

## **Announcement of Revision of the Basic Policy on Corporate Governance**

Nichirei Corporation (the “Company”) announces the revision of the Nichirei Group’s Basic Policy on Corporate Governance.

### **1. Revision Details**

- (1) Chapter 2. 1 (3), “Basic policy on capital management” was updated to correspond to revisions to capital policy.
- (2) In accordance with changes to the remuneration system for directors (not including outside directors) and executive officers, chapter 3. 5 (2). 3 “Director and Executive Officer Remuneration” has been revised.
- (3) “Attachment 1,” the Nichirei Group’s Management Principles, has been revised to reflect changes made to these principles on April 1, 2019.

For details, please refer to the attached Basic Policy on Corporate Governance. Revisions are indicated by underlined text.

(Reference)

Announcement of Revisions to the Remuneration System for Directors (not including outside directors) and Executive Officers ※Japanese only

[https://www.nichirei.co.jp/ir/news/2019/t\\_in140.html](https://www.nichirei.co.jp/ir/news/2019/t_in140.html)

The Nichirei Group’s Management Principles

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

# Basic Policy on Corporate Governance

## Chapter 1. General Provisions

### 1. Purpose

The Nichirei Group (the “Group”) will engage in ongoing initiatives to improve its corporate governance practices, and has accordingly drafted this “Basic Policy on Corporate Governance” (the “Basic Policy”) outlining its basic philosophy on corporate governance, along with policies regarding the corporate governance framework and related initiatives. This Basic Policy has been formulated with the aim of achieving sustainable growth and increasing its corporate value over the medium to long term, on the basis of the Nichirei Group’s Management Principles as provided in Attachment 1.

### 2. Basic views on corporate governance

On the basis of its holding company structure, the Group engages in business through its operating companies across a wide range of fields which include processed foods, marine products, meat and poultry products, logistics and biosciences. The Board of Directors of Nichirei Corporation (the “Company”), aiming to achieve sustainable growth and increase its corporate value over the medium to long term, draws up the Group’s business strategy and implements an operating structure which provides supervision of business executed by the operating companies. The Company is well aware that ensuring equitable and highly transparent business practices constitutes a key managerial issue, and accordingly strives to enhance its corporate governance practices by taking action with respect to appropriately allocating resources, accelerating the decision-making process, and ensuring strict compliance.

The Company adopts the company with board of company auditors structure of corporate governance pursuant to the Companies Act of Japan.

### 3. Appropriate information disclosure

The Company aims to build longstanding relationships of trust with its various stakeholders, and in accordance with the Group Disclosure Policy, communicates information deemed necessary to them with respect to both statutory and voluntary disclosure, in a prompt, accurate and impartial manner.

To engage in constructive dialogue with its shareholders, the Company strives to disclose decision-useful information, including non-financial information, in an appropriate and timely manner through various communication tools such as its corporate website and Integrated Reports.

### 4. Establishment, revision or abolition

Approval of a resolution of the Board of Directors is required in order to establish, revise or abolish the Basic Policy provisions.

## Chapter 2. Stakeholder Relations

### 1. Relationships with shareholders

#### (1) Securing the rights and equal treatment of shareholders

The Company adequately secures the rights of shareholders, and accordingly takes steps to maintain impartiality through efforts that include preparing and updating the Articles of Incorporation and relevant regulations, devising means of conducting the General Meeting of Shareholders, and enabling shareholders to exercise their voting rights, and disclosing basic information on its capital policies.

#### (2) Ensuring an environment at the General Meeting of Shareholders conducive to exercising shareholder rights

The General Meeting of Shareholders serves as is the Company's highest decision-making body. Accordingly, the Company sets dates, times and locations for such meetings that facilitate shareholder attendance, and otherwise creates an environment that makes it possible for shareholders to appropriately exercise their rights. The Company moreover endeavors to provide shareholders absent from the General Meeting of Shareholders options enabling them to effectively exercise their voting rights either in writing or electronically.

#### (3) Basic policy on capital management

The Company aims to achieve sustainable growth and raise medium- to long-term corporate value while responding to a variety of social issues. To this end, the Company will actively invest to strengthen business fundamentals and secure growth, in addition to allocating managerial resources to initiatives aimed at realizing sustainable societies.

To enable the efficient and stable procurement of funds necessary to achieve these goals, the Company will maintain a balanced capital structure while considering capital efficiency, growth potential and financial soundness.

Additionally, the Company will direct operating cash flow and cash generated through asset liquidation to investment aimed at maintaining or raising corporate value and to providing shareholder returns through dividends and share buy-backs.

