

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.

Revision Details

1. Article 2.1. (5) “Policy on organizational framework and initiatives geared toward promoting constructive dialogue with shareholders” has been revised to use terminology in line with actual operations with regard to relationships with stakeholders.
2. Article 3.1. (4) “Composition of the Board of Directors” has been revised to conform to the newly established and revised principles and supplementary principles of the revised Corporate Governance Code of Japan.
3. To enhance the corporate governance organization, Article 3.5. (1) “Nominating Advisory Committee,” 2) “Members” and Article 3.5. (2) “Remuneration Advisory Committee,” 2) “Members” have been revised.

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

(Reference)

Basic Policy on Corporate Governance (revised on June 24, 2022)

https://www.nichirei.co.jp/english/corpo/governance/governance_policy.html

Note: This document is an unofficial translation of the Basic Policy on Corporate Governance and is provided for reference purposes only, without any warranty as to its accuracy or as to the completeness of the information. The Japanese original version of the document is the sole official version.

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Basic Policy on Corporate Governance

Article 1. General Provisions

1. Purpose

The Nichirei Group (the “Group”) will engage in ongoing initiatives to enhance its corporate governance practices, and has accordingly drafted this Basic Policy on Corporate Governance (the “Basic Policy”), which outlines its basic approach to corporate governance, along with policies regarding corporate governance frameworks and related initiatives. This Basic Policy has been formulated with the aim of achieving sustainable growth and increasing corporate value over the medium to long term, on the basis of the Nichirei Management Principles (see Attachment 1).

2. Basic approach to corporate governance

Under a holding company structure, the Group engages in business through operating companies across a wide range of fields that include processed foods, marine products, meat and poultry products, temperature-controlled logistics, and biosciences. The Board of Directors of Nichirei Corporation (the “Company”), aiming to achieve sustainable growth and increase corporate value over the medium to long term, formulates Group business strategies and applies an operating structure for supervising business execution by the operating companies.

The Company recognizes that ensuring equitable and highly transparent business practices is a key management issue, and accordingly strives to enhance corporate governance practices with regard to appropriately allocating resources, accelerating the decision-making process, and ensuring strict compliance.

The Company has adopted the corporate governance structure of a company with an Audit & Supervisory Board, 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 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 to establish, revise or abolish Basic Policy provisions.

Article 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 processes for appropriately conducting the General Meeting of Shareholders, enabling shareholders to exercise their voting rights, and disclosing basic information on capital policies.

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

The General Meeting of Shareholders 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. Moreover, the Company endeavors to provide shareholders absent from the General Meeting of Shareholders with options that enable 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 management resources to initiatives aimed at making communities more sustainable.

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 buybacks.

(4) Policy on cross-shareholdings

The Company maintains cross-shareholdings only if deemed that doing so will enable the Company to uphold and strengthen transactional and cooperative relationships, and thereby increase corporate value. Moreover, the Board of Directors verifies the medium- to long-term economic rationality of individual cross-shareholdings on an annual basis, and accordingly sells shareholdings when it finds the 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 of 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 that involve the following:

- 1) A department specifically dedicated to investor relations (IR department) is established.
- 2) The director supervising IR strengthens ties with other departments.
- 3) The representative director or director supervising IR holds investor briefings and handles interviews.
- 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 in accordance with the Group Disclosure Policy.

2. Relationships with stakeholders other than shareholders

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

The Nichirei Group Sustainability Policy: The Nichirei Pledge sets basic objectives for the Group to pursue: Creating new value; Safe, high-quality products and services; Sustainable supply chain and circular economy; Climate change initiatives and biodiversity conservation; Cooperative relationship with communities; Diversity and decent work; Good corporate governance; and Thorough compliance. Accordingly, the Company shall strive to help communities resolve related issues while giving full consideration to the economic, social, and environmental impact of its business activities.

(2) Establishing and implementing a code of conduct

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

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

(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 recognizes the potential to create new ideas and values. Accordingly, the Company has established the Diversity Promotion Council, as an internal body tasked with promoting efforts geared toward ensuring workforce diversity, including the active participation of female employees.

* Diversity is realized by recognizing diverse human attributes (such as gender, age and nationality) along with diverse ideas and values, and by embracing 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 potential violations of laws and regulations committed by organizational entities or individuals, while furthermore taking steps to detect potential violations and other such developments early on and to accordingly prevent their occurrence or take appropriate action if such matters occur.

In operating the whistleblowing system, an external, independent entity specializing in whistleblowing is entrusted to act as the contact point. This entity 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.

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.

Article 3. Corporate Governance Structure

1. Directors and the Board of Directors

(1) Roles and responsibilities of the Board of Directors

The Board of Directors formulates Group business strategies and supervises business execution by 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 ensuring strict compliance.

