

HOKUREN

Hokuren Group Report

Hokuren Management Philosophy

As a cooperative dedicated to producers, we lead the future of agriculture and food from Hokkaido, a land where coexistence thrives, undertaking initiatives in collaboration with our member Japan Agricultural Cooperatives (JAs).

Corporate message

Bringing happiness to producers and smiles to consumers

Meaning of the Hokuren logo

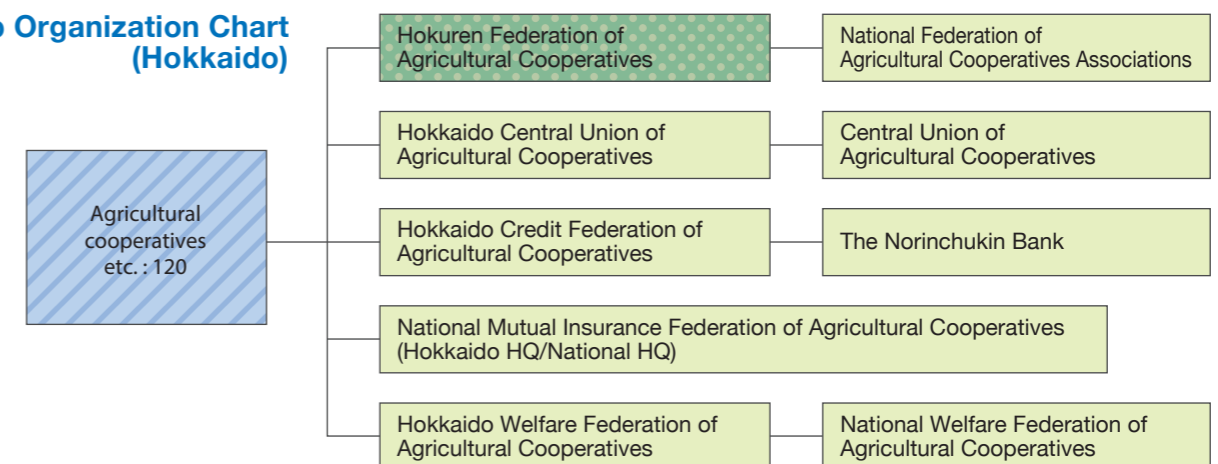


The circle encompassing the entire logo simultaneously represents the sun and human harmony, which is the essential and everlasting concept behind any cooperative's existence. In all respects, the earth is agriculture. Here, the image of a great tree extending its roots into this earth symbolizes progress into the future. The tree itself is shaped like an oak leaf. This truly strong, perpetually green oak represents prosperity in the future. In addition, the white space represents the clear air of Hokkaido. The logo was created in 1973 based on a design by illustrator Mr. Makoto Wada.

Hokuren

Hokuren is responsible for economic activities within the JA Group Hokkaido. Our sales business is dedicated to supplying consumers nationwide with agricultural and livestock products from Hokkaido. We also perform purchasing business and provide agricultural support to bolster the farming activities of producers. By deepening the collaboration among these different sectors, we enhance our collective strength. Through these efforts, we aim to actualize our corporate message: Bringing happiness to producers and smiles to consumers.

JA Group Organization Chart (Hokkaido)



Hokuren Group Report

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ホクレン経営理念
わたしたちは、
生産者のための協同組合として、
会員JAと連携した事業を通じ、
共生の大地 北海道から
「農」と「食」の未来を担います。



Hokuren Representative Director
and President
Shinohara Sueji



Bringing happiness to producers
and smiles to consumers

Message

Since its founding over 100 years ago in 1919, Hokuren has undertaken initiatives to advance agriculture and strengthen producers in Hokkaido while responding to various demands of the times.

The situation surrounding Hokkaido's agricultural industry remains challenging. While consumption is expected to expand as COVID-19 restrictions of movement have been lifted, we face ongoing difficulties: production curtailment of raw milk due to a supply-demand imbalance, the deteriorating business environment as a result of surging and persistent high prices of production materials, and decreased transportation capacity owing to driver shortages and depopulation of rural areas.

In light of these circumstances, Hokuren is more committed than ever to listening attentively to the voices of people engaged in production and sales and taking action to address each challenge.

Striving to materialize sustainable agriculture in Hokkaido

Currently, initiatives with medium- to long-term goals, including the SDGs and the government's Green Food System Strategy, are being promoted domestically and internationally. In addition, discussions are underway by the Japanese government toward reviewing and revising the Basic Act on Food, Agriculture and Rural Areas.

At such times, Hokuren must embrace change and rise to new challenges. This approach is crucial for it to continue being an organization that is relevant by fulfilling its functions while remaining true to its reason for existence and mission as a federation of agricultural cooperatives.

Hokuren is committed to the materialization of sustainable agriculture in Hokkaido based on its Vision 2030. This medium- to long-term vision depicts the ideal future for Hokkaido agriculture and the Hokuren Group toward 2030 in view of future environmental changes.

Responding to changes in the international situation

The impacts of changes in the international situation, including Russia's invasion of Ukraine, are widespread.

Surging and persistent high prices of production materials such as fertilizer, feed, and fuel are not only greatly increasing production costs, but also exposing risks to Japan's food security, as we rely heavily on

imports for much of our food supply.

To respond to these circumstances, we pursue a tripartite approach to our business operations through enhanced collaboration among the sectors of sales business, purchasing business, and agricultural support. This strategy encompasses efforts to cultivate consumer understanding and to offer technical support to production sites.

Aiming to lead the future of agriculture and food

To materialize sustainable agriculture in Hokkaido, Hokuren advances initiatives that leverage the collective strength of the Hokuren Group. This involves the accurate identification of environmental changes as well as challenges and needs both at production sites and in consumer areas.

By working closely with our members (i.e., producers) and member agricultural cooperatives and thus fostering unity within the JA Group Hokkaido, we are also dedicated to playing our part through agricultural development and stable food distribution for producers and consumers alike. We will do this as an organization that leads the future of agriculture and food from Hokkaido, a land where coexistence thrives, in line with our corporate message: Bringing happiness to producers and smiles to consumers.

Vision 2030

Medium- to long-term environmental changes

- 1 Shortage of successors and laborers due to a decrease in, and aging of, producers, as well as diversification of producer needs
- 2 Need for increased efficiency and labor saving due to the decreasing workforce
- 3 Concerns over market shrinkage in Hokkaido and difficulties to maintain distribution networks due to the decreasing rural population
- 4 Diversification of food preferences, including a shift to processed food, due to changes in the household structure and lifestyle
- 5 Increased strain on supply and demand due to the growing global population and demand for food, coupled with escalating competition for fertilizers and feed
- 6 Advancement of the digitalized society and the accelerated development of new technologies and services in areas like smart agriculture
- 7 Changes in social values, such as broader awareness of the SDGs, and transformation of lifestyles due to the pandemic

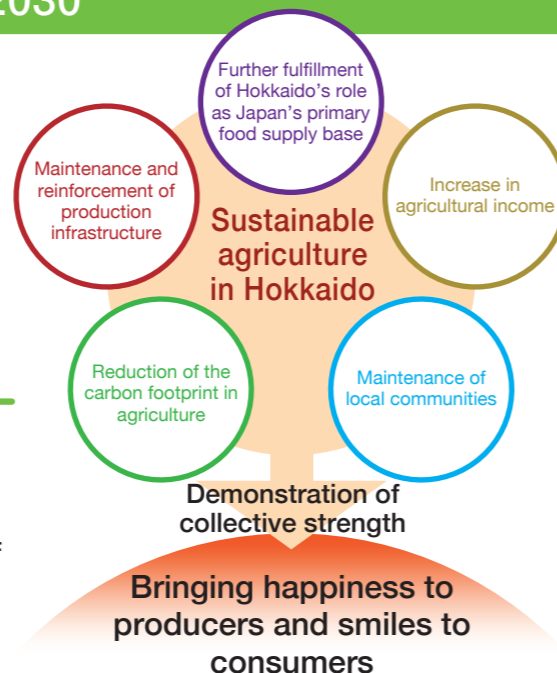
It is crucial for Hokuren to meet the expectations placed on Hokkaido as Japan's primary food supply base.

Vision 2030

In cooperation with producers and member agricultural cooperatives, we strive to materialize sustainable agriculture in Hokkaido and to become a Hokuren Group that meets societal expectations and earn public trust.