#### (4) Policy on cross-shareholdings

The Company maintains cross-shareholdings only if deemed that doing so will increase its corporate value by enabling the Company to uphold and strengthen transactional and cooperative relationships. Moreover, the Board of Directors verifies the medium- to long-term economic rationality of individual cross-shareholdings on an annual basis, and accordingly sells respective shareholdings when it finds rationale insufficient to justify maintaining such holdings. This verification involves carefully examining the benefits of individual transactions, such as profits and dividends, as well as whether risks are in line with the cost of capital, after which a comprehensive decision is made with consideration for strategic importance and other qualitative criteria.

When exercising voting rights attached to cross-shareholdings, the Company checks details regarding every proposal on the agenda. Moreover, matters are carefully scrutinized on an individual basis before determining what action to take in the cases listed below involving an investee company, if:

- 1) the investee company has been involved in behavior that could cause impairment to shareholder value,
- 2) financial results and/or share prices have markedly deteriorated, or
- 3) other cases have emerged regarding serious doubts about approving a proposal.

- (5) Policy on organizational framework and initiatives geared toward promoting constructive dialogue with shareholders

To promote constructive dialogue with its shareholders, the Company establishes an organizational framework and engages in initiatives which involve the following:

- 1) A department specifically dedicated to investor relations (IR department) is established.
- 2) The officer supervising the IR department strengthens ties with each departments of Corporate Social Responsibility Headquarters.
- 3) The Representative Director and the Directors in charge of respective operating companies hold financial results briefings twice annually.
- 4) The IR department holds investor briefings, conducts tours of facilities and addresses matters involving press coverage.
- 5) Surveys of shareholders and other investors are conducted by external research organizations, and feedback in that regard is presented at meetings of the Board of Directors.
- 6) Communication with shareholders is carried out in accordance with the Group Disclosure Policy.

## 2. Relationships with stakeholders other than shareholders

- (1) Addressing sustainability issues, including social and environmental matters

In its basic CSR policy, The Nichirei Pledge, the Company has set basic objectives for the Nichirei Group to pursue through its initiatives: Create new value for customers, Provide safe products and services, Maintain a sustainable supply chain, Reduce environmental impact, Foster cooperative relations with communities, Continually enhance our workplaces, Support good corporate governance, and Ensure strict compliance. Accordingly, the Company shall strive to help communities solve related issues while giving full consideration to the economic, social, and environmental impact of its business activities.

- (2) Establishing and implementing the Code of Conduct

The Company has established its Group Ethics Code with the aim of sustaining the Group's development as a corporate group trusted and regarded well by society at large. In the Code, fundamental requirements that are to be adhered to by every individual employed by the Group are stipulated as the Code of Conduct. The content is reviewed on a regular basis and revised upon gaining approval from the Board of Directors.

The Company promotes awareness of the Group Ethics Code among business offices located in respective countries where the Group operates its business.

- (3) Ensuring diversity

The Company promotes diversity\* in its efforts to secure human resources, strives to make the careers and lives of its employees more rewarding, and furthermore recognizes the potential to create new ideas and values. Accordingly, the Company establishes the Diversity Promotion Conference, as an internal body tasked with promoting efforts geared toward ensuring workforce diversity, including active participation from female employees.

\* Diversity is realized by recognizing the diverse human attributes (such as gender, age and nationality) along with diverse ideas and values and having the capacity of tolerance to accept approaches and attitudes that are new and unconventional. Once realized, diversity becomes a driving force for corporate innovation.

#### (4) The Group's whistleblowing system

On the basis of the Group's whistleblowing regulations, the Company establishes a system designed to appropriately handle reporting and consultations on matters that include violations of laws and regulations committed by organizational entities or individuals, while furthermore taking steps to detect violations and other such developments early on and to accordingly rectify such matters.

In operating the whistleblowing system, an external and independent entity specializing in whistleblowing is entrusted to act as the contact point. This point of contact for whistleblowing promptly conveys reports received to appropriate individuals at the Company, and the Company in turn swiftly and appropriately investigates such matters and implements corrective action in that regard.

The Board of Directors is provided with reports on findings of whistleblowing investigations and the status of action taken to address such matters, and accordingly supervises operations of the whistleblowing system.

### Chapter 3. Corporate Governance Structure

#### 1. Directors and the Board of Directors

##### (1) Roles and Responsibilities of the Board of Directors

The Board of Directors supervises matters involving the Group's strategic planning and business execution of the operating companies. In so doing, the Board of Directors facilitates efforts with respect to appropriately allocating Group resources, accelerating the decision-making process, and fully adhering to compliance requirements.

The Board of Directors formulates and approves the Group strategy after such matters have been deliberated on by the Nichirei Group Strategy Council, which is held twice a year. The Board of Directors subsequently checks on the status of each business execution of the Group on a quarterly basis, while also providing highly effective supervision to executive Directors and Executive Officers.

