



Section 3

Corporate Governance

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Overview of Corporate Governance Structure

Basic Approach

We recognize that rigorous corporate governance is essential to achieving sustainable growth and maximizing the value of our organization over the medium to long term. On this basis, we commit to building a system of corporate governance that facilitates dynamic and adaptive decision-making, rigorous monitoring, adequate disclosures, and business management that is transparent and sincere. We will continually review our approach to corporate governance and make the necessary changes.

Corporate Governance Basic Policy
<https://www.primaham.co.jp/en/ir/library/attach/pdf/CorporateGovernanceBasicPolicy.pdf>

Corporate Governance Structure

Board of Directors

The Board of Directors plays a monitoring role. Directors monitor the execution of business by verifying whether managers are acting impartially and transparently, and by exercising authority in matters of regulatory compliance and strategic direction. Board membership reflects our basic approach to corporate governance. Specifically, three of the board members are outsiders who are independent from the Company. They bring diverse and expert perspectives to the board (one has a background in law and the other two in executive leadership) [see p. 52](#).

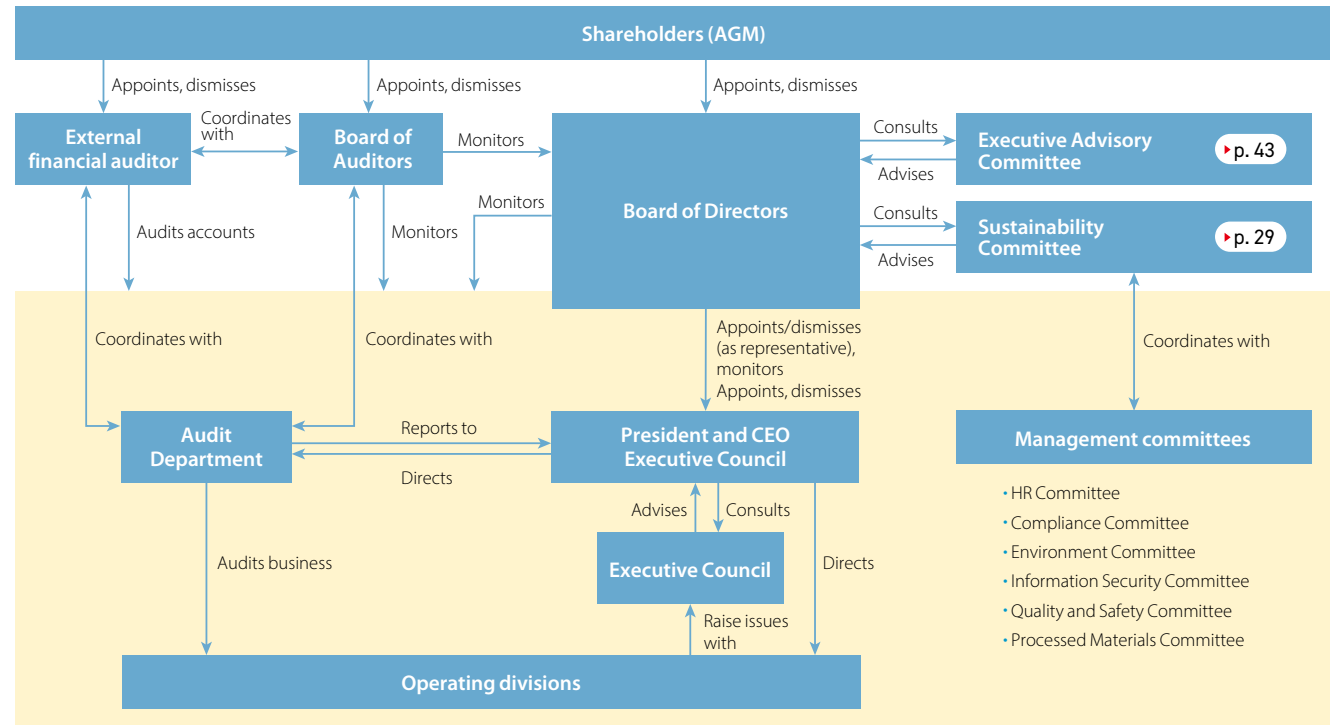
In nominating candidates for board membership, we aim for a board that can adapt to social trends and the business landscape.

We have also established the Executive Advisory Committee and the Sustainability Committee, which serve as advisory bodies to the Board of Directors (see “Executive Advisory Committee” on [p. 43](#), and “Sustainability Committee” on [p. 29](#)).

Executive Council, management committees

To ensure that the Board of Directors can make wise and swift decisions, operational matters are delegated to the Executive Council and to the various management committees. Members of the Executive Council include directors and executive officers

Corporate Governance Structure



Main board agenda items in fiscal 2023

Management strategies	Governance
<ul style="list-style-type: none"> • Medium-term business plan • Reports of business execution • Sustainability matters (setting policies on human rights and procurement, preparing TCFD-compliant disclosures) 	<ul style="list-style-type: none"> • Remuneration of executive officers • Executives' performance evaluations • Evaluation of board effectiveness • Review of value in retaining shares held under cross-shareholding arrangements • Revision of status of compliance with Corporate Governance Code • Internal controls

(managers who have executive authority without fiduciary duties). The Executive Council and the management committees meet to review important business matters. The Executive Council also receives updates on the execution of important business processes.

Board of Auditors

The Board of Auditors is independent from the Board of Directors and from the management. This independence allows the members to monitor both directors and those who execute the Company's business, ensuring transparency and accountability in

management performance. The board has four members, two of whom are from outside the Company. They rigorously monitor management from an impartial perspective, attending meetings of the Board of Directors, the Executive Council, and key management committees, and requesting regular or as-and-when needed reports from directors and executive officers. They may also request reports from a Group company if necessary. Additionally, they coordinate with the Company's Audit Department and the external financial auditor.

Training and support

Directors and executive officers attend externally run training courses to refine their leadership skills and strategic thinking.