Basic Strategy

A tripartite approach to business operations that maximizes collective strength through enhanced collaboration among the sectors of sales business, purchasing business, and agricultural support



Key focus areas to actualize the vision

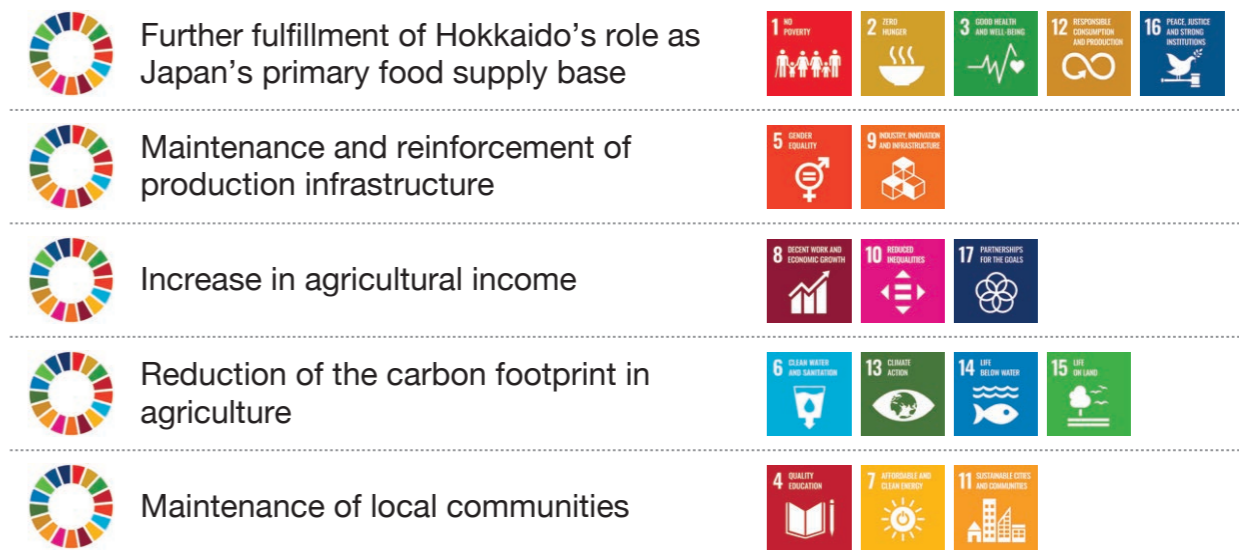
- 1 Solution of regional challenges through demonstration of collective strength
- 2 Establishment of value chains connecting consumer needs with the strengths of production areas
- 3 Establishment of sustainable distribution systems
- 4 Enhancement of production capacity through promotion of new technologies and smart agricultural practices
- 5 Response to labor shortages and support for the development of human resources
- 6 Achievement of both carbon footprint reduction and agricultural income enhancement through initiatives in line with the government's Green Food System Strategy and the SDGs
- 7 Greater efforts to maintain local communities

Hokuren Policy for the SDGs

SDGs initiatives

To help materialize sustainable agriculture in Hokkaido, Hokuren is striving to address environmental, societal, and economic challenges facing agriculture in Hokkaido through initiatives in line with the five elements of Vision 2030 and their corresponding SDGs.

Five elements necessary to materialize sustainable agriculture in Hokkaido and their corresponding SDGs



Key initiatives

Achievement of the SDGs is contingent upon the accomplishment of goals related to the natural environment. In line with this, Japan's Green Food System Strategy calls for reduction of carbon footprint. Consequently, Hokuren has formulated its policy for the SDGs with the focus on maintaining the natural capital essential for sustainable agricultural production.

Hokuren Policy for the SDGs

Achievement of both environmental impact reduction and agricultural income enhancement through initiatives in line with the government's Green Food System Strategy

Examples of initiatives

- Dissemination and promotion of production technologies that minimize methane emissions in rice paddies
- Promotion of the 3Rs (Reduce, Reuse, Recycle) for factory by-products
- Greater use of eco-friendly packaging materials
- Proactive introduction of energy-saving, high-efficiency equipment in the Hokuren facilities

Overview of Agriculture in Hokkaido

Northern Hokkaido

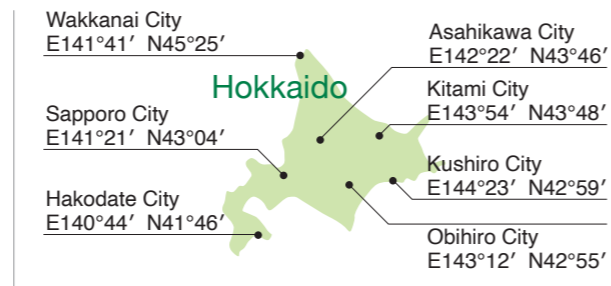
In the Kamikawa district, rivers flowing through basins have created vast fertile lands suited for rice cultivation, dry-field farming, and fruit production. The northern area, endowed with expansive pastures, boasts large-scale dairy farming.

Central Hokkaido

With the Ishikari River's abundant water resources and a relatively warm summer climate, this region grows various agricultural products, ranging from rice and field crops to fruits.

Southern Hokkaido

Despite the scarcity of flatlands leading to smaller farm sizes, this region enjoys the warmest climate in Hokkaido, making it ideal for rice cultivation and dry-field farming.



Okhotsk

This region is distinguished by mechanized dry-field farming, making it a major dry-field farming area and the largest onion producer in Japan.

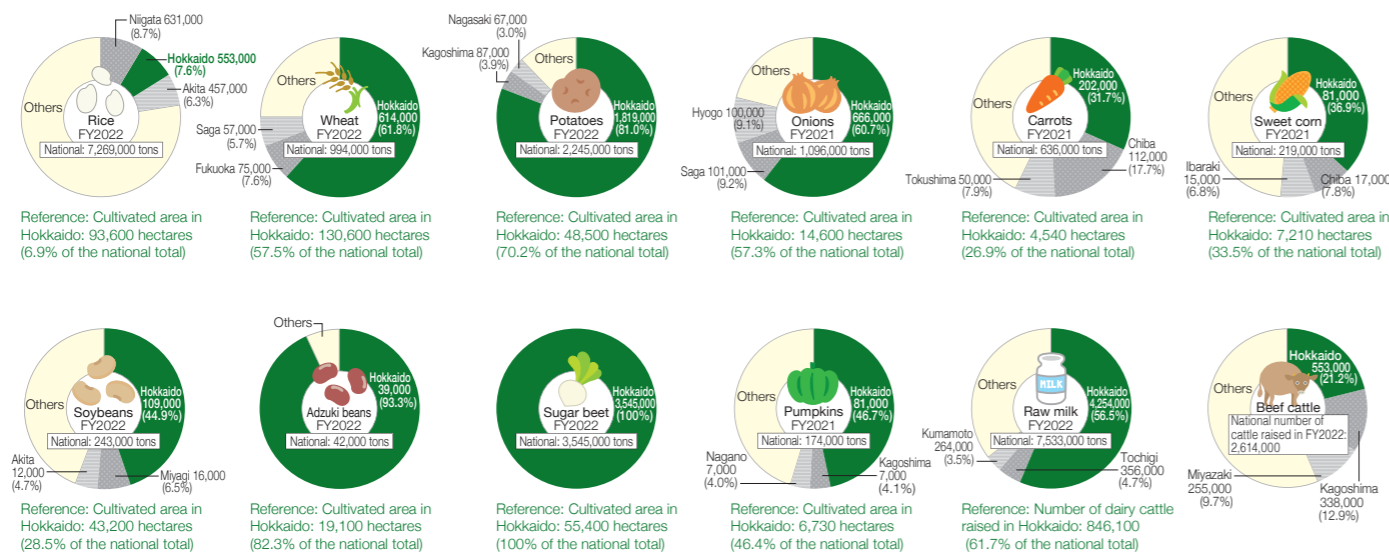
Kushiro and Nemuro

The relatively cool summer climate, coupled with expansive flatlands, provides an ideal setting for large-scale dairy farm operations.

Tokachi

The expansive farmlands of the Tokachi Plain have been put to good use for large-scale, mechanized dry-field farming as well as dairy and livestock farming.

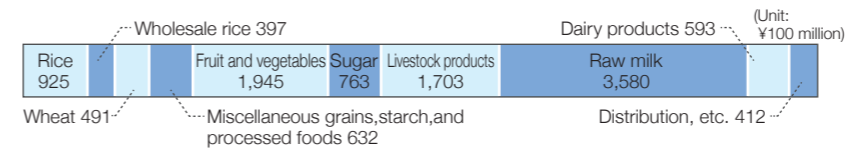
National Shares of Agricultural and Livestock Products Produced in Hokkaido



Sales Business

In response to producers' efforts and passion to deliver safe and reliable Hokkaido agricultural and livestock products to consumers nationwide, Hokuren is implementing various business operations to connect producers with consumers.

