

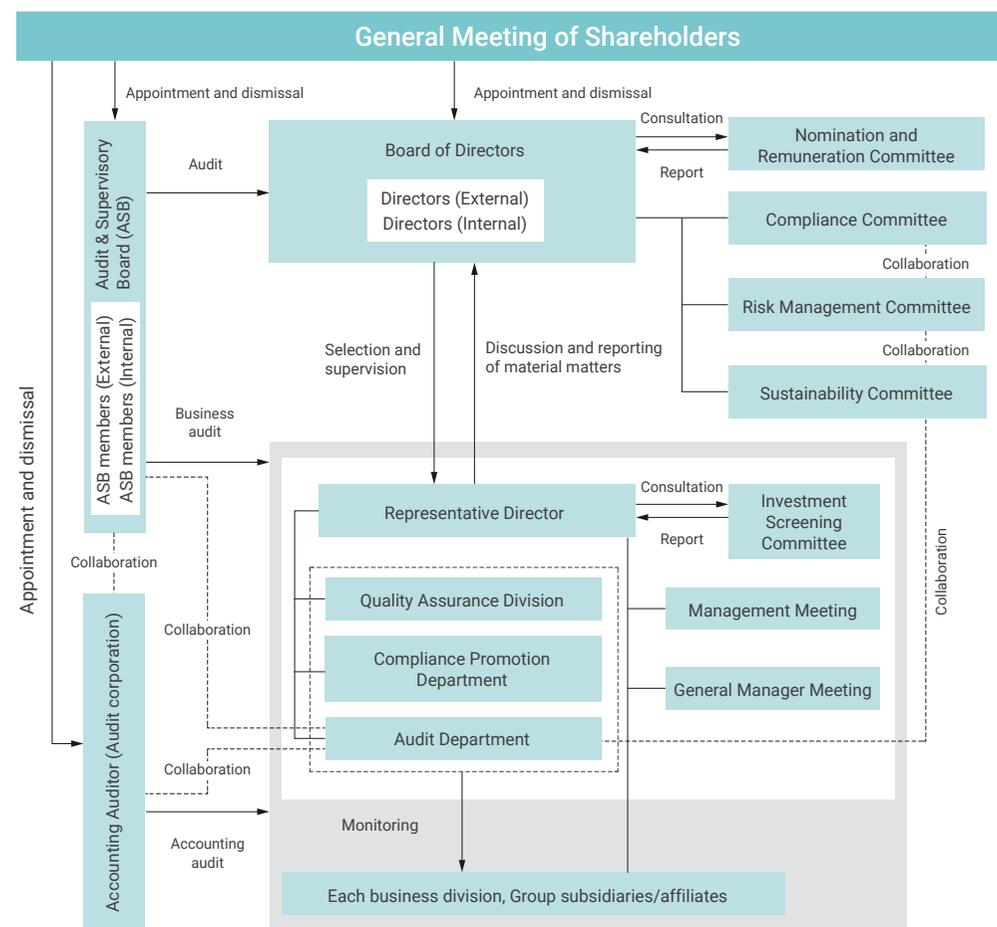
# Corporate Governance

Starzen has strengthened its corporate governance in order to achieve sustainable growth and enhanced corporate value while fulfilling its social responsibilities to all stakeholders, including shareholders, customers, suppliers, debtholders, local communities, and employees. The Company will continue to enhance its corporate governance in full accord with the principles of Japan's Corporate Governance Code. By doing so, it aims to strike a proper balance between management oversight and business execution and make decisions transparently, fairly, swiftly and decisively.

## Corporate governance structure

The Company adopts the governance structure of a Company with an Audit and Supervisory Board. The Board of Directors makes important decisions pertaining to management and oversees the execution of business, while the Audit & Supervisory Board and Audit & Supervisory Board members independent from the Board of Directors audit the execution of duties by the Board of Directors and other matters. To facilitate swift decision-making related to the execution of business, the Company has adopted the executive officer system where management-level decision-making is separated from oversight and business execution. Furthermore, to complement and enhance governance functions, the Company's Management Meeting and General Manager Meeting convene monthly to discuss and share essential matters, and the Company has also established the Nomination and Remuneration Committee, Compliance Committee, Risk Management Committee, and Sustainability Committee as advisory committees to the Board of Directors, as well as the Investment Screening Committee as an advisory body to the Representative Director.

