

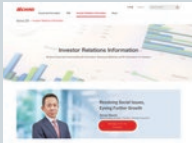







Overview of Nichirei Communication

	Financial Information	Non-financial Information
Engagement	<ul style="list-style-type: none"> • Announcements of financial results • Presentation meetings for medium-term business plans • Business briefings • Teleconferences with securities analysts and institutional investors • General Meeting of Shareholders 	<ul style="list-style-type: none"> • Dialogue with influential individuals • Meetings with stakeholders
Reports	<ul style="list-style-type: none"> • Annual securities report (Japanese only) • HOPPE report for shareholders and individual investors (Japanese only) 	<ul style="list-style-type: none"> • Integrated Report Integrates important financial and non-financial information  <p>CSR Reports</p>
Website	 <p>Investor Relations</p>	 <p>ESG Information</p>  <p>CSR Information</p>
	 <p>▲ Scan here for IR information</p>	 <p>▲ Scan here for ESG information</p>  <p>▲ Scan here for CSR information</p>



Group Communication Nichirei Corporation

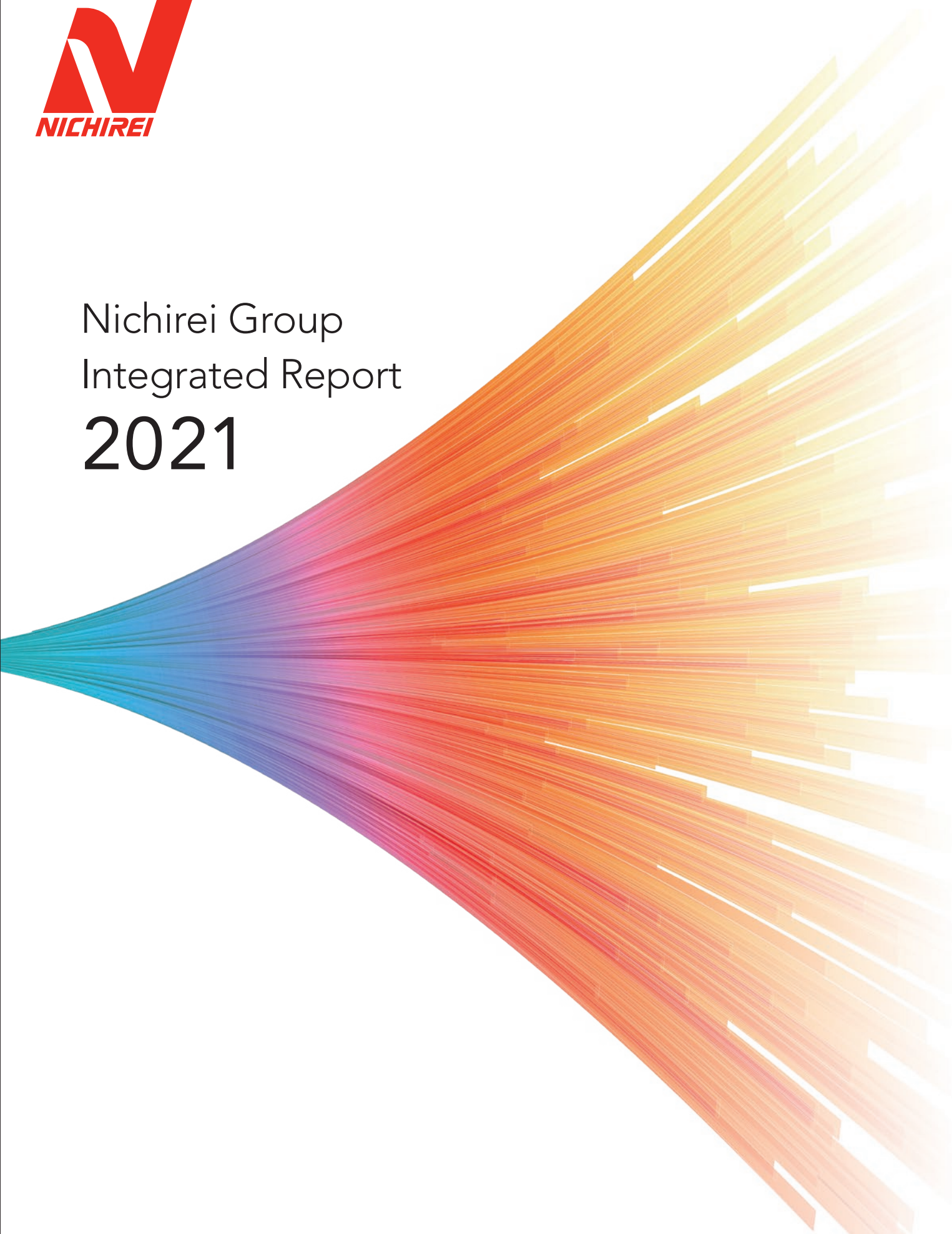
Nichirei Higashi-Ginza Building, 6-19-20 Tsukiji, Chuo-ku,
Tokyo 104-8402, Japan



◀ The Nichirei
Website



Nichirei Group
Integrated Report
2021



INTEGRATED REPORT 2021

Nichirei Management Principles

Nichirei Management Principles

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.

Contents

Management Strategy

- 2 Message from the President
- 10 Vision for 2030
- 12 Nichirei Group Materiality

Value Creation Story

- 14 History of the Nichirei Group
- 16 A History of Creating Value:
Establishing a Temperature-controlled
Logistics Network
- 18 Business Overview
- 20 Nichirei by the Numbers
- 22 Value Creation Process
- 24 Nichirei's Business Model and Advantages
 - 26 *Honkaku-Itame Cha-Han*
 - 28 Cross-Docking Business
 - 30 *Junwakei* Chicken
 - 32 Acerola Business
- 34 Creating New Value

Financial Strategy

- 38 Strategy and Resource Allocation
- 42 Medium-term Business Plan WeWill 2021

Business Strategy

- 44 Processed Foods Business
- 48 Temperature-controlled Logistics Business
- 52 Marine, Meat and Poultry Products Business
- 56 Bioscience Business

Initiatives for Achieving a Sustainable Society (Environment/Social/Governance)

- 58 Addressing Climate Change (TCFD)
- 62 Initiatives to Reduce Environmental Impact

- 64 Water Risk, Biodiversity,
Using Less Plastic
- 66 Food and Health: Creating New Value
- 68 Development of New Technologies
- 70 Building a Sustainable Supply Chain
- 72 Improving Work Satisfaction, Cultivating
Human Resources
- 74 Occupational Health and Safety
- 76 Providing Safe Products and Services
- 78 Stakeholder Engagement
- 80 The Chairman in Conversation with
Outside Directors
- 86 Corporate Governance
- 94 Internal Control/Compliance
- 96 Risk Management
- 98 Directors, Audit & Supervisory Board
Members and Executive Officers
- 100 Officer Career Summaries

Data

- 104 Financial and Non-financial Highlights
- 106 Overview of Medium-term Business Plans
- 108 11-Year Financial Highlights
- 110 Consolidated Balance Sheets
- 112 Consolidated Statements of Income
- 113 Consolidated Statements of
Comprehensive Income
- 114 Consolidated Statements of Changes in
Net Assets
- 116 Consolidated Statements of Cash Flows
- 118 Notes to Consolidated Financial Statements
- 126 Investor Information
- 127 Company Information/External Review
- 128 Global Network

Editorial Policy

The Nichirei Group considers the *Nichirei Group Integrated Report 2021* to be an important tool for communicating with shareholders, investors and all other stakeholders. We aim to communicate financial information, non-financial information and business strategies in an easily understandable way in order to facilitate a clear understanding of Nichirei's corporate value and vision.

We would also like readers to know about our efforts toward achieving sustainable growth, enhancing corporate value and resolving social issues through our business activities.

Notes: 1. Amounts and percentages are rounded to the nearest whole unit.

2. For Nichirei's registered trademarks, the © mark has been omitted and italics are used, as a general rule.

3. Fiscal years begin on April 1 of the previous year, and end on March 31.

Note on Forward-looking Statements

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

Reporting Companies

Nichirei Corporation and its consolidated subsidiaries in Japan and overseas
(As of March 31, 2021)

Reporting Period

April 1, 2020 to March 31, 2021

(Some information from before and after this period is included.)

Referenced Guidelines

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

Issue Date

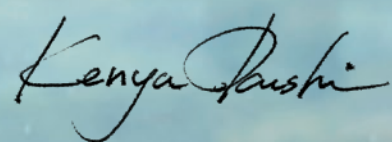
November 2021

Message from the President





**We help resolve social issues
through our business as we
aim for sustainable growth.**



Kenya Okushi

Representative Director, President
Nichirei Corporation

A Year of Unprecedented Changes

In the fiscal year ended March 31, 2021 (FY2021), which was the second year of our Medium-term Business Plan WeWill 2021, the global COVID-19 pandemic created unprecedented challenges. Although we made progress in line with the plan in terms of earnings, we had to deal with substantial changes in our operating environment.

Due to the impact of the pandemic, sales of commercial-use products were weak, and consolidated net sales decreased compared with the previous fiscal year. On the other hand, operating profit increased due to strong sales of household-use prepared foods in the processed foods business and growth in the temperature-controlled logistics business, among other factors.

We expect a certain degree of recovery in demand once the pandemic subsides. However, as values change along with significantly altered lifestyles in the post-COVID market, Nichirei will not be accepted unless it offers products and services adapted to the new normal. This will require changes in resource allocation and strategy. Moreover, the growth of ESG investment has led to greater interest among investors and greater sensitivity on the part of our suppliers and customers, particularly regarding the environment, and discussion of measures to address such issues has increased.

Medium-term Business Plan WeWill 2021: Achieving Our Goals for the Group in the Final Year

Regarding initiatives in FY2022, although the logistics business has increased facility capacity in Japan through the establishment of new refrigerated warehouses in Nagoya and the Honmoku district of Yokohama, and has enhanced its business foundation with innovations utilizing artificial intelligence (AI) and robotic process automation (RPA), progress has fallen behind the plan overseas, where changes in the operating environment have necessitated readjustments to growth investments. In FY2022, the business will add refrigerated warehouses in the Netherlands and France to enhance its logistics service functions and broaden its business base.

The processed foods business has established three policies. First, it is crucial to increase sales, which are the source of profits, and seek new markets to recoup the decline in sales. The second is to adopt new approaches that differ from those we have been using, including making changes to our product development and our sales organization. Third, now that the barriers are disappearing between household-use and commercial-use products, which we have been producing at separate facilities, we plan to introduce production facilities that can handle both types of products.

When customers prepare meals, they are increasingly likely to require a variety of products as ingredients rather than serving a single household-use product. Product needs are also

diversifying for commercial-use prepared products for sale. As a FY2022 initiative to meet these changing needs, we have devised an investment plan that includes revisions to planned capital expenditures to address new markets.

I have always been proud of the part we play in food infrastructure, and I felt that pride particularly keenly in FY2021. As I mentioned, the COVID-19 pandemic has spurred changes in consumer purchasing behavior and the spread of home delivery and e-commerce. As these and other factors significantly transform the entire supply chain at an unprecedented speed, I believe they have also led to greater recognition of the value of frozen foods and logistics. In an era of change, the Nichirei Group's role as part of food infrastructure is to seek out and identify diversifying needs for food with the goal of developing businesses in those areas, while helping consumers develop better eating habits. It is both our mission and a constant responsibility.

 Medium-term Business Plan WeWill 2021, pages 42-43

Material Matters for Sustainable Growth

The environment and climate change are important issues for corporate management. Economic activities decrease the Earth's limited resources, and once the world population reaches 8 or 9 billion, we clearly will not be able to maintain our current food procurement methods and infrastructure. For the environment as well, Nichirei used to take a reactive approach, basing its initiatives on prevailing situations, but those days are over. Now, we must think for ourselves about how our business activities affect the environment. The material matters we identified in FY2021 factor in our impact on climate change and food infrastructure. In June 2021, with the aim achieving our long-term vision regarding business goals for 2030 (see pages 12-13) we also formulated Group goals, consisting of measures and key performance indicators (KPIs) for each of our five material matters. We have begun considering more concrete growth strategies for the entire Nichirei Group, looking to the next medium-term business plan and further ahead to 2027 and 2030. The Group Strategy Committee, scheduled to meet in November 2021, will bring together the Group's senior management to consider how each business will generate results and contribute to achieving the Group goals, and then incorporate its conclusions into strategy. The committee will bring into sharper focus what we will do as a Group and what each business will do to achieve our goals.

As Group goals (measures and KPIs) for the material issues we have identified, we will work to create new value by designating new products and services for each business as well as the projected scale of their sales. We will also set quantitative targets for progress in creating new businesses. We will also use the advantages of our existing businesses—their technologies and know-how—as the basis for generating cash, and promote the use of information technology (IT) and digital transformation (DX) in helping to resolve issues in food procurement and the environment while raising our competitive advantage in the global market.

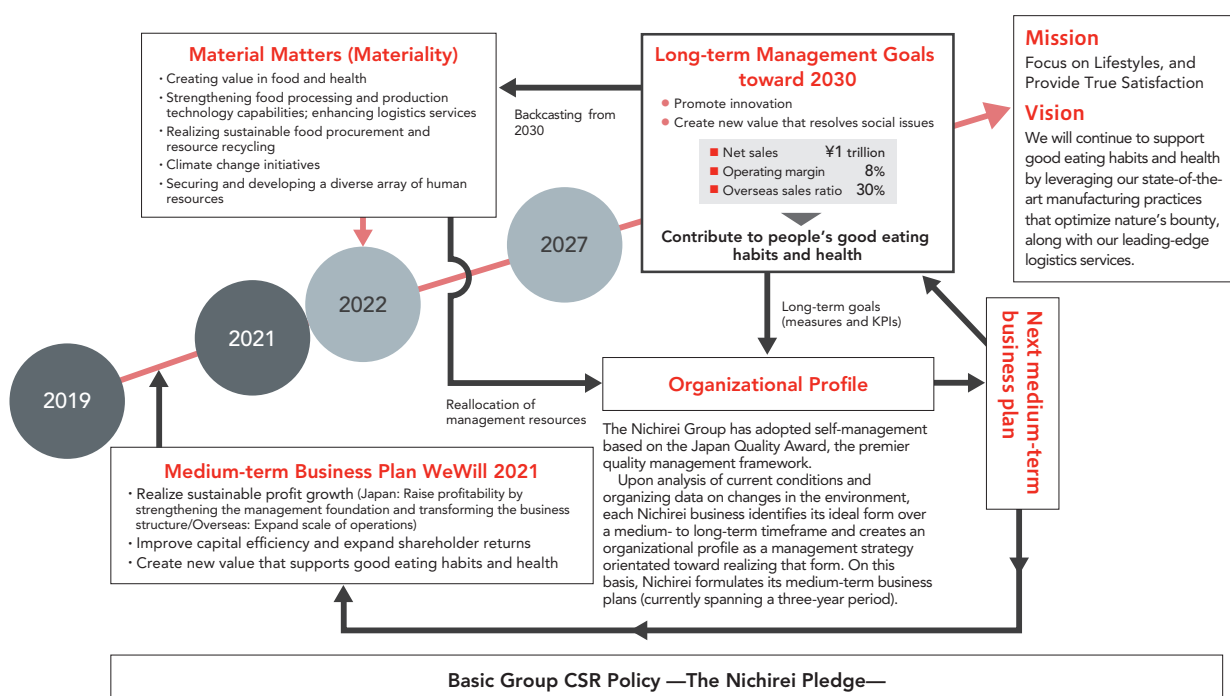
Message from the President

Looking at the market in Japan, in addition to environmental issues, I sense impending crisis from market shrinkage due to the declining birthrate and aging population, as well as a growing budget deficit. By 2050, one in four people will be over 75 years old, and social security costs are expected to balloon further. There should be more vigorous discussion of the role of people's eating habits in extending healthy lifespans and leading fulfilling lives. Based on its core theme of food and health, the Nichirei Group must show how it can help to resolve these social issues and take a variety of approaches to create new products and services.

On the other hand, there is still substantial growth potential in many countries and regions around the world, making our business rollout into overseas markets crucial. Deflationary conditions have persisted for a long time in Japan, but prices have risen overseas, and there are even some regions where Japanese products sell for higher prices than in Japan. Particularly given factors such as the growing purchasing power of Asia's middle class, I think we should continue to pursue the rollout of our businesses in markets outside Japan with an emphasis on balancing forecasting and backcasting, which entails working backward from targeted future outcomes to identify policies to achieve them. However, there are limits to relying solely on our own power in such markets, so M&A and alliances should be included as realistic methods of expanding overseas sales. Our current overseas sales are about ¥80 billion, and we are aiming for ¥300 billion in 2030.

In addition, risks in the supply chain these days are directly tied to management issues. The Nichirei Group procures products and raw materials from suppliers in various regions around the world as well as Japan. We will therefore establish a system for sustainable procurement in line with our policies, with a focus on the environment and human rights.

In our climate change initiatives, we aim to become carbon neutral by 2050, and have raised our FY2031 target for Group CO₂ emissions reduction (Scope 1 and 2 in Japan) to 50%. I think we need to change our approach from simply carrying out a series of measures to one of setting



goals and devising strategies to achieve those goals through backcasting.

Here and there, some in the capital markets still argue that addressing sustainability in areas such as food procurement and the environment will increase investments and costs, pressuring profits. As a manager, I consider sustainability essential for steady business performance and ongoing growth. I believe that by proactively communicating this approach, companies will spread the idea of sustainability initiatives as something to be conducted as a matter of course. That is why I will stress communication on behalf of the Nichirei Group, including through media such as this integrated report.

The most important management resource in accomplishing our goals for these material matters is our human resources. One current KPI is to double our investment in human resource development, and we have also set a target ratio for female officers and line managers to ensure diversity among core human resources. We will promote these measures as drivers of sustainable growth.



Material Matters for the Nichirei Group, pages 12-13

Becoming an Innovative Corporate Group

A core topic for us is the kind of value we should provide to our stakeholders. As ESG investment increases, shareholders—including institutional investors—are changing their views on corporations. Many say that, more than just returns on their investment, they want to see evidence of sustainability management. They are asking about the company's purpose and nature, what it intends to accomplish, and how it will help to resolve social issues going forward. Securing innovative human resources is also important for conducting sustainability management. No longer does a high profit margin alone make a company attractive. Nichirei has numerous research and product development staff, but the volume of innovations they produce has tapered off lately. This situation has led me to feel a strong sense of crisis. Therefore, about two years ago, we carried out a Group-wide survey on innovation. We conducted a detailed investigation, asking what proposals respondents had made in the past, what processes had ensued, and the outcome. We then asked them how they felt about their efforts and the outcome. Our findings indicated that throughout the entire Group, many projects had been launched but most had ended partway through, even though there had been initial output. This was due to the movement of individuals within the Company, such as personnel transfers and changes in the heads of organizations. In its ongoing efforts throughout its history to improve efficiency, Nichirei has achieved a certain level of results from working to standardize its operations. However, I think we lacked a perspective on whether the employees who conducted those operations enjoyed their work. In my visits to front-line workplaces, employees have directly shared their thoughts about the work they would prefer to do and their concerns that Nichirei's approach is out of sync with current realities. As a manager, I realized that this issue must be taken seriously. Therefore, as part of our efforts to build a framework that enables the

Message from the President

Group's diverse human resources to play more active roles, I introduced an innovation management system (IMS) based on ISO 56002. I intend to use this system to establish a cycle for generating meaningful innovation throughout the Group.

However, innovation is not so simple that results can be immediately generated merely by establishing a mechanism for supporting creation and an environment that facilitates it. I went further, incorporating a program into IMS that enabled people with the mindset to become in-house entrepreneurs to start their own businesses. Based on the lean startup concept of starting out on a small scale to test a person's idea, then returning to the drawing board if it does not go well, the program creates a budget based on a three-step judgment and evaluation axis that leads to business expansion. By equipping the Company with an environment and mechanism that enables each employee to explore what they really want to do and then enabling them to do it, and by continuing to develop the human resources that will make the mechanism function, we intend to accelerate our transformation into a corporate group that practices sustainability management.

 Creating New Value, pages 34-37

New Value Creation: Exploiting and Exploring—A Dual Approach That Suits the Nichirei Group

Nichirei has adopted two approaches to new value creation. One is to create value by exploiting existing businesses—looking more deeply into them and asking whether consumers seek or need a certain item. I think that this approach can still produce results under our current system and allocation of resources.

The other approach is to explore—to look outward—for new value. I intend to allocate more management resources to this approach going forward. This dual approach is called “ambidextrous management,” but even with a theoretical understanding of this concept, there have been cases where investing management resources this way has been difficult. I want to create a mechanism for ongoing investment with a long-term perspective. As a manager, creating new value under this approach requires a different mindset from that used for exploiting existing businesses. But it also has the potential to generate new Nichirei Group businesses. At the same time, it is a regular topic of debate within the Company, because it will also necessitate taking on challenges as an outlier, working in areas without restrictions. I would like to think about how we can help to resolve social issues—what we should do and what we want to do—leveraging new ways of thinking as opportunities to create value, unconstrained by the conventions of our existing business domains. Ultimately, however, our foremost priority should not be to enter domains completely unrelated to our established operations; rather, I intend to emphasize management decisions that consider how to utilize the advantages of our existing businesses.

In these changing times, my role as a manager is to make the best use of ambidextrous management to generate synergies among existing and new initiatives.



The Nichirei Group's Intended Impact on Society

A company's management is expected to have a sense of purpose and an impact on society. I set a high value on doing business that consistently adheres to an approach befitting the Nichirei Group: the idea that food brings people together. As an integral part of our lives at every stage, food provides the settings for all kinds of occasions where people reaffirm their bonds with each other, whether in joy or in sorrow. By going beyond food's intrinsic function as the basis of nutrition and health to continue creating products and services that play a role in bringing people together, the Nichirei Group provides broad value to society, a vital element in increasing its own corporate value. My ambition is to be able to provide our products and services for any occasion where they are needed so that our stakeholders can lead fuller lives.

Food sustainability has recently come to the fore as a priority global issue, and new initiatives such as meat analogues have appeared in the food supply chain. Non-food companies have also been entering these areas. Of course, meat is unlikely to be completely replaced by substitutes, and I realize that the technologies behind these new nutritional sources are only just beginning to emerge. Nevertheless, I view these new entrants as a threat, so I will keep a close watch on when these technologies become popular enough and such products versatile enough to incorporate them into our operations. In this way, I intend to expand the scope of the Group's impact on society and make it long-term.

Based on its Mission to provide true satisfaction, the Nichirei Group will continue supporting the supply of food with the aims of helping to resolve social issues through its business and achieving further business growth. Dialogue and engagement with our stakeholders are invaluable to us in the evolution of our management. We therefore request your ongoing support.

Vision for 2030

The Nichirei Group is conducting management to achieve its long-term management goals toward 2030. In our rapidly changing society, we view expectations for a sustainable society as a business opportunity, and aim to increase corporate value by working with our stakeholders to resolve social issues.

Future medium-term business plans

FY2020-2022
**Medium-term
Business Plan
WeWill 2021**

- Realize sustainable profit growth
(Japan: strengthen earnings base, transform business structure/Overseas: expand scale)
- Improve capital efficiency and expand shareholder returns
- Create new value that supports good eating habits and health

2022

2024

2027

Mission

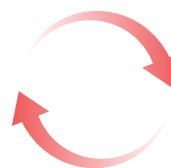
Focus on Lifestyles, and
Provide True Satisfaction

Vision

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.

**Achieving Our Long-term
Management Goals toward 2030**
Contribute to people's good
eating habits and health

Realize a
sustainable
society



Sustainable
development
of the
Company

New value creation and
innovation

Nichirei Group material matters

Creating value in food and health

Strengthening food processing and
production technology capabilities; enhancing logistics services

Realizing sustainable food procurement and resource recycling

Climate change initiatives

Securing and developing a diverse array of human resources

Net sales **¥1 trillion**

Operating
profit/
Net sales **8%**

Overseas
sales ratio **30%**




















The Nichirei Group is intimately connected to society through its business of providing food. We recognize that our responsibility is substantial, owing to the impact of our business activities on the lives of our stakeholders and on the general public.

In 2021, we identified Group goals (measures and KPIs) to accelerate our initiatives for five material matters toward the realization of a sustainable society.

Nichirei Group Materiality ▶ Pages 12-13

Nichirei Group Materiality

Material Matters		Vision for 2030
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	Continuing to create new products and services and to attract new customers in existing businesses, while developing and rolling out new businesses in new areas related to 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	Ability to generate cash improved by concentrating management resources on core businesses
		Overseas business has become a new pillar of earnings
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	All raw materials and ingredients are procured from suppliers and partner companies that comply with the Group CSR Procurement Guidelines.
		Promoting a circular economy by creating new business models
		Improved resilience of water resources through an understanding of water-related risks
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	Efforts underway to reduce CO ₂ emissions both inside and outside the Group toward the goal of becoming carbon neutral by 2050
		Elimination of CFCs progressing at production and logistics facilities as a global warming countermeasure
Securing and developing a diverse array of human resources	Secure and develop a diverse human resources and foster an inclusive corporate culture to achieve sustainable growth	Diverse human resources with various characteristics and skills, maximizing their potential to improve their job satisfaction and support the sustainable growth of the Group

Group Measures	Group KPIs	Applicable SDGs
<p>Create new high-value-added products and services by prioritizing allocation of resources to marketing (consumer understanding), digital transformation (DX) and R&D</p> <p>Create businesses in new areas by promoting Group-wide innovation through the innovation management system (IMS) and other means</p>	<ul style="list-style-type: none"> Set targets and scope for creating new products and services in each business Set quantitative targets for creation of and milestones for the progress of new businesses 	  
Promote capacity expansion, work process innovation, reduction of environmental impact and development of business foundations through proactive capital expenditures in the processed foods and logistics businesses	<ul style="list-style-type: none"> EBITDA margin: 12% EBITDA CAGR: 7% 	 
Accelerate overseas expansion by securing and training global human resources, cultivating partner companies, conducting M&A and other means	<ul style="list-style-type: none"> Overseas sales ratio: 30% 	
Establish a supply chain with consideration for human rights and the environment and conduct due diligence	<ul style="list-style-type: none"> Rate of procurement from suppliers and OEMs that comply with the Group CSR Procurement Guidelines: 100% Rate of implementation of ESG due diligence for main raw materials and major suppliers: 100% 	   
Work to conduct sustainable resource procurement and help to realize a circular economy	<ul style="list-style-type: none"> Rate of attendance for the SDGs educational program aimed at realizing a circular economy: 100% Rate of waste recycling at all sites: 99% 	 
Identify water-related risks through risk assessments at all sites and conserve water	<ul style="list-style-type: none"> Conduct regular water-related risk assessments at all sites, as well as in conservation activities and BCP 	 
Reduce CO ₂ emissions per unit of production and utilize renewable energy at food factories and logistics centers, and disclose information based on the TCFD recommendations	<ul style="list-style-type: none"> Reduction in CO₂ emissions: 50% (Compared with FY2016; Scope 1 and 2 in Japan) 	
<ul style="list-style-type: none"> Replace all refrigerants used in freezing and refrigerating equipment in Japan with natural refrigerants Switch to natural refrigerants overseas as necessary, based on on-site confirmation 	<ul style="list-style-type: none"> Rate of conversion to natural refrigerants Production equipment (Japan): 100% Logistics (Global): 75% 	
<ul style="list-style-type: none"> Introduce a Group-wide engagement survey* to monitor the effects of measures Establish a personnel system that enables Group employees to choose work styles according to their career outlook and contributes to productivity improvement Establish and provide support for application of rules <p>* Engagement survey: A survey that shows degree of understanding of and resonance with the management philosophy and independent involvement in the organization (job satisfaction)</p>	<ul style="list-style-type: none"> Ratio of female directors and female Audit & Supervisory Board members (HD*): 30% Ratio of female line managers (HD*): 30% <p>* HD: Nichirei Corporation (Holding Company)</p>	 
Promote communication activities and impartially provide learning opportunities in order to create a work environment and corporate culture in which employees are healthy, lively and satisfied with their jobs	<ul style="list-style-type: none"> Double investment in human resources by 2030 	

History of the Nichirei Group

Creating Value to Provide True Satisfaction

We have provided true satisfaction by identifying the needs of individuals and society, enabling us to create the products and services required in each era. The Nichirei Group will continue to support people's eating habits through business activities covering a wide range of foods.

1940s to 1950s

Launch of the Nichirei Group to rebuild the postwar food supply system and respond to rising consumption



Nippon Reizo was established to take over the marine products, refrigeration and ice-making businesses. With a mission to provide a stable food supply after World War II, we diversified our businesses as consumption rose rapidly in the 1950s.

- 1942 Established Teikoku Marine Products Control Company
- 1945 Established Nippon Reizo Inc. as a private company
- 1955 Started export of marine products
- 1956 Launched meat and poultry products business
- Provided frozen food to Antarctic expedition team
- 1959 Developed Hayabusa, a long-distance frozen cargo vehicle (a reefer)

[Main sellers]

- 1952 Frozen tempura set
- 1954 Chawan-mushi (savory egg custard) (A pioneering prepared frozen food product)

1960s to 1970s

Providing household-use frozen foods as the spread of electric refrigerators changes eating habits



With strong economic growth, electric refrigerators became common household appliances and household-use frozen foods began to be accepted. We contributed to the government-led creation of a cold chain logistics network to maintain food freshness during transport from producing areas to stores.

- 1960 Established Kamagaya Laboratory (establishment of a rotating poultry house)
- 1964 Provided frozen foods to the athletes' village at the Tokyo Olympics
- 1970 Opened a cafeteria at the Japan World Exposition (Osaka)

[Main sellers]

- 1969 Miniburg (currently Obento ni Good! Mini-hamburg)
- 1974 Rolled out the Green Belt brand of household-use frozen foods
- 1979 Rolled out the White Pack brand of premium household-use frozen foods

1980s to 1990s

Actively developing new businesses amid increasing interest in frozen foods as more women began working outside the home



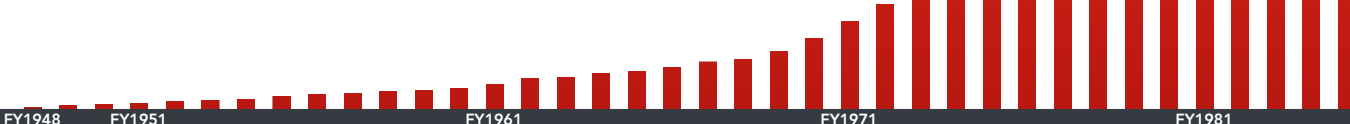
A management crisis led to Tomorrow's Nichirei, a bottom-up in-house campaign soliciting employee proposals for innovation and improvement, which led to a series of new businesses. We also worked to improve frozen food performance as well as taste as rising numbers of women working outside the home spurred growth in demand for highly convenient frozen foods.

- 1980 Started Tomorrow's Nichirei
- 1982 Expanded into the biotechnology field
- 1985 Changed company name to Nichirei Corporation
- 1988 Started European logistics business in the Netherlands
- 1993 Full-scale launch of cross-docking operations (XD)
- 1997 Established the Nichirei Technology Development Center

[Main sellers]

- 1986 Acerola Drink
- 1991 Yaki-Onigiri (frozen grilled rice balls)
- 1994 Launched a series of microwavable products; achieved the taste of freshly fried croquettes without using oil

▶ Nichirei Group Net Sales



Note: Consolidated net sales from FY2005

2000s

Addressing diversifying eating habits and consumer concerns about food safety; accelerating business operations by converting to a holding company structure



We fundamentally revised the structure of our traceability system to enhance quality assurance so we can provide safer, more reliable products. We also converted to a holding company structure and started new initiatives in each business.

- 2004 Started a logistics business in China (Shanghai)
- 2005 Converted to a holding company structure
- 2006 Started the *Inochi-no-Mori Project* in Indonesia (sustainable shrimp procurement using extensive aquaculture and mangrove tree planting)
- 2007 Started *Junwakei* chicken business
- 2008 Established GFPT Nichirei (Thailand) Company Limited, a Thai subsidiary with a fully integrated plant for stable supply of processed poultry products

[Main sellers]

- 2001 *Honkaku-Itame Cha-Han* (fried rice)
- 2003 Launched *Obento ni Good!* series of products that do not use coloring, preservatives or chemical seasonings
- 2004 Launched *Kikubari Gozen* series of calorie-controlled wellness foods

2010s

Conducting management with a medium- to long-term perspective that addresses simplifying food preparation, increasing health consciousness, Japan's labor shortage and globalization



By strengthening our earnings base and improving asset efficiency, we promoted profit growth and expansion of the scale of our overseas business. We also stepped up our ESG initiatives to increase corporate value.

- 2011 Established Higashi-ogishima DC (Kawasaki City) and added a second building in 2013 to meet strong demand for logistics
- 2012 Started sales of Asian food in the United States
- 2013 Launched Southeast Asian logistics business starting in Thailand
- 2013 Established Nichirei Foods Funabashi No. 2 Plant
- 2017 CSR Basic Policy revised as The Nichirei Pledge
- 2019
 - Established the Global Innovation Center as a bioscience business base for research, development and production
 - Established the Nichirei Group Human Rights Policy

[Main sellers]

- 2014 *Honkaku Yaki-Onigiri* (grilled rice balls)
- 2017 *Tokukara* (fried chicken)

2020 onward

Becoming a company that creates new customer value and helps resolve social issues to achieve a sustainable society

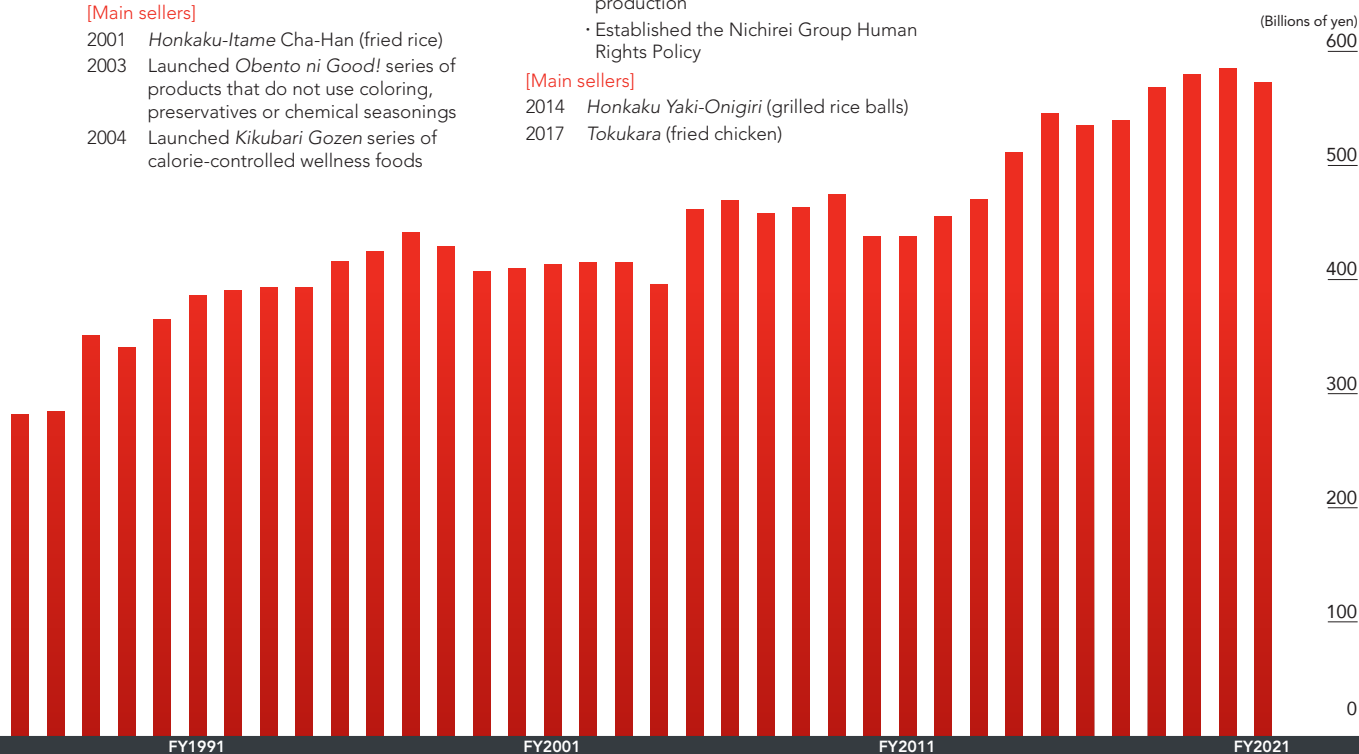


We will forge a strong link between sustainable corporate growth and the achievement of a sustainable society, dealing openly with the public as we continue to support people's eating habits.

- 2020
 - Selected as a brand of the Health and Productivity Stock Selection production
 - Established Nagoya Minato DC, a model center for business innovation
 - Identified five material matters for the realization of the long-term management goals toward 2030
 - *Junwakei* chicken became the first poultry product in Japan to acquire Specific Japanese Agricultural Standards (JAS) certification for sustainability for eggs and chicken meat

[Main sellers]

- 2020 *Gokujo Hirekatsu* (pork fillet cutlets)
- 2021
 - *Daizu Meat Hamburg* (soy meat hamburger steak)
 - *Daizu Meat Karaage* (soy meat fried chicken)



A History of Creating Value:

Establishing a Temperature-controlled Logistics Network

The Nichirei Group has resolved various issues in each era of its existence. These issues have included the challenge of meeting increased food demand in Japan's period of high economic growth through its ice-making, refrigeration and freezing businesses, and contributing to the improvement of health standards in the 1960s through the development of a cold chain logistics network. In recent years, globalization and social changes have made food logistics increasingly complex and sophisticated, and demands are growing for eco-friendliness, labor saving and efficient use of food resources. We will continue to provide value to society through the leading high-performance facility capacity we have established in Japan and a global rollout of our high-quality, detailed services.

1954 Established a Frozen Food Sales Company

In the early days of frozen foods, there were no vendors equipped to handle them. We therefore decided to establish a sales company specializing in frozen foods and start distribution.

1950s

1959

Developed Long-distance Frozen Cargo Vehicle

Nichirei's long-distance frozen cargo vehicle (reefer) Hayabusa, which was developed in-house, contributed to the creation of a cold chain logistics network that keeps food at low temperatures.



1960s

Social Issues

- Reduction of food loss and waste
- CO₂ emission reduction
- Response to the labor shortage

More Sophisticated
Efficient

1964

Provided a Wide Range of Frozen Foods to the Athletes' Village at the Tokyo Olympics



We provided a wide range of frozen foods to the athletes' village at the Tokyo Olympics for a stable supply of safe and delicious meals to more than 5,000 athletes from around the world.

1965

Cold Chain Recommendation Issued by Japan Science and Technology Agency (merged in 2001 with the Ministry of Education, Science, Sports and Culture, the predecessor to the current Ministry of Education, Culture, Sports, Science and Technology)

Nichirei played a central role in establishing a cold chain logistics network, which included the introduction of forklifts, the construction of large-scale refrigerated warehouses and the establishment of an industry group. The cold chain network, which keeps food at a low temperature during distribution to maintain freshness from the production area to the table, also helps to reduce food loss.

