

Realizing sustainable food procurement and a circular economy

▶ Supply Chain Management to Achieve Sustainable Procurement

Group Targets (KPIs)	FY2023 Results	FY2024 Plan	FY2025 Targets	FY2031 Targets
Rate of procurement from suppliers and OEMs that comply with the Nichirei Group Supplier Code of Conduct and Supplier Guidelines	Support Rate 89% (main domestic suppliers and OEMs)	Support Rate 100% (main domestic suppliers and OEMs)	Support Rate 100% (main domestic and overseas suppliers and OEMs)	Procurement Rate 100%
Rate of implementation of ESG due diligence for main raw materials and major suppliers	Domestic meat and poultry: 25% (main suppliers and OEMs)	Domestic meat and poultry: 50% (main suppliers and OEMs)	Domestic meat, poultry and marine products: 100% (main suppliers and OEMs)	100%

The Nichirei Group is promoting sustainability initiatives in its supply chain, which is the foundation of its business. With reference to the OECD Due Diligence Guidance for Responsible Business Conduct, we recognize that our business activities could potentially have a negative impact on workers, human rights, the environment, bribery, consumers and corporate governance. We therefore take action to avoid and address potential negative impacts associated with our business, our supply chain and other business relationships.

- Nichirei Group Sustainable Procurement Policy** <https://www.nichirei.co.jp/english/sustainability/social/supplychain/supply.html>
- Nichirei Group Supplier Code of Conduct** <https://www.nichirei.co.jp/english/sustainability/social/supplychain/regulation.html>
- Nichirei Group Supplier Guidelines** <https://www.nichirei.co.jp/english/sustainability/social/supplychain/guideline.html>

Supplier ESG Survey

In April 2022, we established the Nichirei Group Supplier Code of Conduct and Supplier Guidelines. In fiscal 2023, we asked suppliers in Japan to support the Supplier Code of Conduct and Supplier Guidelines. We also conducted our Supplier ESG Survey, asking for responses to a self-assessment questionnaire.

We received responses to the survey from 89% of our suppliers, and all suppliers who responded agreed to comply with the Supplier Code of Conduct and Supplier Guidelines. We are following up with the remaining 11% to obtain their responses to the survey. Based on the results of the survey, we communicated with several suppliers that gave us cause for concern about possible negative ESG impacts and confirmed that those concerns were not an issue.

We will expand the scope of future surveys to include overseas suppliers while deepening communication with suppliers in ways such as holding briefings to enhance their understanding of our sustainable procurement initiatives and Supplier Code of Conduct and Supplier Guidelines.

■ FY2023 Supplier ESG Survey

Scope	Domestic suppliers of Nichirei Foods, Nichirei Fresh, Nichirei Logistics Group, and Nichirei Biosciences. We select companies for the survey based on transaction importance, encompassing factors including transaction volume. The survey covers companies that account for about approximately 50% of transactions on a monetary basis.
Content	The survey requests compliance with the Supplier Code of Conduct and Supplier Guidelines and is evaluated based on responses to a self-assessment questionnaire.
Question Design	Questions are designed to confirm the status of each supplier's initiatives to align with the Supplier Code of Conduct and Supplier Guidelines, and cover legal compliance and ethical behavior, human rights and labor, safety and health, environment, management, and corporate governance related to sustainability. We created the survey with reference to <i>CSR/Sustainable Procurement Self-assessment Tool Set (1st Edition)</i> created by Global Compact Network Japan.
Response Rate	89% (Support rate was also 89%)

Human Rights Due Diligence for Meat, Poultry and Marine Product Suppliers

We have launched human rights due diligence initiatives for meat, poultry and marine product suppliers, which account for the largest proportion of procurement volume in the Group's business activities. We determine priorities based on importance of transactions and human rights risk by country and industry.

■ Human Rights Due Diligence Result and Plan for FY2023–2025

	FY2023 Result	FY2024 Plan	FY2025 Plan
Scope	Meat and poultry suppliers (Domestic chicken)	Meat and poultry suppliers (Domestic) Marine products suppliers (Overseas)	Meat and poultry suppliers (Domestic) Marine product suppliers (Overseas and domestic)

▶ Sustainable Marine Product and Palm Oil Procurement

Group Targets (KPIs)	FY2023 Results	FY2024 Plan	FY2025 Targets	FY2031 Targets
Procurement ratio of sustainable marine products complying with the Nichirei Group Sustainable Marine Product Procurement Guidelines in marine products business	91%	95%	100%	100%
Percentage of products in the above from fisheries with MSC, ASC or other global certification	19%	19%	32%	50%
Procurement rate of sustainable palm oil (RSPO)	100% (Book and claim)	100% (Book and claim)	100% (Book and claim)	100% (Certified oil)

