

Japan Food Safety Management Association

Articles of Incorporation

CHAPTER 1 – GENERAL PRIVISIONS

Article 1 – Name of the Association

The name of this organization shall be “Shokuhin Anzen Management Kyokai”. It shall be written in English as “Japan Food Safety Management Association” (abbreviated as “JFSM”, hereinafter referred to as the “Association”).

Article 2 – Office

1. The principal office shall be located at Chuo-ku, Tokyo, Japan.
2. Branch offices shall be established by the resolution of the Board of Directors.

CHAPTER 2 – PURPOSES AND SCOPE OF WORK

Article 3 – Purposes

Purposes of the Association (hereinafter referred to as the “Purposes”) shall be to engage in the following activities:

- (1) to support the food business operators to improve corporate governance such as food safety, quality control, and social responsibility;
- (2) to optimize costs of the corporate governance of the food business operators through standardizing their corporate governance activities; and
- (3) to improve the corporate governance for the food business operators to contribute to selections and confidence building of relevant operators and consumers.

Article 4 – Scope of Business

1. To achieve the Purposes, the Association shall engage in the following businesses:
 - (1) Standardization of activities with respect to the corporate governance such as food safety, quality control, and social responsibility;
 - (2) Operation of standards and a certification scheme with respect to the corporate governance such as food safety, quality control, and social responsibility;
 - (3) Human resource development with respect to the corporate governance such as food safety, quality control, and social responsibility;
 - (4) Investigation, research, analysis and information collection and provision with respect to the corporate governance such as food safety, quality control, and social responsibility

- (5) Other matters required to achieve the Purposes
2. The Association shall conduct the businesses set forth in the aforementioned clause domestically and abroad as necessary.

CHAPTER 3 – PROPERTIES AND ACCOUNTING

Article 5 – Property Contribution

The founders shall contribute their properties when establishing the Association as shown in Appendix.

Article 6 – Basic Property

1. The basic property shall be essential for the Association to conduct its business, designated by the resolution of the Board of Councilors.
2. The basic property shall be managed in good faith to achieve the Purposes. The Board of Directors and the Board of Councilors shall adopt that in advance in case where part of property shall be disposed of or excluded from the basic property.
3. Donation shall be treated in accordance with the Regulation on Donation as provided separately.

Article 7 – Fiscal Year

Fiscal year of the Association shall start on 1 January and end on 31 December of the same year.

Article 8 – Annual Plan and Budget

1. The President of the Board of Directors (or President, hereinafter referred to as the “President”) shall make the financial statements including annual plan, budget and expenditure, estimate of financing and capital investment one (1) day prior to the commencement of each fiscal year, which is subjected to the approval by the Board of Directors. The same shall be applied to the modification of the financial statements.
2. The Association shall keep the above-mentioned financial statements at the principal office until the end of relevant fiscal year and shall disclose to the public.

Article 9 – Annual Report and Financial Results

1. The President shall make and report following instruments after the end of each fiscal year which shall be subject to audit by Inspector(s) and approved by the Board of Directors:
 - (1) Annual report
 - (2) Appendices to annual report
 - (3) Balance sheet
 - (4) Statement of changes in net assets
 - (5) Appendices to balance sheet and cash flow statement

- (6) Inventory of property
2. The Association shall submit (1), (3), (4) and (6) of the aforementioned instruments approved to the general meeting of the Board of Councilors. Instrument (1) shall be reported to and the other instruments are subject to approval by the Board of Councilors.
3. In addition to the instruments of paragraph 1 of this Article, the following instruments shall be retained at the principal office for five (5) years and shall be disclosed to the public. The Articles of Incorporation shall be retained at the principal office and shall be disclosed to the public.
 - (1) Audit report
 - (2) Directory of Directors, Inspector(s) and Councilors
 - (3) Standard on remuneration for Directors, Inspector(s) and Councilors
 - (4) Instruments on the overview of the Association and its businesses as well as material figures related to the businesses.

CHAPTER 4 – COUNCILORS AND BOARD OF COUNCILORS

Section 1 – Councilors

Article 10 – Councilors

The Association shall designate not less than three (3) nor more than twenty (20) Councilors.

