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(Securities Code 2810)
June 3, 2024
(Date of commencement of electronic provision measures: May 28, 2024)

To Shareholders with Voting Rights:

Hiroshi Urakami
Representative Director and President
House Foods Group Inc.
1-5-7 Mikuriyasakae-machi, Higashi-osaka-city, Osaka

NOTICE OF CONVOCATION OF THE 78TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 78th Ordinary General Meeting of Shareholders of House Foods Group Inc. (hereinafter the "Company"). The meeting will be held for the purposes as described below.

In the convening of the Meeting, we will take measures to electronically provide the information that constitutes the content of the Reference Documents, etc. for the Ordinary General Meeting of Shareholders (Matters for Electronic Provision). We kindly request that you check this information by accessing the following website of the Company. Please access one of these websites and examine the documents.

The Company's website: https://housefoods-group.com/ir/stock/meeting_notice.html

The Tokyo Stock Exchange's website: https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show

*Enter the name of the stock (House Foods Group) or the securities code (2810), search for it, and select "Basic information" and "Public document/PR information" to examine the documents.

If you are unable to attend the meeting, you can exercise your voting rights by mail or via the Internet, etc. Please review the attached "Reference Documents for the General Meeting of Shareholders," follow the procedures described on Page 3 and exercise your voting rights by 5:00 p.m. on Monday, June 24, 2024, Japan time.

1. **Date and Time:** Tuesday, June 25, 2024 at 10 a.m. (Japan time)
   (Reception desk is scheduled to start at 9 a.m.)
2. **Place:** Kourin, 3F, RIHGA Royal Hotel Osaka, 5-3-68 Nakanoshima, Kita-ku, Osaka, Osaka
3. **Agenda for the Meeting:**

Matters for reporting:

1. Business report, report on the consolidated financial statements and audit reports of the accounting auditor and the Audit & Supervisory Committee concerning the consolidated financial statements, for the 78th fiscal year (from April 1, 2023 to March 31, 2024)
2. Report on the non-consolidated financial statements for the 78th fiscal year (from April 1, 2023 to March 31, 2024)

Matters for resolution:

Matters proposed by the Company (Proposal 1-4)

Proposal 1: To approve the proposed appropriation of surplus
Proposal 2: To elect 7 Directors (excluding Directors who are Audit & Supervisory Committee members)
Proposal 3: To elect 1 Directors who are Audit & Supervisory Committee members
Proposal 4: To partially revise the Director remuneration system (excluding Directors who are Audit & Supervisory Committee members)

Matters proposed by the Shareholders (Proposal 5-6)

Proposal 5: To purchase treasury shares
Proposal 6: To partially amend the Articles of Incorporation in regard to the handling of shares held by Directors

Summaries of the proposals for the matters proposed by the shareholders (Proposals 5-6) can be found on pages 18-21).

- End -

<Information>

◎If you attend the meeting, please kindly bring the voting rights exercise form to the reception desk. Please note that, depending on the attendance situation, we may guide you to the other venue.

◎For this Ordinary General Meeting of Shareholders, we are sending the paper-based documents sent to shareholders who have requested delivery of paper-based documents uniformly to all shareholders, regardless of whether or not they have requested them.

◎The following items regarding electronic delivery measures are not included in the documents sent to shareholders who have received written requests pursuant to laws and regulations and our Articles of Incorporation.The Independent Auditors and the Audit & Supervisory Committee audit the documents subject to audit, including the following matters.

Business Report

- Matters regarding the current status of the corporate group (Principal business, Major business sites, etc., Status of employees, Principal lenders and amount of borrowings)
- Matters regarding stock acquisition rights, etc. of the Company
- Matters regarding company officers (summary of content of liability limitation agreements, matters regarding directors' and officers' liability insurance agreements)
- Status of accounting auditors
- Framework for ensuring the appropriateness of operations and the summary of its operational status

Consolidated Financial Statements

- Consolidated Statements of Changes in Equity and Notes to Consolidated Financial Statements

Financial Statements

- Statements of Changes in Shareholders' Equity and Notes to Financial Statements

◎In the event of revisions to matters subject to electronic provision measures, notice of such revisions and the original and revised versions of the matters will be posted on each website where electronic provision measures.

Information on Exercising Voting Rights

You can exercise your voting rights via the following three methods.
Please consider the following Reference Documents for the General Meeting of Shareholders, and exercise your voting rights.

- **Exercising your voting rights by attending the Annual General Meeting of Shareholders**
  Please submit the voting rights exercise form at the reception desk.
  In order to conserve resources, please bring this “Notice” with you to the meeting place.

  Date and Time: Tuesday, June 25, 2024 at 10 a.m.
  (Reception desk is scheduled to start at 9 a.m.)

- **Exercising your voting rights by mail**
  Please indicate your votes for or against the proposals on the enclosed voting rights exercise form and send it by mail without postage stamps.
  If neither approval nor disapproval of the proposals is indicated, you will be deemed to have indicated your approval of the company proposals and your disapproval of the shareholder proposals.

  Deadline for Voting: delivery no later than 5 p.m., Monday June 24, 2024

- **Exercising your voting rights via the Internet, etc.**
  Please access the "Voting Rights Website" from smartphones, PCs, and other terminals and cast your votes for or against each of the proposals according to the guides on the screen.

  Deadline for Voting: no later than 5 p.m., Monday June 24, 2024

  - If you exercise your voting rights twice, both by mail and via the Internet, etc., only the vote via the Internet, etc. shall be deemed as valid. In the event that voting rights are exercised more than once via the Internet, etc., only the last vote shall be deemed as valid.
  - Expenses for the Internet, etc. (connection charges, communication charges, etc.) shall be borne by the shareholders.
  - Depending on the use environment of the Internet, etc., subscription services, or use model, the user may not be able to access the website.

Information on Exercise of Voting Rights by Mail and via the Internet, etc. (Omitted)

Reference Documents for the General Meeting of Shareholders

Matters proposed by the Company (Proposal 1-4)

Proposal 1: To approve the proposed appropriation of surplus

The proposed appropriation of surplus for the fiscal year ended March 31, 2024 is as follows.

Matters regarding year-end dividend

Recognizing that one of the key management issues is the return of profits to shareholders, the Group endeavors to increase its earnings power and improve its financial position. In addition, our basic policy on the payment of dividends is to "maintain stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/losses arising from business combination and the amortization of goodwill as a standard," comprehensively considering the Consolidated business results and the business plans, among other aspects.

