

Philosophy: The Concept behind House Foods Group

House Foods Group’s philosophy is based on the two key aspects of the company.

One: Our Group Philosophy Defines the role of the Company—our contributions and raison d’être. It encompasses the corporate philosophy of each company in House Foods Group.

Two: “The House Ideals (Spirit)”Our corporate DNA—the values shared by all who work with us.

These two aspects are positioned as counterparts. In addition, our “Founding Philosophy” is an everlasting symbol expressing the ideas behind how we see the House brand in the world.

Our Founding Philosophy

In every happy home throughout Japan you will find the warm flavor of home cooking, House.

Group Philosophy

Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives.

Food may vary by country and time. But the power of food never varies.
 Good food is tasty and healthy. It has the power to sustain life,
 to bring people together... to bring joy to the world.

In every facet of our activities, House Foods Group is always creating new value.
 Through food, we at House Foods Group help nurture relationships
 our own and others.

Together with all our stakeholders we treasure
 the warmth of family and friendship
 as we seek to bring more happiness into people’s lives.

At the dining table and when dining out. In our homeland and around the world.
 On every occasion that involves food, we strive to serve as a good partner putting
 smiles on the faces of our customers, our employees and their families.
 So that all the world may be a happier place.

House Ideals (Spirit)

Our Motto

Sincerity, Originality and Enthusiasm.

The 10 House Values

- Know yourself
- Be humble in your self-confidence and pride
- Creative work brings dignity
- The advancement of House depends on the personal development of each individual
- House’s strength is the strength of all of us combined
- A salary is compensation for doing useful things for society
- Being useful to society as employees and as a company
- A useful employee is a strong partner for achieving business goals
- Profits are necessary for a company to be useful to society
- The dedicated passion each one of us feels for the company is the secret to success for House

President's Message

The entire Group will work together to advance reforms for accelerating growth by building a global value chain (VC)

浦上 博史

Hiroshi Urakami

Representative Director and President
House Foods Group Inc.



What kind of company does the House Foods Group aspire to be?

Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives. This is our Group philosophy. We will build a global value chain (VC) for transforming into a high quality company that delivers "Healthy Life Through Foods," creates new value it proves to customers, and achieves sustainable growth.

We will build a VC as an initiative for realizing our Group philosophy

House Foods Group has the aim, established in 2013, that "through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives." This is our "To Be" Group philosophy. We are currently working on our Eighth

Medium-term Business Plan, which is an action plan called "To Do" that adds a time axis to realizing "to be" by fulfilling our "Three Responsibilities" ("For Our Customers," "For Our Employees and Their Families," and "For Society") that form the basis of our Group philosophy.

We first formulated our Medium-term Business Plan in 2003, and over 20 years later we came up with the Eighth Medium-term Business Plan. Along the way, the landscape has changed each time we move forward with our Medium-term Business Plan. Up until

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our Fourth Medium-term Business Plan, which marked our 100th anniversary, we focused on selection and concentration as the domestic market maturity progressed. However, after the Great East Japan Earthquake in 2011, people in Japan quickly showed a growing tendency for eating out or buying food to eat at home, which had a major impact on us because our core source of revenue was cooking products, and so our selection and concentration strategy stopped working. Under such conditions, we decided that the best direction for our Group was to strive to become a high quality company, and, beginning with our Fifth Medium-term Business Plan, to strive to become a high quality company that provides “Healthy Life Through Foods.”

However, while we envisioned becoming a high quality company, which is the opposite of an opportunistic company that grows by capturing customer needs, we lacked a clear vision of how to achieve this, and thus struggled to gain understanding internally. So, to make it easier for employees to put the vision into practice, we established two physical requirements for becoming a high quality company: VC and R&D. Starting with the Seventh Medium-term Plan, we adopted our “Four Value Chains” theme. Under this, the four VCs are spices, functional ingredients, soybeans, and value-added vegetables (promoted as part of the creation of new value through collaborative creation in the Eighth Medium-term Business Plan), which are areas in which we can maximize the strengths of the group. We changed the subtitle of the Eighth Medium-term Business Plan to “striving for growth by building a global value chain,” but the key theme is that of building a structure that enables “VC-optimized” decision-making regarding management resources, and we are promoting VC management efforts as a cohesive medium-term business plan. We believe that striving to become a high quality company and promoting VC management are synonymous, and we continue to take on the challenges of achieving these things.

