

Three Director Talk

To achieve growth through the creation of a global value chain, we will improve the effectiveness of governance and strengthen risk management.



Fukuichi Sekine

Director
Audit & Supervisory Committee
Member (Outside)

Yoshiyuki Osawa

Representative Director & Senior
Managing Director
General Manager of Administration
Headquarters/ Responsible for
Secretariat Division

Tsuneo Kubota

Director
Audit & Supervisory Committee
Member (Full-time)

The process for formulating the Eighth Medium-term Business Plan

Osawa: The Eighth Medium-term Business Plan, which was launched in FY2024, retains the position of the Seventh Medium-term Business Plan in “striving to become a high-quality company that provides ‘Healthy Life through Foods’ [Chapter 2]” but instead of “Striving for Four Value Chains (VC),” the subtitle is “Striving for growth by building a global value chain.” We thought it was time for us to set our action objectives to not to strive for the sake of striving, but to achieve growth through building the global VCs. The current business segment is divided between Japan and overseas, but we will shift our paradigm to a phase where we will consolidate various businesses we developed around the world in each VC, connect the upstream and downstream operations, expand our customer contact points, and grow our business. When formulating the medium-term business plan, we formulate plans based on (1) thoroughly reviewing the current medium-term business plan, (2) understanding changes in the external and internal environment and (3) ensuring that we base it on our core Group philosophy. In addition to discussions at the Board of Directors and Management Committee, an off-site Management Committee was established on the executive side. Then, we held repeated discussions about initiatives that were 60–70% achieved from various perspectives.

Kubota: While the executive directors played a central role in the discussions, the Audit & Supervisory Committee confirmed the direction and content of discussions with respect to the medium-term business plan. The quality of the medium-term business plan will be further enhanced by the input of outside directors who have expertise and insight. In order to receive better recommendations, it is important to eliminate the gap in the amount of information received by outside and inside directors. The Audit & Supervisory Committee has been working with the slogan of “increasing points of contact and dialog” since 2023. An Audit & Supervisory Committee meeting related to the formulation of the medium-term business plan was held to reflect the opinions of outside directors. We held discussions

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with the top managers of overseas operating companies in the United States, Southeast Asia and China, and we also had meetings about the content and status of discussions with the representatives of each VC. After that, we received opinions from outside directors, discussed them, and reflected them in the plan.

Osawa: The meeting minutes and materials for discussion at the Management Committee are provided to all members of the Audit & Supervisory Committee. Those responsible for business and functions make proposals by attending the Audit & Supervisory Committee to provide direct explanations based on the importance of the proposal. In addition, the content of the proposals that need to be understood more deeply to be resolved by the Board of Directors is also presented in advance. As the General Manager of the Administration Division, I and the General Manager of the Corporate Strategy Division set aside time to individually communicate with and provide information to the two Outside Directors and Audit and Supervisory Committee Members. Then, we take questions and receive advice. In communications with outside directors, we learn a lot and gain insight from those who have perspectives and ideas we do not have. I believe it is important for the Board of Directors to hold discussions by highlighting the differences in



its member's viewpoints while deepening mutual understanding.

Kubota: We, the Directors and Audit & Supervisory Committee members, play roles in monitoring, supervision and auditing. We are engaged in strengthening governance from both offensive and defensive perspectives. We receive advice from outside directors on carrying risks while taking on business challenges in governance in an offensive way. We use a bad news first perspective for engaging in governance in a defensive way. We receive feedback from the perspectives of our shareholders and third parties, not only from the perspective of financial losses but also from the viewpoint of reputational risk. At the end of each Board of Directors meeting, we hold "Audit & Supervisory Committee Time." Then, on behalf of the president, who chairs the Board of Directors, I serve as the moderator. We receive unrestricted comments about the discussions at the Audit & Supervisory Committee and opinions on executive aspects from the Audit & Supervisory Committee members, and actively discuss these matters with the internal directors.

Sekine: In June 2023, I was appointed as a member of the Group's Audit & Supervisory Committee of the Board of Directors. I received a lecture on the medium-term business plan directly from President Urakami. The framework of the Eighth Medium-term Business Plan is to accelerate the establishment of a VC foundation based on the challenges seen in the Seventh Medium-term Business Plan. In order to build global VCs, we need to further refine the Group's strengths to expand our points of contact around the world in each VC in hand with our group companies that have diverse traits. As a member of the Audit & Supervisory Committee, I would like to continue to play a role in monitoring management and corporate governance, and also to provide opinions on the management system as necessary. We will strive to enhance corporate value and contribute to sustainable growth through aggressive and defensive governance. If companies do not increase corporate value from a long-term perspective, they will go into decline. At our company, we believe taking initiatives based on prioritizing and being unwavering in the "Three Responsibilities" perspective will lead to the company's continuity and the satisfaction of our stakeholders. Eating is living. Eating can help you get through hard times and put a smile on your face. My



involvement in the food industry makes me feel a great sense of responsibility but also happiness.

Priority issues in the Eighth Medium-term Business Plan

Osawa: The Group includes companies that function as procurers of materials and trading companies on the upstream side, companies with BtoC and BtoB manufacturing functions at the midstream level, and companies that handle food service functions on the downstream side. Each company has worked to establish a unique corporate culture and business model in the food industry. In the Eighth Medium-term Business Plan, the development of global VCs will be conducted through the integration of the VCs in Japan, overseas and without the boundaries of values and culture. We will link the upstream to the downstream globally to create new business areas and aim for growth. Our plan is not to make every company the same. As we stated in the Eighth Medium-term Business Plan when we mentioned that we will "transform diversity into a strength" as a

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way of being responsible for our employees and their families, we will use the unique corporate culture and business model of each company for creation and turn it into a strength.