Although one-time extraordinary income was posted in the fiscal year under review due to the revision of the Company's retirement benefit plan, it proposes a year-on-year increase of 1 yen in the year-end dividend for the 78th fiscal year, to 24 yen per share, to ensure that it pays stable dividends.

1. **Type of dividend property**
   Cash

2. **Matters regarding allotment of dividend property and total amount**
   24 yen per common share of the Company Total amount: 2,325,115,680 yen
   As a result, the annual dividend, including an interim dividend of 23 yen per share, will be 47 yen per share.

3. **Effective date of payment of surplus available for dividends**
   June 26, 2024

Proposal 2: To elect 7 Directors (excluding Directors who are Audit & Supervisory Committee members)

The terms of office of all the seven Directors (excluding Directors who are Audit & Supervisory Committee members; The same shall apply to this proposition) will expire at the conclusion of this year's Ordinary General Shareholders' Meeting. Accordingly, the Company proposes the election of seven Directors.
The Audit & Supervisory Committee of the Company has concluded that the election of all candidates is appropriate.
The candidates for Directors are as follows:

Number	Name		Present positions and responsibilities	Significant concurrent positions	Attendance at meetings of the Board of Directors held in FY2023
1	Hiroshi Urakami	Reelection	Representative Director and President, the Company Responsible for Corporate Strategy Division	Vice Chairman, All Japan Curry Manufacturers Association Chairman, Japan Canners Association Representative Director and President, HKL Co., Ltd. Senior Managing Director, House Kosan Co., Ltd.	Attended all 14 meetings
2	Yoshiyuki Osawa	Reelection	Representative Senior Managing Director General Manager, Administration Headquarters Responsible for Secretariat Division	—	Attended all 14 meetings
3	Kotaro Kawasaki	Reelection	Managing Director	Representative Director and President, House Foods Corporation	Attended all 14 meetings
4	Yoshiyuki Miyaoku	Reelection	Director General Manager, Global Headquarters	—	Attended all 14 meetings
5	Tatsumi Yamaguchi	Reelection	Director General Manager, Research & Development Headquarters responsible for Quality Assurance Management Division, New Business Planning & Development Division and Value-added Vegetables Business Development Division	—	Attended all 14 meetings
6	Atsushi Sakuma	Reelection	Director General Manager, Corporate Communication Headquarters responsible for Digital Strategy Headquarters and Domestic Affiliated Companies Planning Support Division	Director, Ichibanya Co., Ltd.	10 meetings / 10 meetings
7	Yuichi Okamoto	New Candidate	Executive Officer General Manager, Spice Value Chain and Manufacturing Strategy Headquarters	Director, Vox Trading Co., Ltd.	—

No.	Name (Date of birth)	[Past experience, positions and responsibilities]	Number of shares of the Company held
1	 **Hiroshi Urakami** age 58 (August 16, 1965) Reelection	September 1991 Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation) May 1997 Retired from The Sumitomo Bank, Ltd. July 1997 Joined the Company June 2002 Director, the Company June 2004 Representative Director, the Company July 2004 Director, Vice President, the Company April 2009 Representative Director, President, the Company (current position) April 2016 Responsible for Corporate Planning Division, the Company April 2024 Responsible for Corporate Strategy Division, the Company (current position) **[Significant concurrent positions]** Vice Chairman, All Japan Curry Manufacturers Association Chairman, Japan Canners Association Representative Director and President, HKL Co., Ltd. Senior Managing Director, House Kosan Co., Ltd.	1,045,154 shares
Attendance rate at meetings of the Board of Directors (attendance): 100% (14/14 meetings)			
[Reasons for nomination as a candidate for Director] As the Representative Director and President of the Company, Mr. Hiroshi Urakami is presiding over the Company and the Group, and based on his extensive knowledge and experience, he directs the formulation of the Medium-Term Management Plan that serves as the core of the Group's management and demonstrates strong leadership in executing the plan. As a result, the Company has judged that he is a person necessary for enhancing the corporate value of the Group and requests his continued election as a Director of the Company.			
2	 **Yoshiyuki Osawa** age 64 (June 23, 1959) Reelection	April 1982 Joined the Company April 2014 Executive Officer and General Manager, Human Resources Division, the Company April 2016 Executive Officer and General Manager, Human Resources Development Division, the Company April 2018 Executive Officer, the Company Responsible for General Affairs Division, Legal Division, Secretariat Division, Human Resources Development Division, and Diversity Promotion Division, the Company June 2018 Director, the Company Responsible for General Affairs Division, Legal Division, Secretariat Division, Human Resources Development Division, and Diversity Promotion Division, the Company April 2020 Responsible for General Affairs Division, Legal Division, Secretariat Division, Human Resources Development Division, Diversity Promotion Division ,Group Compliance & Risk Management Division April 2021 Managing Director, the Company General Manager, Administration Headquarters, Responsible for Secretariat Division, the Company (current position) April 2023 Senior Managing Director, the Company April 2024 Representative Director & Senior Managing Director of the Company (current position)	8,758 shares
Attendance rate at meetings of the Board of Directors (attendance): 100% (14/14 meetings)			
[Reasons for nomination as a candidate for Director] Mr. Yoshiyuki Osawa has extensive experience primarily in administrative divisions such as sales planning, public relations, human resources development and general affairs. In addition, as General Manager of Administration Headquarters that oversees the General Affairs Division, Legal Division, Finance & Accounting Division, Human Resources Strategy Division, Diversity Promotion Division and Group Compliance & Risk Management Division, he is committed to promoting the achievement of diversity, human resources strategies and improving the in-house environment. As a result, the Company has judged that he is a person necessary for enhancing the corporate value of the Group and requests his continued election as a Director of the Company.		

