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Company Name: House Foods Group Inc.
Representative: Hiroshi Urakami, President
(Securities Code: 2810, First Section of
the Tokyo Stock Exchange)
Contact: Nobuhide Nakagawa, General Manager of
Public & Investor Relations Division
(Tel: +81-3-5211-6039)

Notice of Setting of Amount of Remuneration, Etc. for Directors Who Are Not Audit & Supervisory Committee Members and Directors Who Are Audit & Supervisory Committee Members and Introduction of Restricted Stock Compensation Plan

As separately disclosed in the “Notice of Transition to a Company with Audit & Supervisory Committee” released on February 19, 2021 and the “Notice of Partial Amendment to Articles of Incorporation” released today, House Foods Group Inc. (the “Company”) has decided to shift to a Company with Audit & Supervisory Committee subject to approval at the 75th Ordinary Shareholders’ Meeting to be held on June 25, 2021 (hereinafter the “Shareholders’ Meeting”). The Company hereby announces that in association with this decision, its Board of Directors set the amount of remuneration, etc. for Directors who are not Audit & Supervisory Committee members and Directors who are Audit & Supervisory Committee members, reviewed the officers compensation plan and resolved to introduce a restricted stock compensation plan for Directors who are not Audit & Supervisory Committee members (hereinafter the “Plan”) at a meeting held today. At the meeting, the Board of Directors also resolved to submit a request for approval of the proposals for setting the amount of remuneration, etc. for Directors who are not Audit & Supervisory Committee members and Directors who are Audit & Supervisory Committee members and for the Plan to the Shareholders’ Meeting. Details are as follows.

The Board of Directors adopted these resolutions through deliberations at the Compensation Advisory Committee, which is a voluntary advisory body to the Board of Directors chaired by an Independent Outside Director with the majority of the committee members being Independent Outside Directors or Independent Outside Audit & Supervisory Board Members.

I. Setting of an amount of remuneration, etc. for Directors who are not Audit & Supervisory Committee members and Directors who are Audit & Supervisory Committee members

It was approved at the 61st Ordinary Shareholders’ Meeting held on June 27, 2007 that the amount of remuneration, etc. for Directors of the Company would be no more than 380 million yen a year, but the Company plans to ask the shareholders to approve the setting of an amount of remuneration, etc. for Directors who are not Audit & Supervisory Committee members and Directors who are Audit & Supervisory Committee members at no more than 400 million yen a year (not including employee salaries for Directors who currently serve as employees) and no more than 150 million yen a year, respectively, subject to the approval as proposed of the proposal for amendments to the Articles of Incorporation (including changes in the number of Directors) in relation to the transition to a Company with an Audit & Supervisory Committee, which the Company plans to submit separately for approval to the Shareholders’ Meeting associated with the transition to a Company with an Audit & Supervisory Committee.

II. Introduction of the Plan

1. Purpose of and conditions for introducing the Plan

(1) Purpose of introducing the Plan

The Plan aims to give the Company's Directors who are not Audit & Supervisory Committee members (hereinafter the "Eligible Directors") an incentive to work on the sustainable enhancement of the Company's corporate value and promote the further sharing of value between Directors and shareholders.

(2) Conditions for introducing the Plan

The introduction of the Plan is subject to the approval as proposed of the proposal for amendments to the Articles of Incorporation in relation to transition to a Company with an Audit & Supervisory Committee, which the Company plans to submit separately for approval to the Shareholders' Meeting. In addition, because the Plan will give monetary compensation receivables to grant restricted stock to the Eligible Directors as compensation, the introduction of the Plan is subject to the approval of the granting of such compensation by the shareholders at the Shareholders' Meeting.

The Company plans to ask the shareholders to approve the new introduction of the Plan and the setting of the remuneration for the Plan for the Eligible Directors within the range of 400 million yen (not including employee salaries for Directors who currently serve as employee), an annual amount of remuneration, etc. for Directors who are not Audit & Supervisory Committee members, which the Company plans to submit separately for approval at the Shareholders' Meeting.

The Company has already introduced a stock compensation plan in which the officers' shareholding association purchases the Company's shares by contributing a certain amount from the fixed compensation for Directors (excluding Outside Directors) and does not allow the officers to transfer the purchased shares until their retirement from office. However, the Company plans to abolish the stock compensation plan to purchase its shares through the officers' shareholding association and shift to the Plan subject to the approval of the proposal for the Plan at the Shareholders' Meeting (the officers' shareholding association will continue as a mechanism for voluntary purchase of the Company's shares by the officers, etc.).

2. Outline of the Plan

Under the Plan, the Eligible Directors will make in-kind contributions of all monetary compensation receivables to be granted from the Company according to their position and role and in return receive the Company's common stock that will be issued or disposed of by the Company.

The amount of remuneration, etc. to be paid to the Eligible Directors under the Plan will be no more than 40 million yen a year within the amount of remuneration, etc. for Directors who are not Audit & Supervisory Committee members, which the Company plans to submit separately for approval at the Shareholders' Meeting, and the maximum number of shares of the Company's common stock to be issued or disposed of under the Plan will be no more than 14,000 shares a year (when unavoidable circumstances that require adjustment of the number of shares, such as the share split and the consolidation of shares of the Company's common stock, have arisen, the number of shares to be issued or disposed of may be reasonably adjusted).

To achieve the sharing of shareholder value over the medium to long term, which is one of the purposes of introducing the Plan, the transfer restriction period will be from the day of delivery of restricted stock until the day on which a relevant Eligible Director has relinquished his or her position as the Company's Director. The specific timing of payment and allotment to each Eligible Director will be determined by the Board of Directors.

In addition, the amount to be paid in per share of the Company's common stock to be issued or disposed of under the Plan will be determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day before the day of resolution of the Board of Directors (if no trading is reported on that day, the closing price on the trading day immediately preceding such day).

Regarding the issuance or disposal of its common stock under the Plan, the Company will enter into a restricted

stock allotment agreement (the “Allotment Agreement”) with the Eligible Directors, and the provisions of the Allotment Agreement will contain the following items.

- (1) The Eligible Directors may not, during a predefined period, transfer, attach a security interest on or otherwise dispose of the Company’s common stock allotted pursuant to the Allotment Agreement; and
- (2) The Company shall acquire said common stock without consideration if certain events occur.