

(Translation)

May 11, 2020

Dear Sirs and Madams

Name of the Company: NH Foods Ltd.

Representative: Yoshihide Hata  
President and Representative Director  
(Code No. 2282, First Section of the  
Tokyo Stock Exchange)

Person to contact: Tomoya Matsuda  
Public & Investor Relations Department  
(TEL 06-7525-3031)

**Notice Concerning the Adoption of  
Trust-Type Employee Shareholding Incentive Plan (E-Ship®)**

It is hereby notified that, at the Board of Directors meeting held today, NH Foods Ltd. (the "Company") resolved to adopt the "Trust-Type Employee Shareholding Incentive Plan (E-Ship®)" (the "Plan") as an incentive scheme for employees of the NH Foods Group (the "Group") to improve corporate value over the medium and long term. Details of the Plan including the timing of establishment of the trust pertaining to the Plan, the total amount of monies to be borrowed by the trust under the Plan, and the term of establishment of the Plan, will be notified as soon as they are determined.

Description

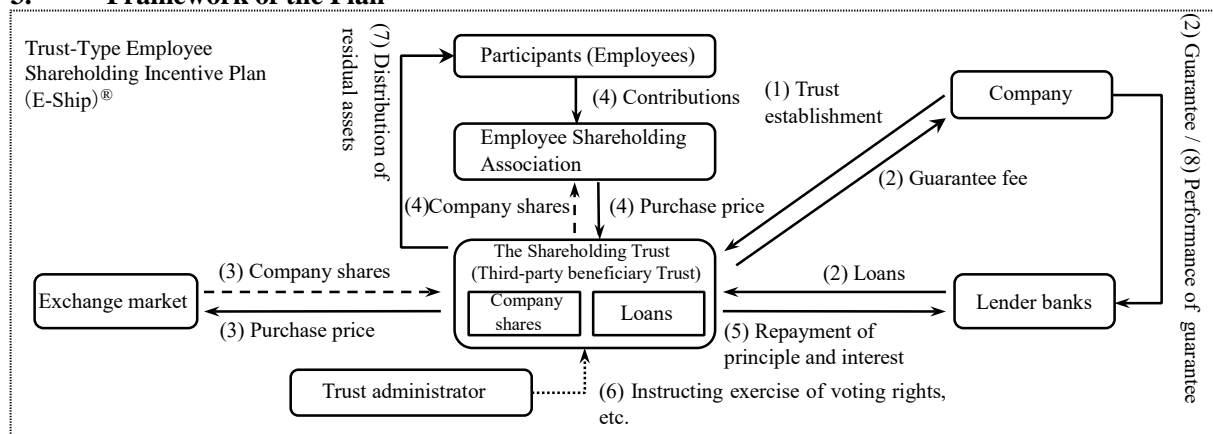
**1. Objective of the Plan**

The Plan is to provide incentives for employees to improve corporate value over the medium and long term. At the same time, the Plan is intended to support asset formation by employees, as promoting measures of benefit and welfare, by way of promoting acquisition and holding of shares by employees through the expanded shareholding association.

**2. Overview of the Plan**

- (1) The Plan is an incentive plan available for all employees participating in the "NH Foods Group Employee Shareholding Association" (the "Shareholding Association").
- (2) Under the Plan, the Company will establish the "NH Foods Group Employee Shareholding Association Trust" (the "Shareholding Trust") at a trust bank. The Shareholding Trust will acquire the Company's shares in advance for an amount expected to be acquired by the Shareholding Association (currently, contemplated to be an amount equivalent to approximately 2.5 billion yen) over a certain period of time after the establishment (currently, contemplated to be approximately five years).
- (3) Thereafter, the Shareholding Trust will make sales of the Company's shares to the Shareholding Association on a continuous basis. Upon the conclusion of the trust, if there are any accumulated gains on sales of shares within the Shareholding Trust, such gains on sales of shares will be allocated as residual assets to employees who meet eligibility requirements as beneficiaries.
- (4) Further, since the Company will guarantee loans undertaken by the Shareholding Trust to acquire the Company's shares, if there are any accumulated loss on sales of shares within the Shareholding Trust due to the decline of the Company's share price and there are any remaining loan amounts equivalent to the loss on sales of shares as of the conclusion of the Trust, the Company will repay such loans.

### 3. Framework of the Plan



- (1) The Company will establish the Shareholding Trust (third-party beneficiary trust) naming members of the Shareholding Association who meet eligibility requirements as beneficiaries.
- (2) The Shareholding Trust will borrow funds necessary for acquiring the Company's shares from lender banks, and the Company will provide a guarantee for the loan amounts. The Company will receive guarantee fees from the Shareholding Trust as the consideration for the guarantee.
- (3) The Shareholding Trust will acquire the Company's shares from the exchange market in the number projected to be purchased by the Shareholding Association during the trust period.
- (4) Throughout the trust period, the Shareholding Trust will sell the Company's shares which were acquired pursuant to (3) above to the Shareholding Association at market prices on continuous basis pursuant to a certain prescribed plan (terms and methods).
- (5) The Shareholding Trust will repay the loan principal and interest by sales proceeds from the sales of shares of the Company to the Shareholding Association as well as dividends received for the Company's shares held.
- (6) Voting rights for shares held by the Shareholding Trust will be exercised in accordance with instruction of the trust administrator appointed for the beneficiaries.
- (7) Upon conclusion of the trust, if there is any residual asset in the Shareholding Trust, it will be allocated to employees who meet eligibility requirements as beneficiaries after it is converted to cash.
- (8) If there is any loan balance remaining at the conclusion of the trust, the Company will repay it in accordance with the guarantee described in (2) above.

### 4. Overview of the Shareholding Trust

- (1) Name: NH Foods Group Employee Shareholding Association Dedicated Trust
- (2) Settlor: The Company
- (3) Trustee: The Nomura Trust and Banking Co., Ltd.
- (4) Beneficiaries: Employees who meet eligibility requirements as beneficiaries (to exist after occurrence of event of determining beneficial rights and completing certain procedures)
- (5) Trust agreement date: End of October 2020 (scheduled)
- (6) Trust period: End of October 2020 to October 31, 2025 (scheduled)
- (7) Trust objective: Stable and continuous supplies of shares to the Shareholding Association and provisions of trust assets to employees who meet eligibility requirements as beneficiaries
- (8) Eligibility requirements as beneficiaries: Beneficiaries shall be employees who are alive as of the commencement date of the beneficiaries determination procedure (the date when the expiration of trust period is arrived and conversion of trust assets to cash is completed and date when all the Company's shares belonging to the trust asset to the Shareholding Association are sold, etc.) and participate in the Shareholding Association (however include employees who have withdrawn from the Shareholding Association due to retirement as a result of reaching a retirement age, employment transfer or promotion to an officer, after the date of execution of the trust agreement and by the commencement date of the beneficiaries determination procedure).

(For reference)

E-Ship® is a registered trademark of Nomura Securities Co., Ltd.

E-Ship® (acronym for an Employee Shareholding Incentive Plan) is modeled after an employee stock ownership plan (ESOP) prevalent in the United States. E-Ship® is an incentive plan for employees developed by Nomura Securities Co., Ltd. and the Nomura Trust and Banking Co., Ltd. by applying the scheme of employee shareholding association.

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