

Itoham Yonekyu Holdings Inc.

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Itoham Yonekyu Group
INTEGRATED REPORT
2022

Products you love in your everyday life

Itoham and Yonekyu had been providing delicious, high-quality products through clever inventiveness in response to customer expectations, based on “contributing to society through business” and “creating excitement” — their respective founding spirits. Having merged operations in 2016, the Itoham Yonekyu Group will continue delivering beloved products to our customers, while creating various synergistic effects through the integration.

Group Philosophy and Vision

Group Philosophy

Contribute to the realization of sound and affluent society through business.

Vision

A leading food company that continuously evolves with its employees by embracing the spirit of fairness and the challenge to progressions.

Action Guidelines

- Supply products and services of high value by pursuing safety, security and quality
- Build and expand trust by making good on promises
- Capacity development through broad-minded communication and mutual understanding
- Honest and transparent actions with top priority on compliance
- Business actions with awareness to global environment

To our stakeholders

The Itoham Yonekyu Group has issued this Integrated Report 2022 as a tool for communicating with all of our stakeholders.

Through this report, we explain our Group’s initiatives aimed at offering value to society and continuously improving corporate value in simple terms to all of our stakeholders.

Isao Miyashita
President and Chief Executive Officer
Itoham Yonekyu Holdings Inc.

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Vision and Strategy

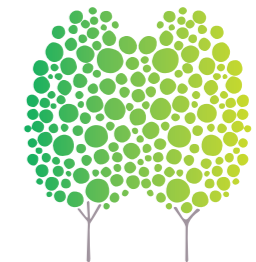
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Editorial Policy

This integrated report was created to allow shareholders, investors, and all other stakeholders to get a better understanding of the history of both Itoham and Yonekyu and the Itoham Yonekyu Group’s medium- to long-term value creation process.

Scope

Period Covered
This report covers initiatives during FY2021 (April 1, 2021 to March 31, 2022) and includes some initiatives beyond and outside this period, as well.

Entities Covered

Itoham Yonekyu Group
* Scope of personnel and environmental data are listed separately.

Reference Guidelines

The International <IR> Framework from the IIRC
The Environmental Reporting Guidelines 2018 from the Ministry of the Environment
Sustainability Reporting Standards from GRI

Disclaimer

The perspectives on future strategy and results listed in this integrated report are based on currently available information and include some uncertain factors. Please be aware that it is possible for actual results to differ greatly due to a variety of causes.

The History of Itoham Yonekyu Holdings

We have continuously developed “First in the industry.”

B The history of Itoham **R** The history of Yonekyu
G The history of the Group since the establishment of Itoham Yonekyu Holdings

History of the Companies

1928

Founding of Itoham

Denzo Ito founded Ito Food Processing in Osaka by himself.

At age 19, he founded the company believing that consuming not only fish but also meat would lead to richer diets and healthier lives for people. There was also a period when his business could not continue due to the economic disruptions in the early Showa period and to the Pacific War.

1946

Ito Foods Industry was reconstructed in Nada Ward of Kobe, Hyogo.



1948

Ito Nutrition Food Industry Inc. was established.

1959

The Meguro Plant was built in Meguro Ward, Tokyo, expanding its business to Tokyo area.

1960

The Nishinomiya Plant was built in Nishinomiya, Hyogo.



1965

Founding of Yonekyu

Kiyokazu Shoji founded Yonekyu Foods in Shizuoka by himself.

He trained himself while working at Yonekyu Co., a famous meat wholesaler that had built the foundations of modern meat sales. One year after the Tokyo Olympics, he became independent with the goodwill of Yonekyu.

1967

The company was listed on the First Section of the Tokyo and Osaka Securities Exchanges.

1981

The industry's first factory dedicated to dry-cured ham, Gotemba Factory, was built.



2000

A new R&D building was established at its head office.



2009

Mitsubishi Corporation, Itoham Foods Inc., and Yonekyu Corporation entered into a comprehensive business contract.

2013

The Toride Plant was built in Toride, Ibaraki, introducing cutting-edge equipment for that time.



Yonekyu entered into a comprehensive partnership agreement with the city of Kobe for collaboration and cooperation across a wide range of areas.



2016

Itoham Yonekyu Holdings Inc. was established.

Birth of a new company due to integration
 On April 1, 2016, Itoham and Yonekyu integrated their operations, and a new company Itoham Yonekyu Holdings Inc. was born.



2017

Additional shares of Anzco Foods Japan Ltd. were acquired and it becomes a wholly-owned subsidiary.

2019

Kyushu Extract Limited was founded as a joint venture with Mitsubishi Corporation Life Sciences Limited, producing meat extracts and seasoning products.



Shares of Meiji Kenko Ham Co., Ltd. were acquired and it became a wholly-owned subsidiary.



2021

The Medium-term Management Plan 2023 was established.

1920s-

The Start of Japanese-style Western Food

Western technology and culture were incorporated into every field at the beginning of the Showa period. Curry, Japanese rice omelette, and other Japanese-style western foods gained in popularity.

1940s-

Improvements in the Quality of Eating Habits

Eating habits greatly improved through food supply aid from the United States and the establishment of a school lunch system following the World War II. Bread came to be an important staple for Japanese people.

1960s-

Westernization of Eating Habits

Together with long-term economic growth, supermarkets have emerged. Refrigerated warehouses became commonplace, and eating habits were quickly Westernized.

1990s-

Changes in Lifestyles

Following the social progress of women and other changes in lifestyles, the need for individual meals and small quantity products have increased. At the same time, interest in safety and security, and a trend towards health has also grown considerably.

2020s-

To a Post- COVID-19 Era

There was an increase in eating meals at home due to the spread of COVID-19. Demand for cook-at-home food, including frozen cooked foods, bentos, and prepared meals, increased. Also, the need for environmentally-friendly products is increasing.

History of Products



1934

The Cellophane Wiener (currently Pole Wiener) was launched.

Cellophane scraps were reused as tube-shaped casings. The casings were stuffed with processed sausage made mainly from pork, and brand new product was born, with each one weighing 37.5g.

Standard for people in the Kansai region



1972

Smoke Ham and Daruma Smoke Ham were launched.

Smoke ham was made by smoking pork ham meat which is cut into three pieces. Daruma Smoke Ham, named for its resemblance to Japanese daruma dolls, became a best-selling product.

Long-selling product



1958

A technology to use mutton as an ingredient in ham and sausage was developed.

Mutton, which at the time had been criticized for being pungent and inedible, was imported from New Zealand. Inexpensive and delicious pressed ham was developed thanks to deodorization through unique technology and cleaning. With this development, ham became widespread as something that anyone could easily eat.



1985

Handmade Bayern Wieners were launched.

As the Westernization of diet continues, and the value of “food” changes, Handmade Bayern Wieners were launched to take in the demand for authentic food. Continuously improved up to the present day, this Itoham flagship product continues to be loved.

Itoham representative product



1988

Pork Bits were launched.

As a result of marketing research, it became clear that there were many consumers who desired ease of cooking. Pork Bits, the world's smallest wieners that could be cooked easily and could be used as ingredients in any dish, were developed.

Smallest in the world at the time



1990

Gotemba Kogen Arabiki Pork was launched.

Gotemba Kogen Arabiki Pork was launched with the aim of developing coarsely-ground wieners as a new flagship product for Yonekyu, as this type of sausage was recognized for its flavor. This product was named for its high-class feel and, more than anything else, for its associations with Mt. Fuji.

Yonekyu flagship product



2020

The Marude Oniku! series was launched.

Soy-meat products, the Marude Oniku! that reproduce the textures, flavors, and aromas of meat, was launched. A wide variety of products have been developed, resembling deep-fried meat cutlets, fried chicken, and more.



2022

Switching to environmentally-friendly packaging.

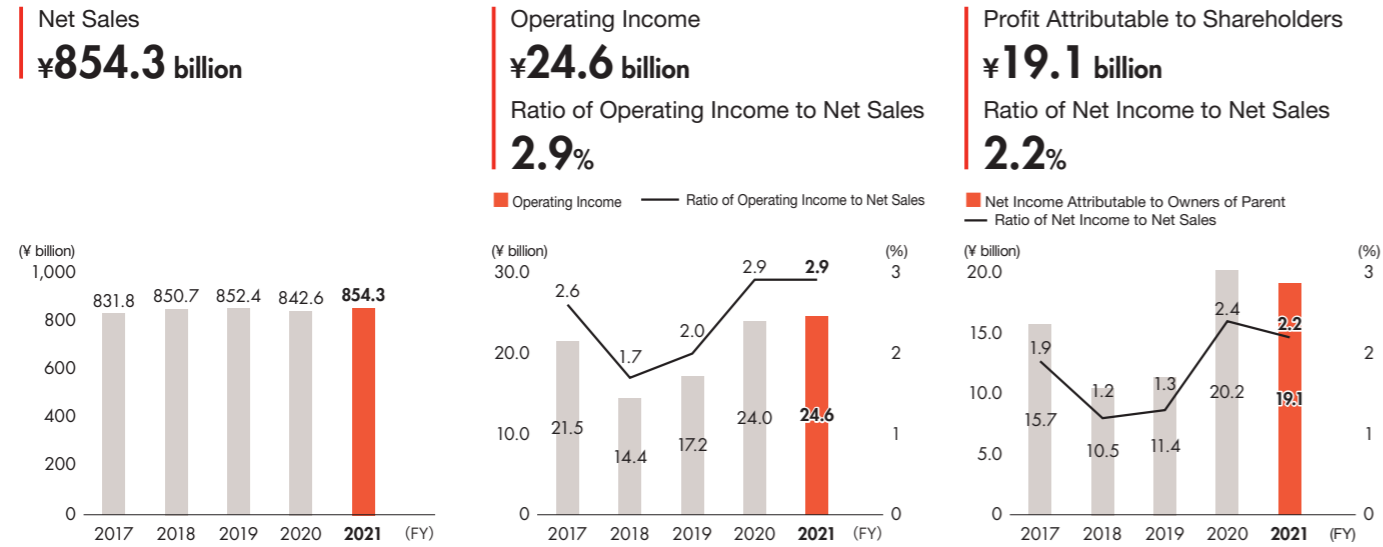
In order to reduce amount of plastic used and environmental burden, and to contribute to preservation of global environment, we have begun to switch over to environmentally-friendly packaging like the drawstring bag for “The GRAND Alt Bayern,” one of our primary brands, and other products.



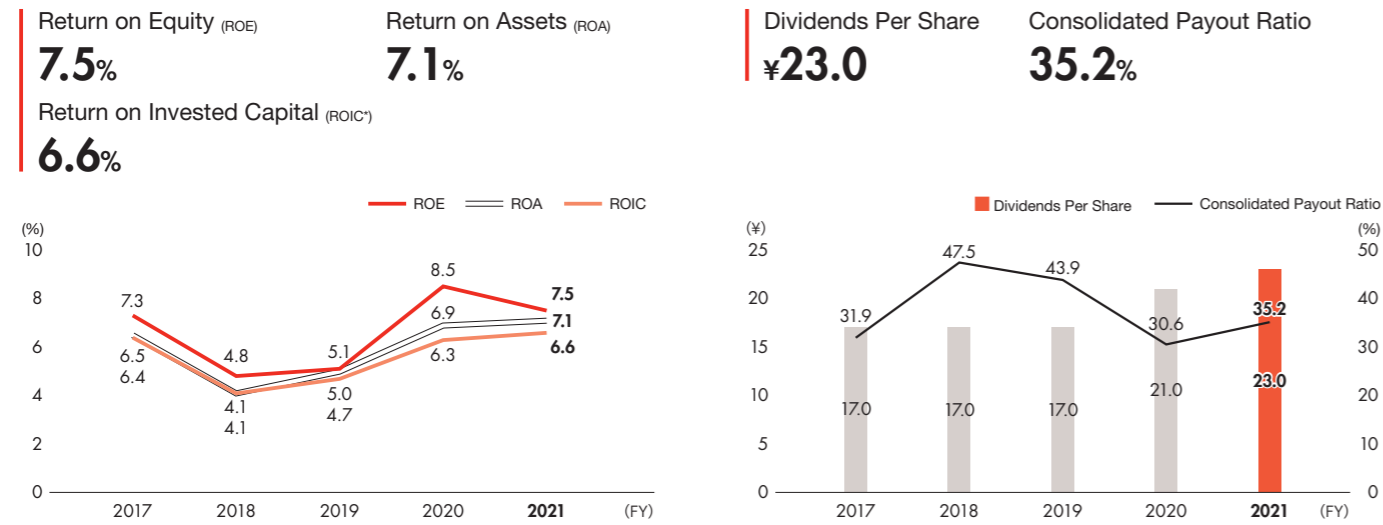
Financial and Non-Financial Highlights

- *1 The ratio of women in management positions, percentage of employees taking childcare leave, and percentage of employees returning from childcare leave are joint calculations by Itoham and Yonekyu.
- *2 Companies required to report this information based on laws related to the advancement of the employment of people with disabilities: Itoham, Yonekyu, Itoham Daily, Itoham West Foods, Itoham Food Solutions, Itoham Sales, Tsukushi Factory, Royal Delica, Itoham Business Support, IH Logistics Services, Yonekyu Kagayaki, Yonekyu Delica Foods, Itoham Meat Sales East, Itoham Meat Sales West, Sankyo Meat, IH Meat Solutions, IH Meat Packer, Yonekyu Oishiitori, Ai Pork, and the Eastern Hiroshima Prefecture Swinery Cooperative
- *1 Itoham Yonekyu Holdings subsidiary companies are included in the calculation (includes 100% of emissions and usage amount of subsidiaries in calculation)
- *2 The calculation only included main domestic subsidiary companies until previous fiscal year. Starting from FY2021, the calculation range has been enlarged to include foreign subsidiaries as well.