Article 11 – Selection and Dismissal

1. Each Councilor shall be selected and dismissed at the meeting of the Board of Councilors in accordance with provisions of Articles from 179 through 195 of the Act on General Incorporated Associations and General Incorporated Foundations (the “Association’s Act”).
2. With regard to the selection of Councilors, the following requirements shall be met:
 - (1) Each Councilor shall not have any relations with antisocial forces.
 - (2) No more than one third (1/3) of all of the Councilors may be made up the person falling under any of the following items;
 - 1) Councilor and his/her spouse or his/her relatives within the third degree of kinship
 - 2) Councilor and his/her common-law partner
 - 3) Employees of Councilor
 - 4) Persons other than 2) or 3) who sustain living by financial or any other support from Councilor
 - 5) Spouses of the persons 3) or 4)
 - 6) Relatives within the third degree of kinship of the persons 2), 3) or 4) who live in the same household of those persons
 - (3) Two (2) or more Councilors shall not be selected from the same company including consolidated companies, holdings company and

affiliated companies.

- (4) No more than one third (1/3) of all of the Councilors may be made up the person who undertakes the following positions at other identical organization except for the public interest corporation:
- 1) Board members
 - 2) Employees
 - 3) Directors except for the Board members of the other identical organization (in case of organizations which are not juridical persons and have a representative person or a manager, its representative or manager) or employee executing the business of such public interest corporation
 - 4) Staff of the following organizations (except for the parliamentary members and local assembly members)
 - i) National organization
 - ii) Regional public organization
 - iii) Incorporated administrative agency set forth in Article 2, paragraph 1 of the Act on General Rules for Independent Administrative Agencies
 - iv) National university set forth in Article 2, paragraph 1 or inter-university research corporation set forth in Article 2.3 of the National University Association's Act.
 - v) Local independent administrative agency set forth in Article 2, paragraph 1 of the Local Independent Administrative Agencies Act
 - vi) Government-affiliated corporation (established for special purposes in accordance with specific law and applied to provision of Article 4, paragraph 15 of the Ministry of Internal Affairs Act on Establishment of Government-affiliated Corporation) or government-authorized corporation (established in accordance with specific law and authorized by the government ministry)

Article 12 – Tenure of Councilor

1. The tenure of a Councilor shall be until the end of the final annual meeting of the Board of Councilors in a fiscal year that ends within four (4) years after his/her appointment. Councilor shall be eligible for re-selection.
2. The tenure of a Councilor who is appointed as a substitute for another Councilor who resigned before the expiration of his/her tenure shall be until such time as the expiration of the Councilor who resigned.
3. In case where the number of Councilors is insufficient to a quota set forth in Article 10, Councilor shall have rights and obligations even after his/her expiration or resignation until the time when a Councilor is newly selected and assumes its role.

Article 13 – Remuneration

- 1. Councilor shall not be remunerated.
- 2. Councilor may be reimbursed for expenses incurred to conduct his/her duty in accordance with a regulation made by the Board of Councilors.

Section 2 – Board of Councilors

Article 14 – Composition

The Board of Councilors shall be composed of all of the Councilors.

Article 15 – Authority

The Board of Councilors may make resolutions limited to the following matters:

- (1) Selection and dismissal of Directors and Inspector(s)
- (2) Remuneration and paying standard for Directors and Inspector(s)
- (3) Approval of balance sheet, statement of changes in net assets and appendices to balance sheet and statement of changes in net assets
- (4) Modification of the Articles of Incorporation
- (5) Disposition of residual property
- (6) Approval of disposition of or exclusion from basic property
- (7) Matters provided in the Association’s Act and matters prescribed in the Articles of Incorporation

Article 16 – Holding of meeting

The Board of Councilors shall hold the annual meeting in March every fiscal year and special meetings if necessary.

Article 17 – Convocation

- 1. A meeting of the Board of Councilors shall be called by the President in accordance with the resolution by the Board of Directors except when it is called under other provisions of related laws and regulations. In the absence or disability of the President, the Vice President shall convene a meeting.
- 2. Councilor may demand that the President call a meeting of the Board of Councilors by indicating the matter for purposes of the meeting and the reason for convocation.
- 3. A notice thereof shall be issued in writing to the Councilors seven (7) days before the date of the meeting of the Board of Councilors containing the date, venue and purposes of the meeting.
- 4. Notwithstanding the previous clause, a notice by electromagnetic means may be issued with the consent of all of the Councilors.