No.	Name (Date of birth)	[Past experience, positions and responsibilities]	Number of shares of the Company held
3	 **Kotaro Kawasaki** age 52 (December 6, 1971) Reelection	April 1994 Joined the Company April 2020 Executive Officer and General Manager, Corporate Communication Headquarters, and responsible for New Business Planning & Development Division, the Company June 2020 Director, the Company Corporate Communication Headquarters, and responsible for New Business Planning & Development Division April 2021 General Manager, Corporate Communication Headquarters Responsible for New Business Planning & Development Division, Value-added Vegetables Business Development Division, the Company April 2023 Managing Director, the Company (current position) Representative Director and President, House Foods Corporation (current position) In charge of Corporate Communication Headquarters, New Business Planning & Development Division, Value-added Vegetables Business Development Division, the Company **[Significant concurrent positions]** Representative Director and President, House Foods Corporation	5,302 shares
Attendance rate at meetings of the Board of Directors (attendance): 100% (14/14 meetings)			
[Reasons for nomination as a candidate for Director] Mr. Kotaro Kawasaki has extensive experience primarily in the divisions of advertising and corporate planning. He concurrently serves as Representative Director and President of House Foods Corporation and is committed to further improving earnings of the spices/seasoning/processed food business and promoting marketing strategies aimed at creating new demand. As a result, the Company has judged that he is a person necessary for enhancing the corporate value of the Group and requests his continued election as a Director of the Company.			
4	 **Yoshiyuki Miyaoku** age 63 (November 24, 1960) Reelection	April 1983 Joined the Company April 2016 Executive Officer and General Manager, Corporate Planning Division, the Company April 2018 Executive Officer and General Manager, Research & Development Headquarters, and responsible for Quality Assurance Management Division, the Company June 2018 Director, the Company (current position) General Manager, Research & Development Headquarters, and responsible for Quality Assurance Management Division, the Company April 2019 General Manager, Research & Development Headquarters, and responsible for Quality Assurance Management Division, Purchasing Division, Digital Transformation Planning Division, the Company April 2021 General Manager, Research & Development Headquarters, and responsible for Quality Assurance Management Division, Purchasing Division, Spice Value Chain Project, Group Manufacturing Strategy Planning & Promotion Project, the Company April 2022 General Manager, Research & Development Headquarters, and responsible for Quality Assurance Management Division, Group Procurement Division, Spice Value Chain Project, Group Manufacturing Strategy Planning & Promotion Project, the Company April 2024 General Manager, Global Headquarters, the Company (current position)	8,271 shares
Attendance rate at meetings of the Board of Directors (attendance): 100% (14/14 meetings)			
[Reasons for nomination as a candidate for Director] Mr. Yoshiyuki Miyaoku has extensive experience primarily in the divisions of research & development, product development, and corporate planning and as Representative Director and President of House Food Analytical Laboratory Inc. In addition, as General Manager of Global Headquarters that oversees International Food Business, he is committed to expanding operations and strengthening profitability to accelerate the growth of global business. As a result, the Company has judged that he is a person necessary for enhancing the corporate value of the Group and requests his continued election as a Director of the Company.			

No.	Name (Date of birth)	[Past experience, positions and responsibilities]	Number of shares of the Company held
5	 **Tatsumi Yamaguchi** age 59 (August 13, 1964) Reelection	April 1988 Joined the Company April 2018 President, House Foods Holding USA Inc. President, House Foods America, Inc. April 2020 Executive Officer and General Manager, Global Headquarters, the Company June 2020 Director, the Company (current position) General Manager, Global Headquarters, the Company April 2024 General Manager, Research & Development Headquarters responsible for Quality Assurance Management Division, New Business Planning & Development Division, and Value-added Vegetables Business Development Division (current position)	5,306 shares
Attendance rate at meetings of the Board of Directors (attendance): 100% (14/14 meetings)			
[Reasons for nomination as a candidate for Director] Mr. Tatsumi Yamaguchi has extensive experience primarily in the divisions of sales, product development, new business development and global business. In addition, as General Manager of Research & Development Headquarters responsible for Quality Assurance Management Division, New Business Planning & Development Division and Value-added Vegetables Business Development Division, he is committed to strengthening research and development functions, cultivating new businesses, and promoting Value-added Vegetables Business. As a result, the Company has judged that he is a person necessary for enhancing the corporate value of the Group and requests his continued election as a Director of the Company.			
6	 **Atsushi Sakuma** age 59 (November 3, 1964) Reelection	April 1989 Joined the Company April 2023 Executive Officer, General Manager, Corporate Communication Headquarters, and responsible for New Business Planning & Development Division, Value-added Vegetables Business Development Division, the Company June 2023 Director, the Company (current position) General Manager, Corporate Communication Headquarters Responsible for New Business Planning & Development Division, Value-added Vegetables Business Development Division, the Company April 2024 General Manager, Corporate Communication Headquarters responsible for Digital Strategy Headquarters and Domestic Affiliated Companies Planning Support Division (current position) **[Significant concurrent positions]** Director, Ichibanya Co., Ltd.	2,996 shares
Attendance rate at meetings of the Board of Directors (attendance): 100% (10/10 meetings)			
[Reasons for nomination as a candidate for Director] Mr. Atsushi Sakuma has extensive experience primarily in the divisions of research and product development and as a Director of House Foods Corporation. As General Manager, Corporate Communication Headquarters responsible for Digital Strategy Headquarters and Domestic Affiliated Companies Planning Support Division, he is committed to promoting the advertising strategies of the Group, corporate efforts to solve social issues, developing and promoting IT strategies, and expanding and strengthening the business foundation of each Group company. As a result, the Company has judged that he is a person necessary for enhancing the corporate value of the Group and requests his continued election as a Director of the Company			

No.	Name (Date of birth)	[Past experience, positions and responsibilities]	Number of shares of the Company held
7	 **Yuichi Okamoto** age 57 (June 13, 1966) New Candidate	April 1990 Joined the Company April 2016 General Manager, Sales Planning Division, Sales Headquarters, House Foods Corporation April 2020 General Manager, Corporate Planning Division, House Foods Corporation April 2022 Director, General Manager, Corporate Planning Division, House Foods Corporation April 2024 Executive Officer, General Manager, Spice Value Chain and Manufacturing Strategy Headquarters (current position) **[Significant concurrent positions]** Director, Vox Trading Co., Ltd.	16,363 shares

Attendance rate at meetings of the Board of Directors (attendance): –

[Reasons for nomination as a candidate for Director]

Mr. Yuichi Okamoto has extensive experience primarily in the divisions of sales and business planning. As General Manager of Corporate Planning Division, House Foods Corporation, he has been leading business planning and playing a role in the management of the business company, and has been committed to improving and creating corporate value. In April 2024, he was assigned as General Manager, Spice Value Chain Procurement and Production Strategy Headquarters and is committed to the optimization of the Group's procurement functions and promoting themes described in the 8th medium-term management plan.

As a result, the Company has judged that he is a person necessary for enhancing the corporate value of the Group and requests his election as a new Director of the Company.