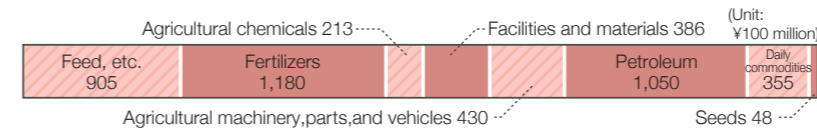
FY2022 Total Sales: 1,144.6 billion yen



Purchasing Business

To increase producer income and foster sustainable farming, we pursue further cost reduction. In addition, reinforcing lifeline infrastructure, we also tailor our business operations to meet the needs of both producers and local communities, thereby robustly supporting agriculture in Hokkaido.

FY2022 Total Purchases: 457 billion yen



Agricultural Support

Fully leveraging its collective strength, Hokuren is tackling various issues that arise on site to enhance productivity and strengthen production infrastructure.

Efforts at the Agricultural Support Center

To advance a tripartite approach to business operations, encompassing sales, purchasing, and agricultural support, the Agricultural Support Center is committed to agricultural support based on five key principles.



Introduction of Hokuren's Business Departments

Rice Market Department

Agricultural Products Market Department

Sugar Beet Market Department

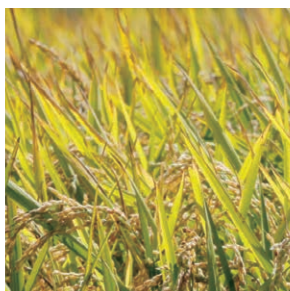
Dairy and Livestock Department

Production Materials and Equipment Department

General Living Support Department

Agricultural Research Institute

General Administration Department



Rice Market Department

Enhancing the brand value of delicious Hokkaido rice born from bountiful land

With its fertile land and cool climate, Hokkaido has become one of Japan's leading rice-producing regions. The Rice Market Department is committed to maintaining sustainable production systems for Hokkaido rice and creating new value.

Aiming to be Japan's premier rice-producing region

With the aim of becoming Japan's premier rice-producing region both in name and reality, producers and JA-related organizations are working together to improve the quality and reputation, ensuring a safe and secure supply of delicious Hokkaido rice to customers nationwide. Hokkaido produces many varieties of rice, including high-end brands like Yumepirika and Fukkurinko and popular household and commercial brands like Nanatsuboshi, as well as Japan's largest volume of glutinous rice and some highly acclaimed sake-brewing rice. This



great variety is supplied to meet the broad needs of customers throughout Japan and around the world. In addition to working to reduce our carbon footprint through the reduction of greenhouse gas emissions from rice fields, we are striving to establish sustainable production and sales systems for Hokkaido rice. We specifically work to expand the demand for rice produced in line with the government's Green Food System Strategy and to promote high-yielding varieties and varieties suitable for direct sowing.

Pursuing safety and reliability, and contributing to communities through customer engagement

Hokuren Pearl Rice is processed in FSSC 22000-certified milling plants equipped with high-performance facilities and adhering to stringent quality, hygiene, and production control standards. Information about ingredients, production, and quality control is made public through our traceability system. We also organize a variety of customer engagement

events, such as the "Hokkaido Rice Bag Sled Race Championship: Hokuren Pearl Rice Cup," and promotional activities. We also engage in activities to contribute to communities by donating part of the sales of "Fighters X Hokuren Hokkaido Sports Support Rice" (one yen per kilogram) to the Hokkaido Sports Association in support of events providing sport experience opportunities to children in Hokkaido.

Main Business Activities

Rice Division

- Collection and sales of Hokkaido rice
- Gathering of production area information
- Drafting of production plans
- Provision of information and planting guidance to producing areas
- Supply of superior seeds
- Implementation of PR activities for Hokkaido rice, etc.

Pearl Rice Division

- Handling of sales and quality control of Pearl Rice products
- Development and sales of rice-related products
- Operation of the Pearl Rice Factory, etc.



Sugar Beet Market Department

The choicest sugar beets being cultivated in Hokkaido, the home of sugar

Beet is one of the staple crops of Hokkaido. The Sugar Beet Market Department ensures that quality remains the top priority at every step from seed production to sugar manufacture and sale.

Quality first for both household and commercial products

Hokuren has developed integrated business operations that span every step from supplying high-quality beet seeds to manufacturing and selling beet sugar. We operate seed factories and two sugar factories in Hokkaido, producing a variety of products tailored for different uses, including ingredients for confectionery and beverages for commercial purposes, as well as sugar for general household use. These products are shipped nationwide.

Our Nakashari Sugar Factory in Shari Town, Okhotsk District, manufactures granulated sugar, while our Shimizu Sugar Factory in Shimizu

Sugar products made from sugar beet



Town, Tokachi District, also produces superfine sugar and beet sugar besides granulated sugar.

In terms of quality control, our core focus is customer satisfaction, as exemplified by our acquisition of the FSSC 22000 food safety management system certification, so that we can consistently provide safe and reliable products to our customers. We also implement the ISO 45001 occupational health and safety management system as part of our commitment to enhance the work environment with the focus on the safety and health of our employees.

Combining resource utilization with proactive environmental conservation

We integrate environmental conservation into our resource management. The leftover beet pulp from sugar extraction is transformed into livestock feed while by-products like lime cakes and dried sludge derived during the removal of impurities from the sugar solution are repurposed as soil conditioners and fertilizer components for farms and grasslands.

Main Business Activities

Sugar Beet Marketing Division

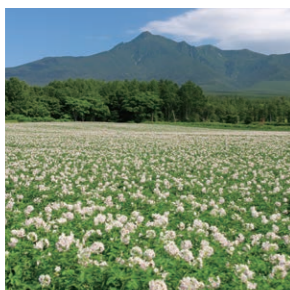
- Implementation of joint sugar beet accounting
- Implementation of product quality control
- Purchase and management of sugar production materials, etc.

Sugar Sales Division

- Sales of sugar products and byproducts
- Transportation and storage of products, etc.

Sugar Beet Production Division

- Collection, transportation, and storage of raw ingredient sugar beets
- Production of sugar products and byproducts
- Guidance, testing, and research of cultivation technologies
- Development of high-quality sugar beet seed varieties
- Production, processing, and supply of seeds
- Testing and research of production technologies, etc.



Agricultural Products Market Department

Delivering Hokkaido agricultural products that are integral to Japanese cuisine across the country while meeting new customer needs

The Agricultural Products Market Department is responsible for collecting and processing wheat, pulses, potato starch, fruit, vegetables, and flowers; producing and supplying seeds and seedlings; and producing and selling processed foods made from agricultural produce from Hokkaido.

Pursuing safety and reliability with a market-oriented approach

The Agricultural Products Market Department promotes the Campaign for Production Record Registration, which is aimed at keeping a record of the fertilizers and agricultural chemicals that producers use on their products. We facilitate residual agricultural chemical analyses and other efforts to ensure greater safety and reliability. We also keep track of the products that attract consumer interest and accurately relay these preferences to production areas. Additionally, we select distinctive vegetable varieties in conjunction with the Agricultural Research Institute and expand the sales of our own, original



varieties. On top of this, we endeavor to improve added value by tailoring products for a diverse range of needs; and as exemplified by our "Yoku Neta" series, we also undertake sales promotion and expansion using slightly different versions of our original products to provide consumers with new and delicious vegetable options.

Ensuring freshness and quality together with consumer engagement

We operate processing facilities both inside and outside Hokkaido to meet the diverse needs of consumers. At our Agricultural Product Center, pulses are screened and processed, and household cooking starch products are made from potato starch. At the Vegetable Centers, not only vegetable packaging facilities, but also controlled atmosphere (CA) storage facilities have been installed to regulate temperature, humidity, and air composition, thus ensuring freshness before shipping to the Tokyo metropolitan area via our dedicated shipping system.

We also strengthen communication between producers and consumers by actively promoting

agricultural products at various venues, including major volume retailers, cooperatives, and hotels both inside and outside Hokkaido. These promotions include tasting events, talk shows, and cooking classes. Our website and various other media are also actively employed to disseminate information about vegetables and pulses.

Main Business Activities

Agricultural Products Division & Seeds/Seedling & Horticultural Produces Division

- Collection, processing, and sales of agricultural products from Hokkaido
- Drafting of production plans
- Provision of information and planting guidance to production areas
- Supply of high-quality seeds and seedlings
- Dissemination of information about and implementation of PR activities for agricultural products from Hokkaido, etc.

Processed Foods Division

- Production and sales of processed foods made with agricultural produce from Hokkaido
- Development of new products, etc.



Dairy and Livestock Department

Joining forces with dairy and livestock farmers to produce world-class raw milk, meat, and eggs

The Dairy and Livestock Department is responsible for the sale of raw milk, meat, and eggs produced in Hokkaido. It also supplies feed and forage crop seeds needed for livestock production and provides support with production technologies. The department is also involved in the production and sale of processed meat products, as well as the sale of live livestock, milk, and dairy products.