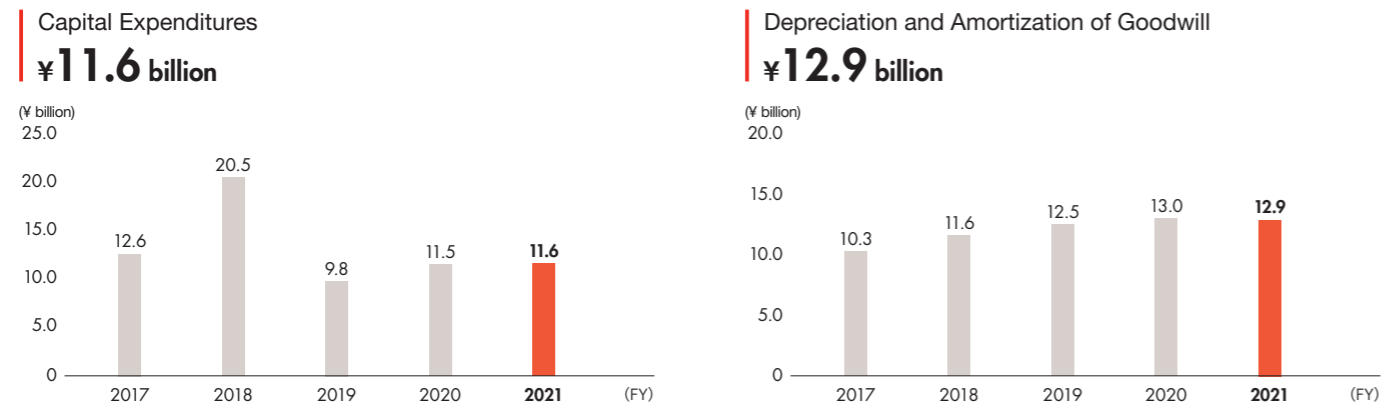
Financial Highlights



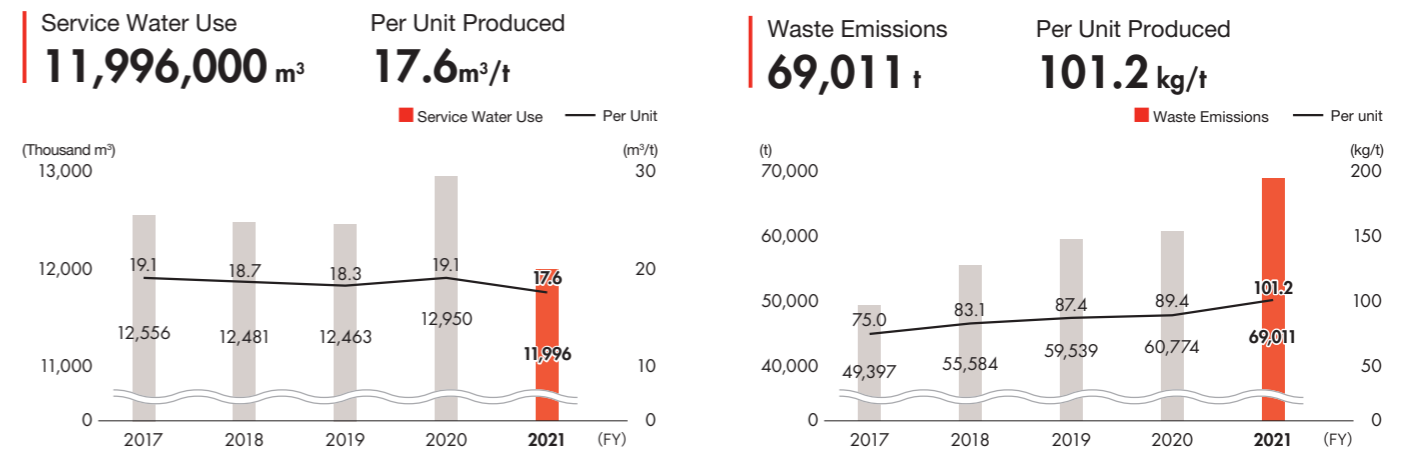
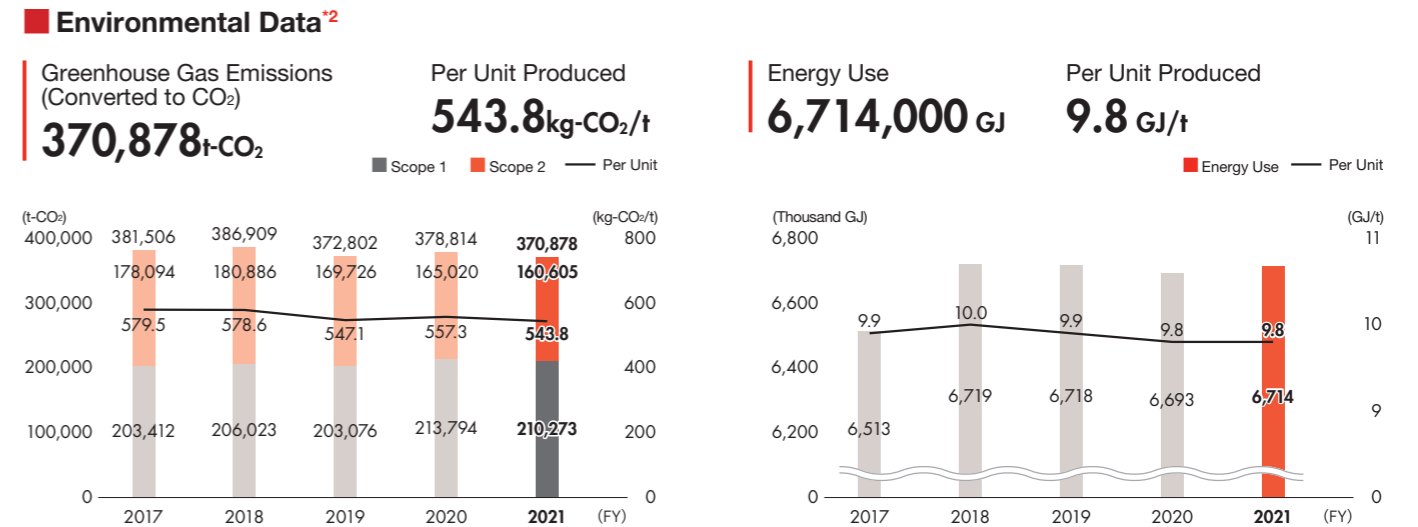
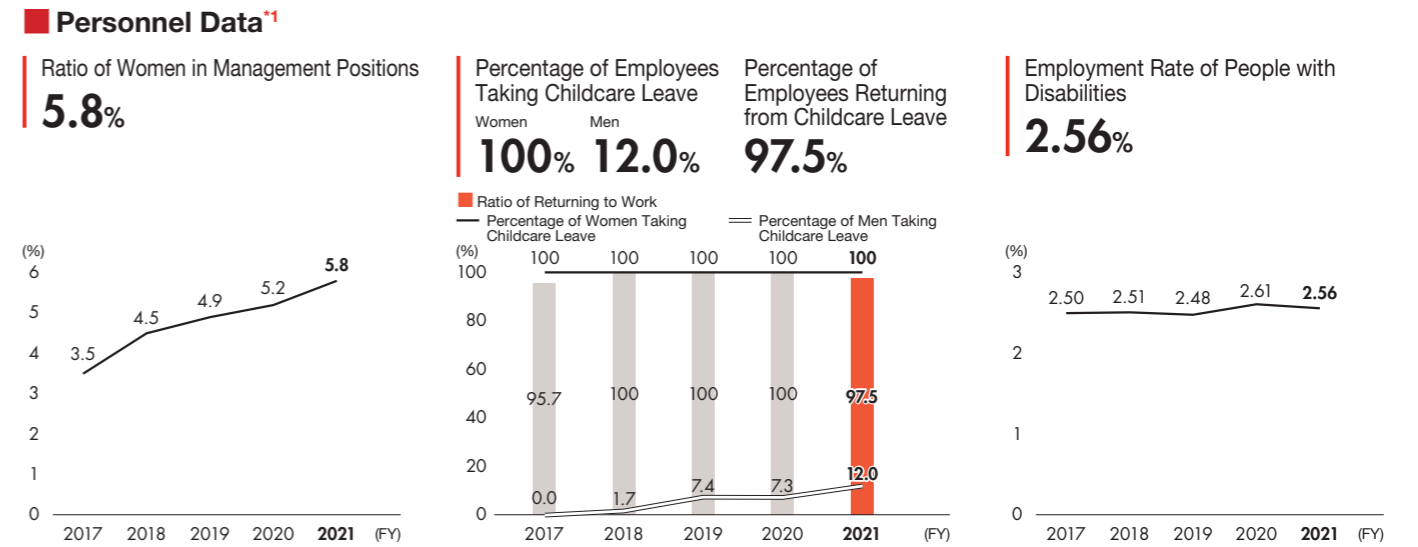
*The "Accounting Standard for Revenue Recognition" is applied starting from the beginning of the consolidated fiscal year 2021.



*Income before interest expense and after tax (Interest-bearing debt + Equity capital). Extraordinary income and loss exclude loss on disaster and insurance income.



Non-Financial Highlights



*The data on waste emission does not include a portion of data from some foreign subsidiaries from FY2017 to FY2020.

Message from the President



We will vigorously expand our business using our tradition and creativity to contribute to achieving a sound and affluent society.

Isao Miyashita

Itoham Yonekyu Holdings Inc.
President and Chief Executive Officer



Q1 Six years have passed since the business merger. How do you see the company's current situation and what will the future initiative be like?

We are building a more competitive business execution system through reorganization and revitalization of human resources.

During these six years since Itoham Yonekyu Holdings was established, Itoham and Yonekyu have been engaged in friendly competition leveraging each other's strengths. As the business environment surrounding our Group is changing drastically, we realized that further growth of our Group required unifying the two chains of command and considering our strategies and allocation of management resources from the perspective of the total optimization of the entire Group. Therefore, in FY2021, we began restructuring from the previous Itoham and Yonekyu units to the strategic units. For example, we merged the product procurement divisions and strategy divisions of our meat business in October 2021 and the strategy and headquarters functions of the processed food business in April 2022. From now on, we will strategically promote the expansion of the existing businesses and the development of new businesses based on diverse product lineups that capitalize on the strengths of both brands.

At the same time, we will revitalize our human resources by appropriately allocating our employees, regardless of their previous assignments, which will encourage our employees to grow. In addition, we are updating and integrating our central

information infrastructure system and enhancing our digital strategies. This helps standardize operations and streamline logistics throughout the entire Group.

Q2 Can you specifically describe the progress of the Medium-term Management Plan 2023?

We will seek to further expand our business by strengthening bases and actively launching new businesses.

Our Medium-term Management Plan 2023 declares its action guidelines as "Achieve further rapid growth and leap by defying stereotypes and reaffirming our strengths." Its major themes are "Strengthening management base," "Strengthening earning base," "Initiatives for new businesses and markets," and "Initiatives for sustainability."

Since the announcement of the Medium-term Management Plan 2023, we have faced a challenging business environment both in Japan and overseas due to the COVID-19 pandemic with no end in sight, heightened geopolitical risks, and significant increases in raw material and energy costs. Nevertheless, we have been making steady efforts in line with the four themes. Under the policy of strengthening our management base, we are implementing reorganization and working to enhance our digital strategies, as mentioned earlier. Also, under the policy of strengthening our earnings base, we are working to boost the meat production business by,

for instance, establishing a new farm for Yonekyu Oishii Tori and expanding the facilities of Towada Meat Plant. In addition, we will reorganize our plants to make them cost-competitive, starting with Yonekyu's Yume Plant, which has been shut down. We will reconstruct it as a frozen food manufacturing plant, for which its market is expanding.

Regarding our initiatives for new businesses and markets, we believe there are business opportunities in the non-meat business as its market has been expanding in recent years. We also perceive opportunities in the healthcare business, as it has a high affinity with our business in terms of effective use of by-product and application of our Group's technologies. For example, we are upgrading our existing lineup of non-meat products while developing products that are more similar to meat. In FY2021, we acquired, through our consolidated subsidiary ANZCO, Moregate's manufacturing and sales business of animal-derived blood products, which are expected to have substantial growth for vaccines, regenerative medicine, and other applications. Moreover, in FY2022, we opened the New Business Development Office in order to take on the challenges of developing new businesses and markets in cooperation with other business divisions.

Q3 Can you tell us about your management's commitment to sustainability?

By fulfilling our social responsibility, we will increase our Group's value and promote its growth.

We believe that food companies must play extremely crucial roles in realizing a sustainable society since food products involve all kinds of environmental and social issues, such as climate change, human rights, and animal welfare. This belief motivated us to choose "initiatives for sustainability" as one of the major themes of our Medium-term Management Plan 2023.

In FY2021, we not only prepared a system to promote sustainability but also outlined and publicized policies such as human rights policy and procurement policy that form the foundation of our sustainability initiatives. Furthermore, in May 2022, we set a target of halving our Group's GHG emissions by FY2030, compared to FY2016, and achieving net-zero

emissions by 2050. From FY2022 onward, we will focus on developing and implementing plans to put our policies and goals into action.

In addition, we recognize that environmental and social issues can be a risk, but also business opportunity for our business. We will respond appropriately to risks and seize business opportunities by accurately identifying them and reflecting them in our business strategies.

Q4 Finally, what is your message to stakeholders?

As a leading food company, we will contribute to achieving a sound and affluent society.

As part of our Medium-term Management Plan 2023, we aim to increase dividend steadily with payout ratio of around 40% as capital policy. We will continue to maximize our shareholder value.

We are proud that the essence of our Group's strength lies in its brand backed by its long history and loved and trusted by customers across Japan. It also consists of our employees' stance, awareness, and sincerity toward manufacturing, which has motivated them to continue supplying safe and reliable products even during the COVID-19 pandemic. Furthermore, we are convinced that the impetus for our growth comes from our product development abilities to create unprecedented items that adequately meet customer needs and our robust value chain that covers production, processing, and delivery to customers.

Under the vision of "A leading food company that continuously evolves with its employees by embracing the spirit of fairness and the challenge to progressions," we will pursue sustainable growth of our Group while contributing to achieving a sound and affluent society.

Please look forward to the future of the Group.

Highlights of the first year of the Medium-term Management Plan 2023

Under the Medium-term Management Plan 2023, which started in 2021, we have implemented four major themes based on the action guidelines, "Achieve further rapid growth and leap by defying stereotypes and reaffirming our strengths." In FY2021, the first year of the plan, we sought to increase the added value of our business and return on invested capital (ROIC) by strengthening our competitiveness. In addition, both operating income and ordinary income exceeded the plan.

	FY2021		FY2021		FY2023
	Plan	Results	Difference	Plan	
+	(¥ billion)	(¥ billion)	(¥ billion)	(¥ billion)	
Operating income	23.0	24.6	1.6	28.0	
Processed food	11.0	11.0	0	14.5	
Meat	13.5	14.8	1.3	15.5	
Other	-1.5	-1.3	0.2	-2.0	
Ordinary income	25.0	28.5	3.5	30.0	
ROIC	6.0%	6.6%	0.6 points	6.8%	
Processed food	—	8.2%	—	—	
Meat	—	10.3%	—	—	

Value Creation Process

The Itoham Yonekyu Group is utilizing the synergistic effect of its integration of operations, while maximizing Itoham and Yonekyu's respective brand strengths, such as "uncompromising pursuit" for "flavor" and "high quality."
We will create value for our Group and our stakeholders while contributing to achieving a sound and affluent society through business.

Input The source of value creation

Manufacturing Capital

Production factories **Japan 42, overseas 14**
Factories with external certification

- Food safety and quality control (FSSC 22000, ISO 22000, and others)
Japan and overseas 56 in total
- Environmental management (ISO 14001, ISO 14061, and EcoAction 21)
Japan and overseas 26 in total

Intellectual Capital

Research and development offices **14**
(Development 12, central research 2 including those located in Numazu)
Accumulation of expert knowledge and know-how
Technical certification holders (Qualified ham, sausage, and bacon manufacturing technicians/Ready-made meal technician) **1,114**

Human Capital

Employees **8,313**
Education and training for fostering diverse personnel

- Job-class-specific training
- Compliance training
- Quality assurance training

 Education/training participants (fiscal year 2021) **7,239**

Financial Capital

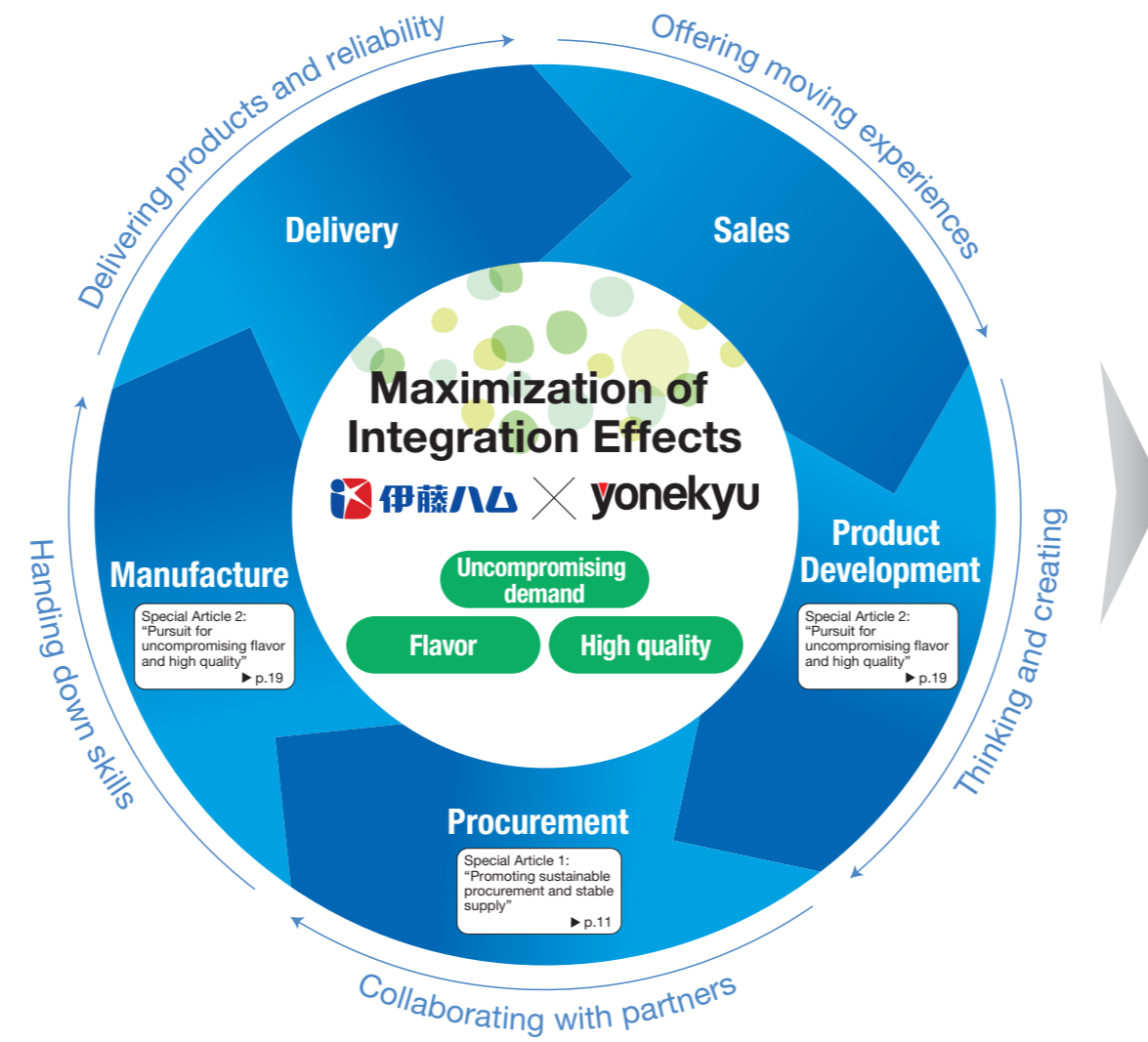
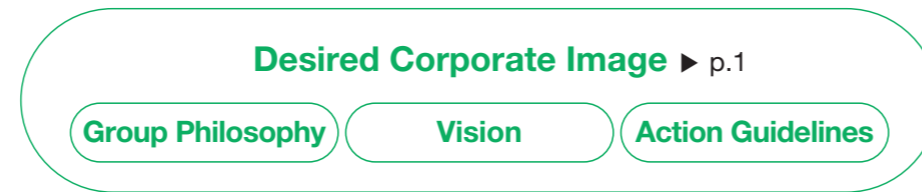
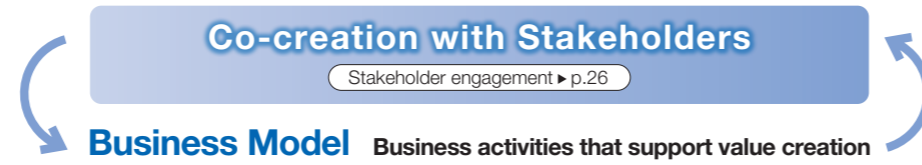
Shareholder's Equity **¥239.9 billion**
Equity ratio **62.7%**
Free cash flow **¥30.0 billion**

Social and Relationship Capital

Number of sales offices **Japan 165, overseas 17**
Distribution offices (logistics bases) **Japan 24**
Countries and regions offering products **Over 80**

Natural Capital

Total energy usage **6,693,964 GJ**
Total amount of water used **12,950,000 m³**



Establishing 7 (important) materiality issues ▶ p.22 Medium-term Management Plan 2023 ▶ p.8, p.16, p.18

Corporate Governance ▶ p.35 Sustainability ▶ p.25 Technology Quality Assurance ▶ p.32

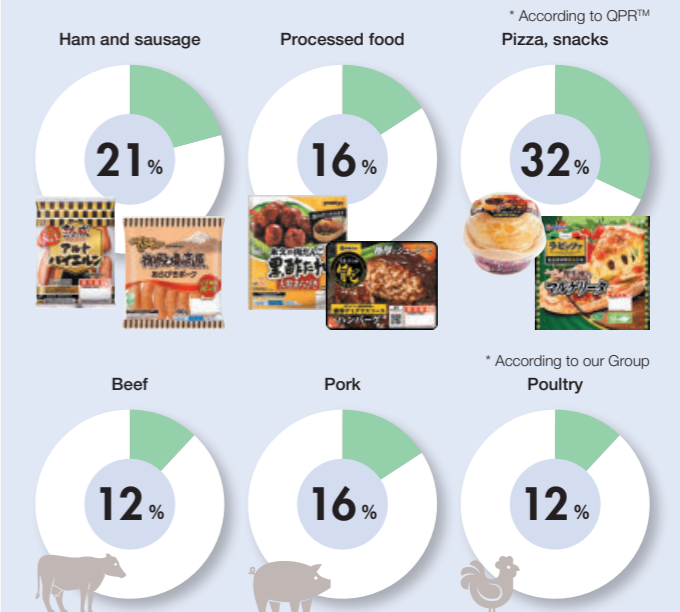
Output

Outcome Offering value to society

Offering a variety of products to meet diverse lifestyles and needs

- Number of new Group products (including home-use/industry-use, and gifts) **218**
- Expansion of non-meat business and increase in product value
Number of non-meat products **37**
- Market share of processed food products and meat

Our Group market share according to products (fiscal year 2021, in Japan)



Contributing to a sustainable global environment

- Reduction of greenhouse gas emissions **7,936 t-CO₂**
- Reduction of water consumption **954,000 m³**
- Number of participants in environmental preservation activities **208**

Realizing a society where anyone can be active in their own way

- Ratio of women in management positions (Itoham + Yonekyu) **5.8%**
- Percentage of employees taking childcare leave (Itoham + Yonekyu)
Men **12.0%**
Women **100.0%**

Sustainably stable shareholder return

- ROIC **6.6%**
- Consolidated payout ratio **35.2%**

Special Article 1: Discussion among General Managers of Meat Business Division



Related Materiality



To “Promote sustainable procurement and stable supply.”