Article 18 – Chair

The Chair of the Board of Councilors shall be selected from Councilors present at a meeting of the Board of Councilors.

Article 19 – Resolution

1. Resolutions at a Board of Councilors meeting shall become effective by a majority vote of the Councilors in attendance who have voting rights, provided that a majority of Councilors eligible to vote is present except for those who have special interests in such matters of resolution.
2. Notwithstanding the previous clause, the following matters of resolution shall become effective by more than two-third (2/3) of the vote of Councilors except for those with special vested interests in such matters of resolution:
 - (1) Dismissal of Inspector(s)
 - (2) Remuneration payment standard for Councilors
 - (3) Partial exemption of responsibilities of Directors and others
 - (4) Modification of the Articles of Incorporation
 - (5) Approval of disposition or exclusion of basic property
 - (6) Other matters set forth in law
3. In the event of resolution for selection of Directors and Inspector(s), the resolution set forth in paragraph 1 of this Article shall be carried out for each candidate. In case where the number of candidates for Director or Inspector exceeds a quota set forth in Article 22, the Directors or Inspector(s) shall be selected from candidates with the highest number of vote cast in the order of the number of votes cast to fill the quota.

Article 20 – Omission of resolution

In case where all Councilors manifest their intention to agree with the said proposal either in writing or by electromagnetic records, a resolution of the Board of Councilors that affirms the proposal shall be deemed to have been passed.

Article 21 – Minutes

1. With respect to the proceedings of a meeting of the Board of Councilors, minutes of the meeting shall be prepared in accordance with the related law.
2. The aforementioned minutes shall be signed and sealed by the chair and two (2) of the Councilors in attendance who are selected as signers at the meeting of the Board of Councilors.

CHAPTER 5 – OFFICERS AND BOARD OF DIRECTORS

Section 1 – Officers

Article 22 – Officers

1. The Association shall have the following officers:
 - (1) Not less than three (3) nor more than twenty (20) Directors
 - (2) One (1) or more but not more than three (3) Inspector(s)
2. A President shall be selected from among the Directors. A Vice President may be selected from among the Directors.
3. The aforementioned President and Vice President shall be the representative Directors in accordance with the Association's Act.

Article 23 – Selection

1. Directors and Inspector(s) shall be selected by the resolution of the Board of Councilors.
2. Directors and Inspector(s) shall not have any relations with antisocial forces.
3. The President and Vice President shall be selected from among Directors by the resolution of the Board of Directors.
4. No more than one-third (1/3) of all of the Directors may be made up of any one (1) of the Directors, his/her relatives and other person who has special relations with the Director.
5. All of the Inspectors may not be made up of a Director of the Association (including his/her relatives and other persons who have special relations with the Directors), a Councilor (including his/her relatives and other persons who have special relations with the Councilor) and employee of the Association. Each Inspector shall not be related by blood or marriage with other Inspectors.
6. No more than one-third (1/3) of all of the Directors may be made up of directors of other identical organization, its employees and persons with close ties to Directors and/or Inspectors. The same shall be applied to Inspectors.
7. Directors and Inspectors shall be selected not two (2) or more persons who work for the same company including its consolidated company, holding company and its affiliated company.

Article 24 – Duty and Authority of Directors

1. The Directors shall constitute the Board of Directors and perform their duties in accordance with the Association Act and the Articles of Incorporation.
2. The President shall represent this Association and perform its duties.
3. The Vice President shall support the President and perform the Association's duties. In the absence or disability of the President, the Vice President shall perform duties of the President.
4. The President and the Vice President shall report their performance to the Board of Directors respectively twice or more with interval of more than four (4) months each fiscal year.

Article 25 – Duty and Authority of Inspector(s)

1. Inspectors shall audit Directors' performance of their duties. When an Inspector does so, he/she shall prepare an audit report as prescribed by

the Association's Act.

2. Inspectors may request reports on business from Directors and employees, or investigate the state of business and property of the Association at any time.

