

## Corporate Governance

# Corporate Governance

Starzen continues to work on strengthening its corporate governance in order to achieve sustainable growth and enhanced corporate value over the medium to long term while fulfilling its social responsibilities to shareholders and all other stakeholders, including customers, suppliers, debtholders, local communities, and employees.

The Company will continue its effort to further enhance its effective corporate governance system in accordance with Japan's Corporate Governance Code. By doing so, it aims to strike a proper balance between management oversight functions and business execution, while ensuring decisions are made with transparency, fairness, and promptness.

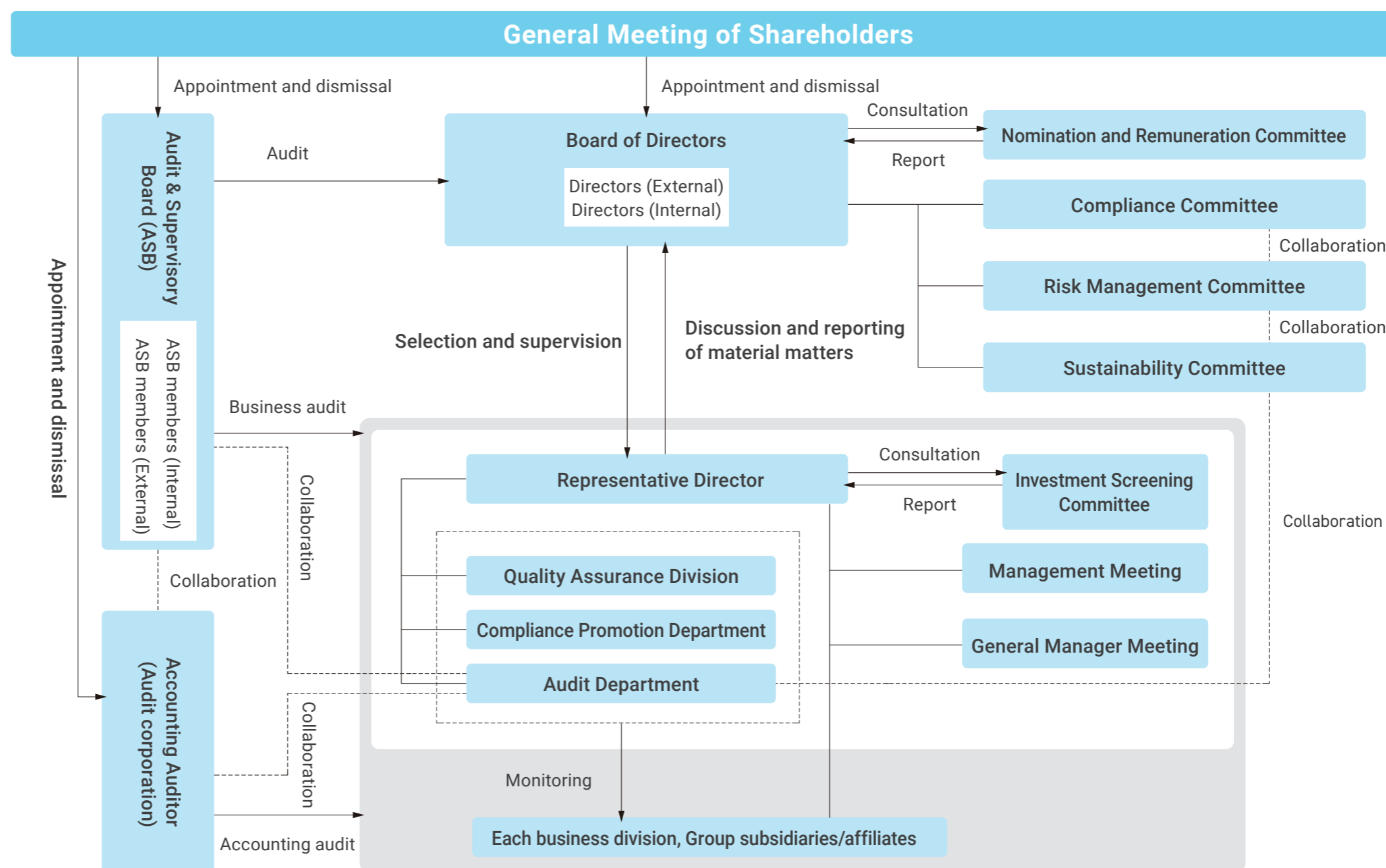
## Corporate governance structure

The Company adopts the governance structure of a Company with an Audit and Supervisory Board. The Board of Directors makes important decisions pertaining to management and oversees the execution of business, while the Audit & Supervisory Board and Audit & Supervisory Board members independent from the Board of Directors audit the execution of duties by the Board of Directors and other matters.

To facilitate swift decision-making related to the execution of business, the Company has adopted the executive officer system where management-level decision-making is separated from oversight and business execution.