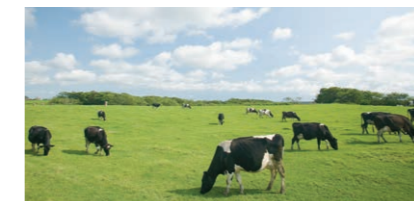
Facilitating stable dairy and livestock farm management to help deliver safe and reliable livestock products produced in Hokkaido to consumers' dinner tables

Hokuren is dedicated to enhancing the productivity of livestock production to ensure stable farm management. In pursuit of this goal, we provide support for production technologies, propose livestock feeding management systems that use high-quality, self-produced feed, and ensure a stable supply of compound feed. We also endeavor to reduce distribution and production material costs, all aimed at securing a better income for producers.

We also handle the sale of livestock products. For raw milk, we serve as the designated raw milk producer organization, receiving milk on consignment from approximately 4,600 dairy farms across Hokkaido through agricultural cooperatives (JAs). Utilizing our raw milk traceability system, we monitor the production and distribution information of the raw milk. We then adjust and sell this milk to dairy companies in

response to the demand for milk and dairy products. We are also expanding our efforts to promote the consumption of milk and dairy products through the Milk Land Hokkaido initiative and to advance the presence of long-life (LL) milk in the international market.

In addition to domestic sales, Hokuren exports Hokkaido-produced beef, especially Hokkaido Wagyu, to regions such as Asia and North America in our effort to expand our sales channels. For pork, we focus on producing distinctive pork products, primarily specific-pathogen-free (SPF) pork products, and we produce processed products at our ISO 22000-certified meat processing factory, ensuring the delivery of safe food to consumers.



Eggs are handled at our two Hazard Analysis and Critical Control Point (HACCP)-certified egg centers in Hokkaido, where we undertake safe, visible, and transparent production that enables producers and consumers to connect via livestock products.

Main Business Activities

Feed & Seed Division

- Development and supply of feed and forage crop seeds
- Development and dissemination of dairy and livestock production technologies, and production and supply of breeding hogs
- Procurement, processing, and sales of eggs, etc.

Dairy Division

- Sales of raw milk on consignment
- Distribution of livestock animals, etc.

Livestock & Meat Sales Division

- Collection and sales of beef and pork
- Production and sales of processed meat products, etc.

Dairy Products Division

- Sales of household and commercial dairy products, etc.



Production Materials and Equipment Department

Supporting producers of delicious Hokkaido food through farm management cost reduction

The Production Materials and Equipment Department provides producers with essential items for agricultural and livestock production, including fertilizers, agricultural chemicals, agricultural materials, farm vehicles, machinery, and fuel. We support their stable farm management by consistently supplying materials and equipment of superior quality at low cost, as well as up-to-date information as needed.

Material cost reduction initiatives

Initiatives to streamline distribution and logistics, including enhancing price negotiation power through advance ordering, are indispensable for reducing material costs.

For fertilizer, agricultural chemicals, packaging materials, and other farming supplies, we secure arrangements with producers as early as possible. By leveling out the manufacturing of these materials, we aim to reduce prices.

We also purchase directly from manufacturers to streamline distribution, and we utilize fertilizer material receiving bases and oil storage facilities to streamline the supply of fertilizer materials and

Direct-delivery large-scale agricultural chemicals



fuel, respectively, thereby lowering material costs.

Farm management cost reduction initiatives

We offer proposals and promote technological adoption aimed at lowering farm management costs.

For fertilizer, we promote the widespread use of low-cost, easily manufactured bulk blending (BB) fertilizers. For agricultural chemicals, we are working to spread the use of large-scale agricultural chemicals, generic agricultural chemicals, and the like.

For farming materials, we encourage the use of lightweight, tear-resistant brands of greenhouse film suitable for large greenhouses and extended film-replacement cycles. In the area of agricultural machinery, we promote the adoption of low-cost, simply designed machinery while also actively facilitating the distribution of second-hand machinery not currently in use at our permanent showrooms and Aruda online platform for used agricultural machinery.

As we recognize the importance of efficient material usage to reduce farm management costs, we also perform testing of new materials and technologies across Hokkaido to promote their adoption at production sites.

Main Business Activities

Fertilizer & Agricultural Chemicals Division

- Supply of fertilizers and agricultural chemicals
- Purchase of fertilizer materials
- Provision of technical guidance, etc.

Facility Construction & Agricultural Materials Division

- Supply of agricultural materials such as greenhouses (including films, pipe frames, etc.) and packaging materials
- Provision of technical guidance
- Construction of agriculture-related facilities, etc.

Agricultural Machinery/Petroleum & Vehicles Division

- Supply of agricultural machinery, fuel, and vehicles
- Provision of guidance on Hokuren Service Station operations
- Provision of technical guidance, etc.



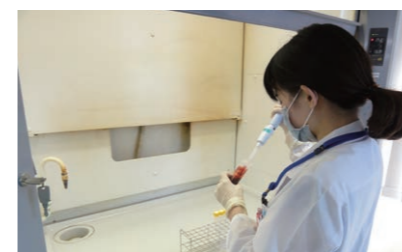
Agricultural Research Institute

Enhancing productivity and strengthening production infrastructure through farming support, crop variety development, and inspections

The Agricultural Research Institute supports agriculture in Hokkaido through the demonstration and dissemination of new technologies, including smart agriculture, a wide range of research related to everything from production to distribution and sales, and inspections for food safety and security.

Comprehensive support for production sites

To ensure the sustainable development of agriculture in Hokkaido, the Agricultural Consulting Center and the Agricultural Support Office at each Hokuren branch across Hokkaido are striving to boost agricultural productivity and reinforce production infrastructure. Activities include conducting on-site demonstrations and sharing the results to tackle various local challenges, demonstrating and promoting labor-saving



Residual agricultural chemical tests

and automation solutions using smart farming technologies, addressing labor shortages, and offering support for human resource development. The Crop Research Division is dedicated to developing crop varieties best-suited for Hokkaido, focusing on yield and quality.

Ensuring delivery of safe and delicious Hokkaido agricultural and livestock products

The Food Analysis Center conducts quality inspections including component analyses and safety tests for residual agricultural chemicals to ensure the reliability of Hokkaido agricultural and livestock products. To enhance analytical capabilities and accuracy, the Center is actively expanding its range of inspection items and participating in external proficiency testing. To ensure the long-term stability of agricultural and livestock products, the Center conducts research on storage and distribution

methods. It is also advancing research on quality evaluation aimed at sales promotion.

Main Business Activities

Agricultural Consulting Center

- Provision of technical support for productivity improvement
- Promotion of smart agriculture tailored to on-site needs
- Response to labor shortage issues
- Support for the enhancement of technical capabilities and the development of human resources
- Collection and dissemination of information useful for farm management

Crop Research Division

- Development and promotion of varieties of potato, spring wheat, rice, vegetables, and flowers
- Enhancement of the efficiency of variety development using biotechnology

Food Analysis Center

- Research on storage and distribution technologies and quality assessment of agricultural and livestock products
- Inspection of the quality and safety of agricultural and livestock products



General Living Support Department

Our store network: bridging the daily lives of consumers and the passion of producers

While serving as a key supplier of products to A-Coop, A-Mart, and Hokuren shops across Hokkaido, Hokuren also functions as a hub for selling regional agricultural and livestock products and disseminating information.

Utilizing the A-Coop chain to support producers and consumers

Under the slogan "A store network that protects local food and supports regional vitality," A-Coop, A-Mart, and Hokuren shops throughout Hokkaido endeavor to enhance the convenience of producers' farming life to help enrich community life.

The General Living Support Department actively pursues strategies to enhance the availability of regionally essential products and those typical of agricultural cooperatives (JAs). These include holding the "freshly picked vegetable market,"

showcasing locally sourced vegetables in local stores, and making the "domestic vegetables only declaration," committed to selling domestically grown vegetables alone.

In the livestock sector, we have implemented the "Priority Sales Declaration for Hokkaido Beef, Pork, and Chicken," with a preference hierarchy of locally produced, followed by Hokkaido-sourced, and then other domestic products.

A wide range of responsibilities encompassing retail store operations, home delivery services, product development, and lifestyle proposals

The General Living Support Department actively engages in reinforcing the distinct characteristics of agricultural cooperatives (JAs). This includes the proactive handling of experimental agricultural produce cultivated by JAs and the development of processed food products that utilize not only Hokkaido-sourced ingredients but also specific, meticulously selected varieties.

For agricultural products, in collaboration with

JAs, we are enhancing our selection of direct-from-farm vegetables and are actively offering JA brand products and locally processed products, all part of our efforts to develop sales spaces that embody the JA ethos.