Article 26 – Tenure of Officer

1. The tenure of a Director shall be until the end of the final annual meeting of the Board of Councilors in a business year that ends within two years after his/her appointment. The Director shall be eligible for re-selection.
2. The tenure of an Inspector shall be until the end of the final annual meeting of the Board of Councilors in a business year that ends within two years after his/her appointment. Inspector shall be eligible for re-selection.
3. The tenure of a Director or an Inspector who is appointed as a substitute for a Director or an Inspector who was terminated before the expiration of his/her tenure shall be until such time as the expiration of the Director or Inspector who was terminated.
4. In case where the number of Directors or Inspectors is insufficient to a quota set forth in Article 22, a Director or an Inspector shall have the rights and obligations even after his/her expiration or resignation until the time when a Director or an Inspector is newly selected and assumes its role.

Article 27 – Dismissal

The Board of Councilors may dismiss the Director or Inspector in question if a Director or an Inspector comes to fall under any of the following conditions:

- (1) The Director or the Inspector has violated the obligations of his/her duties or has been negligent in the performance thereof;
- (2) Due to a mental or physical disorder, the Director or the Inspector is unable to perform his/her duties or is incapable of bearing the demands of his/her duties.

Article 28 – Remuneration

1. Directors and Inspectors shall not be remunerated. However, full-time Directors shall be remunerated in accordance with the remuneration payment standard separately set by the Board of Councilors.
2. Directors and Inspectors shall be reimbursed for expenses incurred to perform his/her duty in accordance with a resolution by the Board of Councilors.

Article 29 – Restriction of Business Transaction

1. A Director shall disclose any important facts with respect to business transactions at the meeting of the Board of Directors and receive the approval of the said meeting in the following cases:
 - (1) When a Director contemplates engaging in a business transaction for the sake of himself/herself or for a third party that is categorized as

being the business of the Association;

- (2) When a Director contemplates engaging in a business transaction with the Association for the sake of himself/herself or for a third party;
 - (3) When the Association intends to guarantee debts of a Director, or otherwise to carry out transactions with a person other than the Director that results in a conflict of interest between the Association and the Director.
2. The Director that has carried aforementioned transactions shall report on material facts of such transactions to the Board of Directors without delay.

Section 2 – Board of Directors

Article 30 – Member

The Board of Directors shall be composed of all Directors.

Article 31 – Authority

The Board of Directors shall perform the duties identified below.

- (1) Determination of the businesses of the Association;
- (2) Supervision of the duties of Directors;
- (3) Selection and dismissal of the President and the Vice President;
- (4) Determination of the date, venue and purposes of the meeting of the Board of Councilors;
- (5) Rulemaking of the Association, and modifications and repeal thereof.

Article 32 – Types and Holding of Meetings

1. Meetings of the Board of Directors shall be composed of the regular meeting and the special meeting.
2. The regular meeting of the Board of Directors shall be held more than twice every fiscal year.
3. The special meeting of the Board of Directors shall be held in the following cases:
 - (1) The President deems necessary to hold a special meeting of the Board of Directors;
 - (2) One of the Director demands that the President call a meeting of the Board of Directors by a document indicating the matter for purposes of the meeting;
 - (3) The Director who demanded pursuant to the provisions of the preceding paragraph may call a meeting of the Board of Directors in the case where no notice to convene for a meeting of the Board of Directors was issued stating a date within two (2) weeks of the demand made as the date of the meeting of the Board of Directors after five (5) days of the said demand;
 - (4) An Inspector demands that the President call a meeting of the Board

of Directors in accordance with provisions of Article 101.2 or 101.3 of the Association's Act, or an Inspector may call a meeting of the Board of the Directors.

Article 33 – Convocation

1. The Board of Directors shall be called by the President. However, a Director shall call meetings in case of the provision of Article 32.3 or Article 32.3 (4) of the Articles of Incorporation.
2. The Vice President shall call a meeting of the Board of Directors in case of absence or disability of the President.
3. The Director shall call a meeting of the Board of Directors in case of the provision of Article 32.3 (3). An Inspector shall call a meeting of the Board of Directors in case of the latter clause of Article 32. 3 (4).
4. The President shall call a special meeting of the Board of Directors with the meeting date within two (2) weeks upon receipt of demand for the meeting and notify of such meeting within five (5) days upon receipt of the demand for such meeting in case of the provision of Article 32.3 (3) or the latter clause of Article 32. 3 (4).
5. Written notice that contains date, venue and purpose of a meeting shall be sent out to each Director and Inspector seven (7) days prior to such meeting.
6. Notwithstanding the foregoing, a board meeting shall be held without the procedure of convocation set forth in the previous clauses with unanimous consent of Directors and Inspectors.

