



Nichirei Group Integrated Report 2020



Nichirei Management Principles

Mission

Focus on Lifestyles, and Provide True Satisfaction

Vision

Revised April 2019

We will continue to support good eating habits and health by leveraging our state-of-the-art manufacturing practices that optimize nature's bounty, along with our leading-edge logistics services.

Guiding Principles

- 1. Prioritize customers, safety, and quality**
- 2. Ethical operations**
- 3. Transparent management**
- 4. Sustainable communities**
- 5. Value creation**

Brand Slogan

Creating Savory Moments

Basic CSR Policy

The Nichirei Pledge –Working to Make Our Communities More Sustainable–

As a group of companies that provide value in the fields of food and health, the Nichirei Group strives to help communities solve the issues they face while creating new value for customers through its business activities. The Group gives full consideration to the economic, social, and environmental impact of its endeavors, and publicly discloses the details of its businesses to its stakeholders, in order to gain their understanding and promote further dialogue.

Create new value for customers We strive to create new products and services, while helping customers and communities solve various issues through our business activities.			
Provide safe products and services We ensure that everything we offer our customers is characterized by high quality and safety.	Maintain a sustainable supply chain We work to ensure that our supply chain is sustainable.	Reduce environmental impact We strive to reduce the environmental impact of our operations, while giving full consideration to their potential effects on the global environment.	Foster cooperative relations with communities As a responsible corporate citizen, we foster close cooperation with local communities in the interests of the public good.
Continually enhance our workplaces While promoting respect for the diversity of our employees, we continuously improve the workplace environment to enable every employee to make the most of his or her abilities and work with enthusiasm.			
Support good corporate governance We employ highly transparent, fair management practices, while ensuring that resources are properly allocated and management decisions are made in a timely manner.			
Ensure strict compliance We maintain high ethical standards, while complying with the laws and social norms of each country in which the Nichirei Group operates.			

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Editorial Policy

The Nichirei Group considers the *Nichirei Group Integrated Report 2020* to be an important tool for communicating with shareholders, investors and all of our stakeholders. We aim to communicate financial information, non-financial information and business strategies in an easily understandable way in order to facilitate a systematic understanding of Nichirei's corporate value and ideal state.

We hope readers also develop an understanding with regard to our efforts toward achieving sustainable growth, enhancing corporate value and resolving social issues through our business activities.

Amounts and percentages are rounded off.

Notes about Future Prospects

Statements in this report pertaining to future business performance and so on consist of rational judgments based on currently available information and contain a degree of uncertainty. Actual business performance may differ due to a variety of factors in the future.

Reporting Companies

Nichirei Corporation and its consolidated subsidiaries in Japan and overseas
(As of March 31, 2020)

Reporting Period

April 1, 2019 – March 31, 2020
(Some information from outside of this period is included)

Referenced Guidelines

- GRI Standards
- IIRC (International Integrated Reporting Council)
- TCFD (Task Force on Climate-related Financial Disclosures)

Issue Date September 2020

Nichirei's History

Nichirei was established to provide a safe and reliable supply of food products during the postwar era, when food shortages were a serious problem. It has steadily grown while developing a variety of businesses to support Japan's dietary habits.

We will continue to support good eating habits and health by leveraging our state-of-the-art manufacturing practices that optimize nature's bounty, along with our leading-edge logistics services.

1940s to 1950s

Launched Nichirei Group business promoting diversification

1960s to 1970s

Expanded business based on refrigeration
Expanded logistics network

1980s to 1990s

Established Nichirei brand
Promoting business internationalization

Group's history

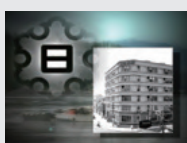
1942

Established Teikoku Marine Products Control Company



1945

Established Nippon Reizo Inc. as a private company



1985

Changed company name to Nichirei

1946

Launched sales of *Reika* ice candy



1952

Launched sales of frozen *tempura* set

1954

Launched sales of frozen *chawan-mushi* (savory egg custard)
Cooked frozen foods pioneer

1955

Launched at-sea exportation of marine products

1956

Launched meat and poultry business

1943

Fishery company regulations, established marine products business and ice-making, cold storage and freezing business



1956

Provided frozen food to Antarctic expedition team



1960

Established Kamagaya Laboratory for research on agricultural and livestock products (establishment of a rotating poultry house)



1963

Developed long-distance frozen cargo vehicles

Created logistics network, contributing to "cold chain plan" spearheaded by the government



1964

Contributed to the Tokyo Olympic Games
Provided large amounts of various frozen foods in the Olympic village



1982

Expanded into the biotechnology field



1987

Created acerola drink, currently sold by SUNTORY FOODS LIMITED

1970

Created *Terrace Nichirei* cafeteria for the Japan World Exposition (Osaka)



1988

Launched logistics business in Europe

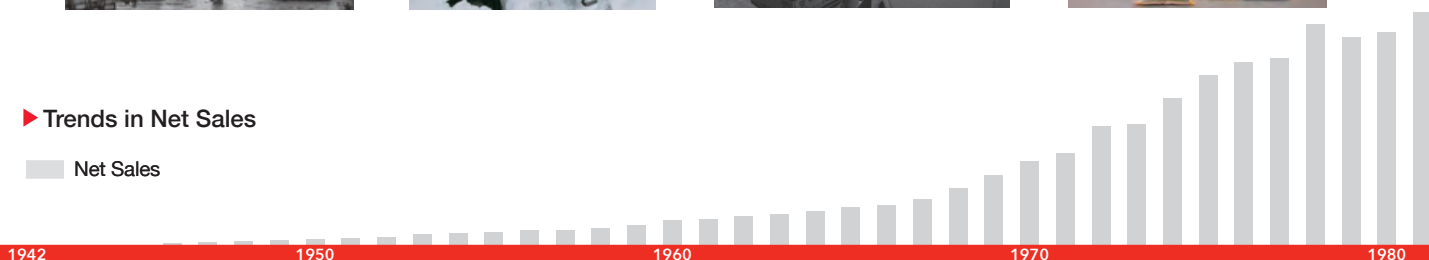
1974

Launched *Green Belt* brand frozen family dinner series



► Trends in Net Sales

Net Sales



2000s to present

Creating new customer value
Aiming for further growth

2000

Enhanced quality assurance system

Enhanced management system and quality assurance in the wake of problems with agricultural chemicals residue in China-produced frozen vegetables and other issues

2005

Converted to a holding company structure

2019

- Establishment of the Nichirei Group Human Rights Policy
- Revision of the Nichirei Management Principles and Formulation of Long-term Management Goals toward 2030
- Revised remuneration system for Directors (excluding Outside Directors) and Executive Officers
- Revision of the Basic Policy on Corporate Governance (Revisions to capital policy and other protocols and adjustments to maximum terms of office for Outside Audit & Supervisory Board Members)
- Certified as a Sports Yell Company and a Tokyo Sports Promotion Company in FY2020
- Selected for the 2020 Health & Productivity Stock Selection

1990

Launched transfer center operation

2007

Established directly managed poultry farm
Started raising *Junwakei* chickens in Hirono Town, Iwate Prefecture

2019

Established bioscience business base for research, development and production

2019

Full-scale operation of food plant optimal production and personnel planning automated formulation system

1994

Launched sales of *Shin-Renji-Seikatsu*, one of the first microwaveable frozen food products



2008

Established fully integrated plant for processed chicken products in Thailand



Global Innovation Center



2013

Launched logistics business in Thailand



2019

Held a briefing session for recruiting of joint research and co-creation partners

2019

Support for victims and regions damaged by typhoon No. 19 in 2019

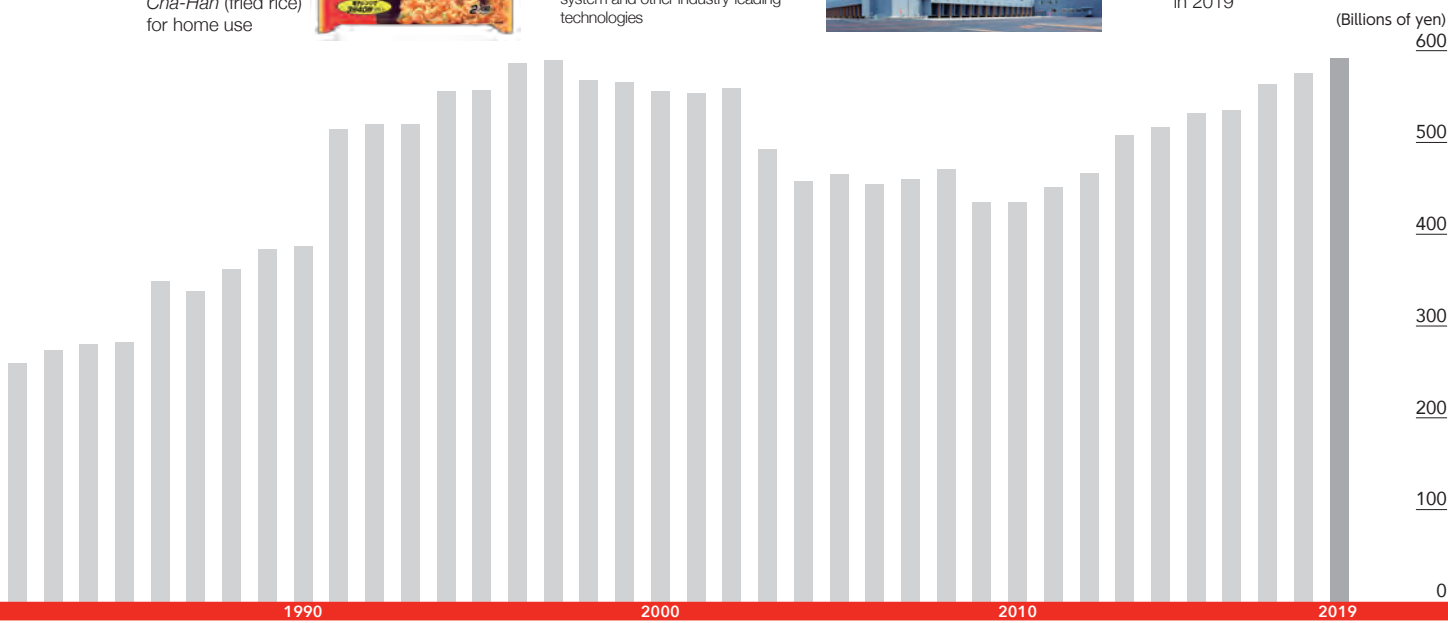
2001

Launched sales of frozen food *Honkaku-Itame Cha-Han* (fried rice) for home use



2011

Constructed high-performance large refrigerated warehouses
Introduced a seismic isolation system and other industry-leading technologies



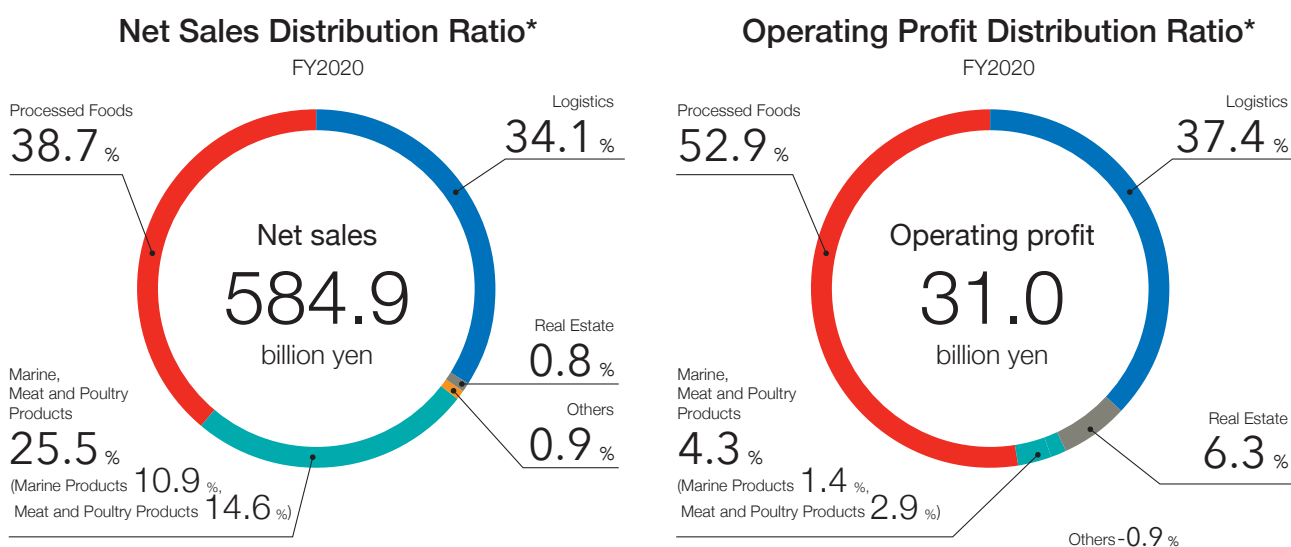
Business Overview

Group Overall

Note: Fiscal years (FY) indicate years ended March 31.

The Nichirei Group is expanding its business initiatives in areas, including marine, meat and poultry products; bioscience; and real estate. Its main focus, however, is on processed foods and logistics.

Each of the companies under the holding company—responsible for overall Group strategy—aims to create new value for customers through the flexible conduct of business and by planning to raise corporate value over the medium-to-long term.



* Monetary amounts and percentages have been rounded

Processed Foods

Note: Fiscal years (FY) indicate years ended March 31.

Description of Business

By intimately following the way people live, we contribute to the realization of a healthy and abundant society through food that is characterized by seven basic values: healthy; enjoyable to eat; simple and convenient to prepare; delicious; safe; readily available; reasonably priced.

We will continue to refine our distinctive abilities and create superb value through frozen foods, retort pouch foods and wellness foods, in order to become the most trusted food company in the world.



Sales Ranking of Frozen Foods Manufacturers

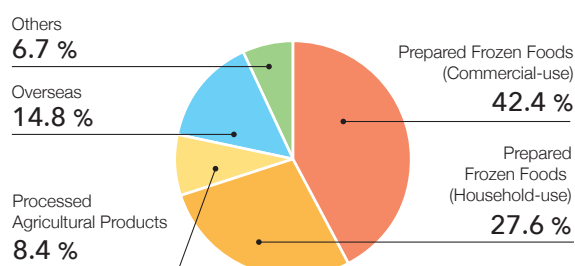
FY2020

Ranking	Company	Net sales (billions of yen)
1	Nichirei	229.6
2	Ajinomoto	211.2
3	Nippon Suisan	193.4
4	Maruha-Nichiro	179.8
5	TableMark	108.0

No.1
in Japan

Breakdown of Sales in the Processed Foods Business*

FY2020



* Does not include eliminations within subsegments.

Source: From a July 12, 2019 article in the Reishoku Nippo, which is published by Shokuhin Sangyo Shimbunsha Co., Ltd.

Logistics

Description of Business

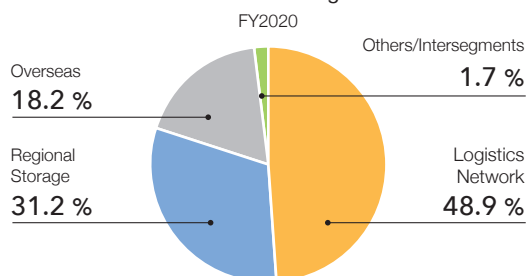
We are the largest domestic temperature-controlled logistics group. Our business comprises a logistics network, focused on transportation and delivery; a regional storage business responsible for our refrigerated warehouses functions; an overseas business section that handles operations in Europe, China, Thailand and Malaysia; and engineering services, which are responsible for matters from temperature-controlled logistics facility planning and design to maintenance management.

Throughout our supply chain, we provide high-quality service, including transportation and delivery, storage and processing.

All parts of our supply chain are linked by an advanced logistics information system to the design, construction and maintenance of logistics centers.



Breakdown of Sales in the Logistics Business*



* Does not include eliminations within subsegments.

No.1
in Japan

Top Company Ranking in Terms of Cold Storage Capacity

Top 5 Companies in Japan

Ranking	Company/Group Name	Capacity (thousands of tons)	Share (%)
1	Nichirei Logistics Group	1,490	10
2	Yokohama Reito	880	6
3	Maruha-Nichiro	660	4
4	Toyo Suisan	540	4
5	Chilled & Frozen Logistics Holdings	500	3

Note: As of April 2019

Source: Compiled by Nichirei based on Japan Association of Refrigerated Warehouses documents

Top Ten Companies Worldwide

Ranking	Company/Group Name	Capacity (thousands of tons)	Main Countries of Business
1	Lineage Logistics	17,040	USA, etc.
2	Americold Logistics	13,120	USA, etc.
3	United States Cold Storage	4,210	USA, etc.
4	AGRO Merchants Group, LLC	3,100	USA, etc.
5	NewCold Advanced Cold Logistics	2,200	Netherlands, etc.
6	Nichirei Logistics Group	2,160	Japan, etc.
7	Kloosterboer	1,940	Netherlands, etc.
8	VersaCold Logistics Services	1,390	Canada
9	Interstate Warehousing, Inc.	1,310	USA
10	Frials Frigorificos	1,200	Mexico

Note: As of April 2020

Source: Compiled by Nichirei based on International Association of Refrigerated Warehouses document "Global Top 25 List"

No.6
worldwide

Marine, Meat and Poultry Products

Description of Business

We promote the development of premium marine, meat and poultry products by utilizing our global procurement abilities and emphasizing freshness, deliciousness, safety, security, health and eco-friendliness. We also keep sustainability in mind, paying attention to resources and the environment while aiming to create better value for consumers.



Bioscience

Description of Business

We provide high-quality products and services in order to contribute to the physical and mental health of as many people as possible through biotechnology and we are highly engaged in the cell biotechnology field and the functional material field that utilizes the Nichirei Group's material procurement capabilities.



Real Estate

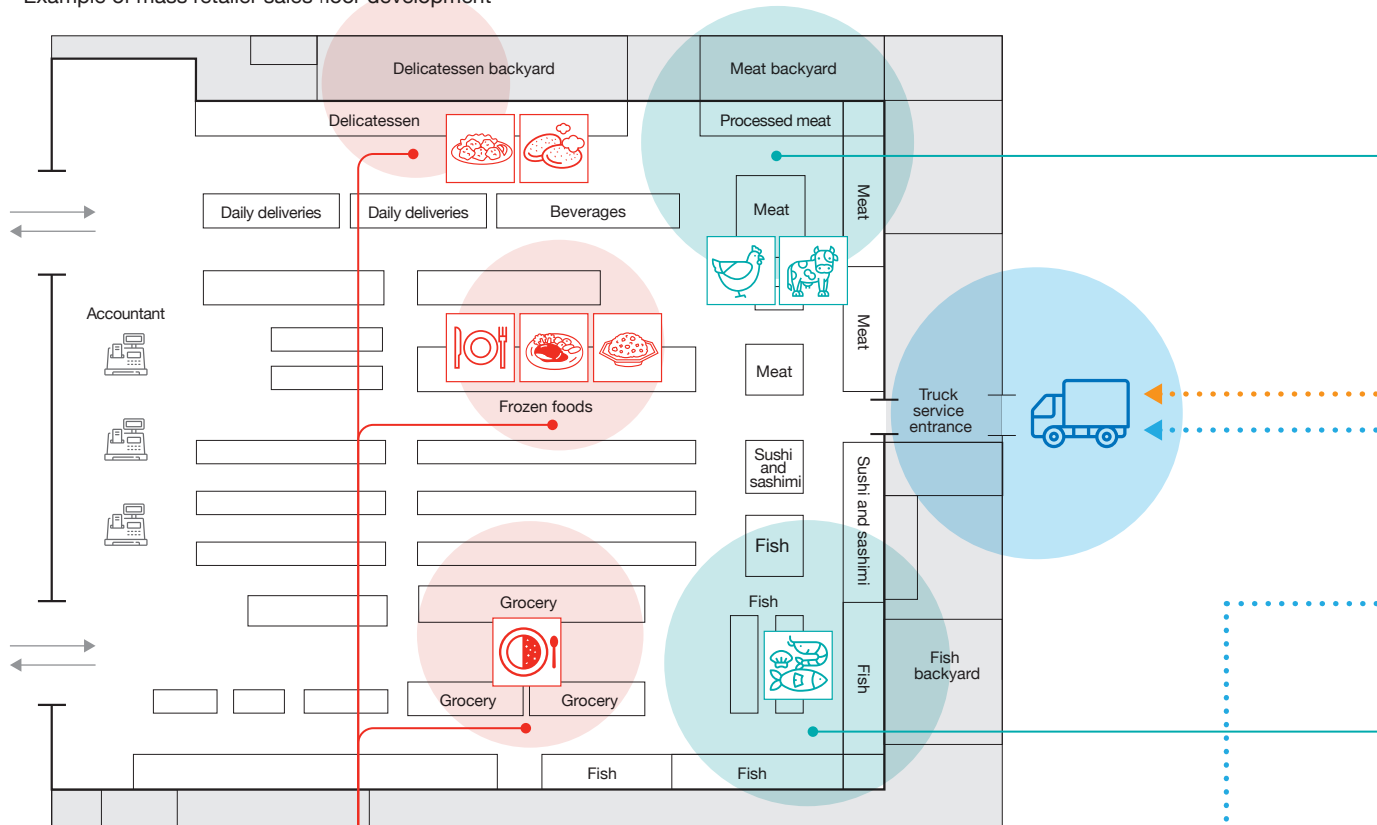
We rent and manage office building space to make the most of company-owned land.

Nichirei Group Comprehensive Capabilities in Mass Retailers

In addition to providing household-use and commercial-use frozen foods and raw materials for fisheries, livestock, and poultry, Nichirei mainly focuses on business areas that support eating habits, such as temperature-controlled logistics, which handles the storage and delivery of foods.

For mass retailers, who constitute our main customers, we provide products to various sales floors, such as fresh foods, delicatessen and frozen foods, while enhancing efforts throughout the Group, such as conducting store delivery operations by region, in an effort to build long-term relationships of trust.

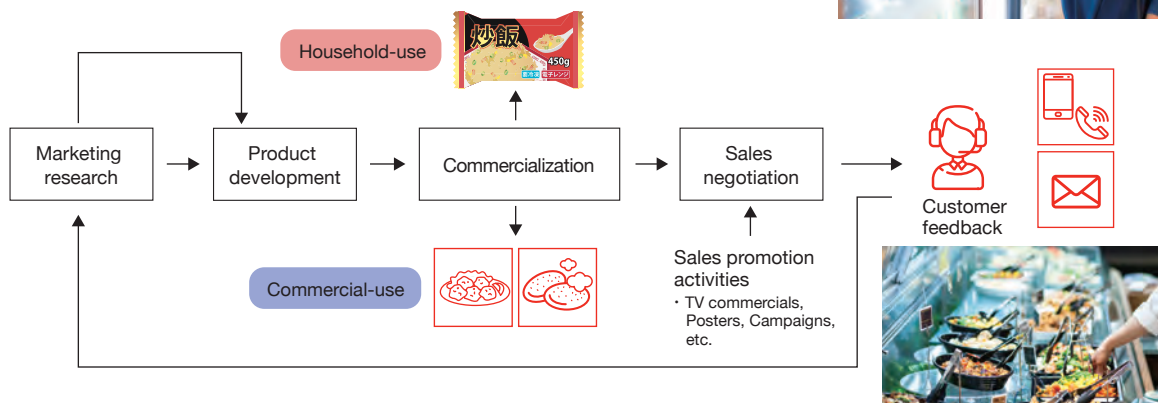
Example of mass retailer sales floor development



Processed Foods Business

Industry-leading sales

Household-use frozen foods and commercial-use frozen foods for delicatessen sales area



Temperature-controlled Logistics Business

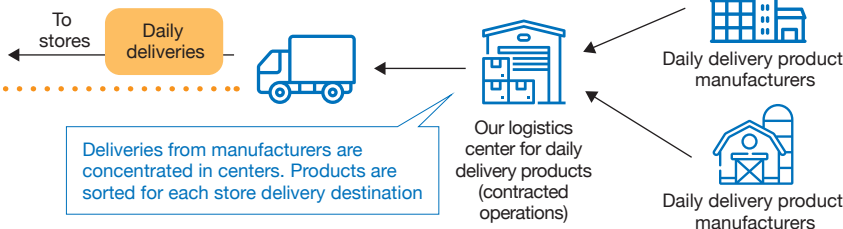
Sales among major food logistics companies
Industry top class

Sales ratio outside the Nichirei Group
92%

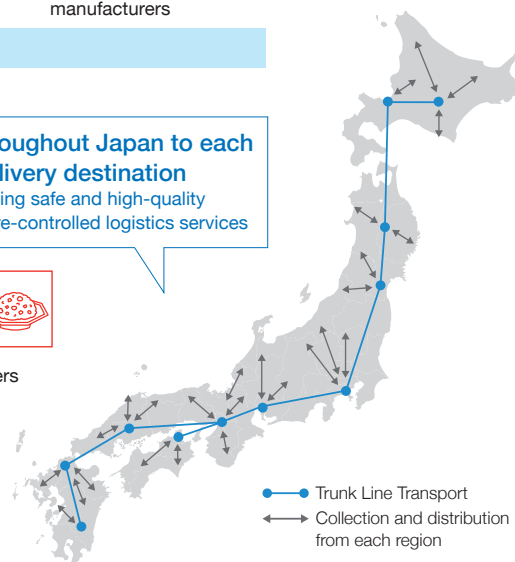
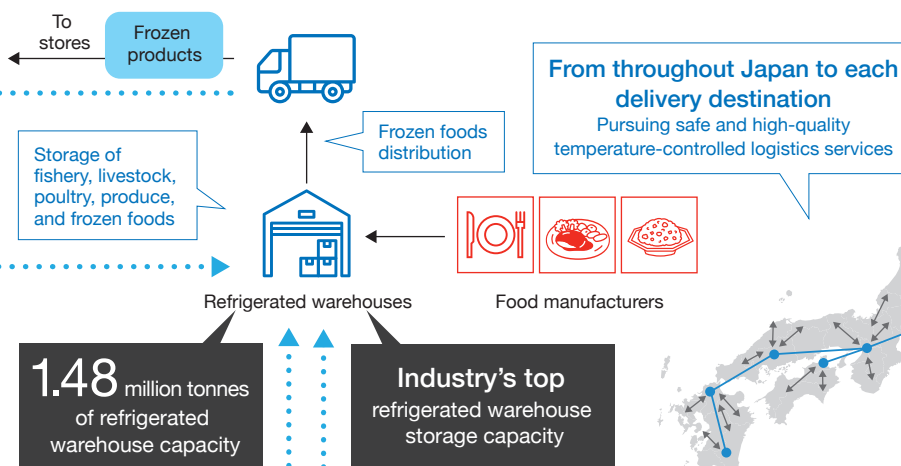
Domestic vehicles in operation: Approximately
7,000

Providing optimal logistics services customized exclusively for customers 24-hours per day, 365 days per year

Delivery of daily delivery products



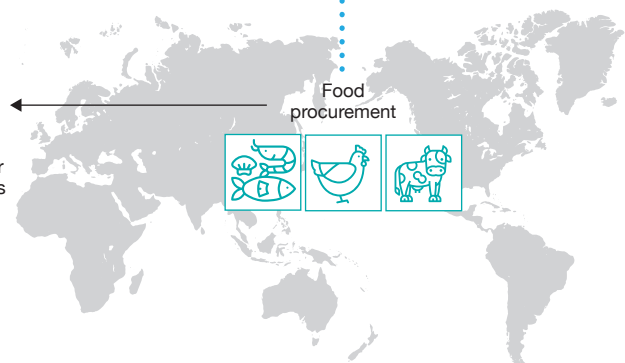
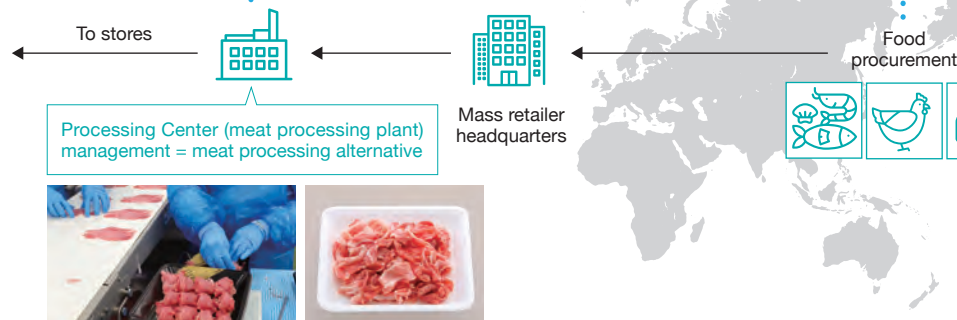
Frozen products distribution



Marine Products, Meat and Poultry Business

High quality assurance capabilities
Product proposals using Nichirei
Fresh materials

Sell the best materials procured through our own global network



Message from the President



Resolving Social Issues, Eyeing Further Growth

On December 1, 2020, we will celebrate Nichirei's 75th anniversary. And as I recall now, when I was appointed president, I announced our aim to be a Company that continues to do business for the next 100 years.

In fiscal 2020, we formulated what might be called a milestone in terms of long-term management goals toward 2030, and launched the new medium-term business plan WeWill 2021. We have identified materiality for realizing our vision for 2030, and have begun formulating measures and KPIs that need to be reflected in the next medium-term business plan.

Nichirei Group business activities involve a wide range of food which, by its very nature, brings with it a great social responsibility that forms a strong connection between the sustainable growth of the Company and the realization of a sustainable society. For this reason, the Nichirei Group will incorporate in its management strategy such approaches as will link business activities with the resolution of social issues.

As we face society and take on challenges without fear of failure, we shall continue to support people's good eating habits over the long term.

Kenya Okushi

Representative Director, President
Nichirei Corporation

Note: Coined word "WeWill" is the theme of Nichirei's present medium-term business plan. It represents plan initiatives and our strong intention to create our own future.

Results and Issues in the First Year of WeWill 2021

In the food industry, lifestyle changes continue to drive the externalization of food. Although the ready-made meal market has expanded, factors such as soaring labor, distribution, and raw material costs have caused increasingly severe hikes in expenses. In the area of food distribution, as labor shortages become more prominent, efforts to develop technologies and introduce equipment to save labor are accelerating.

Amid these conditions, in the first year of the medium-term business plan WeWill 2021, the Nichirei Group is working on measures, focused on our core businesses, that are aimed at realizing the creation of new value to support good eating habits and health.

In the processed foods business, enhanced sales promotion efforts, including television commercials broadcast throughout the fiscal year, resulted in favorable sales of cooked rice and processed chicken products, which are the mainstay categories of household-use frozen food.

In the logistics business, we were able to absorb cost increases stemming from labor shortages and other issues by improving operational efficiency and charging appropriately, while at the same time the amount of goods handled increased.

As a result, with the core processed foods and logistics businesses driving Group performance, net sales reached ¥584.9 billion, up 0.8 % year on year. By the same comparison, operating profit rose 5.2 % to ¥31.0 billion, while ordinary profit increased 6.4 % to ¥31.8 billion.

Loss on retirement of fixed assets due to equipment upgrades and increased removal costs resulted in a 1.7 % year-on-year decline to ¥19.6 billion in the profit attributable to owners of the parent.

With regard to capital investment, as demand was stronger than expected in our main business, we were unable to suspend production, and we had to postpone equipment upgrades due to high levels of operation at production plants. Bearing in mind the importance to our growth of capital investment, we will reorganize our plan for such outlays in fiscal 2021.

In addition, while we recognize that expanding overseas business is important, we also acknowledge that, as a result, business alliances and M&A may be affected by negotiations with partner companies, and so shall make the necessary adjustments to our plans starting in the second year of WeWill 2021.

COVID-19 Brings a New Perspective

The social and economic environment has been undergoing drastic changes, due to the spread of the COVID-19 virus since March 2020. The Group has set up a countermeasures headquarters, as it places the highest priority on the health and safety of our employees and, in line with our social responsibility, is continuing its business activities to help prevent food shortages.

Demand for home-cooked and ready-made meals has increased as consumers refrain from dining out to avoid infection, although demand for commercial-use products in the food service industry has decreased significantly. We thus will continue to promote business that prioritizes the health and safety of our employees and respond as appropriate to customers facing difficulties.

In addition, I believe that what we eat is changing, and will become even more varied after COVID-19. Rather than simply going back to the way things were, markets will be created that are different from anything we have known up to now. And should some players create their own markets, that would be a chance to generate new business opportunities.

In such an environment, it is important to acquire the macro information necessary for management decisions, as well as to understand the micro changes perceived by those working in the field, and quickly to incorporate both in our business activities.

With the transition made to telework during the COVID-19 pandemic, I have come to realize the significant potential of communication tools. I am confident that it will become easier to exchange information in real time, while sharing information and collaborating with a sense of urgency will lead to the rapid delivery of new and abundant dietary items.

The spread of the pandemic also has provided us with an opportunity to reassess risks. Assuming disasters such as massive earthquakes and recent typhoons and heavy rains to be risks that hinder business continuity, we created business continuity plans (BCP) in recognition of the need to respond to each scenario. Also clear is the need to develop measures to counter infectious diseases such as COVID-19.

Based on recent experience, the Group will improve its BCP so as to be ready in the event of an outbreak of another infectious disease. It is important to anticipate change and adequately estimate risks when planning, ahead of new threats requiring us to employ a BCP.

Creating New Customer Value

In the second year of WeWill 2021, the focus will be on creating systems and mechanisms to provide new value that will become the foundation of Group growth.

In 2017, Nichirei set up a body within its Strategic Planning department tasked with creating new business by exploring business models not bound by existing business areas or ways of thinking.

As a next step, we have begun to develop an innovation management system (IMS), in accordance with ISO 56002, intended to verify and evaluate the creation of a wider variety of businesses. The existing Business Innovation Group merged with the Technology Management Department, which oversees IMS, enabling them to work together.

With the new system in place, the Nichirei Group will be better able to discover and nurture new businesses from a long-term perspective. The system will increase our opportunities to utilize and support good ideas, focus our efforts on meeting challenges, and increase the accuracy of commercialization.



Identifying Materiality

In June 2020, the Nichirei Group identified five material matters for implementing a management strategy that captures business opportunities and risks in order to achieve the long-term management goals sought by 2030.

Nichirei Group Materiality

Creating value in food and health

Strengthening food processing and production technology capabilities;
enhancing logistics services

Realizing sustainable food procurement and resources recycling

Climate change initiatives

Securing and developing a diverse array of human resources

The Nichirei Group, being in the food provision business, is intimately connected to society. We recognize that our business activities affect the lives of our stakeholders and society, and that we thus have tremendous social responsibility. This is the reason we believe that building relationships of trust with our stakeholders is essential and so, in 2017, we formulated our CSR basic policy, The Nichirei Pledge: Working to Make Our Communities More Sustainable.

Our purpose is to realize a sustainable society and the sustainable development of the Company. To ensure the links between business activities and the resolution of social issues are firm, we have determined it necessary to identify material matters and incorporate them into our business strategy.

All officers, including outside directors, participate in the identification process. We position business opportunities and risks as being proactive or reactive, and identify material matters from both perspectives. For proactive material matters, we provided all office holders with a questionnaire summarizing “social needs” and “affinity with business and willingness to execute.” From this we created a rough draft.

Throughout this process, I realized that, as we resolve social issues, the Company will grow. While we can imagine growth in some areas, we are also aware of the potentially negative impact on corporate value of maintaining the status quo. However, I believe the successful management of negative issues can render them an opportunity to enhance corporate value.

Outside officers with insights in various fields have expressed opinions based on diverse values. One officer even asked: “In terms of resource recycling, can the business of food provision be described as stable and secure?”

We spent a considerable amount of time narrowing down our rough draft of proactive and reactive material matters. In our discussions, we were guided by our mission, vision, and the Nichirei Pledge, as well as all the resulting efforts and achievements. This is where I thought Nichirei truly distinguished itself.

We engaged in dialogues with experts concerning the rough draft, and the frank opinions expressed resulted in new perspectives, ideas, and advice that was incorporated into the draft.

One of the material matters we identified is climate change initiatives. The impact of climate change on the Group is significant, as we handle food products that are blessings of nature while, at the same time, the energy consumed by our logistics and food manufacturing activities impacts the environment.