1970s



2021

Started Operation of Japan's First Trucks That Couple Room-Temperature and Low-Temperature Trailers

These 25-meter double-trailer trucks enable simultaneous bulk transportation of frozen and room temperature products. Since simultaneous transport is enabled by simply coupling and decoupling the second trailer, the trucks are expected to significantly lessen the burden on drivers and reduce environmental impact through an improved percentage of truckload capacity utilization and other transportation efficiency improvements.

2020s

2000s

2000

Entered the 3PL Business

We started a third-party logistics (3PL) business, which offers logistics strategy planning and logistics systems on behalf of customer companies. By providing them with comprehensive outsourcing services, we optimize the efficiency of their logistics.

1993

Full-scale Launch of Cross-Docking (XD) Business

Setting up a dedicated XD center between vendors and stores significantly improved delivery efficiency. It also contributed to more efficient store operations and reduction of CO₂ emissions.



1990s

1980s



1988

Launched Logistics Business in Europe

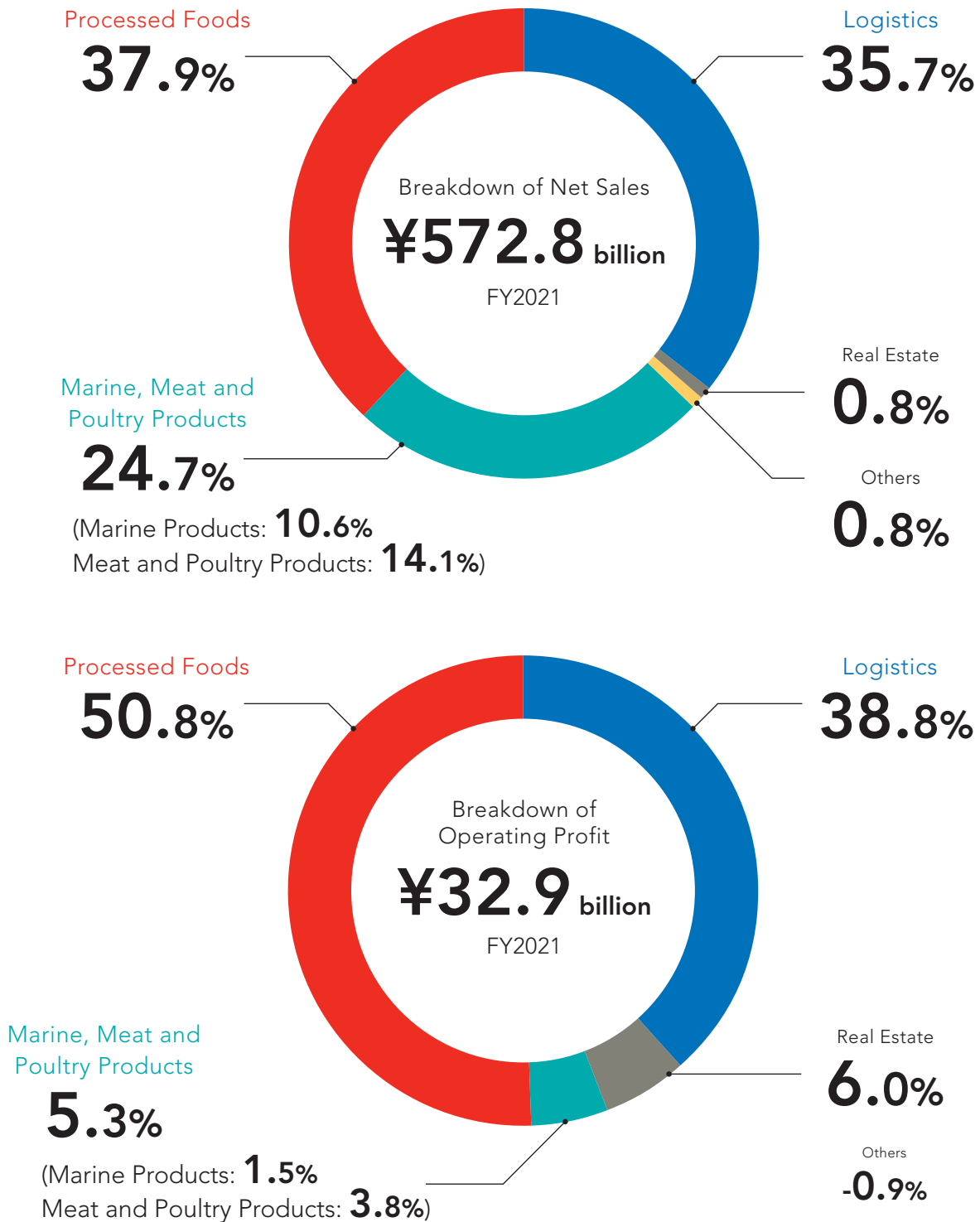
The rollout of our logistics business in Europe started with the acquisition of a cold storage company in the Netherlands. Based on the know-how we have cultivated in Japan, we have rolled out our logistics business in China, Thailand and Malaysia as we spread the quality of Japanese logistics around the world.

sticated and
Logistics

- Joint shipping
- Modal shift
- Inspection by tablet device
- Truck reservation system
- Driverless forklifts etc.

Business Overview

The Nichirei Group conducts business in areas including marine, meat and poultry products; bioscience; and real estate. Its main focus, however, is on processed foods and temperature-controlled logistics. Under a holding company responsible for overall Group strategy, each operating company aims to create new value for customers through flexible business operations in order to raise corporate value over the medium to long term.



Note: Amounts are rounded to the nearest hundred million yen, and percentages are rounded to the first decimal place.



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: delicious; healthy; enjoyable to eat; safe; simple and convenient to prepare; readily available; and 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.



We are the largest domestic logistics group. Our business comprises a logistics network, focused on third-party logistics, transportation and delivery; regional storage businesses providing storage and delivery services that are deeply rooted in their local areas; an overseas business that handles operations in Europe, China, Thailand and Malaysia; and engineering services, which handle matters from logistics facility planning and design to maintenance management. Throughout our supply chain we provide high-quality service.



In promoting the development of premium marine, meat and poultry products we utilize our global procurement abilities and emphasize 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.



By making best use of biotechnologies to conduct business in the three fields of molecular diagnostics, rapid diagnostics and biomedical materials, we are able to contribute to the physical and mental health of a large number of people. We provide high-quality products and services with the aim of becoming a technology-oriented company with outstanding expertise.



As the holding company for the Nichirei Group, Nichirei Corporation aims to maximize corporate value by promoting organizational management. It carries out the functions of management planning, monitoring and fund procurement for the entire Group, as well as management support for each operating company. It also operates a real estate business to make effective use of Group-owned land and other assets.

Nichirei by the Numbers

Our core business is built on cooling power: the ability to ensure the long-term storage of food and, at the same time, preserve the original quality of the raw ingredients used.

This has enabled us to make Japan's eating habits even better, and to meet the expectations and earn the trust of society as we seek further growth.

Processed Foods

Sales of Household-use and Commercial-use Frozen Foods

No.1
in Japan

Sales Ranking of Frozen Food Manufacturers (FY2021)

Ranking	Company	Net Sales (Billions of yen)
1	Nichirei	220.2
2	Company A	198.2
3	Company B	193.9
4	Company C	174.5
5	Company D	99.1

Source: From an August 3, 2021 article in *Reishoku Nippo*, which is published by Shokuhin Sangyo Shimbunsha Co., Ltd.



Long-selling Household-use Frozen Foods

Obento-ni Good!
Mini Hamburg
(hamburger steak)

52 years



Obento-ni Good!
Karaage Chicken
(fried chicken)

33 years



Honkaku-Itame
Cha-Han
(fried rice)

20 years



Temperature-controlled Logistics

Refrigerated Warehouse Storage Capacity

No.1
Industry Share in Japan

Japan: Top Five Refrigerated Warehouse Companies' Share of Total Facility Capacity

Ranking	Company/Group Name	Capacity (Thousands of tons)	Share of Total Capacity (%)
1	Nichirei Logistics Group	1,494	9%
2	Yokohama Reito	884	5%
3	Maruha-Nichiro Logistics	627	4%
4	Toyo Suisan Kaisha	571	4%
5	Chilled & Frozen Logistics Holdings	501	3%

Source: Compiled by Nichirei based on Japan Association of Refrigerated Warehouses materials (As of April 2020)



Refrigerated Warehouse Capacity

1,494
thousand tons

Global: Top Ten Refrigerated Warehouse Companies' Share of Total Facility Capacity

Ranking	Company Name	Capacity (Thousands of tons)	Main Country of Business
1	Lineage Logistics	20,265	USA
2	Americold Logistics	12,571	USA
3	United States Cold Storage	4,236	USA
4	AGRO Merchants Group, LLC	2,746	USA
5	NewCold Advanced Cold Logistics	2,204	USA
6	Nichirei Logistics Group Inc.	2,074	Japan
7	Kloosterboer	1,939	USA
8	VersaCold Logistics Services	1,393	Canada
9	Interstate Warehousing, Inc.	1,311	USA
10	Frialsa Frigorificos	1,158	Mexico

Source: Compiled by Nichirei based on the International Association of Refrigerated Warehouses' Global Top 25 List (As of July 2020)

Domestic and Overseas Vehicles in Operation

Approximately
8,000

Marine, Meat and Poultry Products

Number of Countries and Regions for Food Procurement

More than **30**



Value Creation Process

INPUT

Note: Data as of March 31, 2021



Financial Capital

- Total assets.....
¥405.7 billion
- Equity ratio.....
50.1%
- Free cash flow
(before dividends).....
¥13.2 billion



Manufactured Capital

- Production facilities.....
24 domestic factories,
6 overseas factories
- Refrigerated warehouse
storage capacity.....
1,515 thousand tons domestically,
554 thousand tons overseas



Intellectual Capital

- Production expertise
- Technological
strengths in cooking
and processing
- Logistics expertise
- Brand strength



Human Capital

- Number of employees
(consolidated).....**15,383**
- Expert human resources
- Average length of service.....
(males) **17.3** years /
(females) **15.4** years



Social and Relationship Capital

- Sales network
- Logistics network
- Donations to social
causes (FY2021).....
¥340 million



Natural Capital

- Global procurement
network for
agricultural, meat,
poultry and marine
products.....
More than
30 countries



Business Activities ▶ Pages 44-57

Business Model and Advantages from Comprehensive Group Strength

▶ Pages.24-25

Processed Foods
Business

Temperature-controlled
Logistics Business

External Environment

- Climate change
- Food loss and
waste
- Health
consciousness
- Decrease in Japan's
population
etc.

**Manufacturing that uses the Earth's
bounty, and superior logistics services**

Medium-term
Business Plan
WeWill 2021

Procurement

Processing/
Production

Sales

Storage/Distribution

Marine, Meat and
Poultry Products Business

Bioscience Business

The Nichirei Group utilizes the capital it has accumulated since its founding to provide frozen foods for household and commercial use and raw materials from fisheries and livestock, as well as to conduct businesses that support eating habits, such as temperature-controlled logistics for food storage and delivery.

We use the comprehensive strengths of the Group to link our business activities and resolve social issues. This generates profit, which we then invest in strengthening our business foundation, which in turn creates new value.

—OUTPUT—

Creation of new markets
and customer value

Help resolve social issues and
improve profitability through
competitive advantages

Sustainable food
procurement

—OUTCOME—

Vision for 2030

Contribute to
people's good
eating habits and
health

Creating value in food
and health

Strengthening food
processing and production
technology capabilities;
enhancing logistics services

Material Matters ▶Pages 12-13

Value Created

Realizing sustainable food
procurement and a
recycling-oriented society

Climate change initiatives

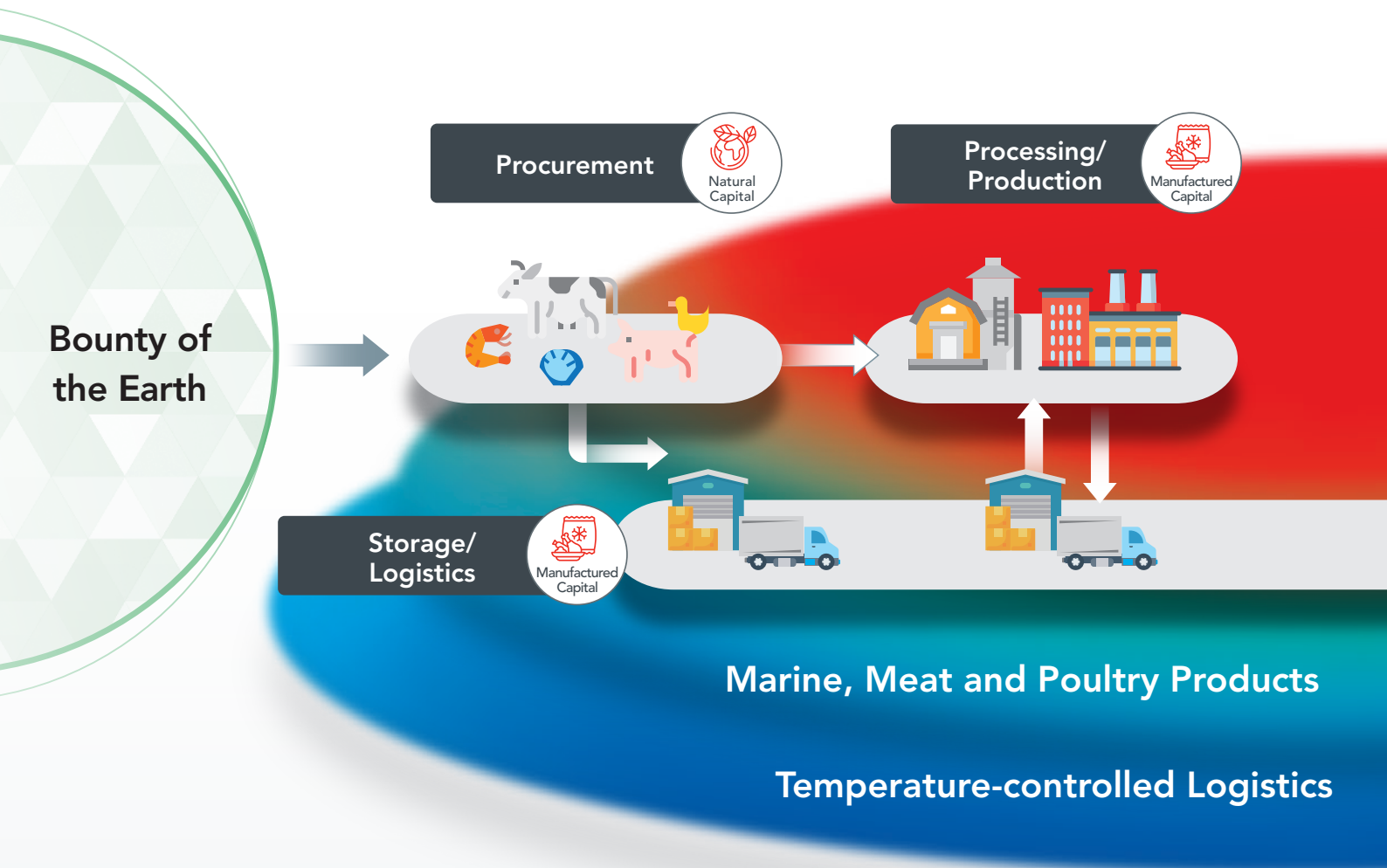
Securing and developing
a diverse array of human
resources

Realization of a
recycling-oriented society

Climate change
countermeasures and
energy reduction

Securing and developing
diverse human resources
(diversity and inclusion)

Nichirei's Business Model and Advantages



Advantages from Comprehensive

Unique ingredients procurement network

Global sourcing of high-quality ingredients that meet Nichirei's standards

Long-standing relationships of trust with suppliers

Livestock feeding/crop cultivation management under long-term contracts

Traceability that makes the procurement process clear

Japan's leading advanced temperature-controlled logistics

Maximizing storage and transportation capabilities to provide optimal logistics services tailored to customer needs

Largest refrigerated warehouse storage capacity in Japan

Optimal location of bases to connect logistics hubs, production areas and consumption areas

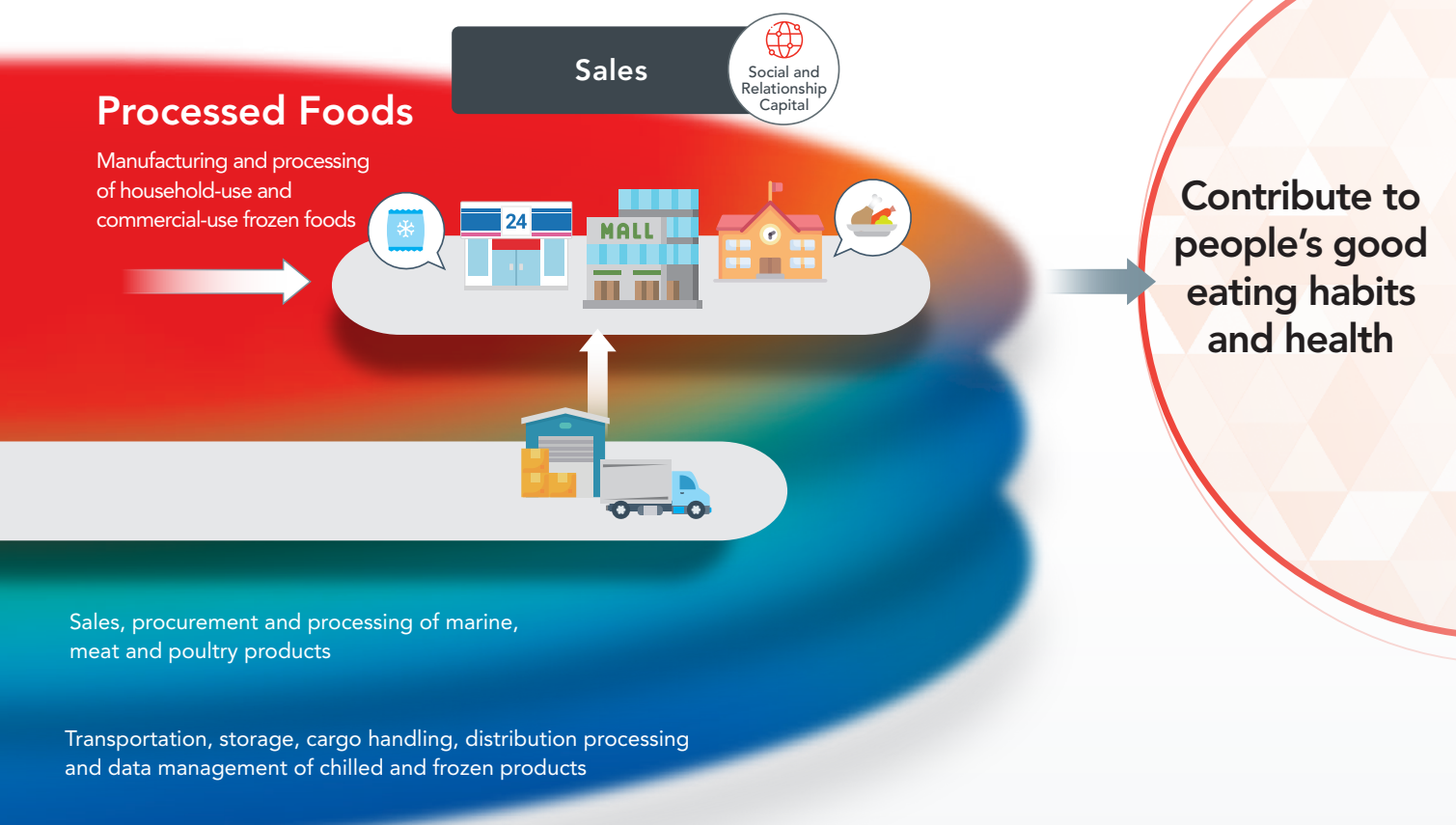
Operating capacity of 8,000 trucks per day

Total logistics that proposes and operates optimal systems

Human resources with high-level

The Nichirei Group meets the needs of its diverse customers through operations spanning a wide range of fields from food procurement to processing, logistics and sales.

Since our establishment, we have utilized the comprehensive strengths of the functions we possess as a Group to develop businesses in new areas and achieve sustainable growth while adapting to changes in society, the environment and economic conditions.



Group Strengths

Know-how to provide optimal processing

Meeting customer needs by combining high-quality ingredients and optimum processing

Providing products that have been optimally processed based on a thorough knowledge of ingredients

Development capabilities for reproducing the flavor and deliciousness of meals made by professional chefs

Quality assurance that enhances safety and reliability

Ability to handle a wide range of customers and business types

Meeting customer needs and providing convenience through services and responses tailored to diverse customer bases and business types

- Fresh seafood shops/ Butcher shops
- Hotels
- Highway service areas
- Convenience stores
- Hospitals
- Kaiten-zushi (conveyor-belt sushi) shops
- Izakayas (Japanese style pubs)
- Fast food restaurants
- Supermarkets (seafood, meat and poultry, delicatessen, frozen food, retort pouch and dry foods sections)
- School lunches
- Nursing facilities
- Family-style restaurants
- Bento (boxed lunch) shops
- Drug stores
- Employee cafeterias
- Online sales
- Food co-operatives etc.

expertise and experience





Helping to Resolve Social
Issues through Our Business **1**

Providing New Value in Frozen Food Reproducing the Flavor of Meals *Honkaku-Itame Cha-Han*

Social Issues

- ▶ Demand for authenticity as eating habits diversify
- ▶ Increase in elderly and single-person households

In the 1990s, food options increased in Japan with the expansion of the convenience store, delicatessen, family-style restaurant and other outlet markets.

As eating habits diversified, demand for products with a more authentic taste began to appear in the early 2000s. In addition, the increasing number of elderly and single-person households spurred needs for meals that were convenient and easy to prepare.

Honkaku-Itame Cha-Han (fried rice) was launched in spring 2001 to address this demand. It was a runaway hit, offering the deliciousness and texture of fried rice from a Chinese restaurant at home just by heating it in a microwave. Since then, we have made ongoing improvements to keep customers smiling.

Advantages

Advantage 1

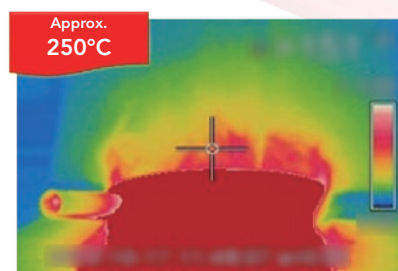
In-house Development of a Cooking Line That Reproduces the Processes of Professional Chefs

Before the launch of *Honkaku-Itame Cha-Han* in spring 2001, frozen fried rice was closer to boiled rice with flavoring mixed in than to actual fried rice. To provide authentic taste, Nichirei Foods observed how fried rice was cooked at well-known restaurants, learning about the temperature and time required for heating the oil, when to add eggs, and other considerations. At a time when it was considered impossible to fry rice in large volumes, we perfected a unique frying process that incorporated the skills of professional chefs into a mass production line.

Advantage 2

Major Renewal for a Three-stage Stir-fry Manufacturing Method in 2015

To further refine the deliciousness of *Honkaku-Itame Cha-Han*, which had been extremely popular since its launch, in 2015 Nichirei Foods invested about ¥3 billion to establish a three-stage stir-fry manufacturing method. In the first stage, the rice is coated with eggs. In the second stage, excess moisture is removed with a blast of hot air at 250°C or higher, the same temperature as a professional chef's wok when stir-frying, and in the third stage, the final frying is completed. This new process enhanced the deliciousness of *Honkaku-Itame Cha-Han*.



ods through Development Capabilities for Made by Professional Chefs

Advantage 3

Commitment to Raw Material Quality

We use 100% first-class rice from Hokkaido for the main ingredient of *Honkaku-Itame Cha-Han*.

First-class rice has fewer cracked hulls, is less sticky when cooked, and has a non-sticky texture even when prepared in a microwave. It also features uniform-sized grains that enable more even application of seasonings.



Select first-class rice grown in Hokkaido

Value Provided

Supporting good eating habits in Japan with frozen food that applies the skills of professional chefs





Helping to Resolve Social
Issues through Our Business **2**

Helping to Reduce Traffic Conges Innovative Logistics System Cross-Docking Business

Social Issues

- ▶ **Diversification of logistics needs due to structural changes in the retail industry**
- ▶ **Strong public demand for reducing traffic congestion and CO₂ emissions**
- ▶ **Need to reduce logistics costs and workloads at stores**

In the 1980s, a drastic structural transformation occurred in Japan's retail industry, including the rapid rise of supermarkets and other retail chains, as the population became more concentrated in cities and car ownership increased. This brought about major changes in logistics needs, such as requirements for sorting for just-in-time delivery and stronger management of cargo freshness.

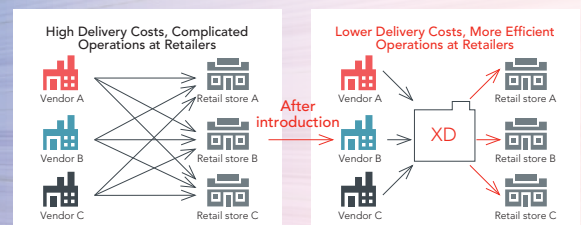
In addition, spurred by the first environmental summit held in France in 1989, noise, CO₂ emissions and traffic congestion due to trucks came to be recognized as major issues, with strong calls to the logistics industry for greater efficiency.

Initiatives

Initiative 1

Establishing Cross-Docking (XD) Centers in Line with the Structural Transformation of the Retail Industry

The greater prevalence of retail and restaurant chains from the 1980s rapidly increased the frequency of warehouse loading, unloading, transportation and delivery. Therefore, Nichirei Logistics Group established a new logistics system using cross-docking centers for rapid sorting and delivery of products without storage. In 1993, we began full-scale commercialization of the XD business tailored to a variety of business types including general merchandise stores, supermarkets, convenience stores and restaurant chains.



Initiative 2

Reducing Both Costs and CO₂ Emissions through Optimized Logistics

Nichirei Logistics Group's XD business delivers products to various retail stores and restaurants, mainly the three perishables—produce, meat and seafood—and chilled foods. XD centers function as relay points to enable small lot deliveries with substantially fewer routes than conventional deliveries from manufacturers and wholesalers to each store. Because fewer trucks are used, this method not only reduces logistics costs, but also contributes significantly to reducing CO₂ emissions and traffic congestion.

tion and CO₂ Emissions by Introducing an

Initiative 3

Supporting Deliveries to Food Retailers in Train Stations and Department Store Food Floors

Today, our approximately 40 XD centers provide optimized logistics services customized to each customer 24 hours a day, 365 days a year. We also handle outsourced deliveries to commercial spaces inside train stations and food floors in department stores.

In addition, delivery by category and inventory item using the minimum number of trucks has the benefit of making it easy for stores to manage personnel for tasks such as checking and stocking shelves with incoming merchandise. This enables stores to use the staff hours saved for customer service.

Initiative 4

Helping to Reduce Store Workloads with Our Process Center Function

Nichirei Logistics Group's XD business also operates a processing and packaging service called Process Centers. Process Centers provide rigorously temperature-controlled, one-stop services within a single XD Center ranging from processing meat, poultry and marine products to weighing, packing, packaging, labeling and delivery.

In addition to reducing workloads at stores, centralizing the processing work reduces the storage space required for inventory, thus enabling larger sales spaces.



Value Provided

Helping to improve customer operating efficiency and reduce CO₂ emissions through total services that include sorting, delivery and distribution processing





純国産鶏種

純和鶏®

Helping to Resolve Social Issues through Our Business 3

Procuring Food through a Sustainable Cycle Project

Junwakei Chicken

Social Issues

- ▶ Improving Japan's self-sufficiency for animal proteins
- ▶ Improving Japan's self-sufficiency for animal feed
- ▶ Harmonious coexistence with local communities
- ▶ Biodiversity (sustainability of breeds)
- ▶ Sustainable food production

According to a 2018 survey, Japan's self-sufficiency rate for broilers (chickens used for meat) is relatively high at 64%. However, the self-sufficiency rate for pure Japanese broiler breeders (the parents) that have been selectively bred domestically from the grandparents is only about 1-2%, based on the number of chickens shipped. Avian flu, which has spread repeatedly in Japan and abroad in recent years, has the potential to halt the import of grandparent stock. If this happens, it could devastate the domestic chicken farming industry and cause chicken dishes to disappear from Japanese dining tables.

Initiatives

Initiative 1

Born and Raised in Japan

In cooperation with an independent administrative agency in Hyogo Prefecture, we succeeded in breeding *Junwakei* chickens by crossing the *Koyuki* and *Benizakura* pure Japanese chicken breeds. Bred in Japan from grandparent stock, the *Junwakei* chicken brand was created for the domestic market for sustainable food self-sufficiency.



Initiative 2

A Method of Raising Chickens That Minimizes Their Stress

Using an up-to-date computer-based poultry management system, we strive to create a comfortable environment for our chickens. Since their brooding period is about 60 days, which is longer than other breeds, we take the time to raise them with care. That is why *Junwakei* chicken meat has the quality and deliciousness Japanese consumers demand, with tender, richly flavorful thigh meat and finely textured, soft and juicy breast meat.

Junwakei chicken Nichirei Fresh <https://www.nichireifresh.co.jp/news/detail/?id=1333> (Japanese only)

Reference : Specific Japanese Agricultural Standards (JAS) certification for sustainability for chicken meat and eggs

https://www.maff.go.jp/j/jas/jas_kikaku/prdouga.html (Japanese only)

nable Regional Agricultural and Livestock

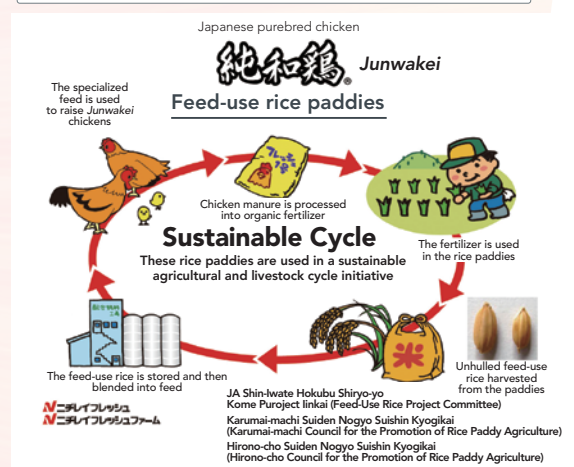
Initiative 3

Sustainable Production Cycle Project

Using a state-of-the-art high-speed biomass processing plant, we can produce organic fertilizer in about eight hours, rather than the three months or more required by our former fermentation-based composting method. Manure from *Junwakei* chickens is processed into organic fertilizer for use in cultivating the feed-use rice that is then used in their feed.

Most of the paddies we use to produce this feed-use rice are lying fallow due to rice production adjustments. The sustainable production cycle originating from *Junwakei* chicken is also helping to revitalize regional agriculture.

Sustainable Regional Agricultural and Livestock Cycle through *Junwakei* Chicken ▶ Page 71



Initiative 4

Traceability for Safety and Reliability

To deliver safe and reliable chicken to consumers, every aspect from receipt of chicks to poultry farming records and management of vaccines and other drugs is conducted under a strict program. This enables traceability by lot back through the genealogy to foundation stock.

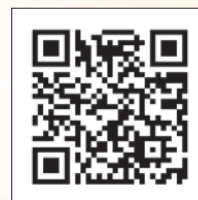
Value Provided

Providing chicken meat with consideration for resource recycling, food sustainability and animal welfare



First Specific Japanese Agricultural Standards (JAS) certification given to a poultry product for sustainability

Introductory video on Specific JAS sustainable chickens and eggs (Japanese only)





Helping to Resolve Social
Issues through Our Business **4**

Sustainable Procurement That Con Acerola Business

Social Issues

- ▶ **Poverty**
- ▶ **Educational issues**
- ▶ **Agriculture that takes the local environment into consideration**
- ▶ **Nutrition and health of local residents**

Acerola, which has a strong antioxidant effect, is attracting renewed attention as a superfood rich in vitamin C. With the spread of the “clean label” movement to keep foods as additive-free as possible, acerola is being used as an alternative to synthetic vitamin C, which is an antioxidant. However, acerola fruit is very delicate and after being harvested can only be kept fresh for two to three days at room temperature. Nichirei Foods therefore utilizes the freezing technology it has cultivated to provide acerola without loss of the fruit or its vitamin C.

Poverty and educational issues are notable in Brazil, which is our main production area. Nichirei Foods’ acerola business helps create jobs for local residents.

Initiatives

Initiative 1

A Pioneer in the Acerola Business

Nichirei was one of the first companies to introduce acerola to Japan, with the launch of an acerola drink in 1986. In 1990, we made a full-scale start into this business of using acerola as a raw material, and in 1991 we established a subsidiary in Brazil, Nichirei do Brasil Agricola Ltda. (“Niagro”), to conduct this business.

Initiative 2

Building Relationships of Trust with Contract Farmers

Niagro distributes free seedlings to contract farmers, and its employees personally provide guidance for stable cultivation and harvesting of high-quality fruit. Moreover, Niagro purchases the entire crop, generating stable income for contract farmers and improving their cultivation skills. Through this initiative, Nichirei Foods provides a stable supply of high-quality products to customers worldwide.



tributes to Local Community Development

Initiative 3

Contributing to the Region

Niagro provides acerola puree and juice to local residents. Measures to support school operations include providing acerola juice once per week to schools attended by children from poor households and repairing school equipment. Niagro also creates employment through student internships.



Initiative 4

Consideration for the Environment

We also conduct eco-friendly initiatives, which we consider the duty of a company that operates a business based on acerola, part of nature's bounty. We utilize the pomace (the pulpy residue left over from the processing stage) as feed for livestock, and we are collaborating with Kindai University on the development of Acerolaburi for use as feed for farmed yellowtail (*buri*). In addition, water used to wash the fruit and water extracted from the fruit when making concentrated juice is returned to rivers after microbial treatment.

Value Provided

Creating “clean label” products by providing vitamin C derived from acerola fruit and contributing to the economy of the production area



In the 2021 sustainability assessment by EcoVadis of France, Niagro received a gold rating, placing in the top 5% of all companies assessed.

Nichirei do Brasil Agrícola Ltda. ("Niagro")
Receives Gold Rating in EcoVadis Sustainability
Assessment (2021) ▶ Page 47

Creating New Value



We are establishing a mechanism in Nichirei for instilling a mindset of value creation. By promoting this mechanism, we will work to create new markets and customer value.

Junji Kawasaki

Director, Executive Officer
Supervising Quality Assurance and
Business Innovation
General Manager of Technology Management

The New Value Creation the Nichirei Group Is Working Toward

I would like to begin by looking back over Nichirei's history of innovation. Nippon Reizo, which is Nichirei's former name, was established at the end of World War II, in 1945. Its predecessor was Teikoku Marine Products Control Company, which the Japanese government created in 1942. We made a new start as a private company with the aim of delivering a stable supply of fresh foods and ingredients to people who were suffering from the postwar food shortage. Our next major turning point was around 1960, when we began selling frozen foods that had been pre-processed to a limited degree. Thus, we began helping to eliminate the various inadequacies of at-home food preparation: the inconveniences, impossibilities, insufficiencies and dissatisfactions. Even before the establishment of a cold chain logistics network encompassing food freezing methods and distribution, Nichirei has consistently taken on new challenges aimed at helping eliminate society's challenges and inadequacies using its own technologies.

Now that today's society has secured the amount of food and water necessary for life and there are no obvious inadequacies, it has become harder to discern peoples' desires, and what they consider "inadequacy" to be. Nevertheless, it is possible to innovate even in an era of diversifying values. To make a croquette that offers the taste and texture of freshly fried food without using oil, we prepared a seemingly countless series of prototypes using multiple microwave ovens with different specifications made by various manufacturers. The result was a blockbuster product. Later products such as *Honkaku-Itame Cha-Han* (fried rice) were also the result of our employees' persistence in resolving the issues customers face. These products were the outcome of Nichirei employees' steady and ceaseless pursuit of their goals, over and over again. I believe that is what innovation is.

The word "innovation" means different things to different people. Some think it entails developing new technologies to do something unprecedented. However, given the various regulations and restrictions on food products in the Nichirei Group's main business areas, and numerous customers with conservative views, employees sometimes show little interest and are

Conceptual Diagram of Innovation Management System (IMS)

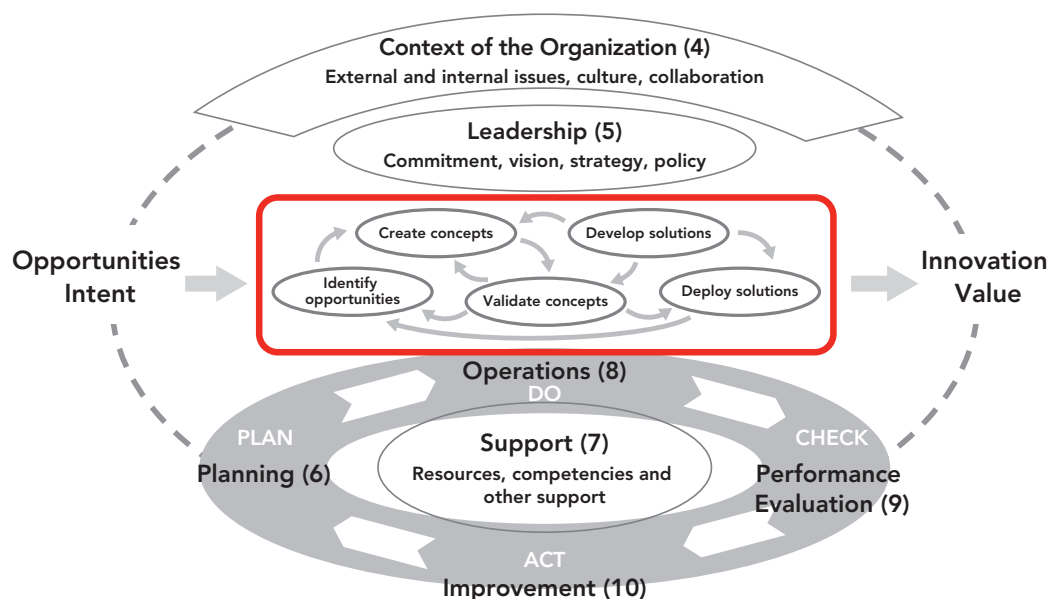


Diagram Explanation

Innovation activities (identifying opportunities, creating and verifying concepts, developing and implementing solutions) are shown in the central red frame; uncertainty is reduced through hypothesis testing by rapid trial and error, back and forth, within the frame, leading to the creation of value. In addition, we aim to more smoothly promote these activities through organizational support. Human resource development, which we are focusing on at present, 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.

disinclined to get involved when I mention the word. Therefore, at Nichirei, innovation refers not just to breakthroughs, but also to combining existing knowledge and resources to generate new economic and social value, either through changes in our core businesses (business models) or the creation of new businesses (new opportunities). In other words, we define innovation as delivering the value of new experiences to our customers, a concept we call “new value creation.”