##### (2) Summary of the scope of matters delegated to the Board of Directors

Decision-makings of the Board of Directors are limited in scope to matters of top priority. This includes addressing matters to be resolved in accordance with the Companies Act of Japan, determining content of the Management Principles, the Medium-Term Business Plan, management policy and the operating budget, revising and repealing various directives, policies and key regulations, and making decisions on important officer appointments. Authority for important matters other than those aforementioned is delegated to the Management Committee whose membership comprises the Executive Officers, with the functions of business execution kept separate from those of managerial supervision so that the Executive Officers will be able to better deal with pressing and future business challenges.

##### (3) Term of office of Directors

Directors are appointed to serve for a term of one (1) year, pursuant to the Articles of Incorporation, in order to enhance the Company's flexibility in addressing changes in the business environment.

Outside Directors may serve for no more than six (6) years in order to ensure that they act in an independent capacity.

##### (4) Composition of the Board of Directors

As a holding company, Nichirei appoints no more than eleven (11) Directors in order to maximize the corporate

value of the overall Group while enhancing and fully implementing corporate governance practices. Multiple Independent Directors are appointed in order to draw on the impressive credentials of their respective fields of expertise for the management. Moreover, considering diversity such as enlisting female officers, the Company endeavors to ensure that the Board of Directors has an optimal number of members for it to function effectively.

(5) Operation of the Board of Directors and roles of its Chairperson

The Representative Director, Chairman is to convene meetings of the Board of Directors and act as the Chairperson of such meetings in accordance with the Articles of Incorporation and the Board of Directors regulations, unless otherwise stipulated by laws and regulations.

2. Board of Auditors and Company Auditors

(1) Roles and responsibilities of the Board of Auditors and Company Auditors

Acting independently of the Board of Directors, the Board of Auditors and the Company Auditors endeavor to gather information and maintain an appropriate audit environment by communicating effectively with Directors, and employees in divisions in charge of corporate internal audit, in accordance with the audit policy and audit plans for each fiscal year. The Company Auditors are to attend meetings of the Board of Directors and other important meetings, and are to also appropriately call for explanations and contribute to dialogue.

(2) Term of office of Company Auditors

The terms of office of Company Auditors are as stipulated by the Companies Act of Japan.

Outside Company Auditors may serve for no more than twelve (12) years in order to ensure that they act in an independent capacity.

(3) Composition of the Board of Auditors

The Company appoints five (5) Company Auditors, pursuant to the Articles of Incorporation, of which three (3) are Independent Company Auditors.

3. Criteria for Independence

The Company establishes the Criteria for Independence, as provided in Attachment 2, and appoints Independent Directors and Independent Company Auditors who meet those criteria.

4. Appropriate audits performed by the accounting auditor

The Company provides the accounting auditor with time to perform audits sufficient to ensure high quality audits, and accordingly facilitates dialogue with the Company's management team while promoting collaboration with the Board of Auditors and the Corporate Internal Audit Division.

5. Nominating Advisory Committee and Remuneration Advisory Committee

The Company establishes Nominating and Remuneration Advisory Committee to act as advisory committees of the Board of Directors under the company with board of company auditors structure of corporate governance. The committees discuss respective agenda items and report their findings to the Board of Directors.

## (1) Nominating Advisory Committee

### 1) Roles

The Nominating Advisory Committee is established and operates on the basis of resolution by the Board of Directors. Its purpose is to heighten transparency and objectivity in regard to appointing senior management of the Group\*, and to provide confirmation of candidate eligibility.

The Nominating Advisory Committee deliberates on matters regarding appointments of the Company's Representative Director, Director and Executive Officer candidates, and the Company's Company Auditor candidates, and deliberates on matters regarding succession planning with respect to the Company's executive Directors and Executive Officers, and also reports findings in that regard to the Board of Directors.

\* The Company's directors and executive officers and representative directors from the four core companies, Nichirei Foods Inc., Nichirei Fresh Inc., Nichirei Logistics Group Inc. and Nichirei Biosciences Inc.

### 2) Members

The Nominating Advisory Committee's membership is appointed by the Board of Directors and generally consists of the following individuals:

- i. Representative Directors: 2
- ii. Company Auditor: 1
- iii. Outside Directors: 3
- iv. Outside Company Auditors: 3

The Chairperson of the Nominating Advisory Committee is selected from among the Outside Directors and Outside Company Auditors by mutual election among themselves.

## (2) Remuneration Advisory Committee

### 1) Roles

The Remuneration Advisory Committee is established and operates on the basis of resolution by the Board of Directors. Its purpose is to provide confirmation from a transparent and objective standpoint regarding policies and procedures for remuneration of the Company's Directors and Executive Officers.

The Remuneration Advisory Committee deliberates on matters regarding officer remuneration plan decisions and revisions, and regarding decisions on remuneration amounts, and reports findings in that regard to the Board of Directors.