Article 34 – Chair

President shall be chair of the Board of Directors. In the absence or disability of the President, the Vice President shall assume the role of chair.

Article 35 – Resolution

Resolutions at the Board of Directors shall become effective by a majority vote of the Directors in attendance who have voting rights provided that a majority of Directors eligible to vote is present. With respect to these resolutions, Directors with a special vested interest may not vote.

Article 36 – Omission of a Resolution at a Meeting of the Board of Directors

In cases where a Director makes a proposal regarding a matter that is the purpose of a meeting of the Board of Directors and where all Directors manifest their intention to agree with the said proposal either in writing or by electromagnetic records, a resolution of the Board of Directors that affirms the proposal shall be deemed to have been passed.

Article 37 – Omission of a Report to the Board of Directors

In case where a Director or an Inspector provides a notice to all Directors and Inspectors regarding matters to be reported to the Board of Directors, such

matters shall not be deemed necessary to be reported to the Board of Directors, provided, however, that this shall not apply to the report in accordance with the provision of Article 91, paragraph 2 of the Association's Act to be applied mutatis mutandis to Article 197.

Article 38 – Minutes

1. With respect to the proceedings of the meeting of the Board of Directors, minutes of the meeting shall be prepared in accordance with the related law.
2. The President and the Inspector(s) in attendance shall sign and seal on the aforementioned minutes of the meeting.

CHAPTER 6 – MODIFICATION OF ARTICLES OF INCORPORATION, DISSOLUTION AND OTHERS

Article 39 – Modification

1. The Articles of Incorporation may be modified subject to the resolution passed by the Board of Councilors.
2. The provision of the previous clause shall be applicable to Articles 3, 4 and 11 of the Articles of Incorporation.

Article 40 – Dissolution

The Association shall be dissolved in case where the Association is unable to achieve its purpose due to loss of basic property or other causes set forth in law.

Article 41 – Transfer of Residual Property

1. In case of dissolution of this Association, residual property shall be donated to corporations set forth in the provision of Article 5, paragraph 17 of the Associations Act, national treasury or local councils.
2. The Association shall not distribute surplus of property.

CHAPTER 7 – OTHER ORGANIZATIONS AND MEASURES

Article 42 – Committee

1. The Board of Directors is entitled to establish a committee to conduct the duty of the Association by resolution, if necessary.
2. Committee members shall be approved by the Board of Directors and appointed by the President.
3. Matters related to mission, member and management of the Association shall be separately decided by the President in accordance with resolutions of the Board of Directors.

Article 43 – Member

1. Individuals, corporations or organizations supporting the mission of the Association and being willing to engage in the activities of the

Association may join the Association as a member.

2. The President is entitled to decide rules of the members separately in accordance with resolutions by the Board of Directors.

Article 44 – Secretariat

1. The Secretariat shall be established in order to handle paperwork of the Association.
2. The Secretariat shall consist of the Secretary-general and the reasonable number of staff.
3. Head of the Secretariat and other important staff shall be approved by the Board of Directors and appointed by the President.
4. Other staff than those mentioned in the previous clause shall be appointed by the President.
5. Matters related to the Association and management of the Secretariat shall be decided separately by the President in accordance with resolutions by the Board of Directors.

Article 45 – Meeting of Parties Concerned

1. The Board of Directors is entitled to establish a meeting of parties concerned by a resolution of the Board of Directors to realize any member requests or proposes.
2. Members of the meeting of parties concerned shall be approved by the Board of Directors and appointed or removed by the President.
3. Matters related to tasks, members and management of the meeting of parties concerned shall be decided by the resolution passed by the Board of Directors.

Article 46 – Notice

1. Public notices shall be given by way of the electronic notice.
2. In case where it is unable to provide a public notice by way of the electronic notice due to an accident or unavoidable circumstances, the public notice shall be given by publication in the official gazette.