Sustainable Marine Product Procurement **Nichirei Group Sustainable Marine Product Procurement Guidelines** https://www.nichirei.co.jp/english/sustainability/social/supplychain/marine_products_guideline.html

■ Establishment of Sustainable Marine Product Procurement Guidelines

Marine products are fundamental resources in the Nichirei Group's business. Problems identified in recent years include climate change, the impact on ecosystems from overfishing and bycatch, habitat destruction including deforestation for aquaculture, and fishery worker human rights violations. In April 2023, we established the Nichirei Group Sustainable Marine Product Procurement Guidelines to resolve issues related to sustainable marine products in the supply chain, with the aim of realizing a sustainable society in cooperation with suppliers and stakeholders. Concurrently, we established new KPIs for Group materiality goals.

■ Nichirei Fresh Products That Have Obtained MSC/ASC Certification (As of June 2023)

MSC Certification Number MSC-C-52165	Arctic surf clam, Capelin, Flatfish (Flathead sole, Kamchatka flounder, Arrow-tooth flounder, Northern rock sole, Yellowfin sole, Greenland halibut), Salmon (Chinook salmon, Chum salmon, Coho-silver salmon, Pink salmon, Sockeye-red salmon), Herring, Longfin squid, Pacific cod, Pacific cupped oyster, Red king crab, Snow crab, Walleye pollock, Yesso scallop, Atka mackerel, Japanese carpet shell, and Pacific ocean perch	ASC Certification Number ASC-C-01632	Giant tiger prawn, Whiteleg shrimp, Pacific cupped oyster, Atlantic salmon, Coho-silver salmon, and Rainbow trout
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■ Activities Initiated at Group Cafeterias to Encourage Sustainable Seafood Consumption

We have launched activities at Group company cafeterias, venues where employees regularly gather to eat, to raise awareness of the importance of making sure that sustainable sources of food are available to the next generation. Nichirei Fresh has obtained CoC certification* and the company cafeteria menu at its head office is now offering the ASC-certified shrimp it procures and sells. As a follow-up, the company plans to put MSC-certified Japanese carpet shell on the menu.

In FY2024, we will implement this initiative at employee cafeterias in the Kanto region, including the Company's Head Office cafeteria in Tokyo. We also intend to extend this initiative to Nichirei Group employee cafeterias outside the Kanto region from FY2025 onward.

* Chain of custody: A mechanism for managing processing and distribution to ensure certified marine products are separated from non-certified products



Sustainable Palm Oil Procurement **Nichirei Group Sustainable Palm Oil Procurement Guidelines** https://www.nichirei.co.jp/english/sustainability/social/supplychain/palm_oil_guideline.html

■ Establishment of Sustainable Palm Oil Procurement Guidelines

The Nichirei Group supports the No Deforestation, No Peat and No Exploitation (NDPE) commitments and partners with its suppliers to procure palm oil in a responsible manner. To do so, in April 2023 we established the Nichirei Group Sustainable Palm Oil Procurement Guidelines and formulated new Group material matter targets and associated KPIs.

■ Initiatives for Sustainable Palm Oil

In August 2018, the Group became a member of the non-profit organization Roundtable on Sustainable Palm Oil (RSPO), which promotes the production and use of sustainable palm oil. We are advancing efforts to ensure that the palm oil used to make our products is from sustainable sources. Since 2018, Nichirei Foods' factories (at consolidated subsidiaries in Japan and overseas) that use palm oil have been purchasing RSPO certified sustainable palm oil credits (via the book and claim method) corresponding to 100% of the palm oil they use.

We are making progress toward achieving a procurement rate for RSPO certified sustainable palm oil of 100% by 2030.



▶ Sustainability Education

Group Target (KPI)	FY2023 Result	FY2024 Plan	FY2025 Target	FY2031 Target
Rate of attendance for the SDGs education program aimed at realizing a circular economy	—	Initiated education program	100% (Managers or above)	100% (All employees)

The Nichirei Group has been ramping up sustainability management by implementing position-based study sessions and education and training programs for all levels of employees since FY2023.