Kubota: At the start of the Eighth Medium-term Business Plan, the head of the Group went to the worksites and directly communicated and explained his feelings to the members. I strongly feel that efforts are accelerating, with each employee having a sense of ownership, shifting their vectors and moving together toward goals. In discussions at the Management Committee, I have started to hear the wording “in unity” and “fusion” instead of “in cooperation.” In the past, House Foods Group and its operating companies each spun their metaphorical gears separately. Now, I have the impression that the gears of each company are starting to connect in an effort to bring a new driving force to the Group. My goal is to become a lubricant for these gears to further improve our corporate value. Enhancing governance and risk management is also important in global expansion. We will continue to monitor, supervise and audit our sites so they can focus on business. We will strengthen governance by looking at the entire Group globally from an overarching perspective, and it will also become important to build a system that is tailored to the laws, environment, culture, and customs of each country, as well as the scale of the overseas operating companies. In addition, I believe that the key to enhancing risk management capabilities will be to link up and collaborate with local third parties, such as accounting and law firms, that have a strong understanding of each country’s situation. We will proceed with risk countermeasures ahead of time based on the direction of our business strategy, and promote thorough monitoring, supervision, and auditing to ensure that governance systems and mechanisms are in place and operating properly so that those on the frontlines can focus on their business.

Sekine: In my view, while the domestic BtoC business is solid, the major challenge of building global VCs is how to develop in the BtoB area. I think there is still room for growth in the BtoB market. So, I think it would be beneficial to expand our points of contact with customers by broadening our reach with hospital, business and school cafeterias without being bound by existing channels, and broaden the base of the VCs. I also have the

impression that Group employees are serious, hard workers and meticulous. At the same time, I sometimes think it could be beneficial to have mistakes shared openly, and to use this in taking on the next challenge.

Evaluation of the effectiveness of the Board of Directors

Osawa: We have been evaluating the effectiveness of the Board of Directors since 2023. I believe it is important for members of the Board of Directors to reflect on their activities over the past year and to identify improvements on their own. This is done in a questionnaire-based evaluation with questions unique to our company. Rather than evaluating activities with general questions, we check whether the discussion contents, materials provided, timing and times of discussions, and management of the Board of Directors are appropriate for individual themes based on the contents of actual discussions at the Board of Directors. The results of the questionnaire are compiled by the Administrative Secretariat, which is the General Affairs Division, to determine the themes for improvements, which lead to actual improvements following discussions at the Board of Directors meeting. In 2023, based on the evaluation of effectiveness, the five areas of improvement were “streamlining and revitalizing discussions on resolution items,” “improving and enhancing the Audit & Supervisory Committee’s operations,” “promoting the outside directors’ understandings of worksites and establishing opportunities for dialog,” “streamlining reporting items” and “changing the decision-making standards of the Board of Directors.” In 2024, we will continue our search for the next themes for improvement and work on them. Many companies conduct effectiveness evaluations through third-party institutions, and we might do so in the future. However, it is important to first reflect on our activities, understand and discuss issues and build a cycle for improvement independently. We believe that this is the foundation for taking advantage of findings from outside parties.



Kubota: In the effectiveness evaluation, there were some comments about the benefits of further increasing the number of open and frank discussions. The Board of Directors meeting and the “Audit & Supervisory Committee Time” within it have time limits. The Audit & Supervisory Committee will therefore consider methods of “points of contact and dialog” that will enable more useful discussions, such as setting themes for in-depth discussions.

Sekine: The evaluation of the effectiveness of the Board of Directors gave us a good opportunity to reflect on our activities. The survey questions were appropriate and well thought out. We would like to use them to improve the effectiveness of the survey in the future. We can speak openly and freely in Board of Directors meetings, and many initiatives are carried out at a higher level than other companies. If I had to name an issue, it is our need to have more in-depth discussions on management and business strategies and further enhance our effectiveness. In the Eighth Medium-term Business Plan, we believe that the success of the plan will be directly linked to efforts to address issues being clarified and enhance the business.

Executives (As of June 25, 2024)



Directors

Hiroshi Urakami 1

Representative Director & President
Responsible for Corporate Strategy
Division

Yoshiyuki Osawa 2

Representative Director & Senior
Managing Director
General Manager of Administration
Headquarters/ Responsible for
Secretariat Division

Kotaro Kawasaki 3

Managing Director
Representative Director & President,
House Foods Corporation

Yoshiyuki Miyaoku 4

Director
General Manager of Global
Headquarters

Tatsumi Yamaguchi 5

Director
General Manager of Research &
Development Headquarters
Responsible for Quality Assurance
Management Division, New Business
Planning & Development Division,
Value-added Vegetables Business
Development Division

Atsushi Sakuma 6

Director
General Manager of
Corporate Communication
Headquarters/Responsible for
Digital Strategy Headquarters,
Domestic Affiliated Companies
Planning Support Division

Yuichi Okamoto 7

Director and General Manager of Spice
VC Procurement & Production Strategy
Headquarters, House Foods Group Inc.

Tsuneo Kubota 8

Director
Audit & Supervisory Committee
Member (Full-time)

Hiroyuki Kamano 9

Director
Audit & Supervisory Committee
Member (Outside)

Atsuko Okajima 10

Director
Audit & Supervisory Committee
Member (Outside)

Fukuichi Sekine 11

Director
Audit & Supervisory Committee
Member (Outside)

Yasuyuki Kawasaki 12

Director
Audit & Supervisory Committee
Member (Outside)

Notes: Please refer to our corporate website for a brief biography of each Board member. <https://housefoods-group.com/en/company/information02.html>



Executives (As of June 25, 2024)

Skills matrix and attendance rate at meetings of the Board of Directors and various meetings

No.	Name	Position	Expertise and experience required for a Director in supervision and execution											Attendance rate at meetings of the Board of Directors and various meetings (FY2023)				
			Corporate Management	Personnel affairs and Diversity	Finance and Accounting	Legal Affairs, Compliance and Risk	Public Relations, Investor Relations and corporate social responsibility	R&D and Intellectual Property	Global	IT/DX	Quality Assurance	Production and Procurement	Sales, Marketing and Advertisement	Management of Other Companies	Board of Directors	Audit & Supervisory Committee	Compensation Advisory Committee	Nomination Advisory Committee
1	Hiroshi Urakami	Representative Director & President	●			●							●	●	100% (14/14)		100% (6/6)	100% (2/2)
2	Yoshiyuki Osawa	Representative Director & Senior Managing Director	●	●	●	●	●						●		100% (14/14)		100% (6/6)	100% (2/2)
3	Kotaro Kawasaki	Managing Director	●				●						●	●	100% (14/14)			
4	Yoshiyuki Miyaoku	Director	●					●	●	●	●	●	●	●	100% (14/14)			
5	Tatsumi Yamaguchi	Director	●					●	●	●		●	●	●	100% (14/14)			
6	Atsushi Sakuma	Director	●				●	●		●	●	●	●		100% (10/10)			
7	Yuichi Okamoto	Director	●								●	●						
8	Tsuneo Kubota	Director Audit & Supervisory Committee Member (Full-time)				●		●							100% (10/10)	100% (10/10)		
9	Hiroyuki Kamano	Director (Audit & Supervisory Committee Member, Outside)	●			●			●				●		100% (14/14)	100% (13/13)	100% (6/6)	100% (2/2)
10	Atsuko Okajima	Director (Audit & Supervisory Committee Member, Outside)		●		●									100% (14/14)	100% (13/13)	100% (6/6)	50% (1/2)
11	Fukuichi Sekine	Director (Audit & Supervisory Committee Member, Outside)	●	●		●					●		●		100% (10/10)	100% (10/10)	100% (4/4)	100% (2/2)
12	Yasuyuki Kawasaki	Director (Audit & Supervisory Committee Member, Outside)	●	●	●	●			●				●					