Corporate auditors attend seminars and cross-industry gatherings to gain more skills in auditing and supervising management.

Outside directors receive briefings from the relevant operating divisions regarding business projects, workflows, and issues. Well in advance of board meetings, we hold briefing meetings where outside directors are informed of the agenda for the upcoming meeting, including the items to be discussed and the motions to be proposed. Additionally, outside directors and outside corporate auditors attend gatherings to share their expert insights.

Site inspections by outside directors

To enhance outside directors' understanding of our businesses, we provide opportunities for outside directors to inspect our Group business sites and hold dialogues with the employees there. Outside directors inspected two sites in fiscal 2023.



An inspection at one of our group's food processing plants

Executive Advisory Committee

The role of the Executive Advisory Committee is to ensure independence and transparency in the deliberation of matters such as the appointment, dismissal, and remuneration of officers. Consisting of the president and three independent outside directors, the Executive Advisory Committee advises the management on these matters and as such equates to a voluntarily established advisory committee for nominations and remuneration.




Main roles


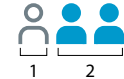

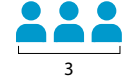








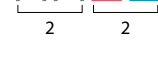
- **Appointment and dismissal**
The committee reviews the president's proposals for appointing or dismissing executive officers, directors, or auditors.
- **Remuneration**
The committee reviews the remuneration for each director and executive officer and advises on a level of remuneration within the remuneration range decided by shareholders at the AGM.
- **Leadership succession planning**
- **Important matters concerning corporate governance**
- **Conflicts of interest with the controlling shareholder**

Main topics discussed during meetings of the Executive Advisory Committee

	Meeting	Agenda
Fiscal 2021	1st	Change to auditor remuneration, revision to rules for executive stock compensation, revision to policy for determining remuneration for each director, revision to in-house rules on remuneration of executive officers
	2nd	Evaluation of executive officers' performance in fiscal 2020
	3rd	Related-party transactions
	4th	Setting remuneration for officers in fiscal 2021
	5th	Implications of Corporate Governance Code revisions, report of evaluation of board performance evaluation in fiscal 2020 (responses, analysis)
	6th	Establishing the rules for appointing and dismissing senior executives, establishing a plan for leadership succession
	7th	Auditor appointments, executive officer appointments, executive officer reshuffle
Fiscal 2022	1st	Evaluation of executive officers' performance in fiscal 2021
	2nd	Revision to the rules on director remuneration, related-party transactions
	3rd	Setting remuneration for officers in fiscal 2022
	4th	Implications of Corporate Governance Code revisions
	5th	Director appointments, auditor appointments, executive officer appointments
	6th	Executive officer reshuffle
Fiscal 2023	1st	Dividend and dividend policy for fiscal 2022
	2nd	Evaluation of executive officers' performance in fiscal 2022
	3rd	Revision to the rules on executive officer remuneration, related-party transactions
	4th	Setting remuneration for executive officers in fiscal 2023, executive officer reshuffle
	5th	Implications of Corporate Governance Code revisions
	6th	Executive officer reshuffle
	7th	Implications of Corporate Governance Code revisions
	8th	Executive officer reshuffle
	9th	Director appointments, executive officer appointments, executive officer reshuffle

Improvements in governance

 Insider
  Outsider: Woman
  Outsider: Man

(FY)	Actions	Directors ^{*1}	% who are outsiders	Corporate auditors ^{*1}	% who are outsiders
2012	<ul style="list-style-type: none"> First outside director appointed 		17% (1/6)		66% (2/3)
2015	<ul style="list-style-type: none"> Company announces basic approach to corporate governance Company announces independence criteria for outside officers Number of outside corporate auditors increased 				
2016	<ul style="list-style-type: none"> Number of outside directors increased Purpose To make Board of Directors more transparent 				
2017	<ul style="list-style-type: none"> First board performance evaluation conducted Purpose To make Board of Directors more effective Executive Advisory Committee established Purpose To ensure independence and transparency in appointments and remuneration 		25% (2/8)		100% (3/3)
2018	<ul style="list-style-type: none"> Performance-linked pay introduced Purpose To further incentivize directors to contribute toward the building medium- to long-term success and corporate value 		22% (2/9)		
2019	<ul style="list-style-type: none"> Board membership reduced Purpose To clearly separate business execution from monitoring, thereby enabling slicker strategic decision-making and more dynamic business execution To increase the percentage of members who are outside directors, thereby strengthening the board's monitoring function and enhancing corporate governance 				66% (2/3)
2020	<ul style="list-style-type: none"> Basic approach to corporate governance updated Purpose To safeguard the interests of stakeholders 		40% (2/5)		
2021	<ul style="list-style-type: none"> Basic approach to corporate governance updated Purpose To establish rules for appointing and dismissing (or proposing the appointment and dismissal of) senior managers and establish a plan for leadership succession, thereby making the nomination process for corporate officers more transparent Number of outside corporate auditors increased 				75% (3/4)
2022	<ul style="list-style-type: none"> Number of outside directors increased Skill matrix set 		50% (3/6)		
2023	<ul style="list-style-type: none"> Percentage of outside directors increased (they now make up majority) Inside corporate auditors appointed from within the company proper 		60% (3/5)		50% (2/4)
2024	<ul style="list-style-type: none"> Outsiders again make up majority on Board of Directors Skill matrix reset 		60% (3/5) ^{*2}		

^{*1} The numerical data for directors and corporate auditors indicates the number of persons who were elected as director/corporate auditor at the AGM held in that year. ^{*2} One of the two internal directors resigned on August 5, 2024.

Evaluating the Effectiveness of the Board of Directors

All directors and corporate auditors participate in the process of evaluating the performance of the Board of Directors. The evaluation of board performance in fiscal 2023 was conducted in May 2024, with support from an external organization. The

external organization managed the questionnaire survey to maintain respondent confidentiality.