Corporate governance structure (As of March 31, 2024)



<b>Organizational structure</b>	Company with an Audit and Supervisory Board
<b>Number of directors</b>	9 persons
<b>Of which, number of external directors</b>	4 persons
<b>Directors' term of office under Articles of Incorporation</b>	1 year
<b>Number of Audit &amp; Supervisory Board members</b>	3 persons
<b>Of which, number of external Audit &amp; Supervisory Board members</b>	2 persons
<b>Accounting auditor</b>	Ernst & Young ShinNihon LLC

# Corporate Governance

## Explanation of structure and instructional design

### Board of Directors and directors

#### Role of the Board of Directors

The Board of Directors formulates business strategies and plans and is also responsible for important management decision-making and the supervision of business execution as required by laws and regulations, the Articles of Incorporation, and Company rules.

#### Overall composition

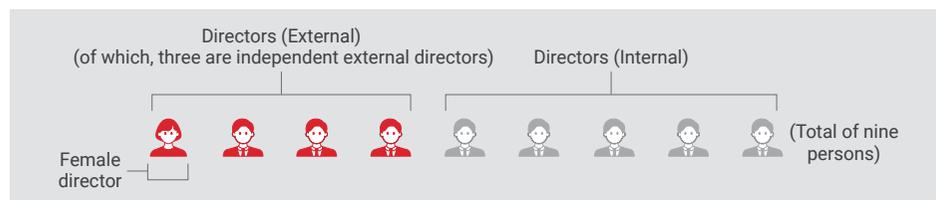
The Board of Directors comprises a maximum of 20 directors, in accordance with the Articles of Incorporation. Directors are required to possess a wide range of knowledge, experience, and skills, and they are appointed from among candidates capable of performing the duties required of directors. The Company appoints multiple external directors and selects independent external directors to comply with the provisions of Japan's Corporate Governance Code.

#### Role of external directors

External directors participate in important decision-making by the Board of Directors and monitor the decision-making process. They also offer advice based on their own experience and insight regarding reports on management progress at Board meetings.

In particular, independent external directors, using their independent standpoint, ensure that there are no conflicts of interest between the Company's management and its shareholders. At the same time, they monitor the Company's management to protect the rights of shareholders and ensure that profits are shared with them.

#### Composition as of June 28, 2024



#### Skills matrix for directors (expertise, knowledge, experience, etc.)

Position	Name	Field						
		Corporate management	Sales and marketing	Production	Global business	Finance and accounting	Legal affairs and risk management	
Directors	Internal	Kazuhiko Yokota	○	○	○			
		Masao Uzurahashi	○	○		○		
		Masamichi Takahashi	○		○			
		Tsunehiro Sana					○	○
		Ryoichi Takahama		○	○			
	External	Wataru Ohara	○				○	○
		Kaku Yoshisato	○			○		
		Mariko Eto						○
		Shingo Ogoshi					○	

Note: The above list does not represent all of the knowledge possessed by each director.

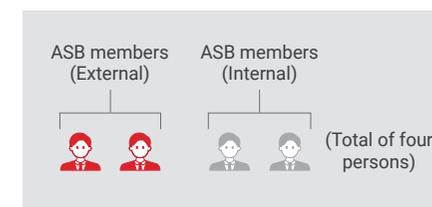
### Audit & Supervisory Board and Audit & Supervisory Board members

#### Role of the Audit & Supervisory Board and its members

Assuming responsibility on behalf of the shareholders, the Audit & Supervisory Board functions as an institution independent from the Board of Directors. In such capacity, the Audit & Supervisory Board has the authority to request business reports from the Company or its subsidiaries according to law. In addition, through audits of business and financial performance and the appointment and dismissal of accounting auditors, the Audit & Supervisory Board audits the execution of duties by the Board of Directors, as well as the internal control system, performance, and financial condition of the Company and its subsidiaries. The Company endeavors to provide sufficient staffing to ensure effective oversight by Audit & Supervisory Board members.

Audit & Supervisory Board members include individuals with appropriate expertise in finance and accounting. Members are limited by the Articles of Incorporation to a maximum of six, at least half of whom must be external members.