Beyond our retail store operations, we provide a Joy Life home delivery service and operate mobile retail trucks in collaboration with the JA Women's Division. In 2021, we launched online sales for the Joy Life home delivery service as part of our efforts to create a system that further facilitates convenient purchases of daily commodities by producers.

Main Business Activities

Living Support Division

- Supply of products
- Drafting of sales promotion plans
- Development of new production areas
- Development of private label (PB) products
- Improvement of store operations
- Training of employees
- Support of daily life (e.g., home delivery service and mobile retail trucks)
- Online sales



General Administration Department

Supporting the Hokuren organization and overseeing a range of operations involving engagement with society

The General Administration Department plays a key role in ensuring the smooth operation of each of Hokuren's business departments by drafting proposals and establishing systems that contribute to organizational improvement and development. The Department also serves as Hokuren's contact point for those outside the organization.

Toiling in the background to support the Hokuren organization

The General Administration Department is responsible for a broad array of tasks, including drafting Hokuren's management plans, managing accounting and personnel affairs, improving internal controls, ensuring compliance, overseeing food safety, supporting corporate promotions that complement sales, conducting dietary education, handling exports, organizing internal events, and overseeing PR activities.

By consolidating specialized tasks within the General Administration Department, we aim to streamline operations of each Department and effectively advance organization-wide initiatives, contributing to the smooth execution of our operations.

The Department also actively engages in fostering public understanding of agriculture in Hokkaido, disseminating information about our activities, contributing to local communities, and supporting cultural and sports activities.

Delivering fresh and delicious food across Japan

Around 70% of all Hokkaido agricultural and livestock products are shipped to other prefectures across Japan, and it is the responsibility of the Distribution Division to ensure that these products remain fresh when reaching consumers. Besides operating our ships, the Hokuren-maru and Hokuren-maru No.2, which daily sail between Kushiro Port and Hitachi Port, we use our efficient distribution system incorporating a diverse range of transportation methods, including trucks, railroads, marine shipping containers, coastal vessels, and airplanes, to facilitate the smooth distribution of agricultural and livestock products.



Main Business Activities

Corporate Planning Division

- Drafting of management plans
- Management of CSR
- Implementation of PR activities
- Development and administration of information systems
- Support of promotions
- Provision of dietary education
- Support for product development
- Handling of exports, etc.

Internal Control Management Division

- Improvement and implementation of internal controls
- Monitoring of compliance and risks and crisis management
- Implementation of food safety measures

Personnel Division

- Recruitment of staff
- Development of human resources
- Management of labor affairs, etc.

General Administration Division

- Management of documents
- Management of owned properties
- Organization of internal events, etc.

Financial Management Division

- Management of accounting
- Management of financial affairs
- Management of receivables

Distribution Division

- Development and maintenance of distribution systems, etc.

Organizational Information

Corporate Governance of the Hokuren Group

Corporate Governance

Corporate governance at Hokuren refers to the mechanism of control between its members (i.e., General Meeting) and the Board of Directors, which

is responsible for executing business operations. It is positioned as one of the critical challenges in management.

Basic Approach

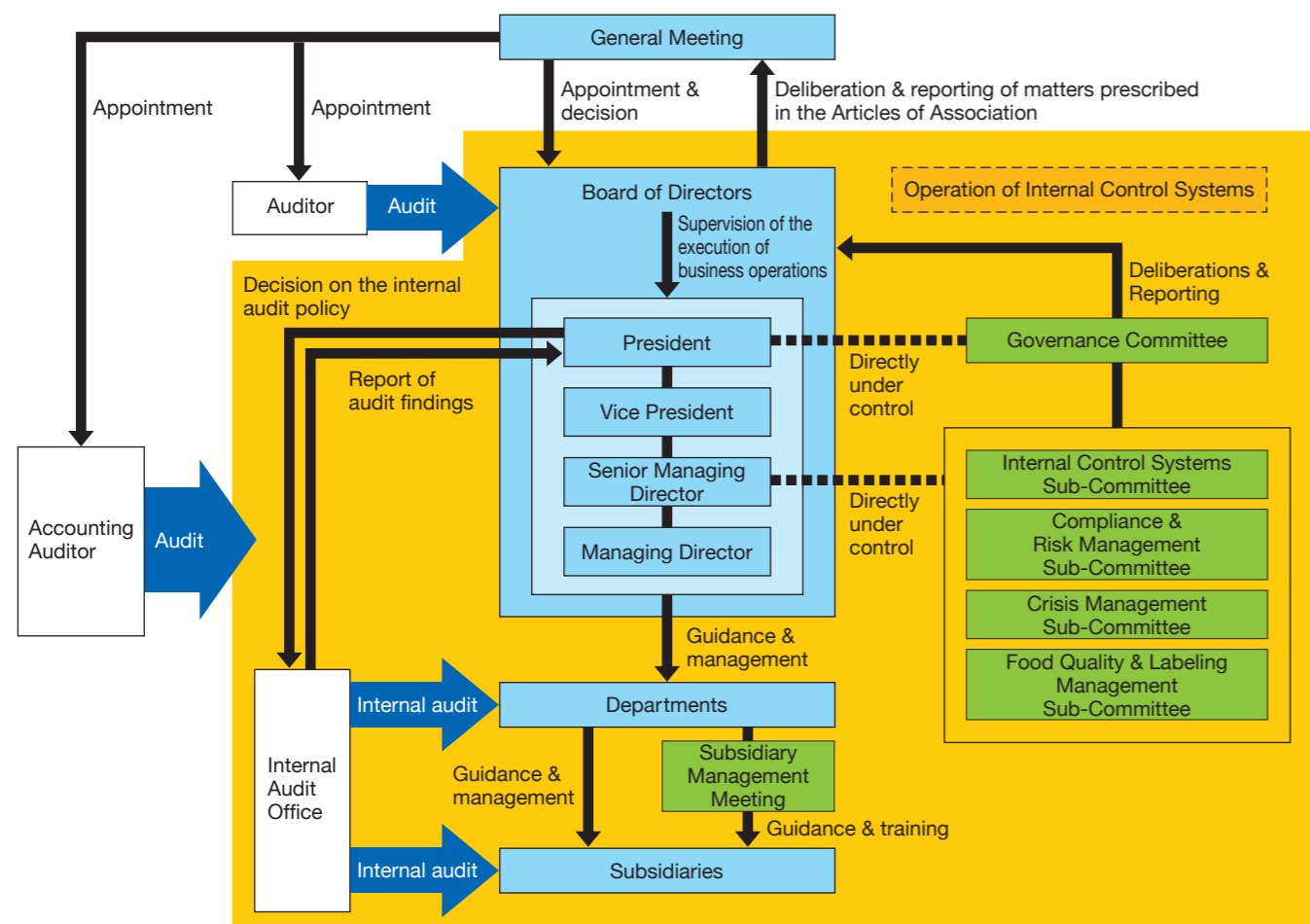
Hokuren has established a basic policy for the development and maintenance of a framework (hereinafter referred to as “Internal Control Systems”) to ensure the appropriateness of its operations. The aim of this policy is to enhance organizational value through systematic activities aligned with the Hokuren Management Philosophy. It also seeks to gain the trust of all stakeholders, contributing to the development of agriculture in

Hokkaido and the materialization of a prosperous society.

All subsidiaries of Hokuren (a total of 12 companies*) have established their own Internal Control Systems in line with this basic policy. These systems have been formally approved by the board of directors of each company.

*See the Overview of the Hokuren Group (p.19).

Corporate Governance Structure Chart



Development and Operation of Internal Control Systems

To develop and operate its Internal Control Systems, Hokuren has established the Governance Committee chaired by the Representative Director and President. This committee is reported to by four sub-committees, each chaired by the Representative Director and Senior Managing Director. These are the Internal Control Systems

Sub-Committee, Compliance & Risk Management Sub-Committee, Crisis Management Sub-Committee, and Food Quality & Labeling Management Sub-Committee. This structure provides a specialized framework for managing and promoting internal control for greater effectiveness and efficiency of business operations.

Risk Management

Companies today face risks that are incomparably more complex and diverse than in the past, and we may encounter risks extending beyond what has traditionally been forecast. Given this situation, there is an increasing need to control and mitigate risks. Should a crisis occur, it is crucial to minimize the impact, prevent additional crises, and implement measures to prevent recurrence. The Hokuren Group has developed a Crisis Management Manual, which serves as a code of conduct for all its executives and employees to respond quickly and accurately in case of risk management and crisis situations.

Promotion of Compliance

In accordance with our guiding principles, the Hokuren Group has established the Code of Conduct for Executives and Employees. This serves as a guideline for actions that realize the Hokuren Management Philosophy, which describes the missions and fundamental values that all our executives and employees should embrace.

