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Corporate Governance Report

Last Update: October 1, 2024
House Foods Group Inc.
Hiroshi Urakami, Representative Director & President
Contact: General Manager of General Affairs Division Tsuyoshi Kido
Securities code: 2810
https://housefoods-group.com/en/

The corporate governance of House Foods Group Inc. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

The Group aims to enhance the adequacy and effectiveness of management and optimize its corporate value by engaging in "speedy management," which purports to revitalize the management of organization and enable prompt decision-making.
The Group positions the Three Responsibilities (for our customers, for our employees and their families, and for society) of a corporate citizen as the pillars of its business activities. These responsibilities form the basis of the Group philosophy "Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives."
To properly respond to the dramatic changes taking place in the management environment, the Group has been striving through corporate management based on its philosophy to improve its transparency and its role in society, while ensuring accountability and developing a corporate governance system to ensure thorough compliance.
The Company made Ichibanya Co., Ltd. a consolidated subsidiary in December 2015. Ichibanya Co., Ltd. is a listed company, and the Company undertakes the operation of that company's internal control system with due respect.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The information below is being disclosed based on the Corporate Governance Code which was revised in June 2021.

【Supplementary Principle 2-4(1)】

<Ensuring diversity in promotion to core human resources, etc.>
As a general rule, we hire diverse human resources, and assign and promote the right employees to the right positions, regardless of gender, nationality, or other such attributes. We work to create innovation by bringing together human resources with various experiences, aptitudes, and attributes to form an effective team. In terms of diversity of human resources, we are engaged in various initiatives from the perspectives of recruitment, development, and promotion.
With regard to female employees, we are working to expand our base of human resources for the future, and create an environment within the Group where it is easy for women to play active roles. We have set a target for increasing the percentage of women in managerial positions within the House Foods Group in Japan from 12.2% in FY2023 to 20% by FY2026, the final year of the Eighth Medium-term Business Plan, and are working to promote female employees to managerial positions. We are also working to expand hiring and improve training of non-Japanese personnel and mid-career hires, although we do not yet have a clear target for promotion of these personnel to managerial positions.
Details of these initiatives and targets for each theme are disclosed in our integrated report.
https://housefoods-group.com/en/ir/ir_library/report/index.html

【Principle 4.11: Preconditions for Ensuring Effectiveness of the Board of Directors and the Audit & Supervisory Committee】

The expertise and experience of each director is displayed in the skills matrix. In the election and dismissal of directors, the Nomination Advisory Committee (chaired by an Independent Outside Director and composed of

a majority of Independent Outside Directors) deliberates and selects director candidates in consultation with the Board of Directors, based on the selection criteria listed in Section 1.1. of this report (under the headings [Disclosure based on the principles of the Corporate Governance Code] and [Principle 3-1(iv)]). The Committee then reports to the Board of Directors, which resolves to nominate candidates who meet the selection criteria and submit them for discussion and approval at the General Meeting of Shareholders.
Directors who are Audit & Supervisory Committee Members are elected by the same procedure, with selection focusing on candidates with a wide range of experience and insights, and the ability to audit and supervise the execution of duties by directors. Sufficient knowledge of finance, accounting, and legal affairs is not an essential criterion for the election of Directors who are Audit & Supervisory Committee Members

【Supplementary Principle 5-1(1)】

At financial results briefings and meetings with investors, the Representative Director and Executive Directors engage in direct dialogue (face-to-face meetings) and provide explanations, within the scope of reason. While we believe that the main role of Outside Directors is to audit and supervise the day-to-day execution of business by Directors from an objective standpoint that is independent of management, we also plan to set up opportunities for direct dialogue between Outside Directors and shareholders / investors in the future.
The opinions of the Outside Directors themselves are expressed through Q&A sessions at the General Meeting of Shareholders, and their contributions to the Integrated Report.

Disclosure Based on each Principle of the Corporate Governance Code

The information below is being disclosed based on the Corporate Governance Code which was revised in June 2021.

【Principle 1-4 : Cross-Shareholdings】

To maintain and strengthen strategic business relationships and cooperative relationships as the Group promotes a multi-stakeholder model based on multiple connections with stakeholders, the Group holds shares in counterparties that contribute to the enhancement of its corporate value, as suitable multi-stakeholders.
As a general rule, we do not acquire new cross-shareholdings, except in cases where we recognize that they will contribute to the enhancement of the Group's corporate value. We will also reduce the amount of shares we already hold as appropriate, for shareholdings that we judge to be irrational. Cross-shareholdings have been reduced by 24.4% during the three years of the Seventh Medium-term Business Plan (April 2021 through March 2024). For the three years of the Eighth Medium-term Business Plan (April 2024 through March 2027), we have a policy of reducing cross-shareholdings by a further 30%.
To achieve this, we will continuously review the pros and cons of holding individual policy shareholdings and the size of our shareholdings to determine whether they contribute to the enhancement of the Group's corporate value in the medium to long term, and whether they have a negative impact on the Group's financial soundness. Our reviews will consider both qualitative perspectives based on our business strategies—such as in maintaining and strengthening strategic transactional and cooperative relationships and facilitating the procurement of raw materials—and quantitative perspectives, based on the amount of related transactions, unrealized gains and losses, and dividends.
The state of cross-shareholdings as of the end of the previous fiscal year is reported to the Board of Directors in May of each year. We comprehensively examine the significance of holdings and percentage of net assets—in addition to their market value, unrealized gains and losses, and dividend amounts—to determine whether or not we should maintain shareholdings, and the scale of those holdings. For specific details of sales of cross-shareholdings and year-end balances, please refer to our Annual Securities Report.
https://housefoods-group.com/ir/ir_library/report/ (Japanese Only)
With regard to exercising cross-shareholding voting rights, we determine whether the content of the proposal will contribute to the strengthening of relationships with counterparties, the sustainable growth of the Group, and the enhancement of our corporate value. We have a policy of opposing proposals that we believe will damage shareholder value.

【Principle 1-7 : Related Party Transactions】

Transactions that pose a conflict of interest, such as transactions with other companies in which the Company and its Directors serve as representatives, and competing transactions are executed only after obtaining approval from the Board of Directors. The status and results of such transactions are also reported to the Board of Directors.

【Supplementary Principle 2-4(1)】

<Policy on human resource development and internal environment development>
The Group has identified three responsibilities that it must fulfill in order to realize its philosophy, one of which is "responsibility for our employees and their families." In the Seventh Medium-term Business Plan, we identified

the theme of Achieving Diversity. We worked to gather human resources with diverse individual qualities who can demonstrate those qualities while enjoying job fulfillment, we will, therefore, pursue diversity in the three areas of individual attribute, experience and aptitude, and work to cultivate human resources and improve the internal environment. As a result, it is our assessment that we made progress improving our infrastructure to enhance diversity.
In the Eighth Medium-term Business Plan beginning in April 2024, we established the theme of Turning Diversity into Strength. In order to build a global value chain, we will aim to create a state in which diverse human resources can make use of their individuality, collaborate and co-create dynamically beyond organizational barriers. We will also work to “deepen understanding of others, break down stereotypes about self and the organization, and produce innovation.” Specific measures relating to human resources development and improving our internal environment are as follows.
[Development of an in-house environment in which a diverse group of individuals are gathered and perceive job fulfillment]
①Development of open mechanisms that enhance the mobility of human resources inside and outside the Group
②Development of a corporate culture that accepts diversity and encourages employees to take on challenges
[Individual and organizational revitalization]
③Support for proactive self-transformation and enhanced support systems for childcare and family care
④Creation of relationships and opportunities intended for collaborative creation
[Human resource portfolio enabling the building of a global VC]
⑤Achieving an organizational structure that simultaneously achieves VC strategy and employee success, and the exploration and implementation of personnel allocations

In addition, in the Eighth Medium-term Business Plan, we have set the following KPIs as targets relating to our responsibility for our employees and their families.
- Proactive behavior to take on challenges: Percentage of Group employees taking on challenges or responding to internal calls for submissions　20% or higher
- Organizational culture diagnostic results: Percentage of employees who gave positive responses regarding “culture that is accepting of diversity” and “culture that encourages people to take on challenges”　70% or higer
- Active participation of women: Percentage of group managers who are women　20% or higher

【Principle 2-6 : Performance of Role of Corporate Pension as an Asset Owner】

To fulfill our function as a corporate pension fund asset owner, we regularly monitor the status of investments entrusted to financial institutions. We have also established an Asset Management Committee, comprised of the heads of the finance divisions of the Company and other major Group operating companies, to enhance investment expertise and strengthen management by checking basic asset management policies and asset composition ratios.