Corporate Governance

Changes in strengthening of corporate governance

	2004	2008	2013	2016	2017	2020	2021	2022	2023	2024
Systems and policies	● Introduced the Corporate Officer System (Abolished in 2013)		● Shift to a holding company system			● Established the Group Compliance & Risk Management Division	<div style="border: 2px solid red; padding: 5px;"> <p>Transitioned to a Group with an Audit & Supervisory Committee</p> <ul style="list-style-type: none"> ✓ Strengthened the supervisory function of the Board of Directors ✓ Further enhanced the corporate governance system </div>		● Evaluated the effectiveness of the Board of Directors	
Director (Outside Directors)		● Elected an Independent Outside Director (1 out of 9 Directors)		● Increased the number of Independent Outside Directors (2 out of 10 Directors)					● Change in the number of Independent Outside Directors (4 out of 12 Directors)	
Voluntary advisory committees					● Established the Compensation Advisory Committee		● Established the Nomination Advisory Committee	● Established the Investment Committee (Advisory body to the Management Committee)		
Compensation system					● Introduced a stock compensation plan through an officers' shareholding association system (Abolished in 2021)		● Introduced the restricted stock compensation plan			● Introduced the performance stock compensation plan

Basic policy on corporate governance

The Group aims to enhance the adequacy and effectiveness of management and optimize its corporate value by engaging in speedy management, with the intention of revitalizing the management organization and enabling prompt decision-making.

The Group's approach is based on its philosophy, "through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives." The three main pillars of our corporate activities are our "three responsibilities": "for customers," "for employees and their families," and "for society."

To manage our Group based on this philosophy to properly respond to the dramatic changes taking place in the management environment, we have been striving to improve its transparency and its role in society, as well as achieving accountability, while developing a corporate governance system to ensure thorough compliance.

The Company made Ichibanya Co., Ltd. a consolidated subsidiary in December 2015. Ichibanya is a listed company, and the Group undertakes the operation of that company's internal control system with due respect.

Approach to keeping the subsidiary listed

As the parent company, House Foods Group Inc. exercises a certain level of supervisory functions over Ichibanya Co., Ltd. For example, seconding a Director to the subsidiary as a non-standing Director, having the subsidiary regularly report on its business performance at its Board of Directors' meetings, and resolving at its Management Committee what proposals should be included in the agenda of the General Meeting of Shareholders of the subsidiary. On the other hand, the Group respects decisions on the execution of daily operations made by the subsidiary's management. The Group decides on the

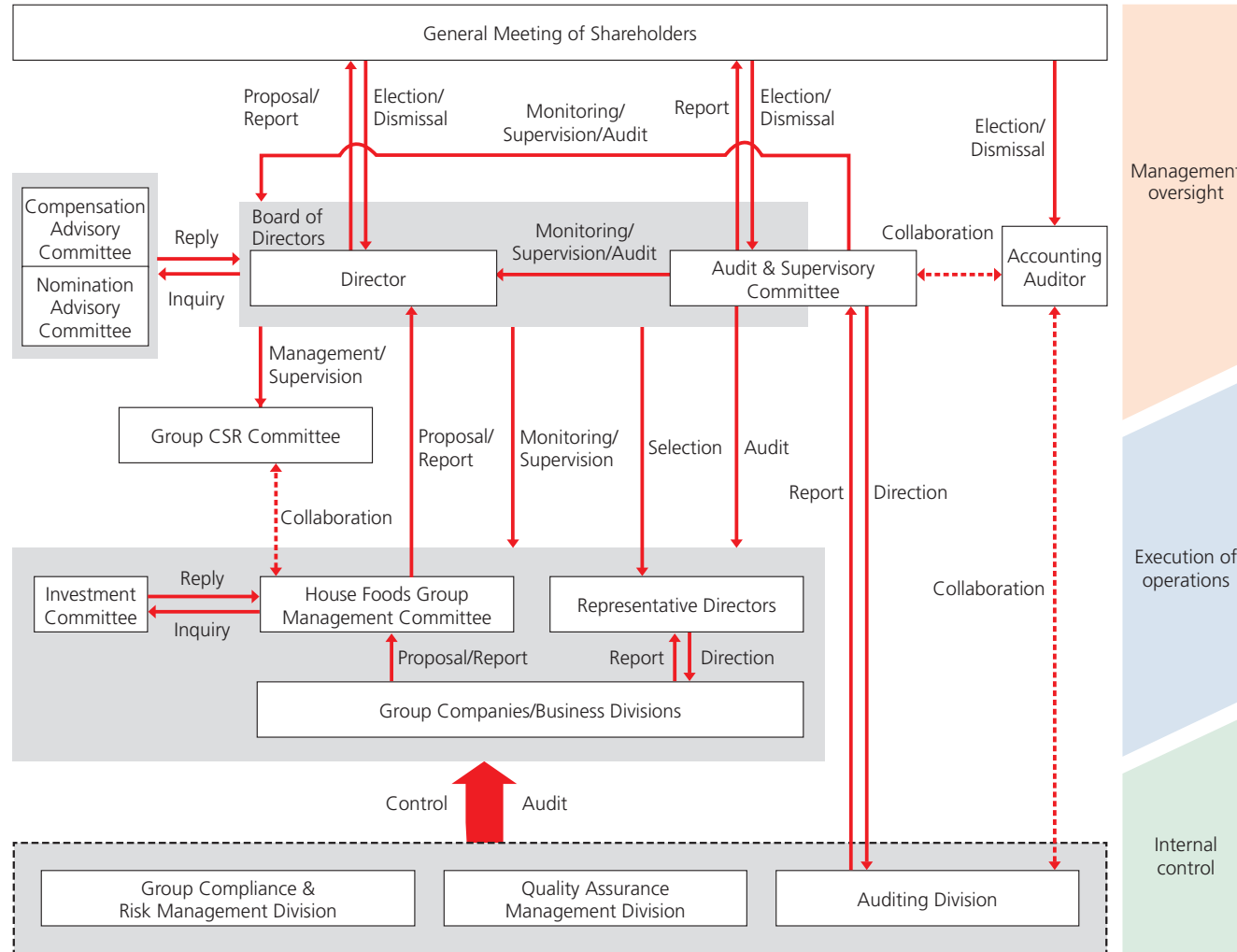
subsidiary's significant intra-Group transactions after seeking opinions from the Audit & Supervisory Committee. The Group has established a system that does not allow it to unreasonably prejudice the interests of other shareholders of the subsidiary.

