

Nichirei Foods

Contribute to the development of local communities and grow by meeting “clean label” demand

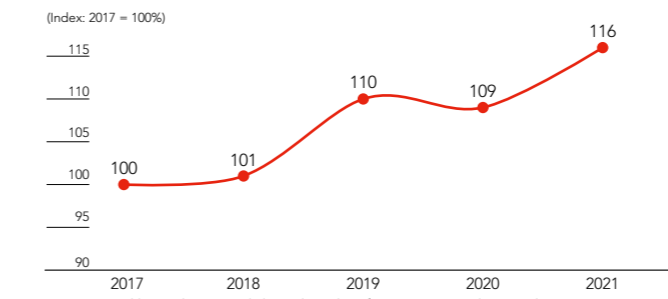
# Nichirei’s Acerola Business

## Social Issue Supplying Clean Label Raw Materials and Ingredients

The number of clean label<sup>1</sup> products launched in the global market in 2021 was up 16% compared with 2017, mirroring growing consumer concerns about food safety. As this trend is expected to continue, stable growth is predicted in the market for clean label raw materials. As one response, there is an increasing need for using acerola powder, which is rich in natural vitamin C, to maintain food quality and for other applications.

1. A new trend, primarily in the United States and Europe, that refers to food prepared using simple raw materials and ingredients with easy-to-understand labelling. This concept is described with terms such as additive-free, natural, organic, and non-GMO.

### Increase in Clean Label Products Launched in the Global Market



## Initiatives to Resolve the Issue

### Niagro’s Initiatives to Balance Social and Economic Value

#### A Pioneer of the Acerola Business

Nichirei was one of the first companies to introduce acerola to Japan, with the launch of *Acerola Drink* in 1987 and other initiatives. We started the acerola raw materials business on a large scale in 1990, and established a Brazilian subsidiary, Nichirei do Brasil Agricola Ltda. (Niagro), in 1991. This subsidiary became directly involved in operating a plantation and a juice processing facility, and also began selling acerola juice products in the United States and Europe. In addition, Niagro distributes seedlings to co-growers free of charge, and its employees personally provide guidance on planting for stable cultivation and harvesting of high-quality fruit with guaranteed traceability. Niagro purchases the entire crop, ensuring a stable income for co-growers and improving their cultivation skills. Through these initiatives, Nichirei Foods is able to provide a stable supply of high-quality products to customers worldwide.

#### Sustainability Initiatives

Niagro operates an environmentally friendly acerola business, and supports the development of the local community through job creation and contributions to the region.

##### 1. Building Relationships of Trust with Co-growers

- Supply of seedlings free of charge, support for agriculture through cultivation guidance
- Contract farming with purchase agreements ensures stable income for farmers
- Continuous technical support through regular workshops



##### 2. Contributions to the Region

- Support for childcare facilities for poor families (providing acerola juice, repairing facility equipment, etc.)
- Creation of jobs through internships for students, etc.
- Provision of dental exams for employees and co-growers



##### 3. Consideration for the Environment

- Reduction of water consumption through technical guidance for efficient irrigation
- Environmentally friendly industrial wastewater treatment using microorganisms
- Effective use of pomace from juice production as feed for livestock and farmed sea bream (*taí*), and acerola seed extract
- Installation of solar panels on factory rooftop



#### Sustainability Assessment from an External Organization

In a sustainability survey by EcoVadis<sup>2</sup> in 2023, Niagro received its first Platinum rating, the highest level, placing it in the top 1% of companies surveyed, based on its ongoing initiatives in the four survey categories—Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. In the 2023 rating, Niagro was recognized in particular for its ongoing efforts with respect to labor and human rights.



Labor and human rights training for employees

EcoVadis Sustainability Assessment Ratings	2016–2020	2021, 2022	2023
	Silver	Gold	Platinum

2. A global institution that provides sustainability and supply chain assessments. As of June 2023, it has evaluated over 100,000 organizations and companies in 200 industries and 175 countries.

#### Why the Nichirei Foods Group is Uniquely Capable

Approximately 40 years of know-how in the acerola business	Wholly owned subsidiaries in two major production areas (Brazil and Vietnam) and the world’s largest amount handled	Standardized vitamin C content	Superior quality	Guaranteed traceability for all raw materials
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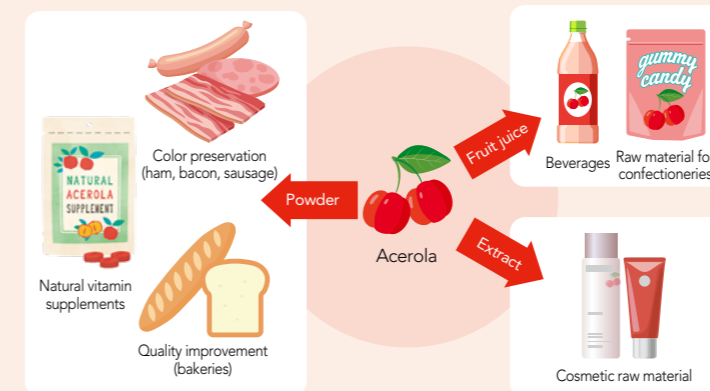
#### Providing the Diverse Value of Natural Vitamin C, Not Just for Juice

##### ■ Acerola as a Clean Label Raw Material

Grown primarily in countries such as Brazil and Vietnam, acerola generates a large amount of natural vitamin C—about 34 times more than that found in lemon juice—so that it can withstand the intense tropical sunlight. However, another characteristic of acerola is that the natural vitamin C decreases as the fruit reddens and ripens. Therefore, it is harvested early while it still contains a large quantity of natural vitamin C, and processed into acerola powder. Acerola is currently the only food ingredient that is rich in natural vitamin C and can be produced on an industrial level. It is widely used in supplements, mainly in Europe and North America, and as a clean label raw material for bakery goods, processed meat products and other food products. Demand for acerola powder is expected to grow as the market for clean label raw materials continues to expand.

##### ■ New Acerola Powder Production Line Established

To meet demand for acerola powder, which is attracting interest as a clean label raw material, Niagro added a new production line, which began producing acerola powder in June 2023. Since Niagro only handles the acerola fruit it purchases from its co-growers, traceability is guaranteed for the entire amount used to produce the powder. Niagro will nurture acerola powder into a new business pillar in addition to acerola juice.



Niagro’s new factory



Acerola powder

- Supplying clean label raw materials and ingredients
- Contributing to development of the local economy and community
- Establishing an environmentally friendly, sustainable business



- Generating profit through expansion of the acerola powder business to meet growing need for clean label raw materials
- Effectively using pomace from juice production