

Corporate Governance Basic Policy

This Basic Policy sets out the basic guidelines on corporate governance of the Prima Meat Packers Group (hereinafter referred to as the “Group”) in order to achieve sustainable growth and enhance corporate value over a mid- to long-term timeframe.

Chapter 1: General Provisions

Article 1 (Basic Approach to Corporate Governance)

Based on the basic philosophy of “contributing to the development of society and food culture by providing safe and reliable products to create healthy and enriched dietary lifestyles,” the Group will work to enhance corporate governance in accordance with the following basic policies in order to practice highly transparent and honest management and to appropriately and flexibly implement decision-making in response to changes.

- (1) The Group shall respect the rights of shareholders and shall work to improve the environment in which shareholders can properly exercise their rights and shall ensure the substantial equality of shareholders.
- (2) The Group shall establish and disclose its management philosophy, code of conduct, food safety policy, environmental policy, and basic management planning policy, which are the basic principles of management shared by all officers and employees of the Group to serve as the basis for all activities.
- (3) The Group shall recognize the importance of its mission and social responsibility in providing products, and shall strive to collaborate appropriately with stakeholders such as customers, business partners, employees, and local communities, and shall foster a corporate culture and atmosphere of sound business operation based on a high level of self-discipline. In addition, in order to build a foundation for constructive dialog with stakeholders, the Group will strive to ensure appropriate disclosure of corporate information, including non-financial information, and transparency of corporate management.
- (4) In order to realize effective and efficient management of the Group and to fulfill the function of business execution responsibility, the Group shall strive to ensure the effectiveness of the supervisory function of business execution by the Board of Directors.
- (5) Respecting the principles of the Japanese version of the Stewardship Code, the Group will positively engage in dialog (interviews) with institutional investors and other shareholders.

Chapter 2: The Group’s Corporate Governance

System

Article 2 (Role of the Board of Directors)

The Board of Directors shall supervise the overall management of the Group, including the execution of business duties by the business executors, to ensure fairness and transparency in

management, and shall make decisions for the benefit of the Group by means of decision making on important business operations that are deemed to be matters to be decided by the Board of Directors under the relevant laws and regulations and the Company's regulations.

2. The Board of Directors shall delegate authority to the Executive Officers and the division heads of the relevant business units, etc., for the execution of business operations and decisions other than the important business operations described in the preceding paragraph, and shall supervise the state of execution of their business operations.
3. Outside Directors shall supervise the execution of business by the Board of Directors and management, as well as conflicts of interest among the Group, management, controlling shareholders, etc., from the perspective of stakeholders in order to achieve sustainable growth and raise the medium- to long-term corporate value of the Group.
4. In recognition of the importance of environmental and social issues surrounding sustainability, the Board of Directors shall establish basic policies regarding the social responsibilities to be fulfilled by each company in the Group in the form of the Code of Conduct and Environmental Policy, etc., raise the awareness of officers and employees, and promote active efforts to resolve issues while giving due consideration to stakeholders, in order to achieve sustainable development of society and increase the corporate value of the Group.

Article 3 (Structure of the Board of Directors)

The number of members of the Board of Directors of the Company shall be limited to twenty (20), which is the number specified in the Group's Articles of Incorporation. The number of members of the Board of Directors shall be determined based on the basic principle that the Board of Directors shall be composed of the number of members necessary and appropriate to ensure an effective management system to manage the business execution functions of the Group and to ensure substantive discussions at the meetings of the Board of Directors, while giving due consideration to ensure diversity and expertise in the Board of Directors.

2. In recognition of the importance of the function of Outside Directors in corporate governance, the Company shall establish and disclose the criteria for determining independence, with the aim of the Board of Directors operating with multiple independent Outside Directors.
3. When determining candidates for directors, the Company shall consult with the Executive Advisory Committee, which consists of the President and Representative Director and Independent Outside Directors, to ensure independence and objectivity, and shall consider the knowledge, experience and abilities of each individual, as well as the balance of personnel who can demonstrate strengths in the operation of each business field in a wide range of business fields and personnel who are suitable for business management to ensure the diversity of the Board of Directors as a whole.

Article 4 (Executive Advisory Committee)

In order to ensure transparency in corporate governance, the Executive Advisory Committee, consisting of the President and Representative Director and Independent Outside Directors, shall be established as an advisory board to the Board of Directors.

2. The Executive Advisory Committee shall examine the following matters in response to the Board of Directors and report to the Board of Directors.
 - (1) Matters concerning the appointment and dismissal of directors, auditors, and executive officers
 - (2) Matters concerning remuneration for directors, auditors and executive officers
 - (3) Important matters concerning corporate governance
 - (4) Other important matters as determined to be necessary by the Board of Directors

Article 5 (Remuneration of the Board of Directors)

The total annual amount of remuneration for the Company's Directors shall be resolved at the Annual General Meeting, and the amount of individual remuneration shall be deliberated by the Executive Advisory Committee and decided by the Board of Directors after deliberation by the Executive Advisory Committee based on certain standards approved by the Board of Directors, thereby ensuring transparency.

Article 6 (Qualifications of Directors and Nomination Procedures)

Candidates for the Company's Board of Directors shall be determined by the Board of Directors from among a wide range of diverse personnel after deliberation by the Executive Advisory Committee in accordance with the following nomination policy.