(Notes)
1. Mr. Hiroshi Urakami is the Representative Director and President of HKL Co., Ltd. and owns a majority of voting rights of House Kosan Co., Ltd. Although the Company has business relationships with both of these companies such as the rental of office space, the transaction amounts are negligible.
2. Mr. Hiroshi Urakami owns a majority of voting rights of House Kosan Co., Ltd. Although the Company has entered into an outsourcing agreement, etc. with Chez Inno, Ltd., a wholly owned subsidiary of House Kosan Co., Ltd., the transaction amount is negligible.
3. There is no special interest between Mr. Yoshiyuki Osawa, Mr. Kotaro Kawasaki, Mr. Yoshiyuki Miyaoku, Mr. Tatsumi Yamaguchi, Mr. Atsushi Sakuma and Mr. Yuichi Okamoto and the Company.
4. The number of shares of the Company held by each candidate includes that of shares actually held by them in the name of the House Foods Group Board Members' and Executive Officers' Shareholding Association and the House Foods Group Head Office Employees' Shareholding Association.
5. The respective ages of Mr. Yoshiyuki Osawa and Mr. Yuichi Okamoto are as of the date of the commencement of the electronic provision of this Notice (May 28, 2024).
6. The Company has decided to conclude a Directors and Officers Liability Insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, under which the insured person is compensated for legal damages (court-ordered payments, settlements) and litigation expenses (attorney's fees, etc.) incurred by the insured person. If the election of each candidate is approved, they will be included as an insured person in the insurance contract. The Company will renew the insurance contract during their term of office.

Proposal 3: To elect 1 Directors who are Audit & Supervisory Committee members

Mr. Junsuke Fujii, a Director who is an Audit and Supervisory Committee member, will resign at the conclusion of the Ordinary General Meeting of Shareholders. The Company is required to appoint one substitute Director who is an Audit and Supervisory Committee member to replace him.
Due to the provisions of our Articles of Incorporation, the term of office of a Director who is an Audit and Supervisory Committee member who is appointed as a substitute will expire upon the expiration of the term of office of the Director who is an Audit and Supervisory Committee member they are replacing.
The Audit and Supervisory Committee has agreed to this proposal.
The candidate Director who is an Audit & Supervisory Committee member is as follows:

No.	Name (Date of birth)	[Past experience, positions and responsibilities]	Number of shares of the Company held
1	 **Yasuyuki Kawasaki** age 65 (April 30, 1959) New Candidate	April 1982 Joined Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation) April 2009 Executive Officer of the bank April 2012 Managing Executive Officer of the Bank April 2013 Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. ("Sumitomo Mitsui FG") April 2014 Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation Senior Managing Executive Officer of Sumitomo Mitsui FG April 2015 Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation April 2017 Director and Deputy President of Sumitomo Mitsui Banking Corporation Deputy President and Executive Officer of Sumitomo Mitsui FG June 2017 Deputy President and Corporate Executive Officer of Sumitomo Mitsui FG April 2018 Deputy Chairman of Sumitomo Mitsui Banking Corporation Deputy Chairman of Sumitomo Mitsui FG April 2020 Retired as Deputy Chairman of Sumitomo Mitsui Banking Corporation Retired as Deputy Chairman of Sumitomo Mitsui FG May 2020 Representative Director and Deputy President Executive Officer of SMBC Nikko Securities Inc. April 2021 Chairman of the Board (Representative Director) of SMBC Nikko Securities Inc. June 2021 Director of Sumitomo Mitsui FG (to present) April 2024 Retired as Chairman of the Board (Representative Director) of SMBC Nikko Securities Inc. **[Significant concurrent positions]** Sumitomo Mitsui FG Director	- shares

Attendance rate at meetings of the Board of Directors (attendance): –
Attendance rate at meetings of the Audit & Supervisory Board (attendance): –

[Reasons for selection as a candidate for Outside Director]
Mr. Yasuyuki Kawasaki has abundant experience as a corporate manager due to his significant experience in corporate management at Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui FG and SMBC Nikko Securities Inc. The Company believes he is a necessary human resource for enhancing the corporate value of our group. Therefore, it is requested that he be newly appointed as a Director who is an Audit & Supervisory Committee member.

[Summary of expected roles]
We expect him to play a role as a director and a role in auditing regarding corporate operations as a whole and risk management, particularly leveraging his experience as a corporate manager. We also expect him to play a role in increasing objectivity in the process of nominating candidates for Director and executive positions and making decisions regarding their compensation.

(Notes) 1. There are no special interests between Mr. Yasuyuki Kawasaki and the Company
2. He is a candidate for Outside Director.
3. He has been an executive of Sumitomo Mitsui Banking Corporation, one of our specified affiliated businesses, in the past 10 years.
4. From April 2021 to April 2024, he was Chairman of the Board (Representative Director) of SMBC Nikko Securities Inc. (“SMBC Nikko”), and from June 2021 to the present, he has been a Director of Sumitomo Mitsui

FG. During his tenure, SMBC Nikko and Sumitomo Mitsui FG were administratively sanctioned by the Financial Services Agency in October 2022 regarding violations of Article 159-3 of the Financial Instruments and Exchange Act by former officers and employees of SMBC Nikko. In addition, SMBC Nikko was convicted by the Tokyo District Court in February 2023 of crimes related to the situation, and the judgment has been finalized. In October 2022, SMBC Nikko and Sumitomo Mitsui FG were administratively penalized under the Financial Instruments and Exchange Act by the Financial Services Agency for the transfer of non-public information between officers and employees of SMBC Nikko and Sumitomo Mitsui Banking Corporation. He was not aware of this fact until the above incident was revealed, but after the incident was discovered, he fulfilled his responsibilities, including thorough compliance with laws and regulations and instructions regarding measures to prevent recurrence. In November 2022, SMBC Nikko and Sumitomo Mitsui FG formulated and announced a remediation plan.

5. We plan to enter into a limited liability agreement with Mr. Yasuyuki Kawasaki when his appointment is approved. The limit on the amount of liability for compensation for damages under the applicable agreement shall be the amount set forth in laws and regulations.
6. We have concluded a liability insurance contract for officers, etc. with an insurance company as set forth in Article 430-3, Paragraph 1 of the Companies Act, and have decided to indemnify the insured against any legal damages (judgment money, settlement money) and any legal damages (attorneys' fees, etc.) that the insured are to bear. If the election of Mr. Yasuyuki Kawasaki is approved, he will be included in the insured under the relevant insurance policy. We plan to renew this insurance policy during his term of office.
7. In the event that the appointment of Mr. Yasuyuki Kawasaki is approved, we plan to designate him as an independent director based on the provisions of the Tokyo Stock Exchange and submit a notification

[For reference] Director Skills Matrix

The structure of the Board of Directors and the expertise and experience of each Director in supervision and execution if Proposal 2 and Proposal 3 are approved as originally proposed are as follows.

