

# Corporate Governance

## Basic Policy and Framework

On the basis of its holding company structure, the Group engages in business through its Group companies across a wide range of fields which include processed foods, marine products, meat and poultry products, logistics, and biosciences. In pursuit of sustainable growth and the enhancement of corporate value over the medium to long term, the Company's Board of Directors formulates Group strategies and supervises the business execution of operating companies.

The holding company maintains awareness regarding the principles of the Corporate Governance Code and views the achievement of fair and transparent management as an important management issue. Accordingly, under the supervision of the Board of Directors, we will promote appropriate resource allocation, speed up decision-making, and ensure thorough compliance while continuing to strengthen our governance.

In addition, we have established ourselves as a company with Audit & Supervisory Board system, an institutional design specified within the Companies Act of Japan.

Corporate Governance <https://www.nichirei.co.jp/english/corpo/management/governance.html>

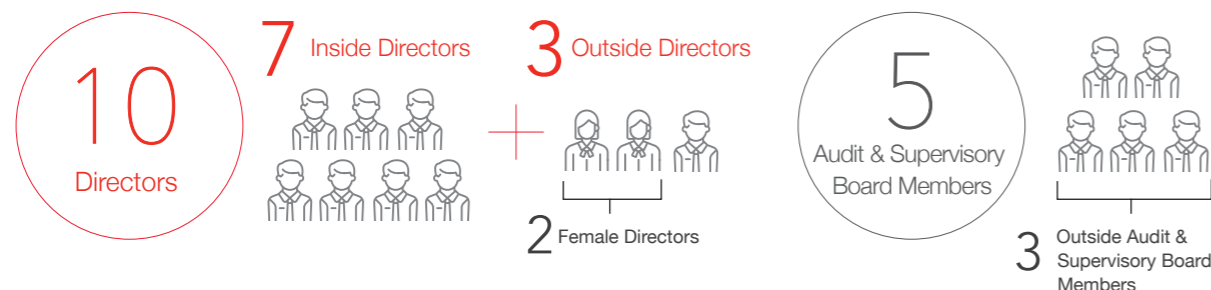
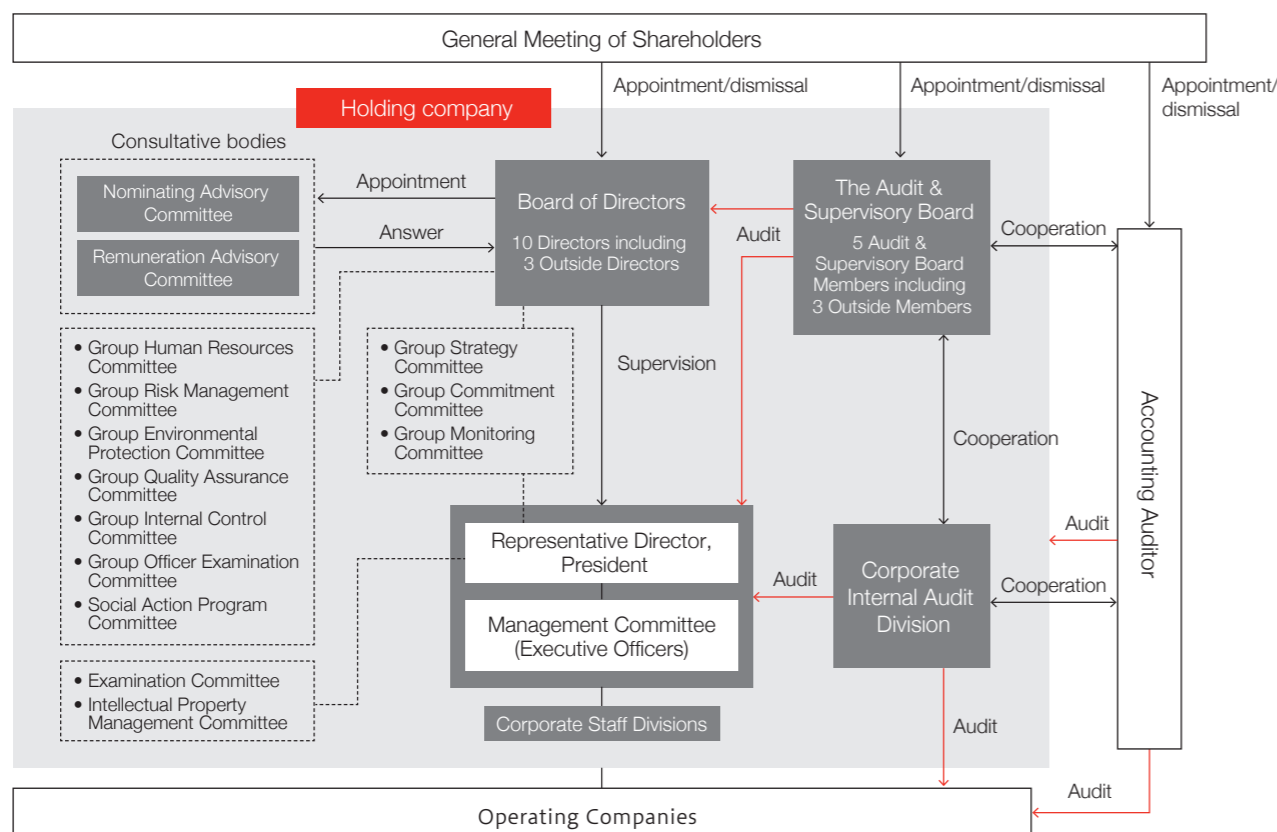