In October 2021, Itoham and Yonekyu’s meat business was reorganized to achieve further growth. We are leveraging each other’s strengths to steadily advance our effort in “Promoting sustainable procurement and stable supply.”

We will introduce the synergistic effects of management integration and the future of our procurement and supply.



Hirohiko Yoshino

Executive Officer and Senior General Manager – Imported Meat Div., Meat Business Div.

He joined Yonekyu in 1999. He served as Manager of Imported Pork Unit, Beef Unit, General Manager of Meat Business Division, and other posts.

Shinyo Tou

Executive Officer and Senior General Manager – Domestic Meat Div., Meat Business Div.

He joined Itoham in 1988. After working in the Imported Raw Materials Division and Processed Raw Material Department of the Production Division, he served as Manager of the Poultry Department of the Meat Business Division.

Fumihiro Kanamori

Executive Officer and Senior General Manager – Meat Process & Farm Div., Meat Business Div.

He joined Yonekyu in 1987. He served as Manager for the Imported Chicken Unit, General Manager of Meat Business Division, and President and Representative Director of Yonekyu Oishii Tori Corp.

Itoham and Yonekyu leverage each other’s strengths

Kanamori: First, let me explain the division of our production business. Itoham’s strength is in producing Berkshire pork, and Wagyu beef made in Japan. Yonekyu’s strength lies in producing brand-name white pork, crossbred beef, and chicken. Wagyu beef is mainly produced by Mirai Farm, Berkshire pork in Kankyo Farm in Kagoshima Prefecture, crossbred beef in Kiroso Farms, and chicken by Yonekyu Oishii Tori Corp in Tottori Prefecture. Furthermore, we also develop our business by working together with other partner farms across Japan toward the same goal and leveraging each other’s strengths.

Tou: It’s true. Yonekyu is good at selling its products with added value, such as “Rokkoku ton” (pork fed with six kinds of cereals) and “Oishii Tori” (tasty chicken). On the other hand, Itoham has its sales offices in every prefecture in Japan and procures beef, pork, and chicken from its partner farms across the country. It excels in procurement and sales capabilities that meet consumer needs, such as consuming locally produced food. I believe that the fusion of those strengths has created a synergistic effect in the procurement and supply of domestically produced meat.

Yoshino: The integration of Itoham and Yonekyu has given us approximately a 20% share of the imported meat market, the second largest in Japan. Since we are just 3 to 4% behind the No. 1 position, we would like to consolidate further the two companies’ strengths to gain a more favorable position in this competition.

Procurement synergies created by integration and future prospects

Yoshino: To import meat, both Itoham and Yonekyu have a strong cooperative relationship with their respective meatpackers*1 overseas. Since human connections are crucial in procurement, the two companies maintain the same staff members in their respective negotiating windows. Moreover, the sales support teams of both companies coordinate ideas for

prices and quantities to purchase in bulk. We conduct sales through three channels: Itoham Meat Sales East, Itoham Meat Sales West, and Yonekyu, all of which are our Group companies. However, we control inventory in a unified and centralized manner to adjust their excesses and shortages. We will continue to expand our market share further and reinforce our trust with overseas meatpackers as global demand for meat is increasing partly due to the rise of newly developing countries.

Tou: It was in October 2021 when the meat divisions were integrated, but we had been collaborating and sharing information for more than five years before that. For example, we supplied Oishii Tori chicken from Tottori Prefecture in response to the request from Itoham’s customers in the Kansai region, or we procured chicken from the Tohoku region when requested by Yonekyu’s sales office in the Kanto region. As mentioned earlier, in the case of imported meat, the synergistic effect of quantity is significant, but in the case of domestic market, the synergistic effect of integrating different regions is more significant. In addition, we are now talking about improving our procurement capabilities, but we also expect synergy in the sales area to manifest in the future. Our procurement capabilities will increase accordingly when the Sales Division starts to push us for more.

Kanamori: From the standpoint of a meat producer, we are happy to see our sales power increase. It is a great pleasure to know that the beef, pork, and chicken we raise are sold all over Japan through Itoham’s nationwide sales network. Another factor that motivates us is that with the recent increase in export of Japan-produced wagyu beef, not only Japanese but also people overseas appreciate the taste of our meat. Of course, management integration has not only improved our sales network. It has enabled our production sites to exchange information and share know-how actively. Good points of one farm will be applied to the other farms, and issues will be corrected. I believe that through such friendly competition, we can further improve the efficiency and quality of our livestock production.

*1 Meatpacker: A major national industry in the United States, Australia, Canada, and other countries is the meat industry. Companies involved in this industry are called meatpackers. Their business covers a wide range of operations, such as raising, slaughtering, butchering livestock, and processing and distributing meat.

Group's current issues and future prospects

Tou: The lack of successors is a very serious problem for farmers in Japan. The number of farming households producing beef, pork, and chicken is decreasing every year. Parents are too busy in family-run businesses to attend their children's school events. The labor shortage due to the declining birthrate also gives them a headache. Recently, we have begun to encourage livestock farmers with such concerns to join our group of partner farms and collaborate with us. When a participating farmer wants to take a day off, employees from other partner farms come to support them. Thanks to this support, they are happy as they can now go to their children's sports day. If more farmers can utilize such matching, it will help solve the labor shortage and promote larger and more efficient farms. We can kill two birds with one stone.

Kanamori: Related to that, we are undertaking DX approaches to solve the chronic shortage of manpower. One example is the system to check appropriate weight for shipping, introduced to our Group company, Taiyo Pork. Determining the proper shipping weight of reared pigs requires experience and skills. However, this system allows even inexperienced workers to make decisions by converting pictures of a pig taken with a specialized terminal into 3D data and showing its approximate weight. It has reduced the workload on employees. Mirai Farm also improves production efficiency by utilizing a system that automatically detects breeding cows' estrus and management software that converts the condition of growing calves into data to reduce accident rates. Furthermore, Taiyo Pork and Kankyo Farm have begun using automatic barn washers. Barns are cleaned each time the shipment is finished, but it is quite exhausting. The automatic washers reduce workload. We believe that saving labor and downsizing workforces on a farm will lead to sustainable livestock production.

Yoshino: One of the challenges in recent years has been environmental issues. Global warming has made it difficult to grow feed grain stably. The higher feed prices are, the less animals can be fed. Consequently, there will be violent ups and downs not only in prices but also in production volume.



Given that Japan's self-sufficiency rate in meat is less than 50%, one of our primary roles is to import and supply meat to our customers in a stable manner. Therefore, we are working out our meat procurement strategy while carefully monitoring fluctuations in the feed grain market.

Our initiatives for materialities

Kanamori: As a production business, we place great emphasis on animal welfare. We are improving the animal husbandry and production system based on the *Five Freedoms for Animals*, which outlines the principles of welfare for domestic animals, such as "Freedom from hunger and thirst." The welfare of animals affects livestock products' quality, safety, and productivity. By creating our own policy for that, we can provide guidance to our Group companies and partner farms. We feel this contributes to developing a sense of unity among us as we are involved in the same production business.*2

Tou: The tie-up with farmers I mentioned earlier is another materiality initiative. Proper commitment to animal welfare costs a considerable amount of capital investment. Therefore, we are convinced that cooperation to realize larger-scale farming will lead to sustainable and stable production of high-quality meat.

Yoshino: One of our basic rules for importing meat is not to procure meat from meatpackers who do not comply with the animal welfare standards of their country. We do not purchase meat from anyone who violates those standards, no matter how low a price they may offer.

Kanamori: As part of our initiative to lower greenhouse gas emissions, we have begun experimenting by giving cattle a feed additive made from cashew nutshell liquid to reduce methane gas in their burps. The additive helps improve cattle digestion and absorption efficiency, reducing methane gas emissions. Since the ingredient is derived from natural sources and feed efficiency will be improved, we think this initiative goes with the times and is promising.



Defying stereotypes for future goals

Tou: Regarding the earlier discussion of materialities, we are taking the lead to address the materiality of "creating a workplace where each employee can actively participate." Over the past six years, Itoham and Yonekyu have been capitalizing on each other's strengths and compensating for each other's weaknesses. However, going forward we must take responsibility for discovering the individuality and strengths of each employee and consider the best and strongest assignment for them to carry on our business. By doing this, we will become an even better company. We must assign each employee to a position where they can maximize their strengths, regardless of which company they came from. I am convinced that if all employees are satisfied with their assignments, we will not only be able to facilitate sustainable procurement and stable supply but also further evolve the entire company.

Yoshino: We import both chilled meat and frozen meat. Chilled meat is considered higher quality than frozen meat because umami drips out of the latter during thawing. However, importing chilled products is possible only from relatively nearby countries. It would be very difficult to import from Europe and South America. Therefore, we are currently testing a new technology that will allow us to import chilled meat from distant countries. So far, we are achieving good results. If this works successfully, we can create new culinary delights. For example, we can bring to the table chilled Iberian pork from Spain or chilled veal and chilled pork from France. This is what "defying stereotypes" (that our Group embraces) truly means. Our future goal is, as we mentioned earlier, to achieve the No. 1 market share by intensifying cooperation with overseas meatpackers. We would like to accomplish this within three years.

Kanamori: At the policy presentation for this fiscal year, I asked employees at production sites to always imagine mealtime scenes while they work. It is true that the livestock

business is about finding the most efficient way to convert plant-based feed into animal protein, but the most crucial things are safety and good taste. We will produce and sell safe, high-quality, delicious beef, pork, and chicken under the same meat production concept throughout Itoham Yonekyu Holdings. To this end, we will continue to further brush up our meat brand. Additionally, effective utilization of excrement is becoming more critical than ever in the livestock business. Currently, we sell it outside the company as manure. Still, it would be interesting to utilize it within our Group to produce feed grain and vegetables that can be used as raw materials for processed products in Japan. In this way, we would like to create a sustainable, circular business model.

*2 We published "Our Approach to Animal Welfare" and "Animal Welfare Policy" in May 2022.



Business Overview

Processed Food Business

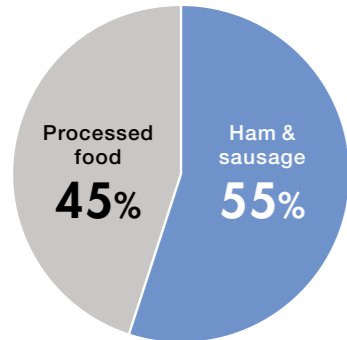
We will sustainably grow our processed food business through efforts seeking both increase in profit margin and increase in sales.



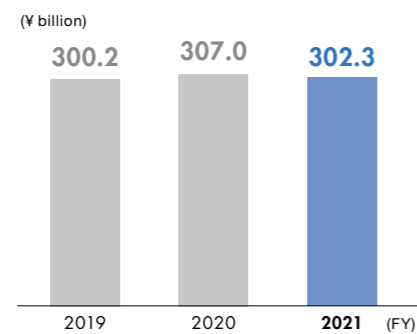
Koichi Ito
Director, Managing Executive Officer
Senior General Manager COO – Processed Foods Business Div.



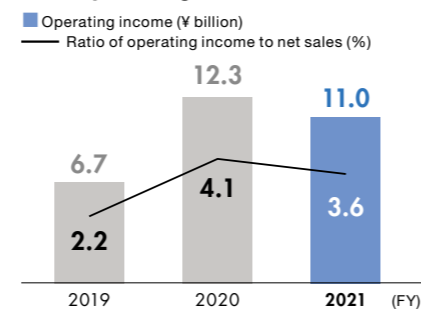
Sales ratio according to product category



Sales trend



Trend of operating income/ratio of operating income to net sales



*The "Accounting Standard for Revenue Recognition" is applied starting from the beginning of the consolidated fiscal year 2021

Recognition of the Market Environment

As for the market environment our Group is facing, domestic food consumption has been in decline due to decreasing population and an aging society, but we think the needs for processed "convenient" products are rising due to increases in the number of smaller-sized households and employment rate of women. Also, we expect the buying behaviors of people "with COVID-19" and "post-COVID-19" to remain the main pattern moving forward. Due to the growth of a sustainability

and ethically-conscious consumer base, social demands relating to ESG and SDGs have been on the rise, and we think these conditions will bring about new buying motivations in which the values of consumption are diversified, segmented, and individualized. Additionally, we recognize that efficient business operations featuring less burden on the environment will be more and more in demand as digital transformation (DX) and energy transformation (EX) become more common.

Strengths

- Long-standing brand strength
- Product development abilities based on high technical skills
- Full product lineup
- Nationwide sales and logistics network

Opportunities

- Expansion in the need for simple meals, meals for consumption by individuals, ready-made meals, and new processed foods
- Social demand for safe, reliable food supply focusing on trustworthiness
- Preparation of a workplace environment where each employee can actively participate
- Demand for environmentally-friendly products
- Growing foreign markets

Risks

- Unclear environment in which costs of raw materials continue to increase due to global inflation
- More severe difficulty in acquiring personnel and lack of personnel at business facilities due to declining birth rates
- Shutdowns at plants due to infectious disease or livestock illness, and lack of stability in raw material procurement

FY2021 Results and Issues

Toward improving profitability and promoting growth

In FY2021 we faced challenging business environment, with rising raw material and energy prices, but we focused our efforts on enhancing our product lineup, with new household products, long-life products, and shelf-stable products. By implementing a new commercial for products such as the GRAND Alt Bayern and other gifts, we sought to increase user awareness, and our market share of household products steadily increased.

As part of our sustainability response, we switched to the environmentally-friendly drawstring bag form of packaging for products like "The GRAND Alt Bayern." Thanks to this, we were able to reduce amount of plastic used, reduce CO₂ emissions, and even save on space during distribution and transport.

Furthermore, we redefined Itoham's and Yonekyu's respective brand values, organized our product portfolio, and strengthened our ability to respond to the market and customer response, while also moving forward with facility investment that included countermeasures to plant decay. This represents how we redoubled our efforts to improve cost competitiveness.

Moving forward, it will be critical to respond accurately to the extreme changes in our operating environment through rapid expansion of business areas, and reorganization of business portfolio which will lead to improving profitability and stimulating growth.

FY2022 Strategies and Initiatives

Towards an organization that promotes overall optimization through its strategic organizational structure

We must respond to consumers' needs and values as they rapidly change and diversify, considering the changes of consumer behavior during the COVID-19 pandemic and acceleration of digitization. First, Itoham and Yonekyu are strengthening their relative brands, putting effort into growing "standard products" and "only-one products" as a way to strengthen brand and respond to diversity. To stimulate communication with various customers, we are further strengthening our digital marketing. Regarding processed food, we are moving forward to further expand business areas. Pouring effort into perfecting taste and fostering products that will continue to grow, we aim to create a full lineup for our customers to enjoy. Specifically, we are working to develop new products and new channels, like soy-meat products and frozen foods.

Regarding improvement in profitability, we were strived to streamline our operations, but since it is very difficult to absorb the entire burden caused by raising prices in raw materials and such, we will revise the price of products while we make efforts to reduce cost by building an optimal production and distribution system plant reform, and other ways. Additionally, we are building up our foreign bases in growing foreign markets and making them stronger, so as to create synergetic effects among business bases. We are using personnel strategies and training programs to cultivate personnel who can operate and lead foreign businesses.

FOCUS!

Four Initiatives for Achieving the Goals of "Medium-term Management Plan 2023"

Major Theme 1. Strengthening management base

Starting in April 2022, we have established the Processed Foods Division, while we work on unification of Group strategy, proper placement of personnel via system integration, activation of personnel, and advancement of digital strategies.

Major Theme 2. Strengthening earnings base

We have started reorganization of production bases and begun reconstruction of Yume Plant.

Major Theme 3. Initiatives for new businesses and markets

Proactive collaboration with other companies and use of new raw materials will lead to technological innovation and improvement of the product value.

Major Theme 4. Initiatives for sustainability

Changing to the environmentally-friendly packaging of a drawstring bag form to reduce the amount of plastic used and greenhouse gas emissions.



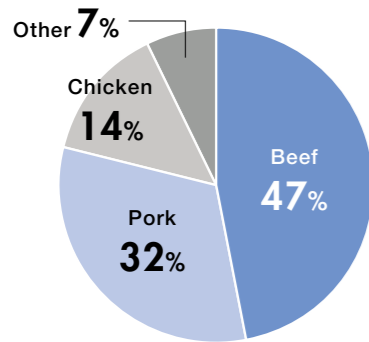
For more information, please see page 23.

Take initiative in making changes and pioneering a new future to create and expand the meat value chain.

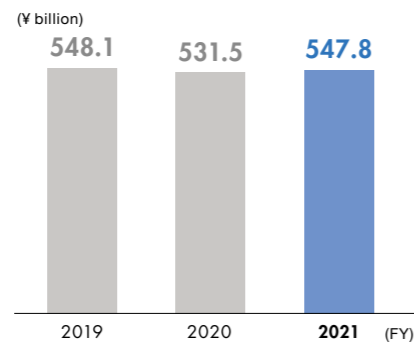


Takamasa Wakaki
Director, Managing Executive Officer
Senior General Manager COO – Meat Business Div.