【Principle 3-1 : Improving Information Disclosure】

(ⅰ)Company objectives, business strategies, and business plans

The Company discloses details of its Group philosophy, management strategy, Medium-term Business Plan, and other information to a wide range of stakeholders via reports such as the Annual Securities Report and the Company website and Integrated Report, and provides direct explanations to shareholders and investors at the General Meeting of Shareholders and financial results briefings.
These are disclosed on the Company website, accessible via the following links.
https://housefoods-group.com/en/ir/policy/
https://housefoods-group.com/en/ir/ir_library/

(ⅱ)Basic views and policies on corporate governance

These are described in Section 1.1 of this report under the heading [Basic Views].

(ⅲ)Policies and procedures in determining the remuneration of the senior management and Directors

These are described in Section 2.1 of this report under the headings [Incentives] and [Director Remuneration].

(ⅳ)Policies and procedures for the election and dismissal of senior management and the nomination of Director candidates

The Company has established and disclosed the following selection criteria for the election of senior management and nomination of Directors. The procedure for selecting candidates for the Board of Directors is as follows. The Nomination Advisory Committee deliberates in consultation with the Board of Directors on candidates who meet the selection criteria, taking into consideration the expertise and experience in supervision and execution of business required of directors. The Board of Directors then resolves to

nominate candidates and submit them for discussion and approval at the General Meeting of Shareholders, up to the maximum number of Directors specified under the Articles of Incorporation.
Personnel who are to serve as Directors in the future receive practical OJT mainly through gaining experience as directors of business companies as well as OFF-JT mainly through executive development programs and internal training, as part of the Company's efforts to nurture successors. If the Board of Directors determines that a management executive is not consistent with the election criteria, dismissal will be resolved by the Board of Directors and presented to the Shareholders' Meeting for discussion.
<Selection criteria for Directors (excluding Directors who are Audit & Supervisory Committee members)>
- 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

<Policy for election as Audit & Supervisory Committee Members>
- 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

Details of the Nomination Advisory Committee are provided in Section 2.1 of this report, under the heading [Voluntary Established Committees].

(v)Explanations regarding individual elections and dismissals of senior management and nominations of Director candidates

Reasons for the election and dismissal of director candidates are posted in notices of convocation for the General Meeting of Shareholders, which are posted on the Company's website before being sent to shareholders.

【Supplementary Principle 3-1(3)】

<Initiatives for sustainability>

In the Eighth Medium-term Business Plan, the Group has identified Three Responsibilities as the pillars of its business activities: responsibilities for our customers, responsibilities for our employees and their families, and responsibilities for society. In particular, "responsibilities for society" is a key theme for establishing a recycling-oriented model, and we are working to address the environmental impact of our global corporate activities as one of our corporate responsibilities. In April 2024, we formulated the House Foods Group Long-Term Environmental Strategy 2050. Details of the House Foods Group Long-term Environmental Strategy 2050 are disclosed on pages 25 and 26 of the following PDF on our website.

https://housefoods-group.com/en/ir/ir_library/pdf/medium_term_08.pdf

We have identified two priority challenges to achieve this goal: "action on climate change" and "creation of a resource recycling-oriented society."

In terms of "action on climate change," we have set a long-term goal of achieving carbon neutrality by 2050 (Scope 1 and 2). We have set a target of a 38% reduction in emissions for FY2030 (in comparison with FY2013), and decided to use total emissions as the unit of management instead of intensity per unit sales. As a major initiative, we are introducing a multi-site integrated energy network service (Total Energy Services for Multiple Sites, a joint initiative in association with JFE Engineering) and started to supply electricity with low CO2 emissions to 18 sites operated by eight Group companies in Japan as of April 2024. We have also introduced internal carbon pricing (ICP) to stimulate environmental capital investment, and are working to reduce CO2 emissions through self-help efforts.

In May 2021, the Group declared its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on this, we are examining our response to climate change in line with the TCFD recommendations, and disclosing information to stakeholders. Further details are disclosed on the Company's website below.

https://housefoods-group.com/sustainability/report/esg/pdf/tcfd.pdf (Japanese Only)

In "creation of a resource recycling-oriented society," we aim to make our value chain sustainable by developing mechanisms that will create a cycle of reducing, utilizing and returning the earth's limited resources, and have raised waste and byproducts, plastics, and water as targets for specific initiatives. The goals for each of these under the Eighth Medium-term Business Plan are as follows.

- Waste products: Reduce waste by 25% (compared with FY2021 per unit of sales)
- Byproducts: Recycling rate 99.5% (Work to convert waste and byproducts into valuable resources on the premise of recycling them)
- Plastics: Reduce the use of fossil resource-derived plastics in product containers and packaging by 8.5% (compared with FY2018)

- Water: Conduct a detailed investigation to determine the degree of water depletion pressure and develop concrete response measures for House Foods America Corporation Los Angeles Plant, which qualifies as an area at risk of water depletion

As part of our efforts to reduce waste, we are collaborating with our portfolio companies to conduct demonstrative tests for reducing factory sludge through CVC fund investment. To clarify management issues to be addressed from the perspective of social issues—such as the environment, human rights, and health—and fulfill the Three Responsibilities by working toward the achievement of global and social sustainability in our core business, the name of the CSR Division was changed to the Sustainability Management Division as of FY2024.

Details of our Initiatives for sustainability are disclosed on our Company website below.
https://housefoods-group.com/sustainability/ecology/ (Japanese Only)

<Investment in human capital and intellectual property, etc.>
Details of investment in human capital are provided in Supplementary Principle 2–4 (1) of this report.
In terms of investment in intellectual property, we are engaged in active investment with the aim of contributing to our business by making technologies open and utilizing them in multiple aspects. We believe that to create new value through collaborative creation, we must proactively make our patents freely available and make use of them while protecting our technologies. To this end, we are moving forward with building up technologies created through R&D as intellectual property, by acquiring patent and design rights and registering varieties (under Japan's Plant Variety Protection and Seed Act). To strengthen our global presence, we are also working to protect our brands, increase brand recognition, and develop and enhance the value of brands that are loved locally by acquiring trademark rights for the brands that we operate both in Japan and overseas.
To achieve growth in our four value chains, we are strategically applying for and obtaining patent rights for technologies that create new value in a wide range of domains, from upstream to downstream, and improving indicators for measuring the level of attention with regard to patents. We are also strengthening the perspective of thinking throughout value chains through initiatives such as One Day a Week, where employees conduct research and business creation activities outside of their usual roles, and Ba EXPO, where Group employees explore value creation together. Digital technology is also indispensable, not only for acquiring new business seeds but also for expanding the areas of utilization for the many intellectual properties we already own. We are also focusing on our DX human resources development program—DRIVE—to help employees acquire the skills needed to plan business transformation and utilize digital technologies.
Details of these initiatives and targets for each theme are disclosed in our integrated report.
https://housefoods-group.com/en/ir/ir_library/report/index.html

【Supplementary Principle 4-1(1)】

The Board of Directors makes decisions on execution of important business, in accordance with laws and regulations, the Articles of Incorporation, and the Company's Board of Directors regulations. For other matters, responsibilities and authority for execution of business are clarified in accordance with our administrative authority and responsibility regulations, then delegated to each director in charge to make prompt decisions.