	Name	Position	Expertise and experience required for a Director in supervision and execution											
			Corporate Management	Personnel affairs and Diversity	Finance and Accounting	Legal affairs, Compliance and Risk	Public relations, investor relations and CSR	R&D and intellectual property	Global Business	Digital Technology and DX	Quality Assurance	Production and Procurement	Sales, Marketing and Advertisement	Management of other companies
1	Hiroshi Urakami	Representative Director & President	●			●							●	●
2	Yoshiyuki Osawa	Representative Director & Senior Managing Director	●	●	●	●	●						●	
3	Kotaro Kawasaki	Managing Director	●				●						●	●
4	Yoshiyuki Miyaoku	Director	●					●	●	●	●	●	●	●
5	Tatsumi Yamaguchi	Director	●					●	●		●		●	●
6	Atsushi Sakuma	Director	●				●	●		●	●		●	
7	Yuichi Okamoto	Director	●									●	●	
8	Tsuneo Kubota	Director (Audit & Supervisory Committee member; full time)				●		●						
9	Hiroyuki Kamano	Director (Audit & Supervisory Committee member; outside)	●			●			●					●
10	Atsuko Okajima	Director (Audit & Supervisory Committee member; outside)		●		●								
11	Fukuichi Sekine	Director (Audit & Supervisory Committee member; outside)	●	●		●						●		●
12	Yasuyuki Kawasaki	Director (Audit & Supervisory Committee member; outside)	●	●	●	●			●					●

Proposal 4: To partially revise the Director remuneration system (excluding Directors who are Audit & Supervisory Committee members)

At the 75th Ordinary General Meeting of Shareholders (the "75th General Shareholders Meeting") held on June 25, 2021, setting the total remuneration paid to the Company's Directors (excluding Directors who are Audit & Supervisory Committee members. Hereinafter, "Eligible Directors") at 400 million yen or less per year (not including the employee salaries paid to Directors who are concurrently employees). and that the total remuneration paid to Directors who are Audit & Supervisory Committee members at 150 million yen or less per year was approved. At the 75th General Shareholders Meeting, the introduction of a restricted stock remuneration system for Eligible Directors with the total remuneration, etc. for granting the stock to the Eligible Directors being 40 million yen or less per year within the above annual remuneration, etc. limit of 400 million yen per year, and upper limit on the number of shares of the Company's ordinary stock to be issued or disposed of through the restricted stock remuneration system of 14,000 shares per year were approved.
Currently, the Company provides Eligible Directors with monthly remuneration, single fiscal year performance-linked remuneration, and restricted stock remuneration within the limit of 400 million yen per year as described above. At this time, the Company would like to ask its shareholders to approve the introduction of a performance-linked, restricted stock remuneration system as follows based on the revision of the executive officer remuneration system. Under the system, restricted stock will be provided to Eligible Directors (1 below) and the name of the restricted stock remuneration system approved at the 75th General Shareholders Meeting will be renamed (2 below).
The purpose of this proposal is to enhance value sharing with shareholders and other stakeholders. Moreover, this proposal is based on the consideration of recent economic conditions, the scale of the Company's business, the future composition of the Board of Directors, the expansion of the roles of Directors, etc. and also the deliberations of the Compensation Advisory Committee, a non-statutory body chaired by an Independent Outside Director with a majority of its members being outside officers.
The Audit & Supervisory Committee of the Company has concluded that the content of this proposal is appropriate.
The number of Eligible Directors is currently seven and it will continue to be seven if proposal 2 is approved.

1. To determine remuneration for providing performance-linked, restricted stock remuneration to Eligible Directors
   (1) Purposes of introduction
   The Company provides Eligible Directors with restricted stock remuneration according to their positions and roles as an incentive to sustainably improve the corporate value and further advance value sharing with shareholders. The system will be maintained after it is renamed to advance-issue-type restricted stock compensation system as described in 2 below. In addition, the Company will newly establish the performance-linked, restricted stock compensation system ("Stock Remuneration") linked to the status of the achievement of non-financial indicators established in medium-term business plans. By concurrently using these two stock remuneration systems, the Company aims to motivate its Eligible Directors to work to improve corporate value over the medium- to long-term through the increase of the stock price, to achieve medium-term business plans through linkage with plan goals and to increase value sharing with shareholders through an increase of the number of shares of the Company's stock held by Eligible Directors.

   (2) Outline of the Plan
   The Stock Remuneration for a fiscal year will be delivered after the end of the fiscal year preceding the delivery date (period of rendering services). Under the structure of the system, the standard amounts established according to the positions and roles of Eligible Directors are adjusted depending on the status of achievement of the non-financial indicators set in medium-term business plans. Additionally, items relating to "Responsibility for society" and "Responsibility for our employees and their families" set in the current medium-term business plan are used as performance evaluation indicators. Eligible Directors will pay in all the monetary remuneration claims provided by the Company as payment in kind and receive shares of the Company's stock issued or disposed of as restricted stock remuneration. The transfer restriction period starts on the day of delivery of restricted stock and ends on the day on which a relevant Eligible Director retires from his or her position as the Company's Director. The specific timing of payment and allotment to each Eligible Director will be determined by the Board of Directors. The amount to be paid in per share of the Company's common stock to be issued or disposed of under the system will be determined by the Board of Directors within a range that is not particularly advantageous to Eligible Directors, based on the closing price of the Company's common stock on the

Tokyo Stock Exchange on the business day before the day of the resolution of the Board of Directors (if no trading is reported on that day, the closing price on the trading day immediately preceding that day). If, during the transfer restriction period, an Eligible Director who has been allotted restricted stock violates laws or any of the other items determined by the Board of Directors occurs, the Company may naturally acquire all or part of the restricted stock without consideration.

(3) Matters regarding linkage to the performance of the business

After the end of the final business year of a medium-term business plan, the Stock Remuneration for the business year will be adjusted to reflect the status of achievement of the goals set in the medium-term business plan. In specific terms, Stock Remuneration will be provided in amounts equivalent to standard amounts determined according to each Eligible Director's position and roles multiplied by 10-190%. Regarding Stock Remuneration in other business years, the payment rate will be 100% of the standard amounts, in principle, on the condition that the Compensation Advisory Committee confirms the progress of the achievement of the requirements in each fiscal year.

The Company uses non-financial indicators set in its medium-term business plans as Stock Remuneration evaluation indicators. This allows the Company to adjust Stock Remuneration to reflect the progress in these non-financial indicators and work toward achieving "Responsibility for society" and "Responsibility for our employees and their families" laid out in the group philosophy.

The non-financial indicators established in the 8th Medium-term Business Plan are as follows.