FY2023–FY2025 Plan for Position-Based Sustainability Training

	FY2023	FY2024	FY2025
Officers Directors, Audit & Supervisory Board Members, Executive Officers Officers of operating companies	Study sessions on sustainability (6 times)	Study sessions on sustainability (3 times)	Study sessions on sustainability (As needed)
General managers			
Managers or above Group leaders and managers Newly appointed managers or above		SDGs and Materiality Training "One for Future"	
New employees	Training in approaches for SDGs and social issue resolution		
All employees	Sustainability e-learning (3 times)	Sustainability e-learning (4 times planned)	Sustainability e-learning
Raw material procurement managers (Nichirei Foods and Nichirei Fresh)		Sustainable procurement (Planned)	

For Management Study Sessions on Sustainability

Objective	Learn the latest sustainability information and trends, measure their impact on management, and deploy that information in management strategies in both financial and non-financial contexts.
Target participants	Directors, Audit & Supervisory Board Members, Executive Officers (Outside directors, outside Audit & Supervisory Board members, operating company management members and general managers may participate voluntarily.)

We deepen learning by inviting experts to conduct lectures on topics such as sustainability management, sustainable procurement, business and human rights, climate change, a circular economy, biodiversity, and diversity of human resources.

Study Sessions on Sustainability in FY2023

	Date	Theme	Lecturer	Number of participants (number of directors in parentheses)	Percentage of Company directors attending
Session 1	April 26, 2022	Sustainability Challenges Faced by Corporations	Kenji Fuma, CEO, Neural Inc.	124 (6)	60%
Session 2	May 24, 2022	The Future of Food and Transportation	Kenji Fuma, CEO, Neural Inc.	127 (7)	70%
Session 3	June 28, 2022	Sustainable Procurement and Human Rights Issues	Hidemitsu Tomita, President, LRQA Sustainability Co., Ltd.	139 (8)	80%
Session 4	August 23, 2022	The Importance of SDGs and the Significance of Corporate Initiatives	Kazuo Tase, CEO, SDG Partners, Inc.	131 (9)	90%
Session 5	September 27, 2022	Business Transformation to a Circular Economy	Shinichi Tabei, Amita Holdings Co., Ltd.	140 (10)	100%
Session 6	January 24, 2023	"Human Rights" Tackled in the Supply Chain – What is the Human Rights Due Diligence Expected of Companies Nowadays?	Hiroshi Ishida, Executive Director, Caux Round Table Japan	154 (10)	100%

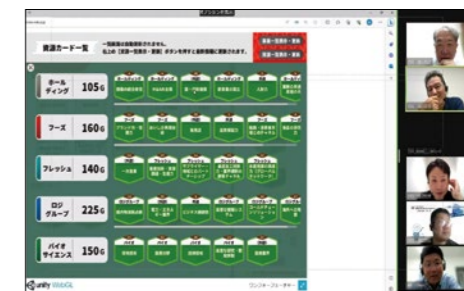
Study sessions on sustainability to be held in FY2024 <https://nichirei.disclosure.site/en/themes/178>

For Managers or Above

SDGs and Materiality Training "One for Future"

Objective	Encourage a sustainability mindset and behavioral change by providing participants with an understanding of Nichirei's sustainability management goals and a simulated experience of achieving both social and economic value through the resolution of social issues.
Target participants	All managers or above (Approx. 1,300)

We initiated training for all Nichirei Group managers or above, approximately 1,300 individuals, in August 2023. The training employs a unique online business card game called "One for Future", which incorporates information on the Group's assets and material matters to deepen thinking about how to achieve both social and economic value. Participants assemble in teams (as members of different operating companies from the ones they belong to) to think about the social issues they can resolve using the Group's strengths and capabilities.



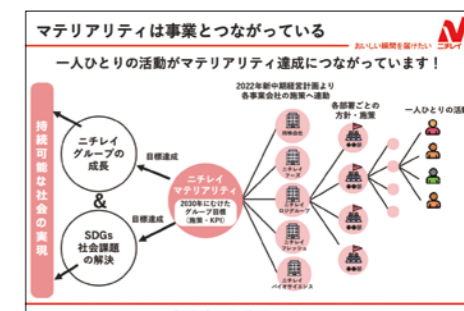
The Nichirei business card game "One for Future"

For New Employees and Newly Appointed Managers

How to Think about SDGs and Social Issue Resolution

Objective	Inculcate understanding of Nichirei's sustainability management vectors and how they relate to its material matters. Encourage participants to think about social issues the Group can help resolve, their relevance to each participant's own work, and the mindset for resolving those issues.
Target participants	New employees and newly appointed managers

Teams think about business models through which the Group's capabilities and strengths can be deployed to achieve both social and economic value while resolving social issues.