【Principle 4-9：Criteria and Qualifications for Determining the Independence of Outside Directors】

While the Company has not established its own independence criteria, it applies the independence criteria established by the Tokyo Stock Exchange and elects persons who are not likely to have a conflict of interest with general shareholders as independent Outside Directors.

【Supplementary Principle 4-10(1)】

Details of the code are provided in Section 2.1 of this report, under the heading [Voluntary Established Committees].

【Supplementary Principle 4-11(1)】

The skills of the Board of Directors are identified as skills that should provide the functions necessary for corporate management as the House Foods Group. In addition, the Board of Directors is to be composed of persons of diverse expertise and various experiences, regardless of age or gender, and is to be of a size that ensures flexible decision-making and mutual supervision.
The skills matrix of the Board of Directors is shown on the last page of this report, and on the Company's website at the link below.
https://housefoods-group.com/en/company/governance.html#anchor_06
Details of procedures for nominating, electing and dismissing Director candidates are provided in Principle 3–1 of this report.

【Supplementary Principle 4-11(2)】

The status of important concurrent positions held by Directors is disclosed in notices of convocation for the

General Meeting of Shareholders, and limited to within a reasonable extent.

【Supplementary Principle 4-11(3)】

The Company holds regular meetings of the Board of Directors every month except August, as well as meetings to approve financial results, and extraordinary meetings as necessary to make prompt decisions regarding the execution of important business. Outside directors receive explanations from the Secretariat in advance on important matters and resolutions that are scheduled to be discussed by the Board of Directors. This leads to the active expression of opinions at Board meetings. Under our performance evaluation system, we conduct self-evaluations and multifaceted evaluations for each Director (excluding Directors who are Audit & Supervisory Committee Members).

The Company has also been conducting evaluations of the effectiveness of the Board of Directors and analyzing and evaluating results since FY2022. Going forward, we will continue to establish a cycle of periodic effectiveness evaluations and work to remedy issues and reinforce our strengths based on the evaluation results.

1. Status of responses to issues based on analysis and evaluation of the results of the evaluation of the effectiveness of the Board of Directors conducted in FY2022.

   1) Energizing deliberations on matters to be resolved by the Board of Directors

      The Board of Directors is working to operate in a way that makes its discussions more active by sharing details of discussions at Management Committee with Outside Directors and reviewing the proceedings so that explanations are focused on the main points.

   2) Review of the operation of regular report agenda

      We reviewed the explanatory materials used for agenda items reporting on the status of business operations, to enable Directors to more accurately grasp business issues.

   3) Revision of the criteria for submission to the Board of Directors

      We revised some of the criteria for submission to the Board of Directors, for the purpose of delegating authority to the Management Committee.

2. Method for evaluating the effectiveness of the Board of Directors in FY2023

   1) Eligible respondents: all 12 Directors (of whom four are Outside Directors)

   2) Response period: December 2023 to January 2024

   3) Implementation method: survey questionnaire format (4-level rating scale + open evaluation)

   4) Major evaluation items:

      ①The status of deliberations on matters to be resolved by the Board of Directors
      ②The implementation status of matters to be reported to the Board of Directors
      ③The status of the Board of Directors' functions and operations
      ④The status of collaborations between the Audit & Supervisory Committee, Nomination Advisory Committee and Compensation Advisory Committee

3. Overview of the results of the evaluation of the effectiveness of the Board of Directors in FY2023

It was found that the functions and operations of the Board of Directors remain adequate, and the Board's effectiveness, including its cooperation with the Audit & Supervisory Committee, Nomination Advisory Committee and Compensation Advisory Committee. In addition, the content of improvement initiatives implemented based on the results of the previous year was evaluated highly, and improvements from the previous year's score were seen on nine of the questions common to the previous year.

At the same time, it was found that there is still room for improvement in the operation of the Board of Directors, and we are continuing to consider improvement initiatives.

As described above, the Company strives to further improve the effectiveness of its Board of Directors and further enhance corporate governance through a cycle of strengthening the operation of the Board of Directors in line with the issues identified and implementing improvements. We believe that the effectiveness of the Board of Directors is being ensured in this way.

【Supplementary Principle 4-14(2)】

Directors are given opportunities to receive education as necessary through attendance of internal study sessions and external training sessions conducted by third-party organizations. To promote understanding of business activities, Outside Directors have several opportunities a year to visit and inspect business sites other than head office, and Group company locations.

【Principle 5-1 : Policy on Constructive Dialogue with Shareholders】

Our policy for encouraging constructive dialogue with shareholders is as follows.

- In terms of dialogues with institutional investors, financial results briefings are held twice a year, with the explanations given by the president. In addition, individual meetings with each institutional investor are

arranged as needed, and explanations are given by the Director in charge of the Public & Investor Relations, or the general manager of the Public & Investor Relations Division. The opinions of investors obtained through these dialogues are regularly reported to the Board of Directors by the Director in charge of Public & Investor Relations. The status of dialogues with shareholders and investors are disclosed on the Company's website below.

https://housefoods-group.com/sustainability/ir/ir_policy.html (Japanese Only)

- In terms of our dialogues with individual investors, we provide opportunities for individual investors to understand the Group's business activities, such as by holding facility tours for shareholders and participating in corporate briefings hosted by securities companies. Reference information contributing to investment decisions, such as business performance, indicators, and dividends, is posted on the Company's website below.

  https://housefoods-group.com/en/ir/financial/index.html
- When disclosing information, we practice fair disclosure. Our Disclosure Policy is published on the Company's website below.

  https://housefoods-group.com/en/ir/disclosurepolicy/index.html

【Principle 5-2 : Formulation and Announcement of Management Strategies and Plans】

<Action to implement management that is conscious of cost of capital and share price>

Starting from our Fourth Medium-term Business Plan, we introduced the concept of "ideal proportions," using five management indicators (ATO, ROS, ROA, equity ratio, and ROE) that link our balance sheets (B/S) and statements of profit and loss (P/L). Details of the ideal proportions are disclosed in our integrated report below.

https://housefoods-group.com/en/ir/ir_library/report/

● Recognition of the Current Situation (PBR and Management Indicators)

PBR has been trending downward in recent years after peaking in FY2018, was almost at 1.0x in the most recent fiscal year. While PER is almost the industry average, ROE was around 5.0% on average for FY2019–FY2023 and ATO was less than 1.0 turnover, and we recognize the need to improve capital efficiency. While the theoretical cost of capital (shareholder's equity) is expected to be in the mid -4% to 5% range, we recognize it as being 6%.

● Specific Initiatives Under the Eighth Medium-term Business Plan

(i) Introducing ROIC management

In our Eighth Medium-term Business Plan, we introduced ROIC as an indicator that aggregates ATO, ROS, and ROA, which are the best-practice indicators among our five management indicators. Acknowledging our low capital efficiency, which is an issue for our Company, we decided to break down company-wide ROIC into Business ROIC and Proportion of Operating Capital, and are aiming to improve the Group's overall capital profitability by improving each of these indicators.