#### Composition as of June 28, 2024



# Corporate Governance

## Nomination and Remuneration Committee

### Roles

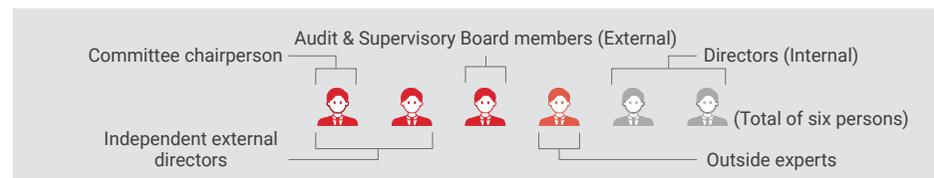
Serving as an advisory body for the Board of Directors, the Nomination and Remuneration Committee deliberates and reports to the Board of Directors regarding the following matters.

- 1 The appointment and dismissal of directors and executive officers, and management succession plans
- 2 Remuneration systems for directors and executive officers
- 3 Appointment, dismissal, and remuneration of advisors and counselors if appointed after the retirement of the Representative Director and President & CEO

### Overall composition

The Nomination and Remuneration Committee is chaired by an independent committee member. As a general rule, the Nomination and Remuneration Committee is made up of a majority of independent members in order to ensure the independence of the committee itself.

### Composition as of June 28, 2024



## Compliance Committee

### Roles, etc.

The Compliance Committee was established in order to establish a compliance structure at the Group. In principle, it meets four times per year. The committee deliberates on the contents of the compliance program defining the establishment of the compliance structure, confirms the program's implementation, and reports its findings to the Board of Directors as necessary.

### Composition

The Compliance Committee is chaired by the Representative Director and President & CEO and comprises two external officers as external members, four internal directors and three executive officers as internal members, and two full-time Audit & Supervisory Board members who act as observers.

## Risk Management Committee

### Roles, etc.

The Risk Management Committee was established in order to examine and assess various risks facing the entire Group. In principle, it meets four times per year. The Risk Management Committee assesses and analyzes all types of risk in terms of the expected scale of damages and frequency of occurrence. Based on this, the committee examines measures for improving response levels companywide and reports its findings to the Board of Directors.

### Composition

The Risk Management Committee is chaired by the director in charge of the Corporate Division and comprises two external officers as external members, three internal directors and four executive officers as internal members, and two full-time Audit & Supervisory Board members who act as observers.

## Sustainability Committee

### Roles, etc.

The Sustainability Committee was established to promote sustainability management. In principle, it meets four times per year. The committee deliberates on the status of reviews on policies for sustainability management covering the entire Group and the progress of actual measures and reports its findings to the Board of Directors.

### Overall composition

The Sustainability Committee is chaired by the director in charge of the Corporate Division and comprises two external officers as external members, three internal directors, one executive officer, and two full-time Audit & Supervisory Board members who act as observers.

# Corporate Governance

## Strengthening of corporate governance structure

(Year)	en dash 2000	2005	2010	2015	2016	2017	2018	2019	2020	2021	2022	2023
Management structure	● July 1999 Introduced executive officer system								● July 2020 Substantially transferred authority by revising the Regulations on Authority			
Officer appointments				● April 2015 Established Remuneration Committee		● January 2016 Established Nomination Committee		● June 2017 Nomination and Remuneration committees integrated			● June 2022 Increased independent directors (external) to at least one-third of the Board of Directors	
Committees	● April 2003 Established Ethics Committee		● April 2014 Changed name of Ethics Committee to Compliance Committee		● June 2008 Established Risk Management Committee		● October 2020 Established Sustainability Committee		● April 2020 Established Investment Screening Committee			

At the General Meeting of Shareholders held in June 2022, we significantly reduced the number of directorships, increased the ratio of external directors to one-third, and appointed the Company's first female director. To further strengthen governance functions, as of April 2023, in addition to the Nomination and Remuneration Committee, external officers now participate in the Compliance Committee, Risk Management Committee, and Sustainability Committee as external members, and a new Compliance Promotion Department reporting directly to the president was established in February 2024. Going forward, we will further strengthen corporate governance by fulfilling the items listed below.