Progress of Initiatives

We believe that innovation, or new value creation, at Nichirei is not accomplished by specific individuals with superior skills, but rather generated by all Group employees. By establishing a foundation for everyone in the Group to take part in new value creation, we intend to add examples of new value created as an organization by increasing not only the number of employees who

come up with ideas and take on challenges as leaders, but also employees who support their efforts in various ways. This will require creating a corporate culture that fosters a spirit of taking on challenges throughout the Group. Therefore, the Nichirei Group is tackling new value creation as an organization. We will engage in ongoing communication, including messages from senior management, so that our employees understand and think about what we mean by new value creation. President Okushi and I communicate with employees on the Company intranet via streaming videos, some of which have had 1,000 or more views depending on the content. It is crucial that we present this new approach to Group employees and ensure that they understand it, and to provide specific examples so that they realize what their colleagues have accomplished. This process may not fit the definition of innovation as others understand it, but we intend to be steadfast in our efforts to create new value befitting Nichirei.

Creating New Value

In FY2022, we also established two organizations in Nichirei Corporation, the Nichirei Group's holding company: one to set up the mechanism for our activities, and the other with an incubation function for full-scale commercialization of ideas with business potential. Our main reason for establishing these organizations in the holding company is that because the holding company is not in charge of business operations, it creates an environment where we can promptly and flexibly go through a trial-and-error process to test ideas free of the constraints of our existing businesses.

In setting up the mechanism for our activities, we referred to the ISO 56002 international standards for an innovation management system (IMS), which were issued in July 2019. ISO 56002 contains guidelines for encouraging organizations to innovate, but simply following those guidelines will not result in new value creation. I therefore want to ascertain the true nature of the Nichirei Group in order to create an IMS that is suitable for Nichirei and to see the mechanism through to fruition. In practical terms, we are now implementing two programs: an educational program and a commercialization program for putting that education into practice.

The educational program provides the skills necessary for engaging in innovation activities. Program participants learn about business model construction and design thinking,* which is important for coming up with ideas from the customer's perspective. Participants also learn how to use a tool called Business Model Canvas (BMC) for business model construction, and because BMC can also be used to review and improve existing businesses, we encourage all employees to learn how to use it. When all employees can analyze and plan their businesses using the same tool, BMC becomes a shared Group language. New ideas are difficult to understand, but expressing them through BMC enables both those who propose ideas and those who support them to work together in studying the ideas, and then to identify and correct each other's misconceptions, which leads to the next idea. Even so, BMC is just a tool. The key point is deciding the themes to focus on in coming up with ideas. That is why the design thinking portion of the program teaches how to propose goods and services from the customer's point of view, and provides opportunities to come up with ideas while keeping in mind the inadequacies I mentioned earlier in talking about the commercialization program.

* Essentially another way of describing our IMS, design thinking is a non-linear, iterative process that teams use to understand users, challenge assumptions, redefine problems and create innovative solutions to prototype and test. Design thinking involves five phases—empathize, define, ideate, prototype and test. It is most useful in tackling problems that are latent or ill-defined.



Educational Program Results in FY2021 (Excerpt)

	Content	Frequency	Total Attendees
Business Model Construction (Basic)	Acquire basic knowledge of Business Model Canvas	12 sessions/year	177
Business Model Construction (Applied)	<ul style="list-style-type: none"> Study the business model patterns of successful companies Foster thinking about business model innovation by applying it to one's own company 	4 sessions/year	66

We launched our educational program at the beginning of 2020 and it is now in its second year. With a total of just under 400 employees having taken the course to date, we have not yet reached our goal of having all employees take part. As we collect data on the impressions and proficiency levels of the employees who have already participated in the program, I would like to further enhance the content and recommend it to other employees. Going forward, we intend to make it a Group-wide human resources development program.

Our second program (launched in FY2021), the commercialization program, solicits ideas for creating new value in food and health from all Nichirei Group employees. FY2022 is the second year of implementation, but already, many ideas have been proposed by a wide range of employees, from young and mid-career to veteran staff. Themes taken up with the aim of commercialization go through two stages of verification, and employees remain in their current departments during the first stage. We plan to establish a personnel evaluation mechanism that includes consideration of participation in this program. The FY2021 program is now advancing into final verification toward commercialization. Assessments at milestones in each stage are being conducted using our unique KPIs.

Previously, there were no such opportunities for employees to propose their own ideas and engage in innovation activities without being restricted by existing businesses or their day-to-day work. Since starting this program in FY2021, I can say from first-hand experience that it has become a forum for employees wanting to take on new challenges to talk about their ideas and then put them into action. If successes emerge, I am confident that our corporate culture will change further.

Many Nichirei employees are passionate about food. My role is to provide them with opportunities to develop their enormous potential for the future of Nichirei.

Future Developments

The Nichirei Group has made frequent attempts to create value in the past, but many projects have ended unsuccessfully. Before starting these programs, over a period of roughly three months in FY2020, we interviewed about 50 employees who had been involved in some 40 past projects in which they took on new challenges. For successful projects, we asked participants why they went well, and for projects that were discontinued partway, we asked why they did not. In this way, we identified the strong and weak points of innovation activities at Nichirei, enabling us to start with an understanding of Nichirei's true nature. Based on this, by considering the likely pitfalls, we are creating a mechanism that will increase the success rate.

The Nichirei Group's long-term management goals toward 2030 state that "the Company will promote innovation to create new value that solves the problems of customers and society." Creating new value through innovation will also play a large part in achieving our target of ¥1 trillion in net sales in 2030. I want our Group to make united efforts in support of the enthusiasm of employees who have chosen to take on challenges to create new value toward 2030. By cultivating a Group corporate culture in which enthusiastic employees do not hesitate to take on such challenges, we will address social change to offer value that society and consumers demand in a way that only Nichirei can.

Strategy and Resource Allocation



We will conduct effective strategies to enhance our corporate value.

Takumi Taguchi

Director, Executive Officer
Supervising Corporate Internal Audit, Business Management, Strategic Planning, IT Planning, Legal Affairs, Human Resources Strategy & General Affairs, Finance, Accounting & Tax and Group Communication

Performance in FY2021

My responsibility in increasing Nichirei's economic and social value is to objectively analyze the Group's competitiveness, formulate a management strategy from business strategies based on that analysis, and reflect that management strategy in our budget and other quantitative plans. Aside from creating plans, I am also aware of the need to consider the kind of corporate organization we should create to enable us to successfully implement those plans.

In FY2021, Group sales decreased compared with the previous fiscal year due to the impact of the COVID-19 pandemic. However, even though we incurred depreciation expenses from capital expenditures for future growth and for bolstering our business foundation, consolidated profit increased year on year, exceeding our initial plan. Factors contributing to this result were the enhancements to our customer base we have been making, cutbacks in expenses, and our promotion of greater operating efficiency. In the processed foods business, although demand has fallen for commercial-use frozen foods for food service and other sectors due to the pandemic, sales of household-use frozen foods were strong as we accurately captured growing demand and diversifying needs. Overall, the business was able to maintain a balance even when the state of emergency restricted people's movements and contacts.

In the temperature-controlled logistics business, as rising electricity charges, higher personnel expenses due to a labor shortage and other factors drive costs up, the integration of our storage and transportation operations has improved profitability and enables us to provide high-quality services to customers. Logistics is not simply transporting cargo; providing a variety of incidental services is crucial. For example, our cross-docking (XD) business collects goods from each manufacturer in a batch, then sorts and transports them to individual stores, so manufacturers do not have to ship to each store as they used to. Such steady efforts to maintain businesses that are useful to all have improved the Nichirei Group's ability to generate cash.

FY2021 Consolidated Results

Capital Efficiency		Growth	
ROE	10.9%	Net sales	¥572,757 million
REP ¹	¥10,167 million	EBITDA	¥52,618 million
Financial Soundness		Shareholder Returns	
D/E ratio	0.5 times	DOE ²	3.4%
		Annual dividends per share	¥50 per share

Notes: 1. Retained Economic Profit. Our original indicator showing profit after deduction of capital costs.

2. Dividend on equity ratio

Planned Capital Expenditures in the Final Year of our Medium-term Business Plan WeWill 2021

Our current medium-term business plan forecasts around ¥40 billion per year in cash from operating activities for approximately ¥120 billion over the three-year period. Approximately ¥100 billion of this amount is to be allocated to capital expenditures (50% for growth investments; 30% for infrastructure enhancement, business innovation and new development; and 20% for rationalization and maintenance), and approximately ¥20 billion for investments and loans, including shareholder returns and funding. As of the end of the plan's second year, capital expenditures totaled ¥65 billion.

We may appear to have fallen slightly behind our initial plan in FY2021 due to revisions to our investments in response to the conditions caused by the COVID-19 pandemic. However, we have changed the details and reordered the priorities of the aforementioned capital expenditure categories, enabling us to incorporate items

that had been slated for the next medium-term business plan into our FY2022 plans. With planned capital expenditures for FY2022 exceeding our record high of ¥40 billion for a single year, the total amount for the three-year period from FY2020 to FY2022 is set to be generally in line with our initial plan.

Capital expenditures in FY2022 include projects with the “new normal” and overseas expansion in mind, centered as before on the processed food and logistics businesses. Capital expenditures in the processed food business will total ¥18.9 billion, consisting mainly of construction of a new production facility for innovative products, expansion of production lines for main categories, upgrades to make equipment eco-friendly and upgrades of aging equipment. Capital expenditures in the logistics business will total ¥19.8 billion, primarily for the addition of refrigerated warehouses in Europe and bolstering of the business foundation, including digitalization of warehouse operations.

Strategy and Resource Allocation

Shareholder Returns and Capital Efficiency

Dividends are our foremost priority in providing returns to shareholders. We use the consolidated dividend on equity ratio (DOE) as our yardstick for stable annual dividend increases as we accumulate profits in shareholders' equity. Stock buybacks are another measure for providing returns to shareholders, but we have not conducted one since FY2018, because we have been prioritizing the allocation of cash to investments for growth and infrastructure enhancement.

The consolidated balance sheet as of March 31, 2021 shows a debt-to-equity ratio (D/E ratio) below 0.5, which would normally indicate our capacity to take on a bit more leverage. However, as mentioned previously, planned capital expenditures for FY2022 will exceed ¥40 billion. We also expect to use M&A and alliances to expand overseas operations and create new businesses. To maintain a financial position that allows us to raise funds flexibly for such purposes, we intend to maintain a single A flat credit rating for long-term debt.

Regarding capital costs, we are aware that cost of equity capital is 6-7% for the market overall. We use Retained Economic Profit (REP), an original indicator obtained by subtracting capital costs from net operating profit after tax (NOPAT), as one of our key performance

indicators. We calculate REP for the Group and for each business. Moreover, we have been able to maintain the current medium-term business plan target for ROE of 10% or higher. In the next plan we intend to introduce KPIs that contribute to capital efficiency, such as return on invested capital (ROIC), to enhance management of our business portfolio.

Current Initiatives and Future Issues in Overseas Operations

Each of our businesses has leveraged its strengths to expand overseas independently, and overseas sales are currently approximately ¥80 billion, based on frozen food sales in North America and storage, transportation and delivery in Europe. We are aiming for ¥300 billion in FY2031, but I think that will be quite difficult to achieve through organic growth alone. M&A and alliances are effective means to achieve this target, but they are limited by the absence of intra-Group synergy at each location.

We have a processing base in Vietnam for marine products, which are shipped to Japan for sale. Since demand for marine products is growing worldwide, we should also be able to expand sales in other countries and regions. In Europe, many frozen foods are more like ingredients than finished products, and there are companies there that make a business of finding



ingredient sources and selling those ingredients under different brand names by country or region.

There are countries and regions where there is still room for growth in the field of food and health. We consider it a management task to integrate the core competencies we have cultivated in food processing and production and logistics to create a business model that helps to resolve social issues from a global perspective. If we can do that, our overseas businesses should continue to roll out profitably.

Financial and Non-financial KPIs for Management

For financial KPIs, the current medium-term business plan emphasizes EBITDA for profit growth and ROE for capital efficiency. We have set EBITDA as an indicator to monitor whether increasing the allocation of resources to investments for growth and other capital expenditures is leading to the generation of cash. Evaluation of directors and executive officers for performance-linked compensation consists of three indicators: net sales, EBITDA and REP. We disclose targets (performance forecasts) and results by segment for each of these items, with degree of achievement of the EBITDA target given the highest weighting.

As for non-financial KPIs, in 2020 we identified five material matters for achieving our long-term management goals toward 2030, and in 2021 we set Group targets (measures and KPIs) for each material matter. Going forward, we will work together with our businesses to formulate and monitor specific action plans to achieve the Group targets. For instance, we will establish action plans for each three-year medium-term business plan period as a way of setting objectives.

Among these material matters, I believe that “Creating value in food and health” and “Strengthening food processing and production technology capabilities; enhancing logistics services” will drive growth for the Group. Various non-financial assets are linked to food and logistics, which are the two cornerstones of our business, and one such asset is human resources. For the material matter “Securing and developing diverse human resources,” we have set Group KPIs that reflect the commitment of top management to double our investment in human resource development, increase

the targeted ratio of female officers and managers, and achieve diversity among our core talent.

Nichirei Group employees have gained a reputation outside the Group for being truly earnest and straightforward. I am very happy about that, but I feel that they have not yet been able to fully display their outstanding qualities at an individual level. To bring those qualities to the fore, we have established an innovation management system and have started initiatives to provide wide-ranging employee training that promotes thinking about creating new economic and social value.

Enhancing Corporate Value Going Forward

I stated earlier that dividends are our foremost priority in providing shareholder returns. We will continue to pay stable dividends with DOE as our yardstick and expect to buy back Company shares while considering the balance between our debt rating and capital efficiency. Shareholders also expect an increase in corporate value in terms of stock price. Until now, the focus has been on financial indicators such as profit growth, but attention to ESG has recently picked up, with particular emphasis on initiatives for the environment (E) and society (S). The issues for Nichirei are what the effects will be of incorporating these elements into our business model and how we can develop them into businesses.

Moreover, I believe that such initiatives will positively impact capital costs. Stock prices will reflect not only the elements specified in corporate finance theory such as leverage, but also sustainability and ESG, and the results will be linked to the cost of capital. Increasing our reputation for ESG will also raise public awareness of the Nichirei brand, positively affecting the engagement of Nichirei Group employees.

In conclusion, enhancing corporate value will require the creation of a corporate culture in which each of our four operating companies can create value by sharing the extensive know-how they have generated through their diversity. I intend to continue working to deploy Group synergy as we increase the value of our four operating companies.

Medium-term Business Plan WeWill 2021

In an increasingly unstable global economy, continuing volatility is expected in exchange rates, raw material prices and energy costs. In Japan, as a labor shortage drives up various costs, greater diversification of consumer behavior is expected due to changes in household composition and lifestyles.

Under this medium-term business plan, we are making capital expenditures for growth and infrastructure enhancement, mainly in the processed foods and temperature-controlled logistics businesses, while maintaining an accurate understanding of the changing business environment. By doing so, we aim to realize sustainable profit growth and create new value that supports good eating habits and health.

General Strategy

1. Realize sustainable profit growth
2. Improve capital efficiency and expand shareholder returns
3. Create new value that supports eating habits and health

Investment strategy

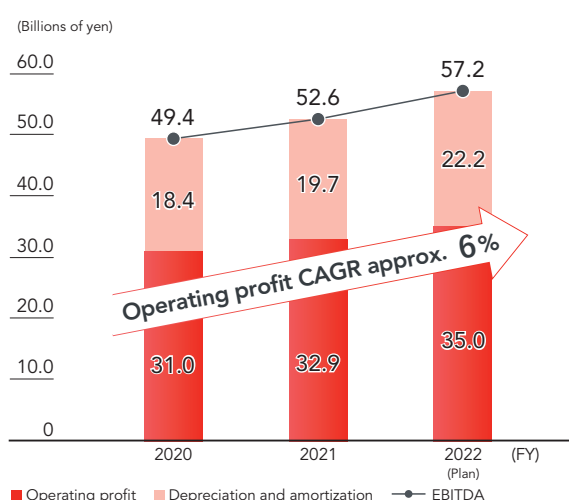
1. Proactive capital investment to enhance competitiveness
2. Strengthen initiatives from a long-term perspective

Financial strategy

1. Improve financial soundness
2. Enhance shareholder returns

Strategies by Business ▶ Pages 44-57

Operating profit/Depreciation and amortization/EBITDA



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

Consolidated Targets

Billions of Yen	FY2020 Result	FY2021 Result	FY2022 Plan	Year-on-Year Change	Growth Rate
Net sales	584.9	572.8	600.0	27.2	4.8%
Overseas sales incl. in above	79.7	76.9	77.3	0.4	0.5%
Operating profit	31.0	32.9	35.0	2.1	6.2%
Operating profit/Net sales	5.3%	5.8%	5.8%	0.0%	—
Profit	19.6	21.2	23.0	1.8	8.4%
EBITDA	49.4	52.6	57.2	4.6	8.7%
ROE	10.9%	10.9%	10% or higher	—	—
EPS	¥146.16	¥159.19	¥172.59	¥13.40	8.4%

Progress of Main Measures

Main Measures	Progress over Two Years and Outlook
Increase profitability by strengthening the management base and reforming the business structure	<ul style="list-style-type: none"> Continued earnings growth in mainstay processed food and logistics businesses amid a rapidly changing business environment Adapted to “new normal” and achieved expanded sales, leading to sustainable growth Improving earnings in marine products and bioscience remains an issue
Accelerate expansion of overseas business	<ul style="list-style-type: none"> Despite impact from COVID-19, results in the United States and Europe remain firm Expansion in overseas sales expected to fall short of plan
Allocate resources for sustainable growth	<ul style="list-style-type: none"> Investments made to expand production capacity and for large-scale refrigerated warehouses Content of investments revised in response to changes in the business environment, but three-year total for capital expenditures projected to be in line with plan
Strengthen measures for longer-term growth	<ul style="list-style-type: none"> Built Innovation Management System (IMS) and launched new business development Operations reforms in the logistics business proceeding according to plan, while pursuing more efficient and advanced operations, focusing on digital transformation (DX) for the corporate group as a whole
Contribute to the realization of a sustainable society by resolving social issues through our businesses	<ul style="list-style-type: none"> Material matters for the corporate group identified, with Group targets and KPIs set for the current fiscal year and incorporated into the business plan Further strengthen response to ESG related issues to meet growing social pressure
Improve capital efficiency and expand shareholder returns	<ul style="list-style-type: none"> Dividend level raised and stable dividend maintained ROE projected to remain at 10% or higher during the business plan period

Main Measures for FY2022

1

Respond to changes in the business environment due to COVID-19, focusing on expanding sales and cost management

Sales expansion using new approach

- Strengthening existing mainstay products and services
- Focus on measures for growing business categories and new market development

Strict cost management

- Utilize IT to enhance efficiency, and spend funds effectively
- Invest as planned in R&D and human resource development for the foundations of growth

Capital expenditures for sustainable growth

- Steadily make growth investments in Japan and overseas, and invest to strengthen business foundations

2

New business creation/Strengthen ESG response

New business creation

- Provide business development acceleration support (acceleration program) based on IMS, and promote commercialization of new ideas

Strengthen ESG response

- For climate change measures, implement low-carbon policies and pursue a response based on the TCFD declaration
- Focus on further measures for “sustainable food procurement” with consideration for the environment and human rights

Business Strategy

Processed Foods Business



Nichirei Foods Inc.
<https://www.nichireifoods.co.jp/en/corporate/>

President's Message



Masahiko Takenaga

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

Progress of Medium-term Business Plan WeWill 2021

Medium-term Business Plan Main Measures

- Create new business opportunities
- Expand existing business areas

In the processed foods business in FY2021, household-use frozen foods performed strongly as the COVID-19 pandemic led people to eat at home more frequently to avoid going out. On the other hand, commercial-use sales decreased in an extremely severe environment due to the state of emergency and other restrictions in Japan, mainly in urban areas.

Operating profit increased due to factors including improved productivity at domestic factories resulting from the sales growth of household-use products, a decrease in general and administrative expenses, and rapid progress at our U.S. subsidiary InnovAsian Cuisine Enterprises Inc.

As a new lifestyle has become established, we have been able to capture brisk demand for eating at home by enhancing our mainstay products such as cooked rice and chicken, speedily launching products that meet rapidly changing food needs and increasing production capacity in Japan and overseas.

Net Sales and Operating Profit by Business Category

(Billions of yen)

Processed Foods Business	FY2021			FY2022 Plan		
	Result	YoY		Forecast*	YoY	
		Variance	% Change		Variance	% Change
Net Sales	225.5	-9.3	-4%	243.0	17.5	8%
Household-use Prepared Foods	70.3	5.5	8%	76.5	6.2	9%
Commercial-use Prepared Foods	86.8	-12.7	-13%	95.0	8.2	9%
Processed Agricultural Products	20.0	0.2	1%	20.5	0.5	3%
Overseas	34.8	0.0	0%	37.0	2.2	6%
Others	13.5	-2.3	-15%	14.0	0.5	4%
Operating Profit	17.2	0.4	3%	17.6	0.4	3%

* As of August 3, 2021

• Business Scale

- Total assets: ¥138,592 million
- Group companies: 21 companies (6 in Japan, 15 overseas) and Nichirei Technology Development Center (R&D Department)
- Employees (consolidated): 9,588
- Food production factories: 19 facilities (15 in Japan, 4 overseas)

• Main Production Facilities

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

• Main Products



Use of frozen foods as ingredients for home cooking has increased, and the market for frozen vegetables grew a substantial 23% year on year in terms of sales. In addition, new needs have arisen as time spent cooking at home has increased. There is a stronger preference for products fried in oil such as minced meat cutlets and croquettes, and there is now greater demand for larger-sized products that can be stored longer now that people are shopping less frequently. For commercial-use products, the markets for delicatessens and for hospitals and senior care facilities are expected to grow, and a chronic labor shortage is expanding opportunities for greater use of frozen foods in meals. For example, expectations are high for the rollout of products that reduce the burden of food preparation, such as meal kits that combine vegetables, meat, fish and sauce.

As these changing needs break down the barriers between the conventional household-use and commercial-use business categories, our focus in FY2022 will be on creating new business opportunities and expanding existing business areas.

• Advantages of Nichirei Foods Inc.

Our major advantage is our processing and production technologies, which are dedicated to reproducing the deliciousness of meals made by hand or by professional chefs. How we address consumer changes to create new business opportunities that utilize this advantage will be the key to further increasing the value of frozen foods in Japan's rapidly changing macro environment. In addition to efforts in our existing business areas, we will work hard to develop products and provide value in a wide variety of industries.

However, we are aware that we have not been fast enough in our response to change. That is why we established two new departments in spring 2021: Marketing, to integrate promotion and branding, which had been conducted separately for household-use and

commercial-use products; and Product Development, to establish a structure for rapid response to diversifying needs. Going forward, we are acutely aware of the need to conduct product development that leads to new value for consumers, even when proposing commercial-use products in areas such as delicatessens, hospitals and senior facilities. Examples include products that are healthy, nutritious and offer consumers the quality of well-known restaurants.

Many companies have entered the frozen food industry during the COVID-19 pandemic and competition is intensifying. As a pioneer in frozen foods, we aim to improve our brand value by fully leveraging our drive to pursue deliciousness, product development capabilities, industry-leading production capacity and diverse customer base.

• Overseas Strategy

Outside Japan, we intend to further expand our market share in the United States and to enhance our product development functions and increase product value in China and Brazil.

InnovAsian Cuisine Enterprises Inc. of the United States aims to expand its market share with the launch of new household-use products and effective sales promotion activities. It is also considering establishing in-house production functions.

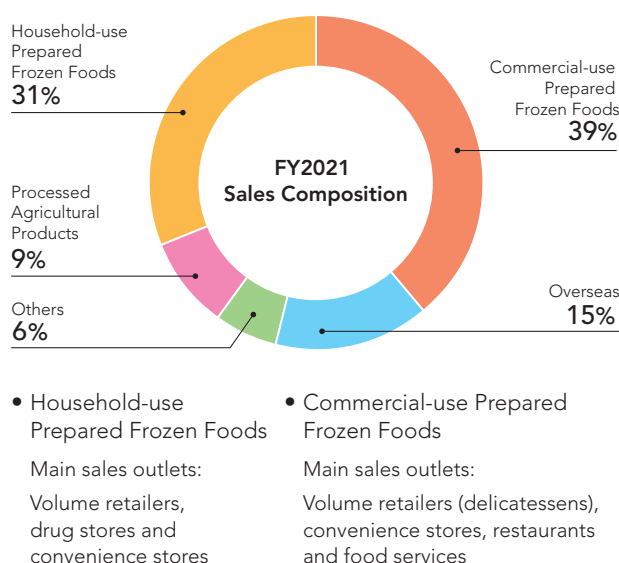
In China, we have established a new product development center as part of our growth strategy for internal sales, and aim to differentiate our products from the design stage through joint development with customers by industry category.

In addition, in Brazil we aim to increase sustainable value in our acerola business from the cultivation stage. Acerola has gained a positive reputation in the globally growing "clean label" market as a natural source of vitamin C with a strong antioxidant effect. We will work to expand this business, mainly in markets outside Japan.

Processed Foods Business

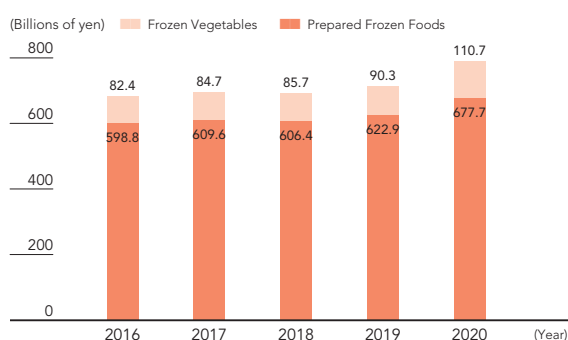
• Business Details

Nichirei Foods Inc. provides frozen foods (household-use and commercial-use), retort pouch foods and wellness foods that utilize the company's unique capabilities in product development and quality assurance. Our frozen foods business in Japan is characterized by high market share for chicken, processed rice products, frozen vegetables, and spring rolls in both the household-use and commercial-use categories, and the large number of commercial-use products handled for the home meal replacement (HMR) and delicatessen categories. Our overseas business is focusing on the development and sale of Asian food products in North America.



• Market Environment

Household-use Frozen Foods Market Scale



Source: Market scale calculated by INTAGE Inc. SCI consumer panel (Spending per 100 people (age 69 and under) at retail outlets only (all industry categories))

Sales Ranking of Frozen Food Manufacturers (Billions of yen)

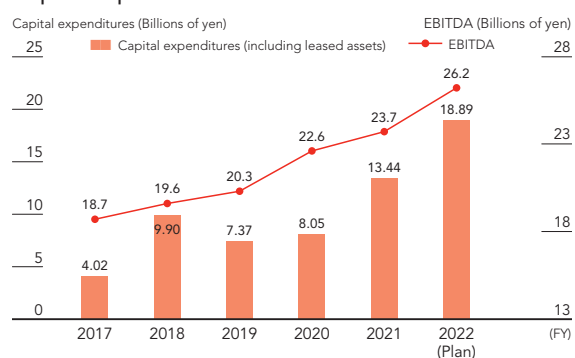
	FY2020		FY2021		Household-use: Commercial-use ratio
		YoY		YoY	
Nichirei	229.6	2.3%	220.2	-4.1%	45 : 55
Company A	211.2	-0.8%	198.2	-6.1%	65 : 35
Company B	193.4	4.0%	193.9	1.3%	56 : 44
Company C	179.8	0.9%	174.5	-2.9%	36 : 64
Company D	108.0	-2.7%	99.1	-6.8%	63 : 37

Source: *Reishoku Nippo*, Shokuhin Sangyo Shimbunsha Co., Ltd

• Capital Expenditures

- Expected 9% compound annual growth rate (CAGR) for EBITDA over three years
- Invested in labor saving to improve productivity, the environment and other areas in addition to investments for growth
- Between March 2017 and March 2021, production capacity increased more than 10% in Japan and more than 40% overseas

Capital Expenditures and EBITDA



Note: The plan for FY2022 reflects figures announced on May 11, 2021

Close Up

Nichirei do Brasil Agricola Ltda. Receives Gold Rating in EcoVadis Sustainability Assessment (2021)

Nichirei do Brasil Agricola Ltda. ("Niagro"), a Nichirei Foods subsidiary in Brazil, received a gold rating in the 2021 sustainability assessment by EcoVadis, placing in in the top 5% of all companies that underwent the assessment. For five consecutive years starting in 2016, EcoVadis, a leading global organization providing supply chain sustainability assessments, had given Niagro a silver rating for its ongoing initiatives in the areas of the environment, labor and human rights, ethics, and sustainable procurement. Niagro's received its first gold rating in 2021 as a result of its high scores in the ethics category for its steady activities in line with its code of conduct, and in the sustainable procurement category for educating contract farmers about cultivation and conducting CSR training.



Participation in the Japan Project of the "10x20x30" Food Loss and Waste Initiative

Nichirei Foods is participating in the Japan Project of the "10x20x30" Food Loss and Waste Initiative, a movement by retailers and food manufacturers worldwide to reduce food loss and waste. Advocated by the World Resources Institute (WRI), a U.S. think tank that conducts policy research and develops technologies at the intersection of the environment and human development, the 10x20x30 initiative brings together 10 of the world's biggest food retailers and providers to each engage with 20 of their priority suppliers with the aim of halving rates of food loss and waste by 2030.



Initiatives at Nichirei Foods' Factories in Japan

In joining the 10x20x30 Japan Project, Nichirei Foods set a target for FY2031 to reduce animal and plant residues per unit of production at domestic food factories by 50% compared with FY2020. We also aim to maintain a recycling rate of at least 99% for waste (including non-food items) at all business sites in Japan. To achieve these targets, we are working to reduce the amount of waste generated by revising production processes and product designs, to donate as food what we previously disposed of as waste, and to conduct recycling, including conversion to animal feed and industrial products.

Business Strategy

Temperature-controlled Logistics Business



Nichirei Logistics Group Inc.
<https://www.nichirei-logi.co.jp/english/index.html>

President's Message



Kazuhiko Umezawa

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

Progress of Medium-term Business Plan WeWill 2021

Medium-term Business Plan Main Measures

- Accelerate efforts for operational reforms and introducing a new personnel system
- Develop innovative logistics solutions
- Optimize collection of fees
- Expand overseas business

In the logistics business, net sales increased in FY2021, and operating profit increased for the sixth consecutive year. In the overall market, although cargo handled for some business categories such as restaurants decreased, the quantity of household-use products handled increased both in Japan and overseas as people refrained from going out. We have been able to minimize the impact from the COVID-19 pandemic because of the balance we maintain between household-use and commercial-use cargo.

During the three-year period of our current Medium-term Business Plan WeWill 2021, we are working to achieve four objectives: (1) implement work style reforms through business innovation and the introduction of a new personnel system; (2) establish a business model as a solutions company in the logistics field; (3) receive appropriate payment for the services we provide; and (4) expand overseas business.

Net Sales and Operating Profit by Business Category

(Billions of yen)

Logistics Business	FY2021			FY2022 Plan		
	Result	YoY		Forecast*	YoY	
		Variance	% Change		Variance	% Change
Net sales	212.3	5.8	3%	224.0	11.7	6%
Japan	172.2	6.8	4%	180.0	7.8	5%
Logistics network	102.8	1.9	2%	104.0	1.2	1%
Regional storage	69.4	4.9	8%	76.0	6.6	10%
Overseas	36.5	-1.0	-3%	39.5	3.0	8%
Others	3.6	0.0	1%	4.5	0.9	25%
Operating profit	13.1	1.3	11%	14.3	1.2	9%
Japan	12.1	1.2	11%	13.1	1.0	9%
Logistics network	5.1	1.0	23%	5.4	0.3	6%
Regional storage	7.0	0.2	3%	7.7	0.7	11%
Overseas	1.4	0.2	14%	1.6	0.2	12%
Others	-0.4	-0.1	—	-0.4	0.0	—

* As of August 3, 2021

• Business Scale

- Total assets: ¥181,136 million
- Group companies: 22 companies in Japan, 11 companies overseas (including 6 affiliates in Japan and 2 overseas)
- Employees (consolidated): 4,277
- Facilities: 114 in Japan, 26 overseas (16 in Europe, 6 in China, 1 each in Thailand and Malaysia)

• Main Facilities

Distribution Centers: Funabashi DC, Higashi-ogishima DC, Heiwajima DC, Daikoku DC, Nagoya Minato DC, Osaka Futo DC, Osaka Shinnanko DC
Cross-Docking Centers: Kawasaki FAZ XD, Kansai XD

• Main Businesses

- Storage
- Transportation
- Cross Docking (XD)
- Overseas business
- Third-party logistics (3PL)
- Engineering services

For objective (1), regarding the business innovation we have targeted, we have been working for the past five years on introducing advanced technologies such as AI and robotics. Regarding our new personnel system, it is facilitating greater freedom in working styles, and the number of women seeking managerial positions, even at sites other than the head office, has increased. For (2), we aim to establish a business model for solving customer issues using our specialized know-how as an LLP.¹ Through this process we are also expanding our conventional 3PL² business and increasing the number of employees with specialized skills. To receive the appropriate payment set forth in (3), we have set company-wide targets for the three-year plan period to work systematically. For (4) expanding overseas business, we have been expanding our business base through ongoing investments for growth and have secured a solid business model. We will continue to concentrate on this area, stepping up our pace and focus with a view toward the post-COVID era.

1. LLP (Lead Logistics Provider): A company that supports the formulation of supply chain management strategies, logistics strategies and business processes for customers, in addition to the logistics operations and management provided in 3PL.

2. 3PL (Third-party Logistics): A logistics business format in which all or part of a company's logistics functions are outsourced to a third-party company with the relevant know-how. 3PL also involves planning, designing and operating logistics from the standpoint of the shipper.

• Advantages of Nichirei Logistics Group Inc.

Nichirei Logistics Group's refrigerated warehouses have the largest total storage capacity in the industry in Japan, and together with its transportation and delivery network, its ability to provide universal service is its greatest advantage. We also have a diverse, exceptionally broad and deep-rooted customer base, with companies ranging from those that operate in a wide area to local enterprises, products ranging from raw materials to finished items, and distribution ranging from upstream to downstream. The way we integrate our customers and cargo enables us to achieve high operation rates in our own network.

We are also an industry leader in terms of solution provision and consulting capabilities in the field of logistics. Our current focus is on consulting, in which we visualize, analyze and evaluate data obtained on-site and elsewhere to co-create logistics systems that are the best fit for the customer's management strategy and sales policies. Human resources who can create valuable user experiences are crucial for strengthening our solution provision capabilities. With this in mind, we are working to enhance training by rank and function. We are also deploying cutting-edge technologies such as AI and robotics to automate operations and enable logistics sites to be operated by anyone, without relying on tacit knowledge.

• Overseas Strategy

Overseas, we will continue to invest for growth and expand our business base. In FY2022, we will expand warehouse facilities in the Port of Rotterdam in the Netherlands to enhance one-stop services for customs clearance, storage and transport, and strengthen our business base at our two facilities in France. Capturing Brexit-related demand for customs clearance and storage will also lead to growth in our port business through coordination among facilities. In Asia, demand for logistics is increasing in China, where we will continue working to handle existing customers and capture new demand, mainly in the area around Shanghai.



Temperature-controlled Logistics Business

• Business Details

Nichirei Logistics Group is the largest logistics group in Japan, consisting of a logistics network business focused on transportation, XD, LLP and 3PL businesses; a regional storage business that operates refrigerated warehouses; an overseas business that has operations in Europe, China and the ASEAN region; and engineering services for all stages from planning and design to maintenance and management of logistics facilities.

We provide the value of universal, one-stop service through high-performance facilities that have the leading capacity in Japan and that offer meticulous services.

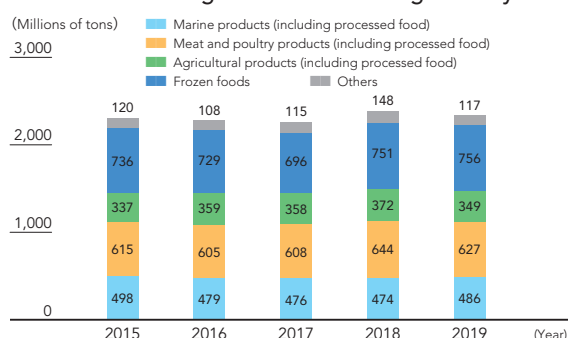
Domestic Refrigerated Warehouse Facility Capacity

Area	Number of Facilities	Capacity (thousands of tons)
Hokkaido	7	88
Tohoku	4	64
Kanto	18	563
Chubu	11	221
Kansai	12	274
Chugoku/Shikoku	12	130
Kyushu	12	175
Total	76	1,515

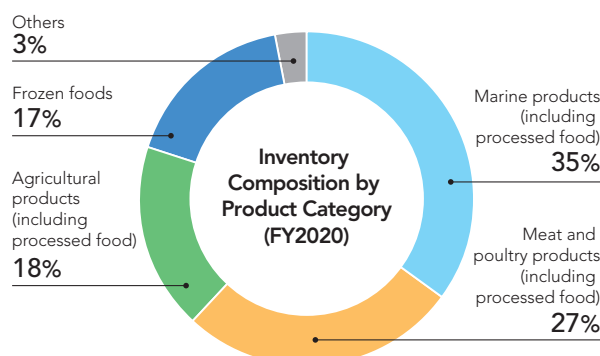
Note: As of March 31, 2021

• Business Details

Quantity of Goods Stored by Product Category in the Domestic Refrigerated Warehousing Industry



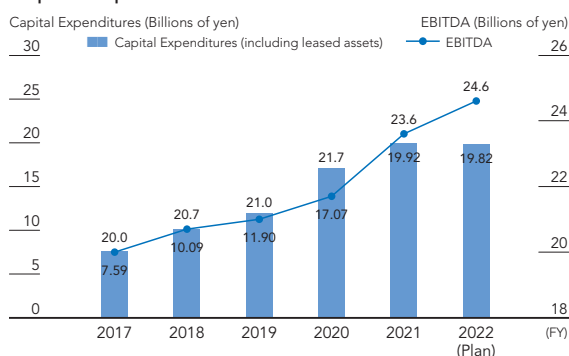
Source: Compiled by Nichirei based on Japan Association of Refrigerated Warehouses documents



• Capital Expenditures

- Expected 5% compound annual growth rate (CAGR) for EBITDA over three years
- Invested in shoring up infrastructure, including investments for long-term facility utilization and eco-friendliness, in addition to investments for growth
- Between March 2017 and March 2021, production capacity increased around 10% in Japan and around 20% overseas.