Based on recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), the Group conducted scenario analyses and established Group environmental targets and measures aimed at reducing CO₂ emissions.

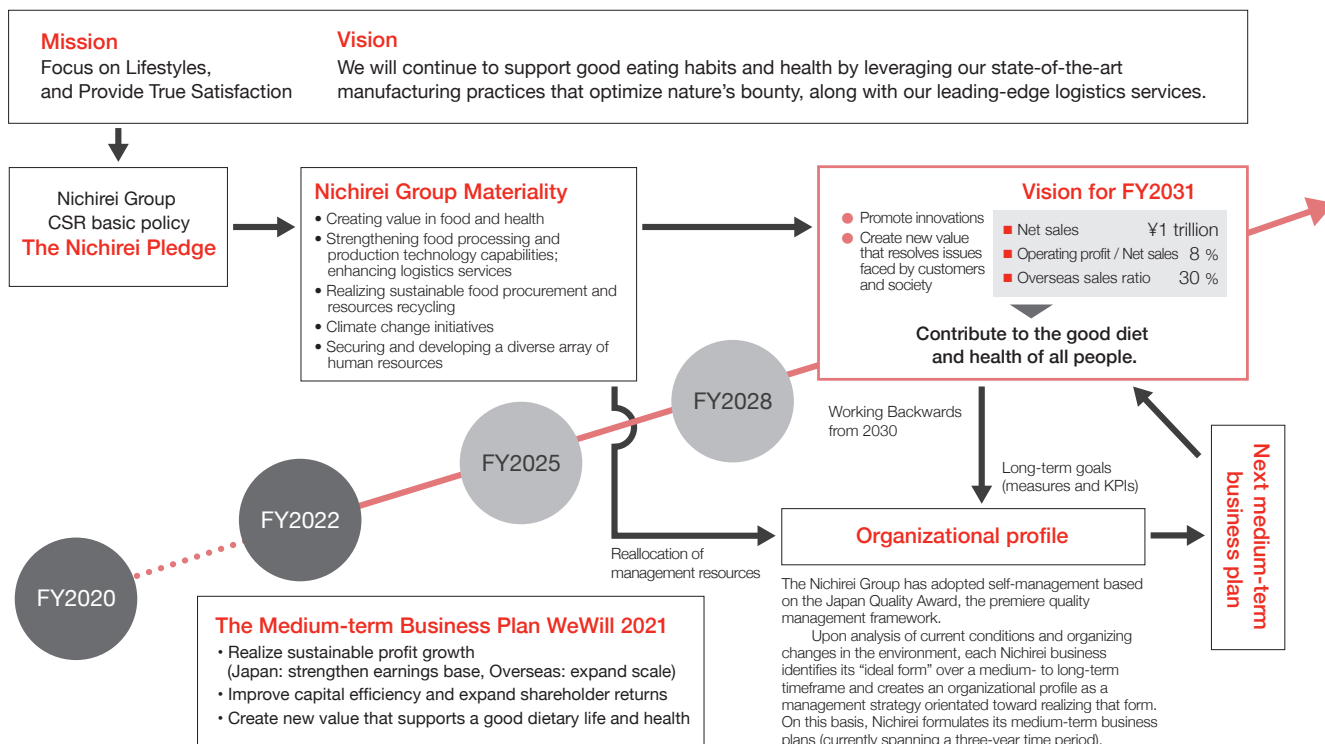
In June 2020, we announced our support for TCFD recommendations and participation in the TCFD Consortium, steadily intending to promote climate change-related initiatives.

Further, we will proactively respond to food loss, which is becoming a social issue. As a food manufacturer, we have already taken appropriate measures to dispose of waste at the production stage, and are making progress in reducing the amount of waste generated.

In future, we will focus efforts on measures including the creation of ideal supply chains to “Realize sustainable food procurement and resources recycling,” one of our material matters.

The first action we can take as a Group is to design products and services. We will consider what can be done with existing products, as well as incorporate environmental considerations into the design of new products and services.

Further, we can achieve differentiation by creating something with added value that is unique to Nichirei. Creating products in this way can lead to initiatives by other supply chain companies, such as food suppliers and logistics companies. In the near future, I would like to proactively exchange opinions with related companies and take a series of steps aimed at reducing food loss.



Vision for 2030—and the Next 100 Years

Human resources are the key to the Group's goal of creating new value and resolving environmental and social issues. When systems and mechanisms are created, it is the employees who use and apply them. Thus, it is essential to provide an environment in which each employee can devote themselves to their work with a sense of purpose. At the same time, we will continue to promote work style reforms and formulate Group goals (measures and KPIs) so that employees can take the initiative in tackling the five material matters.

This presents the Company with an opportunity to create measures under a major theme and so, together with Group companies, we are currently considering how Nichirei's unique aspects might be expressed in 2030. Rather than relying on existing processes and measures, I believe my role is to drive measures that are not merely extensions of current business activities.

This year, Nichirei celebrates its 75th anniversary; the year is also the centenary of the birth of frozen food in Japan. A hundred years ago, the value of frozen food lay in the fact that it could be delivered far away from its source without sacrificing quality.

Today, we not only guarantee quality, but also make it possible to put an abundance of food on dining tables in a limited amount of time, while at the same time supporting human health and healthy lifestyles. In order for Nichirei to continue supporting people's good eating habits over the long term, we must respond flexibly and quickly to changes in consumer demand and society.

Nichirei, as an organization driven by the independent actions of each employee, creates new customer value, conducts business activities, and helps resolve social issues.

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
Creating value in food and health	Create new markets and customer value by taking on challenges outside existing business areas in both food and health
Strengthening food processing and production technology capabilities; enhancing logistics services	Further refine core competencies in food processing, production and logistics to resolve social issues and improve profitability through competitive advantages in global markets
Realizing sustainable food procurement and resources recycling	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
Climate change initiatives	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
Securing and developing diverse human resources	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.

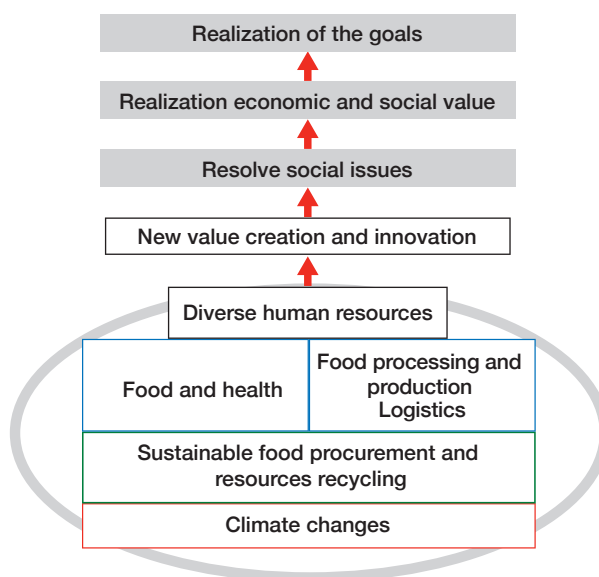
Examination System

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.

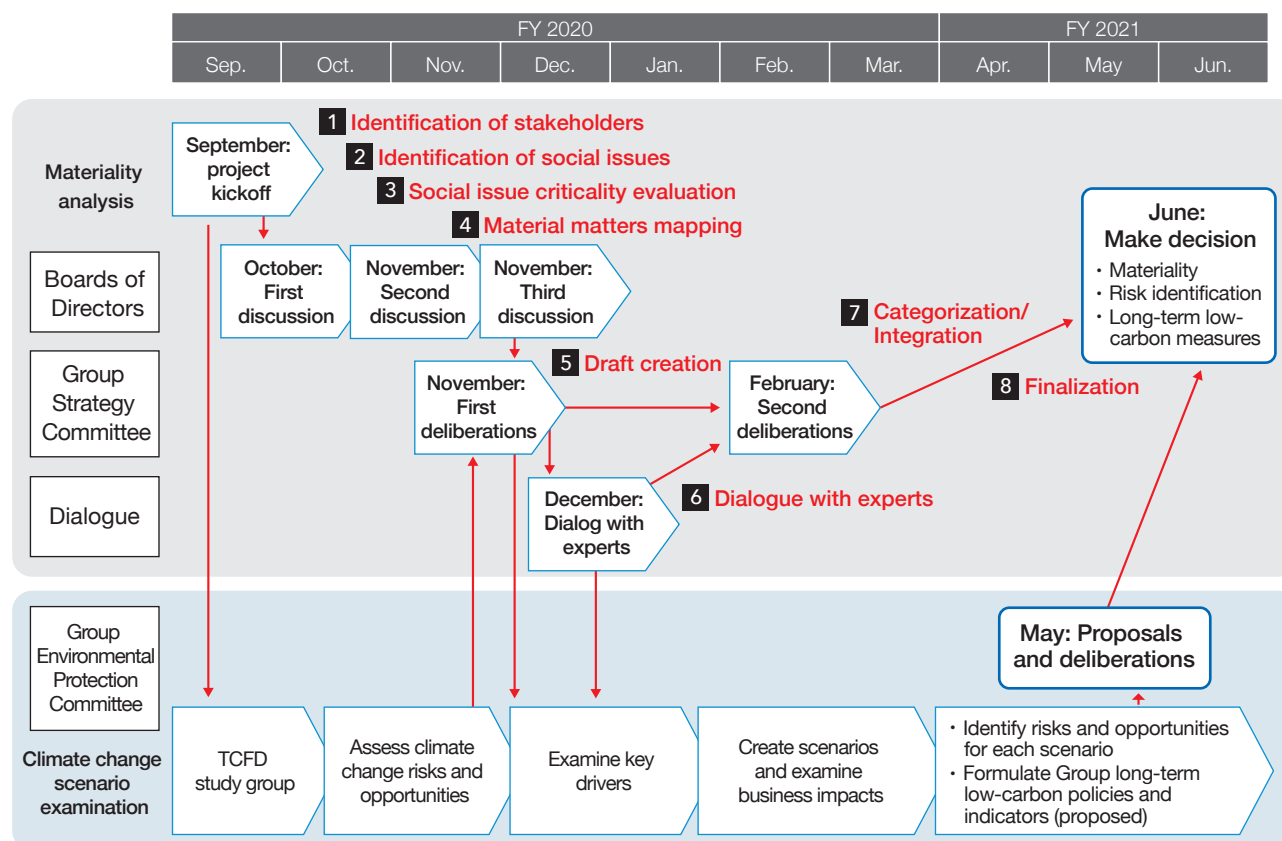
The climate change scenario examination project was led by the executive officer who is the director, and who serves as the managing director in charge of the environment. This was done according to advice from experts and the framework recommended by the TCFD. The reviews themselves were conducted mainly 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.

Relationship between Materiality and Long-term Management Goals toward 2030



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)

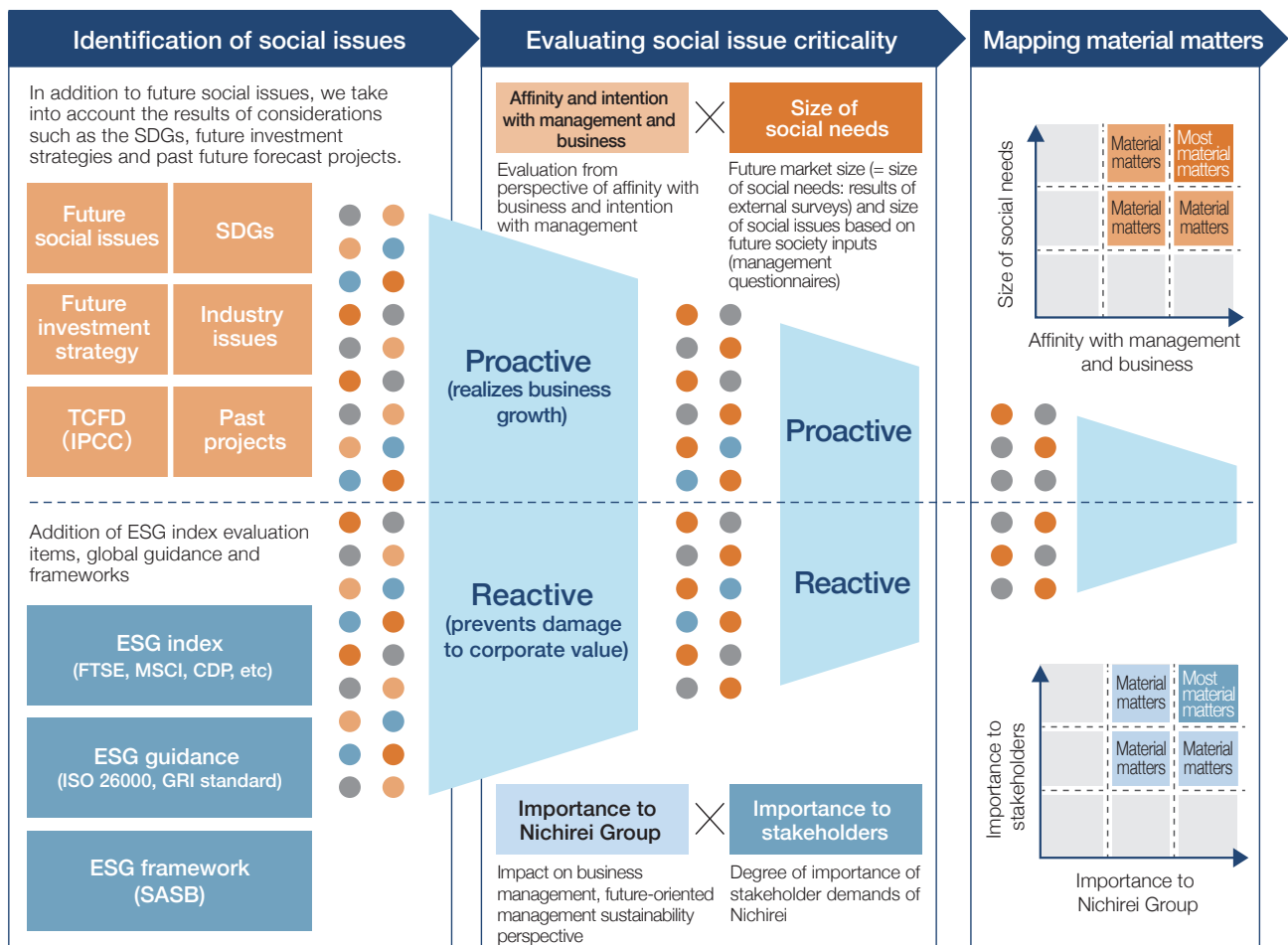
After pinpointing our stakeholders, we have identified social issues from future and global perspectives.

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

Keisuke Takegahara

Development Bank of Japan Inc.
Executive Officer, Deputy Chief Research Officer,
Chief Manager of Sustainability Management Office,
Corporate Planning & Coordination Department

Hidemi Tomita

Lloyd's Register Japan K.K.
Director

Yumiko Murakami

Organisation for Economic Co-operation
and Development (OECD)
Head, Tokyo Center

■ Nichirei Group (Nichirei Corporation) members

Kunio Otani

Representative
Director, Chairman

Kenya Okushi

Representative
Director, President

Takumi Taguchi

Director, Executive Officer,
in charge of Nichirei Group
planning and management
division

Yoshifumi Kaneko

Director, Executive Officer;
Representative Director,
President, Nichirei Fresh Inc.

Junji Kawasaki

Director, Executive Officer,
in charge of Nichirei Group
technology management
and quality assurance

Masahiko Takenaga

Director, Executive Officer;
Representative Director,
President, Nichirei Foods Inc.

Kazuhiko Umezawa

Director, Executive Officer;
Representative Director, President,
Nichirei Logistics Group Inc.

Masato Takenaga

Executive Officer;
Representative Director, President,
Nichirei Biosciences Inc.

Kazunori Miki (facilitator)

Executive Officer
General Manager,
Strategic Planning

Opinions of outside experts

■ Granularity of future measures

- Efforts should be made, for example, to reduce CO₂ 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 (CO₂ 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.



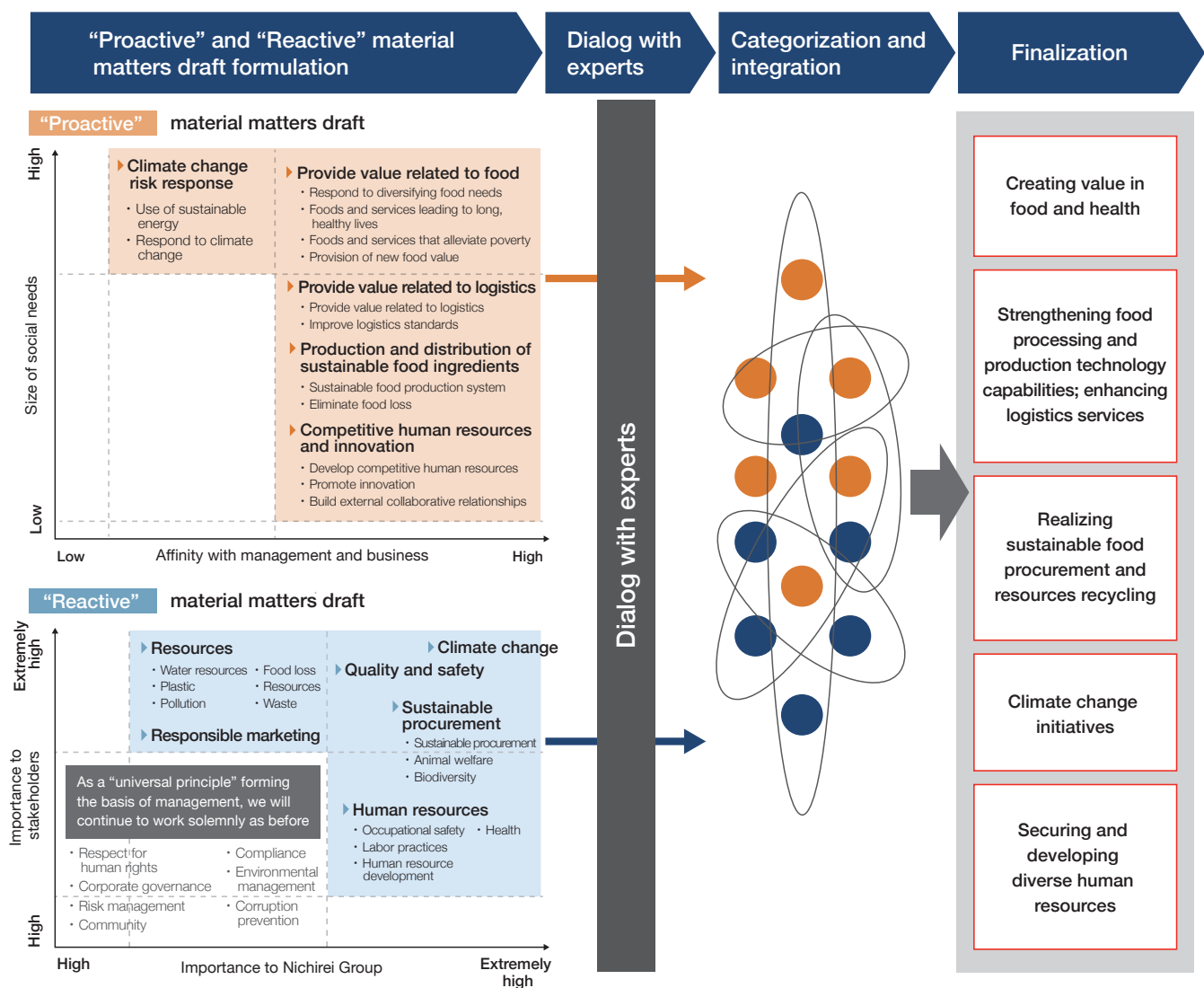
Nichirei Group Materiality Determination Process

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 ₂ 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.

Climate Change Initiatives

Supporting TCFD Recommendations



The effects of climate change are becoming increasingly serious and being blamed for frequent abnormal weather patterns and natural disasters. Together, these factors are impacting the food supply chain, on which is based the value provided by the Nichirei Group.

We recognize the importance of appropriately responding to risks posed by shifts in the external environment caused by climate change. On top of that, we are considering and preparing multiple scenarios in order to turn climate change into a business opportunity.

To this end, we are assessing climate change scenarios put forward by the Task Force on Climate-related Financial Disclosures (TCFD), created by the Financial Stability Board (FSB), an international body that monitors and makes recommendations about the global financial system.

As a result, the measures we introduce are based on four aspects of the recommended framework: governance, strategy, risk management, and metrics and targets. By conducting appropriate disclosures of associated information, we hope to continue building a constructive dialogue with our stakeholders.

It is in line with these ideas and because we support its recommendations that, in June 2020, we announced our participation in the TCFD Consortium.

Governance

In October 2019, we began analyzing climate change scenarios as an interdepartmental Group project, headed by the Representative Director, President. Since Director, Executive Officer is responsible for implementing climate change strategy, he leads the project and teams up with environmental personnel and joint project members from the Strategic Planning department of both the holding company and Group companies to discuss and evaluate risks and opportunities with reference to the United Nations Intergovernmental Panel on Climate Change's (IPCC's) *Fifth Assessment Report* (AR5, the climate change scenario currently in effect) and the *Special Report on Global Warming of 1.5°C*.

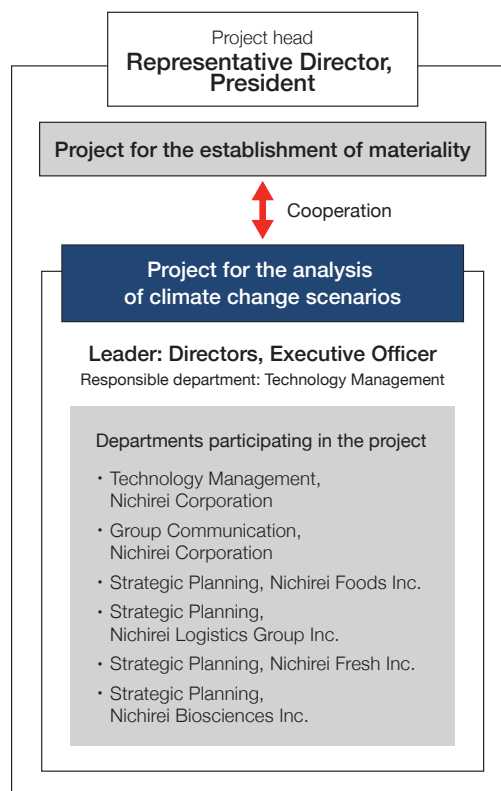
Through these activities, we identified the most important associated risks and opportunities based primarily on advice from outside experts.

In May this year, the Group Environmental Protection Committee, which reviews environmental policies and action plans, made proposals and conducted discussions concerning risks and corresponding countermeasures.

The committee's decisions were subsequently approved by the Board of Directors in June and are reflected in our current management strategy. The Group views climate change initiatives as one of the material matters in the achievement of its vision for long-term management goals toward 2030.

In future, the director-cum-executive officer in charge will report at least once a year on the progress of the initiatives at Board of Directors' meetings. Relevant strategies, goals, and plans will be revised as appropriate on the basis of the reports.

Project Organization



Strategy

Worldwide, the Nichirei Group is developing a range of food-centered businesses that it expects will be impacted by climate change. Based on recent baseline scenario analyses of how climate change might affect our business activities, we hope to achieve a greater understanding of the risks and opportunities that lie ahead and thus to incorporate appropriate responses into our management strategy based on the following activities.

1 Selecting Scenarios for Analysis; Developing a World View

This involves assessing the impact of climate-related risks and opportunities under the baseline (3–4°C)¹ and the 1.5°C scenarios.²

Baseline Scenario (Key Risks)	1.5°C Scenario (Socioeconomic Transition)
Storm surges; coastal flooding and rising sea levels; flashfloods; abnormal weather patterns; extreme heat; torrential rainfall; drought; water shortages; and deterioration in marine and terrestrial ecosystems	Decarbonization of energy; reduction of CO ₂ emissions in demand sectors; spreading electrification of technologies; achievement of zero real emissions by 2050; particular focus on CO ₂ as a greenhouse gas; increase in renewable energy-related investment; proper balance between sustainable development and the environment; and the implementation of decarbonizing technologies

Notes: 1. IPCC AR5: Physical risks 2. IPCC Special Report on Global Warming of 1.5 °C: Transition risks

2 Assessment of Risk and Opportunity Materiality

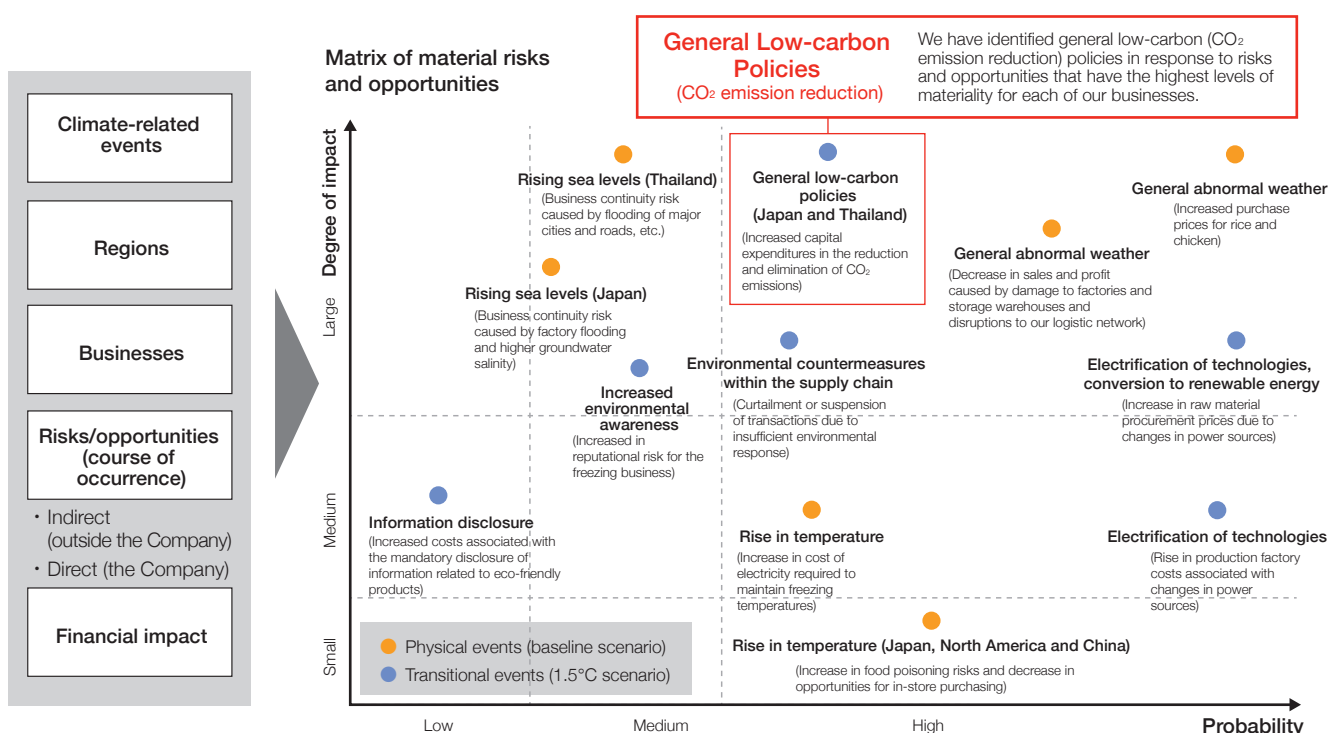
The risks and opportunities associated with each scenario are identified and their materiality is evaluated based on their potential impact¹ (on sales in each business) and probability² (the likelihood that a risk-bearing, climate-related event will occur).

Notes: 1. Degree of impact: This metric assesses the financial impact of businesses that are expected to incur impact from climate-related events.

2. Probability: In cases of physical risks, such as natural disasters, this metric assesses frequency of occurrence. In cases of transition risk, it measures the anticipated degree of risk.

3 Identification of Material Risks and Opportunities

Based on assessments of materiality, material risks and opportunities associated with each business are selected, and from among them those with a particularly large financial impact are identified as risks and opportunities facing the entire Nichirei Group.



Climate Change Initiatives

4 Material Risks and Opportunities by Business

Business		Risks		
Foods Business	Chicken	Baseline scenario	General abnormal weather	<ul style="list-style-type: none">Reduction of agricultural and dairy production, and steep rise in purchase prices due to deterioration in qualityDifficulty in obtaining raw materials and production delays due to logistic network disruptions
	Rice			
	Shrimp		Flooding, rising sea levels	<ul style="list-style-type: none">Reductions in production efficiency and volume and submerged aquafarmsSubmerged agriculture farms, aquafarms and processing factoriesDifficulty in obtaining raw materials and production delays due to supply chain disruptions
	Vegetables, marine products, and meat and poultry products			
	Common	1.5°C scenario	Low-carbon policies	<ul style="list-style-type: none">Increased cost for measures for converting to renewable energy and equipment electrification, elimination of emissions
		Environmental countermeasures within the supply chain	<ul style="list-style-type: none">Curtailment of transactions; higher cost of measures such as the maintenance of global certifications	
Logistics		Baseline scenario	General abnormal weather	<ul style="list-style-type: none">Damage to refrigerated warehouses and logistics centersDifficulty securing human resources in disaster risk areas
		1.5°C scenario	Low-carbon policies	<ul style="list-style-type: none">Opportunity loss caused by the slow increase of investment in natural refrigerants and the slow adoption of technological platforms such as electrical and low-carbon vehicles

Business		Opportunity		
Foods Business	Baseline scenario	Changes in weather patterns	<ul style="list-style-type: none">Increased demand for frozen and processed foods	
	1.5°C scenario	Strengthening of environmental countermeasures within our supply chain	<ul style="list-style-type: none">Increase demand for ethical products that are compliant with the SEDEX platform and are created using globally certified raw materials	
			<ul style="list-style-type: none">Increase demand for the curtailment of food loss within the supply chain through the development of eco-friendly products and technological development	
		Increased environmental awareness	<ul style="list-style-type: none">Develop and expand demand for products created using sustainable raw materials	
Logistics	Baseline scenario	General abnormal weather	<ul style="list-style-type: none">Increase in sales thanks to customer base expansion achieved through strengthened disaster countermeasures and resilience	
	1.5°C scenario	Modal shift	<ul style="list-style-type: none">Cost reduction achieved through a modal shift that improves transportation efficiency	
		Increased environmental awareness	<ul style="list-style-type: none">Increase in number of business partners due to higher evaluations as a company that actively discloses information related to environmental countermeasures	

Bioscience business is characteristically resistant to impact from climate change-related events. Accordingly, we have not currently identified any material factors in our bioscience business.

5 Impact of a Future Carbon Tax

We estimate that, through 2030, baseline emissions will present an approximate total carbon tax burden of between ¥10.5 billion and ¥13.0 billion, for an annual average of between some ¥1.7 billion and ¥2.2 billion.

We expect that, by achieving our Group CO₂ emission reduction targets (decrease of 30 % from FY2016 levels by 2030), we can reduce this burden to between about ¥6.7 billion and ¥8.3 billion, down approximately ¥3.7–4.7 billion from the baseline level.

Estimated Group Carbon Tax Burden and Amount of Reduction (average during 2025–2030 and cumulative total)

(Billions of yen)

	Burden (baseline)	Burden (upon achievement of emission reduction targets)	Reduction of burden achieved upon fulfillment of emission reduction targets
			Compared to baseline
Cumulative total	Approximately 10.5–13.0	Approximately 6.7–8.3	Approximately 3.7–4.7
Average (2025–2030)	Approximately 1.7–2.2	Approximately 1.1–1.4	Approximately 0.6–0.8

Note: Carbon tax assumption: Estimated as 100 yen / dollar, assuming \$ 30 / t-CO₂ in 2025, \$ 75-100 / t-CO₂ in 2030, and assuming a fixed amount increase each year from 2026 to 2029.

Risk Management

Nichirei is a global operator of food-related businesses. Accordingly, we ensure that appropriate divisions manage the impact of a variety of risks (including climate change-related risks encountered through business activities) on business management, while adopting a holistic perspective and employing both rational and optimal methods.

The risks are also discussed and reviewed by the Group Risk Management Committee, which is chaired by the Representative Director, President.

We believe that risks associated with climate change scenarios are major and impact the entire Company. Thus, the Group Environmental Protection Committee, chaired by the Representative Director, President, reviews both physical and transition risks twice a year, based on information gleaned from relevant reports and experts' advice.

In addition, at least once a year the committee will review the Board of Directors' report produced by directors responsible for environmental management.

Indicators and Targets

We implement the following three measures to reflect our low-carbon policies, which constitute one of the Group's long-term environmental targets associated with the most significant risks identified by climate change scenarios.

Related press release

https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/pdf_file/news/20200624_1e.pdf

Nichirei Group Low-carbon Policies

Having endorsed TCFD recommendations,
the Nichirei Group is promoting the following low-carbon policies.

Pillar of Low-carbon Policy	Overview	Target Scope
The establishment of long-term CO₂ reduction goals	<ul style="list-style-type: none"> 30% reduction in CO₂ emissions (compared to fiscal 2016) in Japan, Scope 1 and 2 in 2030 	Japan Scope 1 and 2
The promotion of CO₂ reduction countermeasures overseas	<ul style="list-style-type: none"> Promote data collection and other efforts at overseas worksites Review and promote CO₂ reduction countermeasures at overseas worksites 	Overseas Scope 1 and 2
The promotion of CO₂ reduction countermeasures within Scope 3	<ul style="list-style-type: none"> Promote data collection and other efforts within Scope 3 Review and promote CO₂ reduction countermeasures within Scope 3 	Scope 3

Effective period: FY2022–2031 (10 years)

Creating Innovation

The Challenge: New Value Generation

Junji Kawasaki

Director, Executive Officer
In charge of Nichirei Group
technology management and
quality assurance



Innovation is essential if we are to create new value and, by 2030, achieve the vision of our long-term management goals. As food and health become ever more important concerns and the need for Group-wide promotion of new value becomes increasingly evident, we have begun to create a mechanism with that in mind.

■ Company Innovation

The Group's long-term management goals formulated in FY2020 state that, "the Company will promote innovation to create new value that solves the problems of customers and society." Another of our goals is to achieve net sales of ¥1 trillion by 2030.

Enter into the picture COVID-19. The pandemic has significantly changed the world, the previously commonplace is gone, and the creation of new value is more necessary than ever.

Nichirei believes that innovation is not limited to be innovative, but includes combining existing knowledge and resources to create new economic and social value. This can be achieved by transforming our core business model and creating new business opportunities.

When it comes to realizing our long-term management goals, the one of the material matters is the creation of new markets and customer value by taking on challenges that don't adhere to our existing food- and health-related business areas.

■ Producing New Value

While the Nichirei Group already has taken on many challenges, we recognize the difficulty of continuing to do so in these times of uncertainty. We thus decided to discuss, with those in charge at the time, how in the past they had dealt with obstacles.

Over the course of nearly three months, we asked some 50 people about close to 40 challenges they had handled. We learned that, although these people had tried to generate ideas and take on challenges, they had tended to rush through their paces in order to achieve results quickly, rather than take a medium- to long-term approach. Further, the Company had not supported or nurtured their efforts.

Conceptual Diagram of Innovation Management System

Diagram Explanation

Innovation activities (identifying opportunities, creating and verifying concepts, developing and implementing solutions) are shown in the central red frame; uncertainty is reduced through rapid trial and error of hypothesis testing that goes back and forth within the frame leading to the creation of value through innovation. In addition, we aim to more smoothly promote the activities through organizational support. Human resource development, which we are focusing on this year, is an initiative related to the “competence” of the support system.

Source: ISO 56002 Innovation Management—Innovation Management System Guide

Note: The numbers in parentheses in the diagram indicate ISO 56002 chapter numbers.



It became clear that innovation is not achieved by one specific and capable individual. Rather, it is realized by all the Group's employees who, as ideas are generated, will pull together to support the taking on of challenges, resulting in greater innovation.

To this end, we must create a Company culture that fosters and nurtures challenges.

The mechanism currently being developed is based on ISO 56002, the 2019 internationally validated guideline for how to set up an innovation management system (IMS). We now are creating a Nichirei-specific IMS to reflect the Group's distinctive features.

The aim of our IMS is to provide organizational support for nimble trial and error attempts to cultivate ideas, from conception to fruition. The mechanism has two special features.

