

# Nichirei Group Materiality Determination Process

In June 2020, Nichirei identified five material matters fitting its concept of materiality through which it would realize its vision regarding long-term management goals for 2030. All officers, including outside directors, participated in the process.

Viewing rising expectations for the realization of a sustainable society as a business opportunity, Nichirei will work with stakeholders to resolve social issues and enhance corporate value. To do so, we will continue to formulate goals (measures and KPIs) that link Group strategies and business strategies.

**We will leverage our strengths as we develop business in fields that support good eating habits and health and work on the following five material matters.**

Material matters	Group ideal mode
<b>Creating value in food and health</b>	Create new markets and customer value by taking on challenges outside existing business areas in both food and health
<b>Strengthening food processing and production technology capabilities; enhancing logistics services</b>	Further refine core competencies in food processing, production and logistics to resolve social issues and improve profitability through competitive advantages in global markets
<b>Realizing sustainable food procurement and resources recycling</b>	Resolving various social issues related to the supply chain, which is the foundation of our business, and contribute to sustainable food procurement and the realization of a recycling-based society
<b>Climate change initiatives</b>	As a food and logistics company that is greatly affected by climate change, we will work with stakeholders to counter global warming and reduce energy consumption throughout the supply chain
<b>Securing and developing diverse human resources</b>	Secure and develop a diverse array of human resources and foster an inclusive corporate culture to achieve sustainable growth

Nichirei will cultivate new business areas through innovation, further develop its core processed food and logistics businesses, and strengthen material procurement, which is essential if the supply of commercial products is to be stable.

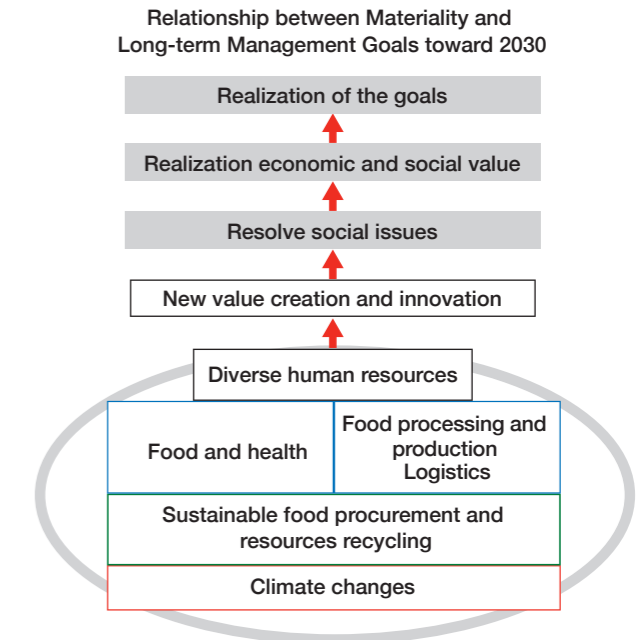
Because we have designated initiatives related to climate change as being material matters, we have endorsed the Task Force on Climate-related Financial Disclosures (TCFD) and will apply this framework to our activities. In addition, to promote these efforts we will incorporate and implement specific measures to develop a personnel system and corporate culture that allow a range of human resources to play an active role.

## Examination System

With the representative director and president responsible for execution, two projects involving materiality and climate change scenarios were implemented simultaneously between September 2019 and June 2020. We conducted repeated examinations while linking information from both parties.