The Board of Directors and the Executive Advisory Committee convened in June to analyze and discuss the response data provided by the organization. For over 70% of the question items, the respondents (directors and corporate auditors) reported no

problem. The respondents also gave high scores for items related to the board's overall effectiveness. These responses suggested that the board generally performed effectively in fiscal 2023.

However, the responses also indicated some areas for improvement. Guided by this feedback, the board is working to further improve its performance for better corporate governance.

Issues identified in fiscal 2023 and how they were addressed between June 2023 and June 2024

Management of the Board of Directors

- Feedback suggested that board members need more time to digest and review meeting materials in advance of the meeting. In July 2023, we started holding briefing sessions for matters that outside directors and outside auditors needed to review in advance of the meeting. Requests for clarifications are addressed as much as possible during these prior sessions, making for smoother and more effective board meetings. Feedback about these briefing sessions has been positive, but has also revealed ongoing issues about the briefing materials, including when they are provided and what they contain.

Board discussions

- Feedback highlighted a lack of follow-up opportunities for assessing the progress of our business plan. In the third quarter of the year under review, we published the first interim report that included a progress report. Since then, we have continued to publish progress reports quarterly.

Support structures for directors and auditors

- In March 2024, directors and auditors inspected meat processing plants operated by Group companies PrimaFineFoods and Prime Foods. More opportunities for inspecting plants will be provided in fiscal 2024.

Collecting feedback from shareholders

- We have again recognized this as an issue and will address it.

Issues recognized in fiscal 2024 and how they will be addressed between June 2024 and June 2025

Choosing a corporate governance structure and ensuring its effectiveness

- Feedback suggested that the Board of Directors is too small to enable wide-ranging and insightful discussions. Respondents also said that board discussions lack depth because of a lack of directors who were employees. To address these concerns, we will consider multiple options for increasing board membership, bearing in mind the need to enhance the board's supervising function and increase alignment with Japan's Corporate Governance Code. In connection with this, we will consider our criteria for nominating board candidates and broaden the candidates to include our executives.
- Feedback highlighted the need to expand the deliberative scope of our Executive Advisory Committee (which serves as a nomination and remuneration committee), such that it regularly monitors human capital strategy, succession planning, and the like. Feedback also highlighted the need to choose the right corporate governance structure. To that end, the Executive Advisory Committee will discuss topics other than those discussed in board meetings.

Board proceedings, briefing directors

- Feedback suggested that board meetings focus too much the monitoring the execution of business and not enough on matters of strategic importance. It also suggested that more must be done to incorporate shareholder perspectives into board discussions. To address these issues, we will assign a priority level to each agenda item and take re-emphasize the importance of being concise during speeches and presentations. We will also provide more opportunities for discussing non-agenda topics such as global and industrial trends, discussing matters of interest to shareholders, and matters related to our business portfolio.

- Feedback suggested that directors receive meeting materials too late. One reason is that, compared to in the past, more time and effort is taken to prepare the materials. To address this issue, we will continue standardizing the number of agenda items in board meetings and setting timely deadlines for issuing the materials, with members notified of the deadline in advance.
- Feedback suggested that the Board of Directors should engage further in digital transformation, as represented by the organization-wide digital transformation project, Prima Next Project. The board will continue to receive regular updates on this project.

Evaluating the Effectiveness of the Board of Directors

- Feedback highlighted the lack of interim reporting on progress made to address the issues raised in board effectiveness evaluations. We will continue to review the format for improvement reporting and the frequency of reporting.

Director training

- Feedback highlighted the dearth of training opportunities for directors to obtain the knowledge they require. We will examine possible workshops and seminars for directors and provide such training opportunities to directors who desire them.

Incorporating investor feedback

- Responses criticized the current approach to reporting dialogues with investors, in which directors receive summaries of investor feedback. As well as continuing to interview summaries/transcripts to directors, we will consider expanding the interview summaries/transcripts.

Cross-shareholdings

Our cross-shareholding arrangements are subject to annual review by the Board of Directors. The board considers whether the arrangements still offer value in terms of fostering transactional relations with the issuer, and whether they bring qualitative benefits.

Following the board's review in fiscal 2023, we sold all the shares that we had held under four cross-shareholdings arrangements, three of which were with unlisted issuers and one of which was with a listed issuer. Following a tender offer, we sold some of the shares we had held under another cross-shareholding arrangement. The review concluded that all other cross-shareholding arrangements continue to offer reasonable value and as such need not be disposed of for the time being. However, in some cases, the review raised questions over whether we profit from trade relations with the counterpart cross-shareholder.

The board will review these arrangements again in fiscal 2024.

Nominating and Remunerating Officers

Process for appointing and dismissing officers (senior executives, directors, and auditors)

In appointing and dismissing senior executives, and in nominating candidates for election as directors or auditors, we consider a broad set of criteria, including whether candidates have the requisite knowledge and experience, the ability to manage risks, the ability to execute business or monitor the execution thereof, and whether the candidate pool covers the Company's organizational functions and operating divisions. The president proposes the protocols, the Executive Advisory Committee reviews the protocols, and the Board of Directors ultimately determines them.

Selecting outside director and outside corporate auditor candidates

To enhance oversight of directors and business execution in general, we now have three outside directors and two outside corporate auditors. The reasons for the latest nominations are stated on pages 52 and 53.

Remuneration for officers

Remuneration for inside directors (outside directors are excluded) comprises a fixed base salary and performance-linked pay.

The fixed base salary, paid monthly, reflects the person's hierarchical rank and duties. In setting the amount, we also consider salary levels in other companies, Company performance, and employee salary level.

The performance-linked component consists of stock compensation and bonuses. The level of stock compensation

reflects the Company's medium- to long-term business performance and enterprise value. Eligible directors earn points according to how well the Company attained its yearly consolidated target for operating profit. Upon their retirement as directors, they receive remuneration commensurate with the total accumulated points. As for bonuses, we sometimes provide bonuses for short-term accomplishments in performance.