As we will continue to invest in growth areas under the Eighth Medium-term Business Plan, we will aim to significantly improve the proportion of operating capital and achieve company-wide ROIC of 6.0% or higher by reducing non-operating capital, though improvements to business ROIC will be limited. With our Ninth Medium-term Business Plan, we will aim to achieve company-wide ROIC of 8.0% or higher by improving the capital profitability of our core business produced from investments (Business ROIC).

(ii) Clarifying resource allocation

Under our Eighth Medium-term Business Plan, we plan to invest a total of 70 billion yen, in order to prioritize investments to accelerate growth through the establishment of a global value chain. We will also work to further reduce cross-shareholdings and enhance shareholder returns, such as returns through purchases of treasury shares, to improve capital efficiency. With regard to shareholder returns, starting in FY2024, we have established a new profit distribution policy specifying a total return ratio of 40% or higher and an annual dividend of 46 yen or more as a stable dividend. Under the Eighth Medium-term Business Plan, we are aiming for a total return ratio of 50% through treasury share purchases funded by a reduction in cross-shareholdings.

(iii) Strengthening of IR and SR activities and value sharing with shareholders

Details of IR and SR activities are provided in Principle 5–1 of this report. To increase value sharing with shareholders, as described in Section 2.1 [Incentives] and [Director Remuneration], we have introduced advance-issue-type restricted stock compensation and performance-linked restricted stock compensation to our compensation system for executives. We are also taking other measures to further enhance value sharing with shareholders, such as adding non-financial indicators to our list of medium to long-term incentive indicators. We are also planning to introduce an employee stock ownership association trust, as a measure to expand the employee shareholders' association, to foster employee stock ownership.

Details of specific targets and action plans for the Company's financial and capital policies are provided on pages 38–48 of the Materials for the Eighth Medium-Term Business Plan Briefing (PDF), available on the Company's website at the following link.

https://housefoods-group.com/en/ir/ir_library/pdf/medium_term_08.pdf

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
House Kosan Co., Ltd	10,711,116	11.06
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,836,100	9.12
HKL Co., Ltd.	7,908,100	8.16
Urakami Foundation for Food and Food Culture Promotion	2,900,218	2.99
Sumitomo Mitsui Banking Corporation	2,201,027	2.27
House Koshinkai	2,098,301	2.17
Setsuko Urakami	1,869,569	1.93
Nippon Life Insurance Company	1,844,810	1.90
Custody Bank of Japan, Ltd. (Trust Account)	1,803,100	1.86
Sumitomo Mitsui Trust Bank, Limited	1,750,000	1.81

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	—

Supplementary Explanation
—

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Foods
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—

5. Other Special Circumstances which may have a Material Impact on Corporate Governance

The Company has Ichibanya Co., Ltd. (hereinafter “Ichibanya”) as a listed subsidiary.
The business of Ichibanya and each of the Group’s businesses compliment each other, having strong linkages in the value chain, and the Company pursues maximum synergies on a groupwide basis whilst also exercising supervision as the parent company, including dispatching directors of the Company as part-time directors of Ichibanya, ensuring that the business results of Ichibanya are routinely reported at the Company’s Management Committee meetings and Board of Directors meetings, and making the approval or disapproval of proposals to be put before Ichibanya’s General Meeting of Shareholders a matter for resolution by the Company’s Management Committee. At the same time, the Company respects the independent decisions made by Ichibanya’s management on the execution of day-to-day operations given that Ichibanya’s business model is very different from that of the Group’s core business. Further, Ichibanya is a company with an Audit & Supervisory Committee and makes decisions on important transactions with the Group based on the views of the Audit & Supervisory Committee, thus preventing any unfair disadvantage to other shareholders (besides the Company).
The Company and the subsidiary whose business models are different strengthen collaboration and promote cooperation themes together while respecting each other’s uniqueness, thereby enabling three parties including franchise owners who are engaged in the management of stores to enjoy benefits together. In this way, the Company believes that it will contribute to bringing benefits also to other shareholders of the subsidiary. Therefore, the Company’s policy is to keep both itself and the subsidiary listed while ensuring the effectiveness of the corporate governance system of the subsidiary.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	18
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	12
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroyuki Kamano	Lawyer											
Atsuko Okajima	Other											
Fukuichi Sekine	From another company											
Yasuyuki Kawasaki	From another company								△			

*Categories for "Relationship with the Company".
(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroyuki Kamano	○	○	—	Based on his extensive knowledge and extensive experience in corporate legal affairs as a lawyer, Mr. Hiroyuki Kamano expresses his opinions from an objective standpoint mainly on measures to address legal risks and the compliance framework. As a result, the Company has judged that he is a person necessary for enhancing the corporate value of the Group.Additionally, the Company expects that he will fulfill the role of supervising and auditing response to legal risks and compliance management, in particular, as well as the role of improving objectivity in procedures for determining nomination and compensation as an Audit & Supervisory Committee member. Since he has no special interest in the Company and has independence, he has been appointed as an Outside Director. Since Mr. Hiroyuki Kamano is unrelated to the Company's affiliates, major business partners, and major shareholders, etc., and is not a consultant, accounting specialist, or legal expert who receives large amounts of money or other assets from the

				Company other than executive compensation, the Company judges that there is no risk of a conflict of interest with its general shareholders, and has designated him as an Independent Officer.
Atsuko Okajima	○	○	—	Based on her many years of work experience as a member of the Ministry of Agriculture, Forestry and Fisheries and Ministry of Health, Labor and Welfare, as Vice Governor of Saitama prefecture, and as a member of the Cabinet Office and Ministry of Internal Affairs and Communications, Ms. Atsuko Okajima expresses opinions from an objective standpoint on overall business operations. As a result, the Company has judged that she is a person necessary for enhancing the corporate value of the Group. Additionally, the Company expects that she will fulfill the role of supervising and auditing the promotion of women's participation and advancement and diversity management, in particular, as well as the role of improving objectivity in procedures for determining nomination and compensation as an Audit & Supervisory Committee member. Since she has no special interest in the Company and has independence, she has been appointed as an Outside Director. Since Ms. Atsuko Okajima is unrelated to the Company's affiliates, major business partners, and major shareholders, etc., and is not a consultant, accounting specialist, or legal expert who receives large amounts of money or other assets from the Company other than executive compensation, the Company judges that there is no risk of a conflict of interest with its general shareholders, and has designated her as an Independent Officer.
Fukuichi Sekine	○	○	—	Based on his many years of experience working at Sumitomo Osaka Cement Co., Ltd., Mr. Fukuichi Sekine has deep insight into all aspects of business management and a wealth of experience in business. As a result, the Company has judged that he is a person necessary for enhancing the corporate value of the Group. The Company expects that he will fulfill the role of supervising and auditing overall business operation and risk management by applying his experience as a corporate executive, as well as the role of improving objectivity in procedures for determining nomination and compensation as an Audit & Supervisory Committee member. Since he has no special interest in the Company and has independence, he has been appointed as an Outside Director. Since Mr. Fukuichi Sekine is unrelated to the Company's affiliates, major business partners, and major shareholders, etc., and is not a consultant, accounting specialist, or legal expert who receives large amounts of money or other assets from the Company other than executive compensation, the Company judges that there is no risk of a conflict of interest with its general shareholders, and has designated him as an Independent Officer.
Yasuyuki	○	○	While it is true that he	Based on his many years of experience in corporate management at Sumitomo Mitsui Banking

Kawasaki			hails from Sumitomo Mitsui Banking Corporation, a bank with which the Group has dealings, and the Company's subsidiaries have a transactional relationship with the bank in terms of borrowing funds, the amount of such borrowings is small.	Corporation, Sumitomo Mitsui Financial Group, and SMBC Nikko Securities Co., Ltd., Mr. Yasuyuki Kawasaki has extensive experience as a corporate manager. As a result, the Company has judged that he is a person necessary for enhancing the corporate value of the Group. Additionally, in particular, the Company expects that he will fulfill the role of supervising and auditing overall business operation and risk management by applying his experience as a corporate executive, as well as the role of improving objectivity in procedures for determining nomination and compensation as an Audit & Supervisory Committee member. Since Mr. Yausyuki Kawasaki is unrelated to the Company's affiliates, major business partners, and major shareholders, etc., and is not a consultant, accounting specialist, or legal expert who receives large amounts of money or other assets from the Company other than executive compensation, the Company judges that there is no risk of a conflict of interest with its general shareholders, and has designated him as an Independent Officer.

