters】</p> <p>Companies should take appropriate measures to address sustainability issues, including social and environmental matters.</p>	○		Section 1 . 2 . The NI and the Group Brand Pledges Section 4 . 4 . Relationship with Society

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25	2.3.1	The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in the terms of increasing corporate value over the mid-to long-term.	○		Section 4. Cooperation with Stakeholders Section 4. 4. Relationship with Society
26	Principle 2.4	【Principle 2.4 Ensuring Diversity, Including Active Participation of Women】 Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.	○		Section 4. 1. (4) Ensuring Diversity
27	2.4.1	Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status. In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.	○		Section 4. 1. (4) Ensuring Diversity
28	Principle 2.5	【Principle 2.5 Whistleblowing】 Companies should establish an appropriate framework for whistleblowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.	○		Section 4. 1. (3) Monitoring
29	2.5.1	As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors and outside kansayaku). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.	○		Section 4. 1. (3) Monitoring

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30	Principle 2.6	<p>【Principle 2.6 Exercising the Function as Asset Owner of Corporate Pension】</p> <p>In view of the fact that the management of reserve funds of corporate pensions affects financial position in addition to the stable asset formation of employees, listed companies should make efforts in personnel and operational aspects, including, planned appointment/deployment of personnel with appropriate qualities for management, so that a corporate pension can enhance the expertise of the management (including stewardship activities to monitor the management of the management institutions) and demonstrate the functions expected as an asset owner. The details of such efforts should be disclosed. In doing so, the listed companies should ensure that conflict of interests that may arise between beneficiaries of a corporate pension and a company is properly managed.</p>	○		Section 4 . 1 . (5) Managing Corporate Pension

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	Section 3	Ensuring Appropriate Information Disclosure and Transparency			
31	General Principle 3	Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance. The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.	○		Section 5. Appropriate Disclosure and Securing Transparency
32	Principle 3.1	【Principle 3.1 Full Disclosure】 In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance: i) Company objectives (e.g., business principles), business strategies and business plans; ii) Basic views and guidelines on corporate governance based on each of the principles of the Code; iii) Board policies and procedures in determining the remuneration of the senior management and directors; iv) Board policies and procedures in the appointment/removal of the senior management and the nomination of directors and kansayaku candidates; and v) Explanations with respect to the individual appointments/removals and nominations based on iv).	○		Section 5. 1. Disclosure Standards (i) Section 1. 2. The NI and the Group Brand Pledges Section 2. 2. (3) Roles and Responsibilities of the Board of Directors (ii) Section 1. 1. Basic Views on Corporate Governance (iii) Section 2. 6. (5) Determination of Compensation (iv) Section 2. 2. (4) Size/Members of the Board of Directors Section 2. 3. (3) Members of Audit & Supervisory Board Section 2. 6. (1) Procedure of Nomination, etc. Section 2. 6. (2) Procedure of Dismissal/Removal, etc. (v) Section 2. 6. (1) Procedure of Nomination etc. Section 2. 6. (2) Procedure of Dismissal/Removal, etc.
33	3.1.1	These disclosures (including disclosures in accordance with laws and regulations) should add value for investors, and the board should ensure that information is not	○		Section 5. 1. Disclosure Standards
34	3.1.2	Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures. In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.	○		Section 3. 1. (2) Securing the Rights of Shareholders

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35	3.1.3	Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues. In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.	○		Section 4. Cooperation with Stakeholders
36	Principle 3.2	【Principle 3.2 External Auditors】 External auditors and companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.	○		Section 2 . 4 . Role and Responsibility of the Accounting Auditor
37	3.2.1	The kansayaku board should, at minimum, ensure the following: i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and ii) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.	○		Section 2 . 3 . (5) Cooperation with the Accounting Auditor and the Internal Audit Departments, etc.
38	3.2.2	The board and the kansayaku board should, at minimum, ensure the following: i) Give adequate time to ensure high quality audits; ii) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO; iii) Ensure adequate coordination between external auditors and each of the kansayaku (including attendance at the kansayaku board meetings), the internal audit department and outside directors; and iv) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.	○		Section 2 . 3 . (4) Operation of and Securing Effectiveness of the Audit & Supervisory Board Section 2 . 3 . (5) Cooperation with the Accounting Auditor and the Internal Audit Departments, etc. Section 2 . 4 . Role and Responsibility of the Accounting Auditor
Section 4		Responsibilities of the Board			