To maintain the health of the workplace and ensure a culture characterized by good communication, great openness, and high transparency, we have established an internal reporting and consultation desk. We have also set up an external reporting channel, Hokuren Group Fresh Line, managed by a law firm. Both of these initiatives represent our commitment to the early resolution of issues.

Hokuren Code of Conduct for Executives and Employees

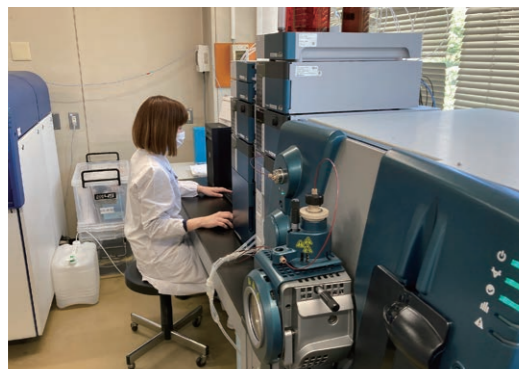
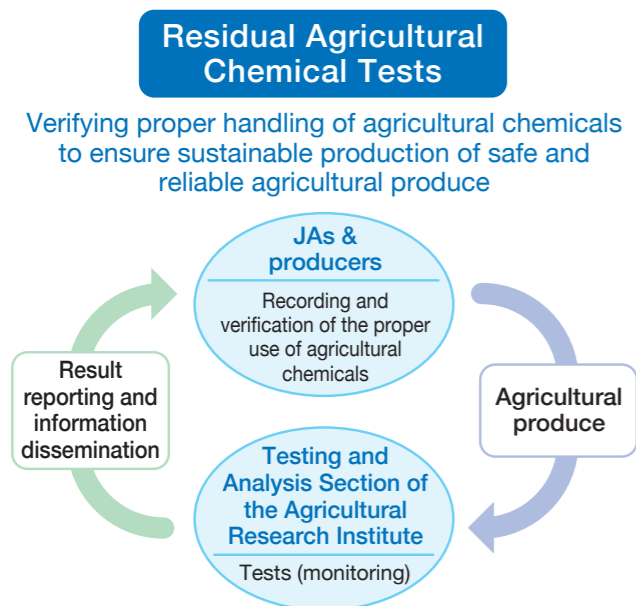
- Activities aligned with the guiding principles
- Compliance with laws and regulations
- Activities in accordance with social norms
- Good corporate citizenship
- Fair and appropriate transactions
- Respect for basic human rights
- Realization of customer satisfaction
- Communication with society
- Environmental conservation
- Sincere response
- Rejection of antisocial forces
- Management of critical information
- Management of intellectual property
- Creation of a positive workplace environment
- Executive leadership by example

Initiatives for Food Safety and Security

Hokuren has established an integrated quality control system that spans all stages from production to sales to provide consumers with safe, reliable, and high-quality agricultural and livestock products as well as processed foods.

Initiatives for Proper Use of Agricultural Chemicals

The JA Group Hokkaido promotes initiatives such as the Campaign for Safe Agricultural Chemical Use for Pest Control and the Campaign for Production Record Registration. Since 2004, Hokuren has been conducting residual agricultural chemical tests when requested by JAs. These tests are conducted as part of a monitoring process to verify the safety of agricultural produce, and the results are shared with the production sites to improve farming practices. These initiatives are instrumental to producing safe agricultural produce in Hokkaido and earning consumer trust.



Promotion of Good Agricultural Practice (GAP)*

Agricultural production activities have various inherent risks. As part of our efforts to mitigate these risks, Hokuren, as a member of the JA Group Hokkaido, is committed to promoting GAP. Support is provided to production areas where producers are willing to adopt GAP through initiatives like the JA Group GAP Third-Party Certification Support Project.

Examples of Implementing GAP by Product Category

Field crops (wheat, pulses, sugar beet, and potatoes)

- Verification of food safety, environmental conservation, work safety, etc. using the JA Group Hokkaido Field Crop GAP Checklist.

Rice

- Verification of variety contamination prevention, proper agricultural chemical use, environmental conservation, and work safety, etc. all using the GAP checklist as part of the Hokkaido Rice Safety Net initiative.

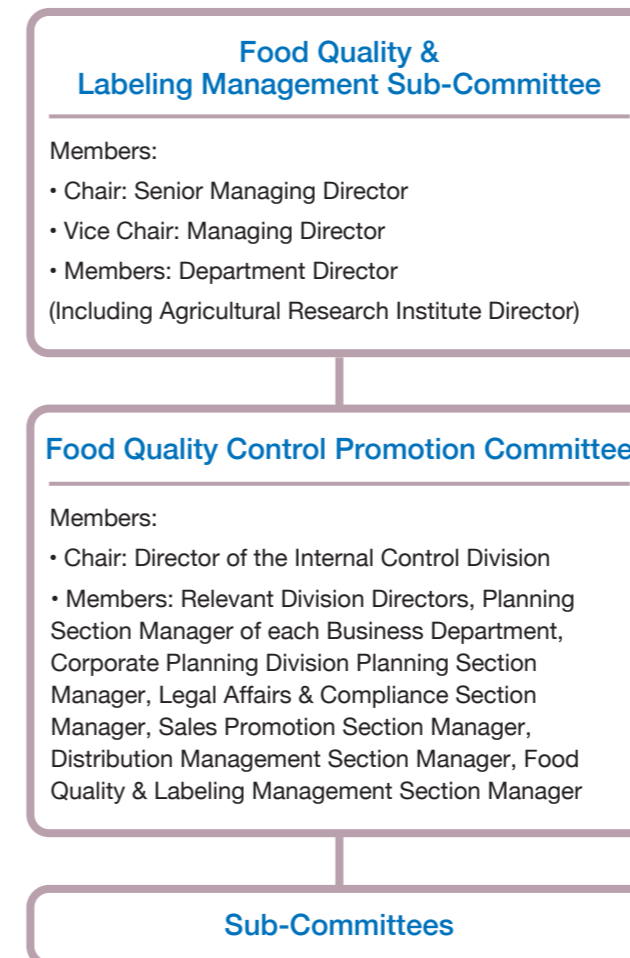
*GAP, short for Good Agricultural Practice, refers to the proper management of agricultural production processes to implement appropriate agricultural practices for such objectives as food safety, environmental conservation, and work safety, as defined by the Ministry of Agriculture, Forestry and Fisheries of Japan.



Striving for Further Enhancement of Quality Control Systems

To stably maintain and enhance the quality of food products handled by Hokuren and to gain the trust of all stakeholders, the Food Quality & Labeling Management Sub-Committee spearheads the systematic management of food quality control processes. The Sub-Committee is designated as the decision-making body for overall food quality control at Hokuren, with a Food Quality Control Promotion Committee established under its auspices. This Promotion Committee is responsible for federation-wide, non-commodity-specific deliberations and reports to the Food Quality & Labeling Management Sub-Committee. In addition to this system, Hokuren strives to further enhance its quality control by holding training sessions for personnel at related food manufacturing facilities.

Organization Chart for Food Quality Control



Promotion of Advanced Quality Control

Hokuren strives to improve sanitation management and quality control at all facilities handling food products (Hokuren itself and its subsidiaries). To achieve this, it conducts food quality audits at each facility in a planned, continuous manner. To ensure food safety at food manufacturing facilities, Hokuren has established the Food Quality Control Guidelines in reference to HACCP* systems based on Japan's Food Sanitation Act.

The guidelines outline control measures for work process management, machine and equipment sanitation, maintenance inspections, employee training, and more. The food quality audits examine whether the control measures are being implemented effectively and appropriately. Periodic inspections are also conducted at contract manufacturing facilities. Information on audit and inspection results and improvements are shared at Food Quality & Labeling Management Sub-Committee meetings, where management participates, to ensure the comprehensive safety and reliability of Hokuren brand foods.

*HACCP, short for the Hazard Analysis Critical Control Point, refers to safety guidelines for food manufacturing processes. It was adopted as an international standard by the Codex Alimentarius Commission and is used globally.