Capital Expenditures and EBITDA



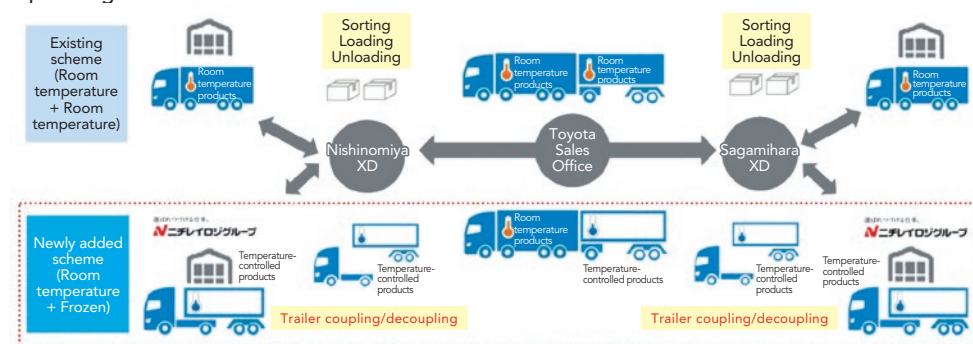
Note: The plan for FY2022 reflects figures announced on May 11, 2021

Close Up

Simultaneous Bulk Transport of Frozen and Room Temperature Products

Nichirei Logistics Group, together with NEXT Logistics Japan, Ltd. (NLJ), started Japan's first simultaneous bulk transport of frozen and room-temperature products using double-trailer trucks in March 2021. These 25-meter double-trailer trucks feature a room-temperature trailer coupled directly to the tractor, towing a refrigerated trailer. These trucks operate between relay points (XD centers) in the Kanto and Kansai regions.

Operating Scheme



Double-trailer truck



Logistics Network Inc. container

Enabling Transport of the Load of Two Conventional Trucks in a Single Trip

By improving transportation and delivery efficiency, double-trailer truck operation can also be used to cope with the problem of Japan's shortage of drivers, which has become serious. Combining frozen and room-temperature products for transport in a double-trailer truck enables one driver to transport the load carried by two conventional trucks. Moreover, simply coupling and decoupling the second trailer from the tractor enables simultaneous transportation of two different loads, leading to a reduction in cargo handling work and waiting time at each XD center and substantially reducing the burden on drivers.

Going forward, we will confirm the benefits of this type of operation in areas such as labor saving and reduction of environmental impact. We also plan to increase the types of cargo that can be bundled and carried to promote the evolution of the high-efficiency trunk-route transport scheme that NLJ is building into a system that can be used by a wider range of shippers and transport companies.

Business Strategy

Marine, Meat and Poultry Products Business

 Nichirei Fresh Inc.
<https://www.nichireifresh.co.jp/en>

President's Message



Wataru Tanabe

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

• Progress of Medium-term Business Plan WeWill 2021

Medium-term Business Plan Main Measures

- Conduct sustainable procurement of marine, meat and poultry products
- Expand sales of premium ingredients and other value-added products
- Develop and step up sales of processed products

In FY2021, net sales in the marine, meat and poultry products business decreased due to a decline in shipments to restaurants, but operating profit increased year on year due to growth in sales for home cooking and cutbacks in expenses, among other factors.

In the marine products business, while the market in Japan is shrinking as consumers eat less fish, demand remains high overseas, making procurement more difficult. We are aware of the continuing need to focus on profitability in procurement and sales and to control costs. In the meat and poultry products business, given the continuing firm demand for meat, we will continue to capture demand for products for home cooking and step up sales of processed products for the home meal replacement (HMR) category.

Under the keywords fresh, delicious, safe, secure, healthy and eco-friendly, Nichirei Fresh has been conducting business mainly through joint development

Net Sales and Operating Profit by Business Category

(Billions of yen)

Marine, Meat and Poultry Products Business		FY2021			FY2022 Plan		
		Result	YoY		Forecast*	YoY	
			Variance	% Change		Variance	% Change
Marine Products	Net sales	63.1	-2.7	-4%	60.0	-3.1	-5%
	Operating profit	0.5	0.1	18%	0.7	0.2	34%
Meat and Poultry Products	Net sales	84.1	-4.2	-5%	88.2	4.1	5%
	Operating profit	1.3	0.4	43%	1.6	0.3	23%

* As of August 3, 2021

• Business Scale

- Total assets: Marine products: ¥26,005 million
Meat and poultry products: ¥19,344 million
- Group companies:
Marine products: 2 companies in Japan, 6 companies overseas
Meat and poultry products: 5 companies in Japan
- Employees (consolidated): Marine products: 636
Meat and poultry products: 452
- Food production factories: 8 (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.

• Main Businesses



with suppliers, but going forward we will ramp up our shift to processed products. In the meat and poultry products business, we will work to develop products with health value, with a focus on sales of premium ingredients such as the *Amani-no-Megumi* meat series and *Junwakei* chicken. In October 2020, *Junwakei* chicken became the first poultry product in Japan to acquire Specific Japanese Agricultural Standards (JAS) certification for sustainability. We intend to continue to proactively advance this local livestock circulating model.

In the marine products business, since 2006 we have engaged in *Inochi-no-Mori Project*¹ nature conservation activities involving sustainable extensive farming of giant tiger prawns and planting of mangrove trees in Kalimantan, Indonesia. These activities, which were extended to whiteleg shrimp ponds in Sumatra, Indonesia, obtained Aquaculture Stewardship Council (ASC) certification² in 2018. In 2020, mangrove tree planting began in earnest, with plans to plant about 280,000. In addition, we are gradually increasing the handling of marine products certified³ by the Marine Stewardship Council (MSC) and as of June 2021, 20 fish species we handle are certified marine products. In the years ahead, we plan to increase the variety of sustainable marine products we handle.

See page 67 for details on *Amani-no-Megumi*.

See page 30 for details on *Junwakei* chicken.

1. *Inochi-no-Mori Project*: <https://www.nichireifresh.co.jp/inochinomori/> (Japanese only)

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

3. MSC certification requires that marine products are from wild-capture fisheries using methods that do not deplete the natural supply.

Nichirei Fresh Products That Have Obtained MSC/ASC Certification

MSC Certification Number MSC-C-52165	ASC Certification Number ASC-C-01632
Chinook salmon, silver salmon, pink salmon, chum salmon, sockeye-red salmon, Pacific cod, northern rock sole, yellowfin sole, English sole, walleye pollock, arrowtooth flounder, great Atlantic scallop, silver smelt, snow crab, herring, arctic surf clam, red king crab, longfin inshore squid, Pacific oyster	Giant tiger prawn, whiteleg shrimp, Pacific cupped oyster, Atlantic salmon, coho salmon, rainbow trout

• Advantages of Nichirei Fresh Inc.

Our advantages are the network and partnerships we have built with suppliers worldwide since Nichirei was founded, and our functions as a manufacturer and as a trading company for both marine products and meat and poultry products. We also view our human resources with specialized knowledge and experience as another advantage, along with the technological and product development capabilities that enable us to handle various levels of processing using our own facilities.

• Overseas Strategy

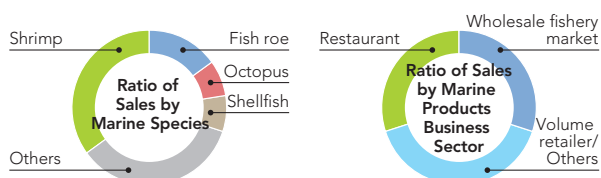
We consider our overseas business to be one of our growth fields. Demand for marine products remains high outside Japan, spurring competition in global procurement. We aim to ramp up our overseas sales organization to expand sales of sushi and other processed marine products and to conduct ongoing sales promotion with area partners in markets where there is room for expansion. In addition, we plan to increase the utilization rate of company-owned overseas production facilities to stabilize profits.



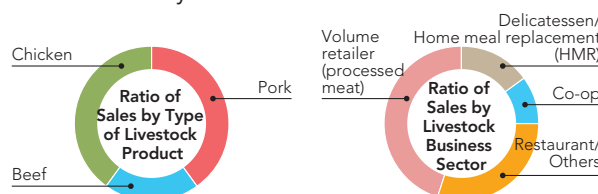
Marine, Meat and Poultry Products Business

• Business Details (FY2021)

Marine Products Business



Meat and Poultry Products Business



• Market Environment

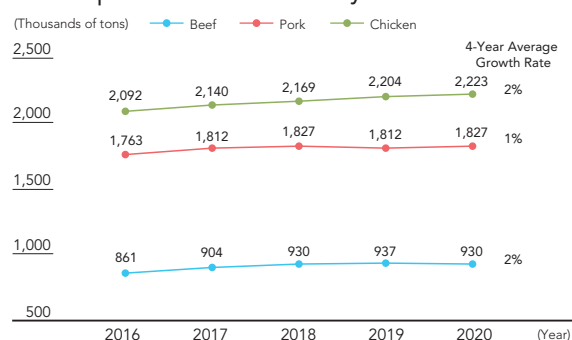
Marine Products Business

Demand for marine products remains high worldwide, making procurement increasingly difficult. On the other hand, competition in the domestic industry is intensifying in Japan's shrinking market as consumers eat less fish.

Meat and Poultry Products Business

Rising prices for corn and other grains have driven up the supply price of compound feed, affecting procurement prices for meat and poultry. In addition, amid an increase in consumption spurred by rising demand for home cooking, the market price of domestic chicken has been trending upward, partly due to supply instability following an outbreak of avian flu in Japan.

Consumption of Meat and Poultry Products



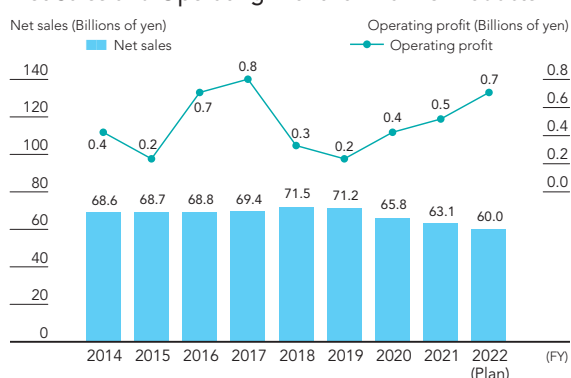
Source: Compiled by Nichirei Fresh based on Agriculture & Livestock Industries Corporation documents

• Performance

Marine Products Business

- Focused on selling highly processed products centered on the four major marine species, including shrimp, our mainstay
- Although handling of products for restaurants decreased in FY2021, growth in sales of octopus, fish roe and other products for home cooking contributed to increased profit.

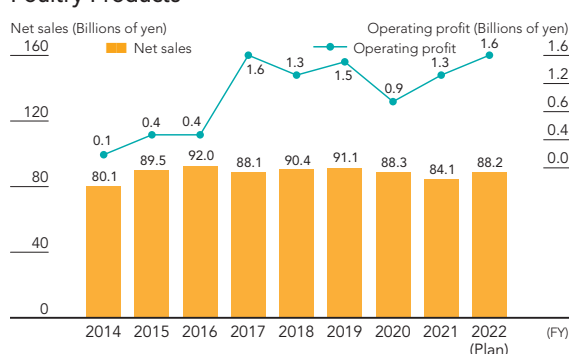
Net Sales and Operating Profit for Marine Products



Meat and Poultry Products Business

- Sales of fresh chicken and processed products for HMR remained strong, while increasing the profitability of imported product sales was a major focus.
- Sales of imported frozen foods were weak in FY2021 but profit increased due to firm sales for the meat market.

Net Sales and Operating Profit for Meat and Poultry Products



Close Up

Environmental Reclamation and Biodiversity Conservation Activities through the *Inochi-no-Mori* Project

For 15 years since December 2006, Nichirei Fresh has been involved in a project to restore a local mangrove forest in collaboration with Tarakan City in Kalimantan, Indonesia, and a local supplier. We sell shrimp raised with an eco-friendly method called extensive aquaculture that utilizes the tides and natural features of the sea, without electricity or feed. Part of the proceeds from sales are used to fund mangrove tree planting (conducted annually), restoration and conservation activities. At the start of the project, there were about 6,000 trees, and as of 2018 the mangrove forest we have been planting had grown to the size of about 65 Tokyo Dome stadiums (just over three square kilometers).

So far, planting has mainly been in and around ponds that had been depleted through use of intensive aquaculture,* a common shrimp farming method in Asia, and then abandoned. Ongoing mangrove planting has regenerated the coastal environment and restored the ecosystem of native flora and fauna.

We will continue working in collaboration with stakeholders in the supply chain to help resolve social issues through extensive aquaculture, a sustainable farming method with low environmental impact, and through mangrove planting for environmental reclamation.

 <https://www.nichireifresh.co.jp/inochinomori/> (Japanese only)

* Intensive aquaculture: A marine farming method characterized by cutting down seaside and waterside woodlands and mangrove forests to establish large-scale artificial ponds for breeding a large volume of shrimp. Shrimp feed contain antibiotics. These and other drugs administered in raising the shrimp negatively impact the ecosystem of soil, rivers and seas. This impact is one reason shrimp farming is unsustainable. Such farms are abandoned as wasteland, which has become a social issue. Another issue is CO₂ emissions due to the large amounts of electricity and oil consumed to operate paddle aerators that are employed to prevent shrimp in artificial ponds from dying due to lack of oxygen.



Large mangrove trees



Product from the *Inochi-no-Mori* Project



A large giant tiger prawn raised through extensive farming

Rollout of *MIRAI MEAT*

Supporting Young Athletes with Meat from the *Amani-no-Megumi* Series

Nichirei Fresh is rolling out *MIRAI MEAT*, a new project to provide meat to support young up-and-coming athletes as they train for the future. Top athletes engage in hard work-outs, so they also need a high-quality diet for physical fitness, fatigue recovery and weight control. Therefore, we launched *MIRAI MEAT* to support young athletes through food. Over the course of one year, the program provides each athlete with about 70 kg of beef, pork and chicken from the *Amani-no-Megumi* series of products, which are made from animals raised on a feed containing ingredients derived from omega-3 fatty acid-rich linseed meal. Initially, we selected five athletes from a number of candidates and started the program in March 2020. The *Amani-no-Megumi* series of meats aims for a balance between nutrition and deliciousness. Ideal food for athletes, it has even been recognized by physicians on the AskDoctors medical advice website.



Business Strategy

Bioscience Business



Nichirei Biosciences Inc.
<https://www.nichirei.co.jp/bio/english/>

President's Message



Hideo Yokoi

Executive Officer, Nichirei Corporation
President, Nichirei Biosciences Inc.

Transformation of the Bioscience Business

Nichirei launched its bioscience business in the 1980s as part of a drive to create new businesses. In addition to import and sale of fetal bovine serum required for cell culture, we expanded our business through manufacture and sale of cow placenta extract, which is a raw material for cosmetics.

Since the 1990s, we have also been conducting a biomedical materials business (involving the import and sale of growth media used for cell culture), a functional materials business* (involving the sale of powders and other products made from acerola), and molecular diagnostics and rapid diagnostics businesses (involving the development, manufacture and sale of diagnostic agents using antibodies produced from cultured cells).

* The functional materials business was transferred to Nichirei Foods in June 2021.

Progress of Medium-term Business Plan WeWill 2021

Medium-term Business Plan 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
- Create an environment where diverse talent can play active roles

Main Products



Histofine ALK iAEP® Kit companion diagnostic



Histostainer-AT
automated immunostaining device

About Companion Diagnostics

In-vitro diagnostics for testing one's biomarkers or genes, enabling patients to receive appropriate drugs or therapies. They are 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.

• Business Scale

- Total assets: ¥8,727 million
- Employees (non-consolidated): 110

• Main Facilities

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

• Main Products

- Molecular diagnostics
- Rapid diagnostics
- Biomedical materials

In FY2021, because of the COVID-19 pandemic there were fewer hospital visits by patients and people refrained from going for check-ups at private clinics. This had the greatest impact on the rapid diagnostics business, where there was a decrease in sales volume of influenza antigen test kits, which account for about 80% of sales. The molecular diagnostics business also continued to face difficult conditions due to the decrease in the number of pathological examinations. As a result, net sales decreased. Operating profit also decreased due to tough sales conditions in Japan and a slump in performance at our U.S. subsidiary.

On the other hand, development of drugs in the new fields of regenerative medicine and cell therapy has been brisk at pharmaceutical companies, and since their manufacturing processes often use serum, demand has increased for the serum handled by our biomedical materials business. Sales of serum products have also increased partly due to the success of our early switchover to online sales. In FY2022, we aim to secure profit by expanding sales in Japan of our COVID-19 antigen test kit and improving the performance of our U.S. subsidiary.

• Advantages of Nichirei Biosciences Inc.

We have three main advantages: possessing technologies for developing diagnostic agents for biomarkers using antibodies, such as the companion diagnostic *Histofine ALK iAEP*® kit (a mainstay product of the molecular diagnostics business); a

system for stable supply of these products; and the technology to develop automated immunostaining devices used to perform immunohistochemical (IHC) staining with these diagnostic agents. In short, our business model is to sell and install medical devices at medical institutions that use our specialized reagents, and our IHC staining technology is difficult to replicate. We currently sell raw materials for these diagnostics directly and IHC staining devices as an OEM,* and have received numerous inquiries from all over the world.

We also have advantages in technologies for developing, producing and evaluating antibodies, as well as the know-how for stable production and supply of high-quality products using the technologies we have cultivated over many years. Moreover, the number of cancer patients in Japan is rising as the population rapidly ages. Because pathological diagnoses are important in cancer treatment, we believe that the molecular diagnostics business will be a growth driver going forward.

* OEM: Original equipment manufacturer



Global Innovation Center (Sayama City, Saitama Prefecture)

Close Up

Launch of Rapid Diagnostic Kit for Detecting COVID-19 and Influenza Antigens

- A rapid diagnostic kit that simultaneously detects antigen for COVID-19 and influenza A and B went on sale in May 2021.
- Simple determination of positive or negative results in about 15 minutes without the need for special testing equipment



Addressing Climate Change (TCFD)

Climate Change Scenario Establishment and Information Disclosure

The effects of climate change are becoming increasingly serious and climate change is considered to be a contributing factor in the frequent abnormal weather patterns and natural disasters currently occurring. Together, these events are impacting the supply chain for food, which is the foundation of 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. At the same time, we are considering and preparing multiple scenarios in which climate change could give rise to business opportunities. To this end, we are assessing climate change scenarios with respect to the four aspects of the recommended framework put forward by the Task Force on Climate-related Financial Disclosures (TCFD): governance, strategy, risk management, and metrics and targets. By conducting appropriate disclosures of relevant 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. The Group has positioned climate change initiatives as one of the material matters for achieving its vision for long-term management goals toward 2030.

As such, we are actively promoting initiatives to help resolve social issues related to climate change.



1 Governance

In October 2019, we began analyzing climate change scenarios as an interdepartmental Group project, headed by the president, and are reviewing the scenarios across the Nichirei Group. Following discussion and review by the Group Environmental Protection Committee in May 2020, the Board of Directors approved low-carbon policies as a long-term environmental goal in June and disclosed them in August of the same year.

In October 2020, the director, executive officer responsible for implementing climate change strategies was appointed as project head. The project reviewed and analyzed climate change scenarios in relation to water-related risks arising from abnormal weather, which, out of the risks identified in FY2020, would have a particularly significant financial impact on the Group. Following discussion and review by the Group Environmental Protection Committee in May 2021, the Board of Directors approved goals (measures and KPIs) for water-related risks as one of the Nichirei Group material measures in June and disclosed those measures and KPIs in August of the same year.

The director, executive officer in charge reports at least once a year on the progress of the initiatives at Board of Directors meetings. Relevant strategies, goals and plans are revised as appropriate on the basis of these reports.

FY2021–2022 Project Organization

Project name	Project for the Analysis of Climate Change Scenarios
Project head	Director, Executive Officer
Project leader	General Manager, Technology Management
Department in charge	Technology Management
Departments participating in the project	Group Communication
Controlling committee	Group Environmental Protection Committee (meets twice annually)
Reports to Board of Directors	At least once a year

2 Strategy

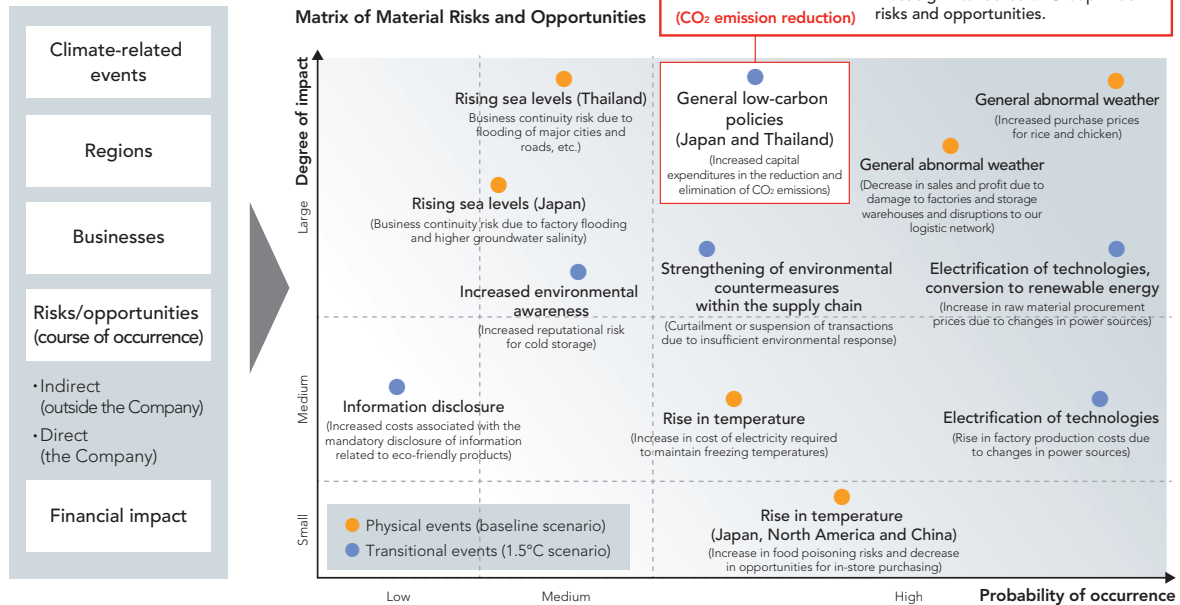
Identification of Material Risks and Opportunities

Worldwide, the Nichirei Group is developing a range of food-centered businesses that it expects will be impacted by climate change in various ways. We are conducting scenario analyses of how climate change might affect our business activities. We hope to better quantify the risks and opportunities identified in order to incorporate appropriate responses in our management strategy. In this way, we aim to become a sustainable corporate group.

FY2021

We assessed the material risks and opportunities of the Nichirei Group based on two climate change scenarios, and identified general low-carbon policies (CO₂ emission reduction) as the most significant area of Group-wide risks and opportunities. We established long-term CO₂ reduction goals and launched initiatives.

Initiatives to Reduce Environmental Impact ▶ Pages 62–63



FY2022

Selection of water-related risks arising from abnormal weather, which is a risk common to both the foods and logistics businesses.

Material Risks and Opportunities by Business and Scenario

Business		Risks		Business	Opportunities	
Foods Business	Chicken	General abnormal weather	• Reduction of agricultural and dairy production, and steep rise in purchase prices due to deterioration in quality • Difficulty in obtaining raw materials and production delays due to logistic network disruptions	Foods Business	Baseline scenario	Changes in weather patterns • Increased demand for frozen and processed foods
	Rice				1.5°C scenario	Strengthening of environmental countermeasures within the supply chain • Increased demand for ethical products that are compliant with the Sedex platform and are created using globally certified raw materials • Increased demand for the curtailment of food loss within the supply chain through the development of eco-friendly products and technological development
	Shrimp	Flooding, rising sea levels	• Reductions in production efficiency and volume and submerged aquafarms		Baseline scenario	General abnormal weather • Increase in sales resulting from customer base expansion achieved through strengthened disaster countermeasures and greater resilience
	Vegetables, marine products, and meat and poultry products		• Submerged agriculture farms, aquafarms and processing factories • Difficulty in obtaining raw materials and production delays due to supply chain disruptions	Logistics Business	1.5°C scenario	Modal shift • Cost reduction achieved through a modal shift that improves transportation efficiency Increased environmental awareness • Increase in number of business partners due to higher evaluations as a company that actively discloses information related to environmental countermeasures
	Common	Low-carbon policies	• Increased cost for measures for converting to renewable energy and equipment electrification, elimination of emissions		Baseline scenario	
Logistics Business		Environmental countermeasures within the supply chain	• Curtailment of transactions; higher cost of measures such as the maintenance of global certifications		1.5°C scenario	
		General abnormal weather	• Damage to refrigerated warehouses and logistics centers • Difficulty securing human resources in disaster risk areas			
		Low-carbon policies	• 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			

Note: The 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 based on the FY2021 Group climate change scenarios.

Addressing Climate Change (TCFD)

FY2022

Climate Change Scenarios in Relation to Water-Related Risks Arising from Abnormal Weather

	(1) Risk of Future River Flooding		(2) Risk of Future Rising Sea Levels (Tidal Flooding)	
	Description	Results	Description	Results
Assessment criteria	The location criterion is the scale of rainfall assumed to result in flooding according to the hazard maps of municipalities in the region where the facility is located. The assessment is conducted based on predicted rainfall amounts.		For facilities in areas with either no risk or unknown risk of flooding according to the municipal hazard map of the region where they are located, an assessment was conducted of the risk of flooding assuming the occurrence of a typhoon on the scale of the Ise Bay Typhoon, one of the most destructive typhoons in Japanese history, and future rising sea levels (set at 1 meter by the Japan Meteorological Agency in <i>Climate Change in Japan 2020</i>).	
Facilities to be assessed	21 facilities in Japan (8 plants and 13 refrigerated warehouses)	When creating hazard maps for regions where the facilities are located, three facilities in Japan were found in locations where the number of rainfall events exceeding the anticipated maximum rainfall amount was expected to be around the same as the current number of rainfall events or potentially higher in the future.	145 facilities in Japan 1 facility overseas	39 of the 145 facilities were in flood areas according to municipal hazard maps. <ul style="list-style-type: none"> • No facilities overseas • Based on an Ise Bay Typhoon-scale typhoon and rising sea levels, a simple calculation was performed for the facilities outside of flood areas according to municipal hazard maps or in areas for which hazard maps had not been prepared (106 facilities). As a result, 27 facilities were found to be in flood areas when rising sea levels were not considered, and 32 when rising sea levels associated with climate change were considered.
Facility selection criteria	<ul style="list-style-type: none"> • Facilities located in regions where hazard maps have been prepared • Food factories with large production volume • Refrigerated warehouses (distribution centers) in areas with high base flood elevation according to current hazard maps • Selected to avoid overrepresentation of certain regions 		<ul style="list-style-type: none"> • All facilities in Japan, and facilities where significant financial risk and distance from the coast were considered (Thailand: Chicken production facility) 	

3 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 from a holistic perspective, employing both rational and optimal methods. The risks are also discussed and reviewed by the Group Risk Management Committee, which is chaired by the president.

We believe that risks associated with climate change scenarios are major and could impact the entire Group. Thus, the Group Environmental Protection Committee, chaired by the 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 director, executive officer supervising environmental management reports to the Board of Directors.

We hope to better quantify the risks and opportunities identified in order to incorporate appropriate responses in our management strategy. In this way, we aim to become a sustainable corporate group.



(3) Risk of Future Shortages of Water Resources

Description	Results
Based on actual rainfall amounts during past droughts, an assessment was conducted based on predicted rainfall amounts using annual rainfall of 700 millimeters as the criteria.	<p>Three facilities were found to be in areas where the number of rainfall events below an annual rainfall amount of 700 millimeters was expected to be the same as the current number or potentially higher in the future.</p> <p>Note: This review is a simple assessment based on expected rainfall amounts and does not include the impact of social conditions (such as water intake). It also does not take into account transfers of water between watersheds. Such factors are important in water resource assessments, and therefore must be included when conducting a detailed assessment.</p>
21 facilities in Japan 3 facilities overseas	
<ul style="list-style-type: none"> The 30 facilities in Japan with the largest water intake quantity and the facilities overseas with the highest financial risk were selected (Thailand: Chicken production facility) 	

Financial Impact

- We regularly review the financial impact of water-related risks arising from abnormal weather and with respect to our business continuity plan. (BCP).
- The 2018 Japan floods caused some flooding and damage from storm surges at refrigerated warehouses in western Japan.
- In the future, we will work on climate change scenarios for each raw material.

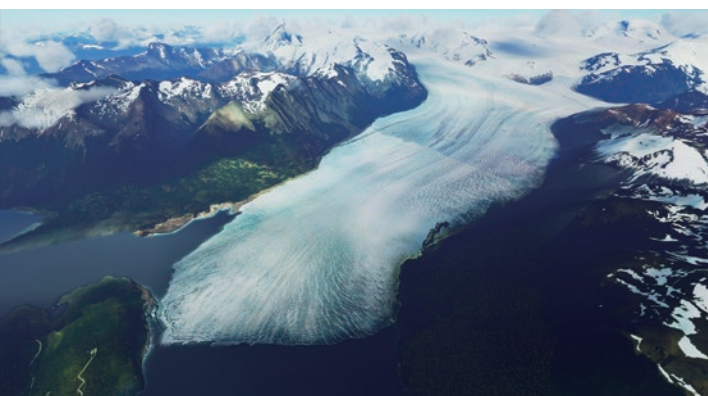
4 Indicators and Targets

Nichirei Group Materiality ▶ Pages 12–13

We have set forth climate change initiatives as one of our material matters and have established the indicators and targets below for our key initiatives.

Group Measures: Promote reduction of CO₂ emissions per unit of production and utilization of renewable energy at food factories and logistics centers, and disclose information based on the TCFD recommendations.

Group KPI: 50% reduction in CO₂ emissions (compared with FY2016; Scope 1 and 2 in Japan)



Initiatives to Reduce Environmental Impact

The Nichirei Group formulated the Nichirei Group Environmental Policy with a focus on three priority issues: prevention of global warming, promotion of sustainable recycling, and living in harmony with nature.

Since the Group's 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 customers and business partners.

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
- Reduce greenhouse gas emissions by using more efficient temperature-controlled storage and transportation
- Reduce climate load throughout the supply chain by promoting the use of renewable energy

Nichirei Group Environmental Policy and
Nichirei Group Bio-diversity Policy



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

Environmental management system



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

Long-term Environmental Goals and Low-carbon Policies

Nichirei Group Materiality ▶ Pages 12–13 Addressing Climate Change (TCFD) ▶ Pages 58–61

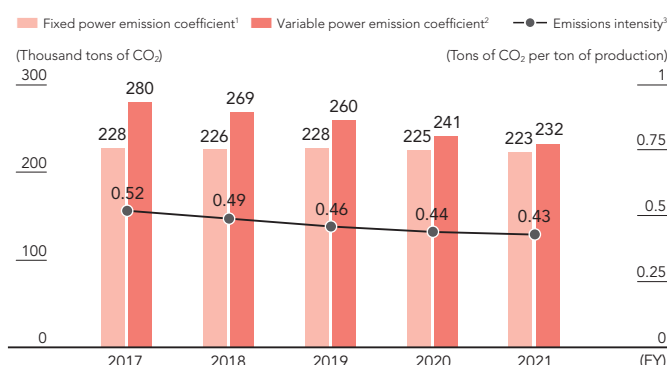
We will implement low-carbon policies in response to one of our material matters and in pursuit of our long-term environmental goals. We will actively implement the following three measures during the 10 years from 2021 through 2030.

Having endorsed the 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	• 50%* reduction in CO ₂ emissions (compared with FY2016) in Japan, Scope 1 and 2 in 2030	Japan Scope 1 and 2
2 The promotion of CO ₂ reduction countermeasures overseas	• Initiate data collection and other efforts at overseas worksites • Review and promote CO ₂ reduction countermeasures at overseas worksites	Overseas Scope 1 and 2
3 The promotion of CO ₂ reduction countermeasures within Scope 3	• Promote data collection and other efforts within Scope 3 • Review and promote CO ₂ reduction countermeasures within Scope 3	Scope 3

* In June 2021, the target was revised upward from 30% to 50%.

Nichirei Group CO₂ Emissions



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 each 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

Since 2007, the Nichirei Group has been purchasing and stockpiling Renewable Energy Certificates (RECs)* every year for the purpose of promoting the use of renewable energy. As a result, in FY2021, the head office building (Nichirei Higashi Ginza Bldg.; tenants that are part of the Nichirei Group) shifted to renewable energy, making use of RECs, for all of its power usage.

In addition, since March 2020, Nichirei Foods has purchased 10 GWh worth of RECs per year to cover all electricity used in production lines for *Honkaku-Itame Cha-Han* (fried rice). It is also making the shift to renewable energy.

* Green power is power generated from renewable energy sources, such as biomass, solar and wind. The CO₂ emission reductions achieved through the use of power generated from renewable energy are traded in the form of RECs.



■Utilizing Electricity Generated from Solar Power

The Nichirei Group is working to reduce CO₂ emissions by installing solar power generation equipment on the premises of food factories and on the rooftops of refrigerated logistics warehouses.



Solar Power Generation and CO₂ Reduction

	Power generation	CO ₂ reduction
FY2019	1,444 MWh	765 t
FY2020	2,068 MWh	1,003 t
FY2021	2,149 MWh	986 t

Chlorofluorocarbon (CFC) Initiatives

Nichirei Group Materiality ▶ Pages 12–13

■Switching to Natural Refrigerants

The Nichirei Group is adopting natural refrigerants at newly constructed or expanded food factories and refrigerated warehouses. We are also systematically replacing equipment that uses CFC refrigerants with equipment that uses natural refrigerants.

By 2030, we will have switched to natural refrigerants for 75% of equipment used by Nichirei Logistics Group (based on tons of equipment excluding leased equipment), including overseas facilities, and 100% of the freezers used at Nichirei Foods' domestic food factories and investee factories.



■Initiatives to Prevent Refrigerant Leaks

In 2013, Nichirei Logistics Group introduced highly sensitive detectors (with more than 10 times the accuracy of previous devices) capable of 24-hour measurement at all domestic facilities in order to reduce refrigerant leakage from existing refrigerators. Regular inspections also lead to further leakage reductions.

In September 2019, we received the Special Review Committee Award at the 22nd Protect the Ozone Layer, Prevent Global Warming Awards organized by Nikkan Kogyo Shimbun, Ltd. (THE DAILY INDUSTRIAL NEWS). The award was in recognition of our total support service for reducing CO₂ emissions utilizing our proprietary refrigerant leak prediction and diagnostic system.



Change of Fuel Used in Manufacturing Equipment

■Switching Boiler Fuels

Manufacturing at the food factories of Nichirei Foods entails a variety of processes, including frying and baking. We are systematically switching from kerosene and heavy oil to city gas and propane gas, which produce fewer CO₂ emissions, in the boilers that create the heat energy used in manufacturing.



Water Risk, Biodiversity, Using Less Plastic

Water Risk Assessment

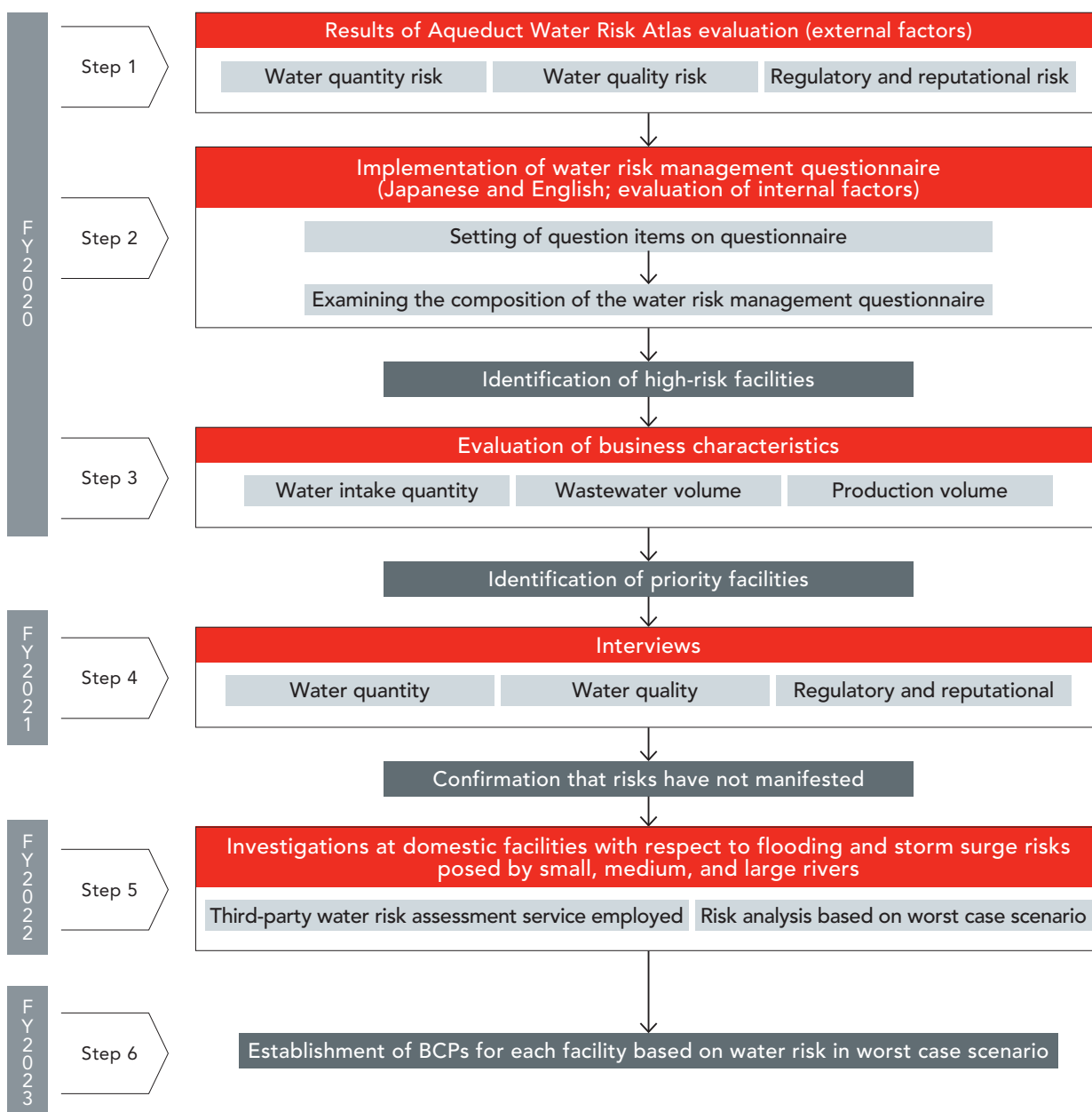


<https://nichirei.disclosure.site/en/themes/166>

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

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

Water Risk Assessment



Renewable Energy

■Protecting Endangered Orchids

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 2014, some artificially propagated orchids of this species flowered and, in FY2020, they produced 32 blooms. This led to Nichirei entering a biodiversity conservation partnership agreement with Fujimi-machi, Nagano Prefecture, and the Fujimi-machi Atsumorisou Regeneration Committee in February 2019. The Group will provide technologies necessary for the conservation and regeneration of *Cypripedium macranthos* orchids and cover a portion of the costs. In June 2021, the Committee began selling artificially propagated blooms and seedlings, which it hopes will help prevent excessive picking of wild indigenous species. In our artificial pollination efforts, we avoid mixing plants from the same lineage as much as possible in order to preserve genetic diversity.