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39	General Principle 4	<p>Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid-to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including:</p> <p>(1) Setting the broad direction of corporate strategy;</p> <p>(2) Establishing an environment where appropriate risk-taking by the senior management is supported; and</p> <p>(3) Carrying out effective oversight of directors and the management (including shikkoyaku and so-called shikkoyakuin) from an independent and objective standpoint.</p> <p>Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization - i.e., Company with Kansayaku Board (where a part of these roles and responsibilities are performed by kansayaku and the kansayaku board), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.</p>	○		<p>Section 2. 2. (3) Roles and Responsibilities of the Board of Directors</p> <p>Section 2. 2. (4) Size/Members of the Board of Directors</p>
40	Principle 4.1	<p>【Principle 4.1 Roles and Responsibilities of the Board (1)】</p> <p>The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities.</p> <p>It should engage in constructive discussion with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.</p>	○		Section 2. 2. (3) Roles and Responsibilities of the Board of Directors
41	4.1.1	The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.	○		Section 2. 2. (3) Roles and Responsibilities of the Board of Directors
42	4.1.2	Recognizing that a mid-term business plan (chuuki keiei keikaku) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.	○		Section 2. 2. (3) Roles and Responsibilities of the Board of Directors

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43	4.1.3	Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in planning/ operating of the succession plan for chief executives (CEO) and should properly monitor/supervise it so that nurturing of successor candidates is made in an organized manner with sufficient time and resource.	○		Section 2. 2. (3) Roles and Responsibilities of the Board of Directors
44	Principle 4.2	<p>【Principle 4.2 Roles and Responsibilities of the Board (2)】</p> <p>The board should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities.</p> <p>It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented.</p> <p>Also, the remuneration of the management should include incentives such that it reflects mid- to long-term business results and potential risks, as well as promotes healthy entrepreneurship.</p>	○		<p>Section 2. 2. (3) Roles and Responsibilities of the Board of Directors</p> <p>Section 2. 6. (5) Determination of Compensation</p>
45	4.2.1	The board should determine the specific amount of compensation by designing a compensation system in accordance with objective and transparent procedures in order for management remuneration to operate as a healthy incentive for sustainable growth. In doing so, the proportion linked to mid- to long-term results and the balance of cash and stock should be set appropriately.	○		Section 2. 6. (5) Determination of Compensation
46	4.2.2	The board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value over the mid- to long- term. In addition, in light of the importance of investments in human capital and intellectual properties, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company.	○		Section 4. Cooperation with Stakeholders

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47	Principle 4.3	<p>【Principle 4-3 Roles and Responsibilities of the Board (3)】</p> <p>The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management.</p> <p>In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems.</p> <p>Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties including the management and controlling shareholders.</p>	○		<p>Section 2. 5. (2) Compensation Committee</p> <p>Section 2. 6. (5) Determination of Compensation</p> <p>Section 2. 2. (5) Operation of and Securing Effectiveness of the Board of Directors</p> <p>Section 3. 1. (7) Fundamental Policy on Transactions between Related Parties</p>
48	4.3.1	The board should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures and reflect the results of company performance.	○		<p>Section 2. 5. (1) Executive Appointments Committee</p> <p>Section 2. 6. (1) Procedure of Nomination, etc.</p> <p>Section 2. 6. (2) Procedure of Dismissal/Removal, etc.</p>
49	4.3.2	For the appointment/removal of the CEO, the board should appoint a CEO with proper qualification using sufficient time and resource in accordance with objective, timely and transparent procedures as this is the most important strategic decision-making for the company.	○		<p>Section 2. 5. (1) Executive Appointments Committee</p> <p>Section 2. 6. (1) Procedure of Nomination, etc.</p> <p>Section 2. 6. (2) Procedure of Dismissal/Removal etc.</p>
50	4.3.3	If it is determined that the CEO is not fully demonstrating its function, having regard to proper evaluation of the company's business results, etc., the board should establish an objective, timely and transparent procedure in order to remove the CEO.	○		<p>Section 2. 5. (1) Executive Appointments Committee</p> <p>Section 2. 6. (1) Procedure of Nomination etc.</p> <p>Section 2. 6. (2) Procedure of Dismissal/Removal etc.</p>
51	4.3.4	The establishment of effective internal control and proactive enterprise risk management system has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.	○		Section 2. 2. (5) Operation of and Securing Effectiveness of the Board of Directors