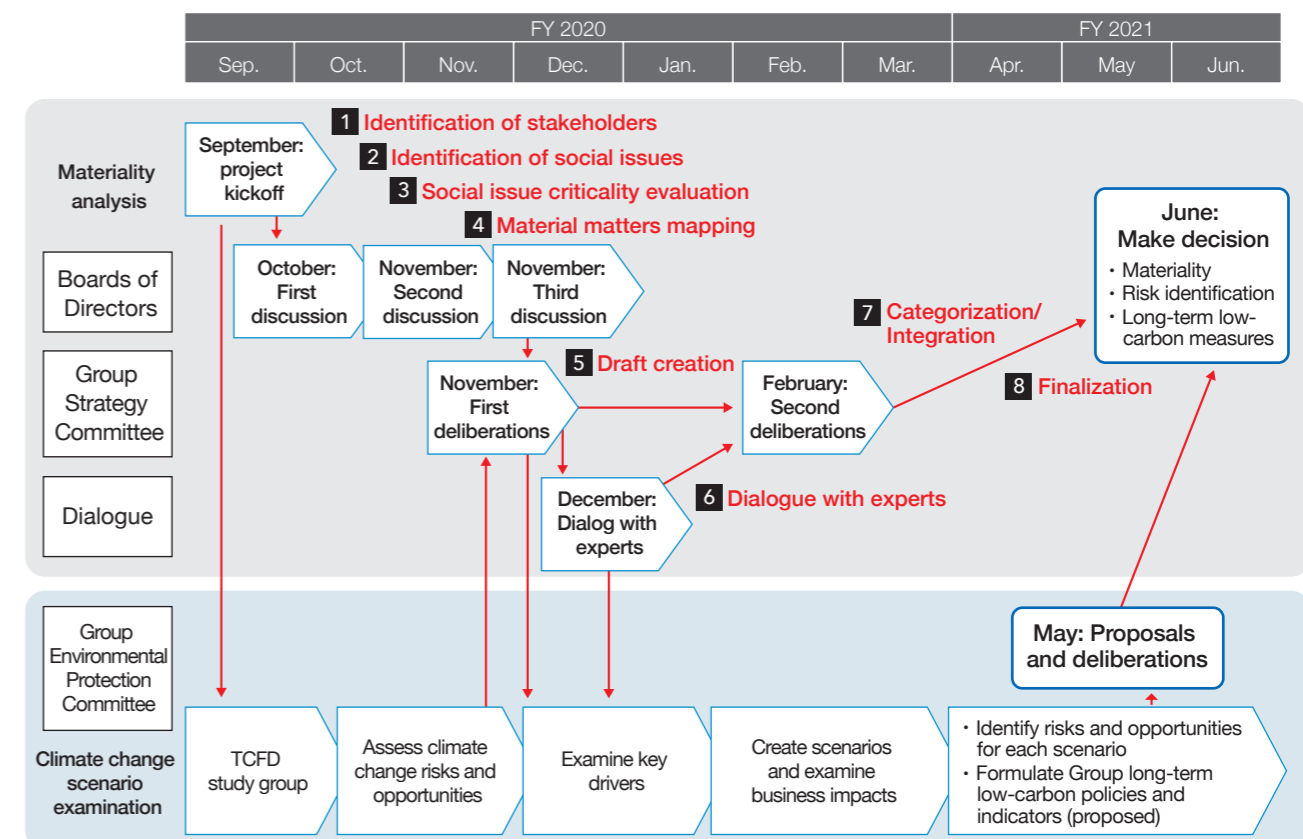
The project to formulate the materiality was led by the executive officer who is the general manager of Strategic Planning, and was examined by members of the Board of Directors and all corporate officers, including executive officers.

The climate change scenario examination project was led by the executive officer who is the director, and who serves as the managing director in charge of the environment. This was done according to advice from experts and the framework recommended by the TCFD. The reviews themselves were conducted mainly with Technology Management staffers in charge of the environment, as well as each Group company's Strategic Planning department and the managers undertaking environment-related activities.



## Examination Schedule

Materiality Formulation and Climate Change Scenario Examination Project Grand Schedule



# Nichirei Group Materiality Determination Process

## 1 Identifying stakeholders

Since our business domain is food provision, we are aware of our tremendous social responsibility, being involved, as we are, with many stakeholders and impacting their lives and society at large. For this reason, we have identified stakeholders based on the size of their demand and the degree of impact we have on society.