The Group and the subsidiary, whose business models are different, work together to strengthen collaboration and promote cooperation themes while respecting each other's uniqueness, thereby enabling three parties (including franchise owners who are engaged in the management of stores) to enjoy the benefits together. In this way, the Group believes that it will also contribute to bringing benefits to other shareholders of the subsidiary. The Group's policy is to keep both itself and the subsidiary listed while ensuring the effectiveness of the corporate governance system of the subsidiary.

Corporate Governance

Corporate governance system

Diagram of corporate governance system (As of July 2024)



System for execution of operations

With the aim of strengthening our audit and supervisory functions and further enhancing the corporate governance system, the Group transitioned from a Group with a Board of Auditors to a Group with an Audit & Supervisory Committee after gaining approval at the Ordinary General Meeting of Shareholders held on June 25, 2021. As a Group with an Audit & Supervisory Committee, the Group monitors, supervises, and audits the execution of duties by Directors and the legality and validity of resolutions by the Board of Directors through the Audit & Supervisory Committee and its five Directors who serve as Committee Members (of whom four are Outside Directors).

The Board of Directors consists of 12 Directors (of whom four are Outside Directors), and it makes decisions on the execution of important operations of the Group and monitors and supervises the execution of operations by other Directors and Group companies. The Group has also established the Nomination Advisory Committee and the Compensation Advisory Committee as voluntary advisory bodies to the Board of Directors, each with the majority of members being Independent Outside Directors and each chaired by Independent Outside Directors, in order to ensure objectivity and transparency in the decision-making process for compensation and the election and dismissal of Directors.

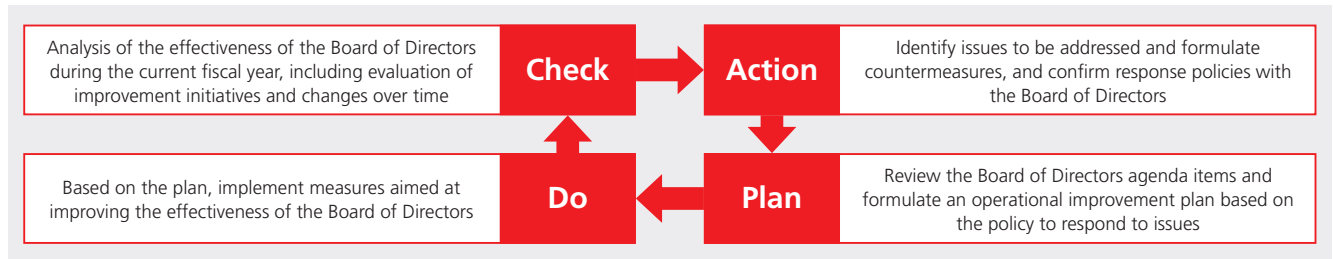
In close cooperation with the Auditing Division, which is responsible for conducting audits of operations and implementing internal controls in respect of financial reporting, and which the Audit & Supervisory Committee has the right to give instructions to, the Audit & Supervisory Committee confirms how the audits are conducted and how the internal control system is evaluated, and regularly exchanges opinions. The committee also audits the execution of duties by Directors in an organized way in cooperation with the Accounting Auditor and corporate attorneys.

The accounting audit is performed by Deloitte Touche Tohmatsu LLC. We have an audit agreement with this firm to perform audits under the Companies Act and the Financial Instruments and Exchange Act.

Corporate Governance

Evaluation of the effectiveness of the Board of Directors

From FY2022, we introduced an evaluation of the effectiveness of the Board of Directors. We then analyzed and evaluated the results. We will continue to work to improve the effectiveness of the Board of Directors by steadily implementing the PDCA cycle for improvements.



Status of responses to issues based on analysis and evaluation of the results of the Board of Directors Effectiveness Evaluation conducted in FY2022

Major issues identified	Initiatives in relation to each issue
<ul style="list-style-type: none"> Optimization of the Board of Directors' operations, through a review of proposal methods (a review of the proposal methods, frequency and applicable topics) Expansion of opportunities for officers to acquire knowledge and understand the situation on the ground at worksites 	<ul style="list-style-type: none"> Commencement of practical use of the Board of Directors' Report, which compiles the report summary and the opinions of Inside Directors who are on the Management Committee into one document to be presented to the Board Further enhancement of opportunities for Outside Directors to visit branches and to interact with employees at worksites directly Revision of explanatory materials for better understanding of business issues on the agenda for reporting business status Partial revision of the standards for the Board of Directors resolution to delegate authority to the Management Committee

Evaluation of the effectiveness of the Board of Directors conducted in FY2023

1. Evaluation method

- Eligible respondents: all 12 Directors (of whom four are Outside Directors)
- Response period: December 2023 to January 2024
- Implementation method: survey format (4-level rating scale + open evaluation)
- Main evaluation items:
 - The status of deliberations on matters to be resolved by the Board of Directors
 - The implementation status of matters to be reported to the Board of Directors
 - The status of the Board of Directors' functions and operations
 - The status of collaborations between the Audit & Supervisory Committee
 - The status of collaborations between the Nomination Advisory Committee
 - The status of collaborations between the Compensation Advisory Committee

2. Summary of results of the Board of Directors Effectiveness Evaluation conducted in FY2023

The functions and operations of the Board of Directors continue to be adequate, and it was confirmed that the Board operated effectively, including its cooperation with the Audit & Supervisory Committee, Nomination Advisory Committee and Compensation Advisory Committee.