CHAPTER 8 – SUPPLEMENTARY PROVISIONS

Article 47 – Advisor

1. The Association may select advisors.
2. The President is entitled to appoint advisors from experts with consent of the Board of Directors.
3. Advisors shall give advice to the Association upon request from the President with respect to management of the Association.

Article 48 – Delegation

In addition to the provisions set forth in the Articles of Incorporation,

matters deemed necessary to manage the Association shall be decided separately by the resolutions of the Board of Directors.

Supplementary Provisions

1. The Articles of Incorporation has been put into effect on the date of incorporation set forth in the Association's Act.
2. Founding Councilors of this Association shall be as follows:
Shigehiro Kataoka, Founding Councilor
Executive Officer, Quality Assurance Dept., Kikkoman Corporation
Akito Mike, Founding Councilor
Councilor, Management Support Div., Yakult Honsha Co., Ltd.
Goichiro Yukawa, Founding Councilor
Professor, Research Center for Advanced Science and Technology,
Tokyo University of Marine Science and Technology
3. Founding Directors of this Association shall be as follows:
Junro Ito, Founding Director
Director/ Executive Officer, Seven & i Holdings Co., Ltd.
Masanori Uchida, Founding Director
Manager, Quality Assurance Dept, Quality Assurance Div.,
Kewpie Corporation
Nobutake Uchibori, Founding Director
Executive Officer, Comprehensive Quality Assurance Div.,
Japanese Consumers' Cooperative Union
Masahide Omae, Founding Director
Executive Officer, Yoshinoya Holdings Co., Ltd.
Shunichi Ogata, Founding Director
Managing Director/ Executive Officer, Quality Assurance Dept. and
Customer Service Dept., NH Foods Ltd.
Hidetoshi Kubota, Founding Director
Manager, Quality Strategy Dept., Meiji Co., Ltd.
Shinichi Tomioka, Founding Director
Technical Advisor, Quality Assurance Div.,
Suntory Business Expert Limited
Toshiya Maezuru, Founding Director
Director, Production and Technology Div., Nippon Flour Mills Co., Ltd.
Kazuhiko Yasukawa, Founding Director
Manager, Group Product Marketing Strategy Dept., Aeon Co., Ltd.
Shinichi Tomioka, Founding Director – Representative Director
Technical Advisor, Quality Assurance Dept.,
Suntory Business Expert Limited
Tetsuma Hirota, Founding Inspector
Specially-appointed Professor, Faculty of Chemistry and Life
Engineering, Kansai University
4. Initial head office of the Association shall be at 2-10-3 Nagata-cho,

Chiyoda-ku, Tokyo.

5. Initial fiscal year of this Association shall start on the date of establishment and end on 31 December 2016.
6. Matters not set forth in the Articles of Incorporation shall be subject to the Association's Act or other laws and regulations.

In order to establish the Japan Food Safety Management Association, Tetsuji Yamane of Global Legal Office, an agent for creating the Articles of Incorporation on behalf of the after-mentioned founders, has created the Articles of Incorporation and signed electronically.

14 December 2015

Founders

Corporations:

Asahi Group Holdings, Ltd.
Ajinomoto Co., Inc.
Aeon Co., Ltd.
Kikkoman Corporation
Kewpie Corporation
Suntory Business Expert Limited
Seven & i Holdings Co., Ltd.
Nisshin Seifun Group Inc.
Nichirei Corporation
Japanese Consumers' Cooperative Union
Nippon Flour Mills Co., Ltd.
NH Foods Ltd.
Meiji Co., Ltd.
Yakult Honsha Co., Ltd.
Yamazaki Baking Co., Ltd.
Megmilk Snow Brand Co., Ltd.
Yoshinoya Holdings Co., Ltd.
Lawson, Inc.

Experts:

Yukawa Goichiro
Professor, Research Center for Advanced Science and Technology,
Tokyo University of Marine Science and Technology
Tetsuma Hirota
Specially-appointed Professor, Faculty of Chemistry and Life
Engineering, Kansai University

Agent for creating the Articles of Incorporation on behalf of the
aforementioned twenty (20) founders:

Tetsuji Yamane
Judicial Scrivener, Global Legal Office

Appendix: Properties contributed from the founders (in relation to Article 5)
Omitted.

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