Diagram of Corporate Governance Structure (As of June 24, 2020)



Corporate Governance Report [https://www.nichirei.co.jp/sites/default/files/inline-images/english/corpo/pdf/governance\\_e.pdf](https://www.nichirei.co.jp/sites/default/files/inline-images/english/corpo/pdf/governance_e.pdf)

## Composition of Committees, Structure Reinforcement

### Status of the Establishment of a Voluntary Committee, Its Composition and the Attributes of Its Chairperson

	Voluntary commitment that is functionally equivalent to a nominating committee	Voluntary commitment that is functionally equivalent to a remuneration committee
	Nominating Advisory Committee	Remuneration Advisory Committee
Number of members	5	4
Inside Directors	2	1
Outside Directors	3	3
Audit & Supervisory Board Members	0	0
Chairperson	Outside Director	Outside Director

### Status of Appointment of Members to the Board of Directors and Various Committees

	Status of appointment
Representative Director, Chairman	<ul style="list-style-type: none"> <li>Management Committee</li> <li>Group Human Resources Committee</li> <li>Boards of Directors</li> <li>Group Risk Management Committee</li> <li>Group Environmental Protection Committee</li> <li>Group Quality Assurance Committee</li> <li>Group Internal Control Committee</li> <li>Social Action Program Committee</li> <li>Group Officer Examination Committee</li> </ul>
Representative Director, President	
Inside Directors	
Audit & Supervisory Board Members	
Outside Directors	
Outside Audit & Supervisory Board Members	

Number of Meetings Held	FY2018	FY2019	FY2020
Board of Directors	19	19	18
Nominating Advisory Committee	1	2	2
Remuneration Advisory Committee	1	6	3
Management Committee	21	23	20
Group Human Resources Committee	2	2	2
Group Risk Management Committee	2	2	2
Group Environmental Protection Committee	3	3	2
Group Quality Assurance Committee	2	2	2
Group Internal Control Committee	1	1	1
Group Officer Examination Committee *	—	—	1
Social Action Program Committee	1	1	1