1. Items that were evaluated particularly highly

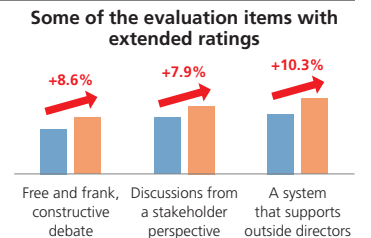
- Reporting on the status of dialog with shareholders is effective in both frequency and quality.
- Multifaceted opinions from the outside directors are being reflected in the Board's decisions.
- The Audit & Supervisory Committees audit, oversight and supervision functions are exerted, and the status of coordination with the Board of Directors is appropriate.
- The content of improvement initiatives after receiving the results of the previous year are also highly evaluated.

3. Major issues identified

- The need to increase the frequency of regular reports and the expansion of agenda items
- Further enhance opportunities for executives to acquire knowledge
- A structure for stimulating discussion between internal and external directors

2. Changes over time

Nine of the questions that were common to the previous year were improved from the previous year's rating.



4. Initiatives in relation to each issue

- Review of the frequency of reports on some regular reporting agenda items
- Review of the agenda for annual reports and review of expansions to the report agenda items
- Enhancing educational sessions for executives
- In-depth study of issues aimed at stimulating discussion between internal and external directors through interviews with executive officers

Corporate Governance

Operations of the Audit & Supervisory Committee

One full-time staff member and a small number of concurrently serving staff members are assigned to the Auditing Division, to assist the Audit & Supervisory Committee, and the Directors who serve as full-time Audit & Supervisory Committee Members, with their duties. The Auditing Division, to which the relevant staff members are assigned, is an organizational structure directly under the Audit & Supervisory Committee which the Committee has the right to give instructions to, thereby ensuring the effectiveness of the instructions given by the Audit & Supervisory Committee and Directors who are full-time Audit & Supervisory Committee Members. In addition, the General Affairs Division is responsible for the Administrative Secretariat of the Audit & Supervisory Committee, and also assists the Audit & Supervisory Committee and the Directors who serve as full-time Audit & Supervisory Committee Members with their duties.

We carry out periodic information and opinion exchanges with full-time Audit & Supervisory Board Members of Group companies, through methods such as internal audit results and other reports from the Auditing Division, whistle-blowing, survey results and other reports from the Compliance & Risk Management Division, opinion exchanges with the Quality Assurance Management Division, and by holding Audit & Supervisory Committee meetings at Group company branches to establish points of contact with worksites. In addition, Directors who serve as full-time Audit & Supervisory Committee Members conduct audits of Group company branches, attend important meetings including Management Committee meetings, and inspect and confirm all key resolution-related documents. They also concurrently serve as part-time Audit & Supervisory Board Members of major Group companies, and attend Board of Directors' meetings and other meetings at those Group companies. Full-time Audit & Supervisory Board Members of Group companies regularly attend Audit & Supervisory Committee meetings and report the results of Group company branch audits.

Election/dismissal of management executives and policy and procedures for nomination of candidates for Directors

The Group has established and disclosed the following selection criteria for the appointment of management executives and nomination of Directors. After deliberation by the Nomination Advisory Committee, chaired by an Independent Outside Director and composed of a majority of Independent Outside Directors, the Board of Directors resolves to nominate candidates who meet the selection criteria and submit them for discussion and approval at the General Meeting of Shareholders.

Personnel who are to serve as Directors in the future receive practical on-the-job training (OJT) mainly through gaining

experience as directors of operating companies as well as off-the-job training mainly through executive development programs and internal training, as part of the Company's efforts to nurture successors. If, after deliberation by the Nomination Advisory Committee, the Board of Directors determines that a management executive does not meet the election criteria, dismissal will be resolved by the Board of Directors and presented to the General Meeting of Shareholders for discussion and approval.

Directors (Excluding Directors who are Audit & Supervisory Committee Members)	<ul style="list-style-type: none"> Persons who have the courage to stay committed to the Group philosophy, Our Motto, and mission statement Persons who have the knowledge, experience, and ability to engage in management Persons who aim to enhance corporate value, and who have the driving force to achieve performance targets Persons with excellent personal qualities appropriate for a Director of the Company
Directors who are Audit & Supervisory Committee Members	<ul style="list-style-type: none"> Persons who possess the ability to carry out an audit based on extensive experience and insight Persons with excellent personal qualities appropriate for an Audit & Supervisory Committee Member of the Company

Outside executives (Directors who are Audit & Supervisory Committee Members)

Name	Status of significant concurrent positions	Reasons for election [Particularly expected roles]	Independent Director	Term of office*
Hiroyuki Kamano	<ul style="list-style-type: none"> Representative Lawyer, Kamano Sogo Law Offices Outside Director, Spancrete Corporation 	Mr. Kamano has extensive experience and a broad understanding of corporate legal affairs gained during his long involvement in legal services as a lawyer. [Supervising and auditing response to legal risks and compliance management]	○	9
Atsuko Okajima	<ul style="list-style-type: none"> Outside Director, DAITO KOUN Co., Ltd. Non-standing Advisor, Kyokuyo Co., Ltd. 	Ms. Okajima has abundant experience from her long service in administration as well as broad insight into the food and other industries. [Auditing and supervising the promotion of women's participation and advancement and diversity management]	○	4
Fukuichi Sekine	<ul style="list-style-type: none"> Chairman and Director, Sumitomo Osaka Cement Co., Ltd. 	Mr. Sekine has a deep understanding of all aspects of company management, and has extensive experience as a corporate manager. [Supervising and auditing risk management and overall business operations]	○	1
Yasuyuki Kawasaki	—	Mr. Kawasaki has considerable experience as the head of a corporation, and has extensive experience as a corporate manager. [Supervising and auditing risk management and overall business operations]	○	Newly appointed

* The years specified in the "Term of office" column are the number of years each Directors has served since they took office as Outside Executives of the Company.