## 2 Identifying social issues (risks and opportunities)

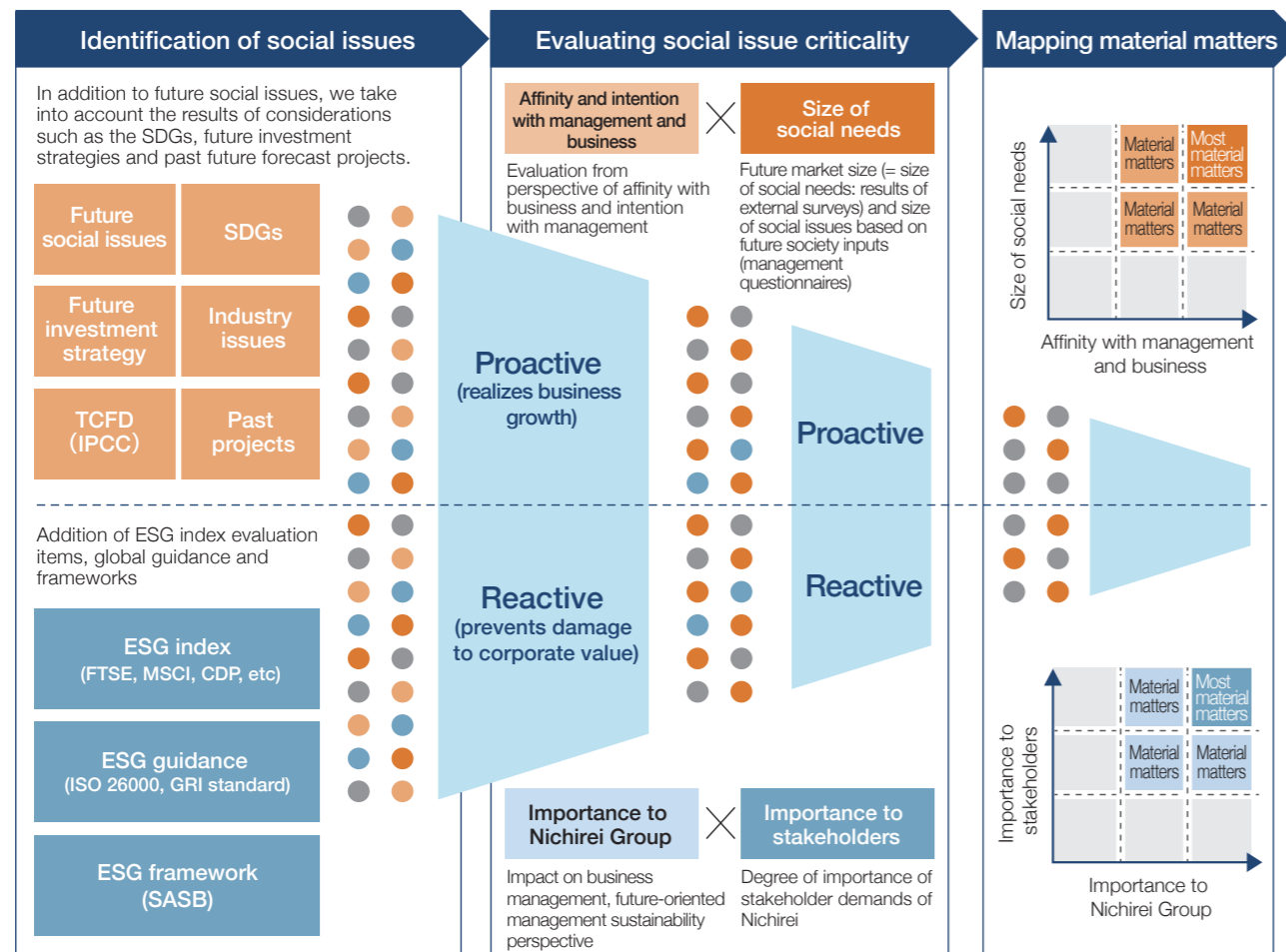
After pinpointing our stakeholders, we have identified social issues from future and global perspectives.

## 3 Evaluating social issue criticality

We then evaluated the importance of those social issues, based on the fact that proactive measures result in business growth, and reactive ones prevent corporate value from being damaged.

## 4 Mapping material matters

We mapped material matters that would require proactive and reactive steps to be taken and, in November 2019, held initial deliberations on the details of mapping during the Nichirei Group Strategy Committee meeting, at which we usually discuss overall management strategies.



References: United Nations Global Compact, United Nations Guidelines for Business and Human Rights, OECD Guidelines for Multinational Enterprises, ILO, Japan SDGs Action Plan 2019/2020, Ministry of Economy, Trade and Industry, TCFD Guidance, Society 5.0, etc.

## 5 Creating drafts

We created separate drafts for those issues that would require a proactive or reactive approach.

## 6 Dialog with experts

In December 2019, outside experts evaluated the validity of the drafts under consideration and exchanged opinions with Company corporate officers, including the president.