Training materials (excerpt)

For All Employees Sustainability E-learning

Objective	Acquire basic knowledge about the SDGs and ESG related to our business activities.
Target participants	All employees

We conduct activities related to SDGs and ESG relevant to our material matters, which encompass the environment, society, human rights, and sustainable food, in conjunction with global events. We also use videos to help participants easily understand and learn technical terms.

	E-learning (theme)		Global event		Attendance rate
	Month	Theme	Date	Event	
FY2023	May	Circular Economy	May 22	International Day for Biological Diversity	97.1%
	November	SDGs Overview	November 20	World Children's Day	93.8%
	December	Business and Human Rights	December 10	Human Rights Day	93.9%
FY2024	June	Environment (CO ₂ Emissions Reduction)	June 5	World Environment Day	93.8%
	July	Environment (Global Warming)	July 7	Cool Earth Day	93.1%
	September	SDGs Overview	1 week including September 25th	SDGs Week	—
	December	Business and Human Rights	December 10	Human Rights Day	—

For All Employees Sustainability Portal Site

Objective	An intranet information platform available to all employees. In addition to disclosing the progress of the Group's sustainability activities and material matters, it also provides content on sustainability and ESG-related subjects for individuals who want to deepen their understanding.
Target users	All employees



Sustainability Portal Site

▶ Water Resources, Biodiversity and Resource Recycling

Assessing the Importance of Water Risk and Biodiversity

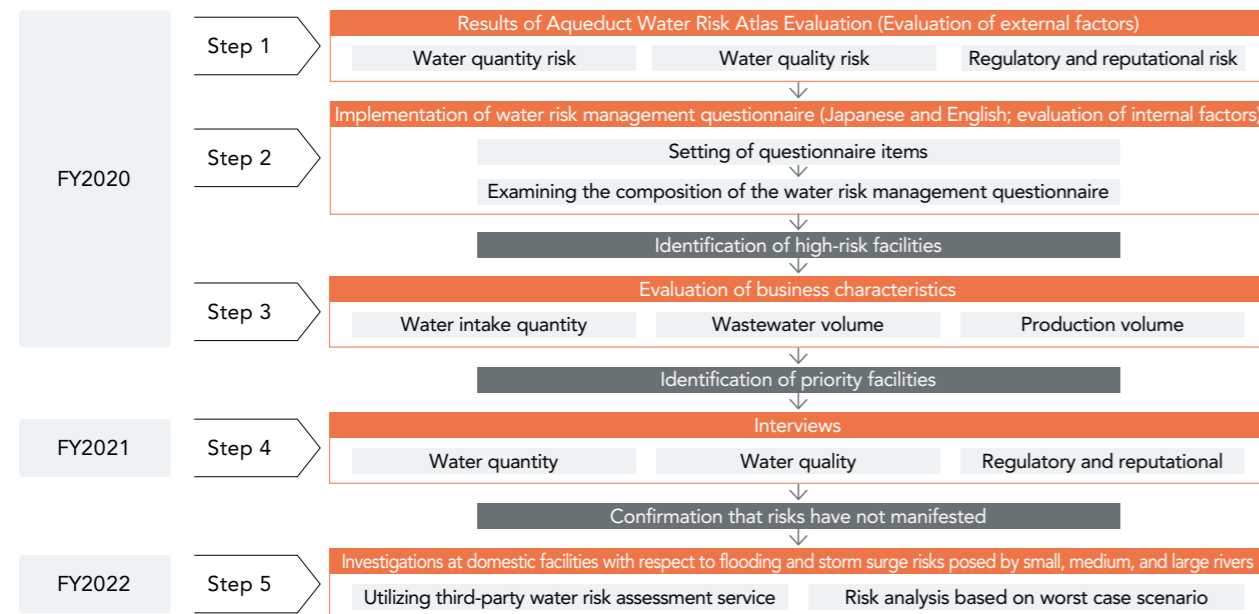
Initiatives for Water Resource Conservation
<https://nichirei.disclosure.site/en/themes/166>

As one factor in achieving its goal of building sustainable supply chains, the Nichirei Group recognizes the importance of water resources in producing raw materials and conducting business, and strives to conserve such resources.

From FY2020 through FY2022, the Group conducted water risk assessments at all of its facilities (152 facilities in Japan and overseas) and identified facilities where water risk was high as a result of internal and external factors. In FY2021, interviews were conducted at the three facilities identified as having high water risk, and the Group confirmed at that time that there were no water risks in terms of quantity, quality or regulatory and reputational risks. In FY2022, investigations were conducted at facilities in Japan with respect to river flooding and storm surge risk due to typhoons and heavy rains.