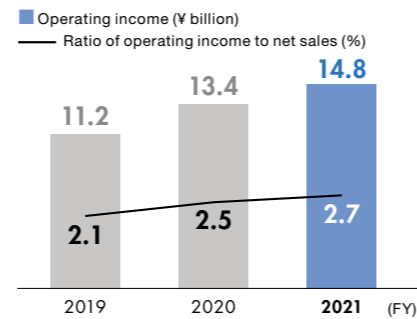
● Sales ratio according to type of livestock



● Sales trend



● Trend of operating income/ratio of operating income to net sales



*The "Accounting Standard for Revenue Recognition" is applied starting from the beginning of the consolidated fiscal year 2021

Recognition of the Market Environment

The environment of the global food industry is changing at a rapid pace, with population problems and climate change, as well as the recent spread of the coronavirus and rising geopolitical risks. Particularly in the meat industry, conquering the many factors that increase costs—factors such as rising prices of animal feed ingredients and fuel, global disruptions in container distribution, chronic lack of personnel—is the main issue we face. Also, while we must work on sustainability,

including reducing greenhouse gas emissions in livestock production and improving animal welfare, the importance of meat as a source of protein that sustains human health is growing. We believe that this Division's mission is to achieve further growth and improvement in our Group's food production and sales bases in Japan and abroad, as well as maximization of not only economic, but also social and environmental value through the food business.

Strengths

- Nationwide sales network
- Procurement abroad with in-house import as the main means
- Wide array of products and excellent ability to develop products
- Domestic meat production and unheated meat business
- Growth of foreign business (ex. ANZCO)

Opportunities

- Greater global demand for animal protein
- Greater demand for new sources of protein (alternative meat)
- Greater demand for value-added products due to changes in lifestyle
- Optimizations and cost reductions which utilize rapid technological innovations, including digital transformations and AI.

Risks

- Influence of climate change on production business
- Increase in factors that hinder smooth international dealings
- Rising prices for animal feed ingredients, materials, and fuel
- Increase in risk of animal diseases
- Increase in personnel and distribution costs due to lack of personnel

FY2021 Results and Issues

Creating a change- and risk-resistant business structure

Domestically, while the heightened demand for food for eating at home has settled somewhat, the number of industry-use products of imported poultry and products for mass sale of domestic poultry increased, and the market value of imported beef and domestic beef remained high, such that net sales increased. However, profits went down due to the continuing influence of rising prices of procurement caused by high market value and disruptions in maritime container transport. In business abroad, net sales and profit both increased markedly, thanks to the spread of internal improvements in ANZCO, which offers New Zealand beef and lamb business, and rising market prices in main sales destinations in North America. In the overall Meat Division, net sales were 547.8 billion yen, with an operating income of 14.8 billion yen—our highest profit on record.

As our main initiative in FY2021, we inherited the assets of the Towada Meat Center from Towada City, and began running it as the IH MEAT PACKER Towada Meat Plant; we also began operating the IH MEAT SOLUTION Ishikari Packing Center. Additionally, we established a new Meat Division, integrating the Itoham's and Yonekyu's Procurement Divisions and Strategic Divisions as an integrated organization in the meat business. Moving forward, we intend to inaugurate our project for unifying the core system of our meat business (MEAT MIRAIBAN project) starting from the beginning of 2023. We will also seek streamlining of distribution, optimization of warehouse storage locations, and optimization of transport methods and routes, as well as reduction in distribution costs and in greenhouse gas emissions.

FY2022 Strategies and Initiatives

Taking initiative in making change and pioneering a new future

Aiming for expansion and optimization of our production business, we are engaging in large-scale facility investment (new facilities of the Towada Beef Processing Plant) both domestically and abroad, and pushing for higher added value through in-house products and widening of production/processing margins. In our domestic business, we are strengthening our offerings through a sales network that spans the whole country, as we seek to enhance operation profitability through greater sale of brand meats and unheated products. In our foreign business, we are strengthening ANZCO's export competitiveness, while we collaborate domestic wagyu beef and kurobuta pork export businesses and widen sales margins in global markets. Additionally, we are implementing cost reduction strategies for the mid-term, such as distribution streamlining and promoting digital transformation, starting with MEAT MIRAIBAN project.

We are strengthening our efforts in sustainability, as we plan to achieve economic value at the same time as achieving social and environmental value. Specifically, through our Group's wagyu partner farms, we will cooperate with the "Business of Building a System for Visualization of Reduction in Greenhouse Gases (GHG) in Cattle Production" operated jointly by the Japan Cattle Industry Cooperative and the Tokyo University of Agriculture, and proceed with verification experiments using natural product-derived feed that restricts creation of methane. Furthermore, regarding the healthcare business operated by ANZCO, our total share of core products is now among the highest in the world thanks to the buyout of Moregate Exports Ltd. These products are used in the manufacture of vaccines, regenerative medicine, clinical diagnoses, and more, and it is expected they will continue to see high market growth.

FOCUS!

Four Initiatives for Achieving the Goals of "Medium-term Management Plan 2023"

- **Major Theme 1. Strengthening management base**
We will maximize integrated synergy by completing the "MEAT MIRAIBAN project" and streamlining distribution.
- **Major Theme 2. Strengthening earnings base**
We will move forward with expanding production and processing business along with improving cost competitiveness, while we strengthen our ability to reach final customers in the sales business.
- **Major Theme 3. Initiatives for new businesses and markets**
We will expand investments into high-growth areas, such as the healthcare business, the extract business, and alternative meat projects.
- **Major Theme 4. Initiatives for sustainability**
We will strengthen materiality response, especially reducing greenhouse gas emissions which are deeply linked to the meat business, and pour efforts into animal welfare, while enhancing efficacy of our procurement policy.



Animal derived blood products from the healthcare business operated by ANZCO

Special Article 2: Interview of Employees in Charge of Product Development

Related Materiality



For the “Pursuit of uncompromising flavor and high quality”

The tasty and high-quality product lineup of Itoham and Yonekyu Holdings is the result of the ingenuity of each one of our employees to support people’s healthy and affluent diet. We interviewed them about their thoughts and efforts in product development.

Leveraging each other’s advantages to generate new strengths

Itoham has valued technology and tradition, whereas Yonekyu has a reputation for creativity and originality. During these six years since the two were merged into Itoham Yonekyu Holdings, various new approaches have been created in the field of product development. The combination of different cultures has generated new strengths.

“It was this fiscal year when the two development teams were merged, but before that, all development staff from the two companies gathered remotely to hold cross-cultural exchange meetings. Each party explained, to the other, its products and production lines to share information on products. I feel that being exposed to totally different ways of thinking has helped us to come up with new ideas with amazing speed.” (Funahashi)

“I believe that Itoham’s major strengths are in its full lineup of products and its brand power cultivated during its 94-year history. Yonekyu’s original culture, which was added to them, has taught us that there were other ways

to make ham and sausages than what we had taken for granted. This has been a great advantage in developing new products.” (Kimura)

By properly recognizing each other’s products and facilities and learning from each other’s good points, we began perceiving things from a completely different angle. This leads us to review production processes and costs to reduce the time for developing and commercializing new products. Soy-based meat products are the highlight of this effort.

Soy-based meat with top market share developed with our technical capabilities

Soy-based meat products are gaining recognition as sustainable foods along with the growing awareness of environmental issues. Itoham launched the products for home use in March 2020. This attracted the industry’s attention as its lineup includes hamburgers, meatballs, cutlets, nuggets, and fried chicken.

“To prepare for the launch of soy-based meat products, all development staff from both companies held study sessions. We got together in August 2019 and the plan was to launch the products in March 2020. The development period was short, only six months. However, we combined our knowledge and expertise to go through a significant and intensive development process.” (Kimura)

Itoham’s soy-based meat products for home use have been selling steadily. It began selling soy-based meat for barbecue and soy-based chicken for salad in February 2021. Jerky started to be sold in August 2021, and curry and stew in March 2022. It continues to improve existing products and has become a leading producer of soy-based meat products for home use.

“Just as with meat products, launching soy-based meat products does not mark the end of our work. There is still much room for improvement. Continuous research is required to make it even tastier and healthier. Considering this also to be an important product development mission, we work hard every day.” (Funahashi)

Hand down skills and open communication lead to new product development

The Product Development Department staff works hard every day to develop and improve our products. The source of their commitment to good taste and high quality is the transmission of skills and communication. The development of new products is influenced by the exchange of different corporate cultures between Itoham and Yonekyu, the relationships that transcend hierarchy within the department, and the information sharing with the Central Research Institute and other departments.

The Achievements of Soy-based Meat!

- It was commercialized with soy protein as the main ingredient in anticipation of the increased global demand and supply shortage of meat.
- It offers the pleasure of choosing and eating from more options other than beef, pork, and chicken.
- It provides healthy products that vegetarians can also enjoy.



A wide variety of the soy-based meat lineup includes hamburgers, barbecue meat, fried chicken, curry, and stew. Since the launch, they have been constantly improved to be even more delicious!

“Since I am still new to the Product Development Department, I am constantly learning from the experienced members around me. When I make a prototype, I ask them for advice and consult with the Central Research Institute. I directly talk with factory workers when I put it into factory production. Information exchange meetings also help me. Listening to other’s opinions has broadened my mind and perspective, which has become my strength. I feel that this is one form of handing down skills.” (Funahashi)

“When we develop a new product, we must maintain originality without losing productivity in the line. To this end, it is indispensable to listen carefully to the opinion of the production sites. Of course, the Quality Control Department has its own opinions as well. Contentious arguments arise, but it is because everyone wants to create a good product. We create together and brush up together. In this respect, we have open communication.” (Kimura)

Akifumi Kimura

General Manager – the Product Development Sect. 1, the Product Development Dept., of the Processed Foods Business Div. /Production Div.

He joined Itoham in 2002. He worked in the First Production Department of the Tokyo Plant, in the Engineering Section of the Development Department, and in the Production Control Section of the Production Control Department. He also served as chief of the Development Section of the Tokyo Plant before he assumed his current position. He leads development members in a department responsible for developing new products which are supposed to be manufactured at Itoham’s plants under the supervision of the Processed Foods Division. His department is also responsible for supporting the development departments of each plant.



Naoko Funahashi

Product Development Sect. 1, the Product Development Dept., of the Processed Foods Business Div. /Production Div.

She joined Itoham in 2014. She worked in the Quality Control Section of the Toyohashi Plant and the Quality Control Office of the Tokyo Plant before she assumed her current position. She is mainly in charge of the plant-based product category and develops soy-based meat products, among others.





Tasting and discussing newly developed products

Our commitment to materialities is to bring people tasty and healthy products

Among the seven materialities that Itoham and Yonekyu Holdings have set forth, the most critical ones for the Product Development Department are "Pursuit of uncompromising flavor and high quality" and "Realizing healthy and affluent diet."

"We have an enormous responsibility to supply good-quality protein. The source of protein may be meat, soy-based meat, or other plant-based alternatives. To offer our customers a broader range of options and help them enjoy healthy and affluent diet, we must create more products by making good use of the technology and facilities we have developed. Obviously, good taste also matters. Our mission as developers is to keep creating better and tastier products." (Kimura)

"The concept of sustainability will be even more pivotal. Since demand for meat substitutes, including soy-based meat, is increasing in Japan as well as in the world, we will continue researching and pursuing a substitute tastier than real meat." (Funahashi)

Another important task of the Product Development Department is to develop products that help people lead wholesome lives. In addition to soy-based meat and health-oriented products already on the market, such as low-sodium or low-sugar foods, we will proactively develop foods with functional claims, such as foods with additional ingredients that benefit people's health.

Aiming to create products that delight people and a workplace to realize this

Social conditions and people's preferences change from one day to another, one moment to another. Researching from various angles to perceive the future is the important mission of the Product Development Department.

"Consumers desire two things. They want to eat safe and secure food, and they also want to eat novel and delicious food. We must create products that satisfy both. I am now mainly in charge of plant-based products, but I do not want to limit myself to that. I want to create new products not just for the immediate future but also consider the next five to 10 years. Creating new products that can be promoted in Japan and globally be better. I would like to pursue that goal." (Funahashi)

"As the general manager, I would like to create an environment where highly motivated members like Ms. Funahashi can work comfortably. As a developer, I have always wanted to create long-selling items. Both Itoham and Yonekyu have products that have been loved for decades. I would like to create even more popular products that will be cherished by the next generation and the generation after that." (Kimura)

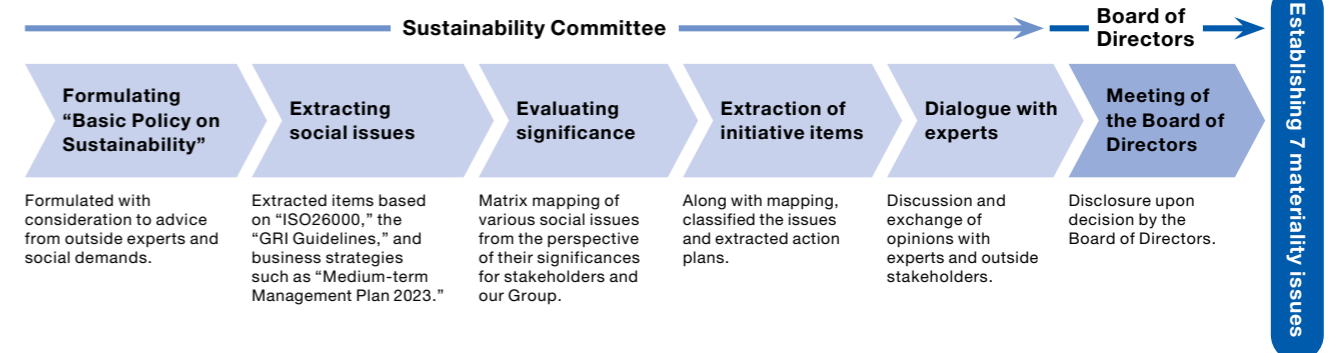
In the never-ending product development, Itoham and Yonekyu Group work hard daily to develop new products by taking advantage of the respective strengths of Itoham and Yonekyu. For the "Pursuit of uncompromising flavor and high quality."










Making prototypes in the kitchen dedicated to the Product Development Department

The Itoham Yonekyu Group has identified important social issues based on the perspectives of stakeholders and the Group. From these issues, we selected the most pressing issues to our Group as materiality, which were decided on by the Board of Directors. We will incorporate materiality issues into our business strategy and contribute to the realization of a sustainable society through business.

Selection process for materiality



Materiality

Materiality	Basic Policy / Background	Subjects	Action plan
 Realizing healthy and affluent diet <small>See page 23 for details</small>	Offering safe, secure, and high-quality products and services that will satisfy customers is our top priority. Furthermore, we will continue to provide products and services that meet the needs of diverse lifestyles and society, focusing on health-conscious meals, convenient meals, and reduction of food loss.	Society	<ul style="list-style-type: none"> Safe and reliable supply of food Supply of quality protein Product development and supply of health value in response to diverse lifestyles
 Considering the environment <small>See page 23 for details</small>	We recognize that our business has a close connection to the earth's environment, and we are moving forward with initiatives that are considerate of biodiversity, while we work on reducing environmental burden, through effective use of resources and reduction in greenhouse gas emissions.	Environment	<ul style="list-style-type: none"> Expansion of product that leads to reduction in food loss Reducing greenhouse gas emissions Reducing the consumption of energy and water Reducing waste emissions Preserving biodiversity Reducing the amount of plastic used
 Creating a workplace where each employee can actively participate <small>See page 24 for details</small>	We respect a wide variety of value systems and work styles, and we ensure a working environment that enables every employee to work safely, as they support our business activities. We cultivate an atmosphere that seeks continuous growth for both employees and the corporation.	Society	<ul style="list-style-type: none"> Personnel development and training Respecting diversity Promoting a healthy work-life balance Occupational health and safety, health management, and the respect of human rights
 Promoting sustainable procurement and stable supply <small>See page 24 for details</small>	We are building a sustainable supply chain, as we aim to resolve social issues, such as respect for human rights and animal welfare, by cooperating with all of our business partners, starting with the livestock industry.	Environment	<ul style="list-style-type: none"> Contributing towards a sustainable livestock industry
 Contributing to local communities <small>See page 34 for details</small>	As a member of the local society and as a conscientious corporate citizen, we are moving forward with initiatives that emphasize "coexistence with society" through consideration of the earth's environment, safety and health, and job creation.	Society	<ul style="list-style-type: none"> Promoting procurement that respects human rights Animal welfare considerations
 Strengthening corporate governance <small>See page 35 for details</small>	We are aiming for sustainable growth and medium- to long-term improvements to our corporate value, and we will build an optimal governance structure based on our basic stance on corporate governance.	Governance	<ul style="list-style-type: none"> Promoting compliance Risk management
 Pursuit of uncompromising flavor and high quality	By producing our inherited technologies and the history, we look to provide products and services that can be enjoyed by all customers.	Society	

In order to realize our Group Philosophy, we have implemented business operations so as to achieve both sustainability of society and our business. In particular, we are working on a variety of new tasks through “7 materiality issues” we formulated in 2021. Here, we will look at specific initiatives for 4 of those materiality issues.



Realizing healthy and affluent eating habits

“Safe, reliable” and quality protein for diverse lifestyles closer to home

We are providing customers with new options for obtaining protein in their diet, by expanding the product lineup in each of the “Marude Oniku!” and “AIRMEAT” series, which are non-meat brands. Additionally, we are selling our unheated meat “Onikuya-san no Daizu MEAT” series which can be used in a variety of meals at home, and we organized a supply system to respond to the expansion of the non-meat business field, which is expected to grow in demand.

In order to provide safe, reliable products and services to our customers, we will continue to fully obey the law and to make continuous efforts to properly disclose product information. At the same time, we hosted a conference with experts from the NPO Science of Food Safety and Security (SFSS) as an initiative to raise our customer response level in risk communications related to food safety and security. Employees involved in quality control, quality assurance, product planning, and development attended the talks, and gained a deeper understanding of things like consumer psychology regarding additives. Over



90% of the participating employees have positive remarks, such as “I learned some techniques for dealing with consumer psychology regarding additives” and “It led to an improvement in my consumer response.” We will continue to find links to new issues moving forward.



Considering the environment

Expecting to reduce the amount of plastic used by 30% in target products by switching to environmentally-friendly packaging.

In order to contribute to reducing environmental burden and maintaining the earth’s environment, we began switching over to environmentally-friendly packaging like the drawstring bag form for “The GRAND Alt Bayern,” one of our core brands, and “Meatballs,” starting in February 2022.

By cutting the top of the packaging, we expect to reduce the amount of plastic used in the entire product line by approximately 30%*1 (annually, approximately 150 tons, approximately 850 tons when converted to CO₂).