\*Meetings are called by the chairperson on an as-needed basis

### Activity Aimed at Strengthening Nichirei Group's Corporate Governance Structure

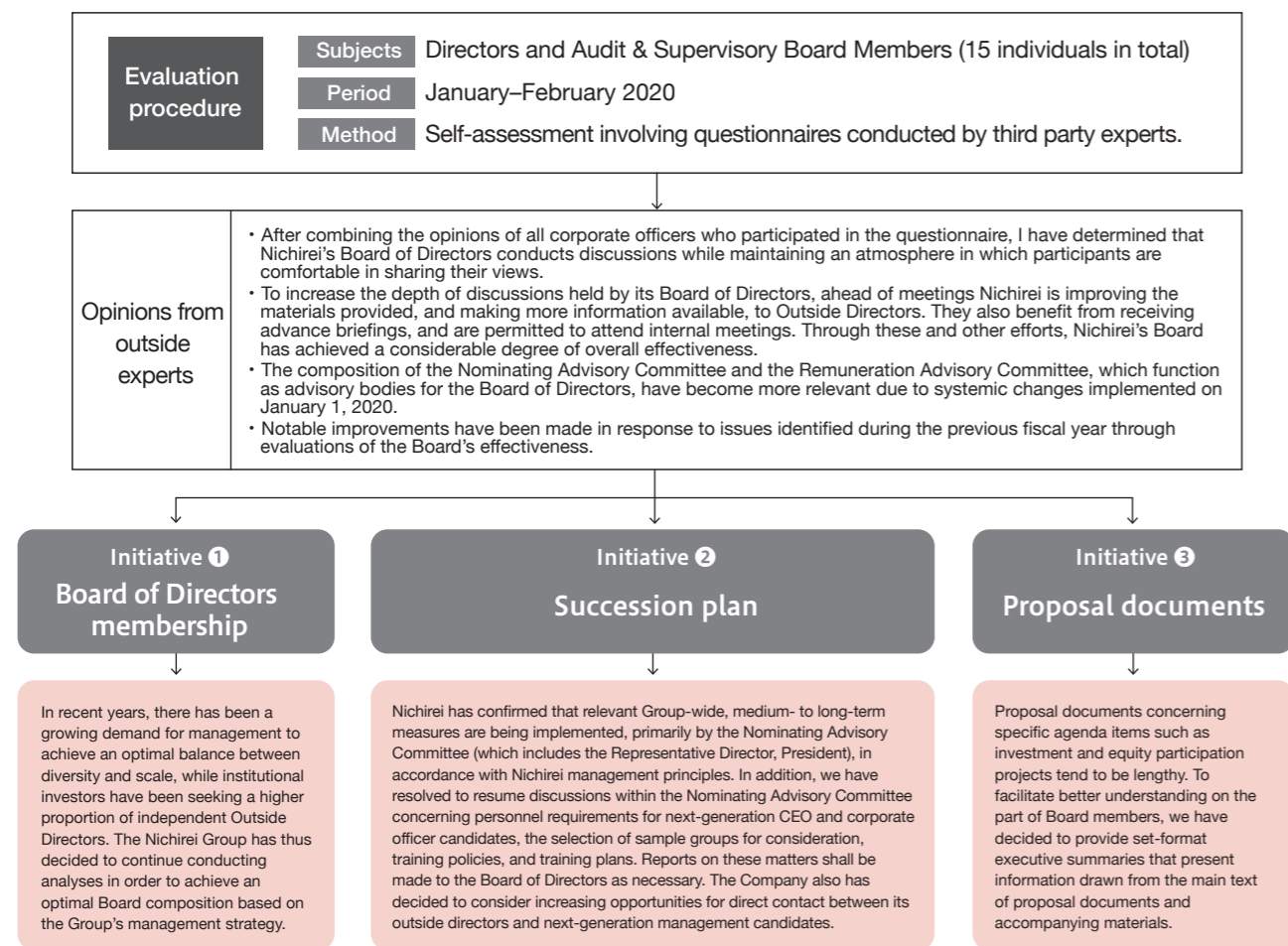
- 2001** • **Implementation of executive officer system**  
Enhancement of the Board of Directors' decision-making and supervisory functions
- 2003** • **Implementation of outside director system**  
Increasing the transparency of management and strengthening the supervisory function of the Board of Directors
- 2005** • **Shift to holding company system**  
This move is aimed at establishing a management system through which both the holding company, which is responsible for Nichirei Group's overall strategy and the Group's operational companies, which handle business execution, can demonstrate their responsibility and mobility.
- **Shift to three independent outside directors structure**  
First female outside director (one) installed
- 2006** • **Retirement bonuses for directors discontinued**  
These were abolished to enable us to review our director compensation system as part of our efforts to conduct management reform and implement a compensation system that is linked to business performance and results.
- **Shortening of director tenure to one year**  
Tenures were shortened to increase the mobility of our response to changes in the management environment.
- 2012** • **Shift to five auditor structure (including three independent outside company auditors)**
- 2015** • **Corporate Governance Basic Policy established**  
Established the Nomination and Remuneration Advisory Committees as advisory bodies for the Board of Directors
- 2016** • **Board of Directors effectiveness evaluations started**  
Discloses result summaries
- **Discontinuation of rules regarding the high-volume purchase of Nichirei share certificates, etc. (Anti-takeover measures)**
- **Number of female outside directors increased to two**
- 2018** • **Formulation of Nichirei Group Disclosure Policy**
- 2019** • **Revision of director compensation system**
- **Revision of the Basic Policy on Corporate Governance**  
Revisions to capital policy and other protocols and adjustments to maximum terms of office for Outside Audit & Supervisory Board Members that aim to ensure their independence