■ Experts	<b>Keisuke Takegahara</b> Development Bank of Japan Inc. Executive Officer, Deputy Chief Research Officer, Chief Manager of Sustainability Management Office, Corporate Planning & Coordination Department	<b>Hidemi Tomita</b> Lloyd's Register Japan K.K. Director	<b>Yumiko Murakami</b> Organisation for Economic Co-operation and Development (OECD) Head, Tokyo Center
■ Nichirei Group (Nichirei Corporation) members	<b>Kunio Otani</b> Representative Director, Chairman	<b>Kenya Okushi</b> Representative Director, President	<b>Takumi Taguchi</b> Director, Executive Officer, in charge of Nichirei Group planning and management division
	<b>Masahiko Takenaga</b> Director, Executive Officer; Representative Director, President, Nichirei Foods Inc.	<b>Kazuhiko Umezawa</b> Director, Executive Officer; Representative Director, President, Nichirei Logistics Group Inc.	<b>Yoshifumi Kaneko</b> Director, Executive Officer; Representative Director, President, Nichirei Fresh Inc.
	<b>Masato Takenaga</b> Executive Officer; Representative Director, President, Nichirei Biosciences Inc.	<b>Junji Kawasaki</b> Director, Executive Officer, in charge of Nichirei Group technology management and quality assurance	<b>Kazunori Miki (facilitator)</b> Executive Officer General Manager, Strategic Planning

### Opinions of outside experts

#### Granularity of future measures

- Efforts should be made, for example, to reduce CO<sub>2</sub> emissions and switch to natural refrigerants to make developmental leaps part of a long-term strategy.

#### Timeline to 2030

- Perspectives should be divided into two groups: new management-related goals and the means by which they are to be achieved.
- A way should be devised to apply global standards, such as by using responsible business conduct as a guideline.

#### Sustainability

- Sustainable food production is linked to climate change response (CO<sub>2</sub> reduction) through expanding agricultural productivity.
- In maintaining temperature-controlled logistics, RE100 may be difficult. One should be aware of any linkage among target items.
- Since the food business is a high-risk industry, risks should be broken down in a way that is tied to particular areas of business.

#### Distinctive aspects of Nichirei

- The Company would benefit were its distinctive features put in a visual format. In addition to its processed foods, these features would include important issues related to temperature-controlled logistics, marine items, as well as meat and poultry products.
- Given that the company is a cold chain leader, one should be able to demonstrate distinctive aspects of Nichirei's temperature-controlled logistics within the TCFD framework. One might consider sending out a message regarding CFC issues.



#### Quality assurance

- Quality and safety could be made the most important management issues.
- This is currently a basic proactive item. However, should new risks arise, quality assurance could be positioned as a proactive risk factor needed to strengthen quality control.

#### Ethics

- There are still few Japanese companies making significant efforts in business ethics, which fact could lead to a competitive advantage for Nichirei.
- An ethical angle is missing in marketing. We should convey the message that Nichirei products are delicious and ethical by world standards.



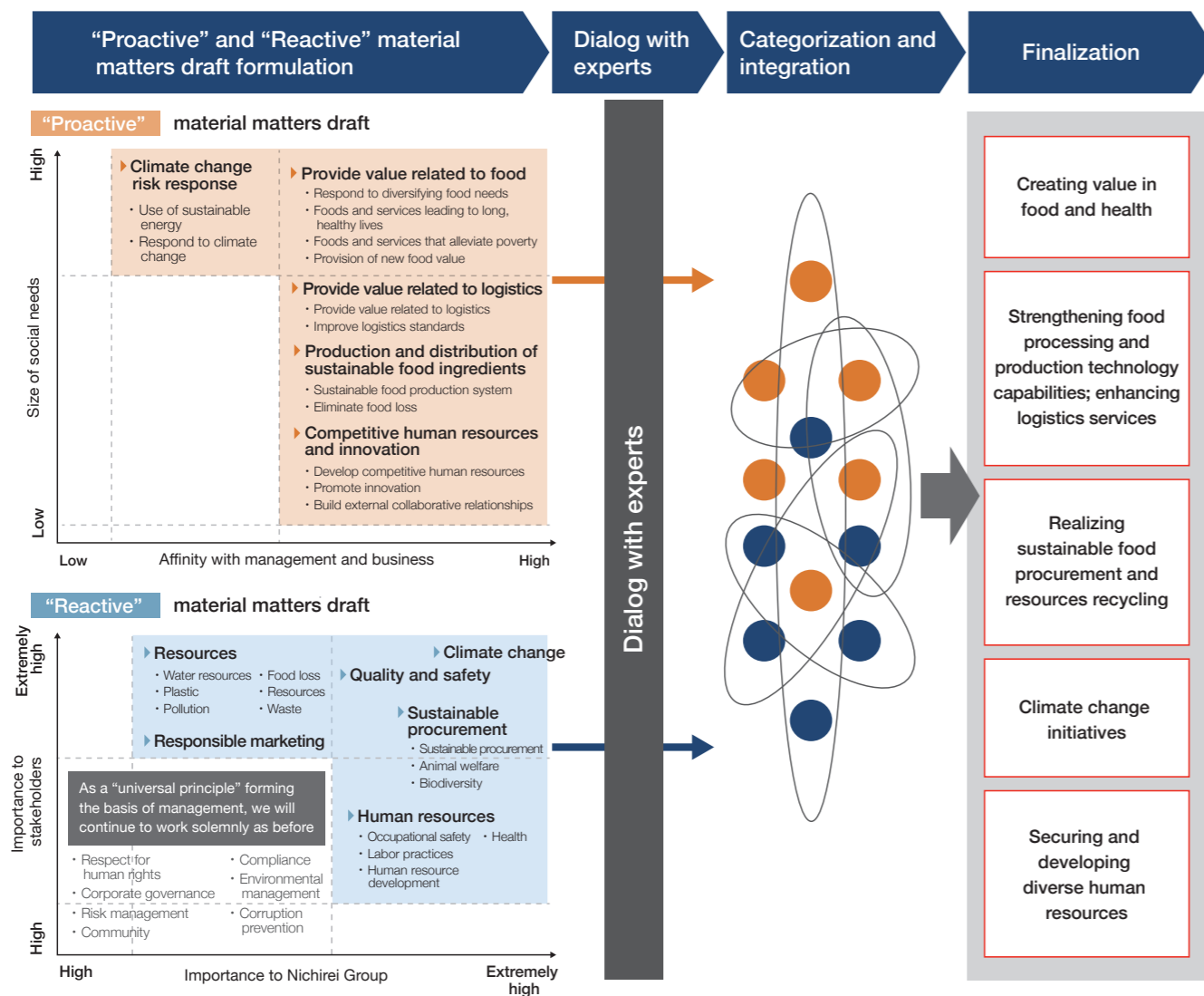
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## 7 Integration and narrowing-down