Audit & Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	5	1	1	4	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Audit & Supervisory Committee elects one full-time Audit & Supervisory Committee member. It has the authority to give instructions to the Auditing Division, which is responsible for conducting audits of operations and implementing internal controls in respect of financial reporting, and works closely with them to confirm how the audits are conducted and how the internal control system is evaluated and regularly exchanges opinion and conducts investigation and issues specific instructions. The committee also audits the execution of duties by Directors in an organized way in cooperation with the Accounting Auditor and corporate attorneys.
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.

Cooperation among The Audit & Supervisory Committee, Accounting Auditors and Internal Audit Department

Full-time Audit & Supervisory Board Members hold regular meetings with the Accounting Auditor for the purpose of hearing the Accounting Auditor's audit plans and reports on the results of financial results audits. They also cooperate with the Accounting Auditor by attending their end-of-year audit, and checking the contents of the audit as necessary.
The Company has also established an Auditing Division under the direct control of the Audit & Supervisory Committee, which conducts operational audits of business units and Group companies. Full-time Audit & Supervisory Committee members attend the Auditing Division's audit report meetings to confirm the status of audits and exchange opinions on outstanding issues and concerns, and cooperate with the Auditing Division, such as by examining the audit reports of audited business locations as needed.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Advisory Committee	6	0	2	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Advisory Committee	6	0	2	4	0	0	Outside Director

Supplementary Explanation

As voluntary advisory bodies to the Board of Directors, the Company has also established the Nomination Advisory Committee and the Compensation Advisory Committee, to ensure objectivity and transparency in the election and dismissal of Directors and in the decision process for compensation. Independent Outside Directors account for a majority of the members of each of these committees, which are chaired by an Independent Outside Director.
The Nomination Advisory Committee deliberates on the election and dismissal of Directors based on the advice of the Board of Directors, and reports its decisions to the Board.
The Compensation Advisory Committee deliberates on systems and amounts of compensation, etc., for Directors (excluding Directors who are members of the Audit & Supervisory Committee) based on the advice of the Board of Directors, and reports its decisions to the Board. It also deliberates on the systems and amounts of compensation, etc., for Directors who are members of the Audit & Supervisory Committee, based on the advice of the Audit & Supervisory Committee, and reports its decisions to them.

Matters Concerning Independent Directors

Number of Independent Directors	4

Other Matters Concerning Independent Directors

The Company has designated all Outside Officers who fulfill the requirements for Independent Officers as Independent Officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Other

Supplementary Explanation for Applicable Items

Directors' compensation, etc., is composed of monthly compensation, single-year performance-linked compensation, advance-issue-type restricted stock compensation, and performance-linked, restricted stock compensation. The ratio of these types of compensation for Directors is 60% monthly compensation, 25% single-year performance-linked compensation, 10% advance-issue-type restricted stock compensation, and 5% performance-linked, restricted stock compensation.

(i)Monthly compensation

Our policy is that monthly fixed compensation shall be paid based on a level determined for each position, with additional compensation 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-year performance-linked compensation (short-term incentive)

Our policy on single-year performance is that monetary compensation will be paid according to actual performance after the end of the fiscal year as an incentive to steadily achieve results, based on indicators for evaluating the performance of the Group, performance of the business companies that eligible Directors are in charge of, and the performance of the individual eligible Directors.

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.

In the evaluation of individual performance, the degree of achievement of goals set by each Director is used as an evaluation indicator. A performance management system is used to link goal setting with the Medium-term Business Plan. To achieve the Medium-Term Business Plan, we set targets from a wide range of perspectives, including non-financial aspects, on themes and initiatives necessary within the scope of each Director's responsibility, and operate so that goals are balanced in terms of action domains (internal and external) and timeframe (long-term, medium-term, and short-term).

Bonuses range between 70% to 130% based on these two evaluation indicators. In the event of significant changes in business performance, the Compensation Advisory Committee deliberates on the details of the changes and sets bonuses within the range of 0% to 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.

(iii)Advance-issue-type restricted stock compensation (medium- to long-term incentive)

Our policy is that advance-issue-type restricted stock compensation will be provided according to the positions and roles of the eligible Directors as compensation aimed at providing an incentive to sustainably improve the Company's corporate value and further advance value sharing with shareholders. This stock compensation 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 compensation (medium- to long-term incentive)

Our policy is to provide stock compensation to increase eligible Directors' motivation to achieve the non-financial indicators set in medium-term business plans, in addition to the purposes described under (iii) Advance-issue-type restricted stock compensation. 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. The stock compensation for a fiscal year will be delivered

after the end of the fiscal year preceding the delivery date (period of rendering services).
In terms of linkage with performance, after the final year of the Medium-term Business Plan, the status of progress toward targets described in the Medium-term Business Plan will be reflected in stock compensation for the said business year. Specifically, we grant stock compensation equivalent to the base amount determined according to a Director's position and role, multiplied by a factor of 10–190%. The Compensation Advisory Committee checks the progress of stock compensation for each fiscal year, and the payment rate is set at 100% of the base amount, in principle.
The Company adopts the non-financial indicators stipulated in the Medium-term Business Plan as evaluation indicators for stock compensation, thereby reflecting its responsibilities for society and its responsibilities for our employees and their families, and encouraging their achievement, toward actualizing the Group Philosophy.

(iii) (iv) About handling of restricted stock
Eligible Directors will pay in all the monetary compensation claims provided by the Company as payment in kind and receive shares of the Company's stock issued or disposed of as restricted stock compensation. 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 within one month of the date of the General Meeting of Shareholders. 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.

<Outline of performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee members)>
About (ii) Single-year performance-linked compensation (short-term incentive)
Overall management by Directors as members of the Board of Directors is evaluated based mainly on the company's performance (financial indicators), and the results of execution of management in each Director's area of responsibility are evaluated based mainly on individual performance.
Bonus: Standard amount by position x (1 + company performance evaluation coefficient*1 + individual performance evaluation coefficient *1)
*1: Varies from -15% to +15% depending on business performance
About (iv) Performance-linked, restricted stock compensation (medium- to long-term incentive)
Evaluated based on indicators (non-financial indicators) listed in the Medium-term Business Plan.
Stock compensation: Standard amount by position x (1 + "social" coefficient *2 + "employees and their families" coefficient *2)
*2: Varies from -45% to +45% depending on business performance.

It was also resolved that the compensation of directors who are Audit & Supervisory Committee members is fixed compensation.

Persons Eligible for Stock Options	—

Supplementary Explanation for Applicable Items
—

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors

Supplementary Explanation for Applicable Items

Total amounts of compensation for Directors are disclosed in business reports, etc. Notices of convocation, including business reports, are posted on the Company's website at the link below.
https://housefoods-group.com/ir/stock/meeting_notice.html (Japanese Only)
Details of individual performance evaluations in compensation for Directors are provided in section 2–1. [Incentives].