# Corporate Governance

## Evaluations of Effectiveness, Director Compensation System

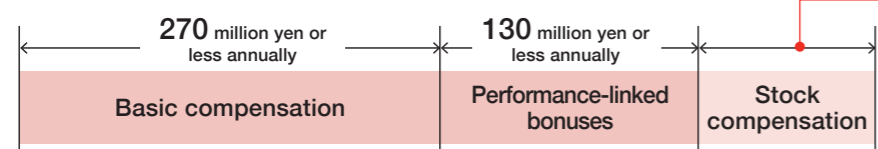
### Board of Directors Evaluations

As necessary, and with the assistance of outside experts, the Company conducts analyses and evaluations of the Board of Directors' activities to ensure its decision-making is effective. Summaries of the results are subsequently disclosed.

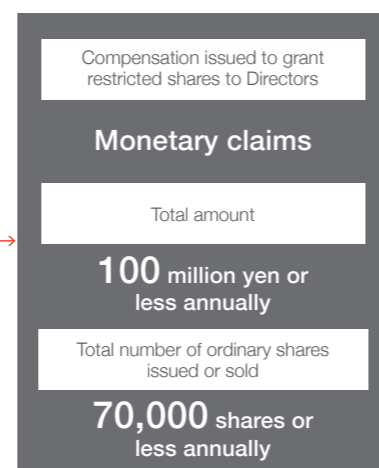


### Director Compensation

To achieve the targets of our medium-term management plan, we have strengthened director incentives and devised a compensation package for Internal Directors and Executive Officers. By making stock compensation part of their remuneration, we see that they share in the same value as our shareholders.



Structured remuneration to include stock compensation in addition to basic compensation and performance-linked bonuses.



\* Executive Officers are eligible for performance-linked bonuses and stock compensation

## Compliance, Risk Management

### Compliance

The Nichirei Group is engaging in a variety of initiatives aimed at improving its corporate ethics by ensuring compliance with the laws and social norms of all the countries in which it operates. Accordingly, we have created guidelines for proper employee behavior in line with laws, our internal regulations, and corporate ethics, as well as a Code of Conduct and a Code of Conduct casebook, which provides clear examples of appropriate behavior. These documents also include information concerning matters related to the prevention of corruption that have been deemed important from the perspective of international compliance, including insider trading bans and the prohibition of engagement or trading with antisocial forces. In addition to providing this information, we conduct employee compliance training aimed at ensuring a more pervasive understanding of compliance management and a more universal compliance management framework.

<https://www.nichirei.co.jp/english/corpo/compliance.html>

**Nichirei Group Code of Conduct**

1. Compliance with Laws and Regulations Concerning Respect for Human Rights and Labor
2. Environmental Protection
3. Compliance with Laws and Regulations and Internal Regulations
4. Management and Preservation of the Company's Property
5. Prohibition on Personal Use of the Company's Property
6. Prohibition on Insider Trading
7. Ensure the Reliability of Financial Information
8. Management and Use of Information
9. Prohibition of Personal Acts Conflicting with the Company's Interests
10. Prohibition on Unfair Benefits Given to/Received from Public Officers or Business Partners
11. Prohibition on Involvement/Trade with Antisocial Forces
12. Compliance with/reporting of and Consultation on Code of Conduct

### Risk Management

The Nichirei Group has set up the Group Risk Management Committee, chaired by the Representative Director, President, to manage the various risks associated with its business activities, in the most appropriate and rational ways from a comprehensive standpoint, and to maximize the Group's enterprise value. The committee identifies and evaluates Group-wide risks and Nichirei and its business companies respond to these risks on their own accord, based on the established risk management cycle. Important items are reported to the Board of Directors of Nichirei Corporation, the holding company, which considers the response.

We have also established and implement the Nichirei Group internal control systems to facilitate operational effectiveness and staff ability, ensure the accuracy of financial reports, comply with laws and regulations pertinent to our business, and to protect assets.