Now in the second year of the Eighth Medium-term Business Plan, how do you view the current state of change?

Building a global VC is a major transformation for our Group, and we have set the Eighth Medium-term Business Plan, which is currently underway, and the Ninth Medium-term Business Plan that will follow as periods for building a foundation for further growth in the future. As we make steady progress, we are beginning to see signs of global growth.

Capturing new opportunities while resolving issues with three VCs

We see the Eighth Medium-term Business Plan as an important period for transitioning to full-scale global VC management beginning with the Ninth Medium-term Business

Plan. Because we are taking on such major changes, I must confess that our Eighth Medium-term Business Plan is only halfway there.

Having previously promoted our business mainly in five segments, we recognize that it is important to completely eliminate fixed ideas about upstream, midstream, and downstream segments in order to transition to VC management. The Spice VC, in particular, has a large number of related business companies, each with a very different

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business model, which makes communication difficult due to differences in standards and language. However, learning to understand one another will be crucial in our efforts, so we will work to change the mindsets of our employees while building the VC. There are fewer conflicts between companies in the Functional Ingredients VC and Soybean VC fields than in the Spice VC, so we will simply promote building a VC aimed at medium- to long-term business growth and a global shift.

These efforts have also given us a real sense of transformation. For example, in the Spice VC, we have established a procurement and technology review committee to evaluate new technologies and new materials and explore potential solutions, and it has already borne fruit. At a wasabi farm owned by PT. Java Agritech, the House Foods Group R&D department led the way in developing new methods of preserving imports to Japan. Also, adapting multiple technologies has enabled us to collect seeds locally, which had previously been difficult to do. In Japan, the production of sansho peppers is declining because many aging growers have no successors. While this is a problem, procurement and R&D divisions and farmers have collaborated to launch a project for developing sansho pepper growing areas. This is also driving change in upstream bottlenecks. These successes will accelerate VC integration and give us a competitive edge.

Striving to transform into a corporate group that can generate sustainable profits by building a VC

The current external environment is being shaped by changes in social conditions, including changes in political regulations. For example, the rice issue in Japan is being debated as a food security issue. The food industry is also facing a difficult situation, and, from a macro perspective, we believe discussions regarding escaping deflation and correcting the gap between rich and poor are needed.

Although we find ourselves in an increasingly difficult business environment, we will steadily build a VC while reliably increasing our top line, and lay the foundation for further growth in the future. For the Spice VC to grow, the core business company, House Foods Corporation, must undergo a self-transformation, and I believe the key to that is for House Foods Corporation to grow globally. At the same time, House Gaban Corporation will expand its business area and scale by promoting its domestic BtoB business and incorporating spice BtoB sales strategy functions in Southeast Asia. Both themes center on how to overcome current barriers, with House Foods acting as the engine of change for the Spice VC, and working with House Gaban to unify domestic and overseas management.

The Functional Ingredients VC has the potential to grow into a unique VC. We can aim for higher returns on smaller investments than with other VCs. We will take on the challenge of developing new fields and new areas, and build a solid foothold in the medium term.

We recognize that we need to take a long-term perspective with the Soybean VC. Although there are still issues with investment returns, we provide soybeans, which are rich in vegetable protein, and is an important VC for supporting the human food supply in the 21st century from both health and environmental perspectives.

➡See “For Our Customers” of the medium-term business plan on pages 23–34

We take the capital market’s assessment seriously, and will take actions to address the issues

We know the capital market has always expected growth from our International Food Business, but in recent years, our stock price has fallen, and our PBR has dropped below 1, meaning our evaluation from the capital market has also declined. Since our Seventh Medium-term Business Plan, we have been promoting a story of steady global growth through VC management, but we must continue to promote careful IR communication so that shareholders and investors can better understand our shift from a business segment perspective to a VC perspective.

We know the challenges we face in terms of investment profitability, and to ensure that our approach to the ideal proportions for the five indicators of ATO, ROS, ROA, equity ratio, and ROE does not end up being merely a pipe dream, we have introduced ROIC into our Eighth Medium-term Business Plan, and we proactively explain its significance at internal financial results briefings for employees and other opportunities. We also use ROIC to verify the profitability of each piece of manufacturing equipment to analyze and evaluate whether we are obtaining returns commensurate with the scale of our investments. This will serve as a guidepost for making the most effective use of existing assets and for improving decision-making regarding new investments. We will also look at revising our business portfolio in the future.