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(i) Policy for determining the details of individual compensation, etc., for Directors (excluding directors who are Audit & Supervisory Committee members)
<Basic policy>
The basic thinking behind our Director compensation system, amounts of compensation for Directors, and method for calculating them are as follows.
- 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 compensation.

<Method for determining compensation, etc.>
The Director compensation system, amounts of compensation for Directors, and method for calculating them are determined by the Board of Directors, based on deliberations by the Compensation Advisory Committee. As a general rule, the Compensation Advisory Committee meets three times a year. After checking social trends, the Committee examines the compensation system, compares compensation levels with those of other companies of a similar size, and verifies the results. It then deliberates and reports on the compensation system, the level of compensation for each Director's position, and the amount of compensation for each Director; which are matters determined based on advice from the Board of Directors. The Board therefore believes that the content of these matters is in line with its decision-making policy.

(ii) Policy for determining the details of individual compensation, etc., for Directors who are Audit & Supervisory Committee members
The compensation system and amounts of compensation for Directors who are members of the Audit & Supervisory Committee are deliberated by the Compensation Advisory Committee, based on advice from the Audit & Supervisory Committee. Decisions are then made by discussion among Directors who are members of the Audit & Supervisory Committee. It was also resolved that the compensation of directors who are Audit & Supervisory Committee members is fixed compensation.
When determining compensation for Directors, the Company makes a distinction between Directors who are not members of the Audit & Supervisory Committee and those who are members. The maximum amount of compensation is set at ¥400 million per year for Directors who are not members of the Audit & Supervisory Committee and ¥150 million per year for Directors who are members of the Audit & Supervisory Committee. This was resolved at the 75th Ordinary General Meeting of Shareholders, held on June 25, 2021.

Support System for Outside Directors

The General Affairs Division supplies Outside Directors with information on meetings of the Board of Directors and the Audit & Supervisory Committee, distributes pre-meeting materials and records, circulates meeting minutes, and communicates information on agenda items submitted for discussion by the Management Committee as needed.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Akira Oze	Senior Adviser	Advice on business management, etc.	part time, with remuneration	2014/6/26	1 year

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	1

Other Related Matters

- Since advisers are not involved in any management decision-making and does not attend internal meetings such as meetings of the Board of Directors or the Audit & Supervisory Committee, we believe that there are no problems in terms of governance.
- The amount of compensation for advisors is set based on the expected role and the content of delegated work.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

As a company with an Audit & Supervisory Committee, the execution of duties by Directors and the legality and appropriateness of resolutions made by the Board of Directors are monitored, supervised, and audited by the Audit & Supervisory Committee, and five Directors (including four Outside Directors) who are members of the Committee.
The Board of Directors consists of twelve Directors (of whom four are Outside Directors), 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 structures of the Audit & Supervisory Committee and voluntary advisory bodies are described in Section 2.1 of this report. under the titles [Audit & Supervisory Committee] and [Voluntary Established Committees].
For accounting audits, we have signed an audit agreement with Deloitte Touche Tohmatsu LLC regarding audits under the Companies Act and the Financial Instruments and Exchange Act.

The status and attendance of Directors at each meeting are as follows.
The Board of Directors met 14 times in FY2023. Nine of the 12 directors attended all applicable Board meetings. The three Directors who were elected in June 2023 have attended all (ten) meetings of the Board of Directors held since their election.
The Nomination Advisory Committee met twice in FY2023. Four of the six members of the Nomination Advisory Committee attended all applicable Committee meetings. One of the members attended one meeting. The one member of the Nomination Advisory Committee who was elected in June 2023 attended all (two) meetings of the Committee held since his election.
The Compensation Advisory Committee met six times in FY2023. Five of the six members of the Compensation Advisory Committee attended all applicable Committee meetings. The one member of the Compensation Advisory Committee who was elected in June 2023 attended all (four) meetings of the Committee held since his election.
The Audit & Supervisory Committee met 13 times in FY2023. Three of the five Directors who are Audit & Supervisory Committee members attended all Committee meetings. The two members of the Audit & Supervisory Committee who were elected in June 2023 attended all (ten) meetings of the Committee held since their election.

3. Reasons for Adoption of Current Corporate Governance System

We adopted our current corporate governance system to enhance the effectiveness and efficiency of management through the functions of the above operational system, and to pursue maximization of corporate value.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The convocation notice for the 78th Ordinary General Meeting of Shareholders, held in June 2024, was sent seven days prior to the statutory deadline.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The 78th Ordinary General Meeting of Shareholders, held in June 2024, was held two business days ahead of the busiest day (typically the penultimate business day in June).
Electronic Exercise of Voting Rights	The Company has made it possible to exercise voting rights online.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the Electronic Voting Platform operated by ICJ Incorporated.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	An English translation of each convocation notice is prepared and posted on the Company's website on the same day as the Japanese version.
Other	Convocation notices and resolutions are posted on the Company's website. To enable shareholders to watch the General Meeting of Shareholders from their homes, we offer live streaming. (We refer to this a hybrid participatory virtual general meeting.)

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Our Disclosure Policy stipulates our basic policy on information disclosure, methods of information disclosure, matters relating to business results / earnings forecasts and future forecasts, and quiet periods. It is posted on the Company's website.	
Regular Investor Briefings held for Analysts and Institutional Investors	Periodic briefings for analysts and institutional investors are held every six months, after the announcement of financial results at the end of the fiscal year and the end of the second quarter.	Held
Online Disclosure of IR Information	Financial data, financial results summaries, annual securities reports, semi-annual reports, financial results briefing materials for analysts, and integrated reports, etc., are all posted on the Company's website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	[Department in charge of IR] Public & Investor Relations Division [Investor Relations Officer] Atsushi Sakuma, Director [IR Liaison Officer] Eiki Miyake, General Manager, Public & Investor Relations Division	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The House Foods Group CSR Policy stipulates details of the Group's relationship with society, customers, suppliers / business partners, shareholders, and investors, etc.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	In addition to working to further instill awareness of compliance with laws and regulations and corporate ethics, we are aware that a sincere attitude toward social responsibility is a necessary condition for ensuring that a company is trusted and loved by its customers. As a food products manufacturer, we are also working to enhance our quality assurance system to enable us to always deliver safe and secure products to our customers. To drive the actualization of environmental and social sustainability in our core business, we are also collaborating with our suppliers and partner companies to address social issues. In terms of environmental activities, we have established the House Foods Group Environmental Policy, and are engaged in environmentally friendly initiatives such as reducing CO2 emissions throughout the Group. In October 2010, the House Foods Group—including Group companies—acquired ISO 14001 certification for its environmental management system. In terms of human rights initiatives, we revised the House Foods Group Human Rights Policy in April 2023, and are engaged in initiatives to ensure respect for international norms.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The House Foods Group CSR Policy stipulates the timely provision of appropriate information in the Group's relationship with its shareholders and investors.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

1. Basic policy on internal control system for execution of business

The Group sees the internal control system as a framework for enhancement of the corporate governance structure and realization and achievement of its corporate philosophy and management targets and the Group implements initiatives intended to lead to improvement in corporate value and sustainable development through the establishment and accurate and effective operation of the internal control structure.

2. Business execution and internal control system structure

(1) System to store and manage information on how Directors execute their duties

In ensure appropriate information management, we have established the House Foods Group Information Management Regulations and related rules.

The General Affairs Division is responsible for judgements on the timely disclosure of material facts concerning the Company and its subsidiaries, under the direction of the Director in charge of the General Affairs Division.