Not only does it contribute to reduction of storage space in refrigerators and shopping bags, it contributes to reduction of transport burden*2 (approximately 240 tons when converted to CO₂) through improvement of distribution efficiency, since the cardboard used for transport can hold 12 packs instead of 10, constituting a 1.2 times improvement in delivery loading efficiency.

*1: Calculated value in comparison to current product
*2: Our company’s test calculation

Change in packaging for The GRAND Alt Bayern



Creating a workplace where each employee can actively participate

Supporting flexible work styles through the “Portal Site for Promotion of Work Style Reform”

As work styles become more diverse, whether balancing work with childcare or nursing, or working “with COVID-19,” we are working to notify workers through our “Portal Site for Promotion of Work Style Reform” regarding the childcare/nursing consultation office, the support system for work-childcare balance, and the system for at-home work.

By promoting diverse, flexible work styles, we are providing support such that each Group employee can work comfortably.

Also, we are working to create workplaces where a variety of people can be active, with initiatives like proactive hiring and utilization of women, and creation of stable employment opportunities for the disabled through cooperations with public institutions.

“ VOICE ”

I felt a renewed sense of how nice it is to work as part of a team



I am mostly just glad I was able to get childcare leave. It’s a tough time right after a child is born, but I got to spend that time with my wife and child, so our family bonds were strengthened. And while I was on leave, a lot of people helped out, so I felt a renewed sense of how nice it is to work as part of a team. I am deeply grateful for everyone at work for being understanding.

Accounting and Finance Department
Takayuki Osawa (29 years old)

Formulating and disclosing the “Itoham Yonekyu Group Human Rights Policy” in order to fulfill social responsibilities as a corporation

Based on our efforts in various issues related to human rights, we recognize that “respect for human rights is at the basis for all decisions and actions,” and so we have formulated and disclosed the “Itoham Yonekyu Group Human Rights Policy.” We will move forward with further initiatives, such as building

a human rights due diligence system, in order to fulfill our responsibility to respect human rights through our business activities.

[Click](#) here for “Human Rights Policy” (Japanese only).



Promoting sustainable procurement and stable supply

Formulating and disclosing the “Itoham Yonekyu Procurement Policy” and “Supplier Procurement Guidelines”

In order to execute procurement activities responsibly, we have formulated and disclosed our Group’s procurement policy, which declares respect for human rights and consideration for the earth’s environment. Also, through our Supplier Procurement Guidelines, we seek the understanding and cooperation of all of our Group’s suppliers for prohibiting forced

labor and child labor, and creating a safe working environment, in order to promote sustainable procurement activities along the entire supply chain. Moving forward, we will engage in additional initiatives, such as training for Group employees and surveys of suppliers.

Formulating and disclosing the “Animal Welfare Policy”

We believe that consideration for animal welfare, being closely linked to sustainable production and procurement activities in the farming industry, is a social activity that our Group must engage in. Therefore, we agree with the Five Freedoms policy expressed by the World Organization for Animal Health (OIE) as its animal welfare policy, and we have formulated and disclosed our “Animal Welfare Policy” for promoting production

and procurement activities that respect the life of livestock. We share our Group’s policy with business partners, and in collaboration with them, we will continue to strive to improve animal welfare.

[Click](#) here for “Procurement Policy” and “Supplier Procurement Guidelines” (both Japanese only).

[Click](#) here for “Animal Welfare Policy” (Japanese only).

Basic Stance on Sustainability

At the Itoham Yonekyu Group, we believe that contributing to the realization of a sustainable society through business based on our Group Philosophy is the key to sustainability. For that purpose, we have specified “7 materiality issues” as we strive to solve social issues through business.

[For details on materiality, see page 22.](#)

Basic Stance on Sustainability

The Itoham Yonekyu Group will contribute towards the realization of a sustainable future based on the Group Philosophy.

Group Philosophy

Contribute to the realization of sound and affluent society through business.

Activities and Management System of the Sustainability Committee



In April, 2021, we established the Sustainability Committee as a consulting body for the Board of Directors. The purpose of the committee is to promote sustainability management across the entire Group in order to achieve a sustainable society and sustainable business.

The committee is composed of the joint CAO/CFO as chairperson, four representatives from each division, and one outside expert. Additionally, in April, 2022, we established Sustainability Section as a dedicated department for responding to management issues related to sustainability through collaboration of each division. This will allow us to “fulfill corporate social responsibility through business,” one of the major themes of our Medium-term Management Plan 2023, and lead to enhancement of Group value and sustainable growth.

Sustainability Committee meetings were held six times in FY2021, with repeated discussions across a variety of areas, such as identification of materiality, development of human rights policy, procurement policy and supplier procurement guidelines, development of an animal welfare policy, and climate change initiatives. As one of the specific achievements, in accordance with the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), the committee examined the perspectives of governance, strategy, risk management, and metrics and targets with advice from external experts and externally disclosed the results on our website in June, 2022.

[Click here for “TCFD Recommendation Initiatives” \(Japanese only\).](#)

Message from the Director in charge of Sustainability



Hajime Ogawa

Director, Managing Executive Officer
Chief Compliance Officer
Chairperson of Sustainability Committee

We will steadily strive to solve the social issues facing our Group

As social needs and values rapidly change and diversify through changes in consumer behavior and acceleration of digitization caused by the COVID-19 pandemic as well as heightened interest in sustainability, our Group faces a diverse array of social and environmental issues. We believe it is important to contribute to solving these issues through business and improve the sustainability of both our Group and society in general. In order to realize this belief, we are discussing to develop KPIs and action plans to our seven particularly high-priority materiality issues, identified in FY2021 which exert an impact on our Group's business.

Regarding environmental issues, initiatives addressing greenhouse gases, which crucially require a global response, is an urgent challenge. We expect our business to be considerably impacted, in terms of rising prices for feed and being forced to move to locations suitable for industry livestock due to climate change. In order to reduce our Group's greenhouse gas emissions even more while moving forward with proper risk response, in May 2022, we proclaimed our targets to halve greenhouse gas emissions by 2030 (compared to FY2016), and to achieve net zero by 2050. Also, we will move forward to strengthen disclosure in adherence with TCFD recommendations.

Regarding special issues, we have developed and

disclosed human rights policy, procurement policy, and supplier procurement guidelines in order to handle human rights and environmental risks in the supply chain. Moving forward, we will engage in efforts to guarantee the efficacy of these policies and guidelines, by constructing human rights due diligence and grievance mechanism, and implementing supplier surveys.

Regarding our system, as a consulting body for the Board of Directors, we established the Sustainability Committee in FY2021 composed of representatives from each division and an outside expert. Additionally, in April, 2022, we established a Sustainability Section as a department dedicated to dealing with sustainability issues through links between business divisions, as we prepare a company-wide management system.

Our Group aims to improve medium-to-long-term corporate value through information disclosure and dialogue with all stakeholders in accordance with internationally established frameworks, while we move forward with individual initiatives. At the same time, we will engage in business operations that allow for sustainability of both society and business, while we cherish our inherited traditions and history built with all of our stakeholders as our trusted brands.

[Click here for “Human Rights Initiatives” \(Japanese only\).](#)

[Click here for “Sustainable Procurement Initiatives” \(Japanese only\).](#)

Stakeholder Engagement

Stakeholder	Opportunity/Mean
Customer	<ul style="list-style-type: none"> ● Customer support office ● Consumer monitoring surveys ● Implementing various events and campaign sales at stores ● Information distribution and communication through website and social networks ● Business meetings (introductory meetings for new products)
Local Society	<ul style="list-style-type: none"> ● Environmental preservation activities ● Dietary activities in the regions where we have offices ● Local communication through sports
Shareholders and Investors	<ul style="list-style-type: none"> ● General meeting of shareholders ● Execution of explanatory meetings (financial presentations for investors, etc.) ● Information disclosure on website, etc. ● Holding IR meetings with investors
Suppliers and Business Partners	<ul style="list-style-type: none"> ● Cooperation in business operations, cooperation in quality, safety, legal compliance through factory audits, etc. ● Communication through discussions and business meetings
Employees	<ul style="list-style-type: none"> ● In-house notifications and presentations about the Medium-term Management Plan, etc. ● Employee awareness surveys and compliance surveys ● Implementing career interviews and individual interviews ● Establishment of internal and external consultation offices ● Round-table discussions with management and employees
Industry and Government Organizations	<ul style="list-style-type: none"> ● Comprehensive links and agreements with local governments ● Dialogue with industry groups and periodic information exchange ● Participation of and collaboration with external research events and industry groups
Global Environment	<ul style="list-style-type: none"> ● Forest preservation activities and volunteer nature preservation activities ● Efforts in reducing environmental impact ● Food waste recycling

Basic Stance

At Itoham Yonekyu Group, we are aware that protecting our planet's environment is one of the most important global issues, and we are taking action to realize a sustainable society by considering the environment in our business activities. In particular, climate change due to global warming is severely impacting our lifestyles and corporate activities, resulting in more intense natural disasters and decreases in crop output. We are working on initiatives in order to contribute to solving these issues.

Related Materiality



Environmental Management

Our business activities exert various influences on the environment, such as through greenhouse gas emissions. To grasp these influences and increase the effects of our environmental preservation activities, we have created and operate an environmental management system at our main production bases.

Itoham Yonekyu Group Environmental Philosophy and Code of Conduct

Environmental Philosophy

We are aware that protecting our planet's environment is one of the most important global issues and we are taking action to realize a sustainable society by considering the environment in our business activities.

Environmental Code of Conduct

The Group operates in compliance with the following Environmental Code of Conduct to put the Itoham Yonekyu Group Philosophy and Environmental Philosophy into practice.

1. Compliance with laws and regulations

Comply with Japanese and international laws, regulations, decrees, and agreements related to the environment, define self-management standards, and commit to environmental preservation activities.

2. Reducing environmental impact

Promote recycling of waste and work to respond to the formation of a cyclical society and to reduce the environmental impact, while also saving energy, conserving resources, and reducing the release of waste, materials that lead to global warming, and ozone-depleting substances.

3. Preserving biodiversity

Promote activities to preserve forests, rivers, and the natural environment and work to preserve biodiversity.

4. Continually improving environmental preservation activities

Define environmental targets in consideration of effects on the environment and continue to improve environmental preservation through regular review.

5. Thorough self-management

Hold regular internal and external audits and work to be thorough with self-management.

6. Environmental training and raising awareness

Improve understanding and awareness among employees of the Itoham Yonekyu Group Environmental Philosophy through internal and external environmental training and workplace communication activities.

7. Coexistence with society

Coexist with society through conversations with society and participation in environmental preservation activities.

8. Disclosure of environmental information

Disclose Itoham Yonekyu Group information related to the environment in an appropriate manner.

Environmental Audit and Training

Environmental audits are carried out at each office to prevent environmental contamination and accidents and to further increase the level of our environmental preservation activities. We are also thorough in our compliance with laws and regulations by quickly responding to and modifying indicated issues while also complying with regulation values defined in laws related to the environment and set by environmental preservation associations.

In addition, we hold regular training at each office as an emergency response measure to reduce contamination and prevent the spread of effects by assuming sudden accidents that cause the leakage of wastewater, heavy oil, chemicals, or other spillages that result in environmental contamination. This

training is also designed to enable a quick recovery in the event of an accident.

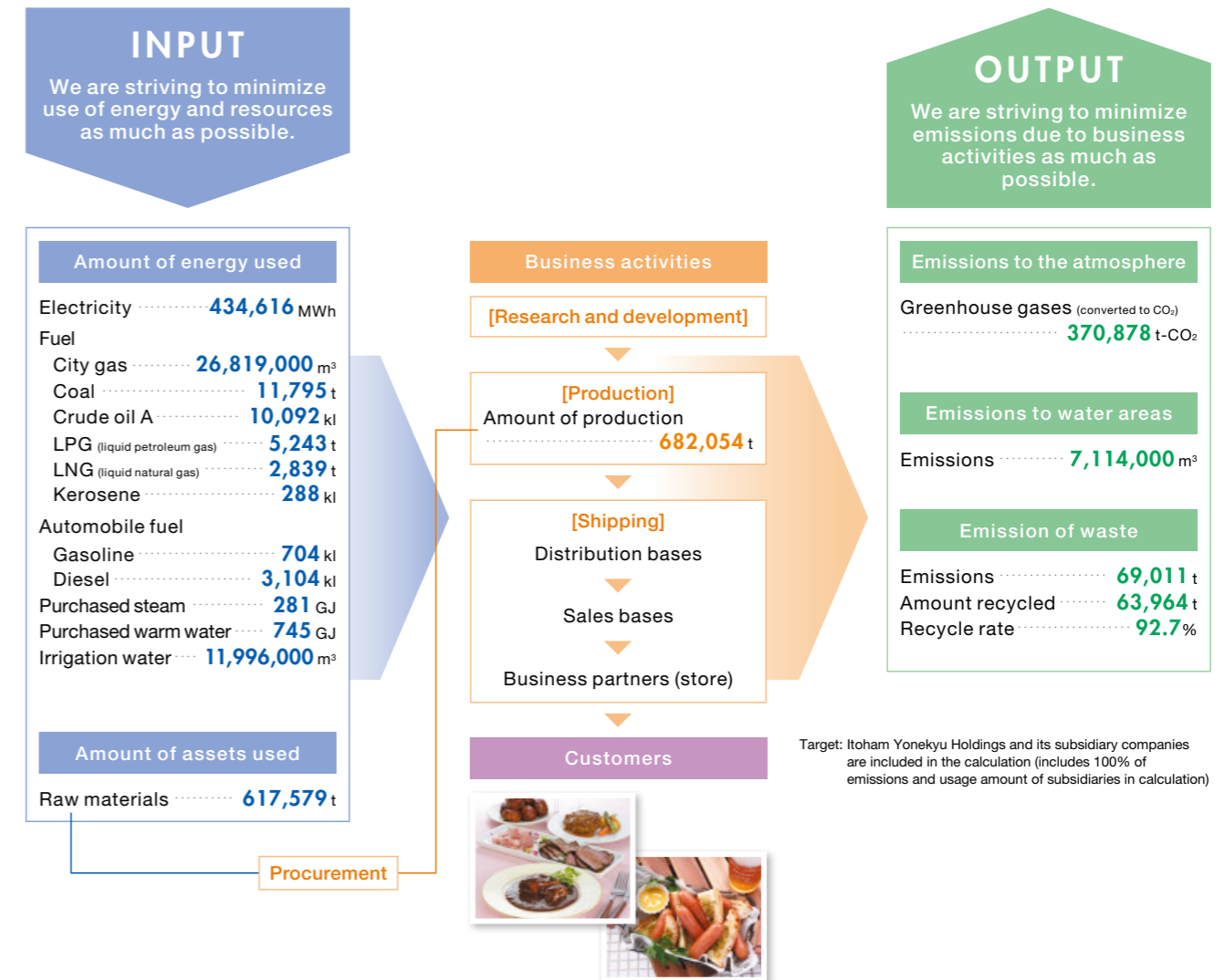
We have defined and use regulations to allow for smooth internal communication as well as communication with governmental organizations and local residents in the unlikely event of an accident.



Visual appearance of an environmental audit at Toyohashi Plant

Material Flow

At the Group, we plan to move forward with saving energy, conserving resources, and reducing greenhouse gas and waste emissions, as we promote recycling of waste and strive for the formation of a cyclical society and reduction in environmental impact.



Reducing Greenhouse Gas Emissions

Reduction to Half by FY2030 (Compared to FY2016)

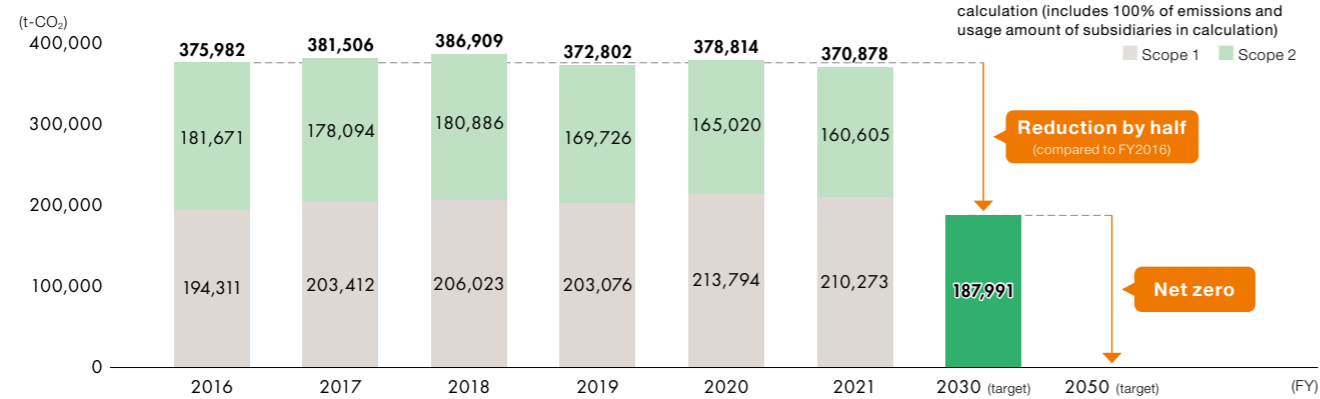
In order to respond to environmental issues, including climate change, on a consolidated basis, our Group acquires environmental data every year from Group companies.

Regarding reductions in greenhouse gas emissions (Scope 1, 2), which are a global issue, we are formulating targets for every three years for domestic Group companies, and striving to meet them. In FY2021, we achieved a 6% reduction by systematically updating to highly efficient equipment and facilities in production plants and deploying circulatory facilities to meet our targets of 1% reduction per unit production

annually and 3% reduction in three years (compared to FY2018).

In order to further promote reduction of greenhouse gas emissions in the future, in May 2022, we formulated targets of halving greenhouse gas emissions by FY2030 (compared to FY2016), and achieving net zero by FY2050 for all Group companies. Furthermore, we are establishing and executing our reduction roadmap in order to reach these achievements in FY2030.

Trends in greenhouse gas emissions (Scope 1, 2) and reduction targets



Response to TCFD Recommendations

TCFD Recommendation Initiatives

The Group is working to strengthen information disclosure regarding the risks and opportunities related to climate change in adherence with the recommendations of TCFD (Task Force on Climate-related Financial Disclosures), which was established by the FSB (Financial Stability Board) upon request by G20.