Plastic Reduction Initiatives

■Reducing Plastic Used in Frozen Food Containers and Packaging

Since 2006, Nichirei Foods has been striving to reduce the amount of plastic used for household-use frozen food product containers and packaging. Recently we achieved a reduction of over 200 tons for seven target items, compared with before these initiatives began. While continuing to reduce plastic use by reviewing product containers and packaging, we will also work toward reducing our CO₂ emissions.



Thinner Packaging

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

■Switching to Biomass Film and Ink



We use biomass ink on some product packaging such as for our *Obento ni Good!* series. Biomass ink is made from renewable, plant-derived materials, and its use helps reduce environmental impact.

Food and Health: Creating New Value

Changes are occurring under the new normal, including diversification of consumer needs and personalization of food and medicine. Leveraging the accumulated strengths and functions of the Nichirei Group, we will continue to provide new value that addresses the changing market environment and helps resolve social issues.

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 promote growth.

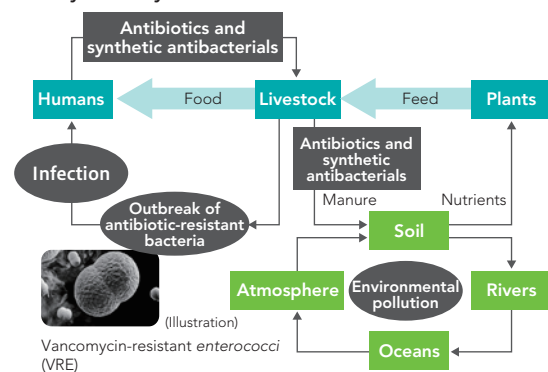
Nichirei Fresh has been selling antibiotic-free chicken since 2004. While vaccinated, our poultry is not exposed to chemical agents, including antibiotics and synthetic antibacterials, that could contribute to the emergence of antibiotic-resistant bacteria.* Instead, our poultry farming methods take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

Our farming technology takes into consideration the growing conditions and applies Nichirei Fresh's proprietary expertise to poultry farming, resulting in chickens with higher natural immunocompetence and greater natural resistance to diseases. This is achieved through the use of such feed ingredients 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.



Marine and livestock products raised without the use of antibiotics and synthetic antibacterials throughout the entire production process.

Antibiotic-resistant Bacteria That Threaten Ecosystem Cycles



* Drug-resistant bacteria: Protecting people from drug-resistant bacteria (on which antibacterial agents have little or no effect) 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 while producing chicken in a way that contributes to human health.

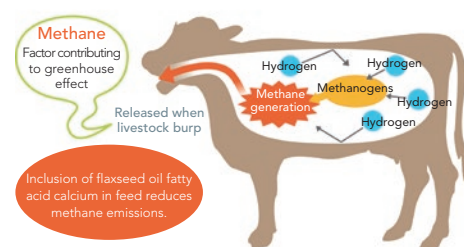
Reducing Methane Emissions in Beef Cattle Farming

■ Addition of Key Omega (Flaxseed Oil Fatty Acid Calcium) to Feed

Ruminants such as cattle and sheep have four stomach chambers. In the process of breaking down and digesting feed, microbes in the rumen (first chamber) produce hydrogen and carbon dioxide. Microorganisms called methanogens turn these gases into methane, which is released when the animal burps. Methane is said to have 21 times the greenhouse effect of CO₂, and around 16% of all methane produced around the world comes from ruminants. Cattle account for roughly 70% of this total and are considered a factor in the acceleration of global warming.

Research has shown that including a certain portion of flaxseed oil fatty acid calcium (feed raw material processed from flaxseed oil) in beef cattle feed improves the efficiency of weight gain, reducing the fattening period, which in turn leads to a reduction of methane emissions. In 2009, with the aim of putting this technique to practical use, Nichirei Fresh conducted a series of fattening trials with the cooperation of domestic beef cattle farmers, JA (Japan Agricultural Cooperatives) and animal research centers in each region and established optimal fattening programs for each breed of beef cattle. Unsaturated fatty acids, which are abundant in flaxseed oil, combine with hydrogen in the rumen to suppress methane emissions. The process also prevents energy loss, which translates into a reduction of feed costs due to a reduced fattening period and increased shipping weights, bringing an economic benefit to livestock farmers.

Mechanism of Cattle Methane Production (Illustration)



New Value in Food and Health

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

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

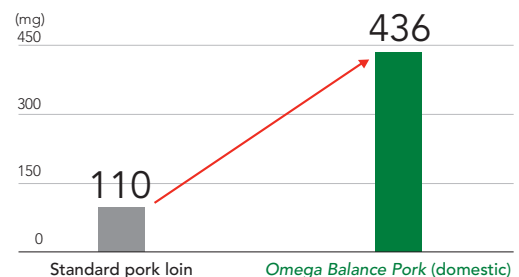
Nichirei Fresh produces and sells meat, and has been focusing on omega-3 fatty acids, which are essential for human health. We have improved the balance of omega-3 and omega-6 fatty acids in our meat by giving chickens, pigs and cattle* a formula feed that uses ingredients derived from flax, which is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

Omega-3 fatty acids, abundant in blue-backed fish, flaxseed oil and perilla oil, are converted into eicosapentaenoic acid (EPA) and docosahexaenoic acid (DHA) in the body. However, the diet of people in Japan today is often lacking in essential fatty acids, which the body cannot synthesize, especially omega-3 fatty acids. By promoting everyday diets that include meat containing a balance of these fatty acids, Nichirei Fresh supports people's health.

* There are individual differences among cattle.



Comparison of Amount of Omega-3 Fatty Acid (α -linolenic Acid) That Body Can Absorb from 100-Gram Pork Loin



■Meat Analogue Containing No Animal Meat: Daiz Meat

Nichirei Foods is developing meat analogue products as a new undertaking in frozen foods that will contribute to a more sustainable society. We reproduce the flavor and characteristics of meat without using animal meat by combining various kinds of soy meat, including that from germinated soybeans grown using the proprietary technology of DAIZ, which is engaged in advanced research on soybeans. Moreover, through the application of our know-how and technology for reproducing delicious flavors, we have developed products that are both healthy and tasty.



■Possibilities of New Effects of Acerola

 <https://www.nichirei.co.jp/news/2021/382.html> (Japanese only)

In research into the body's high rate of absorption of vitamin C from acerola, Nichirei Foods analyzed the effects of acerola powder and acerola juice on gut microbiota.

Our analysis showed that when human gut microbiota were supplied with acerola powder or acerola juice, there was an increase not only in beneficial enteric bacteria such as *Lactobacillus bifidus* but also metabolites such as acetic acid and butyric acid, which are known to be good for the body.

We will delve deeper into these results and conduct even more sophisticated research. With this, we expect to be able to further clarify mechanisms and utilize the results in new research and development and product development. Food enriches people's lives and by approaching food from a scientific perspective, we aim to realize a healthier society.



Development of New Technologies

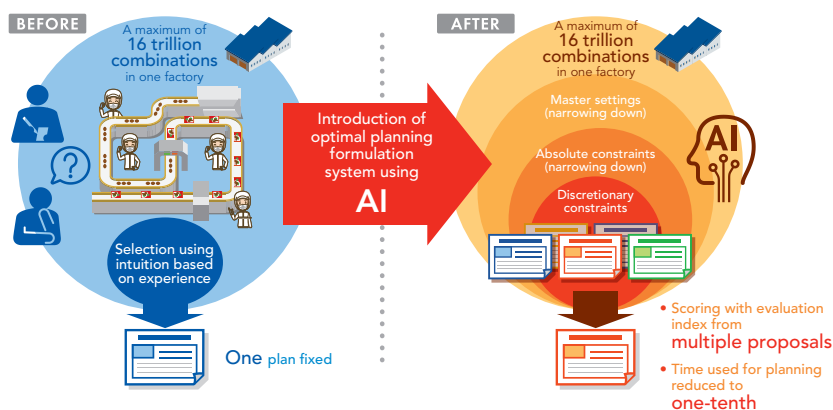
Needs relating to good eating habits have been growing and diversifying among customers and within society at large. In the drive to further strengthen its core competencies and proactively resolve social issues, Nichirei will leverage its production technologies and expertise, while drawing on new developments including those in AI, IoT, autonomous driving, and robotics.

■ Harnessing AI to Automate and Optimize Production and Personnel Planning

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

Nichirei Foods has collaborated with Hitachi, Ltd. in creating a system that uses AI to automate and optimize production and personnel planning. In FY2021, the system was introduced at two model factories in Japan. It uses sophisticated AI technology to reproduce and refine plans previously formulated by experts based on complex constraints. In addition to legal and regulatory requirements involved in personnel planning, a variety of other conditions must also be considered, including individual ability, overtime, and paid leave. Until now, experts formulated plans based on such preconditions, often relying on experience-based intuition. The new system uses AI to automate planning and identify optimal solutions from among the various permutations, while also quantifying and incorporating intuition-based criteria. As a result, planning requires one-tenth of the time and can be conducted by non-expert employees. The system is expected to contribute to work style reforms such as by reducing the number of hours worked and encouraging more employees to use paid leave. Given that in recent years food manufacturers have been called upon to make and supply products while responding to fluctuations in demand, the system is contributing to improved customer satisfaction due to its application of advanced digital technologies and the creation of efficient production systems. Nichirei Foods will continue to harness digital technologies to promote further improvements in productivity, reductions in lead time and inventories, as well as work style reforms.

Production Planning Concept Diagram

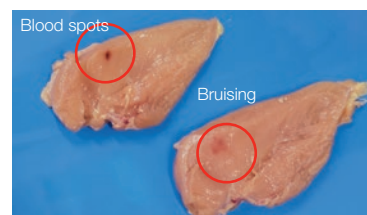


From a maximum of 16 trillion combinations in one factory, production plans encompassing daily production of products and volumes for each line and personnel plans involving shift schedules are formulated automatically.

■ Joint Development of AI-Based Foreign Matter Detection and Elimination Technologies with Kindai University

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

In the process of receiving ingredients for processed chicken products, we control and maintain the quality of those ingredients using sorting technologies that include metal detection and X-ray, near-infrared, optical, and color analysis. 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 regularity of the shape of the ingredient, and the position and angle of foreign matter or impurities.* In selecting ingredients for chicken products, three major impurities in particular must be eliminated: bones, feathers and blood spots. In February 2018, in partnership with Kindai University, Nichirei Foods developed sorting technologies powered by AI. With the ability to locate impurities with pinpoint accuracy, AI-powered technology prevents rejection of impurity-free meat, leading to reduced food waste.



* Impurities include parts of food normally considered to be inedible, such as bones and feathers in the case of chicken.

■Expiration Date Reader AI Solution for Tablet Inspections*

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

Following field tests, Nichirei Logistics Group began introducing an AI solution for automatically reading expiration dates from image data at 50 bases nationwide in FY2021. As part of its efforts to fully digitize warehouse operations, the Group is adopting tablet devices and AI solutions to expand functionality. Previously performed manually, expiration date input can now be completed using AI, enabling highly accurate readings of 93% or higher 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.



* Automated expiration date reader AI solution: Preprocessing technologies that use AI-OCR (Optical Character Recognition/Reader) and image recognition to identify the characters of the expiration date from the image and cross-reference the recognized expiration date with information in the cloud, thereby achieving higher reading accuracy.

■Autonomous Driving Forklifts

Nichirei Logistics Group began conducting field tests of autonomous driving forklifts at refrigerated warehouses in January 2018. In 2021, they were introduced at the Daikoku Distribution Center of Group company Kyokurei.

A distinctive characteristic of autonomous driving forklifts is that they can be given instructions using a tablet device, thereby making safe use possible for employees who might otherwise lack the physical strength or operating skills to manually operate a forklift. Going forward, we will steadily increase the number of facilities with autonomous driving forklifts and tie that into reducing working hours, economizing on manpower for on-site work, and improving occupational health and safety at our warehouses.

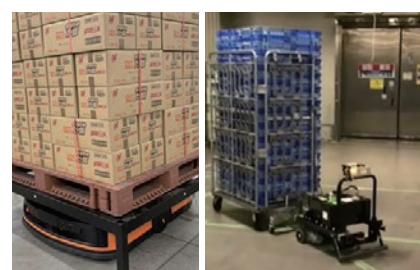


An autonomous driving forklift at the Daikoku DC

■Automated Guided Vehicles (AGVs)

In 2021, Nichirei Logistics Group introduced automated guided vehicles (AGVs) for transporting pallets supplied by Phoxter Corporation (Headquarters: Toyonaka City, Osaka; President & CEO: Junichi Sonoda), which develops image processing technology and automated guided vehicles, at the Sendai Distribution Center of Nichirei Logistics Tohoku. AGVs for transporting roll pallets have also been introduced at five transfer centers.

The Group is focused on process innovation to address labor shortages, reduce the load on workers, and change on-site work so that anyone can do it. We will continue to work on building an optimal labor environment and system leveraging the characteristics of both humans and machines.



AGV for transporting pallets

AGV for transporting roll pallets

■Truck Loading Dock Reservation System

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

At distribution centers, truck deliveries are concentrated at certain times, and without knowing each truck's cargo, smooth loading and unloading can be difficult, which has led to long wait times for truck drivers becoming a social issue.

Aiming to alleviate and eliminate the problem of trucks having to wait, in October 2017 Nichirei Logistics Group began operating a truck reservation system. As of FY2021, the system has been introduced at 30 facilities nationwide. The system allows truck operators (the 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. It also improves efficiency with regard to post-arrival administrative procedures by enabling truck operators to inform distribution centers of cargo details ahead of time. The introduction of the system has led to reductions in the time required for unloading and loading, truck operations, and truck exhaust gas emissions (CO₂ reductions).



Building a Sustainable Supply Chain

We recognize that the sustainable procurement of 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 work with stakeholders in our supply chain to respect the environment and human rights. In the years to come, we will continue to contribute to the realization of a sustainable society through efforts to resolve social issues along our supply chain.

Nichirei Group Sustainable Supply Chain Policy <https://www.nichirei.co.jp/english/csr/supplychain>

The Nichirei Group is committed to building a sustainable supply chain. The Group procures products and services in accordance with the following policy and asks suppliers to agree and comply with this policy.

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 effects on human rights, we have 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 the 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.		
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. 	3. Identification of, Response to and Disclosure of Issues Related to Human Rights	<p>The Nichirei Group will establish a system of human rights due diligence to identify, prevent and mitigate adverse impact on human rights generated by the Group in society.</p> <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.

Promoting CSR Procurement: Sedex Membership and SMETA

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

Since FY2020, we have been promoting understanding of the Nichirei Group Sustainable Supply Chain Policy and our CSR procurement activities among business partners. In FY2021, we launched our Group Supply Chain Meeting, where we discuss shared issues in addressing human rights due diligence. In FY2022, we launched the Group Supply Chain Committee.

In addition, Nichirei Foods joined Sedex¹ in July 2019. We established the Nichirei Foods Supplier CSR Guidelines in October 2020 and disclosed them in five languages. In FY2022, we began implementing SMETA² audits at our domestic food factories.

Notes:

1. Supplier Ethical Data Exchange (Sedex): 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.
2. Sedex Members Ethical Trade Audit (SMETA): An audit methodology developed by the Sedex Stakeholder Forum, whose members consist of brand-owners, companies, and audit firms, by consolidating best practices related to ethical audits.

Sustainable Ingredient Procurement

■Aquaculture Stewardship Council, Marine Stewardship Council Certification

Since 2006, Nichirei Fresh has engaged in *Inochi-no-Mori Project*¹ nature conservation activities involving sustainable giant 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. Since 2020, we have planted about 280,000 mangroves. In addition, we are gradually increasing the number of marine products we handle that have obtained Marine Stewardship Council (MSC) certification.³ As of June 2020, we had obtained MSC certification for products of 17 species. We will continue to expand our lineup of MSC-certified processed marine products.

Notes:

1. *Inochi-no-Mori Project*: <https://www.nichireifresh.co.jp/inochinomori/> (Japanese only)
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 MSC/ASC Certification

ASC Certification Number ASC-C-01632	Giant tiger prawn, whiteleg shrimp, Pacific cupped oyster, Atlantic salmon, coho salmon, rainbow trout salmon, rainbow trout
MSC Certification Number MSC-C-52165	Chinook salmon, silver salmon, pink salmon, chum salmon, sockeye-red salmon, Pacific cod, northern rock sole, yellowfin sole, English sole, walleye pollock, arrowtooth flounder, great Atlantic scallop, silver smelt, snow crab, herring, arctic surf clam, red king crab, longfin inshore squid, Pacific oyster



Shio Sujiko (salted sujiko), processed roe from MSC-certified Alaskan sockeye-red salmon

■Sustainable Regional Agricultural and Livestock Cycle through Junwakei Chicken

Over the 12 years since launching a feed rice project in collaboration with the JA cooperative in Iwate Prefecture and farmers from Karumai and Hirono in 2009, Nichirei Fresh has been implementing a sustainable regional agricultural and livestock cycle through the production of the *Junwakei* breed of chicken (a crossbreed of two native Japanese species). When the project was first launched, paddies for feed rice covered around 15 hectares. By FY2021, this area had expanded to around 200 hectares yielding a harvest of roughly 1,600 tons.

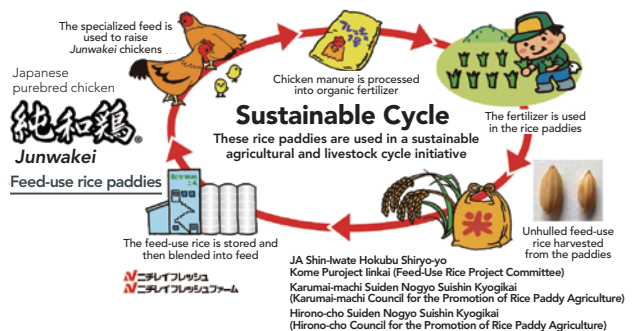
Manure from the poultry farm is made into organic fertilizer at an on-site high-speed chicken manure processing plant. This fertilizer is spread over the feed rice paddies, providing nutrients for the soil, where previously they were resting rice fields. Rice harvested from these paddies is fed to *Junwakei* chickens as formula feed. Moreover, waste heat energy from the manure processing plant is used to heat the chicken coops.



High-speed chicken manure processing plant



Chicken manure made into organic fertilizer



■Certified Sustainable Palm Oil (RSPO Oil Credits)

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 issues, 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 issues.

In August 2018, the Group became a member of the non-profit organization Roundtable on Sustainable Palm Oil (RSPO), which promotes the production and use of sustainable palm oil. We are advancing efforts to ensure that the palm oil used to make our products is sustainable. This includes calculating the total amount of palm oil used as frying oil at Nichirei Foods' factories (at consolidated subsidiaries in Japan and overseas), and purchasing a corresponding amount of RSPO oil credits (via the book and claim method).



4-1055-18-100-00
Membership profile page
<https://rspo.org/members/7750>

Improving Work Satisfaction, Cultivating Human Resources

In conducting business, the Nichirei Group places the greatest importance on human resources. Furthermore, in order to invigorate our organization, improve productivity, and create a vibrant workplace we not only depend on our values and ideas, but also, to a large extent, on our diverse human resources.

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

The Diversity Promotion Council and the Health Promotion Council have been organized under the Group Human Resources Committee to improve work satisfaction. They discuss human resource-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 (FY2019–FY2021)

Policy	Ideal State	Priority Measure	Main Activity		
			FY2019	FY2020	FY2021
Enable Diverse Styles of Working	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 	<ul style="list-style-type: none"> Introduction of super flextime work system Core time eliminated except at some work sites such as factories and distribution centers
	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 women Women's success event "Next Step for 2021" Target: 163 people Nursing care seminar Conducted 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 	<ul style="list-style-type: none"> Expansion of childcare and nursing care leave Leave can be taken in hourly units Half days and whole days can be converted and taken as accumulated annual paid leave Nursing care seminars (held online) Conducted on November 18 and 26 (60 minutes each), 60 total participants Information (provided on intranet) on support for balancing nursing care with work
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"> 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 collaboration 	<ul style="list-style-type: none"> Introduced new expense settlement system Introduced planned five-day annual leave system Implemented e-learning: Revised labor laws, working-hour awareness Target: Employees; 5,101 participants Implementation of measures against overwork through labor-management collaboration 	<ul style="list-style-type: none"> Set quantitative target (average annual paid leave use of at least 10 days across the Group), and encouraged employees to take annual leave Ongoing implementation of measures against overwork through labor-management collaboration Implementation of human resource management education via e-learning
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: 5th and 6th "Sakaseru Roji-Jo Forum" Target: Female employees; 129 participants (404 participants in total) Theme: Work values and workplace for women Nichirei Foods: LADY, GO UP! Target: Female employees at 6 food manufacturing companies (8 female Nichirei Foods employees participated) 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: Female employees; 118 participants (522 participants in total) Nichirei Foods: LADY, GO UP! Target: Female employees at 6 food manufacturing companies (8 female Nichirei Foods employees participated) Summary: Seminar for building external networks 	<ul style="list-style-type: none"> Nichirei Foods: LADY, GO UP! Target: Female employees at 6 food manufacturing companies (8 female Nichirei Foods employees participated) Summary: Lecture by external female officer and seminar for building external networks and career development
		Diversity and inclusion	<ul style="list-style-type: none"> Nichirei Foods: Diversity Forum Deepen understanding of various work styles centered on department and section managers at each of 6 food manufacturing companies. 35 Nichirei Foods employees (26 men, 9 women) 	<ul style="list-style-type: none"> Nichirei Foods: Diversity Forum Deepen understanding of various work styles centered on department and section managers at each of 6 food manufacturing companies. 60 Nichirei Foods employees (46 men, 14 women) 	<ul style="list-style-type: none"> Nichirei Foods: Diversity Forum Lecture held (February 25, 2021) Target: Officers (8 participants) and employees (approx. 140 participants) Nichirei Foods: Meeting of general managers from 6 food manufacturing companies Meeting of general managers of planning departments from 6 food manufacturing companies 2 executive officers, 5 general managers, 14 employees from secretariat (21 people from 6 companies) Nichirei Foods: 10th year of J-win Female leaders training program organized by non-profit organization J-win (one-year program)
	Job positions and employment opportunities for people with disabilities shall be created to enable them to earn a living through stimulating work, with a vision to ultimately eliminate the distinction between people with or without disabilities in society.	Provide stimulating employment opportunities for people with disabilities	<ul style="list-style-type: none"> Disabled employment rate: 2.56% (104 people with disabilities employed) 	<ul style="list-style-type: none"> Disabled employment rate: 2.75% (101 people with disabilities employed) 	<ul style="list-style-type: none"> Disabled employment rate: 2.80% (101 people with disabilities employed)
	As the healthy life span of people becomes longer, we will create workplaces that enable 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"> 59 employees rehired after retirement (64 retirees) 	<ul style="list-style-type: none"> 57 employees rehired after retirement (65 retirees) 	<ul style="list-style-type: none"> 51 employees rehired after retirement (59 retirees)

Supporting Foreign Technical Interns' Careers

The Nichirei Group provides training opportunities based on career path planning and development so that diverse human resources are able to play an active role in their respective workplaces, based on satisfying and stimulating work. In Japan, we strive to create workplaces that offer foreign technical interns a sense of job satisfaction.

In addition, we provide introductions for foreign technical interns to Group company workplaces in their own countries, and opportunities that enable them to continue their careers utilizing expertise acquired in Japan. Training covers such topics as food hygiene management and occupational health and safety.

Nichirei Fresh Maruichi (Head Office: Onahama Plant in Fukushima Prefecture)

A Vietnamese technical intern 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, utilizing what she learned at food manufacturing sites and by doing quality control-related work in Japan. In FY2021, one former foreign technical intern began work at the same Vietnamese plant. Nichirei plans to continue supporting the career advancement of its foreign technical interns.



Articles introducing the Onahama Plant in the 2020 Spring edition of the Group's in-house magazine *OriOri* were translated and shared at Trans Pacific Seafood's factory in Vietnam (left: Japanese, right: Vietnamese)

Comment from a Former Vietnamese Intern Employed at TPS

Do Thi Van
I came to Japan in 2015. After working at the Fresh Maruichi Onahama Plant as a technical intern for three years, she learned the basics of quality control at the Onahama Plant for one year. Since returning to Vietnam, she has been working at the marine product processing factory of Trans Pacific Seafood (TPS), established by Nichirei Fresh in 2018.

Fresh Maruichi is a very employee-friendly company. Everyone, from the president to part-time workers, is kind and friendly, which makes every day enjoyable. Because I had studied pharmaceuticals at university in Vietnam, when my training ended at the Wakamatsu Plant, Fresh Maruichi President Onishi (president at that time) suggested that I try working in quality management, and I transferred to the Onahama Plant. I have come to feel strongly about the importance of quality control.

I wanted to work in Japan longer, but when I heard the company planned to build a factory in Vietnam, I was happy since that would enable me to live with my children. My current goal is to work hard alongside my TPS colleagues, and first and foremost, generate solid profits!

Human Resource Development

Each fiscal year, the Nichirei Group provides employees with an educational program for the year. 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, we use the Nichirei intranet to conduct e-learning courses for all employees in Japan to develop their skills in areas such as quality, safety, governance and compliance.

Level-based Training Plan

Level-based Training Plan	Objective	Target
Executive Coaching	To improve management decision making, organizational growth and business performance. (Changes in the thinking of executives is expected to have a ripple effect on employees, resulting in improved productivity of organizations.)	Executive officers
Next-generation Management Team Development Program	To foster management capabilities, world-standard leadership and decision-making criteria through the cultivation of ideas based on broad perspectives, including philosophical and cognitive approaches.	General managers
Leader Training	Creating true managers: Fostering human resources able to play a part in creating a strong and autonomous organization capable of discovering issues that need to be addressed and formulating its own solutions, and in so doing become an organization that operating companies can rely on.	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 entrants (such as recent graduates, mid-career hires, transferred employees)
Facilitation Training	To teach understanding of 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 resources to produce results expected by the Company and supervisors while applying logic-based solutions.	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 foster understanding of the Nichirei Group and team spirit 	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 be able to work in a safe, comfortable environment. The Nichirei Group considers its employees to be irreplaceable and works with them to create safe, open and invigorating workplaces.

Health Management Initiatives

■ Basic Policy

1. We will promote the creation of a lively workplace where labor and management cooperate, 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.”

■ Management Framework

2015	Newly established the Health Promotion Group in Human Resources Strategy & General Affairs as a department dedicated to health management
2016	<ul style="list-style-type: none"> • Formulated the Nichirei Group Health Declaration and Group Health Management Standards • Appointed a holding company health promotion manager as well as operating company health promotion representative and representatives
2018–	Restructured the Health Promotion Group into the Health Promotion Center and increased the number of occupational health staff (public health nurses)

■ Main Initiatives in FY2021

• Countermeasures against COVID-19

In cooperation with the Group Risk Management Office, the occupational health staff of the Health Promotion Center built a support system to provide appropriate advice, prevent the spread of COVID-19, and prevent discrimination against individuals in the event that an employee contracts COVID-19.

• 100% Health Check-up Rate and Enhancement of Post-examination Follow-up

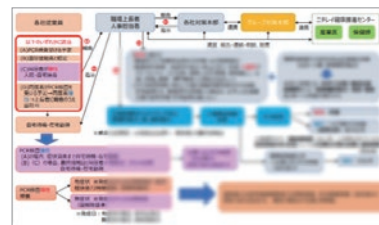
In 2020 and 2021, despite the COVID-19 pandemic, all employees completed annual health check-ups. In addition, under the post-examination follow-up system, those determined by an industrial physician to require additional support were remotely interviewed by public health nurses as appropriate using e-mail or other online tools. Employees who score a D on their health examinations and choose to undergo detailed examinations are eligible for a subsidy program as members of the Nichirei Health Insurance Association.

• Health-related Events

Since FY2017, the Nichirei Group has been holding regular health-related events, providing employees with specific health promotion opportunities and helping them avoid lifestyle-related diseases. During the COVID-19 pandemic, we have held events on themes such as adequate exercise, improving sleeping patterns and mental health. In questionnaires, more than 92% of participants at each event responded that the event was beneficial.

■ Introduction of Subsidy Program for Outpatient Smoking Cessation Treatment

In FY2021, 34 employees participated in the smoking cessation program, and 24 were successful. In June 2021, the Nichirei Health Insurance Association introduced a subsidy program for outpatient smoking cessation treatment provided by hospital physicians. In these and other ways, we are supporting the health of our employees.



Flowchart of countermeasures for COVID-19



Effective ways to use check-up waiting times (health newsletter)



Health-related event in 2021 on mental health

Health and Safety Committee

 <https://nichirei.disclosure.site/en/themes/184>

The Nichirei Group established health and safety committees to fulfill the requirements of Japan's Industrial Safety and Health Act, and is working 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 eliminate 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.

Launch of Safety and Quality Training Using VR

In FY2022, Nichirei Logistics Group started using virtual reality (VR) for safety and quality training at its logistics work sites.

Until now, practical training has been implemented through courses using a mock-up refrigerated warehouse at certain training facilities (safety and quality training centers). This made it difficult for employees stationed far away to participate. It was also difficult for trainees to envision what accidents might happen if rules or manuals were not followed correctly.

With the introduction of a new tool that uses VR technology, employees can learn proper work procedures efficiently without having to attend a safety and quality training center. They can also experience virtual simulations of accidents that might occur as a result of unsafe behaviors. This has led to further improvement of safety awareness.



Top: Using VR
Bottom: Image seen through headset

Food Factory Safety

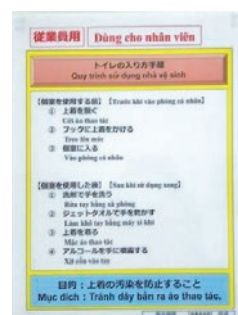
Nichirei Foods has identified three priority measures for safety-related activities at food factories: safety patrols, near-miss-related activities and the mandatory observation of safety rules.

Monthly safety patrols are tailored to each factory, with effective checklist items determined based on site feedback. Patrols are conducted mainly in the early morning and late at night, when fewer managers are on staff. We also ask employees to share work-related issues and opinions.

Held as needed, near-miss-related activities are designed to reinforce reporting practices and inform employees about possible dangers through the sharing of information about accident near misses. Activities reconfirm evaluation criteria, thus ensuring consistency in methodologies for classifying an incident as a near-miss. Preventive steps are then taken as needed.

Occupational Health and Safety Initiatives for Foreign Technical Interns

Foreign technical interns working in Japan at the Nichirei Group undergo training including occupational health and safety training. This helps to prevent occupational accidents and facilitate health management for those adjusting to life in another country, while at the same time helping them improve their Japanese-language skills. Our goal is to create workplaces where all Nichirei Group employees can work safely and healthily with purpose.



Bilingual poster in Japanese and Vietnamese



Holding Japanese language speech contests

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 is to ensure the quality and safety of the food products and services it provides, so that they are safe for consumers. At the same time, we are maintaining and improving Group-wide levels of quality control, quality assurance and customer satisfaction.

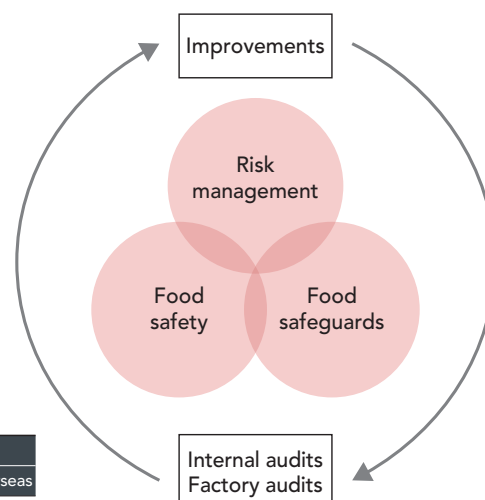
We aim for further enhancements by implementing the PDCA cycle in our quality management system and food safety management system and encouraging improvements when deficiencies are found through internal audits and quality audits at factories.

Regular Audits (FY2018–FY2021)

Quality assurance audit	FY2018		FY2019		FY2020		FY2021	
	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas
Number of annual Group audits (Japan/Overseas)	156	15	66	38	52	20	40	10
Annual Group implementation rate (compared with plan)	100%	88%	97%	100%	87%	80%	58%	28%

Regular audits are conducted by each operating company based on an annual plan. The plans are formulated by rationally and objectively evaluating the magnitude of possible risks (based on risk management), ascertaining whether or not certification of international standards has been obtained, and determining the quantity of products handled annually, and product characteristics. The PDCA cycle is also used in regular audits. Audit results are used as a reference when determining audit policies and target worksites when developing audit plans for the upcoming year.

Quality Assurance Approach and Improvement Cycle



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

Certification Status (FY2018–FY2021)

Certification	Operating Company	Rate of Certification ⁴			
		FY2018	FY2019	FY2020	FY2021
ISO 9001 (quality management system)	Nichirei Foods	13/15	3/15	3/15 ⁵	3/15 ⁵
	Nichirei Fresh	8/8	8/9	8/9	5/8
	Nichirei Logistics Group	105/112	104/115	81/115	83/117
FSSC 22000, ¹ ISO 22000, ² SQF ³ (food safety management system)	Nichirei Foods	13/15	14/15	14/15	14/15
	Nichirei Fresh	6/8	6/8	7/7	7/7
	Nichirei Logistics Group	2/112	2/115	2/115	2/117
ISO 14001 (environmental management system)	Nichirei Foods	11/15	11/15	11/15	11/15
ISO 13485 (medical devices and in vitro diagnostics)	Nichirei Biosciences	2/2	2/2	2/2	2/2

Notes:

1. FSSC 22000: An international management system for food safety that is based on ISO 22000.
2. ISO 22000: An international standard for food safety management systems (for reducing food safety risks). It is based on hazard analysis and critical control points (HACCP) food sanitation control techniques.
3. 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, this is the program recognized by the Global Food Safety Initiative (GFSI).
4. Rate of certification: Certified worksites ÷ Total worksites of consolidated subsidiaries in Japan (food factories, logistics centers, etc.)
5. Switching to FSSC 22000

Food Defense Initiatives

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

The Nichirei Group emphasizes people management to protect food. In areas where food is handled, in addition to restricting access 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 of our plants in Japan and overseas. To protect food we have created a system that is based on the distinguishing characteristics of each product and enables follow-up investigations should issues arise. If an issue does occur, a link is established with our food crisis management system, which facilitates the dissemination of accurate information and quick responses.



Building a Traceability System

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

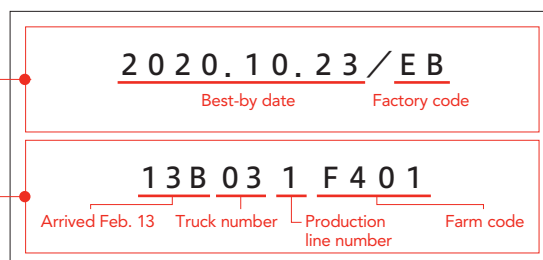
To always provide safe, reliable and high-quality food, the Nichirei Group conducts rigorous quality control and inspections, from ingredients to final products and has built a traceability system suited to the distinguishing characteristics of each product. In the event of an accident, enhanced traceability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

Building a traceability system requires collaboration and cooperation on the part of ingredient suppliers, manufacturers and distributors in our 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 proprietary system for central control.

Traceability of Frozen Green Soybeans (Illustration)

Information Contained in the Trace Code

The trace code allows a product to be traced back to its place of origin (cultivation). Trace codes printed on Nichirei Foods' frozen green soybeans record cultivation and production management data. Simply by looking at the trace code, the entire history of a product can be tracked, from cultivation management conditions in the field to production conditions at the factory. Nichirei Foods is using trace codes to conduct ongoing improvements based on its discussions with local producers, in order to better respond to customers' needs.



The information displayed in this row can be used to trace the following:

- The farm at which the product was harvested
- The truck used to transport the harvested product
- When the product arrived at the processing factory
- Production line number

The information displayed in this row can be used to trace the following:

- Date when the product was packaged
- The factory at which it was packaged



Safe Workplaces, Better Service

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

Nichirei Logistics Group sets themes four times a year designed to prioritize safety and quality at warehouses. Accident prevention activities are conducted under these themes at all domestic facilities (114 locations).



Poster promoting safety and quality

Stakeholder Engagement

As it engages in global business activities, the Nichirei Group recognizes the importance of communicating and maintaining dialogue with its diverse stakeholders. The Group works to build corporate value by establishing long-term relationships of trust while reflecting the expectations and concerns of stakeholders. It does so by fostering deeper mutual understanding, advancing various initiatives and proactively disclosing relevant information.

Stakeholder	Objective	Issues recognized	Means and method of communication	Frequency
Customers	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 and a rich variety of meal options 	<ul style="list-style-type: none"> • Customer Service Center • Customer satisfaction surveys • Websites • Social media 	<ul style="list-style-type: none"> • Routine • Once a year • As necessary • As necessary
Shareholders and investors	Deeper understanding of the Company and higher corporate value: to be achieved through timely and appropriate disclosure.	<ul style="list-style-type: none"> • Maintaining and improving corporate value • Appropriate distribution of profits • Timely and appropriate disclosure of information 	<ul style="list-style-type: none"> • General Meetings of Shareholders • Financial results briefings • Business information sessions, facility tours • Detailed interviews with individual investors in Japan and overseas • IR website • Integrated Report • Shareholder 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 partners	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 participation from business partners 	<ul style="list-style-type: none"> • Survey ongoing since 2018 • Once a year (held by three operating companies)
Employees	Favorable labor-management relations; greater employee motivation; a dynamic organizational climate.	<ul style="list-style-type: none"> • Occupational health and safety • 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"> • Available 24 hours • Available 24 hours • Twice a year • Once a month • Once a year (all worksites) • Four times a year • Routine • Once a year • Once a year • Once a year
Local communities	Stable, enduring business operations as a trusted and respected company: to be achieved by building favorable relations with local communities.	<ul style="list-style-type: none"> • Harmonious coexistence with local communities • Preservation of local environments • Educational activities in local communities 	<ul style="list-style-type: none"> • Social contribution activities • Participation in local events • Volunteer activities • Dietary education activities (ethical consumption) • Food factory and distribution warehouse tours • Internships • Sponsorship of sporting events 	<ul style="list-style-type: none"> • As necessary • As necessary • As necessary • As necessary • As necessary • As necessary • As necessary
Trade organizations, NGOs and NPOs	Collaboration with other companies: to be achieved through participation in associations and other entities relating to trade organizations; resolution social issues through collaboration and cooperation with NGOs and NPOs in Japan and abroad.	<ul style="list-style-type: none"> • Human rights • Climate change • Food loss • Sustainable procurement of food 	<ul style="list-style-type: none"> • TCFD Consortium • Japan Frozen Food Association • Japan Association of Refrigerated Warehouses • Japan Fisheries Association • World Wide Fund for Nature • Roundtable on Sustainable Palm Oil • Caux Round Table Japan • The Consumer Goods Forum 	<ul style="list-style-type: none"> • As necessary • As necessary • As necessary • As necessary • As necessary • Once a year • As necessary • As necessary

Addressing Social Issues through Food (Activities to Reduce Food Loss)

■“Nichirei Food Loss Research Institute” Website

The Nichirei Group is working to address the social issue of food loss. Our activities include reexamining causes of food loss from both scientific and supply chain standpoints to determine effective reduction approaches. We also propose reduction methods using the cold chain function of the Nichirei Group.