Regarding the first special feature, it is through the development of human resources that we aim to inculcate a shared awareness and understanding of innovation. At present, we are conducting workshops on how to use the Business Model Canvas (BMC), a tool for game changers that helps design thinking.

We expect that using the BMC strategic management building blocks as a common language will facilitate smooth communication among those engaged in innovating and those who support them, thereby enabling the entire Group to promote innovation activities.

Some 200 employees have attended BMC-related workshops to date, and our goal is to have 80 % of our employees participate in these over the coming five years.

The second special feature is the development of infrastructure to collect and refine ideas. We plan to stimulate innovation by encouraging new ideas and innovative techniques, refining and evaluating them for all involved to see.

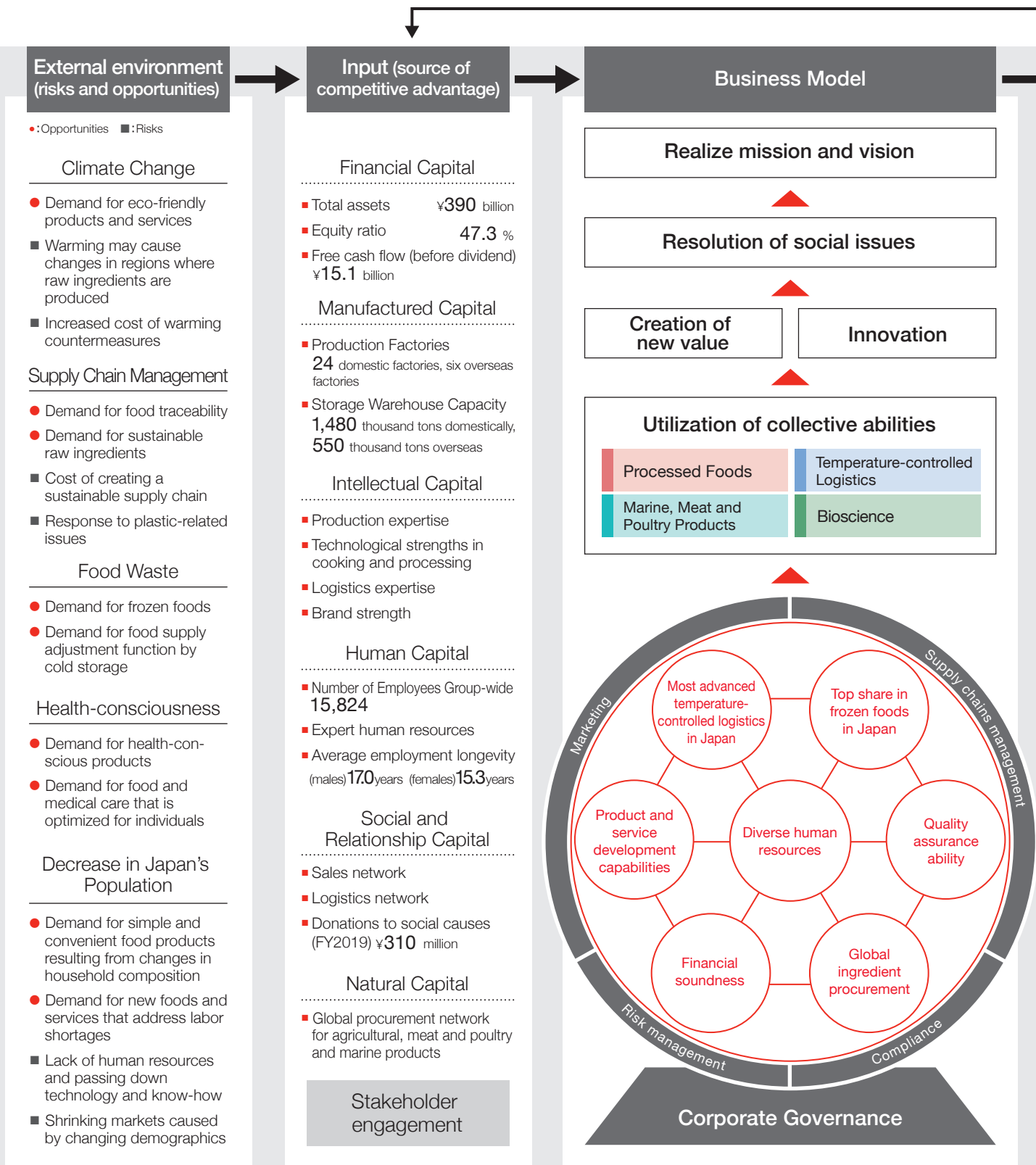
Future Developments

Societal issues related to food and health—including food loss, a super-aged society, and problems resulting from natural disasters—are diverse and complex. For this reason, we wish to make the best use of Nichirei resources and work together with our stakeholders, other companies (including ones in other industries), universities, and research institutes.

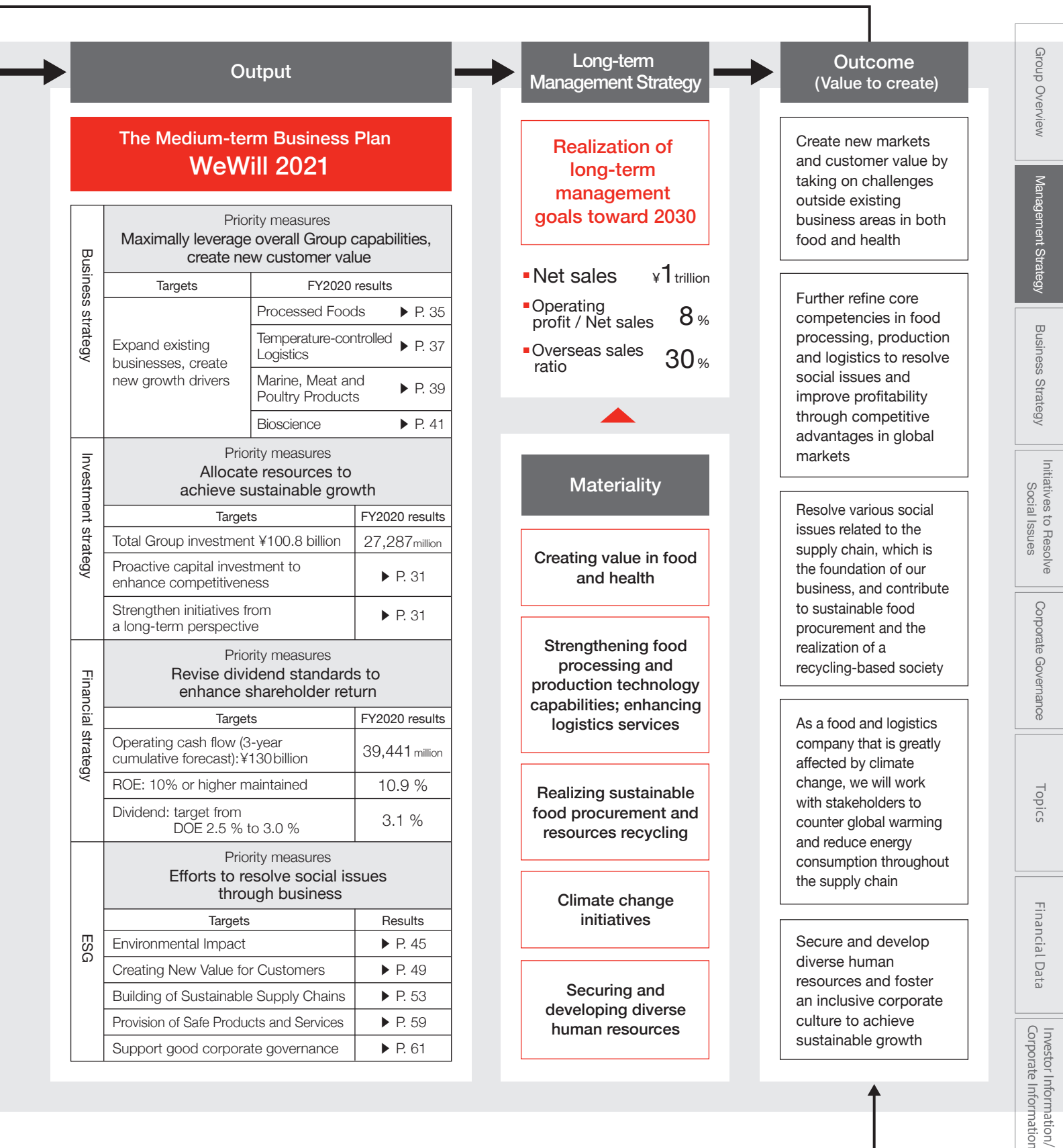
In the face of the major changes that society is undergoing, we believe that it is up to us to propose, from perspectives unique to Nichirei, the adoption of values that the world and consumers are demanding.

As innovation efforts are not quick to bear fruit, we plan to allow a little more time before the IMS currently being developed is used to establish a culture that will enable the entire Nichirei Group to create new value.

Value Creation Process



* Fiscal years (FY) indicate years ended March 31.



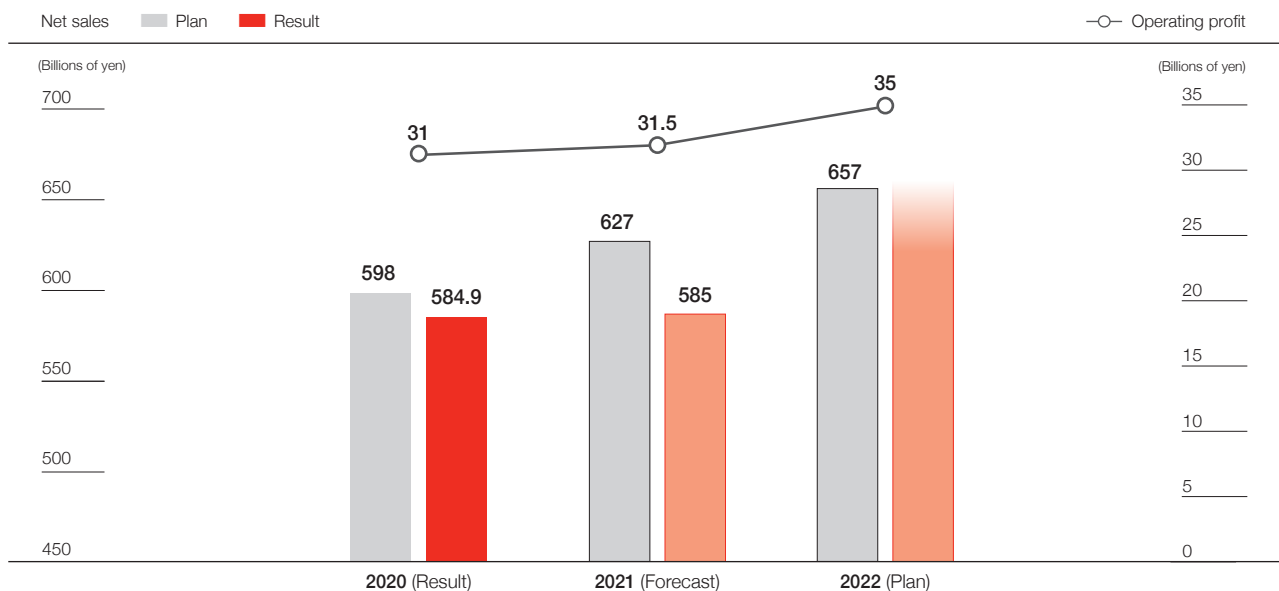
Medium-term Business Plan

WeWill 2021

Seek sustainable growth by raising profitability in Japan and expanding overseas operations.

FY2020

■ Consolidated net sales and operating profit



* Fiscal years (FY) indicate years ended March 31.

■ Progress of Management Strategies in FY2020

▶ Business Plan Main Measures	▶ Progress
1 Raise profitability in Japan by transforming the business structure	<ul style="list-style-type: none"> Mainstay Processed Foods and Logistics businesses are driving sales and earnings.
2 Allocate resources to achieve sustainable growth	<ul style="list-style-type: none"> Investments for growth and to strengthen the management foundation are slightly behind schedule.
3 Expand scale of overseas operations	<ul style="list-style-type: none"> Business in the U.S. and Europe is firm, but increasing the speed of expansion remains a challenge.
4 Improve capital efficiency and expand shareholder returns	<ul style="list-style-type: none"> Continued increase in returns, with rise in the payout ratio ROE of 10% or higher maintained

○ Sales of household-use processed foods were positive, and logistics services (storage, transfer centers, etc.) continue to expand steadily, with operating profit up 5%.

○ Loss on retirement of noncurrent assets has increased with renewal of facilities, resulting in a year-on-year declined in profit.

General

1. Realize sustainable profit growth
2. Improve capital efficiency and expand shareholder returns
3. Create new value that supports a good dietary life and health

FY2021

FY2021 Main Measures

Adapt quickly to the changes in the business environment due to COVID-19, strengthen the business base, and pave the way for the final year of the medium-term business plan.

Processed Foods

- Impact from COVID-19 will mainly be on commercial-use demand, so we will secure earnings through expanded sales of household-use products, and improvements to the product mix.
- Develop new value-added products centered on individual servings and health consciousness.
- Improve and expand the production structure in Japan and overseas.

Logistics

- Effective facility utilization and smooth business execution during COVID-19 epidemic.
- Early startup of stable operations at large refrigerated warehouses in Nagoya and Yokohama.
- Make investments for growth to respond to changing business environment in Europe.

Marine Products

- Build a business model with both sustainable resource procurement and greater profitability.

Meat and Poultry Products

- Restore earnings for domestic chicken through optimization of procurement and sales.

Consolidated Target Figures

(Billions of yen)

	FY2020 Result	FY2021 Forecast	Variance	% Change
Net sales	584.9	585.0	0.1	0.0 %
Operating profit	31.0	31.5	0.5	1.5 %
Operating profit / Net sales	5.3 %	5.4 %	-	0.1 pt
Profit	19.6	20.0	0.4	2.0 %
EBITDA ¹	49.4	51.3	1.9	3.8 %
EPS ²	147.16 yen	150.12 yen or higher	-	-
ROE	10.9 %	10 % or higher	-	-

Notes: 1. EBITDA = Operating profit + Depreciation expense (including lease, excluding goodwill)

2. EPS: Earnings per share

(As of August 4, 2020)

Message from the CFO



Despite Uncertainty, New Capabilities Will Arise

I supervise the Nichirei Group planning and management unit, which includes the finance division.

To help realize its long-term management goals toward 2030, I promote the Group's major objectives: ensuring a solid financial position is maintained, and motivating people—the most important management resource for business. At the same time, I facilitate the following of the investment PDCA cycle.

From a position that integrates Group financial and non-financial elements in the holding company, I focus on three perspectives, namely, our ability to perceive, collaborate, and unify.

I perceive present, assumed, and potential risks, and collaborate data with digital technology to make appropriate decisions. Then, unifying the direction of the Group with the five material matters items designated this year, we demonstrate the Group's comprehensive capabilities by creating synergies among businesses and divisions.

Corporate value encompasses both the economic and social values that are at the core of our management principles, namely, our mission—To Focus on Lifestyles, and Provide True Satisfaction.

If finance is the foundation that supports the Group, then social value is its central pillar. With the foundation and main pillar firmly established, we will realize medium- to long-term growth and enhance the corporate value of the Nichirei Group. At the same time, we will effectively engage with internal and external stakeholders.

FY2020 Financial Results and Issues (Including COVID-19)

In fiscal 2020, profit attributable to owners of parent was slightly lower than the previous year due to extraordinary income and losses. As a result, it did not reach 20 billion yen. However, the operating profit was a record high ¥31 billion, marking a good start for the first year of the medium-term business plan. The operating cash flow increased ¥8.1 billion year on year to ¥39.4 billion, and my assessment is that financial indicators are in line with plans.

FY2020 Consolidated Results

(Millions of yen)		(Millions of yen)	
Capital Efficiency	ROE	10.9 %	Growth
	REP ¹	9,850	
Financial Soundness	Net sales	584,858	Shareholders Returns
	EBITDA	49,391	
	D/E ratio	0.5 times	
	DOE ²	3.1 %	
	Annual dividends per share	An increase of ¥10 to ¥42 per share	

Notes: 1. Our original indicator. Shows profit after deduction of capital costs.
2. Dividend on equity ratio

At the same time, the capital expenditure was ¥27.3 billion, which is slightly behind our initial plans for investments aimed at strengthening our foundation, business innovations, and new developments. The total Group capital expenditure for fiscal 2021 (ending March 31, 2021) is expected to total ¥38.8 billion, as planned.

In addition, despite concerns about the spread of the COVID-19 pandemic, in the Logistics segment the Nagoya Minato Distribution Center (cold storage capacity: 37,294 tons) commenced operations as planned in April 2020, enabling us to establish a base for profit expansion in the Nagoya area.

Since we anticipate that financing conditions will continue to be uncertain due to the pandemic, we are considering increasing liquidity on hand for the time being.

WeWill 2021 Last Year Focus Points: Risk and Business Management

Enhanced Risk Management

So far this fiscal year, in order to enhance the disclosure of business and other risks—including actual and potential risks—we have analyzed the impact of each risk from business and financial perspectives and considered countermeasures.

We have designated responding to climate change to be a material matter and, as part of our response to the Task Force on Climate-related Financial Disclosures, we conducted an impact survey taking into consideration the frequency of climate change and its impact on business.

We have analyzed the degree to which our business and finances would be affected by extreme weather conditions, physical risks (such as floods and rising sea levels), transitional risks (such as legal and regulatory revisions), and environmental measures taken in the supply chain. Then we began to consider appropriate responses.

At the same time, potential risks in the supply chain must also be taken into account. In the food industry, there are invisible risks involving reputation and operations, involving human rights and environmental issues in a broad range of areas, from raw materials procurement to production processing and logistics.

We include these non-financial factors in our business activities and finances in order to facilitate comprehensive risk management.

In addition, we carry out appropriate risk management for actual risks. Aware of the increasing scale of natural disasters, such as typhoons and torrential rain, we had been improving our business continuity planning system for use in the event of a disaster when, at the end of last fiscal year, the COVID-19 virus began to spread rapidly.

Having established a Group countermeasures headquarters and ensured safety throughout the entire supply chain—including that of Group employees—we continue to engage in the business of supporting food infrastructure such as food factories and logistics centers.

Message from the CFO

This is the first time we have had to deal with an infectious disease that has spread so widely, so we have struggled a bit. Nevertheless, we will incorporate all necessary countermeasures.

The offensive tactic of creating new value is indispensable for enhancing corporate value. Nevertheless, I believe it is possible to adopt a defensive stance that minimizes negative risks and prevents corporate value from being damaged.

The current risk management system is described on page 68. We are now working to create a new risk management system. Under this system, we aim to be able to respond accurately and efficiently by covering risks that affect the entire Group, and then categorizing the corresponding items according to the Group's common characteristics and business characteristics. This new system is scheduled to begin operation in April 2021.

Data and Digital Technologies in Business Management

COVID-19 presents an opportunity to further accelerate various environmental changes.

In the field of business management, it is necessary to select and quickly incorporate information that is truly important into the decision-making cycle.

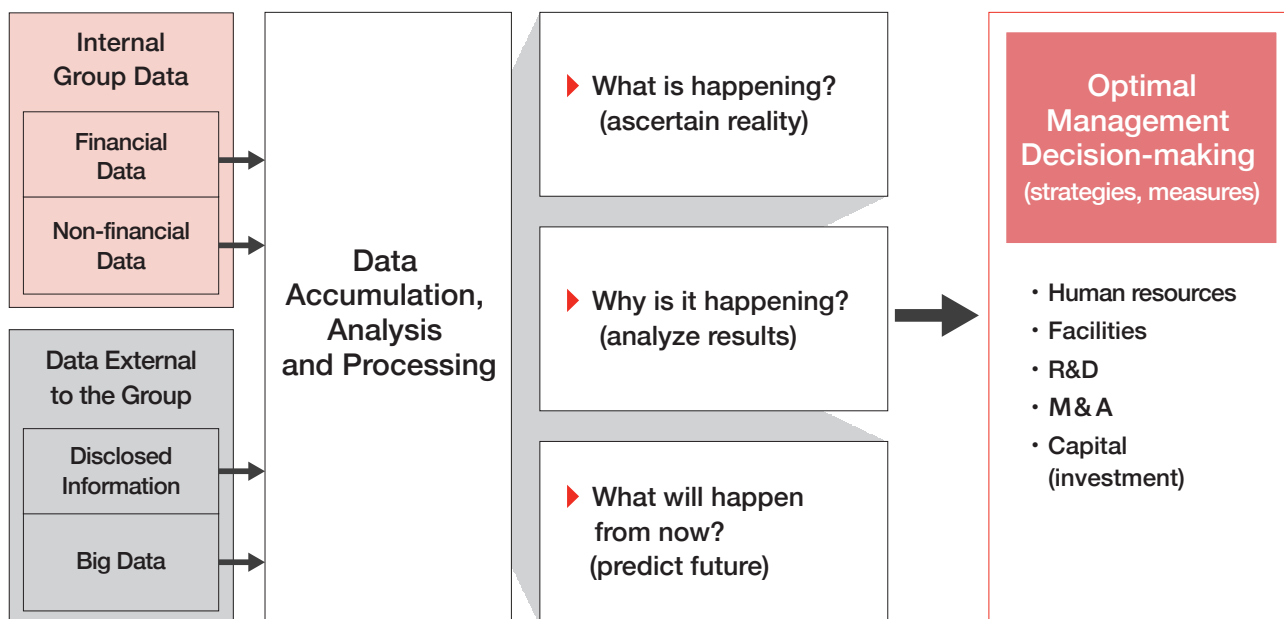
First, it is necessary to analyze and understand Group financial figures. By linking these to non-financial information, one is able to provide useful data to management and business companies.

In addition, it is necessary to combine this with data from outside the Group and develop it into a data source able to facilitate timely and appropriate decisions. Some external data are publicly available, some are difficult to collect, and some become useful with advanced analytical processing. It is also important to have a variety of sources of information.

In order to collect, analyze, process, and predict such data by making full use of AI and digital technologies, we must discover and develop human resources who have excellent data processing and system construction skills, and who can fully understand and analyze the Group's business characteristics and trends in lifestyles and markets. But, since it is people who create the mechanisms, we must find and develop human resources who understand the Group's business characteristics, as well as consumer and market trends.

These tasks take time to complete, so while drawing a grand design during this medium-term business plan period, I would like to proactively take on challenges without fear of failure in terms of the processes necessary for such important issues as expanding our overseas business.

Data and Digital Technologies in Business Management



Linking Materiality to Management, Business Strategy

The ultimate role of the holding company is to decide how to allocate management resources to enhance corporate value. Capital and people are our resources. In addition to actively investing to expand and strengthen our business foundation while responding to various issues, the capital allocation policy also focuses on efforts to realize a sustainable society.

Regarding capital expenditure, which is a material matter in terms of the allocation of funds, our medium-term business plan calls for capital expenditure of approximately ¥100 billion, of which 50% will be targeted for growth; 30% for infrastructure enhancement, business innovation, and new development; and 20% for rationalization and maintenance. In fiscal 2020, Group management engaged in earnest discussions and identified five material matters for achieving our vision for 2030. We will establish specific goals and KPIs for these five material matters, while keeping our management and business strategies consistent.

During fiscal 2020, confronted with risks including the expanding scale of natural disasters and the infectious disease COVID-19, we had no choice but to focus on defensive measures to prevent damage to our corporate value.

That said, at all times the focal point of resource allocation has remained whether it contributes to the enhancement of corporate value. In order to create a mechanism for obtaining the desired results, we will focus on the Group CSR basic policy, the Nichirei Pledge, and five material matters, and will invest resources with an emphasis on attaining a balance between offensive and defensive tactics, all while bearing in mind the stakeholders within and outside the Group, and allocations being made to financial and non-financial sectors.

Securing and Developing Human Resources

As the fifth material matter, we selected Secure and develop an array of human resources. Regardless of how well a strategy is constructed and mechanisms are created, it is people who think and act. Thus, in the discussion of material matters, Group management was unified in selecting this matter.

We are working on rebuilding our core personnel system as a tool to achieve this goal, and aim to commence operations in September 2021. The core system incorporates talent management functions (human resources development and appropriate allocation), and improves the efficiency of practical work such as payroll calculation and personnel changes.

We will create a system that makes maximum use of human resources and contributes to demonstrating the comprehensive capabilities of the Group.



Processed Foods Business



Masahiko Takenaga

Director, Executive Officer, Nichirei Corporation
Representative Director, President, Nichirei Foods Inc.

The Taste of Happiness

By intimately following the way people live, we provide foods that ensure a healthier, more satisfying world.

▶ President's message

To ensure growth in an era of drastic change, it is important to anticipate changes and continue taking on the challenge of creating new things.

We will continue to create new value in food and health, aiming for business growth and the resolution of social issues.

Business Scale

- Total assets: ¥128,407 million
- Group companies: 21 companies (6 in Japan, 15 overseas) and Nichirei Technology Development Center (R&D Department)
- Employees (consolidated): 10,161 persons (1,870 in Japan, 8,291 overseas)
- Food production factories: 19 facilities (15 in Japan, 4 overseas)

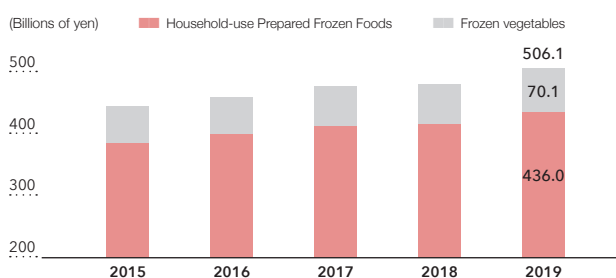
• Main production facilities

Mori Plant, Shiroishi Factory, Yamagata Factory, Funabashi Factory, Kansai Factory, Kyurei Inc., CHUREI, Co. Ltd., GFPT Nichirei (Thailand) Co., Ltd., Surapon Nichirei Foods Co., Ltd.

Market Environment

○ Stable trend in household-use market

Household-use Prepared Frozen Foods Market Scale



Source: Market scale calculated by INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

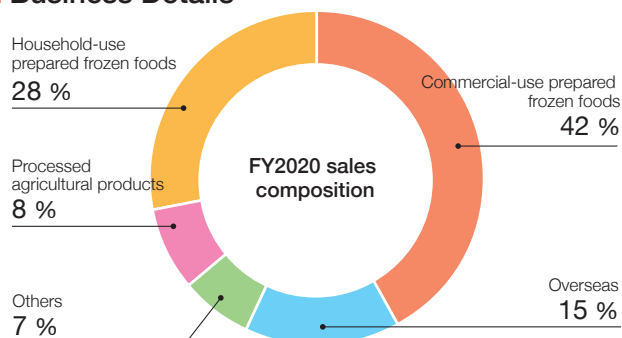
Net Sales for Frozen Foods

(Billions of yen)

	FY2019	YoY	FY2020	YoY	Household-use: Commercial-use ratio
Nichirei	226.6	2.7 %	229.6	2.3 %	39:61
Company A	212.6	2.7 %	211.2	-0.8 %	57:43
Company B	175.3	5.9 %	193.4	4.0 %	53:47
Company C	178.2	-0.2 %	179.8	0.9 %	33:67
Company D	111.6	-1.8 %	108.0	-2.7 %	55:45

Source: Shokuhin Sangyo Shimbunsha Co., Ltd

Business Details



• Household-use Prepared Frozen Foods

[Main Products]

[Main sellers]
Volume retailers, drug stores and convenience stores



• Commercial-use Prepared Frozen Foods

[Main Products]

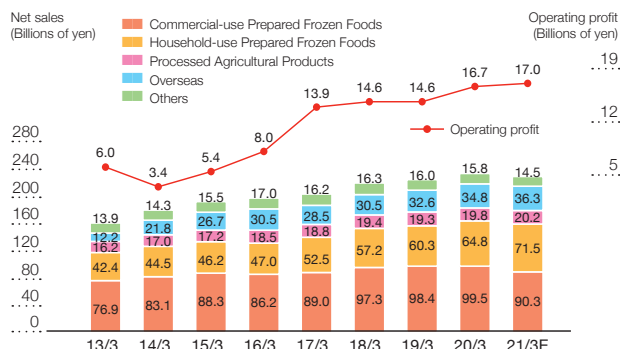
[Main sellers]
Volume retailers (delicatessen), convenience stores, restaurants and food services



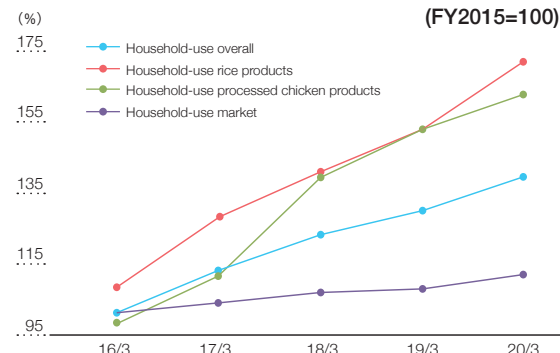
Performance

- Favorable performance on expanded sales of processed rice products and processed chicken products
- In FY2020, sales rose for household-use prepared foods, driven by *Honkaku-Itame Cha-Han* (fried rice) and *Tokukara* (fried chicken). Operating profit increased 15% on expanded sales as well as contributions from the improved performance of affiliates.

Performance



Net Sales for Household-use Products



FY2021 Measures

External Environment

Demand for household-use prepared foods is projected to expand due to COVID-19 pandemic while difficult circumstances continues in business for commercial-use prepared foods, mainly for restaurants.

Japan

- Expand capacity and build an efficient production system by consolidating rice-based items and bolstering production lines.(Enhance existing lines at the Funabashi plant)
- Expand the *Tokukara* (fried chicken) production line (Thailand).
- Develop products to meet growing demand for at-home main dishes and individual servings.
- Enhance access to growth categories such as co-op delivery services and e-commerce business

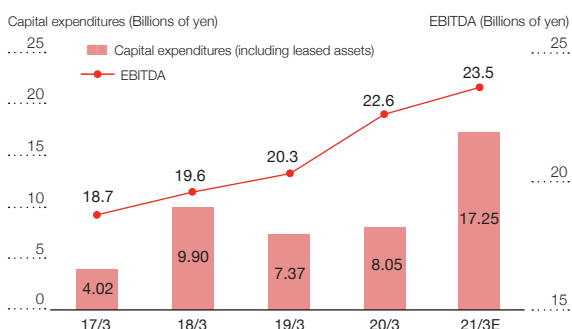
Overseas

- In North America, InnovAsian Cuisine expands sales of existing Asian frozen foods, and launch new products.

Processed Foods	FY2020			FY2021		
	Result	YoY		Forecast	YoY	
		Variance	% change		Variance	% change
Net sales	234.8	8.2	4 %	232.8	-2.0	-1 %
Household-use Prepared Frozen Foods	64.8	4.5	8 %	71.5	6.7	10 %
Commercial-use Prepared Frozen Foods	99.5	1.2	1 %	90.3	-9.2	-9 %
Processed Agricultural Products	19.8	0.5	3 %	20.2	0.4	2 %
Overseas	34.8	2.2	7 %	36.3	1.5	4 %
Others	15.8	-0.2	-1 %	14.5	-1.3	-8 %
Operating profit	16.7	2.1	15 %	17.0	0.3	2 %

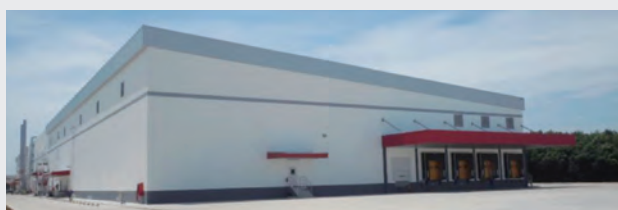
Capital Investment Status

Capital Expenditures and EBITDA



Topic

Opened second plant at GFPT Nichirei in Thailand



Operations to commence in October 2020 (plan) ¥4.0 billion total investment

Temperature-controlled Logistics Business



Kazuhiko Umezawa

Director, Executive Officer, Nichirei Corporation
Representative Director, President,
Nichirei Logistics Group Inc.

To make our advanced temperature-controlled logistics, already the best in Japan, the global standard.

Pursuing innovative know-how and providing optimal solutions to social and customer issues. We will continue to earn customer trust and become an irreplaceable partner in temperature-controlled logistics.

► President's message

As a food logistics company supporting everyday life, we will continue to promote work style reforms and maximize use of human resources. In addition, we engage in business innovation, establish business models as a solution company, expand overseas business and achieve stable growth even in uncertain environments.

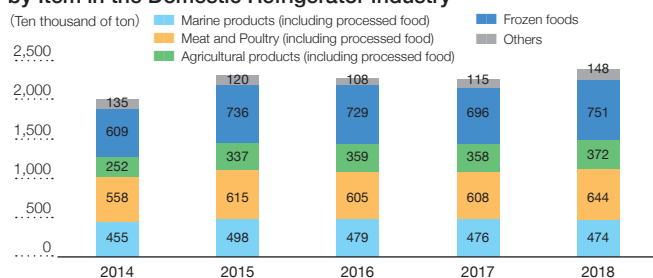
■ Business Scale

- Total assets: ¥169,648 million
- Group companies: 22 companies in Japan, 15 companies overseas (affiliates: 6 companies in Japan, 2 companies overseas)
- Employees (consolidated): 4,237 persons (2,841 in Japan, 1,396 overseas)
- Facilities: 115 in Japan, 23 overseas (17 in Europe, 4 in China, 1 each in Thailand and Malaysia)
- Main facilities
Funabashi DC, Higashi-ogishima DC, Heiwajima DC, Osaka Futo DC, Osaka Shinnanko DC, Daikoku DC, Kansai XD, Koriyama XD

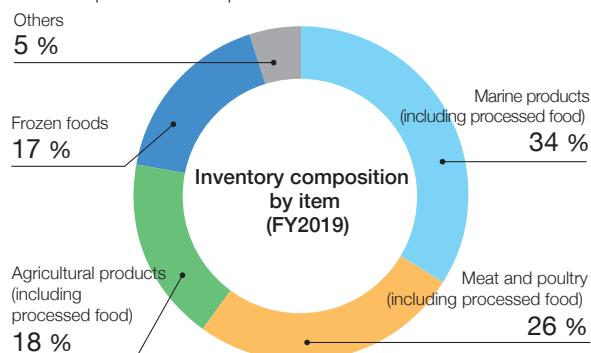
■ External Environment

○ Strong demand for storage is ongoing, centered on imported livestock products and frozen foods.

Trends Changes in Quantity of Goods Received by Item in the Domestic Refrigerator Industry



Source: Compiled by Nichirei based on Japan Association of Refrigerated Warehouses documents



■ Business Details

Domestic Refrigerated Warehouse Facility Capacity

Area	Number of Facilities	Capacity (thousands of ton)
Hokkaido	7	88
Tohoku	4	64
Kanto	18	544
Chubu	10	195
Kansai	14	278
Chugoku/Shikoku	12	130
Kyushu	14	176
Total	79	1,475

Group strengths

Equipment and cargo collection capacity

- Largest storage capacity in Japan
- In addition to metropolitan areas offering a large amount of resources and strong location advantages, we also have warehouses in agricultural and livestock production areas.