Furthermore, to complement and enhance governance functions, the Company's Management Meeting and General Manager Meeting convene monthly to discuss and share essential matters, and the Company has also established the Nomination and Remuneration Committee as an advisory committee to the Board of Directors, as well as the Investment Screening Committee as an advisory body to the Representative Director.

Corporate governance structure (As of March 31, 2025)



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

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## Explanation of structure and instructional design

### Board of Directors and directors

#### Role of the Board of Directors

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

#### Overall composition

The Board of Directors comprises a maximum of 20 directors, in accordance with the Articles of Incorporation. Directors are required to possess a wide range of knowledge, experience, and skills, and they are appointed from among candidates capable of fulfilling the responsibilities required of directors.

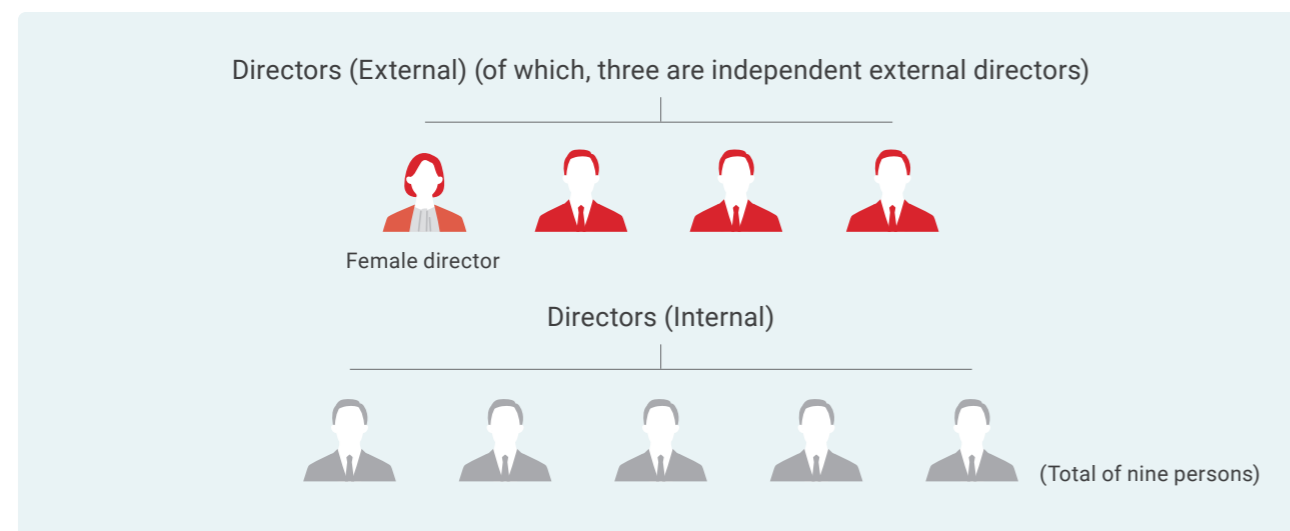
The Company appoints multiple external directors and selects independent external directors to comply with the provisions of Japan's Corporate Governance Code.