Food Loss Research Institute

https://www.nichirei.co.jp/food_loss/ (Japanese only)

■Main Activities to Reduce Food Loss

Food Bank



Since 2006, Nichirei Foods and Nichirei Logistics Group have supported the activities of the NPO Second Harvest Japan. So far, we have donated a total of more than 20,000 cases of frozen foods to various welfare facilities, including foster homes, mother and child support centers, and disability support facilities.

In addition to delivering these products, we also provide logistical support for frozen foods to ensure that the items can be consumed with peace of mind.

Process Leading Up to Delivery



Sampling Events at Employee Cafeterias



At employee cafeterias, Nichirei Foods holds sampling events through a unique initiative that uses products whose external packaging has been crushed or otherwise damaged in logistics or distribution but are otherwise still fully suitable for consumption.

We have also endorsed the NO-FOODLOSS PROJECT of the Ministry of Agriculture, Forestry and Fisheries. In support of this project, we are working to make donations that reduce food loss and to raise internal awareness.

Initiative website

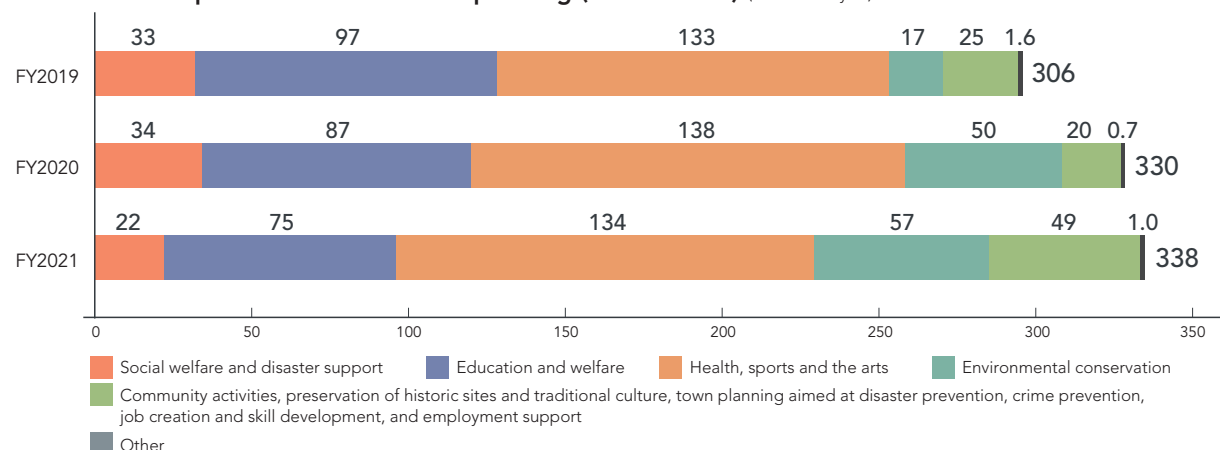
<https://www.nichireifoods.co.jp/corporate/hamidasu/top/> (Japanese only)

Children's Cafeterias



In 2021, Nichirei Foods began supporting children's cafeterias with the cooperation of the NPO Japan Kodomo-Shokudo Support Center Musubie, which provides such support all over Japan.

■Nichirei Group Social Contribution Spending (Three Years) (Millions of yen)



The Chairman in Conversation with the Outside Directors

The Nichirei Group is working to make its corporate governance stronger and more effective.

The Nichirei Group is working to make its corporate governance stronger and more effective, and proactively incorporates the opinions of outside directors. Nichirei's chairman and its three outside directors met to talk about further enhancing corporate governance to improve corporate value over the medium to long term.

The Nichirei Group's Foremost Consideration in Corporate Governance

Otani: A corporation is a public institution whose purpose is mutual prosperity and coexistence with all its stakeholders, and it must operate within social norms and appropriate market standards. One internal system that plays an important role in achieving this is corporate governance. I believe that a major objective of corporate governance is to improve management efficiency through sound management—in other words, to improve corporate value and business performance. It is a mechanism for increasing corporate value over the long term through transparent, fair, swift and resolute decision-making, and requires ongoing, self-sustaining reforms.

In line with that objective, I believe that corporate governance has two roles: first, to prevent reckless management; and second, to encourage prompt action for proper decision-making. The essence of corporate

governance is guaranteeing management efficiency and soundness, which is premised above all on ensuring management transparency. The process of creating transparency is likely to be different for each company, starting, for example, with the choice under Japan's Companies Act of whether to be a Company with an Audit & Supervisory Board or a Company with a Nominating Committee, etc. It is the role of senior management to decide the kind of management structure it will create by designing a system according to the company's corporate culture and the issues it currently faces.

As you are aware, corporate governance separates management execution and supervision. It consists of both monitoring through internal control by the people in charge of management execution and monitoring through external control, which includes supervision by the Board of Directors and Audit & Supervisory Board members. The former refers to internal risk control activities by senior management, while the latter consists of external management supervision by shareholders, the Board of Directors, Audit & Supervisory Board



Kunio Otani
Representative Director,
Chairman

Shizuka Uzawa
Outside Director

Mieko Wanibuchi
Outside Director

Kuniko Shoji
Outside Director

members and the accounting auditor. A spirit of compliance and a sound corporate culture and atmosphere form an important foundation for both. The basic management policy of the Nichirei Group, which consists of four operating companies integrated by a holding company, is transparency, simplicity and decentralization of authority. I intend to cultivate a corporate culture that creates value by sharing the many insights generated by our diversity.

The Nichirei Group's Corporate Culture and Future Business Direction

Uzawa: I feel that the Nichirei Group has a serious-minded corporate culture. Although marine products and frozen foods (processed foods) are derivative businesses that originate from the Group's refrigerated warehouses, its business domains are still within a fairly

limited range, except for bioscience. When a company's core businesses are cash cows, I think it should already be considering its next businesses. Everyone in management from President Okushi on down has made the Nichirei Group's goals clear, including the target of an overseas sales ratio of 30% and the vision for the Group ten years from now, and is sharing that direction with employees and customers. These are all laudable actions, but I feel that Nichirei could be a little more adventurous. In order to survive, Nichirei must restructure its business portfolio.

Wanibuchi: Looking back five years to when I became an outside director, my first impression was also that Nichirei was serious-minded. As a new member of the Board of Directors, I thought that Nichirei was a well-grounded and solid company with a long history, and it has shown itself to be exactly that. However, I feel that Nichirei has changed considerably over those five years. The biggest change has been in transparency. I think it is becoming a place where any opinion can be discussed without reservation at various meetings.

The Chairman in Conversation with the Outside Directors

Frozen foods and logistics are the two drivers of the Company. I think these businesses will endure as Nichirei moves toward its next stage, so I would like it to further increase its predominance as number one in the industry in Japan and become a leader worldwide.

Shoji: When I heard about Nichirei from an acquaintance, I got the impression that it was an excellent company that values quality—and that is exactly what it is. My overall impression is that of an amicable and good-natured company, and even during intense discussions at meetings, interactions remain cordial. I have the sense that people with good character are selected to become managers and receive proper training.

Regarding the direction of Nichirei's business, I am worried about Nichirei's over-reliance on its two core businesses. At this stage, I think it is better for those businesses to be like a bunch of grapes—each growing separately while remaining connected—rather than a collection of outliers detached from the main business. At Nichirei Fresh, for instance, rather than limiting the items it handles, it would be better to strengthen relationships with suppliers by focusing on changes in the supply of vegetables and other products. By specializing in ingredients, the marine, meat and poultry products business will grow equally with the other businesses, which will further strengthen Nichirei going forward.

Otani: Here we have three people with three different perspectives on the Nichirei Group's businesses. Just like you, the seven inside directors all have different opinions.

Basically, I think it is good to have a technological orientation when advancing into a new area. It is better to use technology as the basis for generating innovation when establishing these "outliers" you mention. I dislike the discontinuous approach of simply switching areas or domains, but some internal directors have also spoken of our need to enter new areas. I am glad we have a management structure that allows us to discuss such matters candidly, without having to read between the lines.

One issue that needs to be addressed is that the desire to engage in trial and error is somewhat weak at Nichirei. Addressing this will require reforms both in individual awareness and in our corporate culture.

In addition, when launching innovative businesses and projects, experiencing small personal successes is more important than relying exclusively on external consultants. People must have a sense of entrepreneurship to generate innovation.

Points of Focus as a Nichirei Group Outside Director

Uzawa: The purpose of a corporation is to make a profit in a proper manner, but as Mr. Otani said at the start of our conversation, propriety requires transparency. Transparency is essential for a corporation to run its business properly. If the chairman or president engages in dubious activity, outside directors must be able to call for his resignation. Probably our single most important quality is the ability to judge what is proper. In addition to providing this function, I use my personal experience in management and overseas business to supervise and make decisions from a third-party standpoint. As for the directors' skill matrix, companies lately have started to emphasize selecting people not simply because they have specialized knowledge, but with a view toward the kind of company they want to become. For the Nichirei Group to endure, it should think deeply about the skill matrix and continue to appoint appropriate people.

Wanibuchi: In aiming to increase corporate value over the long term, Japanese companies have recently been shifting toward value for all stakeholders, including shareholders. The phrase *sampo yoshi* has long been used in Japan to express the aim of doing what is best for three parties: the company, its business partners and its customers. I think the role of outside directors is to point out matters that executives have either not noticed or are aware of but have not resolved, with the goal of steady improvement in corporate value over the long term. I hold a very unusual position among Nichirei's directors. As a woman, a housewife, and someone with experience in both raising children and caring for an elderly relative, I look at Nichirei's products and services as a consumer, from the perspective of a buyer and user. And since I am also the owner of a medium-sized enterprise, my perspective comes from direct experience

rather than simply studying documents. I am always eager to be of use in these respects.

Shoji: Outside directors are in a different position from inside directors. But although we approach issues from different perspectives, we consider it our duty to cooperate in helping the Nichirei Group grow into a respected company. The role of outside directors is to consider agenda items at Board of Directors meetings from three aspects: legality, appropriateness and efficiency, with legality being first and foremost. In doing so, I intend to offer my opinion based on whether the matter at hand will lead to happiness for stakeholders—meaning employees, shareholders and the local community.

Evaluation of the Nichirei Group's Board of Directors and Matters for Deliberation at Board Meetings

Otani: A major objective of corporate governance is to improve management efficiency through sound management—in other words, to improve corporate value and business performance. One key issue in achieving this objective is determining whether the Board of Directors is fulfilling the functions expected of it. To do so, since 2016 all Nichirei Corporation directors and Audit & Supervisory Board members have participated in a yearly evaluation of the Board of Directors. They fill out a questionnaire consisting of evaluation items and add their comments, and every three years, the results of individual interviews are used in compiling the final evaluation. From the very start, objectivity of the evaluation process has been enhanced through outsourcing to external experts who assist in analyzing and evaluating the activities of the Board of Directors and other matters. Summaries of the findings are subsequently disclosed.

In FY2021, the external experts offered a general finding that at Nichirei's Board of Directors meetings, "discussions remained lively in an atmosphere encouraging the sharing of opinions." On the whole, most respondents held positive opinions indicating that the effectiveness of the Board of Directors was secured

to a considerable extent, with a feeling that the board's way of proceeding and holding discussions is steadily evolving. Furthermore, directors and Audit & Supervisory Board members pointed out three specific areas where the Board of Directors is in need of improvement: its role and institutional design, its composition, and its administration and meeting materials management.

First, regarding the institutional design of the Board of Directors, the current institutional design of a Company with Audit & Supervisory Board system was deemed appropriate as decision-making and management supervision are executed effectively, and thus many were of the opinion that there was no need to transition to a different institutional design (a Company with an Audit & Supervisory Committee or a Company with a Nominating Committee). However, we decided to engage in ongoing discussions and review in light of factors such as the Nichirei Group's management strategies, changes in the business environment going forward and Corporate Governance Code requirements.

Next, while the composition of the Board of Directors was evaluated positively as a whole, taking into account Corporate Governance Code revisions and the annual tightening of voting rights execution criteria for institutional investors, many were of the opinion that the proportion of outside directors should be increased to one-third or more. Additionally, there were many other opinions exchanged regarding inside director composition and outside director diversity. As of FY2022, one female outside director has been added, bringing the number of outside directors to four out of a total of eleven directors. Because the perspective of women is very important for Nichirei's business, it has been appointing female outside directors from a relatively early stage compared with other companies in the industry, and some of these directors have management experience at major corporations. I think the board has achieved a well-balanced composition that ensures gender diversity, but our requirements will change along with changes in factors such as the size of the Nichirei Group and the scope of its businesses. We will therefore continue to review the optimal ratio of outside directors by considering inside director composition and outside director diversity.

The Chairman in Conversation with the Outside Directors

As for administration of the Board of Directors and management of materials at meetings, many thought that progress was being made in improving materials. On the other hand, several respondents said that further improvements were needed in the content and timing of provision of meeting materials, so our investigation continues. In addition, when new directors and Audit & Supervisory Board members are appointed, and after they have taken their positions, we intend to conduct training as appropriate on revisions to laws, management issues and other matters.

Furthermore, President Okushi is promoting a succession plan, as suggested in the latest revision of Japan's Corporate Governance Code. Taking a medium- to long-term perspective based on the Nichirei Group's management principles, we have carefully considered what we should do about our next generation of core human resources and Group company management. Our conclusions formed the basis for subsequent discussion by the Nominating Advisory Committee. Now that a sample group of human resources has been selected, the Nominating Advisory Committee is now considering the education to be provided and the perspectives to be taken in developing the careers of candidates going forward. Succession plans are concurrently moving forward at the operating companies, with practical training being conducted during meetings.

Uzawa: To give one example of the lively discussions we have at Board of Directors meetings, we held three discussions to review Nichirei's past overseas expansion and measures for future success. Discussions over the past year have been especially open, allowing outside directors to grasp the situation. The materials outside directors receive are not perfect, but they are more standardized and easier to understand than before.

In addition, outside directors are normally required to attend Board of Directors meetings, but in some cases we also have the chance to attend Management Committee and other meetings and provide our opinions as reference to executives, so I feel I have a much better understanding than I did when I began here. I sometimes attend Management Committee meetings as often as once a week.

Otani: Different topics are taken up at the Board of Directors and the Management Committee meetings according to degree of impact on management and theme, and I tell all outside directors they are welcome to attend meetings of the Management Committee as observers if they have time. Agenda items and related materials are available on the Company intranet.

Wanibuchi: I also attend Management Committee meetings about once a month.

Otani: Furthermore, the Group was a relatively early adopter of an electronic (online) voting system. This software enables users to see the number of approvals, disapprovals and abstentions for each agenda item at a Board of Directors meeting. Occasionally during in-person meetings, instances where attendees offer no opinions may be considered unanimous consent, but through the use of an online voting system participants at Nichirei Group meetings can see all of the votes.

Discussions are especially lively when the topic is an investment or M&A proposal. All directors, whether inside or outside, engage in a candid exchange on matters such as whether a project's value has been overrated and is out of sync with actual conditions, or if there are issues with post-merger integration, and unhesitatingly give their opinions on how to proceed.

What the Nichirei Group Should Do to Achieve Sustainable Growth

Shoji: Since the Nichirei Group's main businesses are food and logistics, I think it should work to reduce its environmental footprint for the sake of its own corporate sustainability, viewing related investments as expenses necessary for maintaining that sustainability. I have a great deal of confidence in Nichirei's sustainability because when making investment proposals for production plants and refrigerated warehouses, materials used in the discussion always mention environmental considerations. Even though the investment amount may be considerable, Nichirei should regard it as a necessity, with the understanding that the sustainability of society will lead to the sustainability of the Nichirei Group.

Wanibuchi: The Nichirei Pledge was changed last year to reflect ESG and the SDGs as the Nichirei Group set forth its five material matters. In FY2022, we have summarized the results of our extensive discussions on how to actually manage these material matters, and I think that the results of our discussions will be used in Nichirei's sustainable management.

Uzawa: I do not believe it is necessary to think about conducting corporate activities for the purpose of making a social contribution because the activities themselves result in a contribution to society. The ability to make capital expenditures with a low burden on the environment to generate profit, and then return that profit to stakeholders is, in a broad sense, fulfilling an obligation to all stakeholders, including the Earth. ESG and the SDGs are one set of guidelines for corporate activities, but contributing to resolving social and environmental issues should be seen as the result, rather than the purpose, of those activities.

Otani: In Peter Drucker's book *Management: Tasks, Responsibilities, Practices*, he says that "the business

enterprise is a creature of a society and an economy, and society or economy can put any business out of existence overnight." A corporation is inextricably linked with and a member of society. That is why I think that every company is able to help resolve social issues through its activities based on its mission. The Nichirei Group's Mission is to "Focus on Lifestyles, and Provide True Satisfaction." Based on this mission, we established our long-term vision to "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." We believe that making this vision a reality will ensure sustainability for both Nichirei and society. I am confident that by steadily continuing corporate activities day after day in good faith based on our mission, we will help resolve social issues.

Our inside and outside directors used this approach to decide on Nichirei's five material matters. Going forward, we will incorporate specific measures and quantitative targets based on these matters into our management strategy in order to share them among all employees and move forward with implementation.



Corporate Governance

Basic Policy and Structure

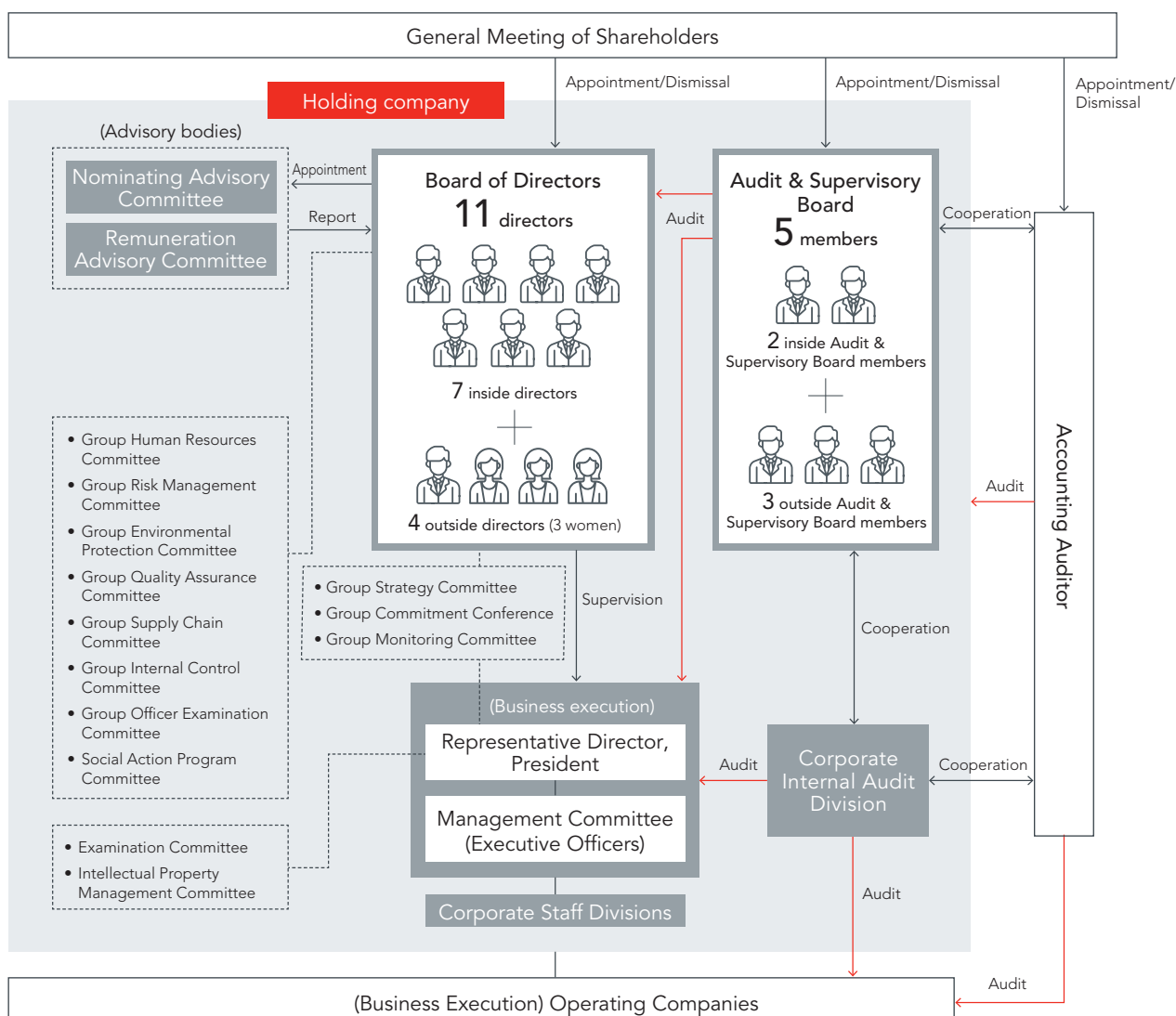
On the basis of its holding company structure, the Group engages in business through its Group companies across a wide range of fields that includes processed foods, marine products, meat and poultry products, logistics, and biosciences. In pursuit of sustainable growth and the enhancement of corporate 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 adheres to 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, while in terms of continuing to strengthen governance we will speed up decision-making and ensure thorough compliance.

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

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

Corporate Governance Structure (As of June 22, 2021)



Activities Aimed at Strengthening the Nichirei Group's Corporate Governance Structure

	FY2002	FY2006	FY2007	FY2013	FY2016	FY2017	FY2019	FY2020	FY2021	FY2022
Group structure		Shift to holding company system								
Separation of management supervision and execution	Implementation of executive officer system									
Outside directors		Shift to three independent outside directors								Four outside directors
Female outside directors		One First female outside director appointed				Two				Three
Outside Audit & Supervisory Board members				Three						
Establishment of voluntary committees										
Evaluation of effectiveness of Board of Directors						Board of Directors effectiveness evaluations started				
Officer remuneration			Retirement bonuses for directors discontinued					Revision of officer remuneration system		
Others					Basic Policy on Corporate Governance established	Discontinuation of rules regarding the high-volume purchase of Nichirei share certificates, etc. (Anti-takeover measures)	Formulation of Group Disclosure Policy		Revision of Basic Policy on Corporate Governance (Revisions to policy on capital management and other protocols and adjustments to maximum terms of office for outside Audit & Supervisory Board members to ensure their independence)	

Overview of Board of Directors

Composition	11 directors (4 outside directors)
Number of meetings in FY2021	18
Description of operations	Promotes proper allocation of Group resources, swift decision-making and thorough compliance through supervision of the Group's strategy planning and business execution of operating companies. After discussion by the Group Strategy Committee, which meets twice a year, the Board of Directors formulates and approves the Group's strategies and conducts quarterly checks of the status of implementation at each Group business. It also engages in highly effective supervision of executive directors and executive officers.

Overview of Audit & Supervisory Board

Composition	5 Audit & Supervisory Board members
Number of meetings in FY2021	16
Description of operations	As a body that is independent from the Board of Directors, the Audit & Supervisory Board communicates with directors, Corporate Internal Audit Division and other departments of the holding company in accordance with the annual audit policy and audit plan to gather information and prepare the audit environment.

Status of the Establishment of Voluntary Committees, Their Composition and the Attributes of Their Chairpersons

Committee	Role	Chairperson	Frequency
Nominating Advisory Committee	Discusses the suitability of candidates for senior management and directors/Audit & Supervisory Board members, as well as successor plans, and reports its findings to the Board of Directors.	Shizuka Uzawa Outside Director	Twice a year, in principle
Remuneration Advisory Committee	Discusses the remuneration system, remuneration levels, the appropriateness of remuneration amounts, and other related matters, and reports to the Board of Directors.	Shizuka Uzawa Outside Director	Twice a year, in principle

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

	Status of Appointment	■Number of Meetings Held		
		2018	2019	2020
Representative Director, Chairman	<ul style="list-style-type: none"> • Management Committee • Group Human Resources Committee 			
Representative Director, President	<ul style="list-style-type: none"> • Boards of Directors • Group Risk Management Committee • Group Internal Control Committee 			
Inside directors	<ul style="list-style-type: none"> • Group Environmental Protection Committee • Group Quality Assurance Committee • Social Action Program Committee 			
Audit & Supervisory Board members	<ul style="list-style-type: none"> • Group Officer Examination Committee 			
Outside directors				
Outside Audit & Supervisory Board members				

	2018	2019	2020
Board of Directors	19	18	18
Nominating Advisory Committee	2	2	5
Remuneration Advisory Committee ¹	6	3	5
Management Committee	23	20	17
Group Human Resources Committee	2	2	2
Group Risk Management Committee	2	2	2
Group Environmental Protection Committee	3	2	2
Group Quality Assurance Committee	2	2	2
Group Internal Control Committee	1	1	1
Group Officer Examination Committee ²	—	1	1
Social Action Program Committee	1	1	1

1. As of January 2020, meets twice a year in principle according to the Remuneration Advisory Committee rules

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

Evaluations of Effectiveness

■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.

Evaluation procedure	<p>Subjects: Directors and Audit & Supervisory Board members (15 individuals in total)</p> <p>Period: January–February 2021</p> <p>Method: Self-assessment involving questionnaires and individual interviews conducted by third-party experts</p>
----------------------	--

Summary of findings	<p>Opinions of directors and Audit & Supervisory Board members in their questionnaire responses and individual interviews</p> <ul style="list-style-type: none"> • Although some of the methods of management by Nichirei's Board of Directors changed due to COVID-19, such as using an online meeting system, discussions were still lively and the atmosphere was conducive to speaking up. • There were many positive opinions to the effect that the Nichirei Board of Directors has achieved a considerable degree of overall effectiveness, in ways such as improving the provision of materials in order to further enhance board discussions. • Furthermore, respondents pointed out multiple areas needing improvement in order to enhance the board's effectiveness. They are described on the following page, and are expected to be incorporated in future board deliberations.
---------------------	---

■The Board of Directors Role and Institutional Design

Initiative	The current institutional design of a company with Audit & Supervisory Board system was deemed appropriate as decision-making and management supervision are executed effectively, thus many were of the opinion that there was no need to transition to a different institutional (a company with audit and supervisory or nominating committees) design. There were also many opinions indicating that, depending on future conditions, the board should examine transitioning to another institutional design that places more emphasis on the Board of Directors supervisory function.
Future approach	In light of Nichirei Group management strategies, changes in the business environment going forward and Corporate Governance Code requirements, the Company decided to engage in ongoing discussions regarding the role of the Board of Directors, as well as institutional designs most appropriate for executing that role, while continuing to review options including the transition to a company with audit and supervisory or nominating committees.

■Board of Directors Composition

Initiative	While the ratio of outside directors among board members was evaluated positively as a whole, taking into account Corporate Governance Code revisions and the annual tightening of voting rights execution criteria for institutional investors, many respondents were of the opinion that the ratio of outside director appointments should be increased to one-third or more. Additionally, there were many other opinions exchanged regarding inside director composition and outside director diversity.
Future approach	In light of Group management strategies and recent requests from institutional investors to increase the ratio of outside directors, the number of outside directors was increased by one at the General Meeting of Shareholders held on June 22, 2021. In all, 11 directors, including four outside directors, were appointed. Going forward, the Company decided to continue examining inside director composition and outside director diversity and will consider whether or not to increase the outside director ratio over the medium to long term.

■Board of Directors Administration and Meeting Materials Management

Initiative	Many respondents gave positive assessments of the progress made in improving meeting materials in response to paperless initiatives implemented since October 2018. At the same time, several respondents were of the opinion that further improvements were needed regarding the content and timing of provision of Board of Director meeting materials.
Future approach	With a view to energizing Board of Director deliberations and improving its efficacy by further innovating and enhancing the content of meeting materials and providing information in advance, the Company decided to provide materials even further in advance of meetings, create opportunities to share required information regarding projects of high importance in advance, and pursue improvements in the format of proposal materials used from 2020 pertaining to investment and financing projects and other specific agenda items that tend to involve a comparatively large volume of materials.

Efforts to Ensure Meaningful Discussions

Nichirei distributes materials for use at Board of Directors meetings to each director and Audit & Supervisory Board member at least three days in advance of meetings in order to ensure meaningful discussions.

When internal communication and coordination are required to accurately provide Company information in response to instructions from independent outside directors or independent outside Audit & Supervisory Board members, the secretary in charge acts as the contact point in order to ensure necessary coordination with relevant departments.

Newly appointed directors and Audit & Supervisory Board members are given training as necessary on the Companies Act and other related laws, management strategy, financial analysis and other such matters. Additional training on legislative revisions and management issues is provided as necessary after new members assume office. Moreover, explanations of the Group's businesses and tours of the major facilities are provided to outside officers as necessary.




Corporate Governance

Outside Directors and Outside Audit & Supervisory Board Members Appointments

Reasons for Appointment of Outside Directors and Main Activities

	Name	Designation as Independent Director	Reasons for Appointment
	Shizuka Uzawa	○	Mr. Uzawa has extensive experience as a corporate executive in addition to 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).
	Mieko Wanibuchi	○	Ms. 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.
	Kuniko Shoji	○	Ms. Shoji has extensive experience as a corporate manager in pharmaceutical-related businesses 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 (including meetings of the Nominating Advisory Committee and Remuneration Advisory Committee).
	Mana Nabeshima	○	Ms. Nabeshima has extensive experience in overseas operations and a wide range of knowledge in finance. Accordingly, the Company has appointed her as an outside director in order to take advantage of her experience and knowledge in management.

Reason for Appointment of Outside Audit & Supervisory Board Members and Main Activities

	Name	Designation as Independent Director	Reasons for Appointment
	Yuhiko Saito	○	Mr. Saito has had a career in the legal profession and has held judicial positions in government office. Having worked as an attorney since retiring from public office, he possesses a wealth of experience and detailed knowledge as a legal expert.
	Kiyoshi Asahina	○	Mr. Asahina engaged for many years in both domestic and foreign business affairs in administrative fields related to agriculture, forestry and fisheries. He has gained a wealth of understanding and expert insight from leading independent audits.
	Muneaki Kiyota	○	Mr. Kiyota has held important positions in financial institutions, most of which were based abroad. He then served as an 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.

Note: As Mr. Asahina and Mr. Kiyota were newly appointed at the General Meeting of Shareholders held on June 24, 2020, their attendance reflects meetings held after that date.

Advisory Committee(s)	Board of Directors Meeting Attendance	Years of Service as Director
<ul style="list-style-type: none"> • Chairperson, Nominating Advisory Committee • Chairperson, Remuneration Advisory Committee 	18/18	5
<ul style="list-style-type: none"> • Member, Nominating Advisory Committee • Member, Remuneration Advisory Committee 	18/18	5
<ul style="list-style-type: none"> • Member, Nominating Advisory Committee • Member, Remuneration Advisory Committee 	18/18	3
<ul style="list-style-type: none"> • Member, Nominating Advisory Committee • Member, Remuneration Advisory Committee 	—	Appointed June 2021

Advisory Committee(s)	Board of Directors/Audit & Supervisory Board Meeting Attendance	Years of Service as Audit & Supervisory Board Member
—	Board of Directors 18/18 Audit & Supervisory Board 16/16	2
—	Board of Directors 14/14 Audit & Supervisory Board 11/11	1
—	Board of Directors 14/14 Audit & Supervisory Board 11/11	1

Corporate Governance

Officer Remuneration System

■ Policies and Methods for Determining Officer Remuneration

The policy for determining individual director remuneration is for the Remuneration Advisory Committee to discuss the appropriateness of each director's remuneration every fiscal year and for the decision to be made by the Board of Directors. In these discussions, the Remuneration Advisory Committee reflects changes in the management environment and the opinions of shareholders and investors, and obtains information necessary for discussion from third-party agencies with extensive global knowledge and experience.

■ Basic Policies

Directors (excluding outside directors)

- Remuneration shall strongly encourage directors to perform their duties in accordance with the Group's Management Principles, basic CSR policy, the Nichirei Pledge and management strategies.
- In order to achieve long-term management goals, remuneration is set to strongly motivate directors to achieve specific management goals with regard to the Group's material issues and medium-term business plans.
- In order for remuneration to serve an incentive toward the Group's sustainable growth, the ratio of remuneration linked to short-term results, performance of duties, etc. (performance-linked bonuses) and remuneration linked to medium- to long-term results and corporate value (stock compensation) will be set in an appropriate manner.
- Directors and executive officers shall be treated in a manner befitting their positions as officers of the Company in consideration of the significance of the Group's social role and responsibilities, trends at companies, including those in the food and logistic industries, that compete with the Group in terms of business and human resources, and changes in the business environment.

Outside Directors

- In light of their role of supervising the Company's management from an independent and objective standpoint, outside directors are paid only basic remuneration (fixed) compensation.

Directors (excluding outside directors)

- As shown below, remuneration for directors other than outside directors consists of role-based remuneration and a director allowance, which are basic (fixed) remuneration, and performance-based bonuses and stock compensation, which are variable remuneration.

Remuneration Composition		General Percentage	Purpose/Description
Basic (fixed) remuneration	Role-based remuneration	60%	Basic remuneration for performance of duties Set according to the significance of the role of each director
	Director allowance		Remuneration for the responsibilities of making and supervising the execution of management decisions Set at a uniform amount for all directors
Variable remuneration	Performance-linked bonuses	20%	Remuneration for motivating directors to achieve annual financial and strategic goals The amount paid when achieving goals ("standard amount") is set as a percentage of role-based compensation Paid within a range of 0-200% of the standard amount according to degree of achievement
	Stock compensation (restricted shares)	20%	Remuneration for encouraging management from a long-term/Group-wide perspective and the perspective of shareholders and investors Value of shares issued each fiscal year ("standard amount") is set as a percentage of role-based compensation Restricted shares are issued annually in an amount equal to the standard amount, and restrictions are lifted upon a director's retirement

■ Performance-Linked Bonuses

The total amount of monetary remuneration to be paid to each director as a performance-linked bonus is calculated by dividing the standard amount set according to the significance of the director's role into three categories, namely "Company-wide evaluation," "Business evaluation," and "Individual evaluation," multiplying these amounts by the respective evaluation coefficients and adding the respective results.

Position	Standard amount of performance-linked bonus		
	Company-wide evaluation	Business evaluation	Individual evaluation
Representative Director, President	100%		
Director (in charge of business)	50%	30%	20%
Director (in charge of function)	70%		30%

Amount of individual bonus =
 Company-wide evaluation standard amount x Company-wide evaluation coefficient (0-200%)
 + Business evaluation standard amount x Business evaluation coefficient (0-200%)
 + Individual evaluation standard amount x Individual evaluation coefficient (0-200%)

The key performance indicators (KPIs) for calculating each evaluation coefficient are selected from among the financial and strategic indicators that the Company emphasizes in its medium-term business plan. The KPIs for calculating the Company-wide evaluation coefficient and the weights are provided below.

KPIs for Calculating the Company-wide Evaluation Coefficient	Weight	Reason for Selection
Consolidated net sales	20%	Indicator of expansion of business scale, which is a source of profit growth
Consolidated EBITDA	60%	Indicator of cash flow generation capabilities and profit growth while actively investing for growth
Consolidated REP	20%	Indicator contributing to improving corporate value by taking capital cost into account

Notes:

1. The KPIs for calculating the business evaluation coefficient are net sales (25%) and EBITDA (75%), consistent with the Company-wide evaluation. The KPIs for calculating the individual evaluation coefficient are particularly important items (including initiatives to improve REP in each business and initiatives related to training successors) selected individually from the Company's medium- to long-term strategic issues and challenges.
2. Retained Economic Profit (REP) is a unique business management indicator used by the Group and is calculated by deducting capital costs (capital used x WACC) from NOPAT.

■ Procedures for Determining Remuneration

In order to ensure appropriateness and objectivity in matters related to remuneration for individual directors, the Remuneration Advisory Committee, comprising mainly independent outside directors, discusses matters first and reports its findings to the Board of Directors, which then makes its decisions. The Remuneration Advisory Committee has discussions that touch on changes in the management environment and opinions of shareholders and investors, and appropriately obtains information necessary for discussion based on objective and expert standpoints.

In the process of determining the amount of individual performance-linked bonuses, the representative director, president, who has been delegated by the Board of Directors, interviews each director in regard to individual performance targets and evaluation results and makes a proposal. This proposal is discussed by the Remuneration Advisory Committee, and then the representative director, president, decides on the final amount. In order to ensure objectivity and fairness in the determination of individual performance targets and evaluation results, the results are reported to the Board of Directors in a timely and appropriate manner. The final amount of individual bonus payments proposed by the representative director, president, is then discussed by the Remuneration Advisory Committee and decided by the Board of Directors.

Total Amount of Officer Remuneration in FY2021

Officer classification	Total amount of remuneration by category (Millions of yen)			Total amount of remuneration (Millions of yen)	Number of eligible officers
	Basic remuneration	Performance-linked bonuses	Restricted stock compensation		
Directors (excluding outside directors)	262 (162)	81 (48)	85 (85)	428 (295)	7 (7)
Outside directors	32			32	3
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	48			48	2
Outside Audit & Supervisory Board members	32			32	5
Total	374 (274)	81 (48)	85 (85)	541 (408)	17 (17)

Approach to Cross-Shareholdings

Cross-shareholdings are only utilized when it is determined that they will contribute to improvement of the Company's corporate value; for example by maintaining and strengthening trade and cooperative relationships. In addition, every year, the Board of Directors reviews the economic rationale of individual shareholdings of this type from a medium- to long-term perspective. If the importance of a particular shareholding is determined to have diminished, the shares are sold. In conducting such reviews, the Board of Directors carefully examines and makes a comprehensive judgment on whether the benefits, such as profits from transactions, and dividends or risks are commensurate with the cost of capital, followed by consideration of a qualitative evaluation of the strategic importance of the shareholding.

In regard to the exercise of voting rights for cross-shareholdings, the Company will review all the details of the relevant proposal in the investee company's shareholders meeting agenda, and if any of the following apply to the investee company, the Company will make a decision after careful examination on a case-by-case basis:

- (1) The investee has engaged in acts that will lead to a loss of shareholder value
- (2) The investee's performance or stock price has deteriorated significantly
- (3) There are other serious doubts with respect to agreeing to the proposal

Internal Control/Compliance

Approach to Internal Control

The Group recognizes that developing and operating an internal control system to facilitate operational effectiveness and efficiency, ensure the accuracy of financial reports, comply with laws and regulations pertinent to business, and to safeguard its assets will translate into higher corporate value.