Various services

- Utilizing storage facilities and logistic networks nationwide, we develop total services, from storage and ancillary services to distribution
- We operate 36 logistic centers for major retailers

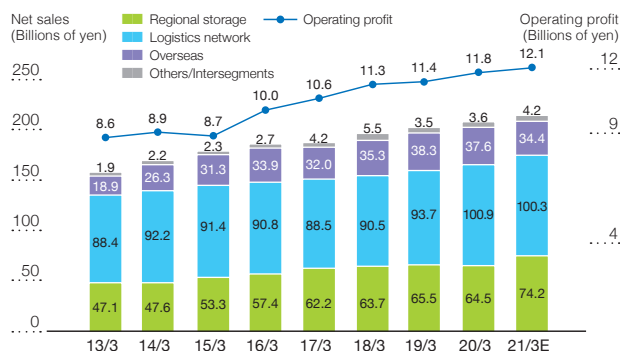
Quality management, brand power

- Know-how enabling high-quality management
- Transact with approximately 5,000 companies annually based on the power of the Nichirei brand

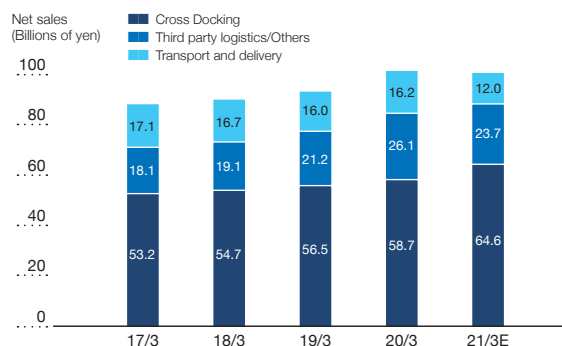
Performance

- Regional storage and Cross Docking (XD) were robust, stable growth continued
- In the previous fiscal year, profits increased due to inventories remaining at a high level and business improvements

Performance



Logistic Network Sales Breakdown



FY2021 Measures

Market environment

- COVID-19 impact will slow cargo movements of commercial products, spurring a shortage of storage in metropolitan areas
- Due to structural labor shortages, transportation and warehouse work costs will continue to rise

Japan

- Aim for stable expansion of profits by maximizing storage and transportation functions in metropolitan areas and regional facilities
- In the XD business, which has 36 facilities in Japan, we are responding to increases in volumes handled by mass retailers
- We plan to make capital investments and further promote business innovation to strengthen future competitiveness

Overseas

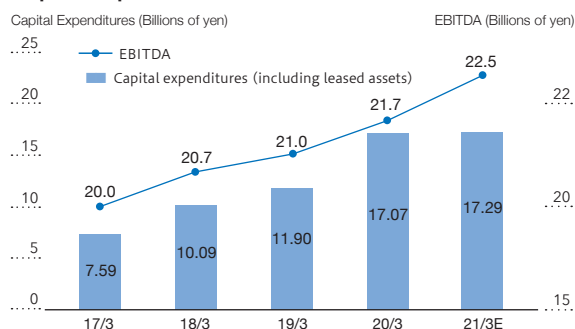
- In Europe, we will strengthen storage functions in port areas in the Netherlands and the United Kingdom, and establish transportation facilities in inland areas.
- In China, in addition to expanding the CVS distribution business, we will capture new demand for storage and transportation.

(Billions of yen)

Temperature-controlled Logistics	FY2020			FY2021		
	Result	YoY		Forecast	YoY	
		Variance	% change		Variance	% change
Net sales	206.5	5.4	3 %	213.1	6.6	3 %
Subtotal	165.4	6.2	4 %	174.5	9.1	6 %
Logistics network	100.9	7.2	8 %	100.3	-0.6	-1 %
Regional storage	64.5	-1.0	-2 %	74.2	9.7	15 %
Overseas	37.6	-0.8	-2 %	34.4	-3.2	-8 %
Others	3.6	0.0	0 %	4.2	0.6	18 %
Operating profit	11.8	0.4	4 %	12.1	0.3	2 %
Subtotal	10.9	0.6	5 %	11.7	0.8	7 %
Logistics network	4.1	0.3	7 %	4.5	0.3	7 %
Regional storage	6.7	0.3	5 %	7.2	0.5	7 %
Overseas	1.2	0.0	1 %	0.9	-0.3	-27 %
Others	-0.3	-0.1	-	-0.5	-0.2	-

Capital Expenditures Status

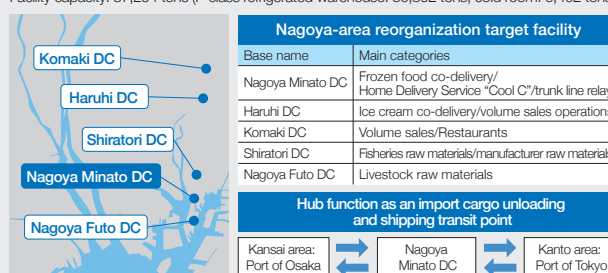
Capital Expenditures and EBITDA



Topic

Nagoya Minato DC

Total investment: ¥10.2 billion (of which, land: ¥1.7 billion)
Facility capacity: 37,294 tons (F-class refrigerated warehouse: 30,892 tons, cold room: 6,402 tons)



Marine, Meat and Poultry Products Business



Yoshifumi Kaneko

Director, Executive Officer, Nichirei Corporation
Representative Director, President, Nichirei Fresh Inc.

Connecting Sea, Land and People

We continue to provide consumers with heartfelt satisfaction under the keywords fresh, delicious, safe, secure, health and eco-friendly.

► President's message

We will focus efforts on providing premium ingredients and expanding the handling of processed products, implement measures to obtain stable profits and work to resolve social issues to creation of a sustainable supply chain.

Business Scale

- Total assets: Marine products: ¥26,928 million Meat and Poultry: ¥18,949 million
- Internally-operated food factories : 8 factories (7 in Japan, 1 overseas)
- Main production facilities
 - Marine products: Fresh Maruichi Inc., Trans Pacific Seafood Co.,LTD
 - Meat and poultry products: Fresh Chicken Karumai Inc., Nichirei Fresh Process Inc.
- Marine Products : 8 companies (2 in Japan, 6 overseas)
 - Marine products: 523 persons (216 in Japan, 307 overseas)
- Meat and Poultry : 5 companies in Japan
 - 476 persons in Japan

Market Environment

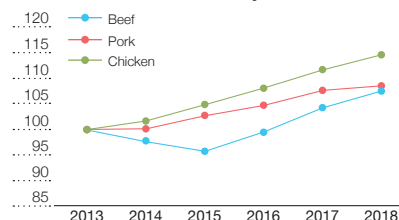
Marine Products Business

- Although eating fish is becoming less common in Japan, global demand for marine products remains high.
- The ongoing rise in market prices for some products has passed its peak and is on a downward trajectory

Meat and Poultry Products Business

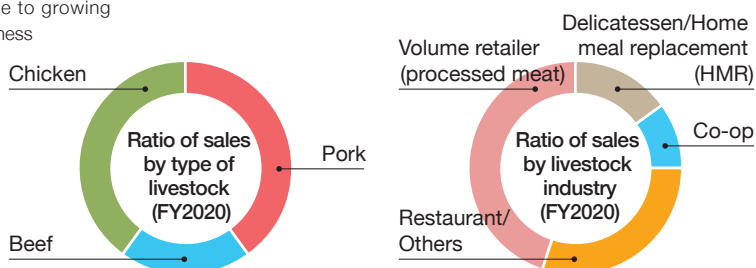
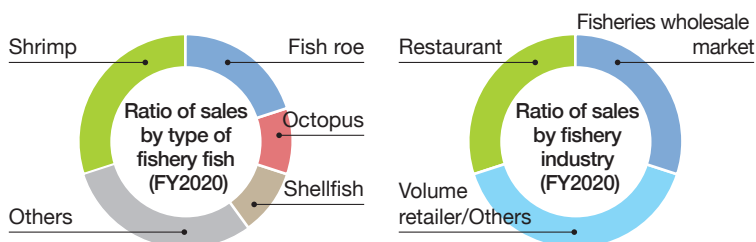
- Demand for chicken and pork remained firm due to growing health consciousness and a relative sense of cheapness

Demand for Meat and Poultry (2013=100)



Source: Compiled by Nichirei based on Agriculture & Livestock Industries Corporation documents

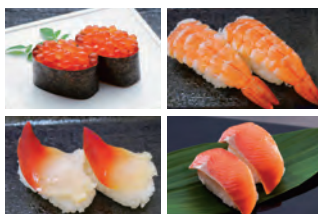
Business Details (FY2020)



Main Products



Large variety of natural and cultured shrimp



Wide range of sushi toppings



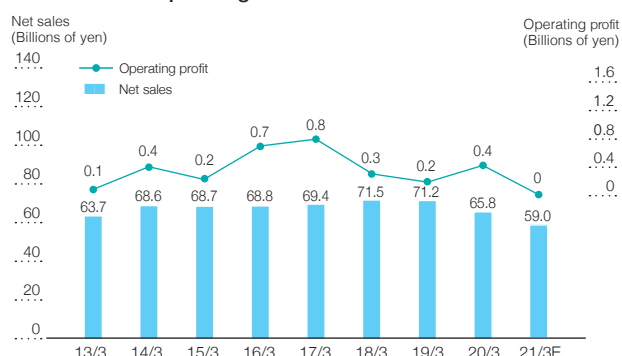
Amani-no-Megumi series (chicken, pork and beef)

Performance

Marine Products Business

- Focus efforts on selling highly processed products, mainly the four major fish species, including the mainstay shrimp products
- Profit increased in the previous fiscal year due to sales of processed products for home meals replacements (HMR) and restaurants.

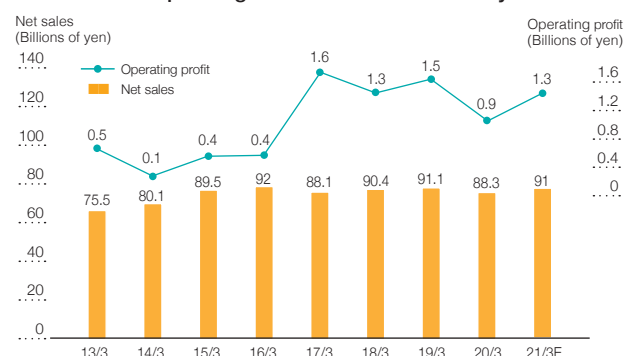
Net Sales and Operating Profit for Marine Products



Meat and Poultry Products Business

- Sales of fresh chicken and processed products for ready-to-eat meals remained strong, made thorough effort to focus on profitability of imported product sales
- In the previous fiscal year, we focused on selling processed products, but profits declined due to the impact of domestic chicken and imported pork market prices.

Net Sales and Operating Profit for Meat and Poultry Products



FY2021 Measures

Market environment

Due to the spread of COVID-19, the handling of products for restaurants is decreasing, but the demand for at-home meals and home meals replacements (HMR) is expanding, mainly at volume retailers.

Marine Products

- While focusing on sales for at-home meals and home meals replacements (HMR) where demand is strong, we will strive to secure profits by thoroughly implementing profit-oriented procurement and sales and cost controls.

Meat and Poultry Products

- We will strengthen sales of fresh products for volume retailers, processed products for co-ops and processed products for home meals replacements (HMR), such as convenience stores.
- We aim to increase sales and profits by steadily meeting expanding demand for at-home meals and home meals replacements (HMR).

(Billions of yen)

		FY2020			FY2021		
		Result	YoY		Forecast	YoY	
			Variance	% change		Variance	% change
Marine Products	Net sales	65.8	-5.5	-8 %	59.0	-6.8	-10 %
	Operating profit	0.4	0.3	143 %	0.0	-0.4	-100 %
Meat and Poultry Products	Net sales	88.3	-2.7	-3 %	91.0	2.7	3 %
	Operating profit	0.9	-0.5	-38 %	1.3	0.4	44 %

Topic

Enhancing Collaboration between Group Companies, Developing New Products

- We will provide fishery and livestock business premium ingredients to the processed food business and engage in collaborations to develop products leveraging the strengths of each business.
- In addition to supplying ingredients, we will share processing technologies and production functions with Group businesses in order to meet new demand in the future, while strengthening proposal capabilities throughout the Group.



(The photos are for illustrative purposes only)

Bioscience Business



Masato Takenaga

Executive Officer, Nichirei Corporation
Representative Director, President,
Nichirei Biosciences Inc.

Through biotechnology, we provide new value that customers demand in order to contribute to the mental and physical health of as many people as possible.

► President's message

In Nichirei Biosciences' business domain, market expansion and technological innovations continue. In seizing such opportunities, we will strengthen our competitiveness in existing fields and work to create innovation utilizing the Nichirei Biosciences Global Innovation Center to promote growth in Japan and overseas.

I Business Scale

- Total assets (non-consolidated): ¥10,985 million
- Employees(non-consolidated): 98 persons

• Main Facilities:

Nichirei Biosciences Global Innovation Center
(production and R&D base)
Pathcom Systems Corporation (California, U.S.)

I Bioscience Business Changes

1980s

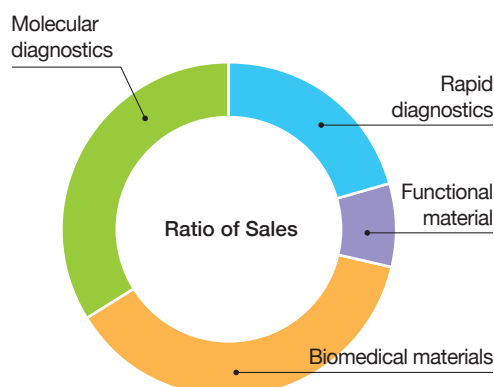
Launched sales of byproducts in the meat products business

- Import and sales of fetal bovine serum required for cell cultures
- Manufacture and sales of cow placenta extract effective for beauty

1990s

Business expansion

- Import and sales of growth media used for cell culture (biomedical materials business)
- Sales of extracts and powders utilizing acerola (functional material business)
- Development, manufacture and sales of diagnostic agents using antibodies produced from cultured cells (molecular diagnostics and rapid diagnostics businesses)
- Acquired a US medical device company



I Current Medium-term Management Plan Measures and Progress

Main measures

- Develop and commercialize next-generation diagnostic drugs and devices
- Promote overseas business
- Create a business model that captures technological innovations and changing needs

Progress

- Promote the development of in-vitro diagnostics for cancer and infectious diseases that utilize technologies for testing genes and proteins
- Sales of medical devices to the United States, Europe and China, and sales of animal serum for cell culture, mainly in the United States
- Promote new business construction by integrating technologies through joint developments (open innovation) with universities and corporations

Bioscience business Growth Driver- Molecular Diagnostics

Strength

• Development and stable supply system of high-quality products that meet market needs in cancer diagnosis (companion diagnostics)

• Development and production of medical devices using immunostaining technology, one of the only such technologies in the world

Customer

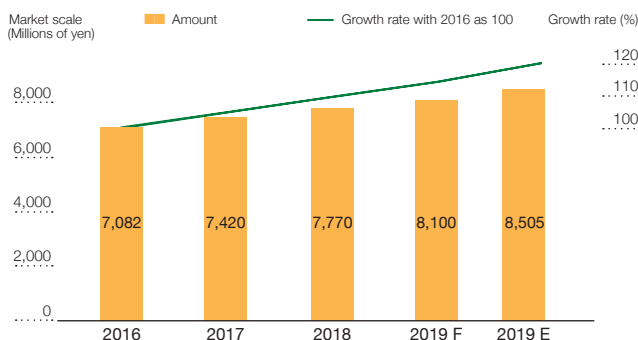
Medical facilities for pathological examinations, universities and pharmaceutical companies for research and development

Strategy

Expand sales of competitive staining equipment and unique immunohistochemical staining reagents and diagnostic agents in Japan and overseas

Pathological Examination Market and Domestic Market Share (immunostaining antibodies and devices)

Market Scale¹

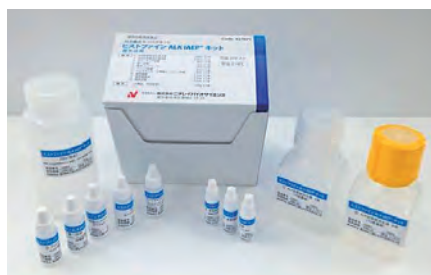


Domestic Share (2018)²

Sales company name	Amount (Millions of yen)	Share
Company A	3,125	40.2 %
Company B	2,240	28.8 %
Nichirei Biosciences	1,545	19.9 %
Company C	735	9.5 %
Company D	25	0.3 %
Other	100	1.3 %
Total	7,770	100 %

Notes: 1 and 2. Source: Compiled by Nichirei based on FUJII KEIZAI CO., LTD. documents

Main Products



Histofine ALK iAEP[®] Kit



Histostainer-AT immunostaining device

About Companion Diagnostics

In-vitro diagnostics that enables patients to receive appropriate drugs or therapies by testing one's biomarkers or genes. Used to improve the efficacy and safety of certain drugs, and now several companion diagnostics are used to assess whether patients are eligible for molecular targeted cancer therapies.

Organization Information



Global Innovation Center





Molecular diagnostics business employees

Business Strategy: Overseas

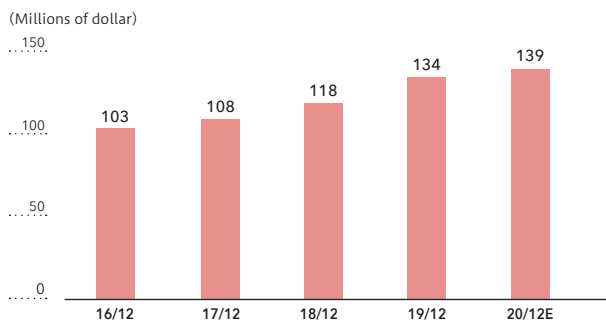
Processed Foods Business

Strategies to Boost Asian Food Sales in North America

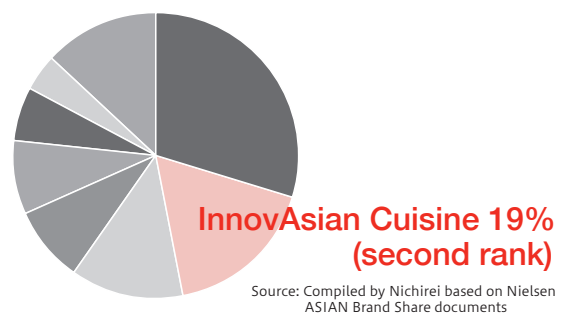
■ Overview of US-based InnovAsian Cuisine Enterprises, Inc.

	Household-use	Commercial-use
Features	<ul style="list-style-type: none"> Product development capabilities based on market trends from an American perspective Ability to sell to major US mass retailers 	
Main categories	Main dishes (processed chicken, etc.), cooked rice, such as fried rice	
Main sales channels	Leading mass retailers, discount store frozen food sections	<ul style="list-style-type: none"> Volume retailers (delicatessen counters) School and restaurant chains
Products	Products for single serving meals centered on the most well-known Asian menus in the United States 	Providing Asian food solutions mainly in the delicatessen section 

InnovAsian Cuisine Net Sales



U.S. Market Share for Asian Frozen Foods (as of March 2020)



Marine, Meat and Poultry Products Business

Strategies to Push Up Sales in Chinese, North American Markets

To boost the development and sale of Japanese food products we will:

- Expand our lineup of processed marine products, focusing on sushi toppings
- Strengthen our overseas sales system
- Promote sales with area partners in emerging markets that have room to expand
- Promote sales of high-quality ingredients in China (for processed and unprocessed meat and poultry products)



Temperature-controlled Logistics

Promoting Comprehensive Logistics Services in Europe, Starting in the Netherlands

- In the latter half of the 1980s, Nichirei entered the Netherlands in anticipation of the expansion of the EU's economic zone, and subsequently, expanded its business domain mainly through the execution of acquisition strategies
- Focused on strengthening storage functions in major port areas, cross-border transportation and expanding logistics of mass retailers

Country	Year	Company name	Capital	Business	Capacity (thousands of ton)	Features
Netherlands	1988	Eurofrigo B.V.	€4,910 thousand	• Cold storage (waterfront area, inland area)	233	• The port area mainly stores import/export cargo (livestock products, etc.) to and from Europe. Includes an animal quarantine station
	1990	Hiwa Rotterdam Port Cold Stores B. V.	€2,270 thousand	• Cold storage (specializing in fruit juice)	186	• Largest storage for juice brought into Europe • Also provide additional services, such as blending
	1989	Thermotrafic Holland B.V.	€500 thousand	• Forwarding (temperature-controlled transportation, customs)	—	• In addition to Western Europe, delivery network expanded to Central and Eastern Europe and Russia • Also handles pharmaceutical products that require strict temperature control
Germany	1989	Thermotrafic GmbH	€1,200 thousand		—	
England	2014	Thermotrafic UK Ltd.	£ 500 thousand		—	
Poland	2004	Frigo Logistics Sp. z o.o.	PLN 11,800 thousand	• Cold storage and temperature-controlled transportation	79	• Entrusted with storage, sorting, and delivery operations for major retail stores
France	2010	Transports Godfroy S.A.S.	€152, thousand	• Cold storage and temperature-controlled transportation (actual forwarding)	47	• Providing storage and transportation and delivery services for local manufacturers and wholesale and mass retailer centers
		Entrepots Godfroy S.A.S.	€7 thousand			
Nichirei Holding Holland B.V. (Head Office)						

Expansion of Business in China and Solutions Business in ASEAN

- Enhancing facilities in response to vigorous demand for temperature-controlled storage in China and Thailand

Country	Year	Company name	Capital	Investment ratio	Business	Capacity (ton)	Features
China	2004	Shanghai Fresh Line Express Co., Ltd.	\$3,930 thousand	82.4 %	• Cargo storage, sorting and delivery	3,694	• Providing a one-stop service with product storage, transportation and delivery functions in three temperature zones (frozen, refrigerated and room temperature)
	2018	Jiangsu Fresh Flower Logistics Co., Ltd.	CNY 15 million	65.0 %	• Temperature-controlled logistics-related consulting business	3,029	
Thailand	2013	SCG Nichirei Logistics Co., Ltd.	THB 720 million	49.0 %	• Cold storage and temperature-controlled transportation	22,800	• With the same equipment standards as Japan, we provide "Japanese quality" temperature-controlled logistics services overseas and in Thailand
Malaysia	2018	NL Cold Chain Network(M) SDN BHD	MYR 53,380 thousand	40.0 %		41,472	• As the largest logistics company specializing in halal handling, contributes to halal logistics inside and outside the region as well as halal international transportation

■ Main capital investments

Netherland Expanded temperature-controlled warehouse in Rotterdam port area



Facility expansion in Maasvlakte (rendering)

Scheduled completion date: June 2021

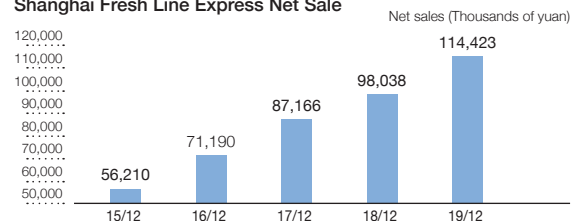
Total investment amount: approximately €17 million

Capacity: 14,000 pallets

China Construction of Shanghai No. 2 Center (commenced operations in May 2020)



Shanghai Fresh Line Express Net Sale



On the Environment and Climate Change

The Nichirei Group has devised the Nichirei Group Environmental Policies focused on three priority issues: prevention of global warming, promotion of sustainable recycling, and living in harmony with nature.

Since Group activities span the entire supply chain—food factories, logistics centers, and other worksites—it must play a part in the environmental initiatives and activities of both its customers and business partners.

At the same time, the Group is aware of the substantial impact that climate change is having on its business, as its support of food-related infrastructure depends on natural ecosystems for raw materials. Accordingly, the Group and its business partners undertake the following:

- Use energy efficiently in the production of food products
- Cut greenhouse gas emissions by using more efficient temperature-controlled storage and transportation
- Promote the use of renewable energy, from procurement and production, through to storage, logistics, and sales

■ Nichirei Group Environmental Policy

■ Nichirei Group Bio-diversity Policy

■ Environmental management system

🌐 <https://www.nichirei.co.jp/english/csr/environment/concept.html>

🌐 <https://www.nichirei.co.jp/english/csr/environment/system.html>

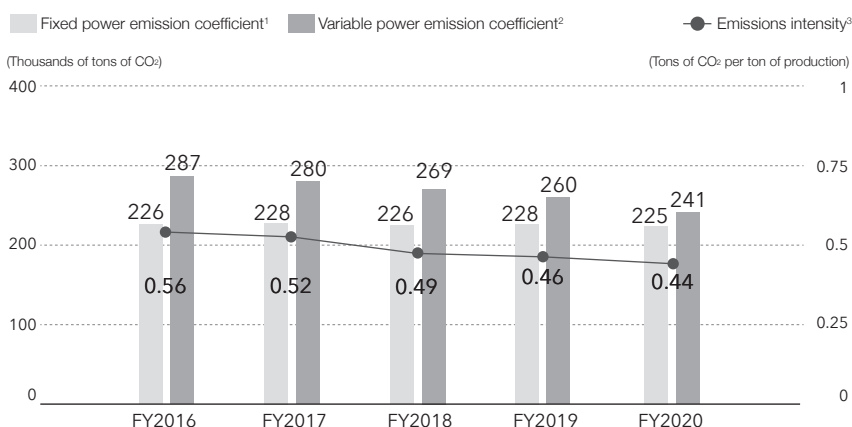
Long-term Environmental Goals and Low-carbon Policies

We will implement low-carbon policies in response to one of the material matters (see page 15) and in pursuit of our long-term environmental goals. We will actively implement the three measures during the 10-year span extending from 2021 through 2030.

Having endorsed TCFD recommendations,
the Nichirei Group is promoting the following low-carbon policies

Pillar of low-carbon policy	Overview	Target scope
1 The establishment of long-term CO ₂ reduction goals	30% reduction in CO ₂ emissions (compared to fiscal 2016) in Japan, Scope 1 and 2 in 2030	Japan Scope 1 and 2
2 The promotion of CO ₂ reduction countermeasures overseas	<ul style="list-style-type: none"> • Promote data collection and other efforts at overseas worksites • Review and promote CO₂ reduction countermeasures at overseas worksites 	Overseas Scope 1 and 2
3 The promotion of CO ₂ reduction countermeasures within Scope 3	<ul style="list-style-type: none"> • Promote data collection and other efforts within Scope 3 • Review and promote CO₂ reduction countermeasures within Scope 3 	Scope3

Nichirei Group CO₂ Emission Trends



Notes:

1. Fixed power emission coefficient: The CO₂ emission intensity unit of 0.412 [t-CO₂/MWh] announced by the Federation of Electric Power Companies of Japan in FY2010, used nationwide.
2. Variable power emission coefficient: Power conversion coefficient used by power companies in fiscal year utilized at each worksite.
3. Scope of power emission intensity: Nichirei Foods (Nichirei Foods-operated factories and affiliated factories in Japan) and Nichirei Fresh (affiliated factories in Japan). Excluding the following factories: Nichirei Foods: Nichirei Ice Inc.; Nichirei Fresh: Nichirei Fresh Farm Inc., Fresh Chicken Karumai Inc., Fresh Meat Sakudaira Inc.

Renewable Energy

■ Purchase of Green Energy

As it promotes the use of renewable energy, the Nichirei Group has installed solar power generation equipment in plants, refrigerated warehouses and other facilities, while purchasing Renewable Energy Certificates (RECs).* Each year since 2007, we have purchased certificates worth one million kilowatt hours (kWh) in biomass-generated power.

In addition, since March 2020, Nichirei Foods has purchased ten million kWh worth of RECs to cover all the electricity used to power production lines for *Honkaku-Itame Cha-Han* (fried rice).



* These represent units of environmental value (e.g., the reduction of CO₂ emissions resulting from the generation of electricity by using renewable energy sources) that can be bought and traded, allowing certificate owners to claim to have purchased electricity generated using renewable energy sources (offsetting).

■ Solar Power Generation

The Nichirei Group has installed solar power generation equipment at all its Group companies. In FY2020, the equipment generated 2,068,000 kWh of electricity and helped reduce CO₂ emissions by 1,003 tons.

Nichirei Foods	<ul style="list-style-type: none"> Funabashi Plant Nichirei Ice Inc.
Nichirei Logistics Group	<ul style="list-style-type: none"> Sugito DC Matsue DC Kushiro DC Sakishima DC Kyokurei Inc. Daikoku DC
Nichirei Biosciences	<ul style="list-style-type: none"> Global Innovation Center

Chlorofluorocarbon (CFC) Initiatives

■ Natural Refrigerants and Leakage Prevention

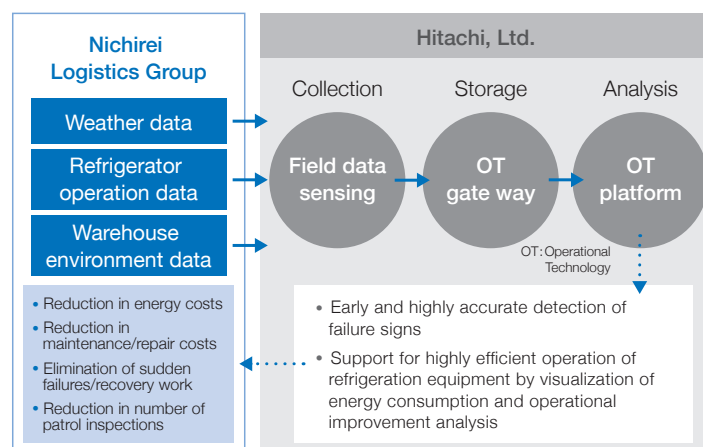
The Nichirei Logistics Group uses natural refrigerants in both new refrigerated warehouses and facilities that it enlarges, while encouraging the replacement of equipment that uses CFC refrigerant with that which uses natural refrigerant.

In addition, since FY2014, we have stepped up inspections at distribution centers nationwide to reduce refrigerant leakage from refrigerators and introduced highly sensitive detectors that are 10 times more accurate than conventional sensors.

Since September 2018, in collaboration with Hitachi, Ltd., we have been testing methods of predicting and diagnosing refrigeration equipment failure. We have done this at our Funabashi DC, using cutting-edge IoT technology to enhance the operation of equipment and maintenance efficiency.

By visualizing energy consumption data and analyzing operational improvements, refrigeration equipment can be more efficiently operated.

Conceptual Diagram



■ Receives Special Review Committee Award

Nichirei Logistics Engineering Inc. (representative director, president: Tsutomu Ito), which handles engineering operations for Nichirei Logistics Group Inc., won the Special Review Committee Award in the 22nd Protect the Ozone Layer, Prevent Global Warming Awards sponsored by the NK Industrial Research Institute, operated by the Nikkan Kogyo Shimbun, Ltd.

The award was received on September 12, 2019, in recognition of efforts to reduce CFC leaks and environmental impacts through the use of systems that predict and diagnose refrigerant leaks.

In addition to further reducing our environmental footprint and responding to customer demands, we plan to better oversee refrigeration equipment maintenance and repair plan proposals, so as to provide overall support that includes recommendations for energy conservation and cost reduction through low-price purchasing.



Water Risk, Biodiversity, Using Less Plastic

Water Risk Assessment

🌐 <https://nichirei.disclosure.site/en/themes/88>

To achieve its goal of building sustainable supply chains, the Nichirei Group recognizes the importance of water resources to producing raw materials and conducting business. At the same time, it is striving to conserve these resources and reduce its environmental impact.

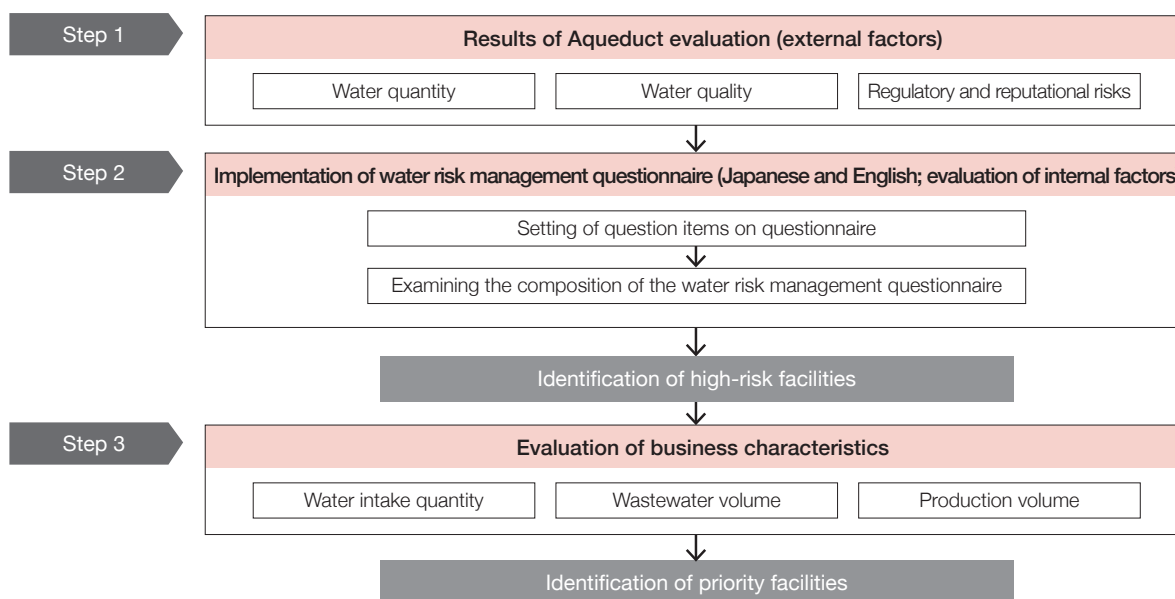
Realizing the importance of understanding local circumstances and the initiatives implemented at local facilities regarding water risks, Nichirei uses a third-party water assessment service to evaluate water risk at its facilities.

Our most recent assessments used Aqeduct,¹ a data platform run by the World Resources Institute. Questionnaires in English and Japanese were distributed at all Group facilities in Japan and abroad in order to better understand the initiatives they were implementing.

This water risk assessment covered 152 Nichirei Group facilities and looked at four indicators included in the Aqeduct Framework: water quantity, water quality, as well as regulatory and reputational risk (see figure 1).

Figure 1 illustrates the relationship between the number of Nichirei facilities located in water-stressed regions and their water intake. We will implement water risk reduction initiatives at three facilities (one in China, two in Thailand) found to be associated with extremely high water stress.

■ Water Risk Assessment (Figure 1)



■ Water Stress and Water Intake Quantity²

Water stress	Number of facilities	Fiscal 2019 water intake quantity (m ³ /year)			
		Surface water	Groundwater	Third-party assessment	Total
Total	152	2,497,656	1,809,223	2,811,264	7,118,143
Extremely High (80 % or more)	3	2,371,459	0	468,382	2,839,841
High (40–80 %)	0	0	0	0	0
Medium to high (20–40 %)	54	0	458,403	1,491,420	1,949,823
Low to medium (10–20 %)	77	2,400	1,323,084	737,805	2,063,289
Low (10 % or less)	18	123,797	27,736	113,657	265,190

Notes:

1. Offered by this international environmental NGO, the tool facilitates the evaluation of global water risk using position coordinates or addresses.

2. Excludes facilities to be scaled down, and overseas offices and warehouses.



Biodiversity Initiatives

■ Fukushima: Environmental Research and Protection, Conserving Biodiversity

<https://nichirei.disclosure.site/en/themes/89>

Nichirei owns land near Lake Hibara in Fukushima Prefecture's Urabandai region. The Company supports research on the natural environment in the surrounding areas and environmental and biodiversity conservation based on that research.

Following the 1888 eruption of Mount Bandai, all vegetation disappeared from the Urabandai area, but more than 130 years on, one can see vegetation returning: red pine forests, white willows, reeded wetlands, and aquatic plant clusters in marshlands.

The red pine forests, planted by people who want to see the return of greenery, continue to spread.

But since the Company's land remains unforested, it provides a valuable area for observing the transition of virgin nature.

Nichirei has supported the research activities—carried out since FY2012 in the Urabandai area—by the Support Division for Projects in Natural Symbiosis and Regeneration at Center for Practical and Project-Based Learning, Graduate School of Symbiotic Systems Science and Technology, Fukushima University.

In FY2020 (ended in March, 2020), we supported an investigation of insect fauna inhabiting reed marshes in Urabandai area Nichirei-owned land, as well as a study into the diversity of plant species conducted with the goal of publishing a book on Urabandai flora.



Water quality survey in the Urabandai area wetland



New species *Caenis* sp. CU discovered in the survey

■ Protecting Endangered Orchids, Biodiversity Conservation

<https://nichirei.disclosure.site/en/themes/89>

Since FY2004, the Nichirei Group has helped in the conservation and regeneration of the endangered orchid *Cypripedium macranthos* var. *macranthos* and other species through research on and the breeding of orchids and other plants in Fujimi-machi, Nagano Prefecture.

In FY2015, some artificially propagated orchids—of the genus *Cypripedium macranthos* var. *macranthos*—flowered and, in FY2020, they produced 32 blooms.

As a result, Nichirei entered into Biodiversity Conservation Partnership Agreement with the Fujimi-machi Atsumorisou Regeneration Committee in February 2019.

Under a three-year (April 1, 2019 to March 31, 2022) agreement, the Group will provide the technologies necessary for the conservation and regeneration of *Cypripedium macranthos* orchids and cover a portion of the costs.