#### Role of external directors

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

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

Composition as of June 27, 2025



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

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

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

### Audit & Supervisory Board and Audit & Supervisory Board Members

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

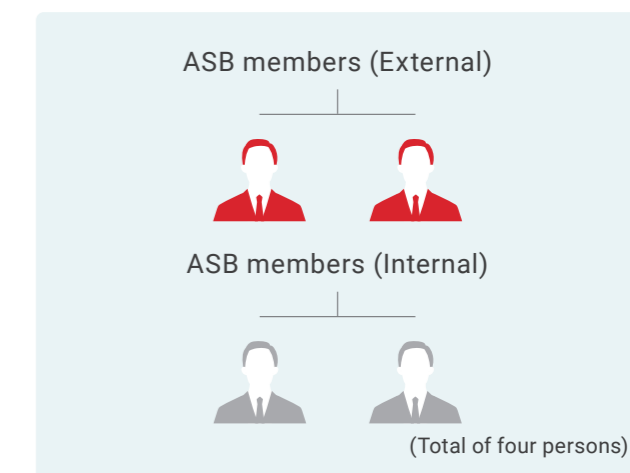
Assuming responsibility on behalf of the shareholders, the Audit & Supervisory Board functions as an institution independent from the Board of Directors. In such capacity, the Audit & Supervisory Board has the statutory authority to request business reports from the Company or its subsidiaries. In addition, through audits of business and financial performance and the appointment and dismissal of accounting auditors, the Audit & Supervisory Board audits the execution of duties by the Board of Directors, as well as the internal control system, performance, and financial positions of the Company and its subsidiaries.

The Company endeavors to provide sufficient staffing to ensure effective oversight by Audit and Supervisory Board members.

Audit & Supervisory Board members include individuals with appropriate expertise in finance and accounting. Members are limited by the Articles of Incorporation to a maximum of six.

At least half of the members must be external members.

Composition as of June 27, 2025



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## Nomination and Remuneration Committee

### Roles

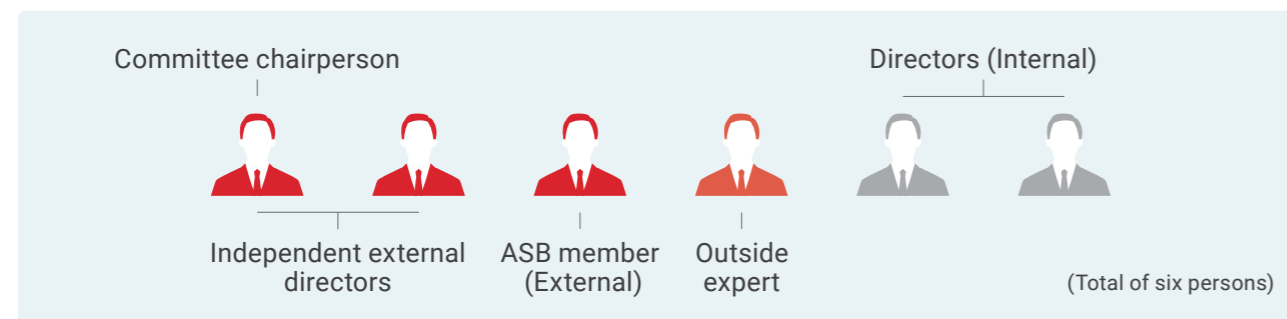
Serving as an advisory body for the Board of Directors, the Nomination and Remuneration Committee deliberates and reports to the Board of Directors regarding the following matters.

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

### Overall composition

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

Composition as of June 27, 2025



## Compliance Committee

### Roles, etc.

The Compliance Committee was established in order to establish a compliance structure at the Group. In principle, it meets four times per year.

The committee deliberates on the details of the compliance program defining the establishment of the compliance structure, confirms the program's implementation, and submits its findings and recommendations to the Board of Directors.