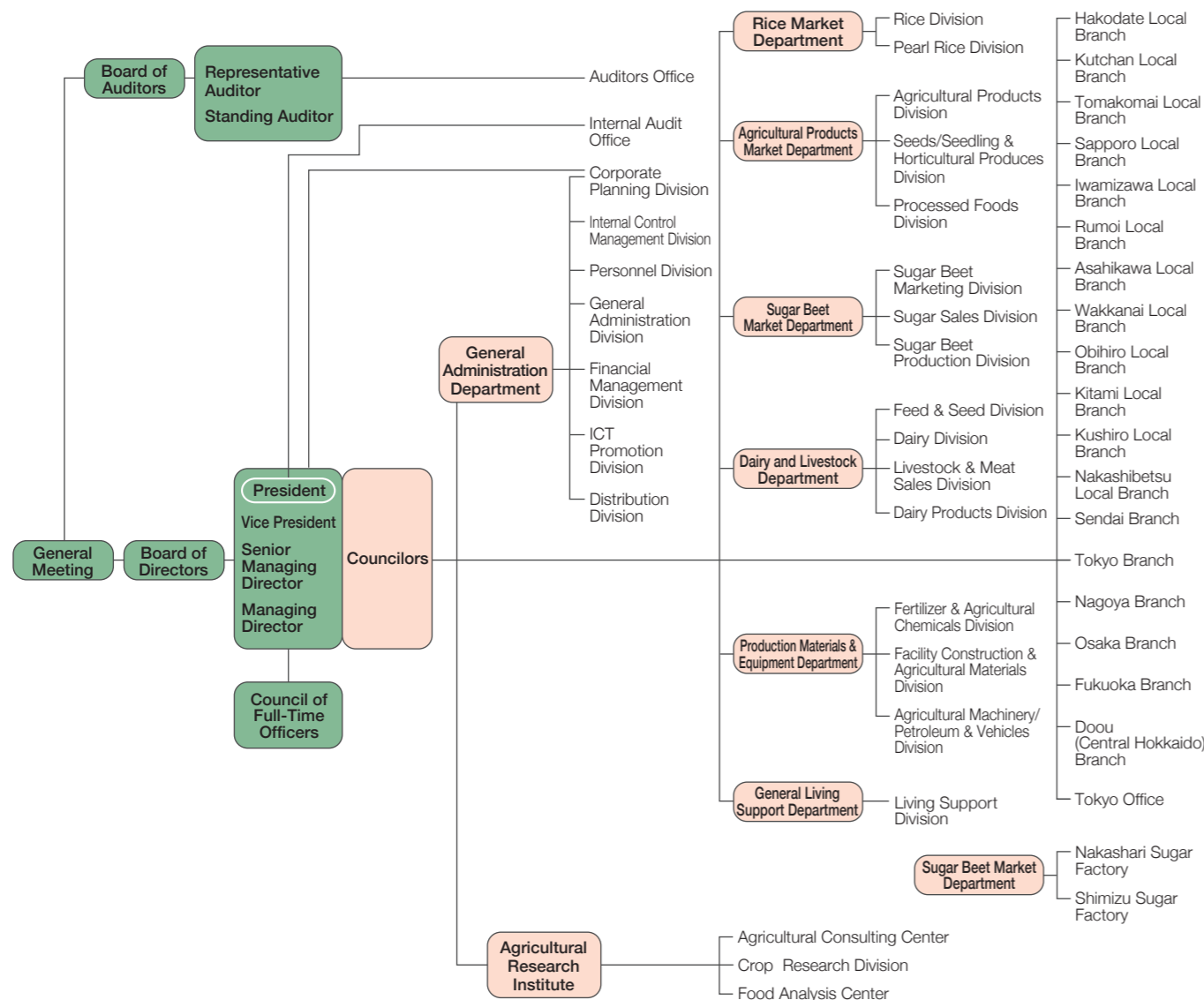


General Description

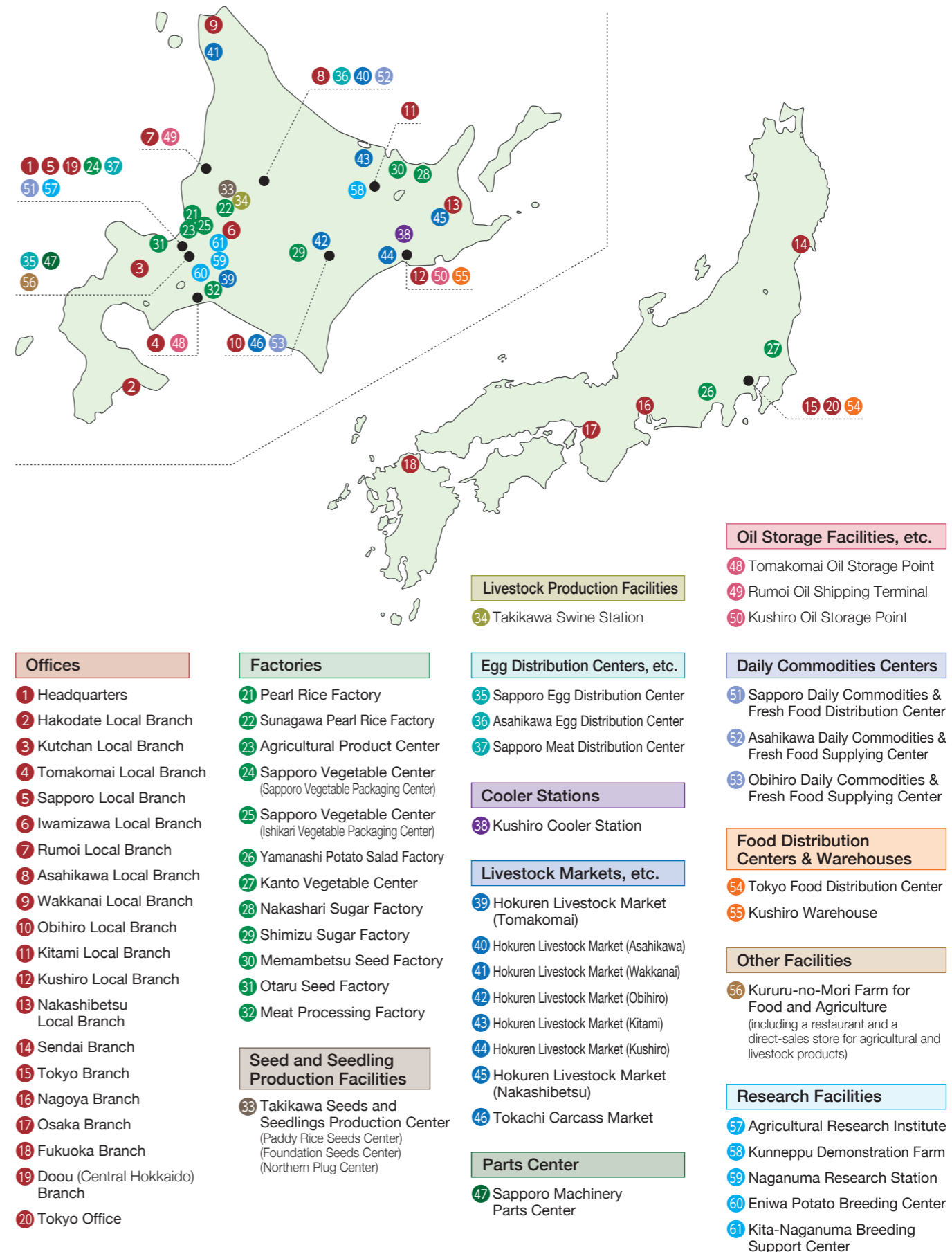
Members:	120 (119 full members, 1 associate members) as of June 1, 2023
Capital:	¥20.1 billion
Turnover:	¥1,601.6 billion (FY2022)
Employees:	1,826 (excluding persons on loan and part-timers) as of March 31, 2023
Establishments and facilities:	62

Representative Director and President	Shinohara Sueji
Representative Director and Vice President	Tokuda Zenichi
Representative Director and Vice President	Kashiwagi Takafumi
Representative Director and Vice President	Hashimoto Hiroyuki
Representative Director and Senior Managing Director	Yano Yoshihisa
Representative Director and Managing Director	Imanari Takahito
Representative Director and Managing Director	Maemoto Masamichi
Representative Auditor	Higashino Hideki
Standing Auditor	Yamaguchi Hiroshi

Organization Chart



Overview of Offices and Facilities



Overview of the Hokuren Group (as of June 1, 2023)