A *Cypripedium macranthos* var. *macranthos* in bloom

Reducing Container and Packaging CO₂ Emissions

Since 2006, Nichirei Foods Inc. has been striving to reduce the amount of plastic used for commercial frozen food product containers and packaging.

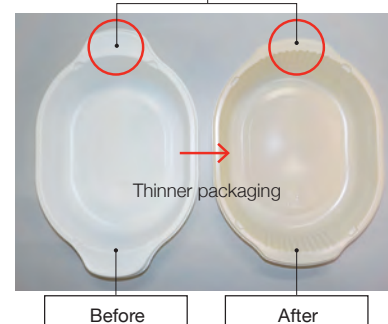
Most recently, the efforts have succeeded for containers and packaging used for seven target items. Some 200 tons less is now used compared with the amount previously used. Nichirei is still working to cut back the amount of plastic it uses to reduce even further its discharge of CO₂.

Past Plastic Reduction Initiatives

Fiscal year	Products	Measures
Since FY2007	<i>Imagawa-Yaki</i> (Japanese waffle)	Elimination of trays
Since FY2010	<i>Yaki-Onigiri</i> (grilled rice ball) 10-pack	Elimination of trays
Since FY2012	<i>Honkaku-Itame Cha-Han</i> (fried rice)	Thinner packaging
Since FY2015	<i>Yaki-Onigiri</i> (grilled rice ball) 10-pack	Thinner packaging
Since FY2016	<i>Honkaku-Itame Cha-Han</i> (fried rice)	Thinner packaging (second time)
Since FY2019	<i>Ebi-Pilaf</i> (shrimp pilaf) and <i>Chicken-Rice</i> (chicken rice)	Thinner packaging
Since FY2020	<i>Ebi-to-Cheese-no Gratin</i> (shrimp gratin) and <i>Ebi-to-Cheese-no Doria</i> (shrimp rice gratin)	Thinner trays, reduced tray handle width



Reduced tray handle width



Food and Health: Creating New Value

Japan is currently facing concerns regarding shrinking consumer markets as the population declines.

Meanwhile, changes such as the diversification of consumer needs and the personalization of food and medical care are expected to progress ever faster.

Further, we must consider methods of responding to risks associated with unidentified infectious diseases such as COVID-19.

Addressing Problems of Drug-resistant Bacteria

■ Antibiotic-free Chicken

 <https://www.nichireifresh.co.jp/product/livestock/detail/?id=376>
(Japanese only)

Chemical agents, such as antibiotics and synthetic antibacterials, are used in general broiler chicken farming to treat diseases, prevent the spread of illnesses due to farming conducted in tight spaces, and generate growth.

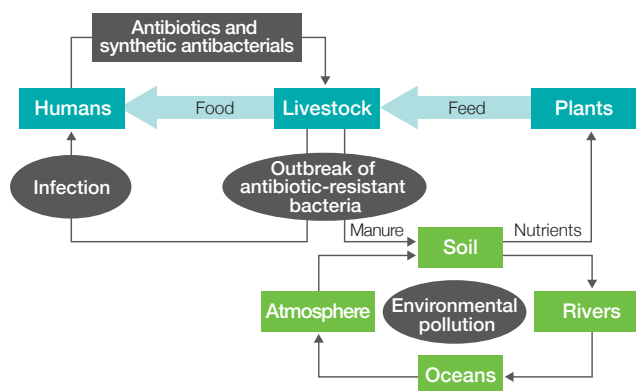
Nichirei Fresh Inc. has been selling antibiotic-free chicken since 2004. While vaccinated, our poultry is not exposed to chemical agents, including antibiotics and synthetic antibacterials, that could generate antibiotic-resistant bacteria.* Instead, our poultry farming methods take full advantage of the innate immunocompetence of chickens.

Our farming technology takes into consideration the rearing environment and also applies its own expertise to poultry farming, thereby raising the natural immunocompetence of chickens and developing their natural resistance to diseases through the use of such substances as lactic acid, other probiotics, and plant-based herbal medicines that help maintain the health of chickens and boost their immunity.

Since the manure of chickens exposed to antibiotics affects soil bacteria and groundwater, the poultry farming methods used to produce antibiotic-free chicken also contribute to the natural cycles intrinsic to ecosystems.



Antibiotic-resistant Bacteria That Threaten Ecosystem Cycles



* Drug-resistant bacteria: Protecting people from drug-resistant bacteria (not affected by antibacterial agents) is becoming an issue worldwide. Those with weakened immunocompetence who are exposed to such bacteria may not respond to treatment with antibiotics.

Drug-resistant bacteria have been found in livestock continuously exposed to chemical agents such as antibiotics and synthetic antibacterials. As a result of growing consumer interest in the United States, meat from animals not exposed to antibiotics is becoming increasingly popular.

We will continue to assess the issue of drug-resistant bacteria as we produce chicken that helps maintain human health.

■ Reliable Management System: Inspections to Ensure Use of Antibiotic-free Chicken

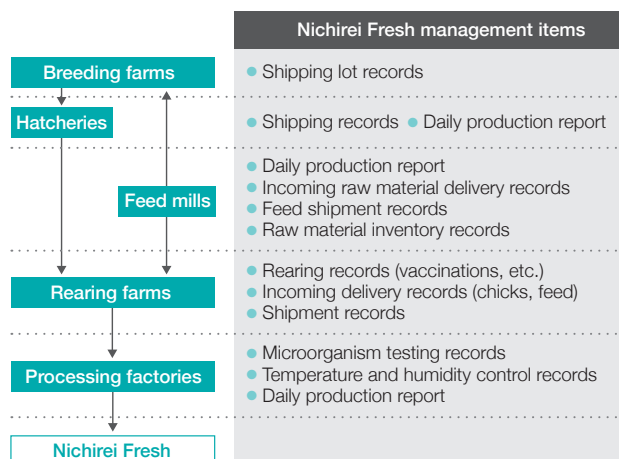
Nichirei Fresh is performing its own inspections to ensure that poultry is antibiotic free. These inspections roughly break down into verification of production processes and product inspections.

Personnel responsible for the inspections regularly visit production areas to verify that all production processes (from those in feed mills to those in breeding farms and processing factories) are being performed to the Company's standards.

In addition, the Nichirei Quality Assurance Division's Food Safety Research Center performs product inspections involving testing for antibiotic residue in special feed used in the production of antibiotic-free chicken and in final chicken products.

Nichirei Fresh ensures that quality control is adequate by inspecting all its processes, from the animal feed it uses to final product shipments.

Quality Control: Antibiotic-free Chicken



Health Initiatives

■ Meat Production: Focus on Omega-3 Fatty Acids Amani-no-Megumi Meat

http://www.goodbalancemeat.jp/
(Japanese only)

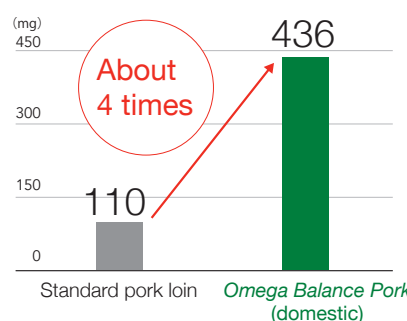
Nichirei Fresh produces and sells meat with a focus on omega-3 fatty acids, which are essential for human health. We have improved the balance of omega-3 and omega-6 fatty acids by giving chickens, pigs and cattle* a formula feed that uses ingredients derived from flax, which is rich in α-linolenic acid. As a result, we have developed tender meat that we have been selling since 2006.

Omega-3 fatty acids, abundant in blue-backed fish, flaxseed oil and wild sesame oil, are converted into eicosapentaenoic acid (EPA) and docosahexaenoic acid (DHA) in the body. However, the diet of today's Japanese is often lacking in the essential fatty acids that cannot be made in the body, especially omega-3 fatty acids. Thus, Nichirei Fresh is helping support the health of its customers through the meat that appears frequently in everyday meal settings.

* There are individual differences.



Comparison of amount of omega-3 fatty acid (α-linolenic acid) that body can absorb from 100g pork loin



Source: Nichirei Fresh

Food Shortage Response Initiatives

■ Joint Research and Development Associated with Germinated Soybeans

https://www.nichireifoods.co.jp/news/2020/info_id8335/
(Japanese only)

Recently, the search for alternatives to animal proteins has been receiving a large amount of attention due to a variety of factors, including the increasing world population, food issues caused by more frequent patterns of inclement weather, the need for measures to reduce environmental impact through better food production efficiency, and higher awareness regarding food diversity and health. In January 2020, Nichirei Foods invested in DAIZ Inc., a frontrunner in the search for alternative proteins that is conducting advanced research regarding soybeans.

The germinated soybeans that DAIZ Inc. owns and researches are delicious and nutritious and have the potential to resolve existing issues related to vegetable proteins, including peculiar flavors and unsatisfactory textures. Moving forward, we will conduct joint research and development aimed at creating new value along with DAIZ Inc.

Provision of In-Vitro Diagnostics for Personalized Cancer Therapies

■ Companion Diagnostics

https://www.nichirei.co.jp/news/2018/321.html
(Japanese only)

In 2014, Nichirei Biosciences became the first company to get an approval of manufacturing and marketing of "Companion Diagnostics", which can enable cancer patients to receive an appropriate therapy or drug depending on one's constitution and pathology, in Japan.

We contribute advancement of personalized medicine, which can enable patients to receive more effective therapies or drugs with fewer side effects, by using our accumulated immune-related technologies.

Histofine ALK iAEP® Kit



Topic

Japan's "conomeal kitchen" app

https://www.nichirei.co.jp/news/2020/357.html
(Japanese only)

Many people are feeling stressed by having to plan meals and eat at home. With the spread of COVID-19 expected to bring an increase in opportunities for bulk food purchases, the Nichirei Group has recently developed an app—called the "conomeal kitchen" in Japanese—that suggests meal menus and preparation procedures to suit a variety of individual tastes. We believe that the eating habits of consumers will be enriched if they are able to quickly set the dinner table with dishes that match their personal preferences.

conomeal
このめあキッチン
kitchen™



New Technologies Improve Efficiency

Awareness of the need for good eating habits is growing among customers and society at large.

In its drive to further strengthen its core competence and proactively engage in the resolution of social issues, Nichirei will draw on such current production technologies as AI, IoT, autonomous driving, and robotics.

■ Automated Optimal Production, Personnel Plan

🌐 https://www.nichireifoods.co.jp/news/2020/info_id8338/
(Japanese only)

Nichirei Foods has collaborated with Hitachi, Ltd. to create a system that automatically formulates optimal production and personnel plans using AI. The system, introduced at four factories in Japan in January, uses advanced AI technology to reproduce and advance plans that experts have formulated based on complex constraints.

In addition to the legal regulations involved in creating personnel plans, these include a variety of other conditions must be considered, including individual abilities, overtime, and paid leave.

Until now, experts have relied on experience-based intuition to formulate plans based on these prerequisites. The new system, however, has allowed us to automate planning and achieve optimal solutions using AI, which takes into consideration prerequisite conditions.

As a result, the time now required for planning can be reduced to about one-tenth that of that formerly needed and, since non-expert employees can also engage in planning, the system is expected to contribute to work style reforms such as a reduction in the number of hours worked and more employees taking advantage of paid leave.

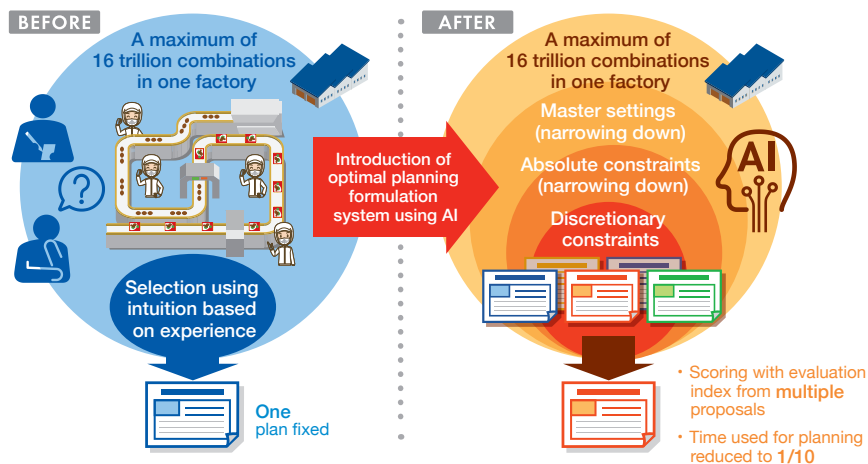
In recent years, as food manufacturers have been required to produce and supply products in response to fluctuations in demand, the system is expected to improve customer satisfaction by utilizing advanced digital technology and creating efficient production systems. The system is planned to be gradually used in other domestic plants.

Nichirei Foods will use digital technologies to promote further improvements in productivity, reductions in lead time and inventories, as well as work style reforms.



From a maximum of 16 trillion combinations in one factory, production plans encompassing daily production products and volumes for each line and personnel plans involving shift schedules are formulated automatically.

Production Planning Formulation Image



■ Food Waste Reduction

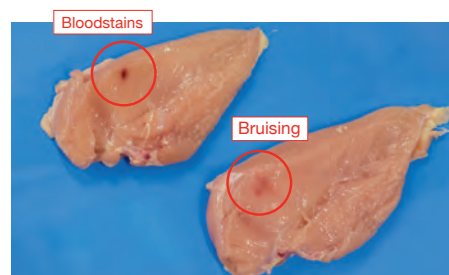
🌐 https://www.nichireifoods.co.jp/news/2018/info_id5715/
(Japanese only)

In February 2018, in partnership with Kindai University, Nichirei Foods developed technologies powered by artificial intelligence (AI).

We maintain and control the quality of the ingredients for processed chicken products as we receive them, by using such sorting technologies as metal detection, X-rays, near-infrared rays, optics, and colors.

However, additional manual or visual inspection is often required, since the accuracy of these methods in distinguishing the quality of ingredients decreases depending on the position and angle of the foreign matter and impurities.

In the selection of the ingredients for cuts of chicken, in particular, the three major impurities that must be eliminated are bones, feathers, and bloodstains. Due to its ability to locate such impurities with pinpoint accuracy, AI-powered technology does not remove unnecessary amounts of impurity-free meat, leading to reduced food waste.



■ Expiration Date Reader for Tablet Inspections*

🌐 <https://www.nichirei-logi.co.jp/news/2020/20200713.html>
(Japanese only)

The Nichirei Logistics Group is in the process of introducing, at its bases nationwide, an AI solution to automatically read expiration dates on captured images. As part of the Group's efforts to fully digitize warehouse operations, tablet devices are being used to introduce AI and expand functionality.

Previously done manually, expiration date input now can be completed using AI, enabling highly accurate readings of 93% or more and fast processing speeds of about two seconds. This has led to improved quality control enabling anyone to capture expiration date images, simplifying overall operations, and facilitating stress-free work.

Nichirei Logistics is also collaborating with the AI solution's developer, Automagi Inc., to demonstrate image analysis.

Amid concern regarding labor shortages in Japan, the Nichirei Logistics Group will continue its efforts to realize sustainable logistics to support customer supply chains by promoting business innovation with the goal of digitization and efficiency.



* Automated expiration date reader AI solution: AI-OCR (Optical Character Recognition/Reader) recognizes images using image preprocessing technology to identify the characters of the expiration date from the image and match the recognized expiration date with information in the cloud, to enable more accurate readings.

■ Demonstration of Unmanned Forklift

Since January 2018, the Nichirei Logistics Group's Kyokurei Daikoku Distribution Center has been conducting demonstrations of unmanned forklift operations to move cargo in refrigerated warehouses. The aim is to save labor at refrigerated warehouse sites, given the industry-wide labor shortage.

Unmanned forklifts can be operated using a tablet device, making it possible for employees lacking physical strength or operating skills to use it without making mistakes. We thus plan to increase the number of warehouses where unmanned forklifts can be used, to shorten working hours and improve occupational safety and health.



Unmanned forklift operation

■ Truck Reservation System

🌐 <https://www.nichirei.co.jp/news/2017/298.html>
(Japanese only)

At distribution centers, truck deliveries are concentrated at certain times, and because the cargo on each truck is not known, smooth unloading and loading is hard, leading to long wait times for truck drivers and rising concerns in surrounding communities.

To alleviate and eliminate the problem of waiting trucks, in October 2017 the Nichirei Logistics Group launched an advanced truck reservation system.

The system allows the truck side (shipper or shipping company) to reserve a desired time for loading or unloading trucks, in line with the loading and unloading time slot framework at each distribution center.

We are attempting to improve efficiency through the introduction of a system related to procedures after trucks arrive, and involving the sending of cargo details from the truck side to the distribution center side ahead of time. The introduction of the system has led to reductions in the time required for unloading and loading, truck operations, and truck emissions (CO₂ reductions).



Building of Sustainable Supply Chains

We recognize that the procurement and securing of sustainable resources is extremely important for the Nichirei Group to continue to provide value to society. In addition, we recognize that, when conducting global business activities, it is important to respect the environment and human rights together with our stakeholders in our supply chains.

In the years to come, we continue to contribute to the realization of a sustainable society through efforts to resolve social issues along our supply chains.

Nichirei Group Sustainable Supply Chain Policy

<https://www.nichirei.co.jp/english/csr/supplychain>

To work on building sustainable supply chains, the Nichirei Group undertakes the procurement of products and services in accordance with its policy and encourages its suppliers to understand the policy and put it into practice.

Legal compliance	We comply with the laws and social norms of each country and region where we operate.
Fair business practices	We employ fair, transparent, and impartial business practices.
Human rights	We respect human rights and provide safe, healthy work environments.
Environment	We strive to reduce environmental impact and consider the health of the global environment.
Product quality and safety	We work hard to deliver safe, high-quality products and services.
Information management	We manage information properly and disclose information related to our business activities in a timely, appropriate manner.
Local communities	We seek to build close cooperative relationships with local communities, as a good corporate citizen.

Human Rights Policy

<https://www.nichirei.co.jp/english/corpo/humanrightspolicy.html>

Recognizing that our business processes may have direct or indirect effect on human rights, Nichirei Group has established the Nichirei Group Human Rights Policy (hereafter referred to as the “policy”), based on the United Nations Guiding Principles on Business and Human Rights. This policy guides us in our efforts to fulfill our responsibility to respect human rights of all stakeholders of our business.

1. Scope	The policy is applicable to all employees and officers of the Nichirei Group. We will also require business partners to support the policy and work towards ensuring respect for human rights.	3. Identification of, Response to and Disclosure of Issues Related to Human Rights	The Nichirei Group will establish a system of human rights due diligence to identify, prevent and mitigate adverse impact on human rights generated by our group in society. <ul style="list-style-type: none"> • If any business activities of the Nichirei Group cause adverse impact on human rights or if it is discovered that the Nichirei Group is involved in causing adverse impact on human rights through our business transactions with stakeholders and the like, we will take steps to provide a remedy based on internationally recognized processes. • The Nichirei Group will utilize the expertise and knowledge of independent, external human rights experts in implementing this policy and engage in earnest dialogue and consultation with stakeholders who may be affected by our business. • The Nichirei Group will specifically assign officers with responsibility in implementing the policy and monitor implementation of this policy. • The Nichirei Group will appropriately conduct education and training to ensure that this policy is being effectively implemented across all business activities of the Nichirei Group. • The Nichirei Group will regularly disclose results of, and progress made in, our efforts to promote respect for human rights based on this policy. • The Nichirei Group will comply with all laws and regulations of countries and regions in which we conduct our business activities. Where there is a conflict between national laws/regulations and internationally recognized human rights standards, the Nichirei Group will seek ways to respect international human rights to the maximum extent possible.
2. Basic Principles	In addition to our efforts to promote respect for human rights based on the United Nations Guiding Principles on Business and Human Rights, the Nichirei Group supports and upholds the following international standards: <ul style="list-style-type: none"> • The United Nations International Bill of Human Rights (the Universal Declaration of Human Rights and the International Covenants on Human Rights); • The International Labour Organization's Declaration on Fundamental Principles and Rights at Work; and • The United Nations General Assembly Resolution: The United Nations Declaration on the Rights of Indigenous Peoples. 		

Inaugural Supply Chain Meeting to Promote CSR Procurement

Since 2019, in accordance with the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact, the Nichirei Group has been promoting the understanding of, and working toward attaining, the Nichirei Group Sustainable Supply Chain Policy and ensuring that our supply chain business partners are in step with the Group's CSR procurement activities.

In FY2021 (ending in March 2021), we launched a Supply Chain Meeting to enable Group companies to participate in formulating Group CSR procurement guidelines, as well as to share with us and examine issues regarding the addressing of human rights due diligence. In addition to Nichirei Foods having joined the July 2019 Sedex* London conference, the Group is engaged in ethical and responsible business practices throughout our global supply chain.

* Supplier Ethical Data Exchange, a non-profit organization established in the United Kingdom in 2004 to provide a platform for managing and sharing corporate ethical information with the aim of realizing responsible business practices in supply chains.



Sustainable Ingredient Procurement

■ Aquaculture Stewardship Council, Marine Stewardship Council Certification

Since 2006, Nichirei Fresh has been engaged in the Forest of Life Project¹ nature conservation activities involving sustainable black tiger prawn farming and mangrove tree planting in Kalimantan, Indonesia.

These activities were extended to whiteleg shrimp ponds in Sumatra, Indonesia, and obtained Aquaculture Stewardship Council (ASC) certification² in 2018. From 2020, mangrove planting will begin in earnest, with plans to plant about 280,000 trees.

In addition, we are gradually increasing the handling of marine products certified³ by the Marine Stewardship Council (MSC) and, June 2019, we have been handling 17 fish species of marine products. In the years ahead, we plan to increase the variety of sustainable marine products we handle.

Notes:

1. Forest of Life Project: <https://www.nichireifresh.co.jp/inochinomori/>

2. ASC certification requires that marine products used have been cultivated in a sustainable manner.

3. MSC certification requires that wild seafood used has been caught using methods that do not deplete the natural supply.

Nichirei Fresh products that have obtained ASC/MSC certification (as of June 2019)

ASC	Certification Registry Number ASC-C-01632
● Black tiger shrimp ● Whiteleg shrimp ● Pacific oyster	
MSC	Certification Registry Number MSC-C-52165
● Salmon varieties (pink salmon, king salmon, coho salmon, chum salmon, sockeye salmon) ● Flatfish varieties (Kamchatka flounder, yellowfin sole, dusky sole, white flounder) ● Walleye pollack ● Pacific cod ● Scallops ● Herring ● Capelins ● Snow crabs ● Arctic surf clams ● Red king crab	

■ Junwakei Chicken, Recycled Agriculture, Domestic Chicken Breeds Model for Self-Sufficiency

The *Junwakei* breed of chicken is raised at the Nichirei Fresh Farm Hirono Facility, an affiliate of Nichirei Fresh. The chickens are a Japanese breed, selectively bred from foundation stock crossed with the Japanese Koyuki and Benizakura breeds of chickens at the National Livestock Breeding Center Hyogo Farm.

The self-sufficiency rate of chickens used for meat in Japan is relatively high at about 70%. That said, the parents (broiler breeders) and grandparents (ancestors) account for only about 1% of current broods, as a result of which we must rely on imports from overseas. This means that, in the event of an epidemic overseas such as of the bird flu, domestic poultry farming would be adversely affected were imports stopped.

For this reason, Nichirei Fresh is making every effort to raise chickens that are not dependent on overseas breeds to improve Japan's food self-sufficiency rate.

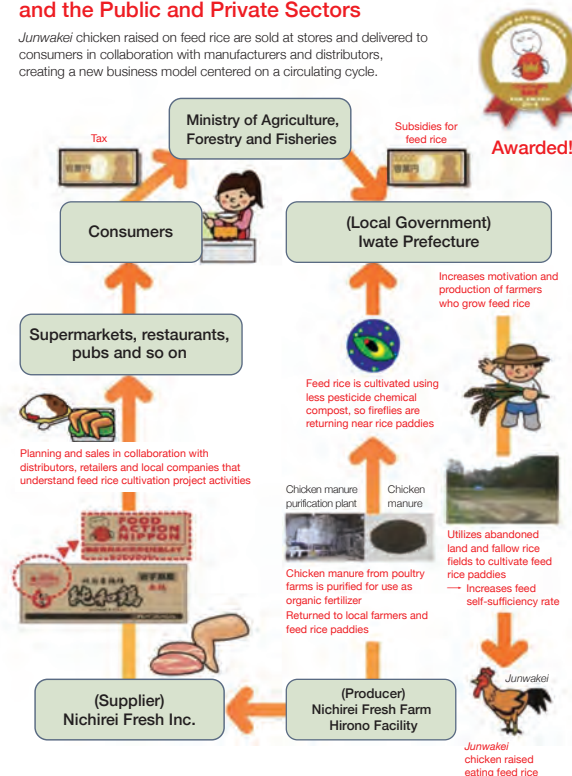
In addition, with the cooperation of the JA Shin-Iwate Agricultural Cooperative, Nichirei Fresh has signed contracts with rice farmers in the towns of Karumai, Hirono and their suburbs in Iwate Prefecture to produce feed rice using abandoned and fallow rice fields. Locally harvested feed rice is included in the mixed feed given to *Junwakei* chickens.

Chicken manure is heat-treated at a high-speed chicken manure processing plant at the Hirono facility, and the energy thus generated is used to heat the chicken house. The heat-treated chicken manure is both sold to local farmers as organic fertilizer, and used in the feed-producing rice fields included in Nichirei Fresh contracts.

The *Junwakei* chicken regional agriculture and livestock recycling model won the Excellence Award in the product category at the 2010 Food Action Nippon Awards sponsored by the Ministry of Agriculture, Forestry and Fisheries.

Groundbreaking Business Cycle Involving Agriculture and the Public and Private Sectors

Junwakei chicken raised on feed rice are sold at stores and delivered to consumers in collaboration with manufacturers and distributors, creating a new business model centered on a circulating cycle.



Certified Sustainable Palm Oil

Palm oil from the fruit of the oil palm is used as a raw material in such products as cooking oil, soap, and detergent. In recent years, the ongoing large-scale development of oil palm plantations has led to environmental problems, including deforestation of tropical rain forests and CO₂ emissions from peat areas, as well as forced labor and child labor among plantation workers, which are global problems.

In August 2018, the Group joined the non-profit organization Roundtable on Sustainable Palm Oil (RSPO), which promotes the production and use of sustainable palm oil. In FY2020, these efforts resulted in the total amount of palm oil used for frying oil at Nichirei Foods plants (at consolidated subsidiaries in Japan and overseas) totaled, and a corresponding amount of RSPO certified oil credits (book & claim method) were purchased. The Nichirei Group is supporting RSPO initiatives to promote sustainable procurement throughout the supply chain.



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Improving Work Satisfaction, Cultivating Human Assets

In conducting business, the Nichirei Group places the highest importance on human assets. Further, in order to invigorate our organization, improve productivity, and create a vibrant workplace it is not only on our values and ideas that we depend but, to a large extent, on our diverse human assets.

In 2017, we formulated the Nichirei Group Workplace Improvement Policy, set targets for each Group company based on it, and commenced promoting a number of initiatives over a five-year period to FY2022.

The Diversity Promotion Council and the Group Health Promotion Liaison Committee have been organized under the Group Human Resources Committee to improve work satisfaction. They discuss human asset-related strategies to realize Group-wide sustainable growth, exchange opinions, and share information on specific measures, after which they confirm their progress.

Workplace Improvement Policy

 <https://www.nichirei.co.jp/english/csr/work/policy.html>

■ Workstyle Reforms: Main Measures and Activity Progress

Policy	Ideal State	Priority Measure	Main Activity		
			FY2018	FY2019	FY2020
Enable Diverse Style	Employees shall have a certain degree of freedom to choose their workplace and working hours, to suit personal circumstances. Systems to maintain these conditions are to be put in place.	Provide working condition options		<ul style="list-style-type: none"> ■ New in-house childcare facility Opened in the Tokyo head office building in April 2018 	<ul style="list-style-type: none"> ■ Full-scale introduction of telework All worksites except food factories and logistics offices
	Systems are to be established to prevent employees' careers from being disrupted or ended because of such circumstances as childbirth, childcare, nursing care, poor health, relocation of a spouse, or disease.	Set up systems to prevent disruption of employee careers	<ul style="list-style-type: none"> ■ Implementation of career development programs for female employees Career training for 3 terms (3rd–5th terms) Target: 32 people 	<ul style="list-style-type: none"> ■ Implementation of career development programs for women Women's success event "Next Step for 2021" Target: 163 people ■ Nursing care seminar Held four times, 115 participants 	<ul style="list-style-type: none"> ■ Introduction of comeback system Purpose: Ongoing career support for life events and growth ■ Leave system due to spouse transfer Purpose: Examination and introduction of multi-career formation in collaboration with other companies ■ Nursing care seminars and nursing care handbook creation Conducted four times, 103 participants
Prevent excessive working hours	Through collaborative labor and management initiatives for workplace improvement, working hours shall be limited to levels that allow each employee to demonstrate their ability and perform satisfying work in good health.	Promotion of paid leave	<ul style="list-style-type: none"> ■ New working hours management system introduction test ■ Implementation of overwork countermeasures through labor-management collaboration 	<ul style="list-style-type: none"> ■ 100% introduction of new working hours management system ■ Guidance on long working hours through introduction of a working time management system ■ Implementation of measures against overwork through labor-management collaboration ■ Nichirei Group working hours guidelines formulated through labor-management 	<ul style="list-style-type: none"> ■ Introduced new expense settlement system ■ Five-day introduction of planned annual leave system ■ Implemented e-learning: Revised labor laws, working hours awareness Target: 5,101 employees participated ■ Implementation of measures against overwork through labor-management collaboration
Ensure Equal Opportunity	In providing employees with equal opportunities and education, we support their development into a valuable force for the Nichirei Group.	Promote the advancement of female employees	<ul style="list-style-type: none"> ■ Logistics Group: 3rd and 4th "Sakaseru Roji-Jo Forum" Target: 132 female employees (275 participants in total) ■ Nichirei Foods: LADY GO UP Target: Female employees at the five food manufacturers (eight female Nichirei Foods employees) Summary: Seminar for building external networks and career development 	<ul style="list-style-type: none"> ■ Logistics Group: 5th and 6th "Sakaseru Roji-Jo Forum" Target: 129 female employees (404 participants in total) Theme: Work values and workplace for women ■ Nichirei Foods: LADY GO UP Target: Female employees at the six food manufacturers (eight female Nichirei Foods employees) Summary: Seminar for building external networks and career development 	<ul style="list-style-type: none"> ■ Logistics Group: 7th and 8th "Sakaseru Roji-Jo Forum" Target: 118 female employees (522 participants in total) ■ Nichirei Foods: LADY GO UP Target: Female employees at the six food manufacturers (eight female Nichirei Foods employees) Summary: Seminar for building external networks and career development
		Diversity and inclusion	<ul style="list-style-type: none"> ■ Nichirei Foods: Diversity Forum "SPIRAL UP" Target: Deepen understanding of various work styles centered on the department and section managers at each of the five food manufacturers. 31 Nichirei Foods employees (21 men, 10 women) 	<ul style="list-style-type: none"> ■ Nichirei Foods: Diversity Forum "SPIRAL UP" Deepen understanding of various work styles centered on the Department and Section managers at each of the six food manufacturers. 35 Nichirei Foods employees (26 men, nine women) 	<ul style="list-style-type: none"> ■ Nichirei Foods: Diversity Forum "SPIRAL UP" Deepen understanding of various work styles centered on the Department and Section managers at each of the six food manufacturers. 60 Nichirei Foods employees (46 men, 14 women)
	Job positions and employment opportunities for people with disabilities shall be created to allow them to earn a living through stimulating work, with a vision to ultimately.	Provide stimulating employment opportunities for people with disabilities	<ul style="list-style-type: none"> ■ Disabled employment rate: 2.5% (32 people with disabilities employed) 	<ul style="list-style-type: none"> ■ Disabled employment rate: 2.56% (30 people with disabilities employed) 	<ul style="list-style-type: none"> ■ Disabled employment rate: 2.75% (34 people with disabilities employed)
	As the healthy life span of people becomes longer, we will create spaces enabling seniors to leverage their distinctive experience and play an active role reflecting their individual values and workstyles.	Create employment opportunities for older people	<ul style="list-style-type: none"> ■ 44 employees rehired after retirement (48 retirees) 	<ul style="list-style-type: none"> ■ 59 employees rehired after retirement (64 retirees) 	<ul style="list-style-type: none"> ■ 57 employees rehired after retirement (65 retirees)

Supporting Non-Japanese Trainees' Careers

The Nichirei Group provides educational opportunities for career paths and advancement so that diverse human assets are able to play an active role in their respective workplaces with satisfaction and vitality.

We also strive to create workplaces in which foreign technical intern trainees can work in Japan with a sense of satisfaction.

In addition, we introduce the workplaces of each Group company in the countries in which they operate, and make proposals there, so that workers are able to continue their careers utilizing Japan-acquired know-how. This expertise includes hygienic methods of food management, occupational safety norms, and health-related practices.

Topic

Fresh Maruichi (Head Office: Onahama Factory in Fukushima Prefecture)

A Vietnamese technical intern trainee who worked at the Fresh Maruichi Onahama Plant for four years starting in 2015 continues to perform quality control work at the newly established Nichirei Fresh fish processing plant in Vietnam. She plays an active role in her home country by utilizing what he learned at food manufacturing sites and by doing quality control-related work in Japan. In FY2021, one former foreign technical intern trainee began work at the same Vietnamese plant. Nichirei plans to continue supporting the career advancement of its foreign trainees.



Human Asset Development

Each fiscal year, the Nichirei Group provides employees with a one-year educational program. It is devised by the Human Resources Committee in accordance with Group Education and Training Rules to support the career advancement of each employee.

In addition, to improve employees' skills, we conduct e-learning courses focused on quality, safety, governance, and compliance for all employees in Japan using the Nichirei intranet.

Level-based training plan

Training plan	Objective	Target
Executive Coaching	To stimulate better management decisions, improve organizational growth, and business performance. Changes in the thinking of executives is expected to have a ripple effect on employees, resulting in improved productivity.	Executive officers
Next-generation Management Team Development Program	To foster management capabilities, world-standard leadership, and decision-making criteria by cultivating ideas based on broad perspectives.	General managers, department managers
Leader Training	Creating true managers: Fostering human assets able to play a part in creating a strong and autonomous organization which discovers problems that need to be solved and creates its own solutions to become an organization that is relied on by businesses.	Managerial staff
Evaluator Training	To teach the principles of evaluation and deepen understanding of the purpose and significance of goal management and evaluation systems.	New attendees (such as recent graduates, career hires, transferred employees)
Facilitation Training	To understand such concepts as meeting preparation, meeting management, and follow-up, in order to conduct efficient meetings.	All employees
Training for Newly Appointed Managers	To elucidate the role of managers expected to lead the organization, and the viewpoints, perspectives and key behaviors required.	Newly appointed managers
First Career Training	To inculcate basic behaviors essential for human assets to produce results expected by the Company and supervisors.	New hires, employees in their second and third years of employment
New Employee Training	<ul style="list-style-type: none"> To reorient the mindset from that of a student to that of an employee (teaches proactive behavior, disciplined behavior, and expected business etiquette) To promote understanding of the Nichirei Group and a sense of belonging 	New hires, employees in their second and third years of employment

Occupational Health and Safety

If employees are to maximize their abilities and potential, they must be physically and mentally healthy, and work in a safe, comfortable environment. Because Nichirei considers our employees to be irreplaceable, we are working with them to create a safe, open, and invigorating work environment.

Health and Safety Committee

🌐 <https://nichirei.disclosure.site/en/themes/125>

The Nichirei Group established Health and Safety Committees, to fulfill the requirements of Japan's Industrial Safety and Health Act, while striving to promote health and safety management aimed at preventing occupational accidents and managing the health of employees. At our Head Office, as well as at each branch office, we strive to prevent long working hours and reduce overtime work, while at food factories and refrigerated warehouses, we do our best to prevent accidents. This is in addition to other working environment improvement efforts we undertake, tailored to the conditions of each workplace.

Health Management Initiatives

🌐 <https://nichirei.disclosure.site/en/themes/125>

Nichirei Group Health Declaration

Creating Savory Moments.
With that core value deep in our hearts, every single person who works at Nichirei Group will strive for good health maintenance.

