



## Corporate Governance Basic Policy

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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 our mission to “contribute to food culture and society through great taste and excitement,” 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, Management Vision, Basic Sustainability Policy, 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 policies aligned with the Basic Sustainability Policy (e.g., the Food Safety Policy and Environmental Policy), 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.
5. In recognition of the importance of leadership succession planning (preparing potential successors to the role of president), the Board of Directors shall define the competencies required of a top-ranking corporate officer, define how to cultivate these competencies, and then facilitate a succession plan to that end.

### **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 independent Outside Directors making up at least a third of the membership.
3. When deciding whom to nominate for membership of the Board of Directors, the Company shall aim for a set of candidates collectively covering a good balance of the following skills: business acumen, global experience, expertise in finance and accounting, expertise in human resource management and talent development, expertise in internal controls, legal affairs, and compliance, and experience in the manufacturing industry. At least one of the nominations shall be for the role of Independent Outside Director, and business acumen shall be prioritized in the selection of candidates for that role. When deciding whom to nominate as an Auditor, the Company shall prioritize expertise in finance and accounting and expertise in internal controls, legal affairs, and compliance.

### **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) Matters concerning leadership succession planning
  - (4) Important matters concerning corporate governance

- (5) Matters concerning conflicts of interest with a controlling shareholder
- (6) Other important matters as determined to be necessary by the Board of Directors

#### **Article 5 (Remuneration of the Board of Directors)**

Remuneration for the Company's Directors shall consist of a fixed salary and a performance-linked component. The amount of fixed salary shall be set after seeking the opinion of the Executive Advisory Committee. It shall be consistent with rank-specific pay approved by the Board of Directors and within the maximum amount approved at the Annual General Meeting. The performance-linked component shall consist of stock-based remuneration linked with the Company's medium- and long-term performance and its value, in order to incentivize Directors to help increase the company's value.

#### **Article 6 (Qualifications of Directors and Procedures for Appointments and Dismissals)**

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.

3. The Executive Advisory Committee shall consider whether to remove a Director from their post (or strip them of their representative authority) if the person no longer satisfies the qualifying criteria stated above or if any of the following circumstances apply.
  - (1) Any of the disqualifying criteria in the Companies Act apply to the person.
  - (2) The person has severely harmed the Company or severely disrupted its business by violating a law, the Articles of Incorporation, or this Corporate Governance Basic Policy, by neglecting their duty, or because of some other reason attributable to that person.
  - (3) The person has committed a public order offense or violated public decency.

#### **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.
2. The Executive Advisory Committee shall consider whether to remove an Auditor from their post (or strip them of their representative authority) if the person no longer satisfies the qualifying criteria stated above or if any of the following circumstances apply.
  - (1) Any of the disqualifying criteria in the Companies Act apply to the person.
  - (2) The person has severely harmed the Company or severely disrupted its business by violating a law, the Articles of Incorporation, or this Corporate Governance

Basic Policy, by neglecting their duty, or because of some other reason attributable to that person.

- (3) The person has committed a public order offense or violated public decency.

#### **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 Executive Advisory Committee and Board of Directors any transaction with a controlling shareholder that is significantly larger than a normal transaction.
3. If any transaction or action of the Company would cause a controlling shareholder's

interest to come into conflict with the interests of minority shareholders, the transaction or action shall be reviewed by a special committee formed of Independent Outside Directors and other individuals who are independent of the Company.

4. The Company shall manage related-party transactions as follows: Every year, the Company shall report to the Board of Directors any transactions that Prima Meat Packers Group or any of its Directors, Auditors, or Executive Officers made with a related party. If the transaction was made with a minority shareholder, the size of the transaction shall be reported to the Executive Advisory Committee and Board of Directors.

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

The Company shall sell cross-held shares when it deems that holding the shares no longer serves the purpose of contributing 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.

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.

Enacted on November 9, 2015

Revised on July 9, 2018

Revised on December 10, 2018

Revised on May 11, 2020

Revised on April 1, 2021

Revised on November 8, 2021

End