	Company name	Business operations	Headquarters location	Percentage of voting rights (%)
Subsidiaries	Kamikawa Rice Terminal Co., Ltd.	Drying, processing, storing, and shipping of rice and wheat; transportation; contracted agricultural work; sales of the by-products of rice	Takasu Town	50.01
	Sapporo Rice Co., Ltd.	Production and sales of cooked rice and processed rice products	Sapporo City	100.00
	Noukyo Silo Co., Ltd.	Storage, handling, and transport of wheat	Hiroo Town	50.20
	Hokuren Kyodo Service Co., Ltd.	Operation and management of processing and storage facilities for agricultural and livestock products, contracted services for the inspection and maintenance of these facilities	Sapporo City	100.00
	Hokuren Fertilizer Co., Ltd.	Manufacture and sales of fertilizers, warehousing	Sapporo City	100.00
	Hokuren Packaging Co., Ltd.	Manufacture, processing, procurement, and sales of packaging materials; processing, procurement, and sales of agricultural materials.	Sapporo City	100.00
	Hokuno design Center Co., Ltd.	Planning, design, and supervision related to construction	Sapporo City	86.60
	Hokuren Yuki Service Co., Ltd.	Sales and maintenance of agricultural machinery, vehicles, and heavy equipment; sales of parts and petroleum products	Sapporo City	100.00
	Hokuren Shoji Co., Ltd.	Management of supermarkets, food wholesaling, insurance agency services, leasing services	Sapporo City	77.53
	Hokuren Trading Co., Ltd.	Import, export, and sales of agricultural and livestock products and production materials	Sapporo City	100.00
	Hokuren Information Technology Service Co., Ltd.	Operation and management of computers and system development	Sapporo City	100.00
	Hokuren Transport Co., Ltd.	Trucking business, freight transportation and handling, and warehousing	Sapporo City	80.00
Affiliated companies, etc.	Sapporo Mirai Chuo Seika Co., Ltd.	Wholesale of fruit and vegetables	Sapporo City	46.40
	Greens Kitami Co., Ltd.	Processing and sales of agricultural produce such as onions	Kitami City	34.87
	Hokuren Cooperative Feed Mills Co.,Ltd.	Manufacture of compound feed	Sapporo City	49.00
	Hokuren Cooperative Snow Brand Feed Mills Co.,Ltd.	Manufacture of compound feed	Tomakomai City	—
	Hokkaido Livestock Corporation Co.,Ltd	Processing of livestock and meat, cold storage (freezing and refrigeration) of meat	Sapporo City	31.20
	Hokuchiku Service Co., Ltd.	Slaughtering and processing of livestock, contracted management of associated storage facilities	Sapporo City	—
	Hokuchiku Farm Co., Ltd.	Nurturing, raising, fattening, and sales of livestock	Kushiro Town	—
	Yotsuba Milk Products Co., Ltd.	Manufacture and sales of milk and dairy products	Sapporo City	31.94
	Kumiai Milk Products Co., Ltd.	Manufacture of dairy products	Asahikawa City	—
	Yotsuba Logistics Co., Ltd.	Transportation business	Otofuke Town	—
	Shiribeshi Kumiai Kikai Center Co., Ltd.	Repair and sales of agricultural machinery and vehicles, sales of agricultural materials	Kutchan Town	15.04
	Tokachi Kumiai Noki Jigyo Center Co., Ltd.	Sales of agricultural machinery, vehicles, machine parts, and agricultural materials; parking lot management and operation	Obihiro City	30.00
	Nemuro Kikai Center Co., Ltd.	Overhaul of vehicles and construction machines, sale of vehicles and parts	Nakashibetsu Town	49.80
	JA Hokkaido Information Center Co., Ltd.	Information processing services	Sapporo City	20.00

History of the Hokuren Group

1919 April	Official approval granted to establish Hokuren	1990 December	Opening of Kitami District Livestock Market
1923 July	Joins Zenkoren	1991 March	Opening of Sapporo Household Goods Distribution Center
1931 April	Joins Zenhanren	June	Opening of Takikawa Swine Station
1932 March	Completion of warehouse in Tokyo	1992 February	Opening of Ishikari Vegetable Center
1934 August	Notsukeushi (now Kitami) Mint Factory begins operation	August	Opening of Takikawa Seed Production Center
1935 December	Otaru Bean Selection and Starch Factory begins operation	October	Opening of HOKUREN FUDOKAN
1938 November	Otaru Seed Sorting Factory begins operation	Ishikari Grain Preparation Center begins operation	
1942 January	Merges with Dairy Federation; integrates branches of the Central Union of Industrial Associations, inaugurated as Hokuren	1993 April	Start of direct marketing business for beef, in partnership with the Tokyo Metropolitan Area Coop
1943 December	Hokuno established; a branch set up in each Hokkaido Subprefectural district in addition to existing branches	July	Commissioning of "the Hokuren-Maru"
1948 June	Inaugural general meetings of Hokkoren and Hokuhanren	August	Pearl Rice Sunagawa Factory Station begins operation
1954 October	Registration of incorporation of the Hokkaido Economic Federation of Agricultural Cooperatives completed and established (Hokkoren and Hokuhanren integrated)	September	Establishment of Tokyo Branch Office building
1958 October	Nakashari Sugar Beets Factory begins operation	1994 October	Founding of Hokuren Dream Grand Prize
1959 August	Name changed to Hokuren Federation of Agricultural Cooperatives	1995 July	Transfer of Kushiro Petroleum Base of the National Federation of Agricultural Cooperative Association as an Hokuren Kushiro Oil Storage Facility
	Nakashari Starch Factory begins operation	August	Opening of the Cooking Processing Center
1960 March	Beet seed production begins at Memanbetsu	1996 July	First "Vegetable Land Hokkaido" vegetable trade fair held
December	Start manufacture of beans packaged in small bags and katakuriko starch	September	Opening of Paddy-Rice Seed Production Center
1961 September	Memuro Starch Factory begins operation	1997 April	Begins relay shipment of vegetables in cooperation with three economic federations
1962 October	Shimizu Sugar Beets Factory begins operation	June	Opening of Agricultural Research Institute Eniwa Research Station
1964 September	Completion of No. 1 Hokuren Gas Station (Tanno Town Agricultural Cooperative)	November	Commissioning of "the Hokuren-Maru II"
1965 May	Establishment of Hokuren Market Co., Ltd.	1999 December	Completion of Yamanashi Potato Salad Factory
October	Opening of Sapporo Rice Station	2000 October	Mikasa Food Plant's frozen cooked rice processing facility begins operation
1967 November	Opening of Central Poultry Farm (Iwamizawa)	November	Acquires ISO 9001 certification for Pearl Rice Factory
1969 May	Inauguration of Kumiai Chain	2001 March	Business tie-up with the Hokkaido Federation of Fisheries Cooperative Associations
September	Hokuren Pearl Rice launched on the market	2002 May	Hokuren Pearl Rice Factory begins operation
1970 December	Kitami Area Grain Preparation Factory begins operation	2003 February	Opening of Food Check & Analysis Center
1971 September	Opening of Sapporo Egg Distribution Center	2004 March	ISO 14001 Certification at the Agricultural Research Institute
1972 October	First Hokuren Harvest Festival held	December	Opening of Kanto Vegetable Center
1973 April	All Kumiai chain stores join A Co-op network	2006 June	Renewal commissioning of "Hokuren Maru"
August	Logo decided upon	July	Renewal commissioning of "Hokuren-Maru II"
November	HOKUREN HOME CENTER opens	December	Introduction of Fresh-milk Traceability System
1975 February	Research and Development Department founded	2007 June	"Hokuren CSR Report" issued
1976 February	Osaka Food Distribution Center opens	2008 April	Merger among three A Coops and Hokuren Shoji Co., Ltd.
1977 March	Tokyo Food Distribution Center opens	June	Opening of Takikawa Swine Station Center
April	President Kanichi Ohta assumes position of president of ZEN-NOH	2009 October	Reopening of Southern Hokkaido Livestock Market
1978 September	First Green Concert is held	November	Renovated Otaru Seed Plant reopens
1980 April	Opening of Mikasa Food Processing Factory	2010 July	"Kururu-no-mori" food and agriculture experience farm opens
	Sapporo Advanced Meat Processing Factory begins operation	2011 June	Hokuren Cooperative Feed Mills Co., Ltd. Tokachi Factory begins operation
November	Opening of Hokuren Building	2012 February	Acquires FSSC 22000 certification for Nakashari and Shimizu Sugar Beets Factories
1981 January	Research and Development Department reorganized to the Agricultural Research Institute	2013 June	Publication of "Hokuren Group Report"
July	First second-hand agricultural machinery show held	2014 June	Acquires ISO 22000 certification for Meat Processing Factory
1983 October	Opening of Shin Sapporo Gas station/Sapporo Gas Station Training Center	2015 February	New establishment of Agricultural Support Center and Agricultural Support Office
1985 August	Tokachi Food Plant begins operation	2018 May	Merger of Sapporo Hokuren Seika Co., Ltd. and Maruka Sapporo Seika Co., Ltd. to form Sapporo Mirai Chuo Seika Co., Ltd.
1986 May	Opening of Tokachi Area Livestock Market	September	Initiation of export operations to China at the Pearl Rice Factory
October	Opening of Tomakomai Oil Storage Facility	2019 April	Celebration of Hokuren's centennial anniversary with a commemorative ceremony and party
1987 April	Opening of Hokkaido Green Bio Research Institute Co., Ltd.	2020 August	Signing of a partnership agreement with Calbee, Inc. to promote agricultural produce grown in Hokkaido
July	Initiation of office productivity improvement campaign		
1988 October	Opening of Agricultural Research Institute Naganuma Research Station		