Basic policy

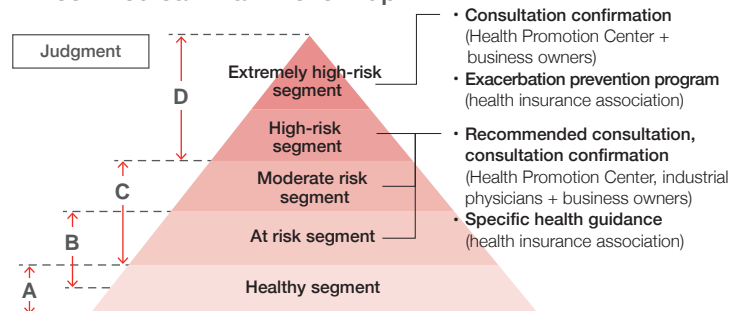
1. We will promote the creation of a workspace that has a lively cooperation between labor and management, based on the ideal that states that good work has its basis in a healthy mind and body.
2. Each of our employees will work hard to increase his/her health awareness, and will take an active role in creating a work environment that promotes good health.
3. We will strive for health management based on the three pillars of "health maintenance and improvement," "mental health measures," and "safety and hygiene control."

Recognizing employees as corporate assets and these people's health as an important management issue for a company seeking sustainable growth, in fiscal 2016 Nichirei set up the Health Promotion Group. It is a dedicated health management section within the Human Resources Strategy & General Affairs division.

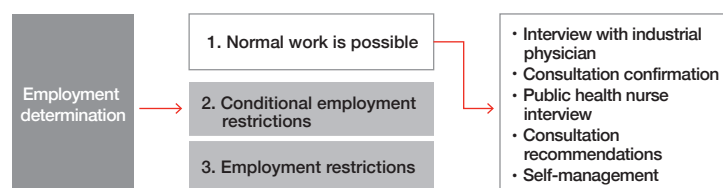
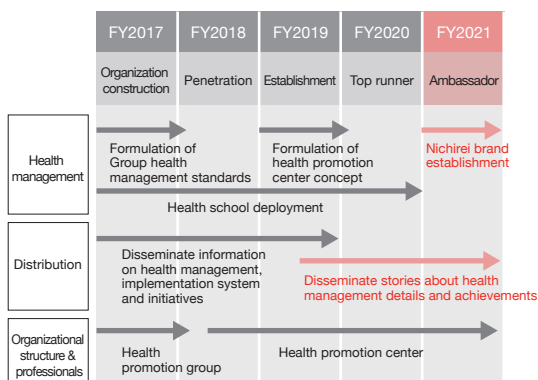
In fiscal 2017, we formulated the Nichirei Group Health Declaration and Group Health Management Standards. In addition to disseminating the declaration both inside and outside the Company, to promote Group-wide health we have appointed a holding company health promotion manager, as well as health promotion managers and representatives at each Group company.

Regular medical checkups—including X-ray screening for the early detection of TB and cancer—together with thorough follow-up measures are led by occupational health staff. For our small offices and employees overseas, we conduct remote interviews using information and communication technology systems.

■ Post Medical Exam Follow-up



■ Health Management Action Plan (Five-Year)



After health examinations, based on the judgment of an industrial physician, follow-ups will be conducted with those who should consider employment restrictions (some of D rank segment) via the persons in charge at each operating company.

Afterwards, if ongoing support is required, a public health nurse will contact the employee via email or in writing. After confirming consultation status, interviews by public health nurses and industrial physicians will be conducted as needed.

Overall Health and Smoking Cessation Programs

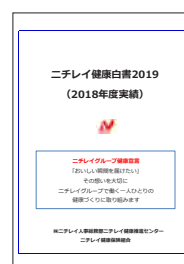
Since 2016, the Nichirei Group has been providing lectures and participatory events led by professionals. These include public health nurses, registered dietitians, and health fitness professionals, who provide employees at risk for lifestyle-related diseases with specific health promotion opportunities.

In FY2020, a total of 1,200 people participated in 14 meetings on a wide range of themes, such as exercise guidance, diet, sleep improvement, and the health of working women.

In addition, we launched a smoking cessation program in 2019. Of the 88 people who participated, 34 succeeded in quitting smoking.

Health White Paper, Health Management Guidebook

Nichirei publishes a health white paper and a health management guidebook (provided to all employees in July 2020) in order to foster awareness of health issues among employees and encourage them to improve their health.



Health white paper (left), health management guidebook (right)

Logistics Center Safety and Quality-related Training

Placing importance on quality, the environment, and safety, the Nichirei Logistics Group has opened safety and quality-related training centers across Japan. These facilities enable logistics staff to acquire knowledge regarding safety and quality, as well as to develop skills and an appropriate mindset.

The core training content includes “reconfirmation of basic knowledge through classroom learning,” information about “dangerous experiences,” and the “reconfirmation of basic forklift operations.” Videos and illustrations are used to enable students to develop an intuitive understanding of the topics.

All training programs and teaching materials are original, and veteran employees with a wealth of knowledge and experience give lectures while providing hands-on experience as part of a systematic curriculum.

At logistics centers, heavy loads are carried using forklifts to enable cargo to be sorted at high places. We thus strive to improve occupational safety and quality by incorporating into the curriculum practical training to ensure that equipment is correctly used to prevent items from falling.



Confirming the usefulness of “falling prevention equipment” while suspended in midair

Specialized course for developing the skill of confirming safety while driving a forklift using the “point and call out” method



Food Factory Safety

Nichirei Foods has set up three pillars of its safety-related activities, namely, safety patrols, near-miss-related activities, and the mandatory observation of safety rules. These are food factory priority measures.

Safety patrols are customized for each factory and their efficacy is based on site feedback. Patrols are conducted mainly in the early morning and late at night, when managers are short-handed. We ask employees to share work-related problems and opinions relevant to those times.

Near-miss-related activities are designed to inform employees about possible dangers through the sharing of information about near accidents. Evaluation criteria have been reconfirmed, to ensure that there are no variations in near-miss evaluation methods, while a mechanism is in place to ensure preventive steps are taken.

We try to ensure that safety-related rules are recognized, correctly understood, and strictly observed.

Occupational Safety and Health Initiatives for Foreign Technical Interns

The Nichirei Group provides occupational safety- and health-related training for technical interns from abroad. We are doing this to prevent occupational accidents and facilitate health management for those unfamiliar with life in Japan, while at the same time helping the trainees improve their Japanese-language skills. Our goal is to create workplaces where all Nichirei Group employees can work safely and healthily with purpose.



A poster for Vietnamese employees



A poster for Japanese speech contest

Providing Safe Products and Services

Basic Policy on Quality Assurance

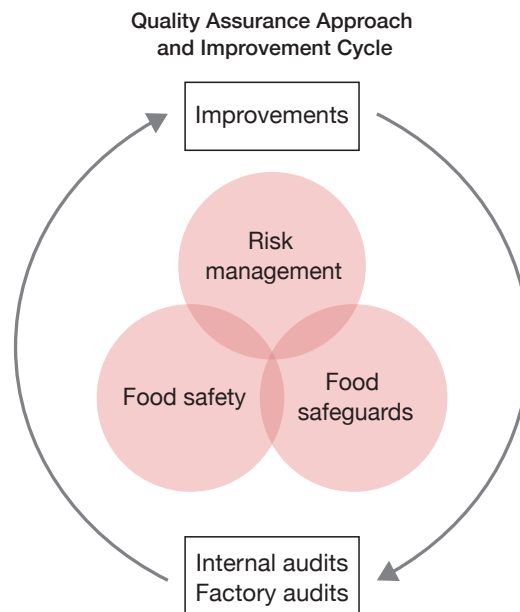
🌐 <https://www.nichirei.co.jp/english/safety/concept>

The Nichirei Group's fundamental policy on quality assurance ensures the quality and safety of the food products and services we provide, so that they will not be hazardous to the health of consumers. At the same time, we are maintaining and improving on Group-wide levels of quality control, quality assurance, and customer satisfaction.

We aim for further enhancements by implementing the PDCA cycle in Quality management system and Food safety management system and encouraging improvements when deficiencies are found through internal audits and quality factory audits.

■ Regular Audits

Quality assurance audit	FY2018		FY2019		FY2020	
	Japan	Overseas	Japan	Overseas	Japan	Overseas
Number of annual Group audit (Japan/Overseas)	156	15	66	38	54	20
Annual Group implementation rate (compared to plan)	100 %	88 %	97 %	100 %	89 %	80 %



Regular audits are conducted by each Group company based on an annual plan. The plans are determined by rationally and objectively evaluating the magnitude of possible risks, based on risk management, whether or not certification of international standards has been obtained, the quantity of products handled annually, and product characteristics.

PDCA is also used in regular audits. Audit results are used as a reference when determining audit policies and target sites when developing audit plans for the upcoming year.

Quality Control Based on International Standards

🌐 https://sustainability-cms-nichirei-s3.s3-ap-northeast-1.amazonaws.com/uploads/response_file/file/142/csr2019en.pdf#page=68

The Nichirei Group offers a variety of products and services with distinguishing characteristics. In addition to having internal rules and regulations that support these, we are working to acquire international standard certification, while strengthening our quality control system to ensure we continue to provide hazard-free products and services.

■ Certification Status

Certification	Operating Company	Rate of Certification ⁵		
		FY2018	FY2019	FY2020
The HACCP system ¹	Nichirei Foods	13/15	14/15	14/15
	Nichirei Fresh ⁶	6/7	7/7	7/7
ISO9001 (Quality management system)	Nichirei Foods	13/15	3/15 ⁷	3/15
	Nichirei Fresh	8/8	8/9	8/9
	Nichirei Logistics Group	105/112	104/115	81/115
FSSC22000 ² , ISO22000 ³ , SQF ⁴ (Food safety management system)	Nichirei Foods	13/15	14/15	14/15
	Nichirei Fresh	6/8	7/9	7/9
	Nichirei Logistics Group	2/112	2/115	2/115
ISO14001 (Environmental management system)	Nichirei Foods	11/15	11/15	11/15
ISO13485 (Medical devices / In vitro diagnostics)	Nichirei Biosciences	2/2	2/2	2/2

Notes:

1. HACCP: Developed in the United States during the 1960s for the aerospace industry, the HACCP system is an international management method for food production that aims to prevent hazards during the manufacturing process by analyzing hazards and establishing important control points.
2. FSSC 22000: An international management system related to food safety that is based on ISO 22000.
3. ISO 22000: An international standard related to food safety management systems for reducing food safety risks that is based on the HACCP food sanitation control techniques.
4. SQF (Safe Quality Food) certification provides assurance that the product being purchased meets strict international food safety and quality standards such as HACCP. In countries outside of Europe, it is the program recognized by the Global Food Safety Initiative (GFSI).
5. Target business establishments ratio: Consolidated subsidiary business establishments in Japan (food factories, logistics centers, etc.).
6. Target business establishments excluding Nichirei Fresh Farm
7. Switching to FSSC22000

* Fiscal years (FY) indicate years ended March 31.

Food Defense Initiatives

<https://www.nichirei.co.jp/english/safety/system.html>

The Nichirei Group emphasizes people management to protect food.

In addition to restricting access to areas where food is handled to authorized individuals, we have made it possible to determine the when, who, and where of such individuals at all times. In-house operation rules covering visitors and contractors, as well as self-checks are in place and audits of our plants are conducted regularly to confirm safety. We are also working to improve the workplace environment based on employee satisfaction surveys and interviews.

We have installed cameras and face recognition systems at all our plants in Japan and overseas. To protect the food we have created a system based on the distinguishing characteristics of each product and which allows follow-up investigations to be conducted should problems arise. If a problem does occur, a link is established with our food crisis management system, which allows accurate information to be disseminated and responded to quickly.



Building of Traceability

https://sustainability-cms-nichirei-s3.s3-ap-northeast-1.amazonaws.com/uploads/response_file/file/142/csr2019en.pdf#page=68

To always provide safe, reliable, and high-quality food, the Nichirei Group conducts rigorous quality controls and inspections, from the ingredients to the products and has built a traceability system that matches the distinguishing characteristics of each product. In the event of an accident, enhanced traceability would prevent damage from spreading and enable rapid investigation of the cause. We would also provide prompt and accurate information to alleviate consumer concerns.

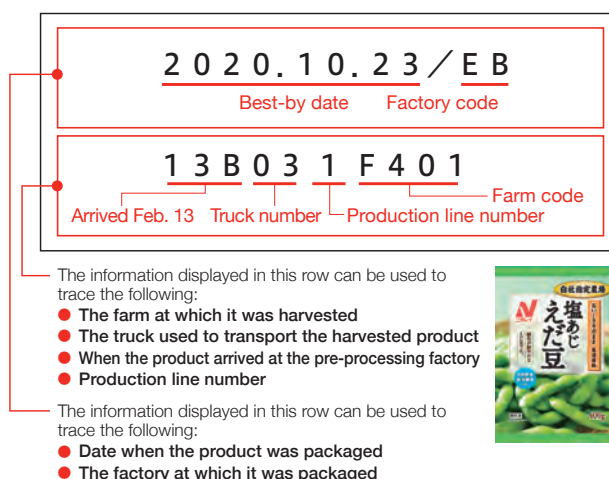
The building of traceability requires collaboration and cooperation on the part of the ingredient suppliers, manufacturers and distributors in the supply chain.

The Nichirei Group regularly holds study sessions to deepen shared awareness with regard to quality-related information. To digitize and link information, we are also promoting the utilization of our own system that can be centrally controlled.

Traceability in the case of frozen green soybeans (illustration)

What the Trace Code Tells You

The trace code allows you to trace a product back to its place of cultivation. Trace codes are printed on these Nichirei Foods' frozen green soybeans to trace the cultivation and production management. If you know how to read these codes, you can trace the entire history of a product, from the cultivation management status in the field to the conditions in the factory. Nichirei Foods is using the trace codes to conduct ongoing improvements based on its discussions with local producers, in order to better respond to customers' needs.



Safe Workplaces, Better Service

<https://www.nichirei-logi.co.jp/english/company/csr.html>

The Nichirei Logistics Group sets themes four times a year designed to put safety and quality first in warehouses. It also conducts accident prevention activities at all domestic facilities (114 locations).

Safety and quality awareness poster

Message from the Chairman



Managerial reforms,
better Group
management ahead

Kunio Otani

Chairman of the Board
Representative Director, Chairman

Characteristics of Nichirei Group Governance and Expectations of Outside Directors

Companies that are public organizations and, as such, must facilitate the mutual coexistence of stakeholders, must conduct their activities according to societal norms and market standards.

Corporate governance plays an important role in this regard, ensuring that transparent, fair, swift, and resolute decisions are made, thereby increasing long-term corporate value. At the same time, corporate governance requires the implementation of self-directed reforms to function properly.

Separating the execution and supervision of management, corporate governance requires two monitoring activities. The first is scrutinizing through internal risk controls by executive officers responsible for management.

The second is scrutinizing management through external controls, namely, the board of directors and audit and supervisory board members, as well as by shareholders and accounting auditors. In both cases, a spirit of corporate compliance and a healthy corporate culture are vital for proper governance.

The Nichirei Group has a holding company structure that integrates four Group companies, and our basic management policy under this structure emphasizes transparency, simplicity, and decentralization of authority. As we apply this policy, we are promoting the creation of a corporate culture that enables us to generate value while sharing the abundant wisdom we have acquired through the diversity of our Group businesses.

Furthermore, in accordance with our Group mission to Focus on Lifestyles, and Provide True Satisfaction, in April 2019 we adopted a long-term vision that we will continue to support good eating habits and health by leveraging our state-of-the-art manufacturing practices that optimize nature's bounty, along with our leading-edge logistics services. Essentially, our vision is focused on resolving social issues through all of our businesses.

The Board of Directors, which is responsible for monitoring through external controls, has added three outside directors since the fiscal year ended March 31, 2006, and currently has 10 members, including seven inside and three outside directors. Despite its small size, the structure of our Board of Directors enables it to properly supervise operational execution.

Outside directors are expected to use their respective independent standpoints to contribute to effective and efficient decision-making within the Board. Their duties include general supervision of management, which entails the oversight of potential conflicts of interest from a practical perspective based on the directors' abundant expertise and experience in the field of corporate management, and providing advice on the direction of Group management strategies and medium- to long-term policies and issues.

Outside directors meet with members of the Audit & Supervisory Board when necessary. This board currently has a total of five members, two of whom are inside (full-time), while three are outside Board members.

Evaluating the Governance of the Board of Directors

Improving management efficiency by ensuring sound management practices (to improve corporate value and business performance) is one of the major purposes of corporate governance. In order to fulfill this purpose, proper corporate governance must examine whether the Board of Directors is performing as expected.

Accordingly, Nichirei's Board of Directors and Audit & Supervisory Board (totaling 15 individuals) conduct an annual Board of Directors evaluation. The final evaluation report is compiled based on a five-stage evaluation process and a comment section, and utilizes the results of retrospective questionnaires and individual interviews. We have increased the objectivity of the entire evaluation process by accepting support from outside experts and outsourcing elements of the procedure when necessary.

In fiscal 2020, these evaluations produced the opinion that Nichirei's Board of Directors conducts productive discussions, while maintaining an atmosphere in which it is easy to speak one's thoughts.

Based on this assessment, we feel that procedures and the current state of discussions within the Board of Directors are steadily evolving. The fiscal 2020 evaluations favorably viewed adjustments to the Nominating Advisory Committee and the Remuneration Advisory Committee, which are advisory bodies to the Board of Directors.

Meanwhile, the free comment section of the evaluation report has several remarks related to increasing the depth of the discussions held by the Board of Directors, including comments concerning the achievement of an ideal degree of Board diversity, the reinvigoration of discussions regarding succession plans within the Nominating Advisory Committee, and the improved quality of agenda items submitted to the Board for discussion.

We will continue to conduct regular evaluations of our directors in a bid to make the Board increasingly effective.

Efforts to Enhance Corporate Governance

It is said that management results are determined by the quality of on-site capabilities and decision-making, and I find that high-quality decision-making results when management teams can produce timely, rational decisions and quickly adjust their trajectories as necessary. Thus, we will continue to implement self-directed managerial reforms based on the results of Board of Director evaluations as we work to boost the quality of our Group management.

In future, we will strive to achieve sustainable growth through value creation that is unique to the Nichirei Group, and continue our endeavors to strengthen our effective corporate governance with the goal of raising our medium- to long-term corporate value. We humbly request continued support from our shareholders, investors, and other stakeholders as we pursue these targets.

Message from the Outside Directors



Management Should Evolve,
Flexibly Respond to Market Changes

Shizuka Uzawa

Outside Director

Four years have passed since I was blessed with the opportunity to participate in Nichirei's management as an outside director. I feel that procedures and the state of discussions held by the Board of Directors have steadily evolved during this period, as we have become able to regulate and adjust matters for discussion within the Board and voluntarily participate in the Management Committee, which serves as an advisory body to the president.

During the meetings held by these bodies, I am afforded the opportunity to speak based upon my management experience, and am confident that my views have been particularly helpful when examining overseas investment projects, as I have provided notable examples of both successes and failures in this regard.

Further, when we revised Nichirei's director compensation system, the Company's management was fully prepared for a significant increase in the variable portion of compensation and accepted that management results would impact stock compensation.

Under the leadership of the president, we have identified the material matters through discussions held during the Nichirei Group Strategy Committee. Management personnel and representatives of senior staff from all Group companies participate in these meetings, which serve as a good opportunity to share information regarding

Nichirei's managerial aims. They also help me identify next-generation human resources as chairman of the Nominating Advisory Committee.

When incorporating the material matters that have been identified into our measures, I would like management to take final responsibility for their implementation while respecting objective and professional opinions from external think tanks and experts.

The COVID-19 pandemic has caused rapid changes in the way business is conducted. However, Nichirei's two main pillars—frozen foods and temperature-controlled logistics—have incurred negligible impact compared with other businesses, due to their importance in terms of societal infrastructure.

As someone who has experienced the rise and fall of the textile industry, I nevertheless believe in the need to discover and develop next-generation cash cows while the central pillars hold firm.

Thus I sincerely hope that Nichirei management will continue to evolve, while flexibly responding to changes in the market through expansion in sales from pending projects overseas and active participation in the bioscience business, which is currently experiencing heavy demand. I wish to continue contributing as an essential asset for Nichirei by maintaining my status as one of its firm—and sometimes potentially irritating—supporters.

Food Enriches People's Lives,
Boosts Sense of Well-being

Kuniko Shoji

Outside Director



Materiality Indicative of Nichirei's Resolve

Mieko Wanibuchi

Outside Director



The Nichirei Group maintains a close relationship with consumers, and its existence is grounded in customer trust.

The Nichirei Group has quickly and steadily reformed its governance and management. To this end, it has conducted self-directed evaluations regarding the operational status of its Board of Directors with support from external experts. Further, it has appointed outside directors to serve as chairmen of the Nominating Advisory Committee and the Remuneration Advisory Committee.

In pursuit of the long-term management goals toward for 2030, we have held repeated discussions regarding materiality based on The Nichirei Pledge, the 2017 revision of our CSR basic policy. We are also striving to enrich our understanding of shareholders, so that Nichirei can fulfill its role as a company that contributes to the achievement of a sustainable society by supporting good eating habits and health.

The materiality has been identified and approved by the Board of Directors through discussions with experts. Such

decisions represent a guidepost that is both indicative of Nichirei's resolve and a major step forward in terms of indicating the goals its employees should pursue.

I believe that the role of outside directors is to provide expert opinions that offer perspectives that differ from those coming from within the Company. As a woman and a small business manager, I have a relatively close connection with consumers. I aim to provide insight from the perspective of customers and users that is not accessible from within the Company.

Nichirei, which was like an airplane ready to take off after it had undergone the necessary inspections, has had its visibility clouded by the fog of the novel coronavirus. The Company thus must reconsider its course, reevaluate its global development, and reexamine climate change-related risks.

Under the leadership of the representative director and president, I hope that all individuals and organizations within the Nichirei Group unite under a single strong bond to implement meaningful reforms.

I believe that Nichirei's vision to support good eating habits and health is splendid. I have been involved in the medical care business for a long time and am convinced of the importance of perceiving human health from various standpoints, ranging from medical treatment to healthcare, of which food is an important component.

I also believe that food enriches people's lives and leads to a sense of well-being through the delicious flavors and fun opportunities it provides.

At the same time, in order to ensure that food continues to enrich people's lives, we cannot forget that we must show consideration for the environment, emphasize quality and safety, and see that our activities are ethical.

I think that the proactive and reactive measures established in response to issues which Nichirei recently identified as materiality are well balanced when combined with associated references concerning human resources. In future, the Company's businesses will all endeavor to achieve goals associated with materiality, and I, as an outside director, I will

strive to objectively monitor the progress made toward these goals.

Nichirei's Board of Directors serves as an open forum for free and easy discussion. I am permitted to participate in the Management Committee, which functions as an advisory body to the president, and am granted opportunities to frankly share my opinions within the Nominating Advisory Committee and the Remuneration Advisory Committee.

By allowing our participation in these organizations, the Nichirei Group ensures that its management remains sound and transparent. In the future, I would like to visit Nichirei's regional facilities and factories to hear firsthand the opinions of employees.

As food and health become subjects of ever greater societal interest, I will support all employees of the Nichirei Group as they perform their work with collective pride in their objective of continuing to provide support for good eating habits and health. At the same time, I wish to contribute to the Company's growth by sharing my past experience for its ultimate benefit.

Corporate Governance

Basic Policy and Framework

On the basis of its holding company structure, the Group engages in business through its Group companies across a wide range of fields which include processed foods, marine products, meat and poultry products, logistics, and biosciences. In pursuit of sustainable growth and the enhancement of corporate value over the medium to long term, the Company's Board of Directors formulates Group strategies and supervises the business execution of operating companies.

The holding company maintains awareness regarding the principles of the Corporate Governance Code and views the achievement of fair and transparent management as an important management issue. Accordingly, under the supervision of the Board of Directors, we will promote appropriate resource allocation, speed up decision-making, and ensure thorough compliance while continuing to strengthen our governance.

In addition, we have established ourselves as a company with Audit & Supervisory Board system, an institutional design specified within the Companies Act of Japan.

Corporate Governance <https://www.nichirei.co.jp/english/corpo/management/governance.html>

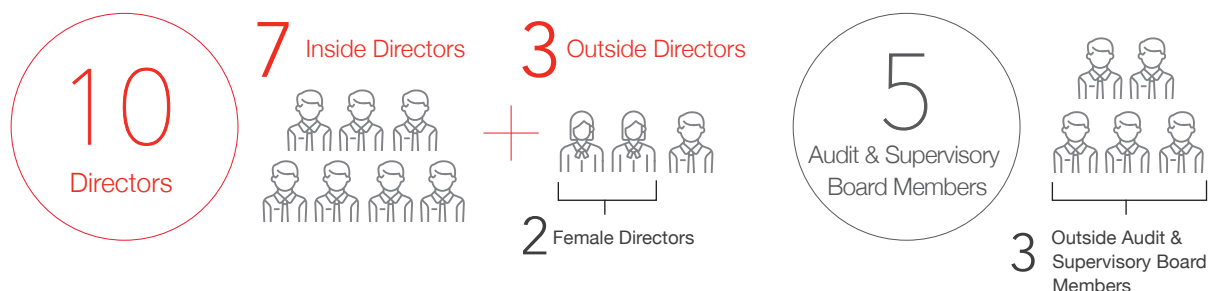
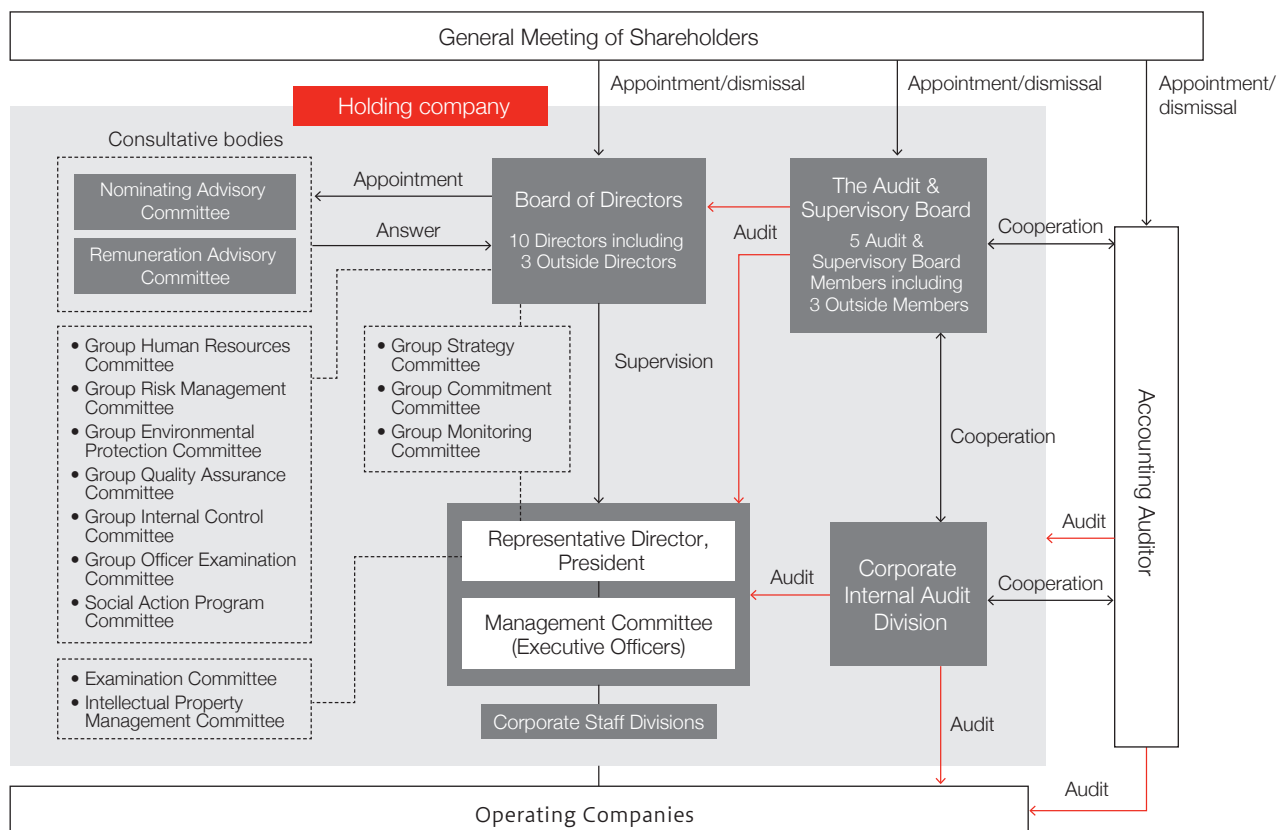


Diagram of Corporate Governance Structure (As of June 24, 2020)



Corporate Governance Report https://www.nichirei.co.jp/sites/default/files/inline-images/english/corpo/pdf/governance_e.pdf

Composition of Committees, Structure Reinforcement

Status of the Establishment of a Voluntary Committee, Its Composition and the Attributes of Its Chairperson

	Voluntary commitment that is functionally equivalent to a nominating committee	Voluntary commitment that is functionally equivalent to a remuneration committee
	Nominating Advisory Committee	Remuneration Advisory Committee
Number of members	5	4
Inside Directors	2	1
Outside Directors	3	3
Audit & Supervisory Board Members	0	0
Chairperson	Outside Director	Outside Director

Status of Appointment of Members to the Board of Directors and Various Committees

	Status of appointment
Representative Director, Chairman	<ul style="list-style-type: none"> • Boards of Directors • Group Risk Management Committee • Group Internal Control Committee • Group Officer Examination Committee
Representative Director, President	
Inside Directors	
Audit & Supervisory Board Members	
Outside Directors	
Outside Audit & Supervisory Board Members	
	<ul style="list-style-type: none"> • Management Committee • Group Human Resources Committee • Group Environmental Protection Committee • Group Quality Assurance Committee • Social Action Program Committee

Number of Meetings Held	FY2018	FY2019	FY2020
Board of Directors	19	19	18
Nominating Advisory Committee	1	2	2
Remuneration Advisory Committee	1	6	3
Management Committee	21	23	20
Group Human Resources Committee	2	2	2
Group Risk Management Committee	2	2	2
Group Environmental Protection Committee	3	3	2
Group Quality Assurance Committee	2	2	2
Group Internal Control Committee	1	1	1
Group Officer Examination Committee *	—	—	1
Social Action Program Committee	1	1	1

*Meetings are called by the chairperson on an as-needed basis

Activity Aimed at Strengthening Nichirei Group's Corporate governance Structure

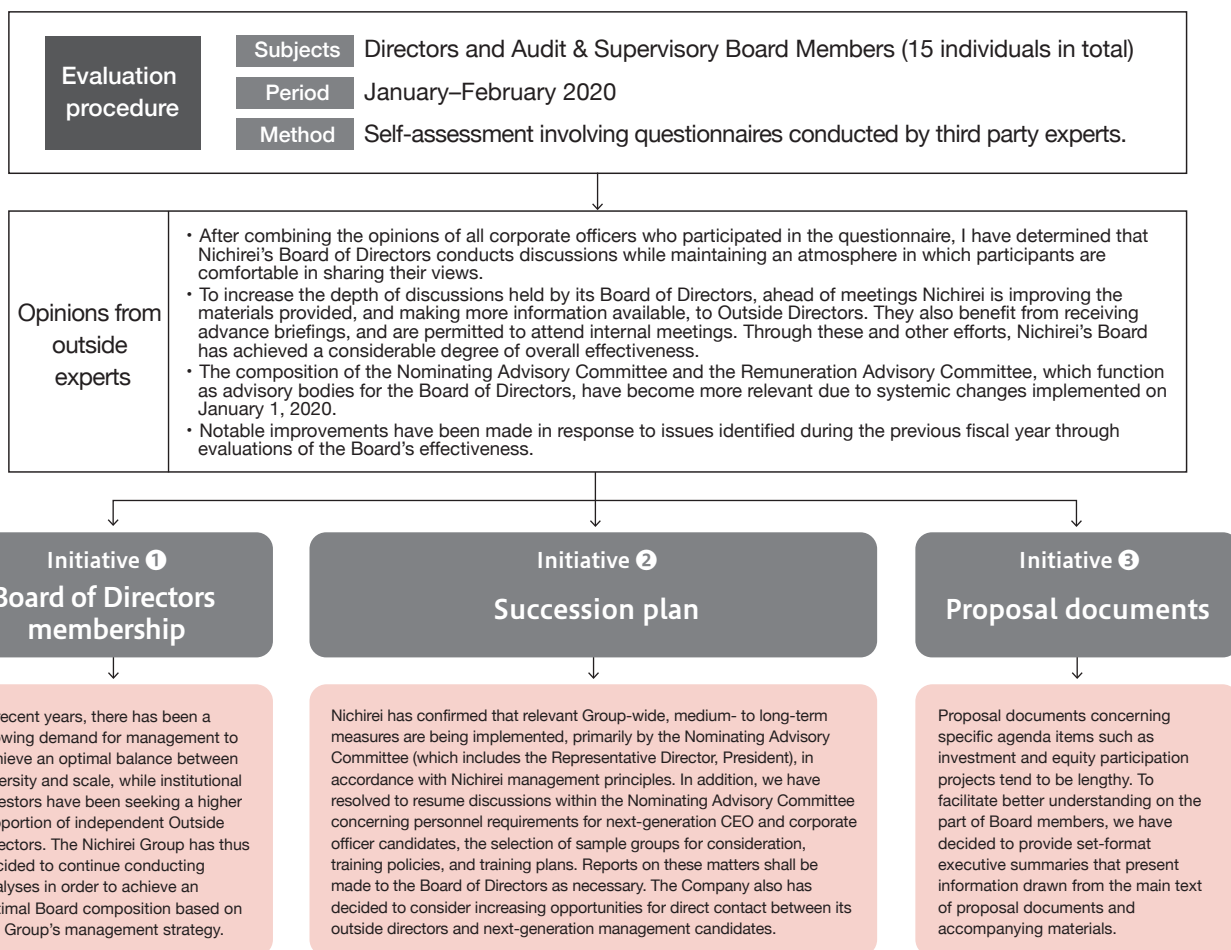
2001	<ul style="list-style-type: none"> • Implementation of executive officer system Enhancement of the Board of Directors' decision-making and supervisory functions
2003	<ul style="list-style-type: none"> • Implementation of outside director system Increasing the transparency of management and strengthening the supervisory function of the Board of Directors
2005	<ul style="list-style-type: none"> • Shift to holding company system This move is aimed at establishing a management system through which both the holding company, which is responsible for Nichirei Group's overall strategy and the Group's operational companies, which handle business execution, can demonstrate their responsibility and mobility. • Shift to three independent outside directors structure First female outside director (one) installed
2006	<ul style="list-style-type: none"> • Retirement bonuses for directors discontinued These were abolished to enable us to review our director compensation system as part of our efforts to conduct management reform and implement a compensation system that is linked to business performance and results. • Shortening of director tenure to one year Tenures were shortened to increase the mobility of our response to changes in the management environment.
2012	<ul style="list-style-type: none"> • Shift to five auditor structure (including three independent outside company auditors)
2015	<ul style="list-style-type: none"> • Corporate Governance Basic Policy established Established the Nomination and Remuneration Advisory Committees as advisory bodies for the Board of Directors
2016	<ul style="list-style-type: none"> • Board of Directors effectiveness evaluations started Discloses result summaries • Discontinuation of rules regarding the high-volume purchase of Nichirei share certificates, etc. (Anti-takeover measures) • Number of female outside directors increased to two
2018	<ul style="list-style-type: none"> • Formulation of Nichirei Group Disclosure Policy
2019	<ul style="list-style-type: none"> • Revision of director compensation system • Revision of the Basic Policy on Corporate Governance Revisions to capital policy and other protocols and adjustments to maximum terms of office for Outside Audit & Supervisory Board Members that aim to ensure their independence

Corporate Governance

Evaluations of Effectiveness, Director Compensation System

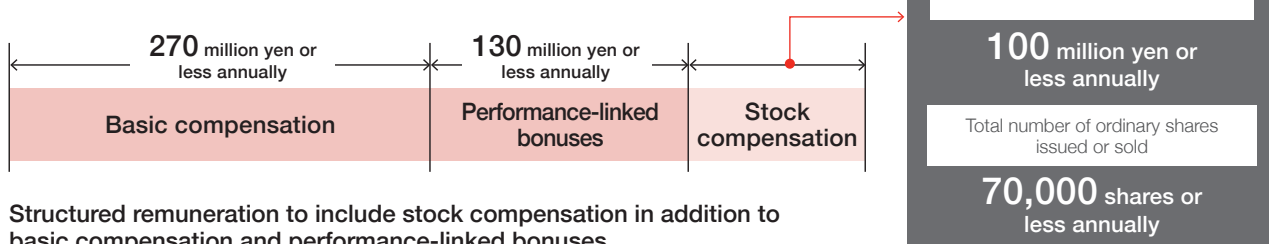
Board of Directors Evaluations

As necessary, and with the assistance of outside experts, the Company conducts analyses and evaluations of the Board of Directors' activities to ensure its decision-making is effective. Summaries of the results are subsequently disclosed.