Reference: The 8th Medium-term Business Plan (non-financial indicators)

Item	Classification of indicators	Evaluation indicators
Indicators for "Responsibility for society"	Climate change	Amount of CO_2 reduction (Scope 1 and 2, Scope 3)
	Resource circulation	Reduction of volume of waste disposed, by-products (recycling), plastic
Indicators for "Responsibility for our employees and their families"	Engagement	Proactive behavior to take on challenges, organizational climate diagnostic results
	Diversity	Active participation of women

(4) Upper limit on the amount and number of shares to be granted to Eligible Directors

The upper limit on the total amount of remuneration to be granted in the form of restricted stock to Eligible Directors under the stock remuneration system shall be 38 million yen per year within the upper limit on annual remuneration, etc. paid to Eligible Directors of 400 million yen approved at the 75th General Shareholders Meeting. The maximum number of shares of the Company's common stock to be issued or disposed of under the Plan will be 13,300 shares per year (In the event of unavoidable circumstances that require the adjustment of the number of shares, such as a stock split or reverse stock split of the Company's common stock, the number of shares to be issued or disposed of may be reasonably adjusted). The specific timing of payment and allotment to Eligible Directors will be determined by the Board of Directors.

(5) Content of transfer restriction, etc.

Regarding the issuance or disposal of its common stock under the system, the Company will enter into a restricted stock allotment agreement (the "Allotment Agreement") with each Eligible Director, and the provisions of the Allotment Agreement shall contain the following items.

a. Each Eligible Director shall not transfer, create a security interest on, or otherwise dispose of the shares of common stock of the Company allotted pursuant to the Allotment Agreement ("Shares Allotted") from the day of delivery of the Shares Allotted until the day on which the Director leaves their position as a Director of the Company (the "Transfer Restriction Period").

b. The Company will remove the transfer restriction on all of the Shares Allotted when the Transfer Restriction Period expires.

c. If the Board of Directors determines that an Eligible Director has breached laws, regulations, internal rules or any material provision of the Allotment Agreement during the Transfer Restriction Period, or if the Board determines that it would be appropriate to acquire all the Shares Allotted without consideration, the Company shall naturally acquire them without consideration.

d. Notwithstanding the provisions of a. above, if, during the transfer restriction period, the general shareholders meeting of the Company approves a merger agreement under which the Company will become a non-surviving company, a share exchange agreement or a share transfer plan based on which the Company will become a wholly owned subsidiary or other matters regarding organizational restructuring, etc. (or the Board of Directors adopts a resolution regarding such organizational restructuring, etc., if the approval of the general meeting of shareholders is not required), the transfer restriction on a certain number, which will be determined by resolution of the Company's Board of Directors to the extent reasonable, of the transfer restriction on shares allotted will be removed prior to the effective date of the organizational restructuring, etc.

e. Other matters regarding such agreement shall be determined by the Board of Directors of the Company.

2. To rename the restricted stock remuneration system for Eligible Directors
As described above, at the 75th General Shareholders Meeting, the Company obtained approval for the payment of remuneration to grant restricted stock to Eligible Directors. Now, with the introduction of the performance-linked restricted stock remuneration system described in 1 above, the Company would like to ask its shareholders to rename the restricted stock remuneration system approved at the 75th General Shareholders Meeting to advance-issue-type restricted stock remuneration system. There will be no change to the structure of the system approved at the 75th General Shareholders Meeting.

[Reference]
The Company resolved at the meeting of the Board of Directors held on May 9, 2024 to review the remuneration system for Eligible Directors, subject to the approval of proposal 4 at this ordinary general meeting of shareholders. The policy for determining the content of the remuneration, etc. paid to individual Eligible Directors after the revision and an outline of matters relating to performance-linked remuneration are described below.

Policy for determining the content of remuneration, etc. paid to individual Eligible Directors (outline)

a. Basic Policy
- It motivates Eligible Directors to improve corporate value, achieve sustained growth and achieve medium-term business plans and the Group Philosophy.
- It is commensurate with the roles and responsibilities associated with positions held by the Eligible Directors, in light of scale of the corporation and its social responsibilities.
- Objectivity and transparency are ensured in the process for determining remuneration.

b. Method for determining remuneration, etc.
The Directors' remuneration, etc. system, the amounts of Directors' remuneration, etc. and the method for calculating Directors' remuneration, etc. shall be determined by the Board of Directors in consideration of the deliberations of the Compensation Advisory Committee.

c. Composition and amounts of remuneration, etc.
Directors' remuneration, etc. is composed of monthly remuneration, single fiscal year performance-linked remuneration and advance-issue-type restricted stock remuneration.

(i) Monthly compensation
Monthly fixed remuneration shall be paid based on a level determined for each position, with additional remuneration based on the roles of the Director, such as roles taken on by a director of a Group company which is concurrently an Eligible Director.

(ii) Single fiscal year performance-linked remuneration (short-term incentive)
Regarding single fiscal year performance, indicators for the evaluation of performance of the Group, the business companies the Eligible Directors are in charge of, and the performance of the individual Eligible Directors are established, and monetary remuneration will be paid according to actual performance after the end of the fiscal year as an incentive to steadily achieve results.

(iii) Advance-issue-type restricted stock remuneration (medium- to long-term incentive)
Remuneration will be provided according to the positions and roles of the Eligible Directors as remuneration aimed at providing an incentive to sustainably improve the Company's corporate value and further advance value sharing with shareholders. This Stock Remuneration will be delivered in advance for the period services are rendered which ends at the closing of the ordinary general meeting of shareholders for the business year preceding the delivery date.

(iv) Performance-linked, restricted stock remuneration (medium- to long-term incentive)
This Stock Remuneration will be provided to increase Eligible Directors' motivation to achieve the non-financial indicators set in medium-term business plans, in addition to the purposes in (iii) advance-issue-type restricted stock remuneration. The amount to be paid is based on a structure under which standard amounts established in accordance with positions and roles vary depending on the status of achievement of non-financial indicators set in medium-term business plans and items related to "Responsibility for society" and "Responsibility for our employees and their families" set in the current medium-term business plan are also used as performance evaluation indicators. This Stock Remuneration will be delivered according to the period of the services rendered after the end of the fiscal year preceding the date of payment.

d. Policy for allotment of remuneration, etc.
The Company established a policy for determining the ratio for allotting remuneration with the aim of ensuring that single fiscal year performance-linked remuneration (short-term incentive) and restricted stock remuneration (medium- to long-term incentive) function as incentives for the improvement of corporate value and the achievement of medium-term business plans. Under this policy, the ratio for Eligible Directors' remuneration shall be 60% monthly remuneration, 25% single fiscal year performance-linked remuneration, 10% advance-issue-type restricted stock remuneration and 5% performance-linked, restricted stock compensation. This takes into consideration global trends confirmed by the Compensation Advisory Committee and the results of the comparison and review of compensation levels implemented under this policy.