In terms of the development of systems necessary to ensure that the execution of the duties by the directors complies with laws and regulations and the Articles of Incorporation, and other systems prescribed by ordinance of the Ministry of Justice as systems necessary to ensure the propriety of operations of the Company and the operations of the group of enterprises consisting of the Company and its subsidiaries pursuant to the Companies Act of Japan, the Company has established the basic policy for its internal control system as follows. The Company will endeavor to improve the policy by reviewing it annually to adapt to changes in the business environment, etc.

Internal Controls Basic Policy

1. Compliance with the law and internal regulations
2. Managing information on Company, subsidiary directors
3. Risk management of Company, subsidiary losses
4. Group duties of Nichirei, subsidiaries (besides those in 1-3 above)
5. Exclusion of antisocial forces
6. Audit & Supervisory Board Members and independence of employees
7. Systems for reporting to Audit & Supervisory Board Members
8. Ensuring compliance of Audit & Supervisory Board Members

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, the Group has created guidelines for proper employee behavior in line with laws, its 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, the Group conducts employee compliance training aimed at ensuring a more pervasive understanding of compliance management and a more universal compliance management framework.

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

Educating Employees about the Code of Conduct to Ensure Compliance

The Group seeks to continue commanding trust, based on the high ethical standards of its board members and employees. Following the April 2014 revision of our code of conduct, we included it and the Group management principles in the employee handbook.

In addition, a guidebook on the use of social media has been distributed to all employees and, on the Group's intranet, we publish a monthly series of slideshow-style materials designed to help employees understand case studies related to the code of conduct.

In addition, the Nichirei Group has been offering e-learning sessions to educate and train employees, based on its in-house educational rules. The Nichirei Group is committed to continue providing compliance training.



Presentation materials related to the code of conduct

Initiatives to Prevent Bribery and Corruption

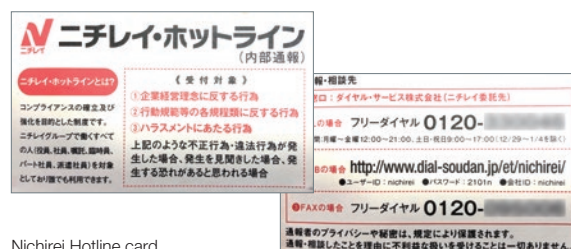
The Company is working to prevent anyone working for the Nichirei Group from engaging in acts of bribery involving public officers or others by clarifying the basic matters they should comply with and by using the *Bribery and Corruption Prevention Manual* to familiarize them with specific matters that require caution. Applicable laws and regulations include not only those of Japan but also those of major related countries and regions, including the European Union, the United States, the United Kingdom and China, and they apply to all officers and employees of Group companies, regardless of whether those entities are in Japan or elsewhere.

Internal Whistleblower Hotline and Consultation Service

In October 2003, the Company introduced an internal reporting and consultation hotline. This allows employees to report, or seek advice on, actions that violate laws or company regulations, or that are ethically questionable.

In FY2016, the Company updated its internal whistleblower hotline system in response to the requirements of Japan's new Corporate Governance Code, which specifies that internal whistleblower hotline systems are to be independent from a company's management. To ensure that all employees are aware of the new hotline, the Company created and distributed promotional posters for its workplaces and reminder cards for employees.

In accordance with Company policy, all reports received are relayed to top management by the administration office, which also conducts an investigation to confirm the facts, implements corrective measures and provides feedback to the person who made the report (when not reported anonymously). Anonymity is preserved to protect the identity of the person reporting, while the process is carefully managed to ensure there is no retaliation against or adverse treatment of the person reporting by those who are the subject of complaints.



Nichirei Hotline card

Number of Internal Reports Received

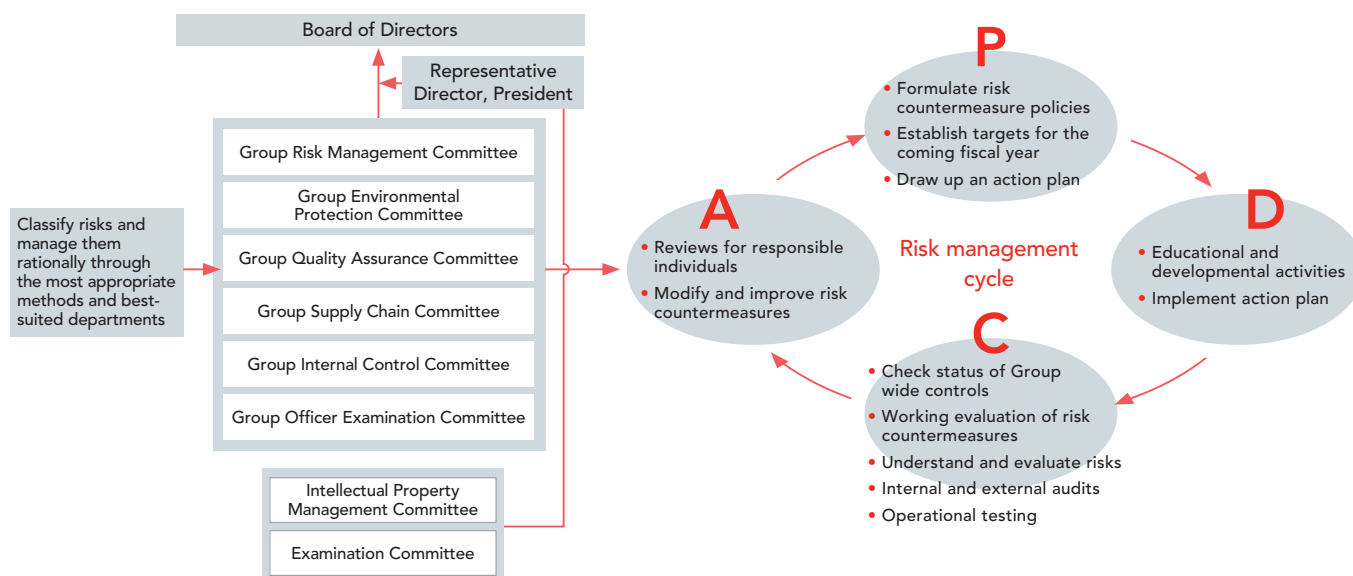
	FY2017	FY2018	FY2019	FY2020	FY2021	Five-year total (FY2017-2021)
Total	20	35	12	21	27	115

Risk Management

Approach to Risk Management

The Nichirei Group has established 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 way from a comprehensive standpoint, and to maximize the Group's corporate value. The committee identifies and evaluates Group-wide risks, and Nichirei and its operating companies take countermeasures 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 countermeasures.

Risk Management Structure



Committee	Chairperson	Purpose
Group Risk Management Committee	Kenya Okushi Representative Director, President	To use the most appropriate and rational methods to comprehensively manage uncertainties that could damage the Nichirei Group's corporate value. An Overseas Compliance Subcommittee and Information Security Subcommittee have been established under this committee to monitor progress on measures related to responding to important risks.
Group Environmental Protection Committee		To contribute to coexistence with an environmentally friendly society. This includes reducing environmental impact, enhancing environmental protection activities and compliance with legal requirements such as environmental laws, regulations and ordinances.
Group Quality Assurance Committee		To achieve the product and service quality expected by customers and society.
Group Supply Chain Committee		To plan and review uniform Group-wide initiatives for building and maintaining a sound and sustainable supply chain and to contribute to the mutual prosperity and harmony of stakeholders of the Nichirei Group and its supply chains.
Group Internal Control Committee		To enhance the business operations of Group companies and improve efficiency by establishing, operating, monitoring and improving internal control systems at each Group company.
Group Officer Examination Committee	Consulting lawyer	To ensure the fairness of rewards and punishments for directors and executive officers of the holding company and four core operating companies.

Important Risks and Countermeasures of the Nichirei Group

Risk Category	Countermeasure	Management System
Economic conditions and business environment	In response to environmental changes, the Nichirei Group is promoting innovation through its wide-ranging businesses, which provide value in the fields of food and health, and creating new value that offers solutions to issues facing its customers and society at large. Through these efforts, the Group contributes to good eating habits and health for all people.	Strategic management
Finance	The Company works to minimize the impact of exchange rate fluctuation on business results through forward exchange contracts and other measures. In regard to fixed asset holdings, the Company has introduced a PDCA cycle for each investment, and clarifies the items for consideration when preparing investment plans, as well as the rules for post-investment verification to ensure proper operations.	Finance
Changes in laws, regulations, and business practices	The Nichirei Group works to ensure thorough compliance based on the Nichirei Pledge, which is the Group's basic CSR policy. The Group also pays careful attention to trends in the laws and regulations of each country and region and gathers necessary information. The Group recognizes changes in laws and regulations related to the environment and society as particularly urgent issues from the standpoint of both risk and opportunity and takes action accordingly.	Strategic management
Food quality issues	In order to provide customers with reliable products and services, the Nichirei Group works to enhance its integrated quality assurance system from product development to procurement of ingredients, production and sales. Ensuring food safety and reliability is the Group's top priority. This includes appropriate ingredient and product quality and production control, development of traceability systems, food defense initiatives, and training and proper allocation of personnel.	Group Quality Assurance Committee
Supply chain	The processed foods business continually improves formulation technology and production efficiency to reduce manufacturing costs and develop products that offer greater value. The marine, meat and poultry products business works to balance supply and demand in procurement and sales, expand the lineup of processed products that are less susceptible to the impact of fluctuating market prices, and increase sales of differentiated products. In addition, this business makes efforts for sustainable food procurement by carrying MSC/ASC-certified marine products, procuring sustainable palm oil, and conducting a sustainable-cycle poultry business.	Group Supply Chain Committee, Group Environmental Protection Committee
Climate change	As climate change initiatives, the Nichirei Group is working to conserve energy in ways such as introducing highly efficient equipment, and is switching from fluorocarbon to natural coolants. The Group is also introducing solar power generation equipment and purchasing green power certificates and other sources of renewable energy that do not produce CO ₂ emissions. In addition, the Group is conducting ongoing assessments of the impact of climate change and disclosing information according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).	Group Environmental Protection Committee
Information systems/ security	In regard to information security, the Nichirei Group has implemented technical measures against external cyberattacks, including a firewall, an intrusion detection system and a proper authentication system. At the same time, the Group is working to build an appropriate management structure for its information systems by preparing rules on information security and providing e-learning and other training to employees.	Group Risk Management Committee
Disasters	As countermeasures for large-scale natural disasters, the Group is proceeding with seismic retrofitting work and deploying emergency generators and has established an employee safety confirmation system as well as a disaster prevention manual and business continuity plan (BCP), and utilizes multiple data centers.	Group Risk Management Committee

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 24 messages on the Company intranet, 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

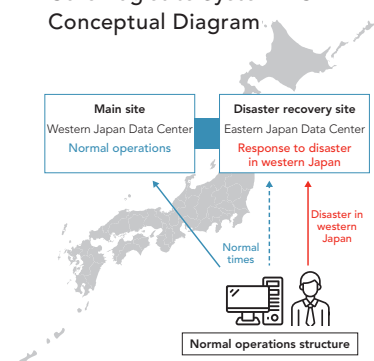
We have introduced a Group-wide safety confirmation system using a dedicated website. In the event of a disaster, such as an earthquake with an intensity of five or higher, emails will be sent to employees to check whether they are safe, and relevant local information will be provided immediately on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

Enhancing Core Logistics System BCP

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

Assuming the possibility of damage to the data center, where operations are heavily concentrated, the group created a disaster recovery (DR) system that enables rapid resumption of business. In the event of a large-scale disaster, the group can quickly resume operations through the use of two bases, each of which can switch from the system at its main site to the DR site. Approximately one hour is needed from the activation of the system until an online restart is possible. The system is designed to ensure that customer businesses and food distribution are not affected. The Nichirei Logistic Group plans to implement advanced initiatives as a food logistics lifeline in order to contribute to the business continuity of our business partners.

Core Logistics System BCP Conceptual Diagram



Directors, Audit & Supervisory Board Members and Executive Officers

(As of June 22, 2021)



Back row, from left

Yuichi Takaku
Executive Officer

Hideo Yokoi
Executive Officer

Wataru Tanabe
Director,
Executive Officer

Masahiko Takenaga
Director,
Executive Officer

Kazuhiro Umezawa
Director,
Executive Officer

Junji Kawasaki
Director,
Executive Officer

Front row, from left

Mana Nabeshima
Outside Director

Kuniko Shoji
Outside Director

Mieko Wanibuchi
Outside Director

Kenya Okushi
Representative Director,
President

**Kazuhiko Yasuda**Audit & Supervisory
Board Member**Tatsushi Kato**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**Yutaka Karino**

Executive Officer

Kenji Suzuki

Executive Officer

Kunio OtaniRepresentative
Director, Chairman**Takumi Taguchi**Director,
Executive Officer**Shizuka Uzawa**

Outside Director

To prevent the spread of COVID-19, participants removed their masks only for the moment this photograph was taken.

Officer Career Summaries (As of June 22, 2021)

Directors



Kunio Otani

Representative
Director, Chairman

Number of years in office:	3
Number of shares held:	27,038

April 1980 Joined the Company
 April 2005 Director, Managing Executive Officer, Nichirei Proserve Inc.
 April 2008 General Manager of Strategic Planning, the Company
 June 2010 Executive Officer; General Manager of Corporate Supervisor Division; General Manager of Strategic Planning, the Company
 April 2012 President, Nichirei Proserve Inc.
 June 2012 Director, Executive Officer; in charge of Corporate Internal Audit, Corporate Supervisor Division, General Affairs, Human Resources Strategy, Accounting & Tax, and Public Relations; General Manager of Strategic Planning, the Company
 June 2013 Representative Director, President, the Company
 June 2016 President, FINET, INC.
 June 2017 Chairman, Japan Association of Refrigerated Warehouses
 April 2019 Chairman, the Company (to the present)
 June 2020 Outside Director, Japan Finance Corporation (to the present)
 July 2020 Outside Audit & Supervisory Board Member, Fukoku Mutual Life Insurance Company (to the present)

Significant concurrent positions outside the Company

Outside Director, Japan Finance Corporation

Outside Audit & Supervisory Board Member, Fukoku Mutual Life Insurance Company



Kenya Okushi

Representative
Director, President

Number of years in office:	3
Number of shares held:	19,206

April 1988 Joined the Company
 April 2011 General Manager of Business Coordination Division, Nichirei Foods Inc.
 April 2013 General Manager of Strategic Planning, the Company
 June 2014 Executive Officer; General Manager of Strategic Planning, the Company
 June 2015 Director, Managing Executive Officer; supervising Brand Promoting Department, Human Resources Strategy Department, Business Administration Department, Business Promoting Department, Imported Products Procurement Strategy Department, and International Business Division; General Manager of Strategic Planning Department, Nichirei Foods Inc.
 April 2017 President, Nichirei Foods Inc.
 June 2017 Director, Executive Officer, the Company
 April 2018 Director, Executive Officer; supervising Strategic Planning, the Company
 April 2019 President, the Company (to the present)
 May 2020 Chairman, Japan Frozen Food Association (to the present)

Significant concurrent positions outside the Company

Chairman, Japan Frozen Food Association



Takumi Taguchi

Director,
Executive Officer

Number of years in office:	8
Number of shares held:	8,935

April 1987 Joined the Company
 April 2011 General Manager of Finance, the Company
 April 2012 General Manager of Accounting & Tax, the Company
 June 2012 Director, Executive Officer, Nichirei Proserve Inc. Executive Officer; in charge of Finance & Investor Relations; General Manager of Accounting & Tax, the Company
 June 2014 Director, Executive Officer; supervising Corporate Internal Audit, Strategic Planning, Legal Affairs, Human Resources Strategy & General Affairs, Finance & Investor Relations, and Accounting & Tax; General Manager of Corporate Supervisor Division; General Manager of Public Relations, the Company
 April 2019 Director, Executive Officer; supervising Corporate Internal Audit, Business Management, Strategic Planning, IT Planning, Legal Affairs, Human Resources Strategy & General Affairs, Finance, Accounting & Tax and Group Communication, the Company (to the present)



Junji Kawasaki

Director,
Executive Officer

Number of years in office:	5
Number of shares held:	6,135

April 1987 Joined the Company
 April 2013 General Manager of Quality Assurance Department, Nichirei Foods Inc.
 April 2014 Executive Officer; General Manager of Quality Assurance Department, Nichirei Foods Inc.
 April 2017 General Manager of Technology Management, the Company
 June 2017 Director, Executive Officer; supervising Quality Assurance; General Manager of Technology Management, the Company
 April 2018 Director, Executive Officer; supervising Technology Management; General Manager of Quality Assurance, the Company
 April 2021 Director, Executive Officer; supervising Quality Assurance and Business Innovation; General Manager of Technology Management, the Company (to the present)



Kazuhiko Umezawa

Director,
Executive Officer

Number of years in office:	4
Number of shares held:	12,737

April 1988 Joined the Company
 April 2008 Executive Officer; General Manager of Solution Development Department, Logistics Planner Inc.
 April 2012 Managing Executive Officer; General Manager of Management Division, Logistics Network, Inc.
 May 2014 President, Nichirei Logistics Tokai, Inc.
 May 2016 President, Nichirei Logistics Kansai, Inc.
 June 2017 Director, Managing Executive Officer; General Manager of Technology Information Planning Department; General Manager of Operation Innovation Promotion Department, Nichirei Logistics Group Inc.
 April 2018 President, Nichirei Logistics Group Inc. (to the present)
 June 2018 Director, Executive Officer, the Company (to the present)

Significant concurrent positions outside the Company

President, Nichirei Logistics Group Inc.



Masahiko Takenaga

Director,
Executive Officer

Number of years in office:	3
Number of shares held:	14,275

April 1989 Joined the Company
 April 2013 General Manager of Brand Promoting Department, Nichirei Foods Inc.
 April 2015 Executive Officer; General Manager of Manufacturing Strategy Department, and General Manager of Manufacturing Administration Department, Manufacturing Division, Nichirei Foods Inc.
 April 2016 Executive Officer; General Manager of Consumer Brand Division, Nichirei Foods Inc.
 April 2017 Managing Executive Officer; General Manager of Consumer Brand Division, Nichirei Foods Inc.
 June 2018 Director, Managing Executive Officer, Nichirei Foods Inc.
 April 2019 President, Nichirei Foods Inc. (to the present)
 June 2019 Director, Executive Officer, the Company (to the present)

Significant concurrent positions outside the Company

President, Nichirei Foods Inc.



Wataru Tanabe

Director,
Executive Officer

Number of years in office:	New appointment
Number of shares held:	—

April	1992	Joined the Company
September	2009	President, Nichirei Fresh Farm Inc.
April	2019	Executive Officer; General Manager of Strategic Planning, Nichirei Fresh Inc.
June	2020	Director, Executive Officer; General Manager of Strategic Planning, Nichirei Fresh Inc.
April	2021	President, Nichirei Fresh Inc. (to the present)
June	2021	Director, Executive Officer, the Company (to the present)

Significant concurrent positions outside the Company
President, Nichirei Fresh Inc.



Shizuka Uzawa

Outside Director

Number of years in office:	5
Number of shares held:	1,900

April	1969	Joined Nisshin Spinning Co., Ltd. (currently Nisshinbo Holdings Inc.)
June	2001	Director; Chief of Accounting and Finance Division, Nisshinbo Industries, Inc.
June	2004	Executive Director, Nisshinbo Industries, Inc.
June	2006	Director, Executive Managing Officer; Chief of General Affairs Division, Nisshinbo Industries, Inc.
April	2007	Director, Senior Executive Managing Officer; Chief of Paper Products Division, Nisshinbo Industries, Inc.
June	2009	President, Nisshinbo Holdings Inc.
June	2013	Chairman, Nisshinbo Holdings Inc.
October	2013	Outside Director, Japan Finance Corporation
March	2015	Outside Director, Sapporo Holdings Limited
June	2016	Outside Director, the Company (to the present)



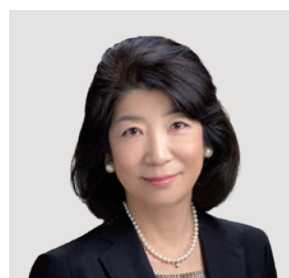
Mieko Wanibuchi

Outside Director

Number of years in office:	5
Number of shares held:	1,900

April	1995	General Manager, GINZA TAILOR CO., LTD.
April	2000	President, GINZA TAILOR CO., LTD.
June	2003	President, Warner Creative Japan Co., Ltd. (currently GGG Co., Ltd.) (to the present)
November	2003	President, Gintei Buildings Co., Ltd. (currently GINZA TAILOR GROUP CO., LTD.)
June	2016	Outside Director, the Company (to the present)
September	2019	CEO & Chairman, GINZA TAILOR CO., LTD. (to the present)
September	2019	CEO & Chairman, GINZA TAILOR GROUP CO., LTD. (to the present)

Significant concurrent positions outside the Company
CEO & Chairman, GINZA TAILOR GROUP CO., LTD.
CEO & Chairman, GINZA TAILOR CO., LTD.
President, GGG Co., Ltd.



Kuniko Shoji

Outside Director

Number of years in office:	3
Number of shares held:	1,100

April	1977	Joined Mochida Pharmaceutical Co., Ltd.
July	1986	Joined Johnson & Johnson Medical K.K. (currently Johnson & Johnson K.K.)
September	2002	Joined Terumo Corporation; General Manager of Regulatory Affairs Department, Terumo Corporation
June	2004	Executive Officer; General Manager of Regulatory Affairs Department, Terumo Corporation
June	2010	Director, Senior Executive Officer; General Manager of Regulatory Affairs Department; General Manager of Clinical Development Department, Terumo Corporation
April	2017	Director, Corporate Advisor, Terumo Corporation
June	2018	Outside Director, the Company (to the present)
		Outside Director, MEDIPAL HOLDINGS CORPORATION (to the present)
March	2019	Outside Director, DIC Corporation (to the present)
April	2019	Professor, Kanagawa University of Human Services Graduate School, School of Health Innovation (to the present)

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



Mana Nabeshima

Outside Director

Number of years in office:	New appointment
Number of shares held:	—

August	1991	Joined Citibank, N.A., Tokyo Branch
October	2000	Joined Goldman Sachs Japan Co., Ltd.
January	2015	Joined DBS Bank Ltd.
August	2016	Representative Director and CEO, DBS Securities (Japan) Co., Ltd.
September	2016	Country Head of Japan, DBS Bank Ltd.
January	2020	Executive Officer; Head of Sales, HiJoJo Partners Inc.
July	2020	Vice Chairman, DIGITAL GRID Corporation (to the present)
June	2021	Outside Director, the Company (to the present)

Officer Career Summaries

Audit & Supervisory Board Members



Kazuhiko Yasuda

Audit & Supervisory Board Member

Number of years in office:	3
Number of shares held:	4,629

April 1984 Joined the Company
 April 2012 General Manager of Corporate Supervisor Division, the Company
 April 2014 General Manager of Accounting & Tax, the Company
 April 2018 General Manager of Corporate Social Responsibility Headquarters, the Company
 June 2018 Audit & Supervisory Board Member, the Company (to the present)



Tatsushi Kato

Audit & Supervisory Board Member

Number of years in office:	New appointment
Number of shares held:	—

April 1987 Joined the Company
 April 2013 General Manager of Funabashi Plant, Manufacturing Division, Nichirei Foods Inc.
 October 2013 General Manager of Funabashi Plant, General Manager of Funabashi No. 2 Plant, Manufacturing Division, Nichirei Foods Inc.
 April 2015 Executive Officer; General Manager of Funabashi Plant, General Manager of Funabashi No. 2 Plant, Manufacturing Division, Nichirei Foods Inc.
 April 2016 Executive Officer; General Manager of Manufacturing Division, Nichirei Foods Inc.
 April 2019 Managing Executive Officer; General Manager of Quality Assurance Department, Nichirei Foods Inc.
 April 2020 Managing Executive Officer; General Manager of Quality Assurance Department, General Manager of Research and Development Department, Nichirei Foods Inc.
 April 2021 General Manager of Corporate Social Responsibility Headquarters, the Company
 June 2021 Audit & Supervisory Board Member, the Company (to the present)



Yuhiko Saito

Outside Audit & Supervisory Board Member

Number of years in office:	2
Number of shares held:	700

April 1983 Appointed Public Prosecutor
 September 2012 Director-General of the Rehabilitation Bureau, Ministry of Justice
 July 2014 Chief Prosecutor, Kyoto District Public Prosecutors Office
 April 2015 Chief Prosecutor, Yokohama District Public Prosecutors Office
 September 2016 Superintending Prosecutor, Takamatsu High Public Prosecutors Office
 March 2017 Superintending Prosecutor, Hiroshima High Public Prosecutors Office
 January 2018 Retired from office
 March 2018 Registered as an attorney (Dojima Law Office) (to the present)
 June 2019 Outside Audit & Supervisory Board Member, the Company (to the present)



Kiyoshi Asahina

Outside Audit & Supervisory Board Member

Number of years in office:	1
Number of shares held:	—

April 1978 Joined Ministry of Agriculture and Forestry (currently Ministry of Agriculture, Forestry and Fisheries)
 May 1994 Planning Manager, Vegetable Supply Stabilization Fund
 May 1997 Counselor, Embassy of Japan in the United Kingdom
 January 2001 Counselor, Cabinet Secretariat (to Assistance Chief Cabinet Secretary)
 July 2003 Director of Administration Division, Forest Policy Planning Department, Forestry Agency
 July 2004 Director-General, Cooperatives Inspection Department, Minister's Secretariat
 April 2008 Director-General, Kinki-Chugoku Regional Forest Office
 April 2010 Auditor, Fisheries Research Agency
 June 2014 Advisor, International Business Division, Japan Association for International Racing and Stud Book
 June 2020 Outside Audit & Supervisory Board Member, the Company (to the present)



Muneaki Kiyota

Outside Audit & Supervisory Board Member

Number of years in office:	1
Number of shares held:	—

April 1981 Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
 June 2004 General Manager of Forex Department, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
 April 2007 General Manager, Bangkok Branch, Mizuho Corporate Bank, Ltd.
 April 2009 Executive Officer, Mizuho Securities Co., Ltd.; President, Mizuho Bank (Switzerland) Ltd.
 April 2010 Director, Mizuho Securities Co., Ltd.
 June 2012 Audit & Supervisory Board Member & Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.
 June 2014 Director, Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.
 April 2018 Director, Senior Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.
 April 2020 Director, OKAYA ELECTRIC INDUSTRIES CO., LTD.
 June 2020 Outside Audit & Supervisory Board Member, the Company (to the present)

Executive Officers



Yutaka Karino

Executive Officer
In charge of Group
Communication
General Manager, Human
Resources Strategy &
General Affairs

April 1988 Joined the Company
April 2011 General Manager, Human Resources, Nichirei Logistics Group Inc.
April 2014 General Manager, Human Resources Strategy & General Affairs, the Company
June 2017 Executive Officer, General Manager of Human Resources Strategy & General Affairs, the Company
April 2021 Executive Officer; in charge of Group Communication, General Manager of Human Resources Strategy & General Affairs, the Company (to the present)



Hideo Yokoi

Executive Officer
Representative Director,
President, Nichirei
Biosciences Inc.

April 1990 Joined the Company
April 2018 Executive Officer, Nichirei Biosciences Inc.
June 2018 Director, Executive Officer, Nichirei Biosciences Inc.
April 2021 President, Nichirei Biosciences Inc. (to the present)
April 2021 Executive Officer, the Company (to the present)



Kenji Suzuki

Executive Officer
General Manager of
Business Management and
General Manager of
Finance

April 1991 Joined the Company
April 2019 General Manager of Finance, the Company
April 2021 Executive Officer, General Manager of Business Management and General Manager of Finance, the Company (to the present)



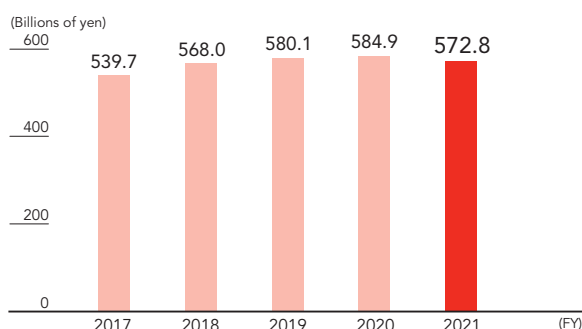
Yuichi Takaku

Executive Officer
In charge of IT Strategy,
General Manager of
Strategic Planning

April 1994 Joined the Company
April 2018 General Manager of Strategic Planning, Nichirei Logistics Group Inc.
April 2021 Executive Officer; in charge of IT Strategy, General Manager of Strategic Planning, the Company (to the present)

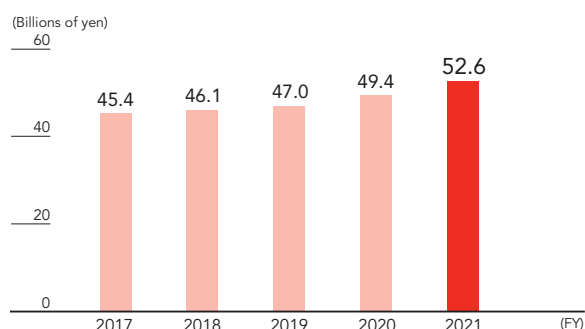
Financial and Non-financial Highlights

Net Sales



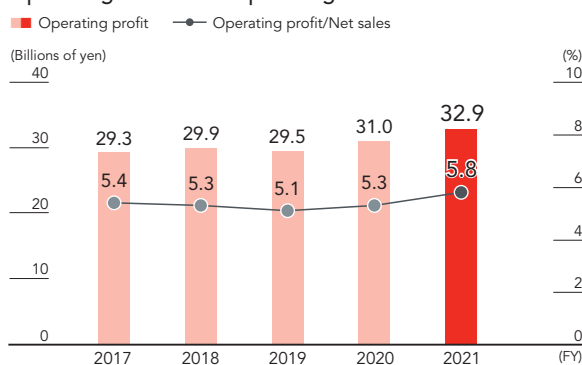
Net sales decreased 2% due to the impact of the COVID-19 pandemic. In processed foods, household-use and overseas sales were strong. In the logistics business, XD business revenues grew.

EBITDA



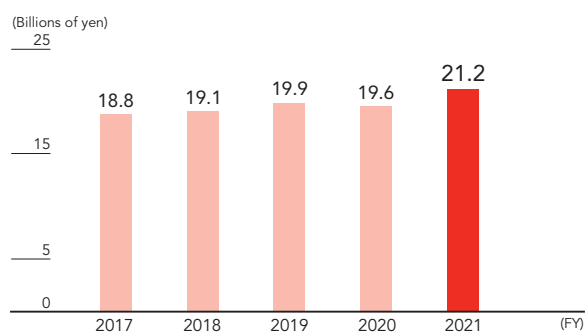
EBITDA increased as the Nichirei Group covered increased depreciation to secure growth in operating profit.

Operating Profit and Operating Profit/Net Sales



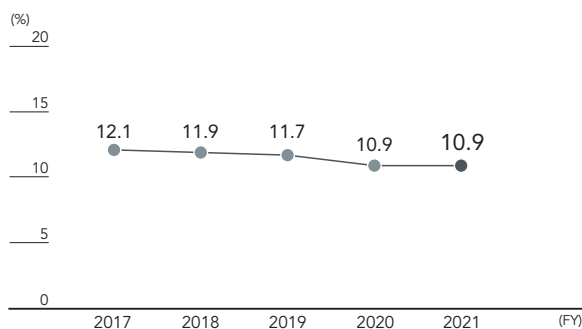
In addition to continued good performance by logistics and strong sales of household-use and overseas processed foods, strict management of Group-wide costs contributed to an increase in operating profit.

Profit Attributable to Owners of Parent



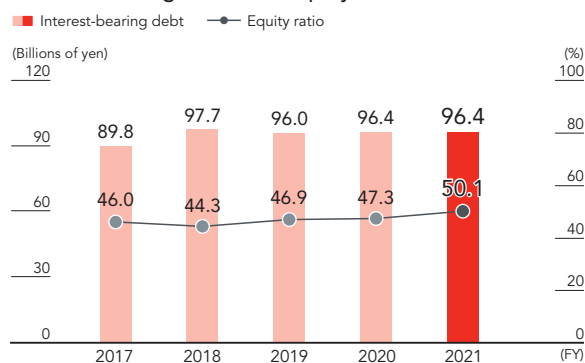
Profit has steadily increased due to profit growth in core businesses together with cost control and improved operational efficiency.

ROE



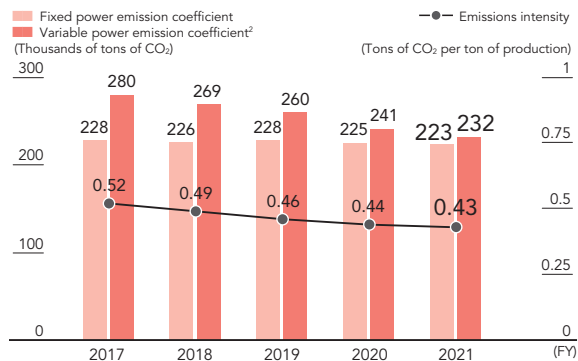
Due to steady profit, among other factors, ROE has continued to meet the medium-term business plan target of 10% or higher.

Interest-bearing Debt and Equity Ratio



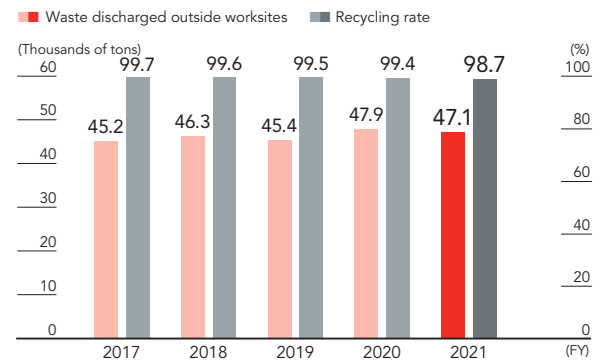
Interest-bearing debt increased ¥71 million to ¥96.4 billion. The equity ratio in FY2021 was 50.1%.

Total CO₂ Emissions



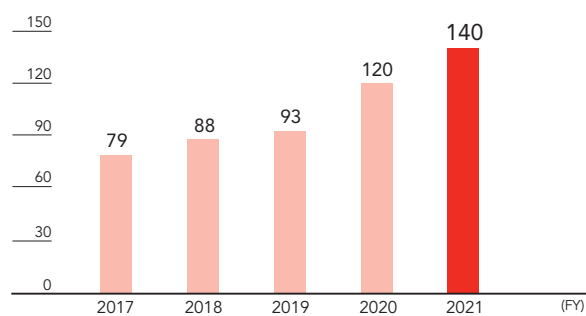
We set a new goal of a 50% reduction by FY2031 (compared with FY2016). In FY2021, we conserved energy by introducing energy-saving equipment and by improving efficiency. In addition, we utilized Renewable Energy Certificates to expand our use of renewable energy.

Waste Discharged Outside Worksites and Recycling Rate



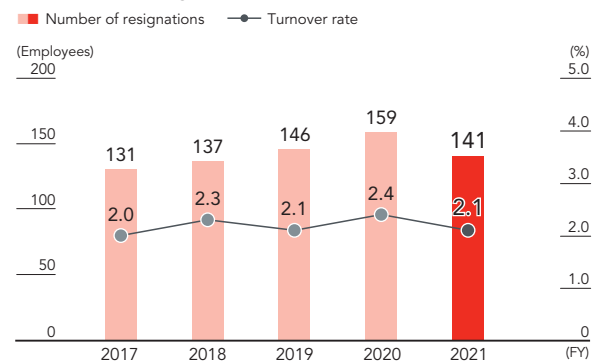
As a material matter for the Nichirei Group, we have set a KPI for and are actively working to reduce the amount of and recycle the food residue and waste generated by our business activities.

Number of Female Line Managers



As a material matter for the Nichirei Group, we will continue to proactively work to increase the ratio of female line managers at Nichirei Corporation to 30% by FY2031.

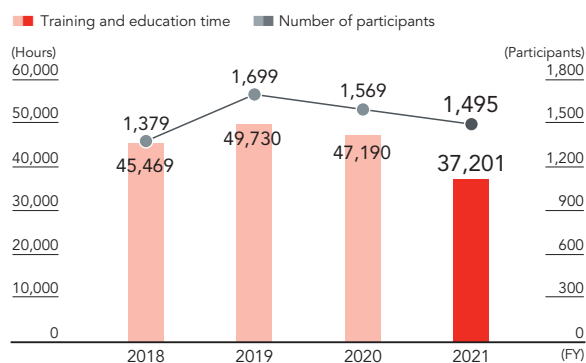
Number of Resignations and Turnover Rate



By continuously striving to create a good working environment, proactively promote young human resources and improve employee engagement, we have maintained a turnover rate well below the industry average of 9.4%.*

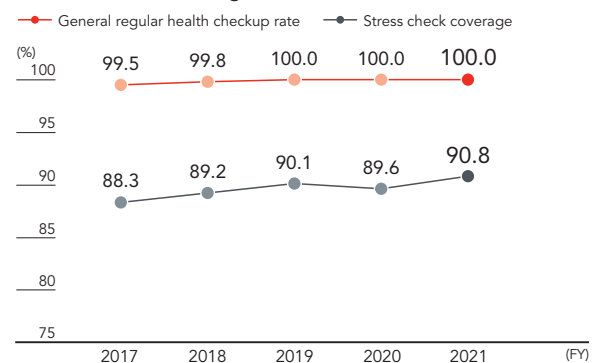
* Source: Ministry of Health, Labour and Welfare, Summary Report of the Survey on Employment Trends in 2018, Manufacturing turnover rate

Training and Education Time and Number of Participants



The Group Human Resources Committee is studying measures to enhance the content and quality of training and education as an investment in human resources. Due in part to the impact of COVID-19, we offer online educational programs.

General Regular Health Checkup Rate and Stress Check Coverage



Under the Nichirei Group Health Declaration, we are striving for health management based on the three pillars of health maintenance and improvement, mental health measures, and safety and hygiene control. The general regular health checkup rate has reached 100%.

