

# Promoting Sustainability Management



**We will increase corporate value by staying one step ahead in sustainability.**

**Yuichi Takaku**

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## The First Year of Medium-term Business Plan Compass Rose 2024 in Review

The current medium-term business plan has begun, with the goal of ramping up sustainability management. In FY2023 (the fiscal year ended March 31, 2023), its first year, we made structural reinforcements for sustainability by establishing a Group Sustainability Committee and Sustainability Management Division in the holding company, incorporating ESG evaluation indicators in determining performance-linked bonuses for officer remuneration, and establishing the Nichirei Group Sustainability Policy, Supplier Code of Conduct, and Supplier Guidelines. We have focused our attention on taking concrete actions and implementing measures, and I believe that results are starting to appear. The external environment is also changing, as the movement toward creating a sustainable society picks up speed and demands from investors and customers regarding the environment and human rights keep growing. Viewing sustainability initiatives as a core management issue, we must proactively allocate the necessary management resources through budgeting and other means. Over the past year, we have refocused our attention on the importance of charting a path for resolving social issues through our business activities from a medium- to long-term perspective.

We are working toward the targets and KPIs we set for each of the five Group material matters. The Group Sustainability Committee monitors overall measures, while specific measures are incorporated into the action plans of each division, operating company, and committee. Connecting Group targets with those of each operating company directly links the achievement of each company's business plan to improvement of the

Nichirei Group's social and economic value. Targets are revised flexibly and responsively. For example, after considering the Nichirei Group's growth going forward, we revised the definition and Group targets for the material matter "Creating new value in food and health" by renewing one of the targets as "sales of products and services that create added value for people's mental and physical health and for the global environment," and applying it to the initiatives of the processed foods business, the marine, meat and poultry products business, and new business at the holding company.

To instill sustainability management among officers and employees, in addition to our existing study sessions for management, e-learning for all employees, and information dissemination on our intranet, we are implementing an educational program on the SDGs, which will target all managers or above in FY2024 and FY2025. The strong response from our people to the program so far tells me that awareness of sustainability in the Nichirei Group has grown substantially.

## Progress of Procurement and Environmental Initiatives

For the Nichirei Group, which is involved in the entire supply chain from procurement of materials to production, sales, distribution, processing and logistics, "realizing sustainable food procurement and a circular economy" and "climate change initiatives" are crucial topics for management. In addition to being discussed by the Group Sustainability Committee, as material matters they are also raised for discussion and consideration by the Board of Directors and the Management Committee as appropriate.

We consider it important to work in coordination

with our suppliers to promote sustainability initiatives throughout the supply chain. To that end, we have begun conducting a Supplier ESG Survey to promote understanding of the Nichirei Group Supplier Code of Conduct and Supplier Guidelines and to share our values. We have also begun human rights due diligence with suppliers based on criteria such as importance to Nichirei's business.

Marine products and palm oil have been singled out as risks in terms of food resource sustainability, the environment, and human rights. In April 2023, we responded by enacting the Nichirei Group Sustainable Marine Product Procurement Guidelines and the Nichirei Group Sustainable Palm Oil Procurement Guidelines and added Group targets and KPIs for 2030 for these items. We believe that initiatives for biodiversity, the Taskforce on Nature-Related Financial Disclosures (TNFD), and a circular economy will also be necessary going forward, and we are considering specific measures.

In reducing our greenhouse gas emissions, we are reexamining our renewable energy portfolio. We aim for a 50% reduction in Scope 1 and 2 CO<sub>2</sub> emissions by 2030 (compared with FY2016) in Japan through initiatives such as the installation of solar power generation equipment on the roofs of our distribution centers and food factories, and the use of off-site power

purchase agreements (PPAs) and environmental certificates, together with measures to increase energy efficiency. We have also started considering specific action plans for reflecting internal carbon pricing (ICP) in investment decisions and preparing more detailed Scope 3 emission figures so we can reduce them toward our goal of becoming carbon neutral by 2050. To eliminate chlorofluorocarbons (CFCs), we are making steady progress in converting to natural refrigerants at distribution centers and food factories.

## Staying One Step Ahead in Sustainability

I believe there will be a further increase in the demands and expectations placed on companies for a sustainable society. Rather than trying to follow or catch up with this trend, we must take proactive measures to stay one step ahead of the industry. Doing so will lead to new business opportunities and higher brand value for the Nichirei Group. By creating new value unique to the Nichirei Group that leverages the trends in our changing operating environment, we will secure advantages in the market and continuously improve our corporate value and achieve sustainability management.

## Group Sustainability Committee Activities in FY2023

Number of meetings	4
Main agenda items	<ul style="list-style-type: none"> <li>• Renewable energy portfolio policy</li> <li>• Current status of Scope 3 CO<sub>2</sub> emissions</li> <li>• KPIs for material matters and TCFD disclosure in <i>Integrated Report 2023</i></li> <li>• Human rights issues</li> <li>• Supply chain management to achieve sustainable procurement</li> <li>• Establishment of new procurement guidelines for sustainable marine products and palm oil</li> <li>• Initiatives for the material matter "Securing and developing a diverse array of human resources" and human capital disclosure</li> <li>• Progress on KPIs for material matters and FY2024 targets</li> </ul>