Director Compensation

To achieve the targets of our medium-term management plan, we have strengthened director incentives and devised a compensation package for Internal Directors and Executive Officers. By making stock compensation part of their remuneration, we see that they share in the same value as our shareholders.



Structured remuneration to include stock compensation in addition to basic compensation and performance-linked bonuses.

* Executive Officers are eligible for performance-linked bonuses and stock compensation

Compliance, Risk Management

Compliance

The Nichirei Group is engaging in a variety of initiatives aimed at improving its corporate ethics by ensuring compliance with the laws and social norms of all the countries in which it operates. Accordingly, we have created guidelines for proper employee behavior in line with laws, our internal regulations, and corporate ethics, as well as a Code of Conduct and a Code of Conduct casebook, which provides clear examples of appropriate behavior. These documents also include information concerning matters related to the prevention of corruption that have been deemed important from the perspective of international compliance, including insider trading bans and the prohibition of engagement or trading with antisocial forces. In addition to providing this information, we conduct employee compliance training aimed at ensuring a more pervasive understanding of compliance management and a more universal compliance management framework.

<https://www.nichirei.co.jp/english/corpo/compliance.html>

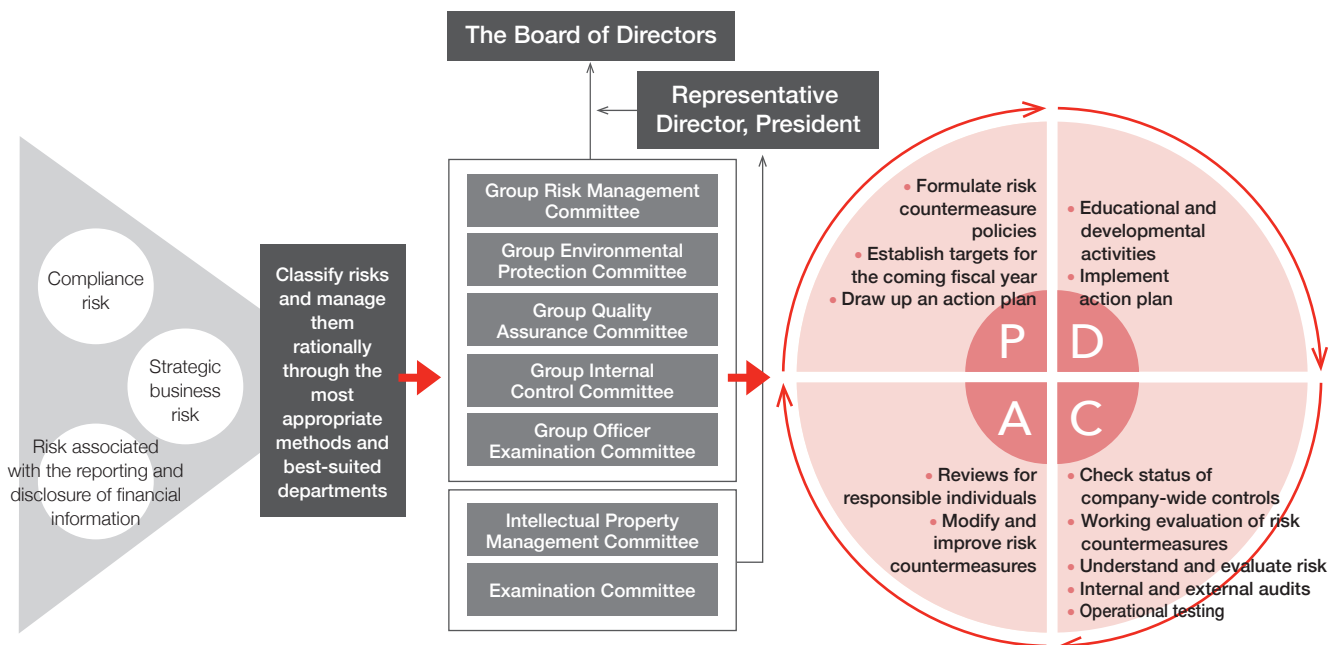
Nichirei Group Code of Conduct

1. Compliance with Laws and Regulations Concerning Respect for Human Rights and Labor
2. Environmental Protection
3. Compliance with Laws and Regulations and Internal Regulations
4. Management and Preservation of the Company's Property
5. Prohibition on Personal Use of the Company's Property
6. Prohibition on Insider Trading
7. Ensure the Reliability of Financial Information
8. Management and Use of Information
9. Prohibition of Personal Acts Conflicting with the Company's Interests
10. Prohibition on Unfair Benefits Given to/Received from Public Officers or Business Partners
11. Prohibition on Involvement/Trade with Antisocial Forces
12. Compliance with/reporting of and Consultation on Code of Conduct

Risk Management

The Nichirei Group has set up the Group Risk Management Committee, chaired by the Representative Director, President, to manage the various risks associated with its business activities, in the most appropriate and rational ways from a comprehensive standpoint, and to maximize the Group's enterprise value. The committee identifies and evaluates Group-wide risks and Nichirei and its business companies respond to these risks on their own accord, based on the established risk management cycle. Important items are reported to the Board of Directors of Nichirei Corporation, the holding company, which considers the response.

We have also established and implement the Nichirei Group internal control systems to facilitate operational effectiveness and staff ability, ensure the accuracy of financial reports, comply with laws and regulations pertinent to our business, and to protect assets.



Directors, Auditors and Officers (as of June 24, 2020)



Back row, from left

- Kazunori Miki
Executive Officer
- Tatsuo Udagawa
Executive Officer
- Masahiko Takenaga
Director, Executive Officer
- Kazuhiko Umezawa
Director, Executive Officer
- Junji Kawasaki
Director, Executive Officer
- Yoshifumi Kaneko
Director, Executive Officer

Front row, from left

- Kuniko Shoji
Outside Director
- Mieko Wanibuchi
Outside Director
- Kenya Okushi
Representative Director,
President



■ Yasunari Shigeno Audit & Supervisory Board Member	■ Kazuhiko Yasuda Audit & Supervisory Board Member	■ Yuhiko Saito Outside Audit & Supervisory Board Member	■ Kiyoshi Asahina Outside Audit & Supervisory Board Member	■ Muneaki Kiyota Outside Audit & Supervisory Board Member	■ Masato Takenaga Executive Officer	■ Yutaka Karino Executive Officer
■ Kunio Otani Representative Director, Chairman			■ Takumi Taguchi Director, Executive Officer		■ Shizuka Uzawa Outside Director	

Profile (as of June 25, 2020)

Directors



Kunio Otani

Representative Director,
Chairman

Number of shares held:
20,100 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Kunio Otani has attained a wealth of experience in divisions such as accounting & tax, strategic planning and corporate supervise as well as corporate management experience as President of the Company and its group company. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice from the viewpoint of a position governing the Group management.

Significant concurrent positions outside the Company
Outside Director, Japan Finance Corporation



Kenya Okushi

Representative Director,
President

Number of shares held:
12,200 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Kenya Okushi has gained a wealth of experience in divisions such as manufacturing and business coordination of the processed foods business and strategic planning as well as corporate management experience as President of a Group company. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice from his viewpoint as the person in command of the Group management.



Takumi Taguchi

Director, Executive Officer

Number of shares held:
6,100 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Takumi Taguchi has acquired extensive experience in accounting & tax and finance divisions. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice based on his knowledge in accounting, finance and others.

Outside Directors



Masahiko Takenaga

Director,
Executive Officer

Number of shares held:
10,000 shares

Board of Director
meeting attendance:
14/14 meetings*
(100 %)

Representative Director, President, Nichirei Foods Inc. Mr. Masahiko Takenaga has gained a wealth of experience working at sales divisions in the processed foods business and in brand promotion, manufacturing, and household-use business division. In addition, he has served as President of a Group company. Based on his abundant experience, he is happy to share ideas and makes suggestions at Board and other internal meetings.

* Mr. Takenaga was appointed at the 101st Ordinary General Meeting of Shareholders, on June 25, 2019. His Board meeting attendance record covers the period since then.



Shizuka Uzawa

Outside Director

Number of shares held:
1,500 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Shizuka Uzawa has extensive experience as a corporate executive coupled with a wide-ranging knowledge of finance and accounting and, in the interest of Group management, provides opinions and advice during meetings of the Board of Directors and various other internal meetings (including meetings of the Nominating Advisory Committee and Remuneration Advisory Committee).

Significant concurrent positions outside the Company
Outside Director, Sapporo Holdings Limited



Mieko Wanibuchi

Outside Director

Number of shares held:
1,500 shares

Board of Director
meeting attendance:
16/18 meetings
(88.8 %)

Ms. Mieko Wanibuchi has worked in corporate management for many years and leverages the experience and knowledge acquired through these endeavors to offer opinions and advice during meetings of the Board of Directors and various other internal meetings (including meetings of the Nominating Advisory Committee and Remuneration Advisory Committee) from perspectives that include the product and service purchasing behaviors of consumers.

Significant concurrent positions outside the Company
Representative Director, Chairperson, GINZA TAILOR GROUP CO., LTD.
Representative Director, Chairperson, GINZA TAILOR CO., LTD.
Representative Director, President, GGG Co., Ltd.

Outside Audit & Supervisory Board Members



Yuhiko Saito

Outside Audit &
Supervisory Board Member

Number of shares held:
300 shares

Board of Director
meeting attendance:
14/14 meetings*
(100 %)

Mr. Yuhiko Saito has had a career in the legal profession, while also holding judicial positions in government office. Having worked as an attorney since retiring from public office, he possesses wealth of experience and intricate knowledge as a legal expert.

* Mr. Saito was appointed at the 101st Ordinary General Meeting of Shareholders, on June 25, 2019. His Board meeting attendance record covers the period since then.



Kiyoshi Asahina

Outside Audit &
Supervisory Board Member

Number of shares held:
—

Board of Director
meeting attendance:
New appointee

Mr. Kiyoshi Asahina engaged in both domestic and foreign business affairs within administrative fields related to agriculture, forestry, and fisheries for many years. He has gained a wealth of understanding and expert insight from having lead independent audits.



Muneaki Kiyota

Outside Audit &
Supervisory Board Member

Number of shares held:
—

Board of Director
meeting attendance:
New appointee

Mr. Muneaki Kiyota has held important positions in financial institutions, most of which were based abroad. He then served as a Audit & Supervisory Board Member and director at a domestic manufacturing company for approximately 10 years. He has a great deal of experience in, and understanding of, corporate management.



Yoshifumi Kaneko

Director, Executive Officer

Number of shares held:
5,600 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Representative Director, President, Nichirei Fresh Inc. Mr. Yoshifumi Kaneko has acquired abundant experience in divisions such as sales, procurement and logistics of the processed foods business, as well as corporate management experience as President of a Group company. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice based on his wealth of experience and achievement in Japan and overseas.



Junji Kawasaki

Director, Executive Officer

Number of shares held:
3,500 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Junji Kawasaki has acquired extensive experience in quality assurance division through duties that include performing quality audits and process quality management and marketing division of the processed foods business. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice based on his knowledge in technology management and quality assurance.



Kazuhiko Umezawa

Director, Executive Officer

Number of shares held:
7,400 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Representative Director, President, Nichirei Logistics Group Inc. Mr. Kazuhiko Umezawa has abundant operational experience, including logistics solutions for low-temperature logistics business, as well as operational management. He also possesses considerable management experience from being President of a Group company. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice based on his wealth of experience and achievements in the low-temperature logistics business.

Audit & Supervisory Board Members



Kuniko Shoji

Outside Director

Number of shares held:
700 shares

Board of Director
meeting attendance:
17/18 meetings
(94.4 %)

Ms. Kuniko Shoji has extensive experience as a corporate manager in the pharmaceutical-related industry and broad knowledge of quality assurance and R&D. She also offers opinions and advice during meetings of the Board of Directors and various other internal meetings.

Significant concurrent positions outside the Company

Outside Director, MEDIPAL HOLDINGS CORPORATION
Outside Director, DIC Corporation
Professor, Kanagawa University of Human Services Graduate School, School of Health Innovation



Yasunari Shigeno

Audit & Supervisory
Board Member

Number of shares held:
6,600 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Yasunari Shigeno has attained extensive experience in sales and administration of the logistics business as well as corporate management experience as President of group companies.



Kazuhiko Yasuda

Audit & Supervisory
Board Member

Number of shares held:
4,500 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

While possessing sufficient knowledge of finance and accounting, Mr. Kazuhiko Yasuda also has abundant experience in management, such as accounting & tax and strategic planning.

Executive Officers



Tatsuo Udagawa

Executive Officer
General Manager, Business Management



Kazunori Miki

Executive Officer
General Manager, Strategic Planning



Masato Takenaga

Executive Officer
Representative Director, President,
Nichirei Biosciences Inc.



Yutaka Karino

Executive Officer
General Manager, Human Resources
Strategy & General Affairs

Stakeholder Engagement

As it engages in global business activities, the Nichirei Group recognizes the importance of communicating and maintaining dialogue with its diverse stakeholders. To foster deeper mutual understanding, the Group is fostering a number of initiatives, and encouraging the disclosure of relevant information, in order to reflect the expectations and concerns of its stakeholders, while building corporate value by establishing friendly, long-term relationships.

Stakeholder	Target	Primary issue	Mean/method of communication	Frequency
Customer	Better customer satisfaction and corporate branding: to be achieved through prompt, appropriate, and sincere responses to consumer requests and feedback.	<ul style="list-style-type: none"> • Quality assurance for products and services • Proper delivery of information • Supply of delicious food, as well as greater availability of, and better accessibility to, a rich array of meal options 	<ul style="list-style-type: none"> • Customer Service Center • Customer satisfaction survey • Website • Social media 	<ul style="list-style-type: none"> • Routine • Once a year • As necessary • As necessary
Shareholder/ Investor	Deeper understanding of the Company and higher corporate value: to be achieved by timely and appropriate disclosures.	<ul style="list-style-type: none"> • Maintaining and improving corporate value • Appropriate distribution of profits • Disclosure of accurate information 	<ul style="list-style-type: none"> • General Meetings of Shareholders • Financial results briefings • Business information sessions, facility tours • Detailed interviews with individual investors from Japan and overseas • IR website • Integrated Report • Business Report 	<ul style="list-style-type: none"> • Once a year • Four times a year • Once a year • As necessary • As necessary • Once a year • Twice a year
Business partner	Strong, effective, and stable long-term relationships with business partners throughout the supply chain	<ul style="list-style-type: none"> • CSR procurement • Mutual development achieved through customer intimacy 	<ul style="list-style-type: none"> • CSR procurement survey for suppliers • Meetings and seminars with invited participation from business partners 	<ul style="list-style-type: none"> • Survey ongoing since 2018 • Once a year
Employee	Favorable labor-management relations; greater employee motivation; a dynamic organizational climate	<ul style="list-style-type: none"> • Occupational safety, health • Job satisfaction • Workstyle reform • Health management 	<ul style="list-style-type: none"> • Establishment of an internal reporting center • Creation of an employee assistance and mental health consultation center • Labor-management council • Health and safety committee • Symposiums involving management and employees • PR brochures • Intranet • Employee award system • Employee satisfaction survey • Employee stress checks 	<ul style="list-style-type: none"> • 24 hours per day • 24 hours per day • Twice a year • Once per month • Annual (all worksites) • Four times a year • Routine • Once a year • Once a year • Once a year
Local community	Smooth, enduring business operations as a trusted and respected company: to be achieved by building favorable relations with surrounding communities.	<ul style="list-style-type: none"> • Harmonious coexistence with local communities • Preservation of local environment • Educational activities in the local community 	<ul style="list-style-type: none"> • Social contribution activities • Participation in local events • Volunteer activities • Dietary education activities • Food factory and distribution warehouse tours • Acceptance of internships • Hosting of sporting events 	<ul style="list-style-type: none"> • As necessary • As necessary • As necessary • As necessary • As necessary • As necessary • As necessary
Trade organization/ NGO/NPO	Collaboration with other companies, by taking part in conferences and other events involving government ministries and trade organizations; resolving of social issues by collaborating and cooperating with NGOs and NPOs in Japan and abroad.	<ul style="list-style-type: none"> • Climate change • Food loss • Sustainable public procurement of food 	<ul style="list-style-type: none"> • TCFD Consortium • Japan Frozen Food Association • Japan Association of Refrigerated Warehouses • Japan Fisheries Association • Authorized NPO Second Harvest Japan • World Wide Fund for Nature • Roundtable on Sustainable Palm Oil 	<ul style="list-style-type: none"> • As necessary • As necessary • As necessary • As necessary • Twice per month • As necessary • Once a year

Addressing Social Issues through Food-related Contributions

Since 2006, the Nichirei Group has been supporting the activities of a food bank, the certified NPO Second Harvest Japan. So far, we have provided about 20,000 cases of our frozen foods to various welfare facilities, including foster homes for children, mother and child support centers, and disability support facilities. In addition to delivering these products, we also provide logistical support to ensure that the items retain their quality.

We intend to continue supporting food bank activities and hope to help resolve social issues through our food-related contributions.

Process Leading Up to Delivery

Our fundamental stance is to provide only what is truly needed without forcing the acceptance of any extra material.



Cosponsorship of the Tokyo 2020: Food for 100,000 Project

In fiscal 2020, we expressed our support for activities associated with, Tokyo 2020: Food for 100,000, a project conducted by Second Harvest Japan, and donated one million yen toward the cause.

* Tokyo 2020: Food for 100,000: A project attempting to build a safety net capable of providing an adequately life-sustaining amount of food to 100,000 people in Tokyo and 60,000 people in Kanagawa and Saitama during a single year (2020); this project involves collaboration with various corporations, governments, and NPOs. <http://2hj.org/english/100000pj>



SDG Lectures Inspire Ideas on Sustainable Marine Product Development

Nichirei Fresh procures shrimp from Indonesia. Since 2006, it has participated in the Forest of Life Project, collaborating with local Indonesian partner PT. Mustika Minanusa Aurora and Tarakan City in the Indonesian province of North Kalimantan. Through its involvement in this project, the Company uses a portion of its earnings from sales of shrimp to help improve shrimp habitats and plant mangrove trees.

Intensive aquaculture, with its high environmental impact, is the primary method of shrimp farming. In contrast, the Forest of Life Project promotes the sustainable local development of marine products through extensive aquaculture, which does not use compound animal feed or electricity.

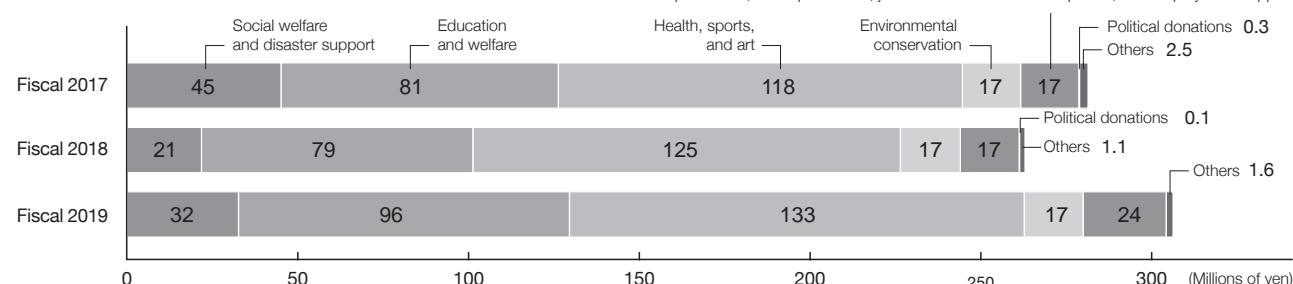
Recently, through its involvement in the Hakuodo Inc. SDGs project, Earth Mall, that aims to change the future through shopping, the Company held lectures concerning SDGs at the Saitama Prefectural Ina Gakuen Junior High School with the goal of inspiring people to think about sustainable marine product development. Through this program, the Company informed students primarily about supply chains used to procure the shrimp they frequently eat and global social issues.

In addition, we worked with students to create video messages for local marine product manufacturers, who are farming shrimp in Indonesia. The local Indonesian population viewed the video and responded with messages, giving the local junior high school students the chance to engage in communication and learn the importance of sustainable marine products.



December 5, 2019 Lecture → December 11, 2019 Shrimp taste-testing → December 19, 2019 Video message production → February 28, 2020 Indonesia → July 27, 2020 Review lecture

Nichirei Group Social Contribution Spending (three years)



Community activities, preservation of historic sites and traditional culture, town planning aimed at disaster prevention, crime prevention, job creation and skill development, and employment support

Supporting the Food Supply Chain

Since our founding, the Nichirei Group has contributed to the development of society and the improvement of people's lives in Japan as a leading cold chain company.

In this era of major natural disasters and pandemics, we recognize the importance of food to human life. Thus, the Group undertakes to ensure ongoing support for the food supply chain.

If we are able to establish systems that can sustainably and quickly restore the food supply chain, we believe that we will serve society as an invaluable corporate group. We thus are working to strengthen our risk management system and build a comprehensive business continuity plan (BCP).

Risk Management Structure

In the course of its business activities, the Nichirei Group manages various risks in a rational and optimal manner from an overall perspective. In order to maximize the corporate value of the Group, we established the Group Risk Management Committee, chaired by the Representative Director, President. Based on the risk management cycle established by the committee to identify and evaluate risks facing the entire Group, Nichirei and all Group companies respond to the risks on their own accord and report important matters to the holding company Board of Directors so that countermeasures can be discussed.

Business Continuity Plan Initiatives

■ Employee Safety

Group Countermeasures Headquarters in Response to COVID-19

In January 2020, we set up the Group Countermeasures Headquarters in response to COVID-19. In addition to collecting and sharing information throughout the Group, between January and July 2020 we sent out, on the Company intranet, 24 messages with instructions regarding work systems and infection prevention measures.

We are creating a crisis management system to strike a balance between the prevention of infection and the need for our employees to engage in business activities.

Confirming Safety in Emergency Situations

The Nichirei Group has introduced a company-wide safety confirmation system using a dedicated website. In the event of a disaster, such as an earthquake with an intensity of five or higher, emails will be sent to each employee to check whether they are safe, and relevant local information will be provided immediately on the website. The system allows for the rapid collection and sharing of information.

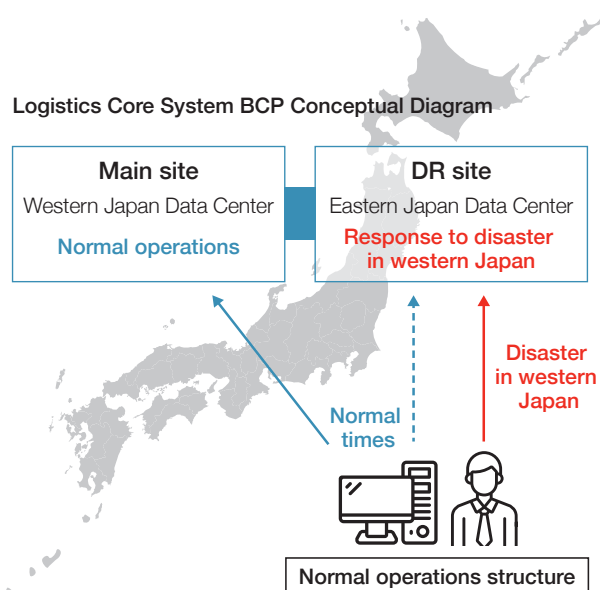
■ Enhancing Logistics Core System BCP

As part of its risk management, the Nichirei Logistics Group has been enhancing its BCP support for its logistics core system since February 2018.

Assuming the possibility of damage to the data center, where operations are heavily concentrated, we created a disaster recovery (DR) system to enable rapid business continuity. In the event of a large-scale disaster, we would be able to quickly resume operations through the use of two bases that switch from the system at our main site to the DR site.

Approximately one hour would be needed from the activation of the system until an online restart would be possible. This is designed to ensure that customer businesses and food distribution are not affected.

We plan to implement advanced initiatives as a food logistics lifeline in order to contribute to the business continuity of our business partners.



Case Study Nichirei Logistics Group BCP Initiatives

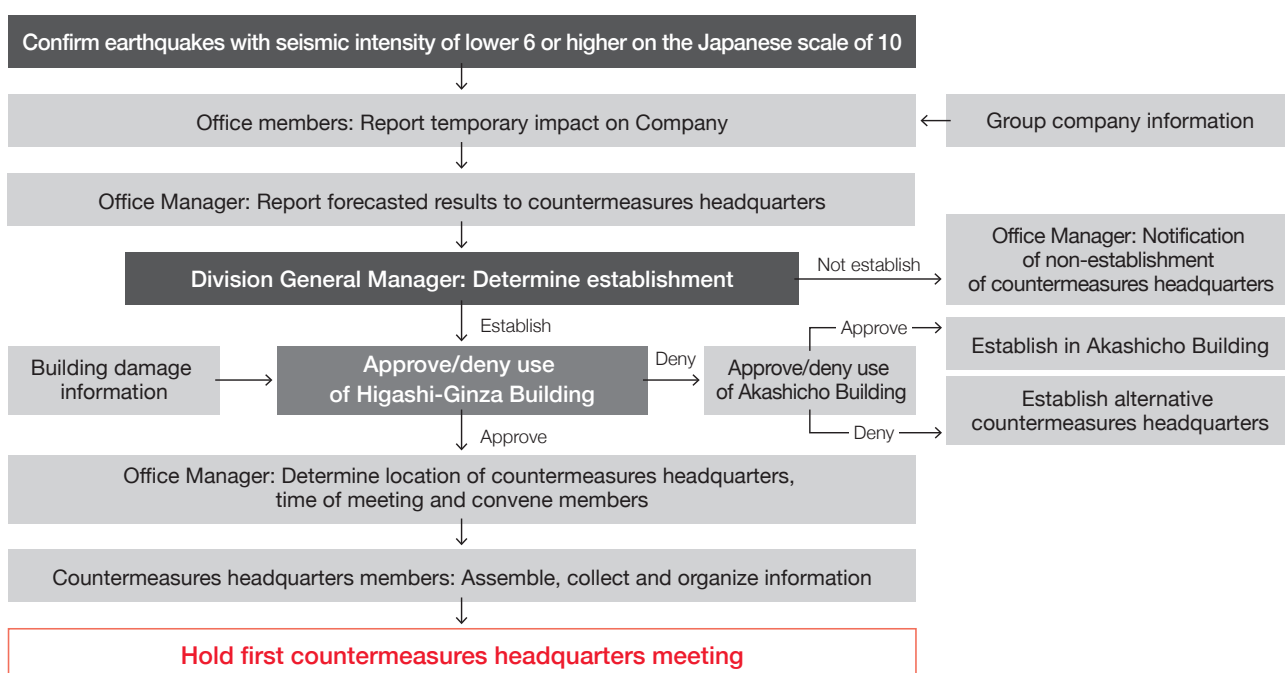
■ Overview

In recent years, with a number of areas having experienced enormous damage as a result of natural disasters, the Nichirei Logistics Group has formulated a BCP to be implemented in the event of earthquakes, tsunamis, typhoons, major storms, and floods. Such risk management prioritizes ensuring the safety of employees and cargo being handled.

Every year before the typhoon season, in addition to circulating a document detailing our anticipated response to forecast typhoons and other weather-related disasters on the Company website, we provide business partners with information on how to deal with temporary closures and changes in business hours.

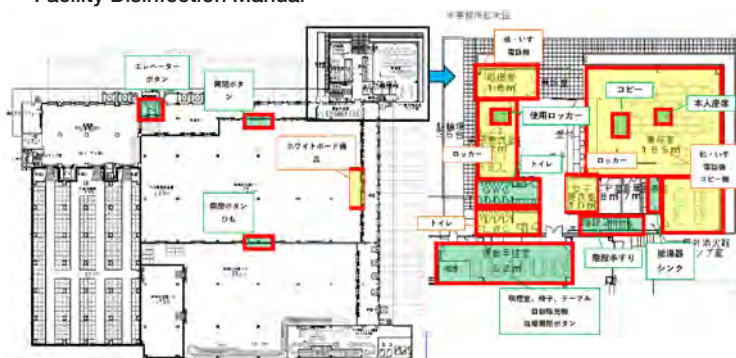
In response to COVID-19, we are conducting infection prevention measures at businesses, while at the same time changing work styles by, for example, staggering commuting times, encouraging teleworking, and opening satellite offices to help ensure employee safety and business continuity.

■ Countermeasures Headquarters Establishment Flow



■ COVID-19 Response Manual

Facility Disinfection Manual



Guidelines for Preventing the Spread of Infection (Close Contact Prevention)



11-year Financial Highlights

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31

energy 2012

		2010/3	2011/3	2012/3	2013/3
► Fiscal Year:					
Net sales	*	438,111	437,808	454,931	470,126
Cost of sales		350,153	350,442	368,012	378,652
Selling, general and administrative expenses	*	71,144	70,685	70,741	73,541
Operating profit		16,814	16,681	16,177	17,932
Non-operating income:		1,628	1,939	2,025	1,880
Interest and dividend income		528	488	622	575
Share of profit of entities accounted for using equity method		—	164	49	224
Non-operating expenses:	*	2,992	2,505	2,952	2,609
Interest expenses		1,703	1,371	1,445	1,438
Share of loss of entities accounted for using equity method		0	—	—	—
Ordinary profit		15,450	16,115	15,250	17,202
Extraordinary income		1,169	5,123	1,308	1,690
Extraordinary losses	*	2,238	12,378	2,333	5,291
Profit before income taxes		14,380	8,860	14,225	13,601
Income taxes	*	5,142	4,772	6,406	5,489
Profit (loss) attributable to non-controlling interests		(174)	(44)	85	1,712
Profit (loss) attributable to owners of parent		9,064	4,044	7,904	9,823
Depreciation and amortization		13,506	14,158	14,978	14,302
(Excluding leased assets)		9,751	10,441	11,177	10,522
Capital expenditure		24,385	22,110	12,248	13,171
(Excluding leased assets)		18,026	18,076	9,400	10,724
Research & development expenditures		1,986	1,806	1,697	1,817

► Share information:

Profit per share	*	29.24	13.08	26.35	33.40
Dividend per share	*	9	9	9	10
Payout ratio		31%	69%	34%	30%

* 1. Figures in the consolidated statements of income are based on the Securities Report and presented in million-yen units, with units less than one million yen rounded down. However, figures for items marked with "Note" have been fractionally adjusted for convenience purposes.
2. Due to segment changes in fiscal 2001 and 2004, as well as changes in common cost allocation standards in fiscal 2003 and 2006, it is difficult to accurately follow the profit levels of each business in chronological order.
3. From fiscal 2016, the accounting policy regarding standards for recording sales in the Processed Foods Business was changed (the portion that had previously been recorded as promotional expenses has been excluded from net sales). Accordingly, fiscal 2015 is displayed as a numerical value after the correction is retroactively applied.
4. From fiscal 2017, earnings per share (yen) and dividend per share (yen) are shown as numerical values after the reverse stock split implemented on October 1, 2016.

RISING 2015			POWER UP 2018			WeWill2021
2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3 (millions yen)
511,189	519,963	535,351	539,657	568,032	580,141	584,858
417,928	446,180	454,265	448,516	475,194	486,926	485,784
77,472	56,376	59,501	61,831	62,940	63,704	68,038
15,789	17,406	21,583	29,309	29,897	29,511	31,035
2,113	1,993	1,704	1,433	2,102	1,753	1,891
1,060	616	664	716	817	871	896
—	140	131	278	715	399	387
3,459	2,498	1,893	1,637	1,350	1,399	1,150
1,295	1,138	1,053	954	898	870	791
795	—	—	—	—	—	—
14,443	16,902	21,394	29,105	30,650	29,864	31,777
2,347	137	220	468	102	1,085	505
1,432	1,167	1,014	1,756	1,515	1,410	2,489
15,357	15,871	20,600	27,818	29,237	29,540	29,792
5,480	4,850	5,933	7,322	8,601	8,773	9,008
(978)	(1,504)	(1,195)	(1,744)	(1,538)	(822)	(1,174)
8,898	9,516	13,471	18,751	19,097	19,943	19,609
14,475	15,621	16,455	16,057	16,155	17,481	18,355
10,748	11,871	12,658	12,347	12,543	13,910	14,690
24,041	24,171	16,175	13,887	24,952	24,132	27,287
21,209	19,750	13,216	10,253	22,312	21,320	24,864
1,607	1,730	1,600	1,559	1,986	2,359	2,486
31.12	33.29	47.15	135.11	142.23	149.65	147.16
10	10	12	28	30	32	42
32%	30%	26%	21%	21%	21%	29%

Consolidated Balance Sheets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

As of March 31, 2019 and 2020

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
Current assets:			
Cash and deposits	¥ 20,829	¥ 25,933	\$ 238,292
Notes and accounts receivable - trade	87,219	82,269	755,940
Less allowance for doubtful accounts	(118)	(131)	(1,211)
Inventories	45,734	47,934	440,454
Other current assets	6,889	14,303	131,425
Total current assets	160,554	170,308	1,564,901
Fixed assets:			
Property, plant and equipment (Note 5):			
Buildings and structures	244,223	252,672	2,321,717
Machinery and equipment	113,026	118,098	1,085,164
Land	35,664	36,007	330,863
Leased assets	38,121	37,323	342,948
Construction in progress	657	4,534	41,663
	431,694	448,636	4,122,357
Less accumulated depreciation	(276,237)	(285,402)	(2,622,461)
Property, plant and equipment, net	155,456	163,233	1,499,895
Investments and other assets:			
Investment securities (Note 4)	35,886	28,904	265,593
Investment in affiliates	4,993	7,246	66,585
Net defined benefit asset	56	57	525
Deferred tax assets (Notes 3 and 7)	1,612	1,912	17,576
Other	18,985	18,609	170,998
Less allowance for doubtful accounts	(287)	(268)	(2,467)
Total investments and other assets	61,246	56,462	518,812
Total fixed assets	216,703	219,696	2,018,708
Total assets	¥ 377,257	¥ 390,004	\$ 3,583,609

The accompanying notes are integral parts of these statements.

Consolidated Balance Sheets (Unaudited) (Continued)

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
Current liabilities:			
Short-term loans	¥ 7,336	¥ 4,292	\$ 39,439
Commercial paper	2,000	2,000	18,377
Current portion of long-term debt	5,202	956	8,791
Current portion of bonds	—	10,000	91,886
Accounts payable	27,742	28,460	261,512
Lease obligations	3,578	3,605	33,131
Income taxes payable	4,368	5,299	48,693
Accrued expenses	30,919	34,893	320,625
Provision for directors' bonuses	215	228	2,095
Other current liabilities	18,198	18,683	171,675
Total current liabilities	99,561	108,419	996,227
Long-term liabilities:			
Bonds	40,000	30,000	275,659
Long-term debt	24,385	33,420	307,089
Provision for directors' and statutory auditors' retirement benefits	154	175	1,615
Net defined benefit liability	1,893	2,014	18,509
Lease obligations	13,449	12,076	110,969
Deferred tax liabilities (Notes 3 and 7)	5,138	2,830	26,011
Asset retirement obligations	3,884	3,935	36,162
Other	4,986	5,742	52,765
Total long-term liabilities	93,890	90,196	828,782
Total liabilities	193,451	198,615	1,825,010
Net assets:			
Shareholders' equity (Note 6):			
Common stock, with no par value			
Authorized			
- 360,000,000 shares for 2019 and 2020			
Issued and outstanding - 139,925,532 shares for 2019 and 139,965,587 shares for 2020	30,307	30,359	278,961
Capital surplus	7,617	5,750	52,837
Retained earnings	142,274	156,953	1,442,190
Treasury stock	(17,443)	(17,642)	(162,106)
Total shareholders' equity	162,756	175,421	1,611,881
Accumulated other comprehensive income:			
Net unrealized holding gain on available- for-sale securities	13,997	9,016	82,852
Net deferred gain on hedges	661	802	7,376
Foreign currency translation adjustments	(594)	(736)	(6,769)
Total accumulated other comprehensive income	14,063	9,082	83,459
Non-controlling interests	6,985	6,884	63,257
Total net assets	183,805	191,388	1,758,599
Total liabilities and net assets	¥ 377,257	¥ 390,004	\$ 3,583,609

The accompanying notes are integral parts of these statements.