Corporate Governance

Basic design of compensation for executives

As our basic policy, the compensation system and the amounts of compensation, etc., for Directors (excluding Directors who are Audit & Supervisory Committee Members) are based on the following points: “it gives motivation for the enhancement of corporate value and sustainable growth, and generates ambition to achieve the goals of the Medium-term Business Plan in order to realize the Group philosophy,” “it is commensurate with the role and responsibilities of the position held, considering the Company’s scale and social responsibilities,” and “objectivity and transparency are ensured in the decision-making process for compensation.” They are determined by the Board of Directors after deliberations of the Compensation Advisory Committee.

After gaining approval at the Ordinary General Meeting of Shareholders held on June 25, 2021, we introduced the restricted stock compensation plan as a new compensation system for Directors (excluding Directors who are Audit & Supervisory Committee Members).

The compensation system and the amounts of compensation, etc., for the Directors who are Audit & Supervisory Committee Members are deliberated by the Compensation Advisory Committee and, after the deliberation results are reported to the Audit & Supervisory Committee, determined by consultation among the Directors who are Audit & Supervisory Committee Members.

Outline of the linkage with performance for Directors (excluding Directors who are Audit & Supervisory Committee Members)

Short-term incentives

Overall management as a member of the Board of Directors is evaluated mainly based on the Company’s performance (financial indicators), and results of management execution within each area of responsibility are evaluated mainly based on individual performance, and vary within the range of 70%–130% based on two evaluation indicators. (In the event that performance fluctuates significantly, the details are deliberated by the Compensation Advisory Committee, and short-term incentives vary within the range of 0–150%.)

Formula: Standard amount by position × (1 + Company performance evaluation coefficient¹ + Individual performance evaluation coefficient¹)

1. Varies from -15% to +15% depending on performance

Indicator of evaluation of the Company’s performance in relation to bonus
Bonus for final year of medium-term business plan: Respective status of progress in achieving EBITDA and ROIC

Bonus in relation to business years other than the above: Status of progress in achieving EBITDA

Medium- to long-term incentives

Vary within the range of 10%–190% based on evaluation indicators (non-financial indicators) listed in the medium-term business goals.

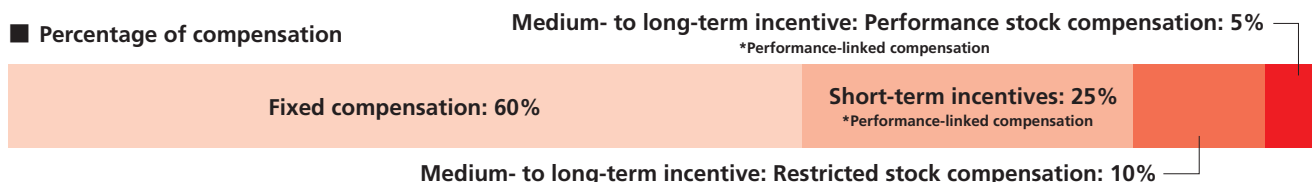
Formula: Standard amount by position × (1 + “Social” coefficient² + “employees and their families” coefficient²)

2. Varies from -45% to +45% depending on performance

Composition of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members)

Compensation type			Evaluation indicators, method of payment, etc.
Fixed compensation			Add compensation according to the role to the compensation level determined by position, and pay as monthly compensation
Short-term incentives	Single-year performance-linked compensation	Evaluation of company performance	Based on the indicator determined by the Board of Directors, evaluate the degree of achievement of the relevant indicator for the Group or the operating company each Director is responsible for on a single fiscal-year basis, and pay as bonuses according to the results of the evaluation Note: EBITDA was selected as an evaluation indicator from FY2021
		Evaluation of individual performance	Define the degree of achievement of targets set by each Director as an evaluation indicator, and pay as bonuses according to the degree of achievement
Medium- to long-term incentives	Advance-issue-type restricted stock compensation	Pay for the purpose of motivation for the continuous improvement of corporate value and further encouraging value sharing with shareholders of the Company	
	Performance-linked, restricted stock compensation	In addition to the above, pay for the purpose of better incentivizing to Directors to achieve the medium-term business plans (adopt non-financial indicators prescribed in medium-term business plans as evaluation indicators for the stock compensation)	

Note: Compensation for Directors who are Audit & Supervisory Committee Members consists of only fixed compensation.



Total compensation, etc., by type, and number of eligible executives by executive category (Status for FY2023)

Executive category	Total compensation, etc. (Million yen)	Total compensation, etc., by type (Million yen)			Number of eligible executives
		Fixed compensation	Performance-linked compensation for single fiscal year	Restricted stock compensation	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	258	173	57	28	8
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	23	23	—	—	2
Outside Executives	72	72	—	—	5

Note: Compensation for Directors does not include the employee portion of salaries for Directors who serve concurrently as employees.

Corporate Governance

Strengthening governance through the Investment Committee

The Investment Committee has been established as part of our efforts to strengthen governance. As an advisory body to the Management Committee, and in order to make more effective use of growth investment resources in regard to M&A, which is indispensable for building the four VCs, the committee will enhance corporate value by strengthening its checking function both in the deliberation phase when a proposal is made and in the monitoring phase after the investment is made.