Revitalization of the Board of Directors	<ul style="list-style-type: none"> <li>● Ensure thorough prior review by the Investment Screening Committee, promote understanding through prior explanation to external officers.</li> <li>● Provide more opportunities for external officers to understand operations, such as on-site visits.</li> </ul>
Strengthening of risk management and internal control	<ul style="list-style-type: none"> <li>● Strengthen collaboration with committees.</li> <li>● Identify and share risk governance situations.</li> <li>● Strengthen on-site accounting operations and improve effectiveness of checks and balances.</li> </ul>
Enhanced Group governance	<ul style="list-style-type: none"> <li>● Promote collaboration between the Board of Directors and each committee.</li> <li>● Establish mechanism for sharing information between the Corporate Division and departments in charge of subsidiaries/associates.</li> </ul>

## Evaluation of effectiveness

### Evaluation of Board of Directors' effectiveness

In accordance with the Basic Policy on Corporate Governance, the Company annually analyzes and evaluates the efficiency of Board of Directors' meetings and the effectiveness of Board decisions through self-checks in order to ensure effective decision-making by the Board. The method and results of these evaluations in fiscal 2023 are as follows.

#### Evaluation method

The Company held a survey of directors and Audit & Supervisory Board members. Based on survey answers, the Company conducted an analysis and evaluation of the effectiveness of the Board of Directors. In addition, the Company identified issues to be addressed going forward.

#### Questions

- 1 Composition of the Board of Directors
- 2 Operational status of the Board of Directors
- 3 Support structure for external directors
- 4 Roles and expectations for Audit & Supervisory Board members
- 5 Relationship with shareholders and other investors
- 6 Training
- 7 Governance structure and overall effectiveness of the Board of Directors
- 8 Other

#### Evaluation results

The results of the survey conducted in June 2024 indicated that the Board of Directors engaged in active discussions and was able to enhance the pre-briefings on agenda items ahead of Board of Directors' meetings and implement training for executives, among other accomplishments. As such, the effectiveness of the Board of Directors has been ensured in general.

On the other hand, the evaluation pointed out that there was room for improvement regarding dialogue with investors and shareholders and training to deepen understanding of field operations, among other areas. The Company has already started to make efforts in response to these findings and is working to further increase the effectiveness of the Board of Directors.

# Corporate Governance

## Corporate governance

### Remuneration for directors and executive officers

#### Fundamental policy

The Company determines directors' and executive officers' remuneration according to the following basic policy.

- 1 Ensure the transparency, fairness, and objectivity of officer remuneration.
- 2 Design a remuneration scheme that incentivizes improvement in operating performance.
- 3 When setting individual remuneration amounts, determine the appropriateness in light of remuneration levels at suitably comparable companies. Also take into account the Company's other officers' and employees' remuneration level.

#### Determination process

The Nomination and Remuneration Committee deliberates on the remuneration scheme for directors and executive officers, discusses methods of setting their individual remuneration, and reports to the Board of Directors.

Remuneration for each director is determined by the Board of Directors within the total amount of remuneration approved in advance by the General Meeting of Shareholders. When approving remuneration, the Board of Directors emphasizes a decision-making process that is transparent, fair, and objective, respecting the reports by the Nomination and Remuneration Committee.

The remuneration amount of each executive officership is determined by resolution of the Board of Directors emphasizing a decision-making process that is transparent, fair, and objective, and that respects the reports by the Nomination and Remuneration Committee.

#### Remuneration for directors and executive officers

The remuneration for internal directors and executive officers consists of base remuneration, performance-based remuneration, and stock remuneration with limited transferability, the last of which is intended to incentivize its recipients to pursue sustained growth in the Company's corporate value. Remuneration for external directors consists solely of a fixed amount.

Base remuneration + Performance-based remuneration + Stock remuneration

### Remuneration for Audit & Supervisory Board members

Remuneration for Audit & Supervisory Board members consists solely of a fixed amount. Remuneration for individual Audit & Supervisory Board members is determined by the Board and kept within limits determined through a resolution of the General Meeting of Shareholders.

#### Total remuneration paid in fiscal 2023

Classification	Number of recipients (Number of people)	Total amount by remuneration type, etc. (Millions of yen)			Total (Millions of yen)
		Base remuneration	Performance-based remuneration	Stock remuneration	
Director (Of which, external directors)	8 (3)	135 (18)	112 -	25 -	272 (18)
Audit & Supervisory Board members (Of which, external Audit Supervisory Board members)	3 (2)	44 (25)	- -	- -	44 (25)
<b>Total</b>	<b>11</b>	<b>179</b>	<b>112</b>	<b>25</b>	<b>317</b>

Note: One unremunerated director is not included in the table above.