Based on opinions received from experts, we integrated and narrowed down material matters as proactive or reactive.

## 8 Finalizing the draft

In February 2020, at the second Group Strategy Committee meeting, after repeated deliberation on both the validity evaluation by experts and opinions on distinctive Nichirei features, agreement resulted in a draft containing five material matters.



## Designation of Materiality

In June 2020, five material matters were designated by the Board of Directors chaired by the Representative Director, Chairman. Nichirei has set long-term Group goals for climate change initiatives, and will continue to consider long-term goals (measures and KPIs) for the other four material matters.

We are discussing the five material matters with Group companies and will incorporate them into each of their business strategies through the formulation of an organizational profile.

## Ideas Inherent in the Materiality

Material matter	Ideas inherent in the materiality
Creating value in food and health	In Japan—which constitutes Nichirei’s main market—changes are expected in the future, including reduced consumption reflecting the population decline, diversifying consumer needs, and the personalization of food and medical care. For the Group to continue growing in this environment, while building on the core areas of food and health, Nichirei will promote innovation and create new markets and customer value without being bound by the framework of existing businesses.
Strengthening food processing and production technology capabilities; enhancing logistics services	Expectations for frozen foods and temperature-controlled logistics are increasing in terms of meeting diversifying food industry needs and resolving new social issues. Through the utilization of new technologies such as AI, IoT and autonomous driving, we will realize our core competence of enhancing food processing and production technologies, and advancing logistics services, to establish a solid position in Japan and global markets.
Realizing sustainable food procurement and resources recycling	Sustainable food procurement efforts that take into consideration the environment and human rights are the foundation of our business, and are directly linked to the provision of customer value and to Group growth. This will also lead to the realization of a recycling-oriented society that circulates resources as much as possible, and to the strengthening of comprehensive business continuity management.
Climate change initiatives	While the entire planet is required to take measures to prevent global warming, as a food and logistics company greatly affected by climate change, Nichirei will accelerate efforts to reduce greenhouse gas emissions by setting long-term environmental targets. We aim to reduce CO <sub>2</sub> emissions 30% by 2030 compared with 2015 levels.
Securing and developing diverse human resources	Human resources are the Group’s most important management resource. In addition to respecting human rights, fair labor practices and ensuring health and safety, which are standard, Nichirei will promote the creation of workplace environments in which human resources with diverse backgrounds can work. We will also develop an organizational culture in which employees can demonstrate their creativity through the development of human resource systems and the development of skills that will lead to the creation of new value and the resolution of social issues.