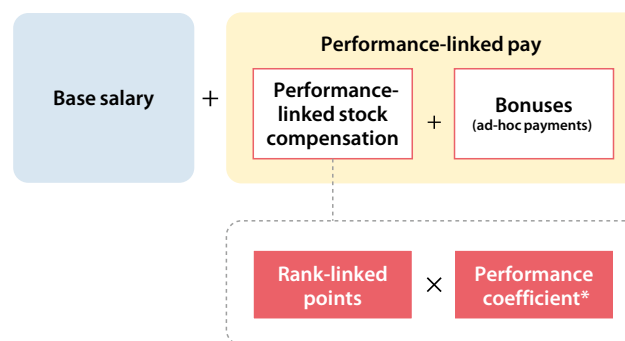
The Board of Directors determines, within a range approved by shareholders at the AGM, the relative weight of each remuneration component and how much each recipient will receive. In determining these items, the board follows the policy mentioned below and consults the opinion of the Executive Advisory Committee, on which the president sits.



77th Annual General Meeting of Shareholders

https://www.primaham.co.jp/en/ir/attach/pdf/Notice_of_the_77th_Annual_General_Meeting_of_Shareholders.pdf

Remuneration structure



* The performance indicator is the budgeted consolidated operating profit in the Medium-term Business Plan.

Remuneration for officers (fiscal 2023)

Officer class	Total remuneration (¥ million)	By component (¥ million)			Eligible recipients
		Base salary	Performance-linked pay	Bonuses	
Directors (outside directors)	155 (32)	144 (32)	10 (-)	- (-)	7 (3)
Auditors (outside auditors)	49 (31)	49 (31)	- (-)	- (-)	6 (3)
Total (outside officers)	205 (63)	194 (63)	10 (-)	- (-)	13 (6)

Skills matrix for directors and auditors

Accurate as of September 1, 2024

		Diversity		Skills						Board attendance in fiscal 2023			
		Age	Gender	Senior mgmt.	Global	Finance, accounts	Sustainability, human capital	Internal control, legal, compliance	Sales, marketing	Board of Directors		Board of Auditors	
										Meetings Attended	% attended	Meetings Attended	% attended
Directors	Naoto Chiba President and CEO	65	Male	✓	✓			✓	✓	15/15	100	-	-
	Takeshi Yamashita Outside Director (part-time)	78	Male		✓		✓	✓		15/15	100	-	-
	Yuzo Ide Outside Director (part-time)	69	Male	✓	✓		✓		✓	15/15	100	-	-
	Yoshino Tsujita Outside Director (part-time)	60	Female	✓	✓	✓				15/15	100	-	-
Corporate Auditors	Naofumi Sakai Corporate Auditor	60	Male	✓				✓	✓	11/11	100	11/11	100
	Hideki Shimosawa Outside Corporate Auditor	61	Male			✓		✓		15/15	100	16/16	100
	Kuniaki Abe Corporate Auditor (part-time)	55	Male	✓	✓				✓	11/11	100	11/11	100
	Akemi Sunaga Outside Corporate Auditor (part-time)	63	Female	✓		✓		✓		15/15	100	16/16	100

* For Naofumi Sakai and Kuniaki Abe, "meetings attended" indicates the number of meetings attended since the person became a corporate auditor.

Why we chose these skills

Senior management

Senior management expertise and experience are necessary to decide on strategic-level matters and monitor the execution of business.

Global

Global expertise and experience are necessary to lead and manage one of the key strategies in the medium-term plan: invest in growth projects and expand globally.

Finance, accounts

Expertise and experience in finance and accounting are necessary to make the business foundation more sustainable.

Sustainability, human capital

Expertise and experience in sustainability and human capital are necessary to drive sustainable management.

Internal control, legal, compliance

Specialized expertise and experience in internal control, legal matters, and compliance are necessary to effectively manage business risks and monitor whether business is operating in a robust manner.

Sales, marketing

Expertise and experience in sales and marketing are necessary to create more and better opportunities for revenue and profit growth.

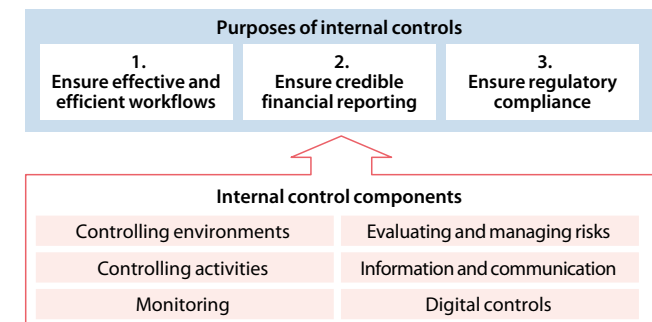
Internal Control System

Guided on the Board of Directors' basic approach to internal controls, we have developed a system of internal controls for ensuring legal and regulatory compliance, compliance with our Articles of Incorporation, and sound management in general.

The Audit Department provides guidance and support to enhance controls across the Group. For example, it evaluates the effectiveness of controls and, where issues have been detected, it

follows up on the corrective and preventive action.

For follow-up, the department conducts four kinds of audits: divisional audits (conducted in head office's operating divisions area audits (conducted in regional branches, plants, and logistics centers), business site audits (conducted in sales offices), and Group company audits.



Risk Management

Basic Approach

To prevent or minimize the damage of business risks, we have established the Risk Management Rules, which stipulate measures for preventing risks from occurring in the first place and the optimal ways to respond to risk events once they occur.

Situational risks that emerge

1. When we commit a mistake that seriously harms our business partners or customers
2. When we are held responsible for committing a legal violation
3. When our financial disclosures lose their credibility
4. When we sustain severe damage in a natural disaster
5. When sensitive information is unduly divulged or leaked to third parties
6. When our continued operation is otherwise threatened

Risk Management

Our Risk Management Rules categorize risks according to causal factors and specify measures for preventing the risks from materializing. Such measures include establishing rules, producing manuals, and issuing directives. Prima Meat Packers has established code of conduct detailing specific routine workflows to ensure that the management philosophy is put into practice. The Company has also established a Food Safety Policy to ensure that all our business activities contribute toward the goal of delivering safe and tasty meals to the table.