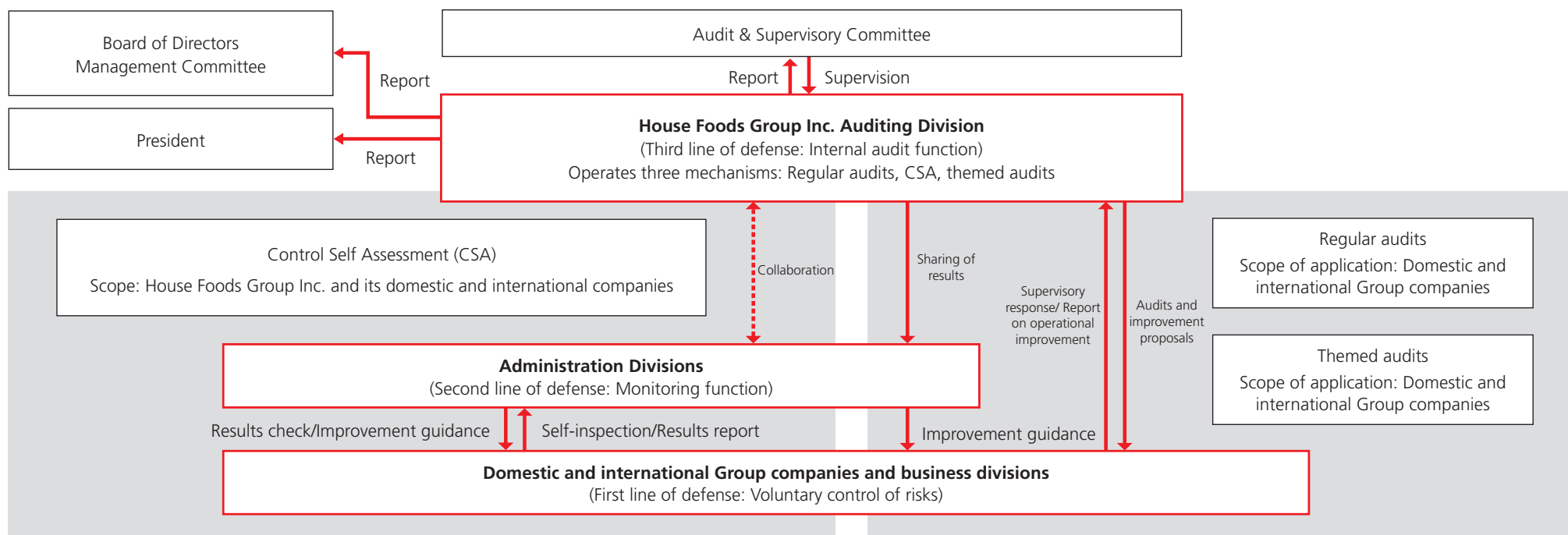
Internal audit system

The Auditing Division reports directly to the Audit & Supervisory Committee and conducts audits of operations, including those of Group companies, in accordance with the audit plan. The Auditing Division systematically conducts internal audits at over 20 branches, divisions, and Group companies annually, and also separately conducts comprehensive audits across all Group companies in line with specific themes selected based on the Group's material risks and previous audit results. Results of audits are reported to the Audit & Supervisory Committee, President, and the Directors concerned. Audited divisions, if found to have room for improvement, shall be requested to come up with remedial action plans. The progress of said plans shall be checked against their stipulated time line for implementation, as part of the Group's effort to enhance its

internal control system. Starting in FY2018, the Company has introduced a survey-based Control Self Assessment (CSA), with the aim of having those in charge of operations (division heads) carry out their own evaluations and improvement of the effectiveness of control at the organization. In addition to implementing CSA at each domestic operating company, we carry out an international version of the CSA at overseas companies and make use of the results in a way that aligns with their respective business environments.

Development of internal controls related to financial reporting is the responsibility of the Auditing Division, which develops a framework for internal control of branches as well as divisions and evaluates the operation of the internal control system, ensuring a framework capable of providing financial reports with superior credibility.

Diagram of House Foods Group internal audit system



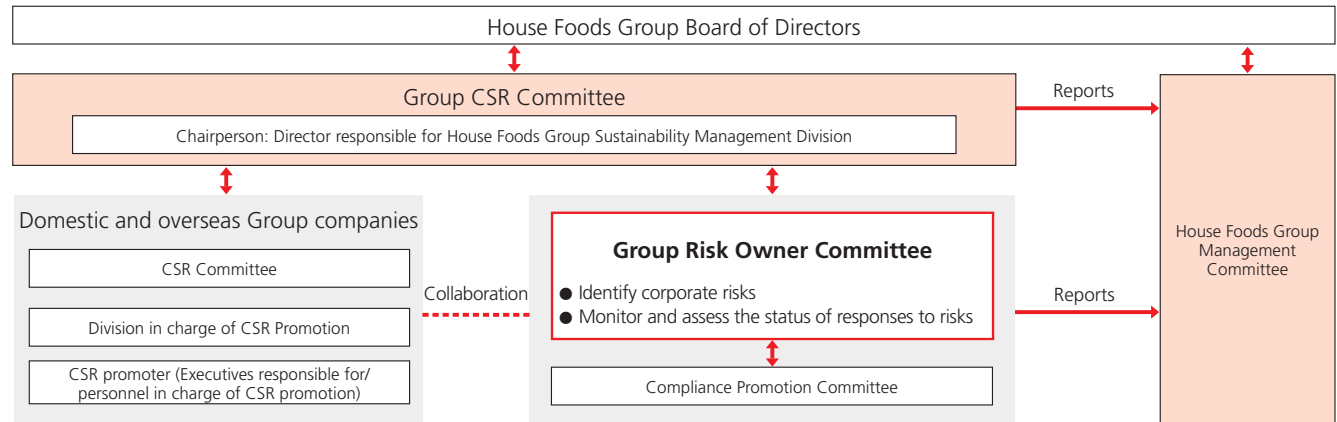
➔ See here for details on corporate governance
<https://housefoods-group.com/en/company/governance.html>

Risk Management

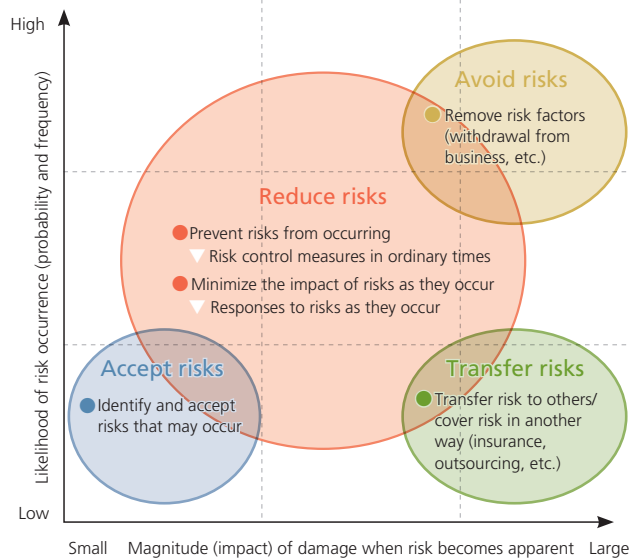
House Foods Group is fulfilling its social responsibility by appropriately identifying and managing various risks surrounding the Group’s business activities, while striving to minimize human, economic, and social damage, recover quickly, and prevent recurrence, in the event that any risk should occur.

Risk management promotion system

At the Group, verification of risk management activities of the entire Group and voluntary control of risks by the Group companies constitute the two pillars of risk management.