➡See “Message from the Director in Charge of Financial Strategies” on pages 19–22

President’s Message

How can you maximize the potential of the organization and human resources?

With the theme of “Turn Diversity into Strength,” we are challenging ourselves to transform diversity into a driving force for building a global VC. To encourage innovation, we focus on breaking down stereotypes both individually and across the organization while deepening our understanding of others.

Transforming diversity into strength by balancing centrifugal and centripetal forces

In “For Our Employees and Their Families,” we have set the theme of “Turn Diversity Into Strength.” Our Group includes business companies with a variety of business models. The solar system exists because the planets maintain a balance between centrifugal and centripetal forces, even though they orbit at different distances from the sun. Similarly, we can transform diversity into strength by creating a good balance between the centrifugal force that emphasizes diversity and the centripetal force that binds it together through the penetration of our Group philosophy.

We have traditionally promoted role-based hierarchical management by revising the personnel systems of Group companies, which has increased personnel exchanges within the Group and made it easier to achieve cross-sectional coordination. Additionally, managing talent via nomination has promoted the autonomous career development of candidates for managerial and other executive positions. In FY2025, we will accelerate development of human resources and organizations that support VC management by linking “position management,” which defines key position requirements for building a global VC, to past measures. By doing so, we hope to evolve further into a group that can carry out major changes together.

➡See “For Our Employees and Their Families” of the medium-term business plan on pages 35–38

How are you addressing important environmental issues?

In order to manifest “healthy people and a healthy planet,” we are working on our two key issues of “Action on climate change” and the “Creation of a resource recycling-oriented society.” We changed our specific target for reducing CO₂ emissions from a per-unit to a total emissions target.

Set high goals as a member of society to promote the establishment of a recycling-oriented model

Our Responsibility for Society compels us to achieve the House Foods Group Long-term Environmental Strategy 2050 by addressing the important issues of action on climate change and the creation of a resource recycling-oriented society. In light of this, we looked at how we should respond to the global environment and decided to change to

a policy of counting total CO₂ emissions, rather than setting specific targets in basic units. We are also working to visualize progress toward our goals to ensure we recognize progress internally in a timely manner. We also began operating the Multisite Energy Total Service in April 2024 as part of our collaborative venture with JFE Engineering Corporation. This initiative will supply electricity to 18 locations at eight House Foods Group companies, and enable us to reduce CO₂ emissions 16% at those locations.

➡See “For Society” of the medium-term business plan on pages 39–44

President's Message

How can you strengthen governance functions to build a global VC?

We will continue to pursue optimal governance for the Group in order to build a global VC and meet the expectations of all our stakeholders.

Proactively incorporate the perspectives of outside directors to strengthen governance in support of building a VC

In terms of governance, it is important to incorporate external perspectives into management, and our outside directors do this by providing many proactive and valid opinions at the Board of Directors meeting. To encourage more open discussion among directors, we have set aside "Audit and Supervisory Committee Time" at the ends of Board of Directors meetings, where the meetings, including proceedings, are handed over to an internal director who serves as an Audit & Supervisory Committee member, providing an opportunity for the executive directors and the Audit & Supervisory Committee to discuss what takes place at Audit & Supervisory Committee meetings.

The effectiveness of the Board of Directors is also evaluated, not through a survey conducted by a third-party organization, but through a detailed questionnaire prepared independently by the General Affairs Division. The outside directors carefully write their qualitative opinions in free-form, which has greatly contributed to improvements to enhance effectiveness. When it comes to matters such as investment projects that are to be decided by the Board of Directors, we typically take preliminary steps carefully, and our outside directors have pointed out that this can slow things down. In the future, as we build the VC, we will need to make many accurate and swift decisions on many projects. Therefore, we will use digital technology to increase business productivity and make better and faster management decisions. Furthermore, based on the evaluation of the effectiveness of the Board of Directors and the opinions of our outside directors, we will build a governance system that will enable us to aim for growth through a global VC.

➡See "Corporate Governance" on pages 59–64



The House Foods Group aims to be a good partner that brings happiness to our customers, employees and their families, and helps create a society filled with joy through food. Building a global VC is a huge transformation. Although we are still only halfway there, we believe that our steady progress will meet the expectations of our stakeholders. We will further accelerate our transformation by leveraging the challenges and lessons learned from our efforts to date.