(1) Persons with extensive knowledge and experience in the business operations and management of the Group.

(2) Persons who fully understand the social responsibility and mission of a food company and who can execute business operations and management fairly and adequately based on a high level of self-discipline.

2. Notwithstanding the preceding paragraph, candidates for Outside Directors shall be determined by the Board of Directors after deliberation by the Executive Advisory Committee from among a wide range of diverse personnel in accordance with the following nomination policy.

(1) Persons who meet the Company's independence criteria.

(2) Persons who understand the management philosophy of the Company and have a thorough understanding of the social responsibilities and roles of the Group.

(3) Persons who fully recognize their roles as Outside Directors and who can supervise the Directors and management of the Group and provide precise and appropriate opinions and advice by utilizing their knowledge and experience in the fields of corporate management, economics, legal affairs, accounting, taxation, auditing, etc.

Article 7 (Qualifications and Nomination Procedures for Corporate Auditors)

Candidates for Corporate Auditors of the Company shall be determined by the Board of Directors after deliberation by the Executive Advisory Committee with the consent of the Board of Corporate Auditors from among a wide range of diverse personnel in accordance with the following nomination policy.

- (1) Persons with extensive knowledge and experience in corporate business operations and management.
- (2) Persons who can audit the status of business execution by Directors from a fair and objective standpoint and contribute to improving the soundness and transparency of management.
- (3) Persons who understand the management philosophy of the Company and have a thorough understanding of the social responsibilities and roles of the Group.
- (4) Persons who fully recognize their roles as Outside Corporate Auditors and who can contribute to the improvement of soundness and transparency of management by auditing the status of business execution by Directors from a neutral and objective perspective, utilizing their knowledge and experience in the fields of corporate management, economics, legal affairs, accounting, taxation, auditing, etc.

Article 8 (Ensuring the Effectiveness of the Board of Directors)

The Company shall make efforts to provide sufficient information to Outside Directors and Outside Corporate Auditors by distributing materials concerning subjects and agenda items of the Board of Directors' meetings to them prior to the date of the Board of Directors' meetings, and by providing them with prior explanations as necessary, in order to facilitate productive discussions at each meeting of the Board of Directors.

2. The Board of Directors shall annually analyze and assess the effectiveness of the Board of Directors as a whole, referring to each Director's self-assessment, and shall receive advice from Outside Directors.

Article 9 (Policy on Training, etc., for Directors and Corporate Auditors)

The Company shall collect and provide information on economic conditions, industry trends, compliance with laws and regulations, corporate governance, and financial accounting and other matters necessary for Directors and Corporate Auditors to fulfill their roles, provide internal and external training, and Directors and Corporate Auditors shall endeavor to conduct self-improvement.

2. Outside Directors and Outside Corporate Auditors of the Company shall, in order to fulfill their roles, receive explanations on the Group's management policies, management plans, management environment, management issues, etc., from the relevant divisions and officers in charge, etc., in a timely manner after assuming their posts, to ensure sufficient understanding.

Chapter 3: Measures to Protect the Interests of

Stakeholders

Article 10 (Management System for Transactions Between Related Parties)

The Company shall require the approval of the Board of Directors for any transactions involving conflicts of interest between the Group and its Directors, Corporate Auditors and Executive Officers.

2. The Company shall report to the Board of Directors any significant transactions that would result in a transaction amount exceeding a certain level when conducting transactions with controlling shareholders, etc.
3. The Company shall establish a system to manage transactions between related parties by reporting annually to the Board of Directors on the existence or non-existence of related party transactions between the Group and Directors, Corporate Auditors and Executive Officers, and on the amount of transactions with controlling shareholders, etc.

Article 11 (Policy on Strategic Ownership of Shares, etc.)

The Company shall not hold any shares that are deemed not to contribute to the maintenance and development of a good business relationship with the issuing company and, in turn, to the development of the Company's business. Every year, the Board of Directors will review the significance of holding strategic shareholdings and sell any shares that are judged to have little significance.

2. Exercise voting rights by making a comprehensive judgment of approval or disapproval from the perspective of, for example, the issuing company's establishment of an appropriate governance system and appropriate decision-making that leads to the enhancement of corporate value over a mid- to long-term timeframe. In addition, the Group will engage in dialog with issuing companies as necessary.

Article 12 (Compliance Hotline System)

The Company shall establish an internal information reporting system in order to promptly and appropriately take action in the event of legal violations, etc., and shall establish a system in which all officers and employees can directly report and consult with the Group through the Hotline (Legal Department or external specialized contact) and the President's suggestion box, etc.

Chapter 4: Dialog with Shareholders

Article 13 (Policy on Constructive Dialog with Shareholders)

The Company shall value constructive dialog with shareholders and endeavor to have such dialog through various opportunities centering on the President and Senior Management.

2. The Company shall strive to obtain an understanding of the Company's management policies through constructive dialog, and by considering the opinions of shareholders and absorbing and reflecting management analysis and opinions from the perspective of shareholders, the Company shall work to achieve sustainable growth and enhance the mid- to long-term corporate value of the Group.

Supplementary Provisions

Article 1 (Revision or Abolition of this Basic Policy)

The revision or abolition of this basic policy shall be made by resolution of the Board of Directors.

End

Enacted on November 9, 2015

Revised on July 9, 2018

Revised on December 10, 2018

Revised on Monday, May 11, 2020