When risk events materialize, we follow the Risk Event Response Manual, which outlines the steps to follow in accordance with the anticipated severity of the damage. If the damage is expected to be extensive, the business continuity plan (BCP) will be enacted, with a central task force headed by the president coordinating the emergency responses of the affected departments.

The employee handbooks we issue each year include content on the initial steps to take if a risk event materializes during routine work operations (there are separate instructions for serious customer complaints, food poisoning incidents, work accidents, traffic accidents, and natural disasters). This information gives employees an idea of the right actions to take in an emergency.

Climate-related Risks

Climate change is a worldwide problem and one that impacts our business operations. Examples of the climate-related risks we face include higher prices for raw materials and animal feed. Recognizing climate change as a major source of business risk, we have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and we disclosed climate-related information in accordance with the recommendations [see p. 35](#).

Business Continuity Planning

Part of our risk management strategy involves business continuity planning. We develop plans to keep our businesses operational during a natural disaster or a wave of infections. During such events, we will promptly place ourselves on an emergency footing to manage the dangers, and work to contain the damage. Mindful of our corporate social responsibility, we will work to recover normal operations and assist the recovery efforts of affected communities and government bodies.

Monitoring Risks

Every fiscal half-year, risk information is reported to the Board of Directors of Prima Meat Packers. The risk information is categorized as follows: Food safety and reliability risks, regulatory risks, occupational health and safety risks, compliance risks, information security risks, and transaction risks. For high-magnitude risks, the board is continually updated about the risk in question until the risk is resolved or no longer a concern. In this way, we work to minimize threats to our business operations.

Of the risk categories mentioned above, food safety and reliability risks are the most critical concern to us as a food manufacturer. Accordingly, we make extra efforts to communicate such risks across the Group. For example, we hold quarterly meetings to discuss customer feedback about our products, inform each business about regulatory developments, and inform production sites about the measures they should take to ensure food safety and reliability. We also hold monthly meetings to

discuss price trends in raw materials and make sure that our businesses are procuring their materials for a reasonable price.

Defending against Cyberthreats

Cyberthreats have become an all-too-familiar menace to companies. Attackers around the world are growing more sophisticated and devious by the day. Accordingly, we are bolstering our cybersecurity infrastructure. The new infrastructure will consist of multiple systems, including internet connection monitoring, endpoint detection and response (checking for suspicious activity on devices), Secure Sockets Layer virtual private network (for protecting communications between mobile devices and networks), and an authentication system for controlling access. It will also consist of a high-security network.

Alongside this, we are improving cybersecurity training for employees, with an emphasis on context-aware cybersecurity—cybersecurity sensitive to time, place, and occasion. The purpose is to make employees ready to respond to cyberthreats at any time, understand the threats and responses specific to a particular place, and understand the right responses and reporting requirements for the occasion in question. It is important to ensure that operating system software is updated and that data is saved; we are therefore putting in place procedures for such.

Anti-infection Measures

On March 17, 2020, we initiated a business continuity plan to deal with the growing threat of COVID-19. As part of the plan, we established a taskforce headed by the president. The taskforce worked to prevent or contain infections on Company premises primarily to protect employees and other stakeholders but also to fulfill our social responsibility to maintain stable supplies of food products. Through these actions, we created value in the following ways: 1) We raised confidence among employees and other stakeholders, 2) forged new sales channels and distribution means to expand our clientele, 3) created new business opportunities and ways of working, and 4) built solid supply chains.

Risks Affecting Performance

The following table shows the main risks that could potentially affect our business and financial performance.