## Cross-shareholdings

The Company may hold equity stakes in business partners only when it deems such investments to be conducive to medium- to long-term growth in the Starzen Group's corporate value by, for example, helping to build stable, long-term relationships with such business partners or strengthen existing relationships through business alliances.

The Company assesses whether cross-shareholdings are owned for appropriate objectives and whether the benefits and risks of owning them are commensurate with its cost of capital. The Board of Directors checks this during its first meeting of every fiscal year and discloses its findings. Based on the review, the Company will move to reduce its equity stake in companies for which it determines ownership is of limited value.

# Compliance

## Basic policy

The Starzen Group has established the Management Philosophy and Brand Vision, which all officers and personnel across the entire Group act in accordance with. It has also issued the Code of Conduct and Guidelines for Conduct and is committed to fostering impeccable ethics in order to gain the trust of business partners and stakeholders. At the same time, we carry out compliance activities, having instituted the Compliance Regulations, Fundamental Policy on Sustainability, Fundamental Policy on Human Rights, Fundamental Policy on Industrial Safety and Health, and Fundamental Policy on the Environment.

## Compliance promotion system

We established the Compliance Committee, which meets regularly every year, as an advisory body to the Board of Directors, with the purpose of increasing social trust and establishing a spirit of compliance within the Group. General managers and presidents of subsidiaries/associates, who serve as compliance officers, are responsible for administering our compliance program based on deliberations of the Compliance Committee. Compliance managers, serving under compliance officers, operate the compliance program appropriately. In case of a compliance violation or possible violation, information is shared immediately according to the reporting line of manager, officer, and then the headquarters department in charge of compliance. Serious incidents are reported to the Compliance Committee and the Board of Directors to make improvements to the compliance promotion system and compliance program operations.

When a serious incident came to light last year, we immediately responded by setting up an internal investigative committee and also set up a special investigative committee composed of experts, including lawyers and certified public accountants. To address the situation, we are strengthening cooperation with the auditing division and also coordinating with the Risk Management Department and the Risk Management Committee to further strengthen compliance.



Compliance Committee

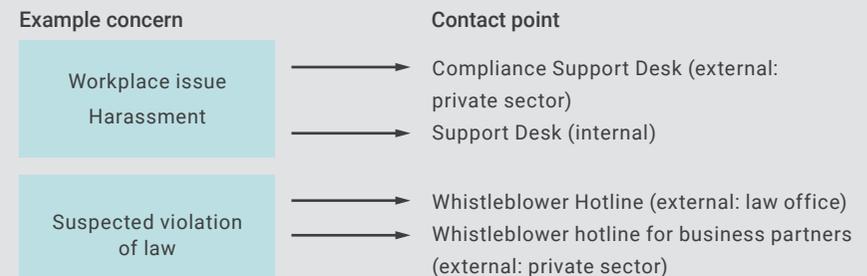
### Main initiatives and matters for consideration in fiscal 2023

- Held compliance training to help managers from across Japan cultivate a better understanding of the incentives underlying this scandal and measures to prevent recurrence
- Promoting mutual trust with employees and building relationships of trust through regular one-on-one meetings held semiannually and compliance week held once a year
- To ensure thorough compliance management, increased the frequency of the Compliance Committee meetings to four times a year, and appointed the newly established Compliance Promotion Department as the secretariat in place of the Legal & Compliance Section

## Support Desk

We have established the Compliance Support Desk (including the Whistleblower Hotline) that employees and their families and business partners can use at any time in order to achieve a more open workplace environment and enhance self-improvement to prevent compliance violations, as outlined below. We check to make sure that corrective measures and recurrence prevention are functioning effectively.

### Contact points and consultation flow chart



# Risk Management

## Basic policy

The Starzen Group ensures its business continuity and stable development by dealing appropriately with the various risks it faces, including economic loss, business interruption or suspension, and loss of trust or brand image. These risks could impede achievement of our Management Philosophy, Management Targets, and management strategy.

## Risk management system

To avoid operating risks and minimize damages should they materialize, we have established the Risk

Management Regulations and the Risk Management Committee, which deliberates on the issues and countermeasures related to Groupwide risk management and promotion.

## Monitoring

The Risk Management Committee reviews the Group's risk management policy, system, and countermeasures. It also analyzes risks that have emerged and reviews risk assessments quarterly to confirm and examine the prevention and recurrence prevention of these risks. The committee's risk assessment results are reported to the Board of Directors.