Matters regarding performance-linked remuneration paid to Eligible Directors (Outline)

a. Single fiscal year performance-linked remuneration (short-term incentive)
Regarding the evaluation of the Company's performance, indicators determined by the Board of Directors are used as a standard reflecting the results of the deliberations of the Compensation Advisory Committee, and the status of achieving said indicator is evaluated on a single fiscal year basis for the Group or business companies of which Eligible Directors are in charge. Regarding the evaluation of the performance of individual Eligible Directors, the degree of the achievement of the goals set for each Eligible Director is used as an evaluation indicator. Based on these two evaluation indicators, bonuses will vary between 70-130%. When performance changes significantly, the Compensation Advisory Committee deliberates on the content of the change, and bonuses will vary between 0-150%.
Regarding the indicators used to evaluate the Company's performance, EBITDA was used, aiming to ensure the steady implementation of investments towards the growth of business during the 7th Medium-term Business Plan (fiscal year ended March 31, 2022-fiscal year ended March 31, 2024). In the 8th Medium-term Business Plan that started in April 2024, ROIC was chosen as a new evaluation indicator in addition to EBITDA, to ensure that Executive Directors are aware of the cost of capital in their management of the Company.

b. Performance-linked, restricted stock compensation (medium- to long-term incentive)
After the end of the final year of a medium-term business plan, the Stock Remuneration for the fiscal year is adjusted to reflect the status of the achievement of goals set in the medium-term business plan (Please see proposal 4 for details.).

Matters proposed by the Shareholders (Proposal 5-6)
Proposals 5-6 are matters proposed by one shareholder. The following summaries of the proposals and the reasons for the proposals are presented for each proposal as received from the Proposing Shareholder.

Proposal 5: To purchase treasury shares

1. Summary of the proposal
The Group should purchase shares of its common stock, up to a total of 9,750,000 shares and a total acquisition price of 30,000,000,000 yen, within one year from the conclusion of this Annual General Meeting of Shareholders pursuant to Article 156, Paragraph 1 of the Companies Act.

2. Reason for proposal
In its domestic business operations, the Group is market leader for curry roux, stew roux and retort pouched products, has strong brand power and a competitive edge. The Group also has strong growth potential in the International Food Business, which consists of the tofu business in the United States, the curry business in China and the functional beverages business in ASEAN. In the financial and capital policy set out in the Eighth Mediumterm Business Plan, the Group's recognition of the current situation and direction of initiatives conscious of the costs of capital and share price, the introduction of ROIC management, the new profit distribution policy of a total return ratio of 50% or higher, and the disclosure of balance sheet improvements through the clarification of resource allocation are all commendable.

However, the Group's net assets, which are its total assets (cash and deposits, securities, and investments securities) minus its debt, were calculated at 132 billion yen at the end of December 2023, exceeding 40% of the Group's market capitalization at the end of December 2023. Under the Eighth Medium-Term Business Plan, the Group plans treasury share acquisitions of 15 billion yen over the three-year period from FY2024 to FY2026 funded by asset reduction of 15 billion yen; however, in view of the fact that the Group has net assets of 132 billion yen, asset reduction of no more than 15 billion yen will result in surplus funds significantly exceeding the adequate funding level of two months of monthly sales set by the Group, and we believe that the amount of treasury share acquisitions is insufficient. The excessive accumulation of cash assets will lead to decline in capital efficiency and will hurt corporate value. In fact, the Group's 5-year average ROE is below 5% and the Group can hardly be said to be meeting the cost of capital requirement. In view of the Group's ideal of ROE of 10%, we believe that the ROE and ROIC targets for FY2026, three years from now, under the Eighth Medium-term Business Plan of 7% and 6% or higher respectively do not go far enough and are too low. The Group should aim for improvement in ROE, further enhancing shareholder returns through treasury share acquisitions. In our view, the Group should, therefore, adopt the measure of turning around 10% of total shares issued and outstanding (excluding treasury shares) into treasury shares and purchasing them, for the purpose of enhancing the Group's shareholder returns and improving capital efficiency.

3. Opinion of the Group's Board of Directors on the fifth proposal

The Board of Directors opposes the Shareholder Proposal.

Regarding use of the Group's management resources, the Group is working to improve corporate value by realizing the allocation of resources that strikes a balance between growth investment and shareholder returns in accordance with its Medium-term Business Plan.

Under the Seventh Medium-term Business Plan, launched in April 2021, the Group invested a total of 54.6 billion yen over the course of three years, allocating its own funds to growing domains including M&A investment in Keystone Natural Holdings. The Group achieved its plan for the reduction of cross-shareholdings, reducing them by 24.4% against a planned reduction of 20%. It then used the cash raised through the reduction of crossshareholdings to fund treasury share acquisitions of 12 billion yen alongside dividends. Furthermore, the Group plans to pay an annual dividend for FY2023 of 47 yen, which represents an increase of 1 yen.

In the Eighth Medium-Term Business Plan, the Group assumes that cash in will consist of cash flows from operating activities of 65 billion yen, external financing through interest-bearing debt using sustainable finance of 20 billion yen, and reduction of cross-shareholdings of 15 billion yen. Having clarified the adequate funding level, the Group states that following on from the Seventh Medium-term Business Plan, it will continue to prioritize the investment of resources in accelerating growth through the building of a global value chain and plans to allocate resources of 50 billion yen to growth investment and 20 billion yen to investment to strengthen foundations. The Group also considers shareholders returns to be an important management priority, and has adopted a new profit distribution policy from April 2024 of a total return ratio of 40% or higher and ongoing payment of annual dividends of at least 46 yen as stable dividends. In particular, during the period of the Eighth Medium-term Business Plan, the Group will pursue treasury share acquisitions of 15 billion yen funded by reductions in crossshareholdings (reduction of 30% from the Seventh Medium-term Business Plan level), aiming to improve the total return ratio to at least 50% and reduce the net asset ratio to 10% or less. Furthermore, the Group plans to pay an annual dividend for FY2024 of 48 yen per share, up 1 yen from FY2023.

The Group is also committed to management that is conscious of the cost of capital and share price. Accordingly, under the Eighth Medium-term Business Plan, the Group will focus on developing a balance sheet mindset and improving management indicators by setting the cost of capital at 6% and introducing ROIC management. Under the Eighth Medium-term Business Plan, the Group will continue aggressively investing in growth and so improvements to business ROIC will be limited; however, the Group aims to achieve ROIC and ROE targets of 6.0% or higher and 7.0% respectively by reducing non-operating capital. It will then go on to increase business ROIC under the Ninth Medium-term Business Plan, aiming to achieve a ROIC target of 8.0% or higher.