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52	Principle 4.4	<p>【Principle 4-4 Roles and Responsibilities of Kansayaku and the Kansakuku Board】</p> <p>Kansayaku and the kansayaku board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of kansayaku and external auditors, and the determination of auditor remuneration. Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of kansayaku and the kansayaku board, in order to fully perform their duties, it would not be appropriate for kansayaku and the kansayaku board to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.</p>	○		<p>Section 2 . 3 . (1) Roles and Responsibilities of the Audit & Supervisory Board Members</p> <p>Section 2 . 3 . (2) Roles and Responsibilities of the Audit & Supervisory Board</p> <p>Section 2 . 3 . (4) Operation of and Securing Effectiveness of the Audit & Supervisory Board</p>
53	4.4.1	<p>Given that not less than half of the kansayaku board must be composed of outside kansayaku and that at least one full-time kansayaku must be appointed in accordance with the Companies Act, the kansayaku board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, kansayaku or the kansayaku board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.</p>	○		<p>Section 2 . 3 . (3) Members of Audit & Supervisory Board</p> <p>Section 2 . 3 . (4) Operation of and Securing Effectiveness of the Audit & Supervisory Board</p>
54	Principle 4.5	<p>【Principle 4-5 Fiduciary Responsibilities of Directors and Kansayaku】</p> <p>With due attention to their fiduciary responsibilities to shareholders, the directors, kansayaku and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.</p>	○		<p>Section 2 . 2 . (4) Size/Members of the Board of Directors</p>

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55	Principle 4.6	<p>【Principle 4-6 Business Execution and Oversight of the Management】 In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.</p>	○		Section 2 . 2 . (4) Size/Members of the Board of Directors
56	Principle 4.7	<p>【Principle 4-7 Roles and Responsibilities of Independent Directors】 Companies should make effective use of independent directors, taking into consideration the expectations listed below with respect to their roles and responsibilities:</p> <ul style="list-style-type: none"> i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid- to long-term; ii) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management; iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders. 	○		Section 2 . 2 . (4) Size/Members of the Board of Directors

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57	Principle 4.8	<p>【Principle 4-8 Effective use of Independent Directors】</p> <p>Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities.</p> <p>Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors .</p>	○		Section 2 . 2 . (4) Size/Members of the Board of Directors
58	4.8.1	In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.	○		Section 2 . 5 . (3) Board of Independent Officers and Representative Directors Section 2 . 5 . (4) Board of Independent Officers
59	4.8.2	Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with kansayaku or the kansayaku board by, for example, appointing the lead independent director from among themselves.	○		Section 2 . 2 . (5) Operation of and Securing Effectiveness of the Board of Directors
60	4.8.3	Companies that have a controlling shareholder should either appoint at least one-third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.	○		(not applicable since there are no controlling shareholders)
61	Principle 4.9	<p>【Principle 4.9 Independence Standards and Qualification for Independent Directors】</p> <p>Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.</p>	○		Section 2 . 6 . (4) Independence/Concurrent Position Policy

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			Comply	Explain	
62	Principle 4.10	<p>【Principle 4.10 Use of Optional Approach】</p> <p>In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.</p>	○		Section 2. 5. Optional Committees
63	4.10.1	<p>If the organizational structure of a company is either Company with Kansayaku Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plans) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions.</p> <p>In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.</p>	○		Section 2. 5. (1) Executive Appointments Committee Section 2. 5. (2) Compensation Committee
64	Principle 4.11	<p>【Principle 4.11 Preconditions for Board and Kansayaku Board Effectiveness】</p> <p>The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity including gender, internationality, work experience and age, and appropriate size. In addition, an individual with appropriate experience and competence and necessary knowledge regarding finance/accounting/legal should be appointed and in particular, at least one person who has sufficient expertise on finance and accounting should be appointed as kansayaku.</p> <p>The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.</p>	○		Section 2. 2. (4) Size/Members of the Board of Directors Section 2. 3. (3) Members of Audit & Supervisory Board Section 2. 2. (5) Operation of and Securing Effectiveness of the Board of Directors
65	4.11.1	<p>The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix." When doing so, independent director(s) with management experience in other companies should be included.</p>	○		Section 2. 2. (4) Size/Members of the Board of Directors