In FY2021, we qualitatively analyzed and evaluated the risks and opportunities related to climate change, discussed

strategies and response measures at Sustainability Committee meetings, and had them approved by the Board of Directors. The content of those proceedings is disclosed on our website, in accordance with TCFD recommendations. Starting in FY2022, we will implement more concrete impact analysis on our business, and disclose the results as well as the progress towards FY2030 targets.

[Click here](#) for "TCFD recommendation initiatives" (Japanese only).

Initiatives to Reduce Environmental Impact

Deploying Boilers that Can Use 100% Recycled Cooking Oil Waste

Starting in April, 2021, we deployed boilers that use 100% cooking oil waste generated in production plants, etc., as fuel in the Tohoku Plant. By using plant-derived cooking oil waste instead of the crude oil used conventionally, we reduced CO₂ emissions by 1,200 tons annually. We are giving consideration to deploying these at other plants in order to reduce CO₂ emissions.



Cooking oil waste boiler used in the Tohoku Plant

Deployment of a Cogeneration System

Starting February 2022, we have deployed a cogeneration system, which is an energy-efficient electricity generation facility that can collect and use emitted heat, at the Asakusa Ham's Kanto Plant.

By reducing the operating time of current steam boilers, we expect to reduce CO₂ emissions by 300 tons annually. We are giving consideration to deploying these at other plants in order to reduce CO₂ emissions.



Cogeneration system deployed at the Asakusa Ham's Kanto Plant

Food Waste Recycling

One of our Group's food waste recycling activities is the initiative at the Yonekyu Eco Project Center. At the Yonekyu Eco Project Center, we recycle food waste produced at our own factories and by our partners, producing about 500 tons of quality fertilizer annually. This fertilizer is used for a variety of purposes, such as at contracted farms, and helps to reduce our environmental impact.



Visual appearance of Yonekyu Eco Project Center and fertilizer mixing



Preserving Biodiversity

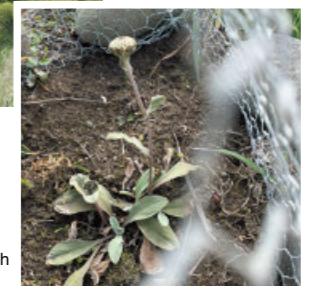
Biodiversity Restoration Project

Biological diversity is an important factor in the prosperity of an ecosystem. There are many rare plants facing extinction in the FIVE STAR farm area owned by ANZCO. We have teamed up with Forest and Bird and the QEII Trust to protect these rare plants on 20 acres* of land. A cluster of kowhai trees (trees in the Fabaceae family native to New Zealand) remains in the Ashburton area of this land, and the trees are estimated to be 100 years old. We will continue to work with local conservation groups to preserve existing ecosystems and promote tree planting activities.

*An acre is 4,046.9 m²



Cluster of plants on the FIVE STAR farm area



Seeds of rare varieties are gathered and protected with the goal of propagation

Water Resources

Improving and Optimizing Water Usage

ANZCO puts an emphasis on water use and optimization at its factories. The Rangitikei factory has reduced its water use by 40% compared to previous years with a site-wide focus on identifying where it could change practices and processes. This significant water reduction has had many benefits across the entire site, but specifically decreased pressure on the wastewater processing system.



An example of water use at Rangitikei factory



Social Initiatives

Basic Stance

We deliver safe, reliable products to customers through a full quality assurance system to give them healthy, rich diets, while also communicating the joy and fun of eating. As a good corporate citizen, we value our coexistence with society and fulfill our social responsibilities as a corporation. Also, we employ a comprehensive training system for employees, and engage in initiatives that give consideration to safety, health, and work-life balance, as we aim to realize a work environment in which we can grow sustainably with our employees.

Related Materiality



Human Resources Management

The Group's Personnel Training

The Group develops people who can think on their own and take action with an attitude of taking on challenges, aiming to realize both the development of a corporate culture that praises taking on challenges to expand corporate value and personal growth through work.

As we aim to link input and output through Off-JT training and OJT focusing on on-site practice, we are constructing an education structure composed of a system for supporting

implementation of theme- and issue-specific trainings, knowledge acquisition through e-learning, as well as an independent learning (self-development).

Training was implemented 69 times in FY2021, excluding self-development and division-specific training, which was a decrease relative to FY2020. However, we were able to maintain almost equivalent results as when meeting in person by utilizing online meetings.

● FY2021 Training System Diagram

Division level	Off-JT				OJT
	Job-class-specific training	Theme- and issue-specific training	Self-development	Division-specific training	
Section manager level	Training for newly appointed managers Basic management training	For managers: Program for stronger organization ability (manager training) Evaluator education *e-Learning	Outside schools Distance learning Obtaining qualifications	Job-specific training (various skills in production, operations, planning, sales, etc.)	Workplace training
Mid-career employees	Training for newly appointed directors and chiefs Training for newly appointed senior staff	For mentors: Training to enhance educational guidance ability			
Young employees	Follow-up training for young employees (first, second-year college graduates; first, second, third-year high school graduates) New employee training (college graduates, high school graduates)				

“ VOICE ”

“Manager training” class
(Production Division, 40s, Male)
It was an opportunity to gain greater awareness of the changing times and value systems of subordinates and to rethink my view of education and guidance.

“Training for newly appointed directors and chiefs” class
(Corporate Division, 30s, Male)
I realized that as a leader in my organization, I will have to work on training personnel and be effective as a team, not just as an individual moving forward.

FY2021 Initiatives in Education and Training for the Future

Continuing from FY2020, we are executing training focused around online programs in order to implement risk countermeasures against COVID-19 infection. We were able to establish operation methods as effective as face-to-face training through implementation of group work only possible online. As for FY2021, as the relationship between individuals and organizations changed and workstyles

and values diversified, we implemented an “organization ability strengthening program” to support improvement in the management ability of our managers. Additionally, we implemented “evaluator education” through e-learning so that the managers can review and confirm their evaluation points on their own time. In FY2022, we are also implementing training related to sustainability.

Promoting Diversity

For the realization of “creating a workplace where each employee can actively participate,” which is one of our materiality issues, we are building an environment in which employees can work, regardless of race, gender, age,

nationality, or presence of a disability. We foster an atmosphere of respecting and sharing the diverse perspectives and values of employees, and aiming for sustainable growth as we promote diversity.

Occupational Health and Safety

In order to realize a work environment in which we can grow sustainably along with employees, we engage in initiatives that give consideration to safety, health, and health maintenance of our employees. While we comply with relevant laws and regulations, such as the Industrial Safety and Health Act, for creating a safe work environment, we are moving forward in a way that adheres to the basic stance of our occupational health and safety management system.

Regarding health and safety, we are moving forward with establishment of Health and Safety Committees in each office and sharing information. In particular, regarding the major issue of preventing work accidents, we are strategically executing safety education at the time of entering the company, regular workplace safety education thereafter, daily workplace surveillance and workplace accident reports. In addition, as

an activity for the health and safety of each and every one of our employees, we implement danger notification training, and raising prior awareness of countermeasures and risks by participation in close-call reporting, as we aim to achieve a work environment where employees can be proactive.

With regards to health maintenance, we have established a safety net call center, which is available to all Group employees and their family members 24 hours a day, in addition to regular health exams and stress checks, such that we have a system which is available for consultation at any time. Also, we implement meetings between employees and occupational physicians about long working hours, overwork, mental health, etc., as we work on countermeasures intended to prevent health problems throughout the entire Group.

Quality Initiatives

Formulation of a Quality Policy

In order to deliver safe, reliable, high-quality products to our customers based on our Code of Conduct, we have integrated the quality policies of Itoham and Yonekyu, which have traditionally been separate, and formulated a Group Quality Policy. We expect each and every employee thinking “customer comes first” as we aim for quality that customers can safely enjoy.

Quality Assurance System

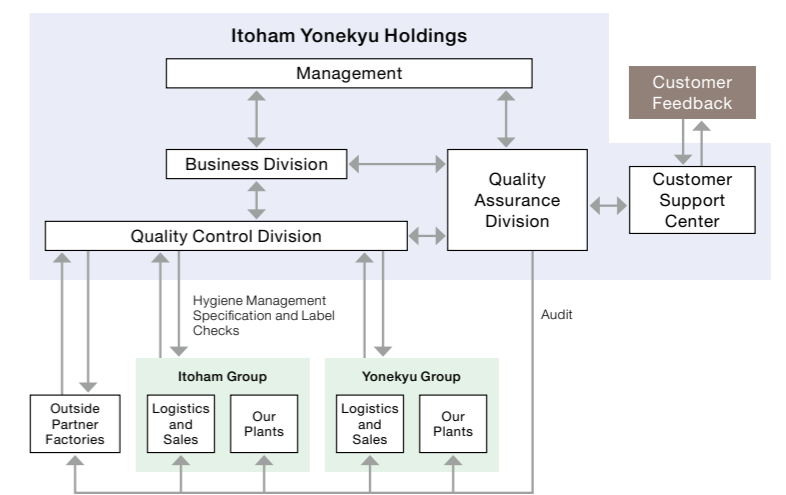
The Group carries out inspections and audits, such as for management of allergens and microbes for safety and, naturally, legal reasons, as well as for traceability of raw materials and food defense, to see if products and services meet the Group's own standards at each stage of the process, from raw material procurement to production, processing, logistics, and sales, including outside suppliers.

We strive to enhance our level of quality control at each of our facilities by offering suggestions and information for daily improvement through these actions and through daily communication.

Initiatives to Enhance Quality

The Production Division, Sales and Product Planning Division, Quality Assurance Division, and Customer Support hold regular meetings and work to improve products so that valuable customer opinions can be reflected in our products. We also hold training sessions on quality, work to improve employees' knowledge and awareness, and strive for a stable supply of quality products.

● Quality Assurance System Diagram



Initiatives for Easy-to-understand Labels

Food labels contain extremely important information for customers. We are working to create easy-to-understand labeling and package design by establishing our Group's own labeling standards based on laws, regulations and customer feedback we have received. We also hold internal training sessions on relevant laws and regulations, working to improve employees' knowledge.



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Aiming for Customer Satisfaction

Listening, Sharing, and Improving Products

We receive a variety of questions from customers each day regarding product characteristics, how to eat or cook certain products, product storage, as well as questions regarding product nutritional information and allergens. We accept these questions and opinions as valuable assets, listen to them in a serious manner, and aim to provide information that is easy to understand.

We also strive to improve our services so that customers always feel a sense of safety, focusing on honest and speedy responses, while also sharing information internally about the kinds of things we hear from customers and what kinds of responses will lead to satisfaction.

Furthermore, we take and examine customer comments about improvement requests for our products, and this leads to the creation of even better products.

Improvements in Response Quality

We regularly check how customers evaluate the responses of Customer Support and the Customer Response Division through surveys. We work to discover and improve issues, and we also work to improve the quality of our responses to customers.

Examples of Product Improvement

Customer Feedback Gotemba Kogen Momo Ham

The mouth grip is small so it's hard to open.

Yonekyu Enlarged the "mouth" so it's easier to open.

Customer Feedback Zero-Sugar Salad Chicken 3 pieces

The nutrition information label says "per pack," but does that mean one piece or three pieces?

Itoham Changed the label to read "per piece" in order to make it clear that the information is for one piece.

栄養成分表示 (1個当たり)	
熱量	88 kcal
たんぱく質	11.5 g
脂質	4.6 g
炭水化物	0.3 g
糖質	0 g
食物繊維	0.3 g
食塩相当量	1.1 g

Supply Chain Management

Formulation of a Procurement Policy

We have formulated and disclosed our Procurement Policy in order to execute responsible procurement activities with all of our partners and promote sustainable procurement through the entire supply chain. [Click here for our "Procurement Policy" \(Japanese only\).](#)

Outside Partner Factories

In order to respond to the various product needs of our customers, we obtain products, particularly meat products, but also dairy products, noodles, and dressings from partner factories in Japan and overseas. Just like with products produced in-house, we perform thorough quality management of these procured products in collaboration with outside partner factories, so we can deliver safe, reliable products to customers.

At the Quality Management Division, which is in charge of outside partner factories, we perform strict checks in accordance with internal regulations, such as whether product design standards pose production problems or whether there are issues with product labeling or manufacturing stages. Additionally, we engage in regular plant audits and spot checks at outside partner factories based on our Group's quality management standards. Furthermore, the Quality Assurance Division also performs regular inspections.

Overseas Partner Factories

We visit production facilities outside Japan as necessary to check to see that product standards, production systems, and other local laws and regulations are being followed and that matters are managed in a way that aligns with our Group standards. We also visit production facilities in countries where we have employees stationed, as well as production facilities in major producing countries, and we are building relationships of trust by deepening communication that allows for speedy responses.

When a defect in a product is found, we quickly offer feedback to the production site, request improvements, and check to ensure it has been improved. Inspections for residual medications, etc. are carried out on our own within Japan, in addition to the government-run monitoring inspections when passing through customs.

Logistics

The job of storing and shipping products that have left the factory plays an important role in making secure deliveries to customers with the product quality maintained as is. This is managed based on the Group's own standards and delicious products are delivered to customers at the appropriate temperatures.

Contributing to Local Communities

Initiating Direct Sales through "Dohiemon," a Refrigerated Vending Machine

In November, 2021, Asakusa Ham set up a refrigerated vending machine in front of their main office at Taito City, Tokyo, where you can buy standard sausage or grilled pork, or uncompromisingly-made truffle prosciutto. Automated and easy-to-use even under the COVID-19 pandemic, it is established as a direct sales location where customers can conveniently make purchases 24 hours a day. By placing this vending machine as a more convenient means for selling products, we aim to further enhance regional links and increase new points of contact with customers, as well as enhance awareness.



Refrigerated vending machine for easy purchasing 24 hours a day

Submitting a Shop in Social Application "Gokko Land"

In July, 2021, Itoham submitted a new pavilion "Let's make breakfast!" to the child focused social application "Gokko Land," operated by KidsStar Inc. Targeting toddlers to younger elementary school students, it is a simulation in which application game users cook sausage and dress ham to make breakfast, so they learn the values of breakfast and eating a balanced diet from the perspective of dietary education. We hope that kids and everyone in their families can enjoy it and utilize it in their actual dietary lifestyles.



They can interactively learn about social structures

Shareholder Engagement

Regarding company information relevant to investor decisions for all shareholder and investors, including our management policy, initiatives for sustainable growth and corporate value enhancement, we are implementing timely, proper, and continuous disclosure. Through two-way communication, such as the general meeting of the shareholders, financial results briefing, and IR meetings, we are establishing a constructive dialogue, and working to gain the understanding and trust of all shareholders and investors.

For details, please see "IR Information" on our website (Japanese only) [Click](#)

Performing Vocational Lectures

Every year, Yonekyu performs lectures for young students at elementary and middle schools in the city of Numazu, Shizuoka Prefecture. Participating as the Numazu's Office for Promotion of Joint Male-Female Participation, we implement these lectures with the goal of fully spreading awareness of male-female joint participation from a young age, such that each person can develop their individuality and talents without regard for gender and choose from a wide range of dreams and paths in the future, while learning about the importance of awareness of gender equality and respect for human rights.



Visual appearance of occupational lecture

Submitted Panel to Nishinomiya City's Original Environmental Learning Business

Itoham is certified by Nishinomiya City, Hyogo Prefecture, as a "Partnership Program with Environmental Learning City Nishinomiya." In February, 2022, an environmental panel exhibit was held as part of a memorial event for the 30 years since the Earth Watching Club (EWC) was established, which is Nishinomiya City's original environmental learning business.

As environmental issues, particularly SDGs, have been emphasized in recent years, we collaborated on the exhibit as an opportunity for our company's efforts to be more widely and more intimately known.



Panel exhibit of our activities

External Evaluation of Our Group

Starting in December, 2018, our Group was selected as a representative corporation with excellent gender diversity out of the top 500 market capitalization companies in Japan for the "MSCI Japan Empowering Women Index (WIN)." Our gender diversity score was 7.2.

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



Basic Policy on Corporate Governance

The corporate governance at the Itoham Yonekyu Group is based on our Group Philosophy, Vision, and Code of Conduct. With the aim to solve social issues through business and to gain first from stakeholders, we have set up a highly transparent system of management organization that enhances overall Group monitoring, supervising, and other internal control functions and strive to make accurate business decisions and take fast action. Based on this fundamental view, we have established the Itoham Yonekyu Holdings Group Basic Policy on Corporate Governance, which lays out a framework for corporate governance to improve our medium- to long-term corporate value.

Related Materiality



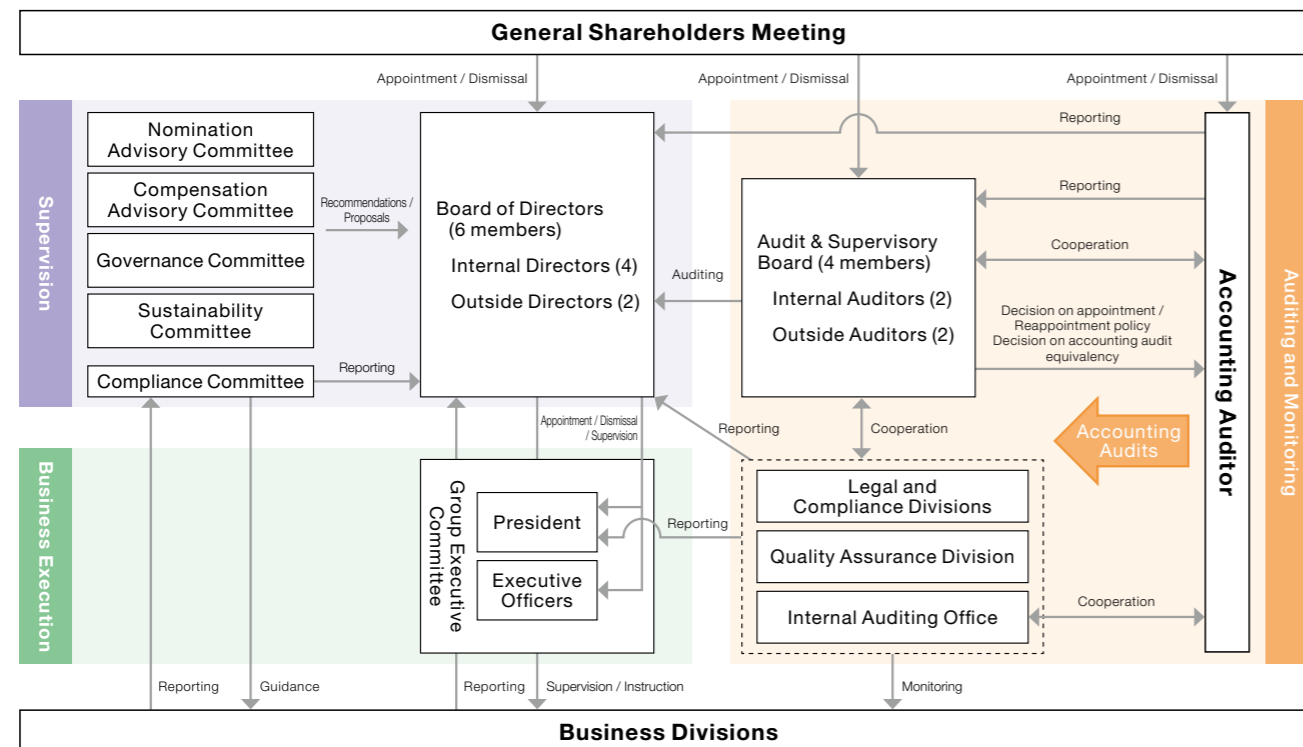
Corporate Governance

Corporate Governance System

As a company with a board of company auditors, we have appointed several outside directors and outside auditors. The outside directors seek to strengthen the Board of Directors' supervisory function by utilizing their expertise and extensive experience in their respective fields to make management decisions from an independent standpoint without any conflicts

of interest with general shareholders. The outside auditors are believed to make a significant contribution to our effective corporate governance by ensuring the independence of the audit system and by expressing their audit views from an objective standpoint.