(2) Rules and other systems for managing the risk of loss

With regard to our risk management system, we have formulated the House Foods Group Risk Management Regulations to clarify and share anticipated risks, and established procedures for responding to various risks. We have established a system to respond swiftly and appropriately through close cooperation with the relevant departments in the event of any risks being actualized. We have also established the Compliance & Risk Management Division, to steer activities relating to risk management.

As a food manufacturer, we have also established a system to review quality-related standards and policies as appropriate, to enable us to always deliver safe and secure products, and established the Quality Assurance Management Division to enhance and improve the Group's quality assurance system.

(3) System to ensure the efficient execution of duties by Directors

Under the holding company structure, the Group works to speed up decision-making and energetic organizational management of each Group company based on the delegation of authority. In addition to

concurrently serving as presidents and representative directors of major Group companies, the Company's Directors (excluding Directors who are members of the Audit & Supervisory Committee) serve for a term of one year, and their authority and responsibilities are clarified, enabling the Company to respond quickly to changes in the business environment. We have established an Investment Committee, as a voluntary advisory body to the Management Committee, to deliberate on investment projects involving capital partnerships, and ensure the appropriateness and efficiency of investment evaluations and judgments.
We have also established a framework to ensure efficient and appropriate execution of business, such as by developing internal rules and regulations, including Regulations on the Segregation of Duties and Regulations on Administrative Authority and Responsibility, and establishing a system that allows viewing of matters approved by Directors as appropriate. At the same time, we have established a system that allows us to hear and reflect the opinions of customers and others from outside the company in our corporate operations, through our Customer Service Division and the inquiry form on our website.
(4) Systems necessary to ensure that the execution of duties by employees complies with laws and regulations and the Articles of Incorporation
The Auditing Division, under the direct supervision of the Audit & Supervisory Committee, conducts audits on the state of compliance with internal regulations and the appropriateness of business execution.
The Auditing Division is responsible for the establishment of internal control over financial reporting. It also establishes internal control over business sites and departments, and evaluates the state of operation of the internal control system, ensuring a system that enables more reliable financial reporting.
Against the backdrop of an era in which there are strong calls for corporate ethics, we have established the Compliance & Risk Management Division, for the purpose of creating, instilling, and firmly establishing a compliance system under the House Foods Group CSR Policy, and establishing other necessary CSR-related policies and regulations. We have established the House Foods Group Consultation & Reporting System (Compliance Helpline) Operational Regulations that stipulate the establishment of a helpline to receive reports and consultations concerning compliance violations (or possible compliance violations).
At the same time, as part of our ethical duty, we take a resolute stance against anti-social forces and other groups that threaten the order and safety of civil society, and sever all relations with them. This basic approach is clearly stated in the House Foods Group Code of Conduct. Additionally, we have established a response procedure and have a system in place to report necessary information to the General Affairs Division to prevent damage in the event that we are threatened by, or at risk of harm from, anti-social forces.
(5) Systems to ensure proper business operations as a corporate group consisting of the Company and its subsidiaries

(i) System for reporting matters concerning the execution of duties by Directors, etc. of subsidiaries to the Company

Directors of the Company who also serve as the presidents and representative directors of major Group companies, or Directors in charge of affiliated companies, supervise the execution of duties by Directors, etc., of subsidiaries.

(ii) Rules and other systems for managing the risk of loss at subsidiaries

We operate a risk management system based on the House Foods Group Risk Management Regulations. Major Group companies also participate in Group Quality Assurance Committee, to further enhance their quality assurance system.

(iii) System for ensuring that Directors, etc. of subsidiaries efficiently perform their duties

In addition to supporting appropriate corporate management of Group companies in accordance with the Affiliated Companies Management Regulations, we have established a system to support efficient business operations by related departments as necessary.

(iv) System to ensure that subsidiaries' Directors, etc. and employees' performance of their duties conforms with laws, regulations and the Articles of Incorporation

Based on the House Foods Group CSR Policy, we engage in consistent compliance activities as a Group. The Auditing Division also conducts internal audits of Group companies, establishes internal control, and evaluates the operational status of internal control systems, thereby ensuring a system that enables more reliable financial reporting.

(6) Establishment of a Secretariat to assist the duties of the Audit & Supervisory Committee, and measures for ensuring the independence of Secretariat staff and the effectiveness of instructions given to staff
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.
(7) System for Directors and employees of the Company, Directors, Audit & Supervisory Board Members, and employees of subsidiaries, or persons who have received reports from them, to report to the Audit & Supervisory Committee of the Company
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, whistleblowing, 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.
(8) Systems to ensure that persons are not treated disadvantageously for making reports to the Audit & Supervisory Committee.
The House Foods Group Consultation & Reporting System (Compliance Helpline) Operational Regulations stipulate that whistleblowers will not be treated disadvantageously, and this rule is also applied to those who report to the Audit & Supervisory Committee.
(9) Matters concerning policies regarding procedures for prepayments or reimbursement of expenses arising in relation to the execution of duties by Audit & Supervisory Committee Members and other processing of expenses or obligations arising in relation to the execution of duties by Audit & Supervisory Committee Members
The Company has established a system to process expenses incurred by directors who are members of the Audit & Supervisory Committee in the execution of their normal duties, based on a budget set in accordance with the audit plan.
(10) Other systems for ensuring that audits by the Company's Audit & Supervisory Committee are carried out effectively
Other systems for ensuring that audits are carried out effectively are described in Items (6) through (9) above.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The above basic approach is clearly stated in the House Foods Group Code of Conduct.
Additionally, we have established a response procedure and have a system in place to report necessary information to the General Affairs Division to prevent damage in the event that we are threatened by, or at risk of harm from, anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items
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2. Other Matters Concerning the Corporate Governance System

Overview of Timely Disclosure System
1, Basic policy for information disclosure
The Company works to ensure that shareholders and investors have a correct understanding, assessment, and trust of the Company, by disclosing accurate information in a timely and appropriate manner.
In the event of any decisions, occurrences, or information relating to financial results that may affect investment decisions of shareholders and investors, the Company discloses information in accordance with the Financial Instruments and Exchange Act, and the Tokyo Stock Exchange's Timely Disclosure Rules.
Even if information does not fall under the Timely Disclosure Rules, etc., we endeavor to disclose information

promptly and proactively, with attention to fairness and continuity, if it is deemed necessary information for shareholders and investors to understand the Company.

2. Internal systems for timely disclosure of corporate information

(1) Decision-making facts

In the case of decisions by the Board of Directors or the Management Committee, the Corporate Strategy Division, Finance Division, and Public & Investor Relations Division, led by the General Affairs Division, discuss and determine the importance of information and the necessity of timely disclosure in accordance with the Timely Disclosure Rules.

(2) Occurrence-type facts

- In the case of important information arising at the Company or its subsidiaries, each business division (including subsidiaries) reports immediately to the Director in charge of the General Affairs Division.
- In the case of such important information, the Corporate Strategy Division, Finance Division, and Public & Investor Relations Division, led by the General Affairs Division, discuss and determine the importance of information and the necessity of timely disclosure in accordance with the Timely Disclosure Rules.