### Composition

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



## Risk Management Committee

### Roles, etc.

The Risk Management Committee was established in order to examine and assess various risks facing the entire Group. In principle, it meets four times per year.

The Risk Management Committee assesses and analyzes all types of risk in terms of the expected scale of damages and frequency of occurrence. Based on this, the committee examines measures for improving response levels across the Group and submits its findings to the Board of Directors.

### Composition

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

## Sustainability Committee

### Roles, etc.

The Sustainability Committee was established to promote sustainability management. In principle, it meets four times per year.

The committee deliberates on the status of reviews on policies for sustainability management covering the entire Group and the progress of actual measures and submits its findings and recommendations to the Board of Directors.

### Composition

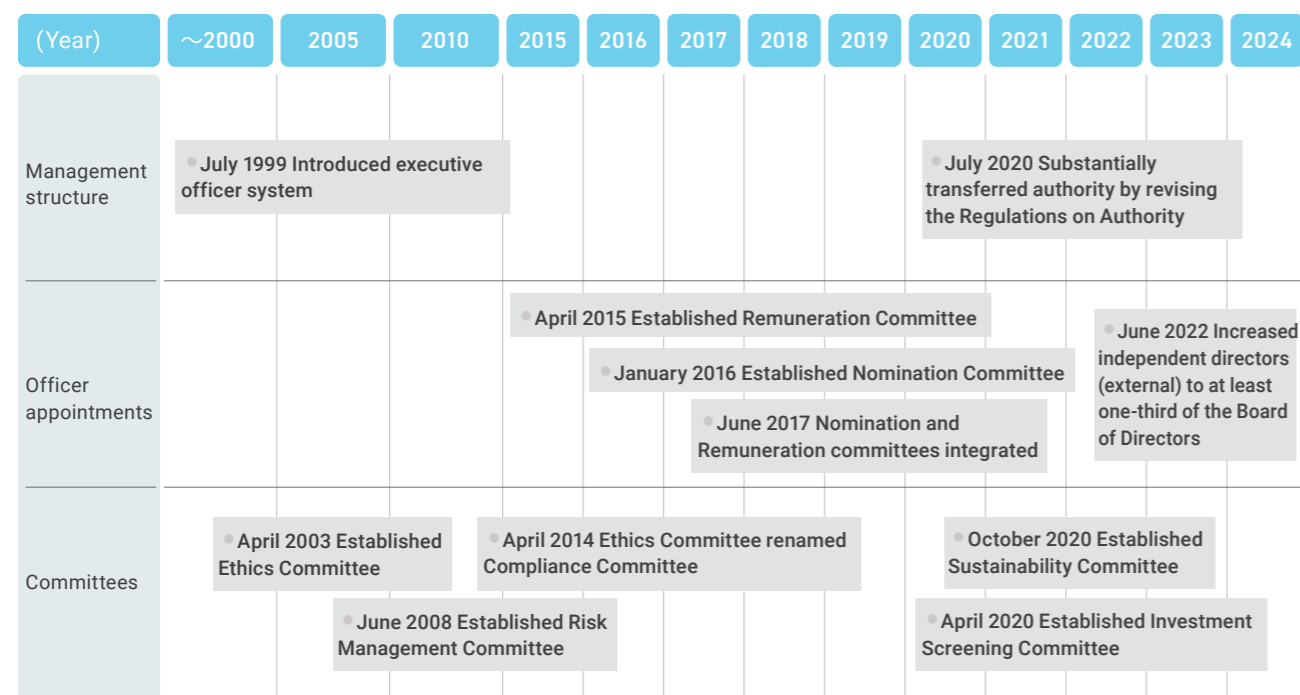
The Sustainability Committee is chaired by the director in charge of the Corporate Division and comprises two external officers as external members, three internal directors, two general managers, and two full-time Audit & Supervisory Board members who act as observers.

\*The composition of each committee is current as of June 27, 2025.