Category	Risk	Description	Actions
Business environment	Price fluctuations in raw materials Material risk	Because we produce and sell fresh meat, processed pork (ham and sausages), and other processed foods, our performance may be affected by price rises in the livestock market or oil market, from which we procure raw materials and goods for such products. • Price fluctuation in livestock market • Livestock disease • Safeguard action (international trade restrictions) on raw meat imports • Animal feed prices • Packaging • Fuel and electricity costs in plants • Distribution costs	• Procure raw materials from multiple sources • Find and secure alternative sources of raw materials • Use commodity futures contracts • Revise standards for inventory levels • Secure ample stocks • Adjust sales price
	Exchange rate fluctuation	Because we source raw materials and goods from the U.S., Europe, China, and other overseas areas, exchange rate fluctuations may affect our performance. Additionally, because the financial results of our overseas subsidiaries are denominated in local currency, our consolidated performance may be affected by the exchange rate that applies when we translate the results into Japanese yen.	• Use foreign exchange contracts to deal with short-term currency fluctuation • Ensure that sales prices reflect latest exchange rates
Business operation	Securing safe, reliable food Material risk	If any of the following issues occur in the production and sale of our products, we may harm customers' health and our credibility may be affected, which may threaten our continued operation: • A serious quality issue • A prolonged quality issue • Allergen contamination	• Apply quality management standards (HACCP, ISO 22000, FSSC 22000) • Display accurate product information on packaging and on website • If an incident arises, notify the public immediately and take corrective and preventive action
	Impairment of goodwill and fixed assets	Our performance and financial health may be adversely affected if we fail to produce the expected cash flows as a result of tangible or intangible fixed assets diverging from what was stated in the business plan. • A newly acquired subsidiary fails to perform as well as expected • Business assets diverge from figures stated in the business plan	• Set purchase price after thorough review at Executive Council • Establish procedures for managing recent acquisitions • Review performance of investments at Executive Council
	Regulatory compliance Material risk	A Group business may be severely damaged if it commits a legal violation. • After violating the Food Sanitation Act or Food Labeling Act, a business is placed under administrative measures, resulting in reputational damage • After violating the cross-border trade laws, a business is placed under administrative measures, hurting its ability to produce and sell products • After violating the Antimonopoly Act, a business is placed under administrative measures, resulting in transaction restrictions and reputational damage • After violating labor laws, a business is placed under administrative measures, resulting in reputational damage • After violating environmental and recycling laws, a business is placed under administrative measures, harming its ability to recover and produce goods and causing reputational damage	• Observe quality management standards • Communicate code of conduct, use Compliance Committee to inculcate compliance culture, provide compliance training • Provide in-house rules, ensure directives are complied with, provide anti-bullying training • Ensure that environmental management system and Environment Committee are operating properly
Environment, emergencies	Natural disasters, accidents, incidents Material risk	If a natural disaster or accident harms the life, health, or property of a Group company or one of our distributors, the affected entity may be forced to suspend supplies and rearrange production, distribution, and sales networks, resulting in severe damage to performance. • Natural disasters (e.g., earthquake, typhoon, major snowfall, tornado, volcanic eruption, torrential downpour) • Accidents (e.g., fire, explosion, traffic accident) • Incidents (e.g., terrorist incident, kidnapping, blackmail) • Armed conflict (e.g., civil unrest)	• Secure ample stocks • Buy extra supplies of key goods • Develop business continuity plan and run drills
	Infectious disease Material risk	If an infectious disease persists, we may be unable to continue business activities, resulting in severe damage to performance. • Forced to suspend non-critical workflows • Forced to suspend production lines and sale of products • Office or plant forced to suspend operations	Measures to prevent infection among employees and their families during epidemics/pandemics • Encourage healthy behavior • Limit meetings, restrict travel Action for business continuity • Develop business continuity plan and run drills • Develop business management framework for each business location • Bring in staff from other departments to help in production • Provide work-from-home and staggered-hours schemes • Use videoconferencing for board meetings
	Major system malfunction Material risk	If a major system malfunction occurs (as a result of a cyberattack or other reason), we may be unable to continue business activities, resulting in severe damage to performance. • Forced to suspend non-critical workflows • Forced to suspend production lines and sale of products • Leakage of confidential business data or personal data	• Establish a backup system • Establish a method whereby data is received at multiple locations • Strengthen cybersecurity • Develop a business continuity plan and run drills

* In the Risk column, "Material risk" indicates that the risk in question is particularly dangerous.

Messages from Outside Directors



The outside directors on our board represent a broad spectrum of knowledge and experience. They contribute toward a robust system of corporate governance, underpinned by principles such as impartiality and transparency. Below, the three outside directors discuss the challenges we face, their impressions about how our organization is doing, and what they would like to see us doing in the future.

Yuzo Ide Outside Director

Mr. Ide joined Wacoal Corp. in 1977. After Wacoal became a holding company (Wacoal Holdings Corporation) and established Wacoal Corp. as its operating company, Mr. Ide became a corporate officer of the operating company in April 2006 and then a director and vice president (as well as corporate officer) of the company in April 2014. In June 2014, he became a director of Wacoal Holdings Corporation. He became an outside director of Prima Meat Packers in June 2020.

Takeshi Yamashita Outside Director

A visiting lawyer at Hibiya Park Law Offices, Mr. Yamashita specializes in trade law (compliance, risk management, AGM management, insurance law, financial law) and intellectual property law (copyright and legal matters for IT companies). Among other things, he has served as professor at Meiji Gakuin University's Graduate Law School (now the Graduate School of Business and Law). He is an auditor at the Association of Risk Management and serves on the Procurement and Disposal Review Committee of the Bank of Japan.

Yoshino Tsujita Outside Director

After working in an overseas securities company, Ms. Tsujita joined Japan Tobacco Inc. At Japan Tobacco, she managed corporate planning and investor relations. In March 2020, she founded an apparel business, Relier Inc. She became an outside director of Prima Meat Packers in June 2022.

Providing a legal heads-up

Compared to when I first joined the board, Prima Meat Packers ("the Company") is now much more committed to corporate governance. It has separated monitoring from business execution and established the Executive Advisory Committee, on which outside directors make up the majority. It has enabled me and other outside directors to engage in discussions about strategic matters. Moreover, it has bolstered the administrative support for outside directors, such that we are now well briefed ahead of board meetings.

Prima Meat Packers Group must always remain committed to producing quality food products. Like any manufacturer, it needs to procure the right raw materials. Supply chain management is of paramount importance and will always underlie the Company's operating and financial performance. To help the Company build strong partnerships and a solid base for manufacturing, I have anticipated and advised the management about the general legal

trends and challenges the Company will need to navigate. I continue to give the management a heads-up on issues that are relevant to the Company's business, along with my future predictions.

Sustainability is an increasingly important topic, not least in the food sector. The Company now recognizes sustainability as a strategic priority. Three years ago, it established the Sustainability Committee, which has several subcommittees dedicated to different sustainability themes. This setup has proved effective in furthering sustainability initiatives.

One thing the Company must do to unlock further growth is to bolster its human capital. To drive a global expansion, the Company requires globally minded, globally fluent talent. It must nurture a global mindset among employees across the Group and assemble a team of employees who want to shine on the world stage. To do so, the Company must make its own organizational culture more international.



Takeshi Yamashita
Outside Director



Yuzo Ide
Outside Director

Advising on employee engagement and global growth

The year 2022 brought volatilities beyond expectation: a plummeting yen, high import prices, soaring energy costs, steep prices for animal feed, and heavy labor costs. With the Board of Directors' quick and decisive leadership, the Company navigated these challenges. It led the industry in revising sales prices and in testing further cost-cutting measures. As a result, corporate performance stabilized in fiscal 2023.

To help the Company become even more resilient to such challenges, I advise the management on two main topics, drawing on my experience in manufacturing.