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66	4.11.2	Outside directors, outside kansayaku, and other directors and kansayaku should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and kansayaku also serve as directors, kansayaku or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.	○		Section 2 . 6 . (4) Independence/Concurrent Position Policy
67	4.11.3	Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.	○		Section 2 . 2 . (5) Operation of and Securing Effectiveness of the Board of Directors Reference 3. Evaluation of Board of Directors
68	Principle 4.12	【Principle 4.12 Active Board Deliberations】 The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by outside directors.	○		Section 2 . 2 . (5) Operation of and Securing Effectiveness of the Board of Directors
69	4.12.1	The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active: i) Materials for board meetings are distributed sufficiently in advance of the meeting date; ii) In addition to board materials and as necessary, sufficient information is provided to directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding); iii) The schedule of board meetings for the current year and anticipated agenda items are determined in advance; iv) The number of agenda items and the frequency of board meetings are set appropriately; and v) Sufficient time for deliberations.	○		Section 2 . 2 . (5) Operation of and Securing Effectiveness of the Board of Directors
70	Principle 4.13	【Principle 4.13 Information Gathering and Support Structure】 In order to fulfill their roles and responsibilities, directors and kansayaku should proactively collect information, and as necessary, request the company to provide them with additional information. Also, companies should establish a support structure for directors and kansayaku, including providing sufficient staff. The board and the kansayaku board should verify whether information requested by directors and kansayaku is provided smoothly.	○		Section 2 . 2 . (5) Operation of and Securing Effectiveness of the Board of Directors

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71	4.13.1	Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, kansayaku, including outside kansayaku, should collect information appropriately, including the use of their statutory investigation power.	○		Section 2. 2. (5) Operation of and Securing Effectiveness of the Board of Directors Section 2. 3. (4) Operation of and Securing Effectiveness of the Audit & Supervisory Board
72	4.13.2	Directors and kansayaku should consider consulting with external specialists at company expense, where they deem it necessary.	○		Section 2. 6. (7) Support System / Commission to Outside Advisers
73	4.13.3	Companies should ensure coordination between the internal audit department, directors and kansayaku by establishing a system in which the internal audit department appropriately reports directly to the board and the kansayaku board in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to outside directors and outside kansayaku. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside kansayaku are appropriately processed.	○		Section 2. 3. (5) Cooperation with the Accounting Auditor and the Internal Audit Divisions, etc.
74	Principle 4.14	【Principle 4.14 Director and Kansayaku Training】 New and incumbent directors and kansayaku should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable to each director and kansayaku along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.	○		Section 2. 6. (6) Policy on Training for Directors/Audit & Supervisory Board Members
75	4.14.1	Directors and kansayaku, including outside directors and outside kansayaku, should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.	○		Section 2. 6. (6) Policy on Training for Directors/Audit & Supervisory Board Members
76	4.14.2	Companies should disclose their training policy for directors and kansayaku.	○		Section 2. 6. (6) Policy on Training for Directors/Audit & Supervisory Board Members

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	Section 5	Dialogue with Shareholders			
77	General Principle 5	<p>【General Principle 5】</p> <p>In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting.</p> <p>During such dialogue, senior management and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.</p>	○		Section 3. 1. (3) Policy on Constructive Dialogue with Shareholders
78	Principle 5.1	<p>【Principle 5.1 Policy for Constructive Dialogue with Shareholders】</p> <p>Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.</p>	○		Section 3. 1. (3) Policy on Constructive Dialogue with Shareholders
79	5.1.1	Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, directors including outside directors, and kansayaku should have a basic position to engage in dialogue (management meetings) with shareholders.	○		Section 3. 1. (3) Policy on Constructive Dialogue with Shareholders
80	5.1.2	<p>At minimum, policies for promoting constructive dialogue with shareholders should include the following:</p> <p>i) Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below;</p> <p>ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;</p> <p>iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);</p> <p>iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and</p> <p>v) Measures to control insider information when engaging in dialogue.</p>	○		Section 3. 1. (3) Policy on Constructive Dialogue with Shareholders

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81	5.1.3	Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.	○		Section 3 . 1 . (3) Policy on Constructive Dialogue with Shareholders
82	Principle 5.2	<p>【Principle 5.2 Establishing and Disclosing Business Strategy and Business Plan】 When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policy with appropriate understanding of its own capital costs, and present targets for profitability and capital efficiency.</p> <p>Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources and specific measures that will be taken in order to achieve their plans and targets such as reviewing the business portfolio, investing in facilities, investing in research and development, and investing in human resources.</p>	○		Section 3 . 1 . (4) Fundamental Policy on Capital Strategies
83	5.2.1	In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the board and the status of the review of such portfolio.	○		Section 2 . 2 . (3) Roles and Responsibilities of the Board of Directors