3. Method of timely disclosure

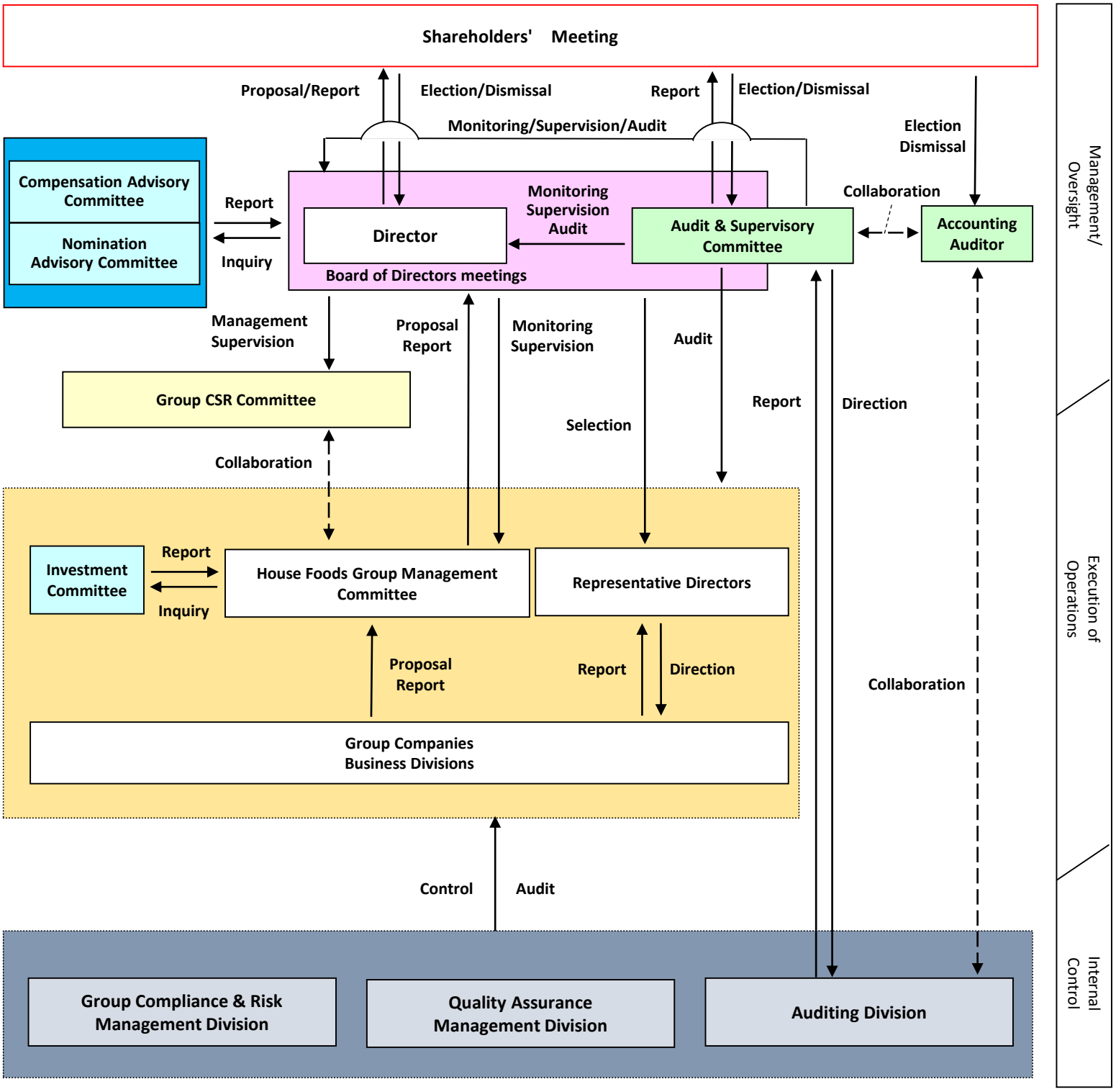
When timely disclosure is required, information is announced through the Timely Disclosure Network (TDnet) without delay, after the decision is made or the information arises. Information published by TDnet is promptly posted on the Company's website.

4. Monitoring of the timely disclosure system

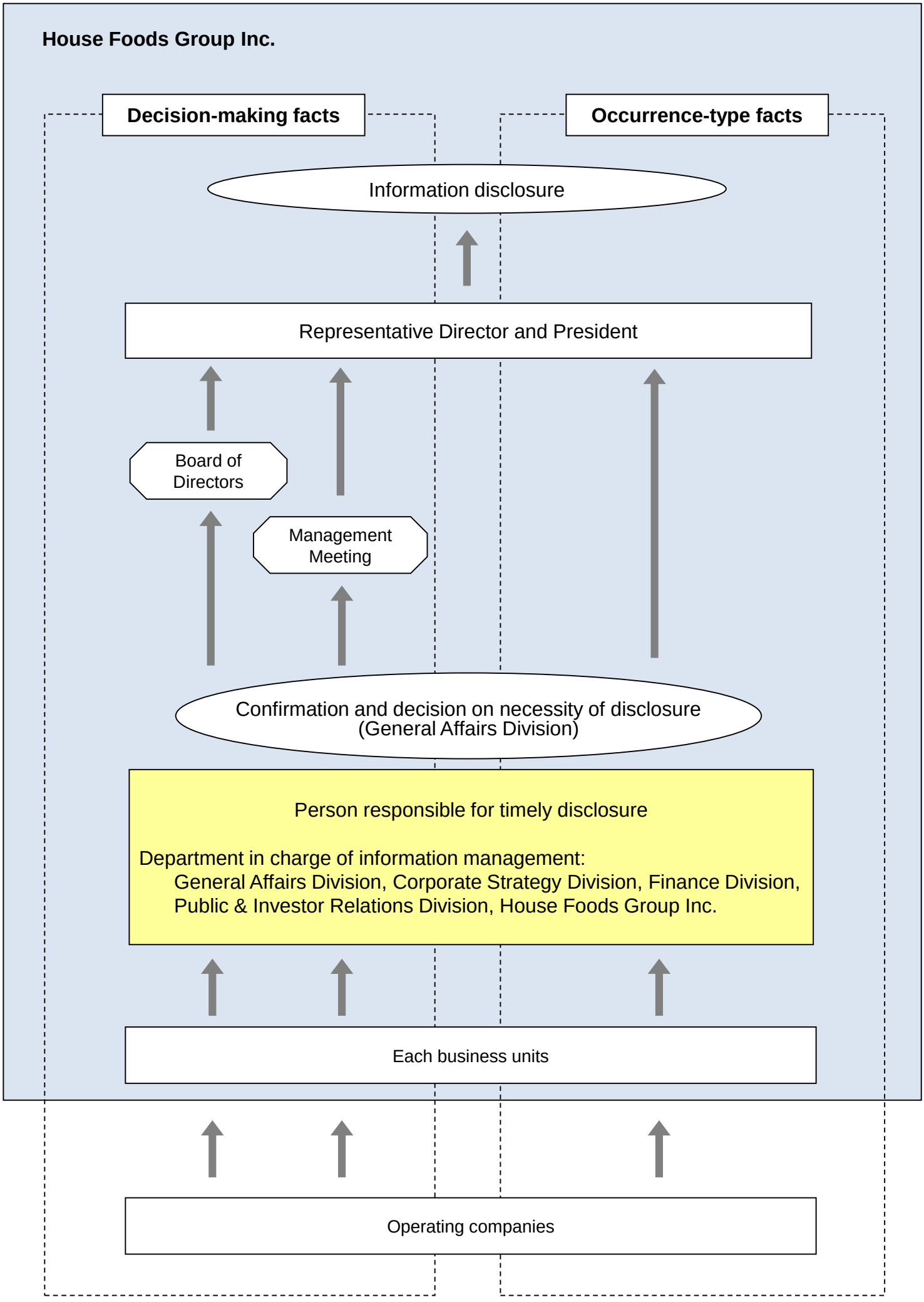
In addition to internal audits by the Auditing Division (under the direct supervision of the Audit & Supervisory Committee), audits are also conducted by Directors who are members of the Audit & Supervisory Committee to check that the Company's timely disclosure system is functioning appropriately.

END

Diagram of corporate governance system



Internal systems for timely disclosure



■Skills Matrix

	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)	●	●	●	●			●					●