The first topic is human capital. To further engage and empower employees, the Board of Directors must do more than issue top-down directives. It must take the perspective of employees and consider what the challenges are and how to address them. I have always urged the management to create more opportunities for free dialogue between managers and subordinates and between the CEO of Prima Meat Packers

and Group companies. In June 2024, I heard news on the Executive Council that the Company would fully launch 1-on-1 meetings this fiscal year. The Company is yet to decide who will attend these meetings and what they will cover. Employee feedback suggests that they should cover career planning. To make the organization bigger and stronger, the management must listen to employees—what work they want to do, where they see the Company in the future, and so on—and use this feedback to reshape the talent development system. The 1-on-1 meetings will, I hope, provide greater opportunities for dialogue across the Group.

The second topic concerns global expansion. To drive growth in its overseas businesses, the Company should exert leadership over its overseas Group companies. I advise the CEO to hold plenty of dialogues with overseas managers to inculcate the organization's values and beliefs across the global group.

Offering a distanced perspective and pushing for more vibrant board meetings

In 2023, the Company started providing preliminary sessions on the agenda for an upcoming board meeting. The sessions in 2023 were a great opportunity for outside directors and corporate auditors to question the management and scrutinize the agenda items. Our feedback is incorporated into board presentations and discussions, making for better-quality decisions.

However, the preliminary session was too introspective and company-centric. Directors should take a step outside the usual frame and consider how shareholders and investors might see the Company. As outside directors, we can offer a more distanced perspective. I always assume a stakeholder's perspective and never hold back from raising questions or doubts during a presentation or discussion at board meetings. When I feel that a project or undertaking is not proceeding satisfactorily, I highlight the delay (while being sensitive to the circumstances in question) and push for corrective action.

A stakeholder-centric approach requires greater dialogue with stakeholders. At board meetings, we hear reports of stakeholder dialogues

that have occurred, but we never get to hear what went on during the dialogues. I have advised the management to share with directors the details of stakeholders briefings and question-and-answer sessions so that we can incorporate this information into board discussions.

The external business environment and socioeconomic landscape will become increasingly volatile in the years ahead. The Company must turn the challenges into fresh opportunities for developing products that are competitive and that embody the Prima brand values. It should also accelerate global business expansion. When it comes to global business, my own experience shows that nothing is more important than building solid relationships with people in the target countries. By impressing upon the employees of Prima Meat Packers the importance of communicating with local employees and business partners, I can help the Company in global business development.



Yoshino Tsujita
Outside Director

Directors and Corporate Auditors

Directors



Naoto Chiba President and CEO

Apr. 1983 Joined ITOCHU Corporation
 Apr. 2014 Executive Officer of ITOCHU Corporation, Chief Operating Officer of Food Products Marketing & Distribution Division
 Apr. 2015 Seconded to Dole Asia Holdings Pte. Ltd. (Executive Vice President, Director)
 Apr. 2016 Managing Executive Officer assigned to Processed Foods Business Division and Fresh Meat Business Division, in charge of Audit Department of the Company
 Jun. 2018 President and Representative Director of the Company
 Jun. 2019 President and Executive Officer of the Company (current position)

Reason for nomination

Naoto Chiba is qualified to lead the Group effectively and contribute toward further growth. He has led the Company toward greater success and has extensive experience and results as a business leader. As chair of the Board of Directors, he has managed the board's business effectively.

Number of the Company's shares owned 23,122
 Number of shares to be granted under the performance-linked stock remuneration plan 12,304
 Total 35,426



Takeshi Yamashita Director

Part-time Independent Outside

Apr. 1985 Professor at Hiroshima University
 Apr. 1997 Professor at Tokai University
 Jul. 1997 Registration as an attorney
 Apr. 1999 Part-time Lecturer of International Corporate Strategy at Graduate School of Hitotsubashi University
 Jun. 2003 Corporate Auditor of the Company
 Dec. 2003 Joined Hibiya Park Law Offices (current position)
 Jun. 2012 Director of the Company (current position)

Reason for nomination

Takeshi Yamashita is qualified to audit and supervise the management impartially. As a university professor and attorney, he has extensive experience and specialized knowledge.

Number of the Company's shares owned 0



Yuzo Ide Director

Part-time Independent Outside

Apr. 1977 Joined Wacoal Corp. (current Wacoal Holdings Corp.)
 Apr. 2006 Corporate Officer of Wacoal Corp. (operating corporation)
 Apr. 2008 Director and Senior Managing Corporate Officer of Wacoal Corp. (operating corporation)
 Apr. 2014 Director and Vice President Corporate Officer of Wacoal Corp. (operating corporation)
 Jun. 2014 Managing Director of Wacoal Holdings Corp.
 May 2020 Outside Director of Cosmo Co., Ltd. (current position)
 Jun. 2020 Director of the Company (current position)

Reason for nomination

Yuzo Ide is qualified to serve as an outside director. Having managed corporate planning for a big-name global manufacturer, he has extensive experience coupled with in-depth knowledge about global expansion and strategic planning. If elected as outside director, he will contribute toward Prima Meat Packers' strategic planning, while supervising, supporting, and advising the management from an independent standpoint.

Number of the Company's shares owned 1,564



Yoshino Tsujita Director

Part-time Independent Outside

Mar. 1987 Joined Swiss Bank Securities Corporation
 Jan. 1989 Joined Salomon Brothers Asia Securities Ltd.
 Jun. 1999 Vice President of The Chase Manhattan Bank
 Feb. 2001 Vice President of JPMorgan Securities Japan Co., Ltd.
 Mar. 2002 Joined Japan Tobacco Inc.
 Jun. 2006 General Manager, Corporate Planning Division of Japan Tobacco Inc.
 Sep. 2014 General Manager, Compliance Office of Japan Tobacco Inc.
 Apr. 2016 General Manager, Media and Investor Relations Division of Japan Tobacco Inc.
 Mar. 2020 Representative Director of Relier Inc. (current position)
 Apr. 2020 Outside Director of Yukiguni Maitake Co., Ltd. (current position)
 Jun. 2022 Director of the Company (current position)
 Sep. 2022 Director, Yukai Engineering Inc. (current position)

Reason for nomination

Yoshino Tsujita is qualified to serve as an outside director. With her extensive corporate experience in Japan and abroad, Tsujita offers insights in business management and diversity, along with in-depth knowledge of accounting and finance. If elected as outside director, she will contribute toward Prima Meat Packers' strategic planning, while supervising, supporting, and advising the management from an independent standpoint.