In this way, the Group is steadily making forward-looking growth investment and returning profits to shareholders, based on clear financial and capital strategies. The treasury share purchases of 30 billion yen proposed in the Shareholder Proposal on the other hand are acquisitions that must be made within one year and would eat into funds for growth investment, potentially delaying sustainable improvement in the Group's corporate value in the medium and long term and, as a result, they are considered not to be in the interests of shareholders. House Foods Group believes it is appropriate to implement treasury share purchases based on comprehensive consideration of the Group's business performance, financial standing and share price, in accordance with the Medium-term Business Plan rather than based on the timing and amounts set out in the Shareholder Proposal.

Accordingly, the Board of Directors opposes the Shareholder Proposal.

Proposal 6: To partially amend the Articles of Incorporation in regard to the composition of Outside Directors

1. Summary of the proposal

The Group should amend Article 18 of its Articles of Incorporation as follows to ensure the Board is made up of a majority of Outside Directors.

(The changes are underlined.)

Before change	After change
(Number of Directors) Article 18. The number of the Directors of the Group shall be no more than ten (10), excluding Directors who serve as Audit & Supervisory Committee members. 2. The number of Directors of the Group who are Audit &Supervisory Committee members shall be no more than eight (8). 3. (Newly established)	(Number of Directors) Article 18. The number of the Directors of the Group shall be no more than ten (10), excluding Directors who serve as Audit & Supervisory Committee members. 2. The number of Directors of the Group who are Audit & Supervisory Committee members shall be no more than eight (8). 3. For as long as the Group remains a listed company, a majority of the Directors (includes Directors who are Audit & Supervisory Committee members) of the Group shall be Outside Directors as defined in Article 2, Paragraph 1, (xv) of the Companies Act.

2. Reason for proposal

We believe that diversity and independence of the Board of Directors is essential for the management of a listed corporation these days. Board diversity means diversity in terms of skills, experience, age, nationality, gender and other characteristics, enabling management judgments from diverse perspectives. Board independence means a Board that it is comprised of, at least, a majority of independent Directors.

Principle 4-8 of the Corporate Governance Code stipulates that "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 onethird of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities. Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the Group, it should appoint a sufficient number of independent directors." Meanwhile, Principle 4-7 of the Corporate Governance Code lists "Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders" as one of the roles and responsibilities of Independent Directors.
With four Outside Directors out of a total of twelve Directors, your Company meets the requirements in the principles of the Corporate Governance; however, we believe that you should put in place a corporate governance framework for increasing capital efficiency, seeking to return profits to shareholders, and contributing to the Group's sustainable growth and enhancement of its corporate value in the medium and long term by more proactively seeking a Board composed of a majority of Outside Directors.

Not only in terms of the number of Outside Directors but also in terms of the qualities of Outside Directors, we believe you need individuals who can contribute to the Group's sustainable growth and enhancement of its corporate value in the medium and long term and, in this regard, we believe you need to consider appointing women and individuals with high levels of experience and skills as analysts.

As for the appointment of individuals with high levels of experience and skills as analysts, we believe this would be an effective way of bringing the perspective of outside investors and shareholders to bear on Board meetings and also contributing to enhancement of corporate value through healthy risk-taking. Whilst the Board of Directors of a listed company and investors and shareholders should share the same goal of long-term improvement in corporate value, unfortunately it is not unusual in Japan for antagonism to be seen between them. The participation of a director with the above experience and skills in the Board's discussions and decisionmaking would surely ensure, through healthy risk-taking and capital allocation and good communication with the market, that the relationship between the Board and share market is the kind of constructive relationship it should be. Whilst a former banker or an accountant is sometimes said to be responsible for finance matters in the skills matrix, accounting or debt market expertise alone is insufficient from the viewpoint of encouraging healthy risk taking and we believe that an equity

market expert would make sense.

3. Opinion of the Group's Board of Directors on the sixth proposal

The Board of Directors opposes the Shareholder Proposal.

In June 2021, the Group established the Nomination Advisory Committee which is chaired by an Independent Outside Director and the majority of whose members are Independent Outside Directors to ensure objectivity and transparency in the procedure for selecting candidates for Director. The Nomination Advisory Committee proposes as candidates for Director individuals who will contribute to enhancement of corporate value in accordance with the Directors selection criteria and skills matrix disclosed in the Corporate Governance report and in light of the Group's management strategies.

As a holding company committed to accelerating transformation into a high quality company and taking on new challenges for growth, the Group also believes it is desirable for the Board of Directors to have both supervisory and executive functions. Fulfilling the executive function, the individuals in charge of each business concurrently serve as Directors and supervise Group business from a bird's eye view perspective. In addition, Audit & Supervisory Committee members with an audit function also sit on the Board.

In June 2021, the Group transitioned to a Company with an Audit & Supervisory Committee and all outside officers became Directors who are Audit & Supervisory Committee members in order to further strengthen the independent audit and supervisory functions. Under the organizational structure, the highly independent Audit & Supervisory Committee, four out of five members of which are Independent Outside Directors, has the internal audit department under its control and conducts systematic audits in cooperation with the auditors of each operating company. The Group attaches importance not only to legal compliance audits but also to the expression of opinions on business execution from an independent perspective, ensuring that Outside Directors/Audit & Supervisory Committee members have the opportunity to comment at every Board Meeting, for example, and opinions are expressed freely and frankly. Under the structure, such opinions are utilized in management to further strengthen corporate governance. The Group also attaches importance to evaluation of the effectiveness of the Board of Directors and is committed to making continuous improvements through recognition of issues that need to be addressed by the Board of Directors based on the results of evaluations by internal and external directors and discussion that leads to improvement.

Currently, four out of the total of 12 Directors that make up the Group's Board of Directors are Independent Outside Directors (including one woman), and the composition of the Group's Board is very diverse, including for instance individuals with experience in corporate management, as a lawyer, or working at government bodies.

Based on the above, the Group believes it has achieved Board diversity and independence and has put in place a system which will help strengthen corporate governance in the future.

In the Group's judgment, the incorporation of provisions like those proposed in the Shareholder Proposal into the Articles of Incorporation would stymy discussions on the desired composition of the Board and restrict scope for the selection of Director candidates, preventing the Board composition needed for flexible consideration based on management strategies on a moment-to-moment basis. Accordingly, the Board of Directors opposes the Shareholder Proposal.

- End -