## Corporate Governance

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## Strengthening of corporate governance structure



In addition to the Nomination and Remuneration Committee, external officers joined the Compliance Committee, the Risk Management Committee, and the Sustainability Committee as external members in April 2023, and with a Compliance Promotion Department that reports directly to the president newly established in February 2024, governance functions have been further strengthened.

We will strive to further strengthen corporate governance by fulfilling the items listed below.

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

## Evaluation of effectiveness

### Evaluation of Board of Directors' effectiveness

In accordance with the Basic Policy on Corporate Governance, the Company annually analyzes and evaluates the efficiency of Board of Directors' meetings and the effectiveness and feasibility of Board decisions through self-checks in order to ensure effective decision-making by the Board.

The method and results of these evaluations in fiscal 2024 are as follows.

#### Evaluation method

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

#### Questions

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

#### Evaluation results

The results of the survey conducted in June 2025 indicated that the Board of Directors engaged in active discussions through supplementary briefings and follow-up support on important agenda items, as well as through visits to sales teams, among other accomplishments. As such, it has been determined that the effectiveness of the Board of Directors has been ensured in general.

On the other hand, it was pointed out that in terms of (3) Support structure for external directors and (6) Training in the questions above, there is room for improvement.

The Company has already started to make efforts in response to these findings and is working to further increase the effectiveness of the Board of Directors.

## Corporate Governance

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## Officer remuneration

### Remuneration for directors and executive officers

#### Fundamental policy

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

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

#### Determination process

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

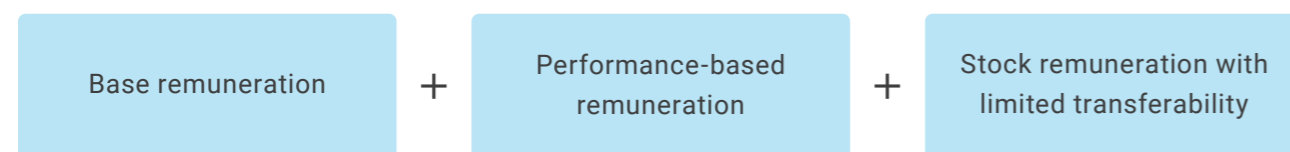
Remuneration for each director is determined by the Board of Directors within the total amount of remuneration approved in advance by the General Meeting of Shareholders.

When approving remuneration, the Board of Directors emphasizes a decision-making process that is transparent, fair, and objective, respecting the reports by the Nomination and Remuneration Committee.

A resolution on the remuneration amount for each executive officer is reached by the Board of Directors, emphasizing a decision-making process that is transparent, fair, and objective, and that respects the reports by the Nomination and Remuneration Committee.

#### Remuneration for directors and executive officers

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



### Remuneration for Audit & Supervisory Board members

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

Total remuneration paid in fiscal 2024

Classification	Number of recipients	Total amount by remuneration type, etc. (Millions of yen)			Total (Millions of yen)
		Base remuneration	Performance-based remuneration	Stock remuneration	
Directors (of which, external directors)	10 (4)	136 (20)	99 -	39 -	275 (20)
Audit & Supervisory Board members (of which, external Audit & Supervisory Board members)	6 (4)	48 (16)	- -	- -	48 (16)
<b>Total</b>	<b>16</b>	<b>185</b>	<b>99</b>	<b>39</b>	<b>324</b>

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

Notes: The number of recipients and total amount of remuneration, etc., above include two directors (of which one external director) and two external Audit & Supervisory Board members who left their positions at the conclusion of the 85th General Meeting of Shareholders held on June 27, 2024. Of these, Mr. Ryuso Sadanobu, who was appointed as an Audit & Supervisory Board member after leaving his position as a director at the conclusion of this General Meeting of Shareholders, is counted separately as a director and as an Audit & Supervisory Board member for the periods he served in those respective roles. His remuneration for each role is included in their respective totals. The same applies to Mr. Shingo Ogoshi, who was appointed as an external director after leaving his position as an external Audit & Supervisory Board member at the conclusion of this General Meeting of Shareholders.