The Board of Directors formulates and approves the Group strategy after such matters have been deliberated on by the Group Strategy Committee, which meets twice a year. The Board of Directors subsequently checks on the status of business execution by each Group business on a quarterly basis, while also providing highly effective supervision of executive directors and executive officers.

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

Decision-making by the Board of Directors is 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, medium-term business plans, management policies and operating budgets; revising and repealing various directives, policies and key regulations; and making decisions on appointments for key officer positions. Authority for important matters other than the aforementioned is delegated to the Management Committee whose membership comprises the executive officers, with the functions of business execution kept separate from those of management supervision so that executive officers are better able to deal with pressing and future business challenges.

(3) Term of office of directors

Directors are appointed 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

Nichirei appoints no more than eleven (11) directors, at least one-third of whom are independent directors. The Board of Directors is structured in a way that achieves both diversity, including a representative number of female officers, and optimal size, taking into account each director's overall balance of knowledge, experience and other qualities.

(5) Operation of the Board of Directors and roles of the chairperson

A director appointed beforehand by the Board of Directors is responsible for convening meetings of the Board of Directors and acts 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. Audit & Supervisory Board and Audit & Supervisory Board members

(1) Roles and responsibilities of the Audit & Supervisory Board and Audit & Supervisory Board members

Independent of the Board of Directors, the Audit & Supervisory Board and the Audit & Supervisory Board members endeavor to gather information and maintain an appropriate audit environment by communicating effectively with directors and employees in the Corporate Internal Audit Division, in accordance with the audit policy and audit plan for each fiscal year. Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings, and also appropriately call for explanations and contribute to discussions.

(2) Term of office of Audit & Supervisory Board members

The terms of office of Audit & Supervisory Board members are as stipulated by the Companies Act of Japan.

Outside Audit & Supervisory Board members may serve for no more than eight (8) years in order to ensure that they act independently.

(3) Composition of the Audit & Supervisory Board

The Company appoints five (5) Audit & Supervisory Board members, pursuant to the Articles of Incorporation, of whom three (3) are independent outside Audit & Supervisory Board members.

3. Criteria for independence

The Company has established Criteria for Independence (see Attachment 2), and appoints independent outside directors and independent outside Audit & Supervisory Board members who meet those criteria.

4. Appropriate audits performed by the accounting auditor

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

5. Nominating Advisory Committee and Remuneration Advisory Committee

The Company has established a Nominating Advisory Committee and Remuneration Advisory Committee to act as advisory committees of the Board of Directors under the corporate governance structure of a company with an Audit & Supervisory Board. 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 a resolution by the Board of Directors. Its purpose is to heighten transparency and objectivity in regard to appointing or removing senior management of the Group* and Audit & Supervisory Board members, and to provide confirmation of candidate eligibility.

The Nominating Advisory Committee deliberates on matters regarding the appointment of candidates for representative director, director and executive officer positions at the Company, and candidates for the Company's Audit & Supervisory Board, and deliberates on matters regarding succession planning with respect to the Company's executive directors and executive officers, and reports its findings to the Board of Directors.

* The Company's directors and executive officers, and representative directors of the four core operating companies; namely Nichirei Foods Inc., Nichirei Fresh Inc., Nichirei Logistics Group Inc. and Nichirei Biosciences Inc.

2) Members

Members of the Nominating Advisory Committee are appointed by the Board of Directors. The committee consists of no more than seven (7) outside directors and representative directors.

The chairperson of the Nominating Advisory Committee is selected from among the outside directors by a committee election.

(2) Remuneration Advisory Committee

1) Roles

The Remuneration Advisory Committee is established and operates on the basis of a resolution by the Board of Directors. Its purpose is to provide confirmation from a transparent and objective standpoint of 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 decisions on remuneration amounts, and reports findings to the Board of Directors.

2) Members

Members of the Remuneration Advisory Committee are appointed by the Board of Directors. The committee consists of no more than seven (7) outside directors and representative directors.

The chairperson of the Remuneration Advisory Committee is selected from among the outside directors by a committee election.

3) Director and executive officer remuneration

The Company designs its remuneration system for directors and executive officers to incorporate the

views of a third-party organization. Remuneration comprises the following three items:

- i. Basic (fixed) remuneration: Role-based remuneration and director allowance that are paid monthly
 - ii. Performance-linked bonuses: Remuneration linked to factors such as short-term results and performance of duties
 - iii. Stock compensation: Remuneration linked to medium- to long-term results and corporate value
- Outside directors receive only basic (fixed) remuneration.

6. Effectiveness evaluations 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 Audit & Supervisory Board members

When a director or Audit & Supervisory Board member 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 after appointment to such post, the individual must also appropriately take part in training with respect to revisions to legal codes and management issues. Moreover, the Company must provide explanations to outside directors and outside Audit & Supervisory Board members overseeing Group operations, and must arrange inspections of 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 cornerstone 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 Audit & Supervisory Board member 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 at any time 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).