In FY2023, we evaluated whether the 133 facilities in Japan that the Nichirei Group directly operates are located close to areas that are of high importance in terms of biodiversity, and concurrently clarified the basis for determining biodiversity importance for considering the direction of future business activities at those facilities.

Assessment Process



Framework for Consideration

- Assessing biodiversity importance
 - Assess proximity to areas with highly important biodiversity using the following tools, layers and criteria.
- Clarify the basis for determining the importance of biodiversity
 - Clarify the characteristics of the area and the criteria for selecting it for protection, and use this information to demonstrate the value of the area's biodiversity.
 - For key biodiversity areas (KBAs), summarize the species that triggered KBA selection (the trigger species).

Assessment Tools and Layers

- Integrated Biodiversity Assessment Tool (IBAT): KBA (AZE, IBA, Other)
- IBAT: Protected areas (World Heritage sites, Ramsar sites, International Union for Conservation of Nature (IUCN) management categories (Ia, Ib, II, III, IV))

Standards

An operating location that is within a 5 km radius of a KBA or protected area is considered to be close to an area of high importance.

Assessment Results

Approximately 89% of all Group operating facilities in Japan were adjacent to areas of high importance in terms of biodiversity. This is likely due to the nature of our business since we extensively operate in coastal areas. We will analyze the results in detail and conduct a fact-finding survey through on-site visits. Regarding our overseas facilities, we will also consider the Group's impact on biodiversity and relevant countermeasures.

Resource Recycling Initiatives

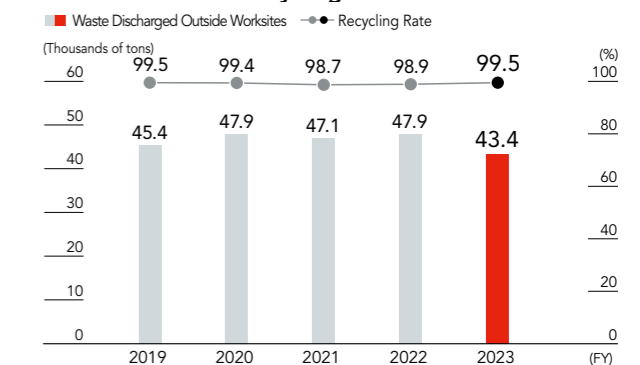
Waste Recycling Initiatives

The Nichirei Group is reducing the amount of industrial and general waste from its business activities. We aim to maintain a waste recycling rate of 99% by incorporating a variety of recycling methods.

Total Waste Recycling Rate for All Facilities

FY2023 Result	FY2024 Plan	FY2025 Target	FY2031 Target
99.5%	99%	99%	99%

Waste Volume and Recycling Rate



Plastic Reduction Initiatives

Reducing Plastic Used in Frozen Food Containers and Packaging

Since FY2007, Nichirei Foods has been striving to reduce the amount of plastic used for household-use frozen food product containers and packaging. Recently we achieved a reduction of over 200 tons of plastic for seven items in a product series, compared with before these initiatives began. While continuing to reduce plastic use by reviewing product containers and packaging, we will also work toward reducing our CO₂ emissions.



Initiatives for Thinner Packaging

Fiscal year	Products	Measures
2007	Imagawa-Yaki (Japanese waffles)	Elimination of trays
2010	Yaki-Onigiri (grilled rice balls) 10-pack	Elimination of trays
2012	Honkaku-Itame-Chahan (fried rice)	Thinner packaging
2015	Yaki-Onigiri (grilled rice balls) 10-pack	Thinner packaging
2016	Honkaku-Itame-Chahan (fried rice)	Thinner packaging (second reduction)
2019	Ebi-Pilaf (shrimp pilaf) and Chicken Rice	Thinner packaging
2021	Ebi-to-Cheese-no-Gratin (shrimp gratin) and Ebi-to-Cheese-no-Doria (shrimp rice gratin)	Thinner trays, reduced tray handle width
2022	Yaki-Onigiri (grilled rice balls)	Elimination of trays for the lineup

Upcycling Initiatives

Turning Substandard Frozen Foods into Antibacterial Wet Wipes

Nichirei Foods is upcycling a portion of the food residue and substandard products from the frozen food manufacturing process by fermenting it to make distilled ethanol for antibacterial wet wipes.

Creation of Imagawa-Yaki Antibacterial Wet Wipes