### Important risks and countermeasures

Risk category	Anticipated risk events
Compliance	<ul style="list-style-type: none"> <li>• Violation of laws and regulations, or internal rules</li> <li>• Misrepresentation in financial reports or disclosure of false information</li> <li>• Response to the "2024 problem" facing Japan's logistics industry</li> </ul>
Food safety	<ul style="list-style-type: none"> <li>• Contamination, shipment of defective products, health damages</li> <li>• Recalls (recall cost and reputational damage, etc.)</li> <li>• Improper/falsified labeling</li> </ul>
Stable procurement of meat	<ul style="list-style-type: none"> <li>• Outbreak of livestock/poultry disease causing production shutdown</li> <li>• Operating delays, labor strikes at ports, or customs clearance problems</li> <li>• Rising costs due to soaring electricity, fuel, and feed prices along with personnel costs</li> </ul>
Fluctuating meat prices	<ul style="list-style-type: none"> <li>• Decline of profitability due to negative spread between purchase price and selling price</li> <li>• Profitability squeezed by rising surplus inventory and existing inventory</li> <li>• Impacts on domestic meat prices caused by lower import duties</li> </ul>
Overseas business/export transactions	<ul style="list-style-type: none"> <li>• Damage claims due to contract violation</li> <li>• Receivables management</li> <li>• Geopolitical instability</li> </ul>
SDGs/ESG	<ul style="list-style-type: none"> <li>• Lack of initiatives to reduce GHG emissions</li> <li>• Distrust from investors and reduced corporate value due to disclosure insufficiencies</li> <li>• Insufficient efforts to ensure animal welfare</li> </ul>
Information security	<ul style="list-style-type: none"> <li>• Information leakage (insider, confidential, customer, personal information, etc.)</li> <li>• Cyberattack or computer virus</li> <li>• System failure (network or power source)</li> </ul>
Human resources and labor matters	<ul style="list-style-type: none"> <li>• Worker shortages due to depopulation or aging population</li> <li>• Exodus of talent due to declining appeal of the Company or job duties</li> </ul>

### Countermeasures

<ul style="list-style-type: none"> <li>• Top management communication, expanded employee training, frontline coaching, use of the internal anonymous whistleblower system, etc.</li> <li>• Strengthen internal controls, implement personnel rotations, and conduct internal audits</li> <li>• Streamline logistics operations and restructure of logistics bases</li> </ul>
<ul style="list-style-type: none"> <li>• Enhanced quality control and quality assurance system</li> <li>• Maintain quality control level utilizing external certification regime (SQF)</li> <li>• Quicker information-sharing and periodic reviews of product standards (including raw materials)</li> </ul>
<ul style="list-style-type: none"> <li>• Diversify suppliers for stable supply and strengthen collaborative systems with partner farms</li> <li>• Gather information on import destinations and diversify suppliers (meat packers and production areas)</li> <li>• Energy-saving measures through the visualization of energy consumption and investing in facilities with high energy-saving effects</li> </ul>
<ul style="list-style-type: none"> <li>• Monitor appropriate inventory levels</li> <li>• Improve management of buying/selling products on balance</li> <li>• Expand sales of added-value products such as brand meats and processed foods, etc.</li> </ul>
<ul style="list-style-type: none"> <li>• Clarify quality and other standards in contracts</li> <li>• Utilize external information and trade credit insurance and regularly review credit</li> <li>• Stricter payment terms</li> </ul>
<ul style="list-style-type: none"> <li>• Strengthen initiatives to reduce GHG emissions by the Sustainability Committee and GHG Reduction Committee</li> <li>• Appropriate and proactive disclosure</li> <li>• Regularly gather information from relevant organizations, repair facilities, and training employees</li> </ul>
<ul style="list-style-type: none"> <li>• Conduct security training for employees, establish regulations, and make them known to all</li> <li>• Continue to strengthen information systems and security, establish a crisis management system</li> <li>• Execute contracts with multiple network companies and training for changeover to backup equipment</li> </ul>
<ul style="list-style-type: none"> <li>• Establish Human Resources Committee and promote mechanization and labor savings</li> <li>• Create attractive workplaces (convincing personnel evaluations and compensation, rewarding work, and comfortable workplace culture, etc.), introduce an internal recruitment system, and enhance training systems</li> </ul>