Consolidated Statements of Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

	Millions of yen				Thousands of U.S. dollars (Note 1)
	2019		2020		2020
Net sales	¥	580,141	¥	584,858	\$ 5,374,057
Operating costs and expenses:					
Cost of sales		486,926		485,784	4,463,696
Selling, general and administrative expenses		63,704		68,038	625,182
		550,630		553,822	5,088,878
Operating profit		29,511		31,035	285,178
Other income (expenses):					
Interest and dividend income		871		896	8,238
Interest expense		(870)		(791)	(7,269)
Other – net		27		(1,348)	(12,390)
		29		(1,243)	(11,421)
Profit before income taxes		29,540		29,792	273,756
Income taxes (Note 7):					
Current		8,631		9,566	87,903
Deferred		142		(557)	(5,124)
		8,773		9,008	82,779
Profit		20,766		20,784	190,977
Profit attributable to non-controlling interests		822		1,174	10,794
Profit attributable to owners of parent	¥	19,943	¥	19,609	\$ 180,182

	Yen				U.S. dollars (Note 1)
	2019		2020		2020
Amounts per share (Note 8):					
Net assets	¥	1,326.81	¥	1,384.90	\$ 12.725
Profit:					
Basic		149.65		147.16	1.352
Diluted		—		—	—

The accompanying notes are integral parts of these statements.

Consolidated Statement of Comprehensive Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

	Millions of yen				Thousands of U.S. dollars (Note 1)
	2019		2020		2020
Profit	¥	20,766	¥	20,784	\$ 190,977
Other comprehensive income:					
Net unrealized holding gain (loss) on available-for-sale securities		(1,450)		(4,978)	(45,743)
Net deferred gain (loss) on hedges		1,393		151	1,391
Foreign currency translation adjustments		(1,705)		(10)	(99)
Share of other comprehensive income (loss) of affiliates accounted for by the equity method		(47)		154	1,418
Total other comprehensive income (loss)		(1,809)		(4,683)	(43,033)
Total comprehensive income	¥	18,956	¥	16,100	\$ 147,944
Total comprehensive income attributable to:					
Owners of parent	¥	18,278	¥	14,628	\$ 134,419
Non-controlling interests		677		1,471	13,524

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 2018	¥ 30,307	¥ 7,617	¥ 126,510	¥ (17,432)	¥ 147,002
Changes of items during the period					
Dividends from surplus			(4,131)		(4,131)
Profit attributable to owners of parent			19,943		19,943
Change in scope of equity method			(47)		(47)
Acquisition of treasury stock				(10)	(10)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	15,764	(10)	15,754
Net assets at March 31, 2019	¥ 30,307	¥ 7,617	¥ 142,274	¥ (17,443)	¥ 162,756
Changes of items during the period					
Issuance of new shares	51	51			103
Dividends from surplus			(4,930)		(4,930)
Profit attributable to owners of parent			19,609		19,609
Change in ownership interest of parent due to transactions with non-controlling interests		(1,918)			(1,918)
Acquisition of treasury stock				(199)	(199)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	51	(1,867)	14,679	(199)	12,664
Net assets at March 31, 2020	¥ 30,359	¥ 5,750	¥ 156,953	¥ (17,642)	¥ 175,421

	Millions of yen					
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized holding gain on available-for-sale securities	Net deferred gain on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Net assets at April 1, 2018	¥ 15,451	¥ (739)	¥ 1,014	¥ 15,726	¥ 6,951	¥ 169,680
Changes of items during the period						
Dividends from surplus						(4,131)
Profit attributable to owners of parent						19,943
Change in scope of equity method						(47)
Acquisition of treasury stock						(10)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	(1,454)	1,400	(1,609)	(1,663)	33	(1,629)
Total changes of items during the period	(1,454)	1,400	(1,609)	(1,663)	33	14,124
Net assets at March 31, 2019	¥ 13,997	¥ 661	¥ (594)	¥ 14,063	¥ 6,985	¥ 183,805
Changes of items during the period						
Issuance of new shares						103
Dividends from surplus						(4,930)
Profit attributable to owners of parent						19,609
Change in ownership interest of parent due to transactions with non-controlling interests						(1,918)
Acquisition of treasury stock						199
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	(4,980)	141	(141)	(4,980)	(101)	(5,081)
Total changes of items during the period	(4,980)	141	(141)	(4,980)	(101)	7,582
Net assets at March 31, 2020	¥ 9,016	¥ 802	¥ (736)	¥ 9,082	¥ 6,884	¥ 191,388

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Net Assets (Unaudited) (Continued)

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 2019	\$ 278,487	\$ 69,994	\$ 1,307,308	\$ (160,277)	\$ 1,495,513
Changes of items during the period					
Issuance of new shares	473	473			946
Dividends from surplus			(45,300)		(45,300)
Profit attributable to owners of parent			180,182		180,182
Change in ownership interest of parent due to transactions with non-controlling interests		(17,631)			(17,631)
Acquisition of treasury stock				(1,833)	(1,833)
Disposal of treasury stock		0		4	4
Net changes of items other than shareholders' equity					
Total changes of items during the period	473	(17,157)	134,882	(1,828)	116,368
Net assets at March 31, 2020	\$ 278,961	\$ 52,837	\$ 1,442,190	\$ (162,106)	\$ 1,611,881

	Thousands of U.S. dollars (Note 1)					
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized holding gain on available-for-sale securities	Net deferred gain on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Net assets at April 1, 2019	\$ 128,615	\$ 6,074	\$ (5,467)	\$ 129,222	\$ 64,185	\$ 1,688,921
Changes of items during the period						
Issuance of new shares						946
Dividends from surplus						(45,300)
Profit attributable to owners of parent						180,182
Change in ownership interest of parent due to transactions with non-controlling interests						(17,631)
Acquisition of treasury stock						(1,833)
Disposal of treasury stock						4
Net changes of items other than shareholders' equity	(45,762)	1,302	(1,302)	(45,763)	(928)	(46,691)
Total changes of items during the period	(45,762)	1,302	(1,302)	(45,763)	(928)	69,677
Net assets at March 31, 2020	\$ 82,852	\$ 7,376	\$ (6,769)	\$ 83,459	\$ 63,257	\$ 1,758,599

The accompanying notes are integral parts of these statements.

Consolidated Statements of Cash Flows (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2019	2020	2020	
Cash flows from operating activities:				
Profit before income taxes	¥ 29,540	¥ 29,792	\$ 273,756	
Depreciation and amortization	17,481	18,355	168,665	
Impairment loss on fixed assets	52	481	4,426	
Increase/(decrease) in allowance for doubtful accounts	(24)	4	37	
Interest and dividend income	(871)	(896)	(8,238)	
Interest expense	870	791	7,269	
Equity in earnings of affiliates	(399)	(387)	(3,559)	
Gain on sales of property, plant and equipment	(199)	(58)	(537)	
Loss on disposal of property, plant and equipment	1,068	1,628	14,959	
Gain on sales of investment securities	(849)	(423)	(3,894)	
(Increase)/decrease in notes and accounts receivable-trade	(2,709)	4,750	43,646	
Increase in inventories	(561)	(2,098)	(19,280)	
Increase/(decrease) in notes and accounts payable	(2,530)	635	5,836	
Other, net	(637)	2,833	26,038	
Subtotal	40,227	55,408	509,128	
Interest and dividends received	962	1,063	9,774	
Interest paid	(866)	(798)	(7,334)	
Income taxes paid	(9,011)	(16,232)	(149,158)	
Net cash provided by operating activities	¥ 31,311	¥ 39,441	\$ 362,409	

Consolidated Statements of Cash Flows (Unaudited) (Continued)

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2019	2020	2020
Cash flows from investing activities:			
Purchase of property, plant and equipment	¥ (20,062)	¥ (20,369)	\$ (187,166)
Proceeds from sales of property, plant and equipment	1,032	161	1,483
Purchase of intangible assets	(2,008)	(1,336)	(12,276)
Purchase of investment securities	(2,148)	(2,204)	(20,253)
Proceeds from sales of investment securities	1,727	707	6,500
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,527)	—	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(24)	(227)
Other, net	5,067	(1,235)	(11,351)
Net cash used in investing activities	(17,918)	(24,300)	(223,292)
Cash flows from financing activities:			
Net increase/(decrease) in short-term bank loans	1,324	(2,818)	(25,898)
Net decrease in commercial paper	(1,000)	—	—
Proceeds from long-term debt	2,997	10,000	91,886
Repayment of long-term debt	(4,016)	(5,200)	(47,780)
Proceeds from issuance of bonds	9,948	—	—
Redemption of bonds	(10,000)	—	—
Repayments of lease obligations	(3,654)	(3,782)	(34,755)
Purchase of treasury stock	(10)	(18)	(172)
Dividends paid	(4,125)	(4,923)	(45,238)
Cash dividends paid to non-controlling interests of consolidated subsidiaries	(643)	(803)	(7,383)
Proceeds from non-controlling shareholders	91	—	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(2,680)	(24,625)
Other, net	0	0	4
Net cash used in financing activities	(9,088)	(10,225)	(93,963)
Effect of exchange rate changes on cash and cash equivalents	(713)	(148)	(1,363)
Net increase in cash and cash equivalents	3,591	4,765	43,790
Cash and cash equivalents at the beginning of the year	17,076	20,668	189,914
Cash and cash equivalents at the end of the year	¥ 20,668	¥ 25,434	\$ 233,705

The accompanying notes are integral parts of these statements.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

Note 1: Basis of Presentation

The accompanying consolidated financial statements of Nichirei Corporation (the “Company”) and its consolidated subsidiaries (together, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

Certain amounts in the prior year’s financial statements have been reclassified to conform to the current year’s presentation.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals in yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

For the convenience of the reader, the accompanying consolidated financial statements have been presented in U.S. dollars by translating Japanese yen amounts at ¥108.83 = US\$1.00, the exchange rate prevailing on March 31, 2020.

Due to significance, only selected notes are disclosed in the consolidated financial statements. The other notes which are not selected are disclosed on EDINET.

Note 2: Accounting standards issued but not yet effective

(1) Accounting Standard and Implementation Guidance on Revenue Recognition

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29)

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30)

(a) Overview

This is a comprehensive accounting standard addressing revenue recognition. Specifically, the accounting standard establishes the five-step model that will apply to revenue from contracts with customers.

(b) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(c) Impact of adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

(2) Accounting Standard for Fair Value Measurement and Related Implementation Guidance

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30)

“Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9)

“Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19)

(a) Overview

The ASBJ has developed “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter collectively, the “Fair Value Measurement Standard”), which provide guidance for fair value measurement in order to improve comparability with internationally recognized accounting standards.

The Fair Value Measurement Standard is applied with respect to the fair value of the following items;

- Financial instruments defined in “Accounting Standard for Financial Instruments”
- Inventories held for trading purposes defined in “Accounting Standard for Measurement of Inventories”

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” has been revised requiring disclosure of financial instruments broken down by level in the fair value hierarchy.

(b) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(c) Impact of adoption of revised accounting standard and related implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

Note 3: Additional information~ Accounting estimates for the effect of COVID-19 spread

The Group implemented accounting estimates, such as impairment losses on fixed assets and recoverability of deferred tax assets based on the available information when the consolidated financial statements were prepared.

The Company considers, the effect on the group business by the spread of COVID-19 will continue at least until the 2nd quarter of the fiscal year ending March 31, 2021, even though the impact and level are different depending upon the business.

Note 4: Securities

- (1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2019 and 2020:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2019	2020	2020	
Equity securities:				
Acquisition costs	¥ 12,787	¥ 12,533	\$	115,164
Carrying value	32,366	25,215		231,691
Unrealized gain	¥ 19,578	¥ 12,681	\$	116,527

Non-listed equity securities amounting to ¥3,519 million and ¥3,689 million (\$33,902 thousand) as of March 31, 2019 and 2020, respectively, are not included in the above table because they are not traded on the market and it is very difficult to determine their fair market value as of March 31, 2019 and 2020.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

(2) Sales of available-for-sale securities for the years ended March 31, 2019 and 2020:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2019	2020	2020	
Proceeds from sales	¥ 1,539	¥ 708	\$ 6,507	
Gains on sales	821	423	3,894	
Losses on sales	24	—	—	

(3) Impairment loss of securities for the years ended March 31, 2019 and 2020:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2019	2020	2020	
Available-for-sale securities:				
Stocks with market value	¥ 64	¥ —	\$ —	
Stocks without market value	2	—	—	
Total	¥ 66	¥ —	\$ —	

Note 5: Investments and Rental Properties

The Company and part of its subsidiaries own buildings and land for lease in Tokyo and other areas.

Net rent income and gain on sales of the property related to the investments and rental properties were ¥2,178 million and ¥108 million, respectively, for the year ended March 31, 2019.

Net rent income, gain on sales and impairment losses on the property related to the investments and rental properties were ¥2,119 million (\$19,473 thousand), ¥34 million (\$320 thousand) and ¥200 million (\$1,838 thousand), respectively, for the year ended March 31, 2020.

Gross rent revenue and expense are included in net sales and cost of sales, respectively, on the consolidated statements of income. Gain on sales of the property is included in other income on the consolidated statements of income.

Carrying value on the consolidated balance sheet, increase or decrease during the year, as well as market value of the investments and rental properties as of March 31, 2019 and 2020:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2019	2020	2020	
Carrying value as of April 1	¥ 10,065	¥ 9,844	\$ 90,455	
Net increase (decrease)	(220)	(519)	(4,776)	
Carrying value as of March 31	¥ 9,844	¥ 9,324	\$ 85,678	
Market value as of March 31	¥ 43,060	¥ 43,934	\$ 403,697	

1. Carrying value on the consolidated balance sheets is calculated as acquisition costs deducting accumulated depreciation and cumulative impairment losses.
2. For the year ended March 31, 2019, major increase represents capital expenditures of ¥355 million and change in the use of property of ¥258 million. Major decrease represents depreciation of ¥500 million and sales of properties of ¥306 million.
3. For the year ended March 31, 2020, major increase represents capital expenditures of ¥251 million (\$2,309 thousand). Major decrease represents depreciation of ¥512 million (\$4,706 thousand) and impairment losses of ¥200 million (\$1,838 thousand).
4. Market value of major assets is based on appraisals obtained from outside real estate appraisers. The market value of other relatively immaterial assets is based on certain valuation and other indicators properly reflected by market prices.

Note 6: Changes in Net Assets

(1) Types and numbers of outstanding shares and treasury stock

(a) For the year ended March 31, 2019

<i>(Number of shares)</i>				
Type of stock	As of April 1, 2018	Increases	Decreases	As of March 31, 2019
Issued stock:				
Common stock	139,925,532	—	—	139,925,532
Treasury stock:				
Common stock (1,2)	6,655,050	3,626	210	6,658,466

(Reasons for changes)

- The increase in the number of treasury stock of common stock resulted from the following:
 - Request for redemption of odd-lot stock 3,626 shares
- The decrease in the number of treasury stock of common stock resulted from the following:
 - Request for purchase of odd-lot stock 210 shares

(b) For the year ended March 31, 2020

<i>(Number of shares)</i>				
Type of stock	As of April 1, 2019	Increases	Decreases	As of March 31, 2020
Issued stock:				
Common stock (1)	139,925,532	40,055	—	139,965,587
Treasury stock:				
Common stock (2,3)	6,658,466	81,520	196	6,739,790

(Reasons for changes)

- The increase in the number of issued common stock resulted from the following:
 - Issuance of new shares for stock-based compensation with restriction on transfer 40,055 shares
- The increase in the number of treasury stock of common stock resulted from the following:
 - Request for purchase of common stock from unknown shareholders 77,818 shares
 - Request for redemption of odd-lot stock 3,702 shares
- The decrease in the number of treasury stock of common stock resulted from the following:
 - Request for purchase of odd-lot stock 196 shares

(2) Cash dividends distributed

Dividends paid during the year ended March 31, 2020

Resolution	Type of stock	Source of dividends	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 25, 2019	Common stock	Retained earnings	¥ 2,132 \$ 19,592	¥ 16 \$ 0.14	March 31, 2019	June 26, 2019
Board of Directors' meeting on November 5, 2019	Common stock	Retained earnings	¥ 2,797 \$ 25,707	¥ 21 \$ 0.19	September 30, 2019	December 5, 2019

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

Resolution	Type of stock	Source of dividends	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 24, 2020	Common stock	Retained earnings	¥ 2,797 \$ 25,707	¥ 21 \$ 0.19	March 31, 2020	June 25, 2020

Note 7: Income Taxes

(1) Tax rate reconciliation for the years ended March 31, 2019 and 2020

Since the difference between effective statutory tax rate and actual effective tax rate is less than 5% of effective statutory tax rate, note related to reconciliation between the tax rates is omitted for the fiscal years ended March 31, 2019 and 2020.

(2) A breakdown of tax loss carryforwards and deferred tax assets by expiry date as of March 31, 2019 and 2020

(Millions of Yen)

Fiscal Year Ending March 31, 2019	2020	2021	2022	2023	2024	2025 and thereafter	Total
Tax loss carryforwards (a)	¥ 6	¥ 28	¥ 39	¥ 24	¥ 44	¥ 161	¥ 305
Valuation allowance	(6)	(28)	(39)	(24)	(44)	(127)	(271)
Deferred tax assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 33	¥ 33

(b)

(Millions of Yen)

Fiscal Year Ending March 31, 2020	2021	2022	2023	2024	2025	2026 and thereafter	Total
Tax loss carryforwards (a)	¥ 11	¥ 19	¥ 18	¥ 33	¥ 28	¥ 228	¥ 339
Valuation allowance	(11)	(19)	(18)	(33)	(28)	(208)	(319)
Deferred tax assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 19	¥ 19

(b)

(Thousands of U.S. Dollars)

Fiscal Year Ending March 31, 2020	2021	2022	2023	2024	2025	2026 and thereafter	Total
Tax loss carryforwards (a)	\$ 106	\$ 182	\$ 169	\$ 306	\$ 258	\$ 2,096	\$ 3,119
Valuation allowance	(106)	(182)	(169)	(306)	(258)	(1,915)	(2,937)
Deferred tax assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 181	\$ 181

(b)

(a) Tax loss carryforwards represent the amount multiplied by effective statutory tax rate.

(b) Since taxable income is expected for the next fiscal year, the Company considers a part of the tax loss carryforwards is recoverable.

Note 8: Per Share Information

Net assets per share as of March 31, 2019 and 2020 are calculated based on the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2019	2020	2020	
Net assets	¥ 183,805	¥ 191,388	\$ 1,758,599	
Amounts excluded from net assets:				
For non-controlling interests	6,985	6,884	63,257	
Net assets attributable to common stock	176,820	184,504	1,695,341	
Number of common stock used for the calculation of net assets per share (in thousands)	133,267	133,225	133,225	

Profit per share for the years ended March 31, 2019 and 2020 are calculated based on the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2019	2020	2020	
Profit attributable to owners of parent	¥ 19,943	¥ 19,609	\$ 180,182	
Amounts not attributable to common shareholders	—	—	—	
Profit attributable to owners of parent for common stock	19,943	19,609	180,182	
Average number of common stock during the fiscal year (in thousands)	133,269	133,251	133,251	

Note 9: Segment Information

(1) General information about reportable segments

Reportable segments are components of the Company and its consolidated subsidiaries for which separate financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segments and to assess their performance. Reportable segments are determined by product and service as “Processed foods,” “Marine products,” “Meat and poultry products,” “Logistics,” and “Real estate.”

General information about the segments is as follows:

- (a) Processed foods: Production, processing and sales of frozen cooked foods, agricultural processed foods, retort-pouch foods, wellness foods, acerola and packed ice
- (b) Marine products: Processing and sales of marine products
- (c) Meat and poultry products: Processing and sales of meat and poultry products, and breeding and sales of chicken
- (d) Logistics: Providing distribution/transportation services and distribution center functions, logistics consulting, providing storage services, production and sales of ice, and construction work and planning
- (e) Real estate: Leasing of office buildings and parking lots, management of real estate, and sales of housing land.

(2) The basis of measurement for sales, profit or loss, assets, liabilities and other items of reportable segments

Accounting policies and methods used at operating segments are the same as those applied to the Company. Profit or loss of reportable segments is equal to operating profit on the consolidated statements of income. Intercompany sales and transfers are based on third-party transaction prices.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

- (3) Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2019 and 2020 were summarized as follows:

Year ended March 31, 2019 (Millions of yen)										
	Reportable segment						Other (*1)	Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	¥ 226,176	¥ 71,138	¥ 88,998	¥ 185,385	¥ 3,385	¥ 575,083	¥ 5,058	¥ 580,141	¥ —	¥ 580,141
Intercompany sales and transfers	411	106	2,078	15,663	1,408	19,669	732	20,402	(20,402)	—
Total	226,588	71,245	91,076	201,049	4,794	594,753	5,790	600,544	(20,402)	580,141
Segment profit	14,596	182	1,452	11,398	2,096	29,726	338	30,064	(553)	29,511
Segment assets	124,938	27,216	19,470	165,252	16,400	353,278	10,814	364,092	13,164	377,257
Other items:										
Depreciation	5,700	116	274	9,642	664	16,398	148	16,546	934	17,481
Amortization of goodwill	105	—	—	93	—	198	—	198	—	198
Investments in equity-method investees	744	—	—	2,627	—	3,371	—	3,371	1,622	4,993
Increase in property, plant and equipment and intangible assets	7,368	378	257	12,308	558	20,871	3,936	24,808	1,120	25,928
Outstanding balance of goodwill	1,206	—	—	830	—	2,036	1,217	3,254	—	3,254
Impairment loss on fixed assets	¥ 46	¥ 5	¥ —	¥ 0	¥ —	¥ 52	¥ —	¥ 52	¥ —	¥ 52

Year ended March 31, 2020 (Millions of yen)										
	Reportable segment						Other (*1)	Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	¥ 234,395	¥ 65,590	¥ 86,173	¥ 190,446	¥ 3,339	¥ 579,946	¥ 4,912	¥ 584,858	¥ —	¥ 584,858
Intercompany sales and transfers	386	181	2,153	16,050	1,625	20,396	769	21,165	(21,165)	—
Total	234,781	65,772	88,327	206,496	4,965	600,343	5,681	606,024	(21,165)	584,858
Segment profit	16,725	443	905	11,824	1,982	31,881	(280)	31,600	(564)	31,035
Segment assets	128,407	26,928	18,949	169,648	15,562	359,497	10,997	370,494	19,509	390,004
Other items:										
Depreciation	5,894	151	267	9,840	701	16,855	410	17,266	1,089	18,355
Amortization of goodwill	104	—	—	81	—	185	97	283	—	283
Investments in equity-method investees	2,314	—	—	3,178	—	5,493	—	5,493	1,753	7,246
Increase in property, plant and equipment and intangible assets	8,054	209	138	17,072	476	25,952	256	26,209	1,078	27,287
Outstanding balance of goodwill	1,091	—	—	524	—	1,616	1,137	2,754	—	2,754
Impairment loss on fixed assets	¥ 40	¥ 0	¥ —	¥ 240	¥ 200	¥ 481	¥ —	¥ 481	¥ —	¥ 481

Year ended March 31, 2020 (Thousands of U.S. dollars)										
	Reportable segment						Other (*1)	Total	Adjustment	Consolidated
	Processed foods	Marine Products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	\$2,153,775	\$ 602,691	\$ 791,820	\$ 1,749,945	\$ 30,687	\$ 5,328,921	\$ 45,136	\$ 5,374,057	\$ —	\$ 5,374,057
Intercompany sales and transfers	3,549	1,665	19,790	147,478	14,934	187,418	7,066	194,485	(194,485)	—
Total	2,157,325	604,356	811,611	1,897,424	45,622	5,516,339	52,202	5,568,542	(194,485)	5,374,057
Segment profit	153,688	4,071	8,323	108,647	18,212	292,943	(2,578)	290,364	(5,186)	285,178
Segment assets	1,179,887	247,437	174,123	1,558,843	143,001	3,303,294	101,047	3,404,341	179,267	3,583,609
Other items:										
Depreciation	54,159	1,392	2,461	90,419	6,447	154,880	3,770	158,651	10,014	168,665
Amortization of goodwill	963	—	—	744	—	1,708	894	2,602	—	2,602
Investments in equity-method investees	21,266	—	—	29,207	—	50,473	—	50,473	16,111	66,585
Increase in property, plant and equipment and intangible assets	74,011	1,929	1,272	156,874	4,381	238,469	2,360	240,830	9,908	250,739
Outstanding balance of goodwill	10,032	—	—	4,823	—	14,855	10,453	25,308	—	25,308
Impairment loss on fixed assets	\$ 374	\$ —	\$ —	\$ 2,213	\$ 1,838	\$ 4,426	\$ —	\$ 4,426	\$ —	\$ 4,426

(*1) “Other” represents operating segments not disclosed as reportable segments, which include biosciences business, human resources and payroll-related services, tree planting management and cleaning services related to tree planting.

Note 10: Subsequent Events

Not applicable.

Investor Information (As of March 31, 2020)

Essential Stock Information

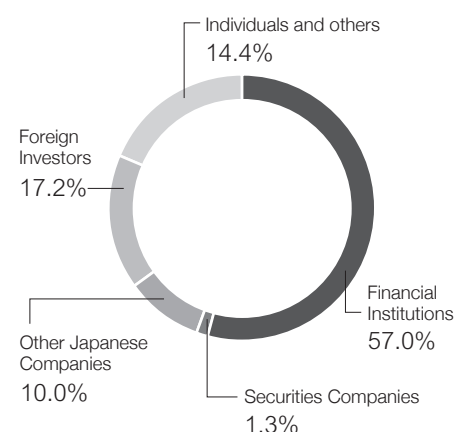
Stock Exchange Listing	Tokyo Stock Exchange (First Section)
Total Number of Authorized Shares	360,000,000 shares
Total Number of Outstanding Shares	139,965,587 shares (including 6,739,790 treasury shares)
Share Unit Number	100 shares
Number of Shareholders	18,918
Shareholder Register Administrator	Mizuho Trust & Banking Co., Ltd.
Annual Meeting of Shareholders	June
Auditors	Ernst & Young ShinNihon LLC

Major Shareholders

Shareholder Name	Number of shares held (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	20,656	15.5
Japan Trustee Services Bank, Ltd. (Trust account)	12,694	9.5
Nippon Life Insurance Company	5,744	4.3
Mizuho Bank, Ltd.	3,813	2.9
MUFG Bank, Ltd.	3,406	2.6
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trusts, Mizuho Bank Ltd. Account, Re-trust Trustee, Asset Management Services Trust Account	2,799	2.1
Nisshin Seifun Group Inc.	2,719	2.0
The Norinchukin Bank	2,675	2.0
The Dai-ichi Life Insurance Company, Ltd.	2,323	1.7
Japan Trustee Services Bank, Ltd. (Trust account 7)	2,229	1.7

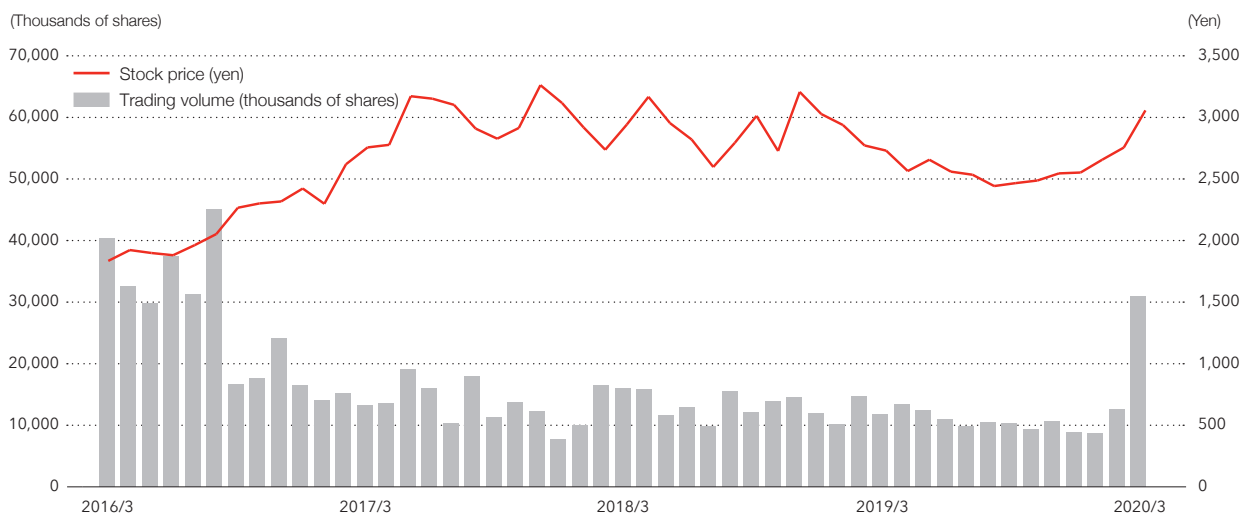
Notes: 1. Number of shares held rounded up to the nearest thousand.
2. Shareholding ratio calculated after subtracting repurchased stock (6,739,000 treasury shares). Rounded off to the first decimal place.

Composition of Shareholders



Note: "Individuals and others" includes "treasury stock (4.8%)."

Stock Price and Trading Volume Trends



Notes: The stock prices above reflect amounts after the stock consolidation conducted on October 1, 2016. However, trading volume does not reflect the impact of the stock consolidation.

Company Information (As of March 31, 2020)

Corporate Data

Company Name	Nichirei Corporation
Established	December 1942 ¹
Paid-in Capital	30,418 million yen ²
Head Office	Nichirei Higashi-Ginza Building 6-19-20 Tsukiji, Chuo-ku, Tokyo 104-8402, Japan
Telephone	[+81] 3-3248-2101 (Main)
Number of Employees (consolidated)	15,824
Business Network	14 countries and areas (in Japan and overseas offices and subsidiaries)

Notes:

1. Date of establishment of the predecessor Teikoku Marine Products Control Company. Reorganized as Nippon Reizo Inc. in December 1945.

2. As of July 22, 2020

External Review

Incorporation of SRI Index (FY2021)



**2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

**2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

<http://info.msci.com/l/36252/2017-06-27/kj5n9b>



Selected from 2013 through 2019



Sampo Sustainability Index

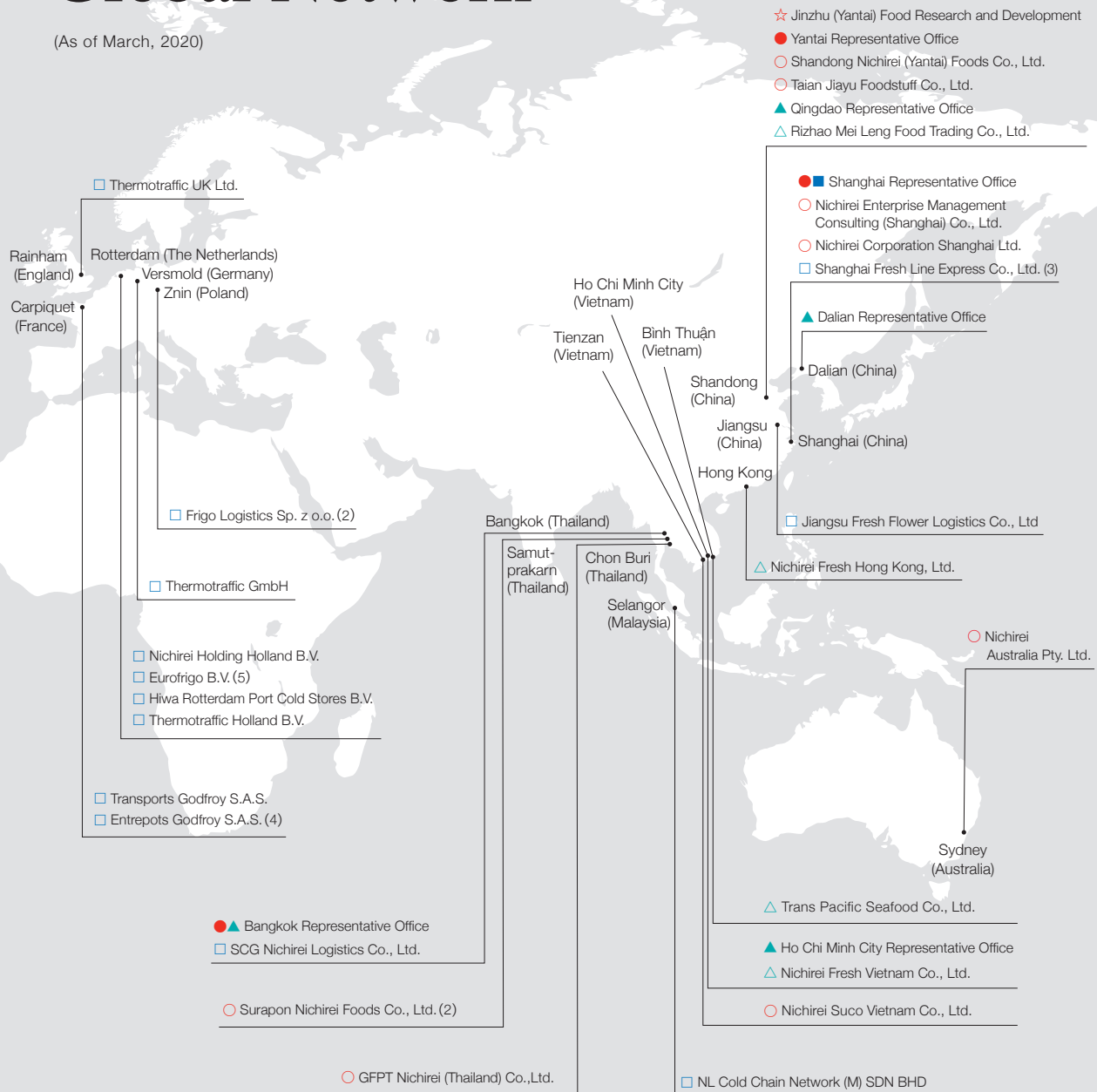
Review/Awards

- The Certified Health and Productivity Management Organization Recognition Program under the large enterprise category (FY2018, FY2019, FY2020, FY2021)



Global Network

(As of March, 2020)



At present, the Nichirei Group conducts business in 14 countries and areas throughout the world.

Nichirei Corporation ...★
Nichirei Group companies ...☆

Nichirei Foods ...●
Nichirei Foods Group companies ...○









Nichirei Logistics Group ...■
Nichirei Logistics Group companies ...□

Nichirei Fresh ...▲
Nichirei Fresh Group companies ...△

Nichirei Biosciences ...◆
Nichirei Biosciences Group companies ...◇



■ Overview of Nichirei Communication

	Financial Information	Non-financial Information
Engage-ments	<ul style="list-style-type: none"> • Announcement of financial results • Presentation meetings of medium-term business plans • Business Briefing • Teleconference calls with securities analysts and institutional investors • Shareholders' meetings 	<ul style="list-style-type: none"> • Dialogues with influential individual • Meetings with stakeholders
Reports	<ul style="list-style-type: none"> • Annual securities reports (Japanese only) • HOPPE reports for shareholders and individual investors (Japanese only) 	<div>  <p>• Integrated Reports</p> <p>Reports that are integrated important financial and non-financial information</p> </div> <div>  <p>• CSR Reports</p> </div>
Website	 <p>Investor Relations</p>	<div>  <p>ESG Information</p> </div> <div>  <p>CSR Information</p> </div>
		<div>  </div> <div>  </div>



Group Communication
Nichirei Corporation

Nichirei Higashi-Ginza Building 6-19-20 Tsukiji,
Chuo-ku, Tokyo 104-8402, Japan



The Nichirei Website