### 2) Members

The Remuneration Advisory Committee's membership is appointed by the Board of Directors and generally consists of the following individuals:

- i. Representative Director: 1
- ii. Company Auditor: 1
- iii. Outside Directors: 3

The Chairperson of the Remuneration Committee is selected from among the Outside Directors by mutual election among themselves.

### 3) Director and Executive Officer Remuneration

The Company plans its remuneration system for directors and executive officers while considering views from third-party organization and composes it to include the following three items:

- i. Basic remuneration (fixed compensation): Fixed “executive salaries” and “director compensations” that are paid monthly
  - ii. Performance-based bonuses: Remuneration linked to factors such as short-term results and work performance
  - iii. Share-based remuneration : Remuneration linked to medium- to long-term results and corporate value
- Outside directors receive only basic remuneration (fixed compensation).

#### 6. Effectiveness assessments of the Board of Directors

The Board of Directors analyzes and evaluates its own performance with the aim of ensuring its efficacy, and accordingly discloses summaries of such findings.

#### 7. Policy on training of Directors and Company Auditors

When a Director or Company Auditor is initially appointed, the individual must take part in training with respect to the Companies Act of Japan, other relevant laws and regulations, management strategy, financial analysis and other such topics as necessary, and even after appointment to such a post, the individual must appropriately take part in training with respect to revisions to legal code and managerial issues. Moreover, the Company must provide explanations to Outside Directors and Outside Company Auditors overviewing the Group operations, and must inspect major business locations as necessary.

## **Nichirei Management Principles**

### **I. Mission**

Focus on Lifestyles, and Provide True Satisfaction

### **II. Vision**

We will continue to support good eating habits and health by leveraging our state-of-the-art manufacturing practices that optimize nature's bounty, along with our leading-edge logistics services.

### **III. Guiding Principles**

#### **1. Prioritize customers, safety, and quality**

The corner stone of our business activities involves putting customers first and earning their long-lasting trust by ensuring safe, high-quality products and services, and safety at every stage of our operations.

#### **2. Ethical operations**

We are committed to ensuring fair competition. Unethical practices make it difficult to do business and can threaten the Group's existence, given the time needed to regain trust once it has been lost.

#### **3. Transparent management**

Our operations are transparent and we are beholden to our stakeholders to accurately and impartially disclose management-related information in order to enhance our corporate value and continue to earn stakeholders' trust.

#### **4. Sustainable communities**

As a food- and health-related enterprise, we strive to help communities deal with issues they face by understanding their members' livelihoods and future prospects. We aim to make communities more sustainable by ensuring our business initiatives reflect their economic, social, and environmental situation.

#### **5. Value creation**

We will continue to create new value by drawing from our open, innovative organizational culture and business practices.

## Criteria for Independence

Nichirei Corporation (the “Company”) deems that for any Outside Director, Outside Company Auditor or candidate for either of the aforementioned positions to qualify as independent, that individual must not fall under any of the following items.

1. Related party to the Nichirei Group

This includes persons who execute business (“executives”) of the Company and its subsidiaries (the “Group”)

2. Related party as a supplier or client

i. This includes parties whose major suppliers are the Group or an executive thereof.

Note: “Parties whose major suppliers are the Group” refers to a party who in the most recent fiscal year has received from the Group payments amounting to or exceeding the higher of either 2% of annual consolidated net sales of the party, or 100 million yen.

ii. This also includes major clients and clients of the Group or an executive thereof.

Note: “Major clients of the Group” refers to clients who in the most recent fiscal year have made payments amounting to 2% or more of the Group’s annual consolidated net sales.

iii. This also includes major lenders of the Group, and executives thereof.

Note: “Major lenders of the Group” refers to lenders who in the most recent fiscal year have loaned to the Group funds amounting to 2% or more of the Group’s consolidated total assets.

3. Party that receives donations or grants

This includes directors and executives of organizations that receive from the Group donations or grants amounting to 10 million yen or more annually.

4. Specialized service provider

i. This includes individuals who, in addition to officer remuneration of the Group, receive from the Group fees amounting to 10 million yen or more annually as attorneys at law, certified public accountants or certified public tax accountants, or for consultancy services involving fields such as management, finance, technology and marketing.

ii. This also includes members, partners or other employees of an auditing firm employed as accounting auditor for the Group.

5. Holder of voting rights

i. This includes shareholders who hold a 10% or greater share of voting rights of the Company or executives thereof.

ii. This also includes executives of companies for which the Group holds a 10% or greater share of the respective voting rights.

6. Party with respect to whom the aforementioned have applied in the past

i. This includes parties with respect to whom the aforementioned item 1 has applied once or more in the past.

ii. This also includes parties to whom any one of the aforementioned items from 2 to 5 has applied over any time during the last three years.

7. Close relative

This includes spouses and relatives within two degrees of kinship to whom any one of the aforementioned items from 1 to 6 apply (unless such party has an insignificant influence in regard to the respective entity).