Corporate Governance System Diagram (as of September 30, 2022)



Board of Directors

The Board of Directors consists of six directors, of which two are outside directors. The Board makes decisions on the Group's management policies, strategies, and other essential management matters, and supervises the execution of duties at its regular monthly meetings and at extraordinary board meetings which are held as necessary.

In FY2021, fourteen meetings were held, and the attendance rate of directors and auditors was 100%.

However, to ensure prompt decision-making regarding business execution that does not require decisions by the Board of Directors, it delegates authority to the Group Executive Committee and executive officers in accordance with

the regulations on decision-making authority.

Group Executive Committee

The Group Executive Committee is established to decide important issues at the executive level and to discuss the issues the Board decides.

The Committee comprises directors (excluding outside directors), auditors, and others designated by the chairperson of the Committee. It holds regular meetings twice per month, and also special meetings are held as necessary. At the meetings, the Committee decides, reports, and discusses the Group's managerial strategies and important matters.

Voluntarily Established Committees

Nomination Advisory Committee

Established to ensure transparency and objectivity in the election process for director, auditor, and executive officer candidates. The Committee consists of three members, including two independent outside directors. As an advisory body to the Board of Directors, this Committee reviews, recommends, and proposes the following matters to the Board of Directors.

Matters to be reviewed

1. Matters related to the appointment and dismissal of directors, auditors, and executive officers for Itoham Foods Inc. and Yonekyu Corporation ("the Group" as used in this part)
2. Matters related to basic policies on the appointment and dismissal of the Group directors, auditors, and executive officers, and the establishment, revision, and abolishment of regulations and procedures
3. Other matters deemed necessary by the Committee related to the appointment of director and auditor candidates and the dismissal of directors and auditors

Governance Committee

Established to strengthen the corporate governance system and its operation by increasing the effectiveness of the Board of Directors. The committee consists of three members, including two independent outside directors. As an advisory body to the Board of Directors, this Committee reviews the effectiveness of the Board of Directors and makes recommendations and proposals to the Board of Directors.

Sustainability Committee

Established to promote Group-wide sustainability initiatives to achieve both the realization of a sustainable society and the sustainable growth of our Group through the resolution of social and environmental issues. This Committee consists of five members, including one independent outside director. As an advisory body to the Board of Directors, this Committee reviews, recommends, and proposes the following matters to the Board of Directors.

Matters to be reviewed

1. Proposal of basic plans and strategies for the basic policy on sustainability management and promotion activities
2. Establishment of materiality (priority issues) for the promotion of sustainability management
3. Establishment of KPIs for materiality and monitoring of their progress

Compensation Advisory Committee

Established to ensure transparency and objectivity in the decision process for compensation for directors and executive officers. The Committee consists of three members, including two independent outside directors. As an advisory body to the Board of Directors, this Committee reviews, recommends, and proposes the following matters to the Board of Directors.

Matters to be reviewed

1. Matters related to the Officer Compensation System (basic compensation, performance-based compensation, shares with restrictions on transfer, etc.) for directors and executive officers of Itoham Foods Inc. and Yonekyu Corporation. ("the Group" as used in this part)
2. Matters related to performance (managerial indicators, target values, fluctuation range, etc.) of the Group directors and executive officers
3. Matters related to compensation standards (compared to competitors) for the Group directors and executive officers



Evaluations on the Effectiveness of the Board of Directors

Every October, we hold a self-evaluation survey targeting all directors and auditors to have the Board of Directors evaluate for themselves whether or not they are functioning normally in the way that was originally established, to increase their effectiveness, and to create an appropriate governance system for the Group. The results of this survey are discussed by the Governance Committee and the Board of Directors to evaluate the effectiveness of the Board of Directors.

In the effectiveness evaluation in FY2021, the survey consisted of 14 questions on the following seven topics: 1) the Structure of the Board of Directors, 2) the administration of the Board of Directors, 3) discussions of the Board of Directors, 4) supervision by the Board of Directors, 5) appointment and dismissal of managers, 6) discussions with shareholders, and 7) comments. Consequently, it was determined that the effectiveness of the Board of Directors was generally secured

as efforts to address the issues identified in the effectiveness evaluation in FY2020 had been progressing.

Some of the issues identified in the effectiveness evaluation in FY2020 that we addressed are the revision of the Board of Directors' composition (more than one-third of the members should be independent outside directors), formation of a Sustainability Committee to promote sustainability management, the establishment of IT Management Office to facilitate digital transformation (DX).

We have decided to make further improvements in specific sustainability initiatives, disclosures, and the development of management personnel.

We will continue to work towards improving the effectiveness of the Board of Directors based on the results of the FY2021 evaluation.

Initiatives to Strengthen the Corporate Governance System and Improve Its Effectiveness

FY2016	Holding company system Establishment of holding company through the merger of Itoham Foods Inc. and Yonekyu Corporation	FY2018	Introduction of an executive officer system	FY2021	Establishment of Sustainability Committee
	Establishment of Group Philosophy, Vision, and Code of Conduct		Establishment of Compliance Committee		Establishment of Basic Policy on Sustainability
	System of having two independent outside directors		Female directors (2)		The ratio of independent outside directors on the Board of Directors is 1/3
	Female director (1)		Establishment of Governance Committee		Revision of the Basic Policy on Corporate Governance
FY2017	Establishment of Nomination Advisory Committee	FY2020	Establishment of Managerial Personnel Development Policy	FY2020	Revision of the Cross-shareholding Policy Management Guidelines
	Establishment of Compensation Advisory Committee		Evaluations on the effectiveness of the Board of Directors begins		Establishment of Basic Policy on Officer Compensation
	Introduction of performance-based compensation		Revision of the Basic Policy on Corporate Governance		

Compensation for Directors and Officers

The basic policy on the compensation system for directors and officers was determined as follows.

Basic Policy

- 1.It will function as a sound incentive for sustainable business expansion and corporate value improvement by sharing value with shareholders, employees, and other stakeholders.
- 2.It will be a compensation system that responds to a suitable compensation standard based on the field and scale of business, responsibility for each role, and role and results in order to employ and keep superior personnel.
- 3.It will be determined through a process that ensures objectivity and rationality to maintain accountability with stakeholders.

Overview of the Compensation System

Compensation for full-time directors and officers is made up of basic compensation, performance-based compensation as a short-term incentive, and share-based compensation (shares with restrictions on transfer) as a medium- to long-term motivation.

The ratio of basic compensation to performance-based compensation to share-based compensation is set at roughly 60:25:15. We established this ratio based on an understanding of our financial situation and after comparing and investigating compensation ratios and standards for each role at many other companies in the same industry and with the same scale so as to ensure objectivity and validity in compensation ratios and standard general compensation for each role.

Moreover, compensation for outside directors consists of basic compensation only, which is not connected to their

business performance, as their main roles are supervising and making management recommendations from an independent and objective position.

The maximum amount of compensation is determined by the resolution of the General Meeting of Shareholders. However, the overall executive compensation system, including compensation ratio, individual compensation standards, and its calculation and payment methods, is determined by the Board of Directors following deliberation by the Compensation Advisory Committee, in which the majority of members are independent outside directors.

Compensation for auditors is determined through discussions between auditors. It also consists of basic compensation only, which is not connected to their business performance to ensure a high degree of independence.

Cross-shareholding

Standards and Policies for the Classification of Investment Stock

We consider "stocks owned for net investment purposes" to be those owned exclusively for the purpose of gaining profit through dividends or changes in stock price. All other stocks are considered to be "stocks owned for other reasons" ("cross-shareholding").

All stocks owned by the Group are those of its subsidiaries or affiliate companies. We do not own any stocks for net investment or strategical purposes.






Basic Policy on Cross-shareholding

Our subsidiaries own cross-shareholdings. However, our basic policy does not allow the ownership of cross-shareholdings except for cases where it meets certain standards and is determined to assist in maintaining and developing business transactions.





At the end of each fiscal year, we quickly check to see if each individual brand meets standards, the results of which are investigated by the Executive Committee and reported to the Board of Directors.



Directors, Auditors and Executive Officers (as of September 30, 2022)

Directors		
	<p>Isao Miyashita President and Chief Executive Officer Director, Itoham Foods Inc. Director, YONEKYU CORPORATION</p> <p>Attendance at Board of Directors Meetings: 14 out of 14 times (100%)</p>	<p>Since April 2016, he has been leading the entire Group as president and chief executive officer. He has been promoting efficient and flexible management through, for instance, working to build the Group's business execution system and organizational structure. He utilizes his broad insight and wealth of experience as a corporate executive to achieve the Group's sustainable growth and enhance corporate value.</p>
	<p>Takamasa Wakaki Director, Managing Executive Officer Senior General Manager COO – Meat Business Div. Executive Director, Itoham Foods Inc. Director, YONEKYU CORPORATION</p> <p>Attendance at Board of Directors Meetings: 11 out of 11 times (100%)</p>	<p>With experience in the meat business and international business, he was appointed as an director in June 2021. He is responsible for overseeing the Group's meat business. He is promoting initiatives to increase corporate value by restructuring the meat business and implementing strategies for growth.</p>
	<p>Koichi Ito Director, Managing Executive Officer Senior General Manager COO – Processed Foods Business Div. Chief Executive Officer, Itoham Foods Inc. Director, YONEKYU CORPORATION</p> <p>Attendance at Board of Directors Meetings: – (– %)</p>	<p>He is familiar with the Group's meat, processed food, and overseas business through his experience as a managing director of Itoham, Yonekyu, and overseas Group companies. In June 2022, he was appointed as a director. He is responsible for overseeing the Group's processed food business. He promotes initiatives to enhance corporate value by restructuring the processed food business and implementing strategies for growth.</p>
	<p>Hajime Ogawa Director Managing Executive Officer Chief Financial Officer Chief Compliance Officer Director, Itoham Foods Inc. Director, YONEKYU CORPORATION</p> <p>Attendance at Board of Directors Meetings: – (– %)</p>	<p>He was appointed as a director in June 2022, bringing extensive experience and deep insight into overseas assignments and the corporate administration field. He is responsible for supervising the company's Administration Division and the compliance of the Group. He promotes initiatives for the Group's sustainable growth and medium- to long-term enhancement of corporate value through the improvement of corporate governance and advancement of sustainability.</p>
Outside Directors		
	<p>Aya Ito Director (Outside) Independent Director</p> <p>Significant Concurrent Positions Partner, Sustainability Transformation Department, Recruit Holdings Co., Ltd. President and CEO, Sophiamedia Corp. Outside Director, eole, Inc. Outside Director, ewoman, Inc.</p> <p>Attendance at Board of Directors Meetings: 14 out of 14 times (100%)</p>	<p>She has worked as an outside director since June 2018. She offers objective, expert opinions and suggestions at meetings for the Board of Directors, Nominating Advisory Committee, Compensation Advisory Committee, Governance Committee, and Sustainability Committee. She contributes with her expert knowledge of sustainability promotion and her knowledge and experience as a corporate executive and an outside director at publicly listed companies.</p>
	<p>Yukie Osaka Director (Outside) Independent Director</p> <p>Significant Concurrent Positions Outside Director, SAKURA internet Inc. Chairman, General Incorporated Association Customer Success Promotion Association</p> <p>Attendance at Board of Directors Meetings: 11 out of 11 times (100%)</p>	<p>She has worked as an outside director since June 2021. She offers objective, expert opinions and suggestions at meetings for the Board of Directors, Nominating Advisory Committee, Compensation Advisory Committee, and Governance Committee. She contributes with her expert knowledge as a marketing consultant, her career as a managing director with publicly listed companies, and her knowledge and experience as an outside director.</p>

Both attendances at Board of Directors meetings and Audit & Supervisory Board meetings are for FY2021.

Auditors		
	<p>Yoshiro Matsuzaki Standing Auditor Auditor, Itoham Foods Inc. Auditor, YONEKYU CORPORATION</p> <p>Attendance at Board of Directors Meetings: 14 out of 14 times (100%) Attendance at Audit & Supervisory Board Meetings: 12 out of 12 times (100%)</p>	<p>He has worked as a full-time auditor since June 2020. He has knowledge and experience from his career as the company's executive officer and as the person in charge of Human Resources Department of the Group. He offers necessary and appropriate remarks to the Board of Directors to ensure compliance and validity in decision-making. He audits the execution of directors' duties with the Audit & Supervisory Board based on auditing policies and plans.</p>
	<p>Shin Takahashi Standing Auditor Auditor, Itoham Foods Inc. Auditor, YONEKYU CORPORATION</p> <p>Attendance at Board of Directors Meetings: 11 out of 11 times (100%) Attendance at Audit & Supervisory Board Meetings: 10 out of 10 times (100%)</p>	<p>He has worked as a full-time auditor since June 2021. He has knowledge and experience in financial affairs and accounting, developed through his career as the person in charge of Accounting and Finance Department of the Group. He offers necessary and appropriate remarks to the Board of Directors to ensure compliance and validity in decision-making. He audits the execution of directors' duties with the Audit & Supervisory Board based on auditing policies and plans.</p>
	<p>Ichiro Ichikawa Auditor (Outside) Independent Director</p> <p>Significant Concurrent Positions Chief Executive Officer, SWEAT CAPITAL Inc. Outside Auditor, UNIMEDIA INC. Outside Auditor, Mediagene Inc.</p> <p>Attendance at Board of Directors Meetings: 14 out of 14 times (100%) Attendance at Audit & Supervisory Board Meetings: 12 out of 12 times (100%)</p>	<p>He has worked as an outside auditor since June 2019. He has expert knowledge and experience in financial affairs and accounting as a certified public accountant. He offers necessary and appropriate remarks to the Board of Directors to ensure compliance and validity in decision-making. He audits the execution of directors' duties with the Audit & Supervisory Board based on auditing policies and plans.</p>
	<p>Kei Umabayashi Auditor (Outside) Independent Director</p> <p>Significant Concurrent Positions Partner, Nishimura & Asahi Professor, Graduate School for Law and Politics, The University of Tokyo</p> <p>Attendance at Board of Directors Meetings: 14 out of 14 times (100%) Attendance at Audit & Supervisory Board Meetings: 12 out of 12 times (100%)</p>	<p>He has worked as an outside auditor since June 2020. He has gained expert knowledge in corporate legal affairs as a lawyer, as well as expert knowledge and experience in crisis management. He offers necessary and appropriate remarks to the Board of Directors to ensure compliance and validity in decision-making. He audits the execution of directors' duties with the Audit & Supervisory Board based on auditing policies and plans.</p>

Executive Officers		
Akihisa Horiuchi	Managing Executive Officer	Chief Executive Officer, YONEKYU CORPORATION
Kazuhiko Misonou	Managing Executive Officer	Executive Chairman, ANZCO FOODS LTD.
Masayuki Yoneda	Managing Executive Officer	Deputy Chief Operating Officer – the Processed Foods Business Div.
Takeshi Koyama	Senior Executive Officer	General Manager – CEO Office, General Manager – Corporate Strategy Planning Office, General Manager – Group Logistics
Tsuyoshi Fukunishi	Senior Executive Officer	Asian Best Chicken Co., Ltd. (temporary transfer)
Yoshiyuki Ishimatsu	Senior Executive Officer	Senior General Manager – Production Div., Processed Foods Business Div., General Manager – Purchasing Dept., General Manager – Central Research Institute
Tomoyuki Ushimaru	Senior Executive Officer	Senior General Manager – Sales Div., Processed Foods Business Div., Chief Executive Officer, Itoham Sales Inc.
Sadaki Iwama	Executive Officer	General Manager – Quality Assurance Dept.
Kouki Haruna	Executive Officer	Senior General Manager – Business Strategy Div., Processed Foods Business Div.
Akira Maeda	Executive Officer	General Manager – Accounting & Finance Dept., Administration Div.
Shinyo Tou	Executive Officer	Senior General Manager – Domestic Meat Div., Meat Business Div.
Fumihiko Kanamori	Executive Officer	Senior General Manager – Meat Process & Farm Div., Meat Business Div.
Katsumi Nozawa	Executive Officer	Deputy Senior General Manager – Administrative Div., General Manager – PMI Office
Shinji Horiuchi	Executive Officer	Chief Executive Officer, Yonekyu Kagayaki Co., Ltd.
Hiroyuki Tamai	Executive Officer	General Manager, New Business Development Office
Hirohiko Yoshino	Executive Officer	Senior General Manager – Imported Meat Div., Meat Business Div.
Takuya Hashimoto	Executive Officer	General Manager – IT Management Office, Administration Div.



Audit System

Audit & Supervisory Board

The Audit & Supervisory Board meets regularly once per month. In addition to making decisions on important audit-related matters, the Board reports on the status of audit implementation and exchanges opinions. In FY2021, the Board held 12 meetings, and the attendance rate of auditors was 100%.

In addition to attending Board of Directors meetings and important internal discussions, auditors carry out ample supervision, including directly hearing about the execution of business from the Board of Directors and employees.