Approach toward prioritizing



Risk management activities

The Group has defined risks that have material impacts on Group-wide management as corporate risks. The Group Risk Owner Committee (responsible person: Director responsible for Group Compliance & Risk Management Division) identifies, analyzes, and assesses risks, obtains advice from an external specialized organization, selects corporate risks, and submits reports to the House Foods Group Management Committee.

The Group also conducts regular risk investigation to identify potential risks, and evaluates their impact, occurrence likelihood and status of responses.

Examples of corporate risks

- Natural disasters ● Infectious disease pandemics
- Accidents and incidents ● Information security
- Reputation ● Harassment

Each Group company and division considers risk control measures based on the results of such investigation so that the risks are managed appropriately. Each Group company particularly focuses on responding to “the company’s material risks” that have material impacts on the management of the company.

Business continuity plan and business continuity management

The Group formulates and implements a business continuity plan (BCP) to fulfill its social responsibility and maintain trust when the businesses of Group companies face the risk of suspension due to some factors such as natural disasters. In addition, based on the belief that business continuity management (BCM), which is an initiative in normal times, is important to ensure the effective functioning of the BCP and to enhance its effectiveness, we are examining advance measures, conducting periodic drills, and reviewing various manuals and other documents. Starting with the Seventh Medium-term Business Plan, we have established detailed rules for BCM operations to firmly establish and strengthen our initiatives.

Compliance

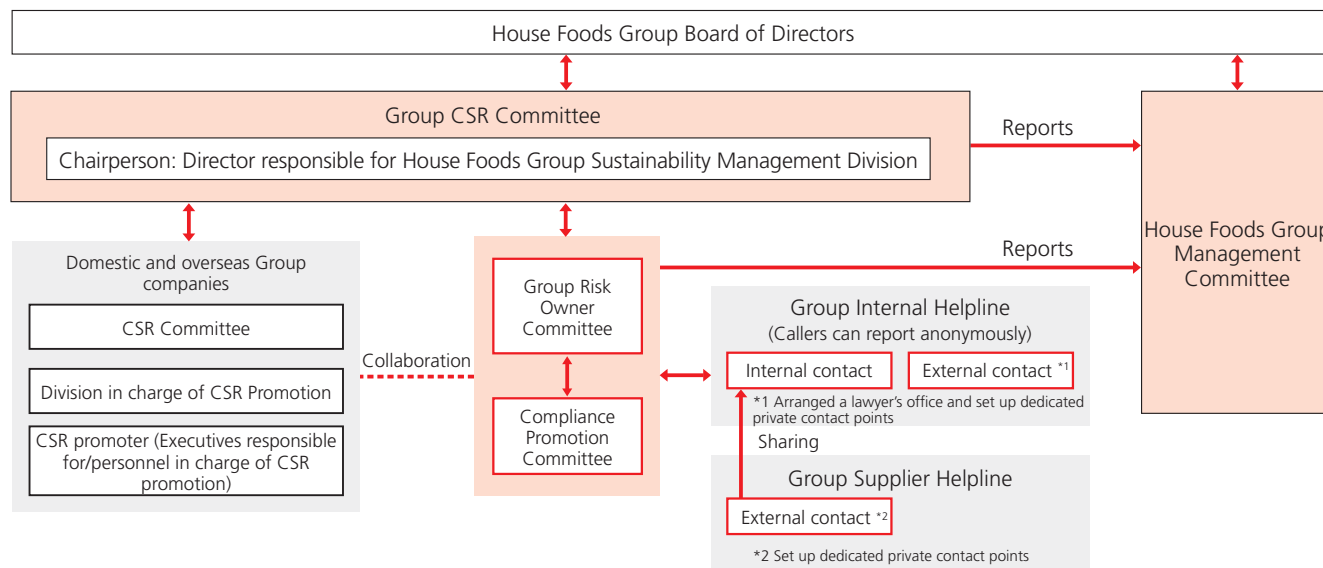
House Foods Group addresses compliance not merely in a narrow sense of adherence to laws and regulations but in a wider sense of comprehensive response to social demands including compliance with internal rules, social ethics, and social morals. In order to be trusted by society and ensure future development, we have established a compliance system that ensures the appropriateness of operations at each Group company, and have been engaged in specific initiatives accordingly.

Recognizing that the practice of compliance is one of the most important issues for the realization of CSR management, House Foods Group responds to the expectations and demands of society by acting in accordance with compliance policies in every aspect of its business activities.

Promotion structure and specific initiatives

At House Foods Group, the division in charge of CSR activities of each Group company plays a central role in promoting and ensuring thorough compliance, together with CSR promoters

Compliance promotion structure



(executives responsible for CSR promotion and personnel in charge of CSR promotion) who are selected on a division-by-division basis.

In order to strengthen risk management and establish, diffuse, and entrench a compliance system, we have established the Group CSR Committee headed by a Director of House Foods Group.

Under the supervision and guidance of the Group CSR Committee, we have also established the Group Risk Owner Committee, which plays a role in formulating and promoting risk management plans, and the Compliance Promotion Committee, which is comprised of executives responsible for CSR activities and division leaders in charge of CSR activities at Group companies. We regularly exchange information and promote unified initiatives across the Group. Important matters for management are reported to the Group CSR Committee, which then submits reports and makes recommendations on such matters to the Group Management Committee.

In addition, a compliance survey is conducted with all Group employees each year. Through this survey, we seek to identify

issues to ensure compliance, such as the awareness and status of understanding toward compliance, information management, and workplace environment. The survey results are fed back to the President and the executive responsible for CSR activities and division leaders in charge of CSR activities at each Group company. Based on their feedback, each Group company plans and takes necessary measures. We also carry out awareness-raising activities by rank ranging from new hires to management members, hold learning sessions on a workplace or office basis, and conduct individual learning that makes use of study materials. Across the Group, we uphold a three-year activity theme, and continue to carry out compliance promotion activities. Through these activities, we strive to cultivate a workplace climate that focuses on compliance.

In order to quickly identify and resolve compliance issues, the Group has established a group-wide “internal helpline” employees can use and emphasized initiatives to promote human rights to fulfill its responsibility for society. It also established a “supplier helpline” with the aim of ensuring transparency of transactions with all of the House Foods Group’s business partners and building trust.

Number of reports received by the House Foods Group internal helpline