Number of the Company's shares owned 891

* The three outside directors (Takeshi Yamashita, Yuzo Ide, and Yoshino Tsujita) fulfill Prima Meat Packers' independence criteria, in that they pose no potential conflict of interest with general shareholders as defined by the TSE.

Corporate Auditors



Naofumi Sakai Corporate Auditor

Sep. 1987 Joined the Company
Apr. 2014 General Manager, Planning & Coordination Department, Sales Division of the Company
Apr. 2019 General Manager, Fresh Meats Business Management Department, Fresh Meats Business Division of the Company
Apr. 2023 Assistant to General Manager, Corporate Strategy Department, Corporate Strategy Division of the Company
Jun. 2023 Standing Corporate Auditor of the Company (current position)

Reason for nomination

Naofumi Sakai has abundant experience and specialized knowledge in the industry. He has been involved in the Company's business for many years and has extensive experience in internal control.

Number of the Company's shares owned 1,169



Hideki Shimozawa Corporate Auditor

Independent Outside

Apr. 1986 Joined The Mitsui Trust and Banking Company, Limited (current Sumitomo Mitsui Trust Bank, Limited)
Jul. 2008 Manager, Takamatsu Branch of The Chuo Mitsui Trust and Banking Company, Limited
Nov. 2009 General Manager, Head Office Business Division 5 of The Chuo Mitsui Trust and Banking Company, Limited
Feb. 2011 General Manager, Credit Card and Financing Planning Department of The Chuo Mitsui Trust and Banking Company, Limited
Jun. 2019 Standing Corporate Auditor of the Company (current position)

Reason for nomination

Hideki Shimozawa is qualified to serve as outside corporate auditor in light of his extensive experience in banking.

Number of the Company's shares owned 2,200



Kuniaki Abe Corporate Auditor

Part-time

Apr. 1991 Joined ITOCHU Corporation
Apr. 2011 General Manager, Food Products Marketing & Distribution Strategy Department, Food Products Marketing & Distribution Division of ITOCHU Corporation
Apr. 2013 Executive Officer of FamilyMart Co., Ltd.
Apr. 2016 General Manager, Food Development Division of ITOCHU Corporation
Apr. 2017 General Manager, Retail Development Division of ITOCHU Corporation
Apr. 2019 General Manager, Planning & Administration Department, Fresh Food Division of ITOCHU Corporation
Apr. 2022 Executive Officer of ITOCHU Corporation
Apr. 2023 Executive Officer, Chief Operating Officer, Head of Fresh Food Division, Itochu Corporation (current position)
Jun. 2023 Corporate Auditor at the Company
Apr. 2024 Senior Executive Director, Head of Fresh Food Division (current position)

Reason for nomination

Kuniaki Abe is qualified to serve as corporate auditor in light of his extensive experience and specialized knowledge in general trading.

Number of the Company's shares owned 0



Akemi Sunaga Corporate Auditor

Part-time Independent Outside

Oct. 1989 Joined Auditing Department of Aoyama Audit Corporation
Feb. 1991 Joined Auditing Department of Chuo Audit Corporation
Aug. 1993 Registered as Certified Public Accountant
Oct. 1994 Registered as Certified Public Tax Accountant
Nov. 1994 Founded Sunaga CPA Firm, became its representative (current position)
Nov. 1996 Founded Marunouchi Business Consulting Ltd., became Representative Director (current position)
Jan. 2012 Founded Marunouchi Business Consulting Tax Co., became Senior Partner (current position)
Jun. 2016 Outside Auditor at Matsumotokiyo Holdings
Jun. 2017 Senior Partner of Marunouchi Audit Corporation
Jun. 2020 Outside Director and Audit and Supervisory Committee Member at Ushio Inc. (both current positions), Outside Director and Audit and Supervisory Committee Member at Yomeishu Seizo Co., Ltd. (both current positions)
Jun. 2021 Corporate Auditor at the Company (current position)
Jan. 2022 Senior Partner of Marunouchi Audit Corporation (current position)
Jun. 2022 Outside Director of KYB Corporation (current position)
Mar. 2023 Outside Auditor at Lion Corporation (current position)

Reason for nomination

Akemi Sunaga is qualified to serve as an outside corporate auditor in light of her extensive experience as a certified public accountant and certified tax accountant.

Number of the Company's shares owned 687

Executive Officers

President and Executive Officer

Naoto Chiba

Senior Managing Executive Officers

Takahiro Uchiyama

Head of Administration Division

Yuji Shinkawa

Head of Sales Division, and East Japan Branch, Sales Division

Managing Executive Officers

Toshihiro Tago

Head of Production Div.

Satoshi Nakajima

Acting Head of Administration Division

Makoto Amino

Head of Meat Business Div. and Meat Procuring Dept.

Kenichi Tai

Head of Corporate Strategy Div., Head of Corporate Strategy Dept., in charge of Prima Next Project

Executive Officers

Shinichi Koga

Head of Financial & Accounting Dept.

Tatsuya Kudo

Head of Quality Assurance Div.

Takayuki Kanai

Head of Human Resources Dept.

Keiko Sasajima

Head of Development Div.

Yasushi Miyatake

Head of IT Promotion Dept., Corporate Strategy Div. and Prima Next Project Leader

Jyunshi Hachiro

Foreperson at Mie Plant, Production Div.

Shin Sasaki

Head of West Japan Branch, Sales Div.

Masayuki Izumi

Head of Meat Procuring Division

Hiroyuki Teramura

Head of Food Service Division

Hayashi Yoshihiko

Head of Ibaraki Plant, Production Division