## Cross-shareholdings

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

The Company assesses whether cross-shareholdings are owned for appropriate objectives and whether the benefits and risks of owning them are commensurate with its cost of capital. The Board of Directors checks this during its first meeting of every fiscal year and discloses the results.

Based on the review, the Company will move to reduce its equity stake in companies for which it determines ownership is of limited value.



## Compliance

# Compliance

## Basic policy

The Starzen Group places its Management Philosophy and Brand Vision at the root of its corporate activities and undertakes activities to ensure widespread understanding of these principles in order to help all employees of the Group to take action based on them.

It has also defined a Code of Conduct and Guidelines for Conduct and is working to foster impeccable ethics in order to gain the trust of business partners and stakeholders.

At the same time, we undertake organized and ongoing compliance activities, having instituted the Compliance Regulations, Fundamental Policy on Sustainability, Fundamental Policy on Human Rights, Fundamental Policy on Industrial Safety and Health, and Fundamental Policy on the Environment.

## Compliance promotion system

We established the Compliance Committee, which meets regularly every year, as an advisory body to the Board of Directors, with the purpose of increasing social trust and establishing a spirit of compliance within the Group.

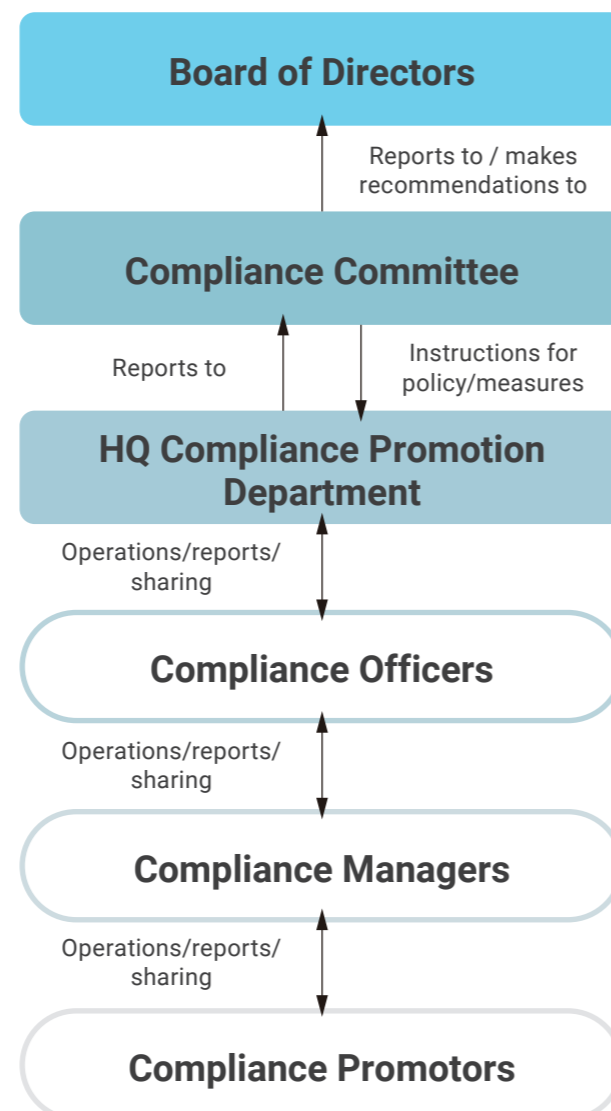
General managers and presidents of subsidiaries/associates, who serve as compliance officers, are responsible for administering our compliance program based on deliberations of the Compliance Committee. Compliance managers, serving under compliance officers, operate the compliance program appropriately.

In case of a compliance violation or possible violation, information is shared immediately according to the reporting line of manager, officer, and then the Compliance Promotion Department at Headquarters. Serious incidents are reported to the Compliance Committee and the Board of Directors to make improvements to the compliance promotion system and compliance program operations.