Internal Audit

The company has established the Audit Office as an independent organization. This office conducts internal audits primarily for the operation of business divisions, including the Group companies, based on the internal audit regulations and annual audit plans. It also performs additional audits for particular purposes as necessary.

Standing auditors attend the Audit Office's report meetings to confirm audit findings and instructions from management. Outside auditors receive reports on audit results directly from the Audit Office. They are also provided with information on improvements made in response to audit findings by standing auditors at the Audit & Supervisory Board meetings.

Accounting Audit

We have entered into an auditing agreement with KPMG AZSA LLC for audits under the Companies Act and the Financial Instruments and Exchange Act. Our corporate and accounting auditors hold regular meetings for reporting and exchanging opinions to strengthen cooperation. The regular meetings for reporting and exchange of opinions are as follows.

Regular meetings for reporting and exchange of opinions

- Audit results summary report meeting (once a year)
- Quarterly review results summary report meetings (three times a year)
- Accounting auditors' report meeting (attending the report meeting to the president) (once a year)
- Auditors' discussion (once a year)
- Opinion exchange meeting on Key Audit Matters (KAM)
- Three-way (Auditors, Accounting Auditors, and Audit Office) audit liaison meeting (once a year)

Group Company Audits

Standing auditors also serve as auditors of important subsidiaries. They attend such subsidiaries' key meetings, including Board of Directors' meetings, to audit the decision-making process on important matters and the status of the development and operation of internal control systems.

We regularly hold liaison meetings of the Group Company Auditors to improve the level of auditors and standardize audits by providing accounting and legal training courses as well as revising and explaining the auditors' manual. The meetings also help share information and exchange opinions.

Collaboration between Outside Directors and Auditors

Independent Outside Director Meetings

Outside directors and outside auditors regularly hold meetings consisting solely of independent outside directors to exchange opinions on various matters, including managerial strategy, managerial issues, and Board of Directors topics. Twelve meetings were held in FY2021.

Auditor's Visit and Inspection of Each Offices

Outside directors accompany auditors to visit office for inspection. In FY2021, two outside directors inspected a total of six offices.

Director's Interview

Audit & Supervisory Board members and two outside directors meet managing directors to exchange opinions and attend to other matters. In FY2021, they were held four times.

Compliance

Promotion System

The Itoham Yonekyu Group sets fair and transparent conduct that puts compliance first as a compliance policy. The code of compliance behaviors, which shows the evaluation standards that employees should follow, was compiled into a Corporate Code of Ethics booklet and distributed to every employee. We are working to spread information through training, etc.

Compliance Committee

The Compliance Committee meets once a month. The Committee consists of the chief financial officer, the general manager of the Human Resources Department, the general manager of the Quality Assurance Department, and other members appointed by the chief financial officer. The chairperson is selected from the members by a resolution of the Board of Directors.

To strengthen the Group's internal control functions and permanently enhance corporate value, the Committee regularly checks the risk management status regarding food safety, compliance, business law, litigation, and disputes, and independently evaluates the operational status.

Compliance Supervisor Meeting

The Compliance Supervisor meeting is held twice per year to promote Group compliance under the presidency of the executive officer in charge of compliance. This meeting decides the compliance policy and action plans. It also reports and verifies matters that the Compliance Committee requests to improve, as well as countermeasures and improvement measures for compliance issues. In addition, it holds training sessions by outside experts to share compliance information.

Initiatives

Training

A compliance seminar is held once a year to increase all Group employees' awareness of compliance and have employees understand the importance of compliance. We also offer compliance seminars by outside experts as necessary, to managers on industry law and harassment prevention depending on the role.

Compliance Awareness Survey

A Compliance Awareness Survey is conducted for all Group employees once per year to understand the level of awareness of compliance in each workplace and to hear employees' honest opinions on compliance. Survey results and employee opinions lead to improvements in the workplace, as they are offered as feedback to all employees, including management. If problems are found, improvements are made and used in compliance action for the next fiscal year.

Compliance Promotion System Diagram (as of September 30, 2022)



Compliance Promotion Committee System

Compliance Promotion Committee members are assigned to each Group workplace. The Committee members seek to acquire knowledge related to compliance through education and training programs, so that they can take initiative in promoting compliance at their workplace and ensuring that all employees are familiar with laws, regulations, and internal rules related to their work.

Internal Reporting System

We have set up the Internal Consultation Hotline (Legal and Compliance Department) and the Outside Consultation Hotline (with outside lawyers) to receive consultations and internal reporting on compliance from all Group employees. The contact information of each hotline is available in the booklet, "Corporate Code of Ethics," compliance cards, and the internal portal website.

In addition, we seek to protect potential whistleblowers. Our internal reporting regulations provide for strict confidentiality of the consultation content and prohibition of disadvantageous treatment of the potential whistleblower for reporting or consulting.





Risk Management

Risk Management System

The Corporate Strategy Planning Office, corporate and other divisions grasp and analyze the risks assumed for the Group business operations and offer necessary reporting to the Board of Directors. They have designated a department in charge of each risk so that it can create and implement countermeasures to minimize the impact of risks when they become manifest.

Business and Other Risks, and Countermeasures

Critical risks include rising global grain prices, energy costs, the spread of livestock epidemics, and the prolonged impact of COVID-19.

The risks the Group identified as critical and primary countermeasures are listed in the table below.

Risks	Primary countermeasures
Risks related to market changes	<ul style="list-style-type: none"> Continuous operational reforms to reduce production costs Diversification of product and raw material suppliers Maintaining appropriate inventory levels of products and goods Logistics integration with a focus on efficiency Optimization of sales prices
Food safety risks	<ul style="list-style-type: none"> Strengthening food defense and traceability Establishment of a strict quality control system based on international control standards
Risks related to infectious diseases, illness, etc.	<ul style="list-style-type: none"> Establishment of manuals to handle infectious diseases, etc.
Risks related to livestock diseases	<ul style="list-style-type: none"> Establishment of manuals to handle livestock diseases
Risks related to business continuity due to disasters, conflicts, etc.	<ul style="list-style-type: none"> Establishing a business continuity plan (BCP) against disasters, etc., and preparing for alternative production and delivery Periodic disaster drills
Risks related to changes in domestic and international public and legal regulations and infringement of rights	<ul style="list-style-type: none"> Prompt identification and compliance of amendments to relevant laws and regulations
Risks related to changes in financial markets	<ul style="list-style-type: none"> Setting up a committed line of credit Exchange reservation
Risks related to business investment and capital investment	<ul style="list-style-type: none"> The Board of Directors resolves important investments that contribute to enhancing corporate value based on careful deliberations at the Investment and Lending Committee Periodic review of progress and deviation from the original plan after investment
Risks related to logistics and distribution	<ul style="list-style-type: none"> Improving the accuracy of receiving and placing orders and optimizing inventory management Improvement of delivery lead time Improvement of loading efficiency Stricter temperature-controlled transportation
Risks related to compliance	<ul style="list-style-type: none"> Establishment of a code of compliance behaviors, and distribution of a Corporate Code of Ethics to all employees Periodic compliance messages from management Establishment of Compliance Committee chaired by the executive officer in charge of compliance Conducting compliance seminars Implementation of Compliance Awareness Survey Assignment of Compliance Promotion Committee members Establishment of Internal and External Consultation Hotlines to receive internal reporting
Risks related to the development and operation of internal control systems	<ul style="list-style-type: none"> Internal audits conducted by the Audit Office
Risks related to information security	<ul style="list-style-type: none"> Implementation of anti-malware measures and security measures Strengthening the management system by duplicating and decentralizing the core system and data storage servers Establishment of information security policy Unannounced drills to maintain and improve the awareness of information security compliance
Risks related to securing and developing human resources	<ul style="list-style-type: none"> Recruitment of diverse human resources Promotion of evaluation systems and education/training programs that lead to increased motivation
Risks related to the environment and climate change	<ul style="list-style-type: none"> Appropriate identification of, and compliance with, updated relevant laws and regulations in accordance with our Environmental Philosophy and Environmental Code of Conduct Effective use of resources and energy, and environmentally-friendly business activities Implementation of scenario analysis of physical and transition risks associated with climate change in line with TCFD recommendations Discussions on countermeasures at Sustainability Committee and Board of Directors meetings

Financial and Corporate Data

Financial Data

(See the **summary of financial results** for the latest detailed information.)

Major Financial Trends

(millions of yen)

	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	831,865	850,721	852,450	842,675	854,374
Gross profit	130,649	126,821	133,548	139,979	131,904
Selling, general and administrative expenses	109,087	112,326	116,281	115,961	107,292
Operating income	21,562	14,494	17,266	24,018	24,611
Ordinary income	24,423	15,679	19,534	27,000	28,596
Net income attributable to owners of parent	15,784	10,588	11,439	20,204	19,118
Earnings per share (EPS) (yen)	53.22	35.82	38.72	68.61	65.34
Return on equity (ROE) (%)	7.3	4.8	5.1	8.5	7.5
Return on assets (ROA) (%)	6.5	4.1	5.0	6.9	7.1
Return on invested capital (ROIC) (%)	6.4	4.1	4.7	6.3	6.6
Ratio of operating income to net sales (%)	2.6	1.7	2.0	2.9	2.9
Ratio of ordinary income to net sales (%)	2.9	1.8	2.3	3.2	3.3
Ratio of net income to net sales (%)	1.9	1.2	1.3	2.4	2.2
Total assets	376,204	393,392	389,426	394,086	413,123
Net assets	219,861	224,074	229,178	247,648	262,740
Capital to asset ratio (%)	58.1	56.6	58.5	62.7	63.4
Current assets	213,465	229,580	226,498	226,384	243,405
Current liabilities	127,765	139,456	138,106	123,041	126,533
Book value per share (BPS) (yen)	739.77	754.14	773.26	843.52	897.66
D/E ratios (times)	0.22	0.28	0.23	0.16	0.13
Interest coverage ratio (times)	6.2	19.2	44.7	113.3	57.9
Cash flow from operating activities	5,521	15,114	31,847	40,862	18,473
Cash flow from investing activities	-8,183	-19,879	-7,855	-10,837	-11,251
Free cash flow	-2,661	-4,765	23,991	30,025	7,221
Cash flow from financing activities	-20,004	10,084	-16,390	-21,097	-10,653
Cash and cash equivalents at end of period	29,284	34,643	41,771	50,651	47,690
Net increase (decrease) in cash and cash equivalents	-23,501	5,358	7,128	8,879	-2,961
Cash and cash equivalents at beginning of period	52,785	29,284	34,643	41,771	50,651
Capital expenditures	12,674	20,560	9,838	11,580	11,699
Depreciation and amortization of goodwill	10,304	11,666	12,524	13,003	12,903
Dividends per share (yen)	17.0	17.0	17.0	21.0	23.0
Consolidated payout ratio (%)	31.9	47.5	43.9	30.6	35.2

Segment Information

(millions of yen)

Processed food segment					
Net sales	287,502	291,939	300,209	307,041	302,309
Sales ratio (%)	34.6	34.3	35.2	36.4	35.4
Operating income	10,764	7,914	6,730	12,397	11,086
Meat segment					
Net sales	540,107	554,576	548,184	531,581	547,843
Sales ratio (%)	64.9	65.2	64.3	63.1	64.1
Operating income	11,432	7,364	11,284	13,443	14,860

* The "Accounting Standard for Revenue Recognition" is applied starting from the beginning of the consolidated fiscal year 2021.

Financial and Corporate Data

Corporate Data

Stock Information (as of March 31, 2022)

Stock Conditions

Listed stock exchange	Prime Market of Tokyo Stock Exchange
Stock ticker code	2296
Number of authorized shares	1,000,000,000
Number of issued shares	297,355,059
Number of shares per unit	100
Number of shareholders	59,399
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited

Distribution of Shares by Shareholder Type

Individuals and others	67,741,493	22.78%
Other Japanese corporations	153,253,549	51.54%
Financial institutions	40,155,654	13.50%
Foreign investors	28,669,440	9.64%
Securities companies	2,076,161	0.70%
Treasury stock	5,458,762	1.84%

Status of Major Shareholders (Major 10 Shareholders)

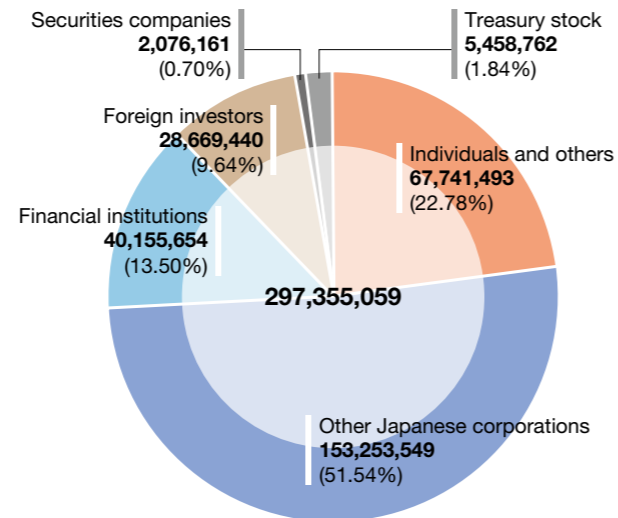
Name	Owned shares (in thousands)	Ownership ratio (%)
Mitsubishi Corporation	115,779	39.66
The Master Trust Bank of Japan, Ltd. (Trust account)	21,783	7.46
The Ito Foundation	12,000	4.11
S Planning Inc.	10,279	3.52
Ito Bunka Foundation	6,200	2.12
Custody Bank of Japan, Ltd.	5,646	1.93
MUFG Bank, Ltd.	3,151	1.07
Sumitomo Mitsui Banking Corporation	3,151	1.07
Nippon Life Insurance Company	2,749	0.94
Koichi Ito	2,731	0.93

*Itoham Yonekyu Holdings is excluded from the above list of major shareholders even though it owns 5,458,000 treasury stocks.
*Ownership ratio is calculated by deducting treasury stocks.

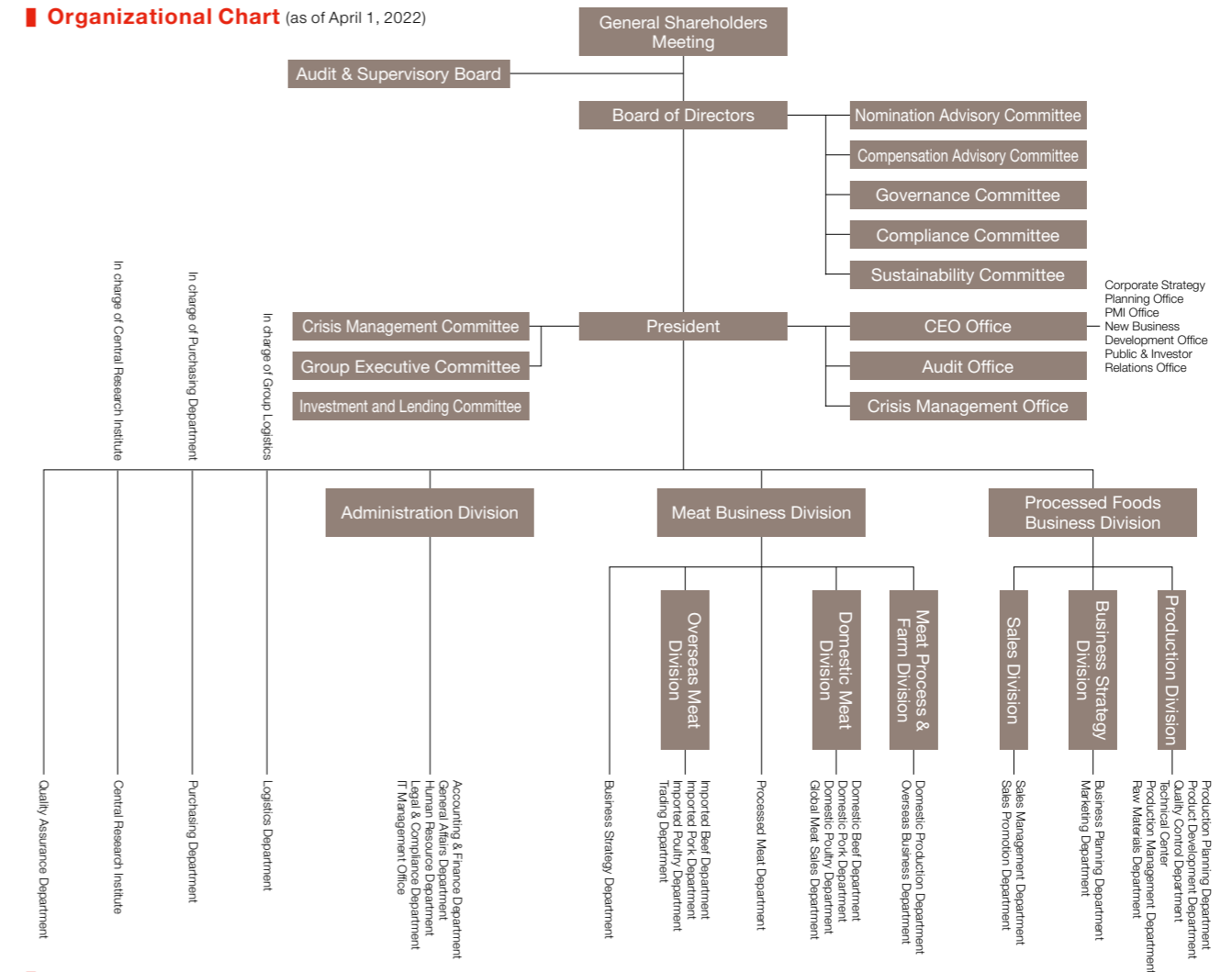
Corporate Information (as of March 31, 2022)

Trade name	ITOHAM YONEKYU HOLDINGS INC.
Representative	Isao Miyashita, President and Chief Executive Officer
Location of head office	1-6-21 Mita, Meguro-ku, Tokyo
Established	April 1, 2016
Capital	¥30 billion (anything less than 100 million is rounded down)
Business description	Business management and all other accompanying duties for Group subsidiaries that handle sales and manufacturing of processed meat products, processing and sales of meat, processed foods, manufacturing and sales of ready-made meals
Number of employees	8,089 (consolidated)
Fiscal year	From April 1 to March 31
Accounting auditor	KPMG AZSA LLC

Distribution of Shares by Shareholder Type



Organizational Chart (as of April 1, 2022)



Group Companies