When an incident of fraud came to light in 2023, we immediately responded by setting up an internal investigative committee and also set up a special investigative committee composed of experts, including lawyers and certified public accountants.

To address the situation, we are also cooperating with the Audit Department to further strengthen compliance.

Composition as of June 27, 2025



Compliance Committee

## Main initiatives and matters for consideration in fiscal 2024

- With regard to past incidents of fraud, we implemented rank-based compliance training in order to provide an overview and deepen understanding of measures to prevent recurrence.
- We promote mutual trust with employees and build relationships of trust through regular one-on-one meetings held semiannually and compliance week held once a year.
- In order to ensure thorough compliance management, the Compliance Committee met four times over the course of the year with the Compliance Promotion Department (newly established in February 2024) as the secretariat.

## Support Desk

We have established a Compliance Support Desk (with a Whistleblower Hotline), available at all times to all officers and employees as outlined below, to achieve an open workplace environment, improve self-regulatory functions for preventing compliance violations, and facilitate the early detection and prompt correction of issues.

And to enhance and expand the system, we have also established a dedicated whistleblower hotline to receive reports and consultations from our business partners.

## Support desks

Example concern	Contact point
Workplace issue Harassment	Compliance Support Desk (external: specialist service provider)
	Internal Support Desk (Compliance Promotion Department)
Suspected violation of law	Whistleblower Hotline (external: law office)
	Whistleblower hotline for business partners (external: specialist service provider)

## Risk Management

# Risk Management

## Basic policy

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

## Risk management system

To avoid operating risks and minimize damages should they materialize, we have established Risk Management Regulations and a Risk Management Committee, which deliberates on the issues and countermeasures related to group-wide risk management and promotion.

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

## Monitoring

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

Measures
<ul style="list-style-type: none"> <li>Spread messages from top management, expand employee training, coach frontline staff, utilize support desks</li> <li>Strengthen internal controls, implement personnel rotations, conduct internal audits</li> <li>Streamline logistics operations, restructure logistics bases</li> </ul>
<ul style="list-style-type: none"> <li>Enhance quality control and quality assurance system</li> <li>Maintain quality control level utilizing external certification regime (SQF)</li> <li>Share information more swiftly, periodically review product standards (including raw materials)</li> </ul>
<ul style="list-style-type: none"> <li>Diversify suppliers for stable supply, strengthen collaborative systems with partner farms</li> <li>Gather information on import destinations, diversify suppliers (meatpackers and livestock production sites)</li> <li>Implement energy-saving measures through the visualization of energy consumption, invest in facilities with high energy-saving effects</li> </ul>
<ul style="list-style-type: none"> <li>Monitor appropriate inventory levels</li> <li>Improve management of products bought and sold on a net basis</li> <li>Expand sales of added-value products such as brand meats and processed foods, etc.</li> </ul>
<ul style="list-style-type: none"> <li>Clearly stipulate quality and other standards in contracts</li> <li>Utilize external information and trade credit insurance, regularly review credit</li> <li>Introduce stricter payment terms</li> </ul>
<ul style="list-style-type: none"> <li>Strengthen initiatives to reduce GHG emissions by the Sustainability Committee and the GHG Reduction Committee</li> <li>Disclose proactively and appropriately</li> <li>Regularly gather information from relevant organizations, repair facilities, train employees</li> </ul>
<ul style="list-style-type: none"> <li>Conduct security training for employees, establish, disseminate, and enforce regulations</li> <li>Continue to strengthen information systems and security, establish a crisis management system</li> <li>Execute contracts with multiple network companies, carry out training for changing over to backup equipment</li> </ul>
<ul style="list-style-type: none"> <li>Establish Human Resources Committee and promote mechanization and labor savings</li> <li>Create attractive workplaces (internal branding activities, internal recruitment system, course-specific systems, etc.)</li> <li>Recruit, retain, and utilize diverse human resources</li> </ul>