Overview of Medium-term Business Plans

	energy 2012	RISING 2015
Concept	Aim to achieve FY2013 targets by conducting business activities based on employee (1) energy/vitality, (2) ability to act/execute and (3) (strong) efforts/initiatives	With the goal of achieving medium-term management vision GROWTH 2016, increase the corporate value of the Nichirei Group by realizing the sustainable growth targeted in the plan
Period	April 2010 to March 2013	April 2013 to March 2016
President	Toshiaki Murai	Kunio Otani
Basic Strategy	Achieve sustainable earnings growth by steadily pursuing business strategies and responding promptly to the operating environment.	Each operating company will, by displaying its unique capabilities and helping to resolve social issues through business development, fulfill its "six responsibilities" and establish a foundation for sustainable growth responsive to changes in the operating environment in Japan and overseas.
Main Initiatives	(1) Bolster earnings capacity and achieve sustainable growth by effectively allocating management resources (2) Facilitate the sustainable growth of the core operating companies by identifying and capturing growth opportunities (3) Obtain the trust of society by providing valuable food safety and reliability (4) Strengthen the source of the Group's competitiveness by further improving management quality (5) Strengthen the Group's abilities to collect and analyze new technologies to create new business models that will ensure sustainable growth (6) Examine the possibility of acquiring treasury stock as part of a capital policy (7) Redevelop the retirement benefit system	(1) Bolster the earnings capacity of individual Group companies in Japan and overseas to achieve sustainable growth. (2) Build a global quality assurance system. (3) Allocate the Group's management resources appropriately and continue to implement a policy of providing appropriate returns to shareholders, including the acquisition of treasury stock and a dividend increase. (4) Upgrade corporate functionality in the holding company structure. (5) Strengthen the strategy on technological innovation in response to major changes in social and economic circumstances.
Achievements	Achieved the plan targets for operating profit in the core processed foods and logistics businesses; marine, meat and poultry products fell substantially short Processed Foods <ul style="list-style-type: none"> Expanded sales of prepared frozen foods for the household-use and HMR markets Started full-scale operation of two factories for processed poultry products in Thailand Logistics <ul style="list-style-type: none"> Expanded earnings base by starting operation of Higashi-ogishima DC and other sites Increased contracts for XD outsourcing 	Made investments for sustainable growth and achieved Group targets for net sales and operating profit Processed Foods <ul style="list-style-type: none"> Strengthened the domestic in-house production system Expanded business scale in the United States Logistics <ul style="list-style-type: none"> Started operation of large-scale refrigerated warehouses in the Tokyo and Osaka metropolitan areas
Main Investments	<ul style="list-style-type: none"> FY2011 (Processed Foods) GFPT Nichirei (Thailand) Co., Ltd. established, Surapon Nichirei Foods Co., Ltd. Kabinburi Plant Building No. 2 expansion (Logistics) Fukuoka Higashihama DC, acquisition of Transports Godfroy S.A.S. (France) FY2012 (Logistics) Higashi-ogishima DC, Kagoshima So DC FY2013 (Processed Foods) Acquisition of InnovAsian Cuisine Enterprises Inc. (USA) 	<ul style="list-style-type: none"> FY2014 (Processed Foods) Newly established Funabashi No. 2 Plant (Logistics) Higashi-ogishima DC Phase 2 Building FY2015 (Processed Foods) Expanded cooked rice products production line (Logistics) Sakishima DC, Tokachi DC FY2016 (Logistics) Funabashi DC (rebuilding)
Operating Environment	<ul style="list-style-type: none"> Great East Japan Earthquake and subsequent nuclear power plant accident Appreciation of the yen as European financial instability becomes widespread 	<ul style="list-style-type: none"> Focus on food safety and security resulting from factors including cases of pesticide problems and meat sold after its sell-by date Consumption tax rate hike to 8% as Abenomics starts, and the yen depreciates
Stock Price/Currency Exchange Rate (at end of plan period)	Nikkei Stock Average: ¥12,397.91 Dollar/Yen exchange rate: ¥94.19	Nikkei Stock Average: ¥16,758.67 Dollar/Yen Exchange Rate: ¥112.56
Figures	Final year results	Final year results
Net Sales	¥470.1 billion	¥535.3 billion
(Overseas Sales)	¥37.5 billion	¥75.5 billion
Operating Profit	¥17.9 billion	¥21.5 billion
(Operating Margin)	3.8%	4.0%
Ordinary Profit	¥17.2 billion	¥21.4 billion
Profit	¥9.8 billion	¥13.4 billion
EBITDA	¥32.2 billion	¥38.0 billion
ROE	8.2%	9.1%
EPS	¥33.40	¥94.30
Total 3-Year Capital Expenditures	¥47.5 billion	¥64.4 billion
Incl. Processed foods	¥15.5 billion	¥24.7 billion
Logistics	¥27.8 billion	¥34.4 billion

POWER UP 2018	WeWill 2021	
Steadily strengthen the foundation of the Group and steadily implement structural reforms to generate the potential that enables sustainable growth	Aim to realize the long-term management goals toward 2030 with a strong intention to create a distinctive future	
April 2016 to March 2019	April 2019 to March 2022	
Kunio Otani	Kenya Okushi	
Aim for profit growth from strengthening the earnings base and improving asset efficiency in domestic businesses and for accelerated expansion of scale in the overseas business. Focus on business innovation and new business development for medium-to long-term growth.	Through planned investments significantly higher than the previous medium-term business plan, we aim to further accelerate sustainable profit growth and create new value that supports good eating habits and health.	
General Strategy (1) Ensure sustainable earnings growth and raise capital efficiency. (2) Pursue continued expansion in scale for overseas business. (3) Further enhance the Nichirei Group's capabilities for quality assurance. (4) Continue to strengthen corporate governance and other ESG-related efforts. (5) Focus more intently on utilizing diverse personnel. Financial Strategy • Maintain return on equity (ROE) of at least 8%. • Provide a continual, stable dividend with a target DOE of 2.5%. • Consider share buy-backs of around 20 million shares (approx. 7% of total issued shares)	General Strategy (1) Raise profitability in Japan by strengthening the management foundation and transforming the business structure. (2) Accelerate the expansion of scale in overseas operations. (3) Reinforce efforts to develop new businesses, conduct R&D, and reform businesses in order to ensure longer-term growth. (4) Help communities deal with issues they face and make them more sustainable through our businesses. (5) Focus more intently on work style reform and utilization of diverse personnel. Financial Strategy • Maintain return on equity (ROE) of 10% or higher. • Provide a dividend with a target DOE of 3.0%	
Achieved Group targets for net sales and operating profit by improving profitability of processed foods and stably expanding logistics Processed Foods • Improved profitability in Japan on expanded sales of mainstay products Logistics • Expanded cargo pickups mainly in metropolitan areas and improved balance of transport income Meat and Poultry • Increased earnings	Note: See pages 42–43 for the progress and outlook for Medium-term Business Plan WeWill 2021.	
• FY2018 (Logistics) Heiwajima DC (rental) (Marine Products) Trans Pacific Seafood Co., LTD. (Vietnam) established • FY2019 (Bioscience) Global Innovation Center established	• FY2020 (Logistics) Naha shinkou DC • FY2021 (Processed Foods) GFPT Nichirei (Thailand) Co., Ltd. second plant opened (Logistics) Nagoya minato DC, Honmoku DC	
• Rising nationalism in the United States and elsewhere, and slow progress of negotiations for the United Kingdom's departure from the EU • The Paris Agreement and TPP come into effect • Series of natural disasters in Japan	• Consumption tax rate hike to 10% • The global COVID-19 pandemic drastically changes social conditions. The United Kingdom leaves the EU. • Tokyo Olympics and Paralympics postponed for one year	
Nikkei Stock Average: ¥21,205.81 Yen/Dollar Exchange Rate: ¥110.84		
Final year results	Final year forecast	Plan targets
¥580.1 billion	¥600.0 billion	¥657.0 billion
¥79.2 billion	¥77.3 billion	¥102.3 billion
¥29.5 billion	¥35.0 billion	¥35.0 billion
5.1%	5.8%	5.3%
¥29.9 billion	¥35.5 billion	¥35.2 billion
¥19.9 billion	¥23.0 billion	¥22.0 billion
¥47.0 billion	¥57.2 billion	¥57.6 billion
11.7%	10% or higher	10% or higher
¥149.65	¥172.59	¥164.90 or more
¥63.0 billion	¥108.4 billion	¥100.8 billion
¥21.3 billion	¥40.4 billion	¥42.3 billion
¥29.6 billion	¥56.8 billion	¥47.1 billion

Management Strategy

Value Creation Story

Financial Strategy

Business Strategy

Initiatives for Achieving a Sustainable Society

Data

11-Year Financial Highlights

Nichirei Corporation and Consolidated
Subsidiaries for the Years Ended March 31

Sales and Income:

Net sales	*	437,808	454,931	470,126	511,189
Cost of sales		350,442	368,012	378,652	417,928
Selling, general and administrative expenses	*	70,685	70,741	73,541	77,472
Operating profit		16,681	16,177	17,932	15,789
Non-operating income:		1,939	2,025	1,880	2,113
Interest and dividend income		488	622	575	1,060
Share of profit of entities accounted for using equity method		164	49	224	—
Non-operating expenses:	*	2,505	2,952	2,609	3,459
Interest expenses		1,371	1,445	1,438	1,295
Share of loss of entities accounted for using equity method		—	—	—	795
Ordinary profit		16,115	15,250	17,202	14,443
Extraordinary income		5,123	1,308	1,690	2,347
Extraordinary losses	*	12,378	2,333	5,291	1,432
Profit before income taxes		8,860	14,225	13,601	15,357
Income taxes	*	4,772	6,406	5,489	5,480
Profit (loss) attributable to non-controlling interests		(44)	85	1,712	(978)
Profit (loss) attributable to owners of parent		4,044	7,904	9,823	8,898
Depreciation and amortization		14,158	14,978	14,302	14,475
(Excluding leased assets)		10,441	11,177	10,522	10,748
Capital expenditures		22,110	12,248	13,171	24,041
(Excluding leased assets)		18,076	9,400	10,724	21,209
Research & development expenditures		1,806	1,697	1,817	1,607

Share Information:

Profit per share	*	13.08	26.35	33.40	31.12
Dividends per share	*	9	9	10	10
Payout ratio		69%	34%	30%	32%

Notes:

- 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 an asterisk "*" have been fractionally adjusted for convenience purposes.
- Due to segment changes in FY2001 and FY2004, as well as changes in common cost allocation standards in FY2003 and FY2006, it is difficult to accurately follow the profit levels of each business in chronological order.
- From FY2016, 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, the FY2015 figure has been retroactively changed to reflect the change in the accounting policy standards.
- From FY2017, profit per share (yen) and dividends per share (yen) are shown as numerical values after the reverse stock split implemented on October 1, 2016.

	RISING 2015		POWER UP 2018			WeWill 2021	
	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
	(Millions of yen)						
Management Strategy	519,963	535,351	539,657	568,032	580,141	584,858	572,757
	446,180	454,265	448,516	475,194	486,926	485,784	473,954
	56,376	59,501	61,831	62,940	63,704	68,038	65,853
	17,406	21,583	29,309	29,897	29,511	31,035	32,949
	1,993	1,704	1,433	2,102	1,753	1,891	1,798
	616	664	716	817	871	896	880
	140	131	278	715	399	387	376
Value Creation Story	2,498	1,893	1,637	1,350	1,399	1,150	1,215
	1,138	1,053	954	898	870	791	709
	—	—	—	—	—	—	—
	16,902	21,394	29,105	30,650	29,864	31,777	33,532
	137	220	468	102	1,085	505	870
	1,167	1,014	1,756	1,515	1,410	2,489	2,799
	15,871	20,600	27,818	29,237	29,540	29,792	31,603
Financial Strategy	4,850	5,933	7,322	8,601	8,773	9,008	8,954
	(1,504)	(1,195)	(1,744)	(1,538)	(822)	(1,174)	(1,437)
	9,516	13,471	18,751	19,097	19,943	19,609	21,212
	15,621	16,455	16,057	16,155	17,481	18,355	19,669
	11,871	12,658	12,347	12,543	13,910	14,690	15,894
	24,171	16,175	13,887	24,952	24,132	27,287	37,776
	19,750	13,216	10,253	22,312	21,320	24,864	33,851
Business Strategy	1,730	1,600	1,559	1,986	2,359	2,486	2,403
	33.29	47.15	135.11	142.23	149.65	147.16	159.19
	10	12	28	30	32	42	50
	30%	26%	21%	21%	21%	29%	31%
Initiatives for Achieving a Sustainable Society							
Data							

Consolidated Balance Sheets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
As of March 31, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	2020	2021	2021
Current assets:			
Cash and deposits	¥ 25,933	¥ 28,933	\$ 261,321
Notes and accounts receivable - trade	82,269	81,749	738,346
Less allowance for doubtful accounts	(131)	(109)	(987)
Inventories	47,934	47,867	432,326
Other current assets	14,303	11,131	100,536
Total current assets	170,308	169,572	1,531,544
Fixed assets:			
Property, plant and equipment (Note 6):			
Buildings and structures	252,672	259,690	2,345,471
Machinery and equipment	118,098	128,081	1,156,805
Land	36,007	38,683	349,378
Leased assets	37,323	37,199	335,978
Construction in progress	4,534	3,716	33,569
	448,636	467,371	4,221,205
Less accumulated depreciation	(285,402)	(293,409)	(2,650,015)
Property, plant and equipment, net	163,233	173,962	1,571,189
Investments and other assets:			
Investment securities (Note 5)	28,904	33,663	304,038
Investment in affiliates	7,246	7,244	65,426
Net defined benefit asset	57	52	474
Deferred tax assets (Note 8)	1,912	2,260	20,420
Other	18,609	19,208	173,489
Less allowance for doubtful accounts	(268)	(245)	(2,213)
Total investments and other assets	56,462	62,184	561,637
Total fixed assets	219,696	236,146	2,132,826
Total assets	¥ 390,004	¥ 405,719	\$ 3,664,370

The accompanying notes are integral parts of these statements.

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
Current liabilities:			
Short-term loans	¥ 4,292	¥ 6,948	\$ 62,759
Commercial paper	2,000	—	—
Current portion of long-term debt	956	4,797	43,332
Current portion of bonds	10,000	10,000	90,317
Accounts payable	28,460	28,073	253,551
Lease obligations	3,605	3,572	32,262
Income taxes payable	5,299	5,911	53,388
Accrued expenses	34,893	35,483	320,476
Provision for directors' bonuses	228	238	2,154
Other current liabilities	18,683	13,481	121,762
Total current liabilities	108,419	108,506	980,006
Long-term liabilities:			
Bonds	30,000	30,000	270,953
Long-term debt	33,420	29,010	262,020
Provision for directors' and statutory auditors' retirement benefits	175	131	1,188
Net defined benefit liability	2,014	1,996	18,029
Lease obligations	12,076	12,093	109,227
Deferred tax liabilities (Note 8)	2,830	4,265	38,521
Asset retirement obligations	3,935	4,037	36,467
Other	5,742	5,251	47,432
Total long-term liabilities	90,196	86,786	783,840
Total liabilities	198,615	195,293	1,763,846
Net assets:			
Shareholders' equity (Note 7):			
Common stock, with no par value			
Authorized			
- 360,000,000 shares for 2020 and 2021			
Issued and outstanding - 139,965,587 shares for 2020 and 140,003,877 shares for 2021	30,359	30,418	274,738
Capital surplus	5,750	5,795	52,340
Retained earnings	156,953	172,436	1,557,408
Treasury stock	(17,642)	(17,648)	(159,395)
Total shareholders' equity	175,421	191,002	1,725,091
Accumulated other comprehensive income:			
Net unrealized holding gain on available- for-sale securities	9,016	12,344	111,491
Net deferred gain on hedges	802	1,639	14,809
Foreign currency translation adjustments	(736)	(1,660)	(14,996)
Total accumulated other comprehensive income	9,082	12,323	111,304
Non-controlling interests	6,884	7,100	64,128
Total net assets	191,388	210,426	1,900,524
Total liabilities and net assets	¥ 390,004	¥ 405,719	\$ 3,664,370

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, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2020	2021	2021	
Net sales	¥ 584,858	¥ 572,757	\$ 5,173,030	
Operating costs and expenses:				
Cost of sales	485,784	473,954	4,280,659	
Selling, general and administrative expenses	68,038	65,853	594,775	
	553,822	539,808	4,875,435	
Operating profit	31,035	32,949	297,594	
Other income (expenses):				
Interest and dividend income	896	880	7,955	
Interest expense	(791)	(709)	(6,404)	
Other – net	(1,348)	(1,517)	(13,705)	
	(1,243)	(1,345)	(12,154)	
Profit before income taxes	29,792	31,603	285,440	
Income taxes (Note 8):				
Current	9,566	9,684	87,471	
Deferred	(557)	(730)	(6,596)	
	9,008	8,954	80,874	
Profit	20,784	22,649	204,565	
Profit attributable to non-controlling interests	1,174	1,437	12,981	
Profit attributable to owners of parent	¥ 19,609	¥ 21,212	\$ 191,584	

	Yen		U.S. dollars (Note 1)	
Amounts per share (Note 9):	2020	2021	2021	
Net assets	¥ 1,384.90	¥ 1,525.76	\$ 13.780	
Profit:				
Basic	147.16	159.19	1.438	
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, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2020	2021	2021	
Profit	¥ 20,784	¥ 22,649	\$ 204,565	
Other comprehensive income:				
Net unrealized holding gain (loss) on available-for-sale securities	(4,978)	3,319	29,984	
Net deferred gain (loss) on hedges	151	837	7,567	
Foreign currency translation adjustments	(10)	(973)	(8,791)	
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	154	(224)	(2,030)	
Total other comprehensive income (loss)	(4,683)	2,959	26,729	
Total comprehensive income	¥ 16,100	¥ 25,609	\$ 231,295	
Total comprehensive income attributable to:				
Owners of parent	¥ 14,628	¥ 24,452	\$ 220,853	
Non-controlling interests	1,471	1,156	10,441	

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, 2020 and 2021

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 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
Changes of items during the period					
Issuance of new shares	59	59			119
Dividends from surplus			(5,729)		(5,729)
Profit attributable to owners of parent			21,212		21,212
Capital increase of consolidated subsidiaries		(14)			(14)
Acquisition of treasury stock				(7)	(7)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	59	44	15,482	(6)	15,580
Net assets at March 31, 2021	¥ 30,418	¥ 5,795	¥ 172,436	¥ (17,648)	¥ 191,002

	Millions of yen					Non-controlling interests	Total net assets
	Accumulated other comprehensive income						
	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	¥ 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	
Changes of items during the period							
Issuance of new shares						119	
Dividends from surplus						(5,729)	
Profit attributable to owners of parent						21,212	
Capital increase of consolidated subsidiaries						(14)	
Acquisition of treasury stock						(7)	
Disposal of treasury stock						0	
Net changes of items other than shareholders' equity	3,327	836	(923)	3,240	216	3,456	
Total changes of items during the period	3,327	836	(923)	3,240	216	19,037	
Net assets at March 31, 2021	¥ 12,344	¥ 1,639	¥ (1,660)	¥ 12,323	¥ 7,100	¥ 210,426	

The accompanying notes are integral parts of these statements.

	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, 2020	\$ 274,199	\$ 51,935	\$ 1,417,572	\$ (159,339)	\$ 1,584,367
Changes of items during the period					
Issuance of new shares	538	538			1,077
Dividends from surplus			(51,748)		(51,748)
Profit attributable to owners of parent			191,584		191,584
Capital increase of consolidated subsidiaries		(134)			(134)
Acquisition of treasury stock				(63)	(63)
Disposal of treasury stock		0		7	8
Net changes of items other than shareholders' equity					
Total changes of items during the period	538	405	139,836	(55)	140,724
Net assets at March 31, 2021	\$ 274,738	\$ 52,340	\$ 1,557,408	\$ (159,395)	\$ 1,725,091

	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, 2020	\$ 81,438	\$ 7,250	\$ (6,654)	\$ 82,034	\$ 62,177	\$ 1,728,579
Changes of items during the period						
Issuance of new shares						1,077
Dividends from surplus						(51,748)
Profit attributable to owners of parent						191,584
Capital increase of consolidated subsidiaries						(134)
Acquisition of treasury stock						(63)
Disposal of treasury stock						8
Net changes of items other than shareholders' equity	30,053	7,558	(8,342)	29,269	1,950	31,219
Total changes of items during the period	30,053	7,558	(8,342)	29,269	1,950	171,944
Net assets at March 31, 2021	\$ 111,491	\$ 14,809	\$ (14,996)	\$ 111,304	\$ 64,128	\$ 1,900,524

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, 2020 and 2021

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>	
	2020	2021	2021	
Cash flows from operating activities:				
Profit before income taxes	¥ 29,792	¥ 31,603	\$ 285,440	
Depreciation and amortization	18,355	19,669	177,647	
Impairment loss on fixed assets	481	1,273	11,501	
Increase/(decrease) in allowance for doubtful accounts	4	(17)	(156)	
Interest and dividend income	(896)	(880)	(7,955)	
Interest expense	791	709	6,404	
Equity in earnings of affiliates	(387)	(376)	(3,404)	
Gain on sales of property, plant and equipment	(58)	(42)	(380)	
Loss on disposal of property, plant and equipment	1,628	1,380	12,469	
Gain on sales of investment securities	(423)	(144)	(1,304)	
(Increase)/decrease in notes and accounts receivable-trade	4,750	531	4,800	
(Increase)/decrease in inventories	(2,098)	(477)	(4,310)	
Increase/(decrease) in notes and accounts payable	635	(234)	(2,113)	
Compensation for expropriation	—	(565)	(5,108)	
Other, net	2,833	(4,470)	(40,378)	
Subtotal	55,408	47,958	433,149	
Interest and dividends received	1,063	1,190	10,748	
Proceeds from compensation for expropriation	—	565	5,108	
Interest paid	(798)	(712)	(6,437)	
Income taxes paid	(16,232)	(3,547)	(32,041)	
Net cash provided by/(used in) operating activities	¥ 39,441	¥ 45,453	\$ 410,528	

The accompanying notes are integral parts of these statements.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2020	2021	2021
Cash flows from investing activities:			
Purchase of property, plant and equipment	¥ (20,369)	¥ (28,529)	\$ (257,676)
Proceeds from sales of property, plant and equipment	161	1,623	14,660
Purchase of intangible assets	(1,336)	(2,124)	(19,191)
Purchase of investment securities	(2,204)	(392)	(3,544)
Proceeds from sales of investment securities	707	257	2,328
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(27)	(249)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(24)	—	—
Other, net	(1,235)	(3,019)	(27,269)
Net cash provided by/(used in) investing activities	(24,300)	(32,213)	(290,941)
Cash flows from financing activities:			
Net increase/(decrease) in short-term bank loans	(2,818)	2,456	22,182
Net increase/(decrease) in commercial paper	—	(2,000)	(18,063)
Proceeds from long-term debt	10,000	409	3,694
Repayment of long-term debt	(5,200)	(955)	(8,632)
Proceeds from issuance of bonds	—	9,951	89,876
Redemption of bonds	—	(10,000)	(90,317)
Repayments of lease obligations	(3,782)	(3,886)	(35,099)
Purchase of treasury stock	(18)	(7)	(63)
Dividends paid	(4,923)	(5,722)	(51,683)
Cash dividends paid to non-controlling interests of consolidated subsidiaries	(803)	(955)	(8,627)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,680)	—	—
Other, net	0	0	8
Net cash provided by/(used in) financing activities	(10,225)	(10,709)	(96,725)
Effect of exchange rate changes on cash and cash equivalents	(148)	45	415
Net increase/(decrease) in cash and cash equivalents	4,765	2,577	23,276
Cash and cash equivalents at the beginning of the year	20,668	25,434	229,716
Cash and cash equivalents at the end of the year	¥ 25,434	¥ 28,011	\$ 252,992

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, 2020 and 2021

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 ¥110.72 = US\$1.00, the exchange rate prevailing on March 31, 2021.

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)

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

(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: Significant Accounting Estimates

The Company applies “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31) from the end of the fiscal year ended March 31, 2021. The notes for the previous fiscal year are not presented in accordance with the transitional treatment set forth in a provision of paragraph 11 of the accounting standard.

Under the accounting standard, item whose amount is recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which would have a significant impact on the consolidated financial statements for the following fiscal year, should be disclosed.

There is no item disclosed as significant accounting estimate as of March 31, 2021.

Note 4: Additional information~ Accounting estimates for the effect of COVID-19 spread

Regarding the effect of the COVID-19, it is still difficult to predict the future such as how it would spread from now on or when it would be contained, etc. The Group implemented accounting estimates based on the assumptions that it will be curbed and turn toward recovery thorough the fiscal year 2022 along with the vaccination progress, etc.

Note 5: Securities

- (1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2020 and 2021:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2020	2021	2021	
Equity securities:				
Acquisition costs	¥ 12,533	¥ 12,451	\$ 112,457	
Carrying value	25,215	29,812	269,263	
Unrealized gain	¥ 12,681	¥ 17,361	\$ 156,805	

Non-listed equity securities amounting to ¥3,689 million and ¥3,850 million (\$34,775 thousand) as of March 31, 2020 and 2021, 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, 2020 and 2021.

Notes to Consolidated Financial Statements (Unaudited)

(2) Sales of available-for-sale securities for the years ended March 31, 2020 and 2021:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2020	2021	2021	
Proceeds from sales	¥ 708	¥ 258	\$ 2,331	
Gains on sales	423	144	1,305	
Losses on sales	—	(0)	(1)	

(3) Impairment loss of securities for the years ended March 31, 2020 and 2021:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2020	2021	2021	
Available-for-sale securities:				
Stocks with market value	¥ —	¥ —	\$ —	
Stocks without market value	—	10	93	
Total	¥ —	¥ 10	\$ 93	

Note 6: 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, gain on sales and impairment losses on the property related to the investments and rental properties were ¥2,119 million, ¥34 million and ¥200 million, respectively, for the year ended March 31, 2020.

Net rent income on the property related to the investments and rental properties were ¥2,033 million (\$18,368 thousand) for the year ended March 31, 2021.

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, 2020 and 2021:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2020	2021	2021	
Carrying value as of April 1	¥ 9,844	¥ 9,324	\$ 84,215	
Net increase (decrease)	(519)	30	273	
Carrying value as of March 31	¥ 9,324	¥ 9,354	\$ 84,488	
Market value as of March 31	¥ 43,934	¥ 47,065	\$ 425,084	

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, 2020, major increase represents capital expenditures of ¥251 million. Major decrease represents depreciation of ¥512 million and impairment losses of ¥200 million.
3. For the year ended March 31, 2021, major increase represents capital expenditures of ¥786 million (\$7,104 thousand). Major decrease represents depreciation of ¥510 million (\$4,614 thousand) and change in the use of property of ¥169 million (\$1,528 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 7: Changes in Net Assets

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

(a) For the year ended March 31, 2020

Type of stock	As of April 1, 2019	Increases	Decreases	(Number of shares)
				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

(b) For the year ended March 31, 2021

Type of stock	As of April 1, 2020	Increases	Decreases	(Number of shares)
				As of March 31, 2021
Issued stock:				
Common stock (1)	139,965,587	38,290	—	140,003,877
Treasury stock:				
Common stock (2,3)	6,739,790	2,454	316	6,741,928

(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 38,290 shares
- The increase in the number of treasury stock of common stock resulted from the following:
 - Request for redemption of odd-lot stock 2,454 shares
- The decrease in the number of treasury stock of common stock resulted from the following:
 - Request for purchase of odd-lot stock 316 shares

(2) Cash dividends distributed

Dividends paid during the year ended March 31, 2021

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 \$ 25,268	¥ 21 \$ 0.18	March 31, 2020	June 25, 2020
Board of Directors' meeting on November 4, 2020	Common stock	Retained earnings	¥ 2,931 \$ 26,479	¥ 22 \$ 0.19	September 30, 2020	December 4, 2020

Notes to Consolidated Financial Statements (Unaudited)

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 22, 2021	Common stock	Retained earnings	¥ 3,731 \$ 33,700	¥ 28 \$ 0.25	March 31, 2021	June 23, 2021

Note 8: Income Taxes

(1) Tax rate reconciliation for the years ended March 31, 2020 and 2021

(a) For the year ended March 31, 2020

Since the difference between statutory tax rate and effective tax rate is less than 5% of the statutory tax rate, note related to reconciliation between the tax rates is omitted.

(b) For the year ended March 31, 2021

The Company and its consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a statutory tax rate of approximately 30.6% for the year ended March 31, 2021. Reconciliation between the statutory tax rate and the effective tax rate reflected in the accompanying consolidated statement of income is as follows:

	2021
Statutory tax rate	30.6%
Entertainment and other non-deductible expenses	0.4
Dividends exempted for income tax purposes	0.1
Inhabitants' tax per capita	0.5
Change in valuation allowance	(2.8)
Tax credit for research and development expenses, etc.	(1.2)
Tax rate differences of overseas affiliates	(0.1)
Equity in earnings of affiliates accounted for by the equity method	(0.4)
Undistributed earnings of affiliates	0.2
Other, net	1.1
Effective tax rate	28.3%

(2) A breakdown of tax loss carryforwards and deferred tax assets by expiry date as of March 31, 2020 and 2021

(Millions of Yen)

Fiscal Year Ending	2021	2022	2023	2024	2025	2026 and thereafter	Total
March 31, 2020							
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)

(Millions of Yen)

Fiscal Year Ending	2022	2023	2024	2025	2026	2027 and thereafter	Total
March 31, 2021							
Tax loss carryforwards (a)	¥ 12	¥ 8	¥ 29	¥ 38	¥ 40	¥ 749	¥ 878
Valuation allowance.....	(12)	(8)	(29)	(38)	(38)	(685)	(813)
Deferred tax assets.....	¥ —	¥ —	¥ —	¥ —	¥ 1	¥ 63	¥ 64 (b)

(Thousands of U.S. Dollars)

Fiscal Year Ending March 31, 2021	2022	2023	2024	2025	2026	2027 and thereafter	Total
Tax loss carryforwards (a)	\$ 109	\$ 73	\$ 268	\$ 346	\$ 367	\$ 6,765	\$ 7,930
Valuation allowance	(109)	(73)	(268)	(346)	(352)	(6,195)	(7,345)
Deferred tax assets.....	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ 570	\$ 585 (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 Group considers a part of the tax loss carryforwards is recoverable.

Note 9: Per Share Information

Net assets per share as of March 31, 2020 and 2021 are calculated based on the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2021	2021
Net assets	¥ 191,388	¥ 210,426	\$ 1,900,524
Amounts excluded from net assets:			
For non-controlling interests	6,884	7,100	64,128
Net assets attributable to common stock	184,504	203,325	1,836,395
Number of common stock used for the calculation of net assets per share (in thousands)	133,225	133,261	133,261

Profit per share for the years ended March 31, 2020 and 2021 are calculated based on the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2021	2021
Profit attributable to owners of parent	¥ 19,609	¥ 21,212	\$ 191,584
Amounts not attributable to common shareholders	—	—	—
Profit attributable to owners of parent for common stock	19,609	21,212	191,584
Average number of common stock during the fiscal year (in thousands)	133,251	133,251	133,251

Notes to Consolidated Financial Statements (Unaudited)

Note 10: 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 and management of real estate

(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.

(3) Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2020 and 2021 were summarized as follows:

	Year ended March 31, 2020 (Millions of yen)									
	Reportable segment					Total	Other (*1)	Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate					
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, 2021 (Millions of yen)										
	Reportable segment							Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)			
Sales:										
External sales	¥ 225,180	¥ 62,987	¥ 81,685	¥ 195,723	¥ 3,077	¥ 568,654	¥ 4,103	¥ 572,757	¥ —	¥ 572,757
Intercompany sales and transfers	269	107	2,414	16,597	1,568	20,957	796	21,753	(21,753)	—
Total	225,450	63,095	84,099	212,320	4,646	589,611	4,899	594,511	(21,753)	572,757
Segment profit	17,167	521	1,298	13,084	2,017	34,089	(325)	33,764	(814)	32,949
Segment assets	138,592	26,005	19,344	181,136	16,702	381,781	8,992	390,774	14,945	405,719
Other items:										
Depreciation	6,525	148	257	10,473	712	18,117	380	18,497	1,171	19,669
Amortization of goodwill	103	—	—	53	—	156	90	247	—	247
Investments in equity-method investees	2,401	—	—	3,157	—	5,558	—	5,558	1,685	7,244
Increase in property, plant and equipment and intangible assets	13,438	322	110	19,973	2,300	36,145	66	36,212	1,617	37,829
Outstanding balance of goodwill	951	—	—	542	—	1,493	—	1,493	—	1,493
Impairment loss on fixed assets	¥ 222	¥ —	¥ —	¥ 32	¥ —	¥ 254	¥ 1,019	¥ 1,273	¥ —	¥ 1,273

Year ended March 31, 2021 (Thousands of U.S. dollars)										
	Reportable segment							Total	Adjustment	Consolidated
	Processed foods	Marine Products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)			
Sales:										
External sales	\$2,033,781	\$ 568,890	\$ 737,765	\$ 1,767,734	\$ 27,794	\$ 5,135,965	\$ 37,065	\$ 5,173,030	\$ —	\$ 5,173,030
Intercompany sales and transfers	2,436	973	21,802	149,903	14,168	189,284	7,190	196,475	(196,475)	—
Total	2,036,218	569,864	759,568	1,917,637	41,962	5,325,250	44,255	5,369,505	(196,475)	5,173,030
Segment profit	155,048	4,712	11,728	118,172	18,225	307,887	(2,935)	304,952	(7,357)	297,594
Segment assets	1,251,740	234,875	174,715	1,635,982	150,856	3,448,171	81,217	3,529,389	134,980	3,664,370
Other items:										
Depreciation	58,940	1,339	2,321	94,597	6,433	163,632	3,434	167,066	10,581	177,647
Amortization of goodwill	936	—	—	480	—	1,417	816	2,233	—	2,233
Investments in equity-method investees	21,686	—	—	28,519	—	50,205	—	50,205	15,221	65,426
Increase in property, plant and equipment and intangible assets	121,372	2,915	997	180,395	20,778	326,459	601	327,061	14,609	341,671
Outstanding balance of goodwill	8,592	—	—	4,897	—	13,490	—	13,490	—	13,490
Impairment loss on fixed assets	\$ 2,007	\$ —	\$ —	\$ 289	\$ —	\$ 2,297	\$ 9,204	\$ 11,501	\$ —	\$ 11,501

(*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 11: Subsequent Events

Not applicable.

Investor Information (As of March 31, 2021)

Essential Stock Information

Stock Exchange Listing	Tokyo Stock Exchange (First Section) Securities code: 2871
Total Number of Authorized Shares	360,000,000
Total Number of Outstanding Shares	140,003,877 (including 6,741,928 treasury shares)
Share Unit Number	100 shares
Year-end Dividend Record Date	March 31
Interim Dividend Record Date	September 30
Number of Shareholders	19,635
Shareholder Register Administrator	Mizuho Trust & Banking Co., Ltd.
Annual General Shareholders Meeting	June
Auditors	Ernst & Young ShinNihon LLC

Ratings

Rating Institution	Rating
Rating and Investment Information, Inc. (R&I)	A
Japan Credit Rating Agency, Ltd. (JCR)	A+

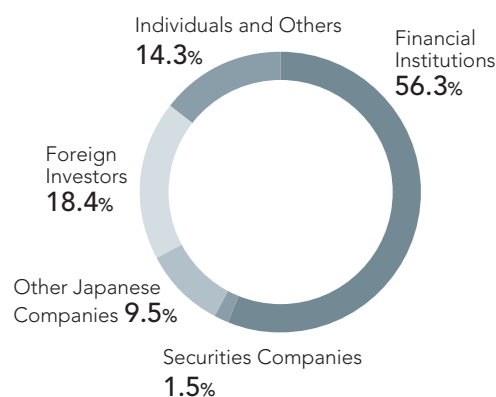
Major Shareholders

Shareholder Name	Number of Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,151	15.9
Custody Bank of Japan, Ltd. (Trust Account)	13,660	10.3
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, Custody Bank of Japan, Ltd.	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
Custody Bank of Japan, Ltd. (Trust Account 7)	2,280	1.7

Notes:

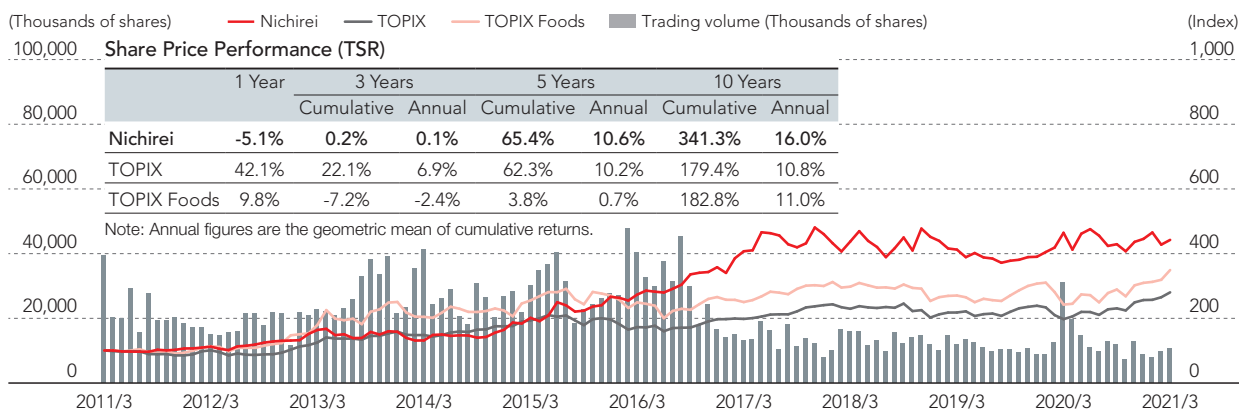
1. Japan Trustee Service Bank, Ltd. was established on July 27, 2020 as a financial company through a joint share transfer method by Japan Trustee Services Bank, Ltd., Trust & Custody Services Bank, Ltd. and JTC Holdings, Ltd., and changed its name to Custody Bank of Japan, Ltd.
2. Number of shares held rounded down to the nearest thousand.
3. Shareholding ratio calculated after subtracting repurchased stock (6,741,928 treasury shares). Rounded off to the first decimal place.

Composition of Shareholders



Note: "Individuals and Others" includes "Treasury Stock (4.8%)."

Total Shareholder Return (TSR)*



Notes:

1. March 31, 2011 closing prices for Nichirei and TOPIX are indexed at 100.
2. TSR is based on a holding period to March 31, 2021.
- * The sum of capital gains and dividends, representing the total yield on a shareholder's investment.

Company Information (As of March 31, 2021)

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)	15,383
Business Network	14 countries and regions (Domestic and overseas offices and subsidiaries)

Notes:

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

2. As of August 27, 2021

External Review

Inclusion in Indexes

Selected as a constituent stock of the FTSE4Good Index Series for 19 consecutive years.



Continuing Adoption as a Constituent Stock of All Four ESG Indexes (Domestic Stocks) Selected by the Government Pension Investment Fund



**2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

**2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**



Disclaimer:
The inclusion of Nichirei in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Nichirei by MSCI or any of its affiliates.
The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

Recognition for Employee Health Management/Safety and Health Management

Recognized by the Ministry of Economy, Trade and Industry under the Certified Health & Productivity Management Organization Recognition Program under the large enterprise category for four consecutive years.

Selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a brand of the Health and Productivity Stock Selection for two consecutive years.

Certified as an Excellent Occupational Safety and Health Enterprise by the Ministry of Health, Labour and Welfare.

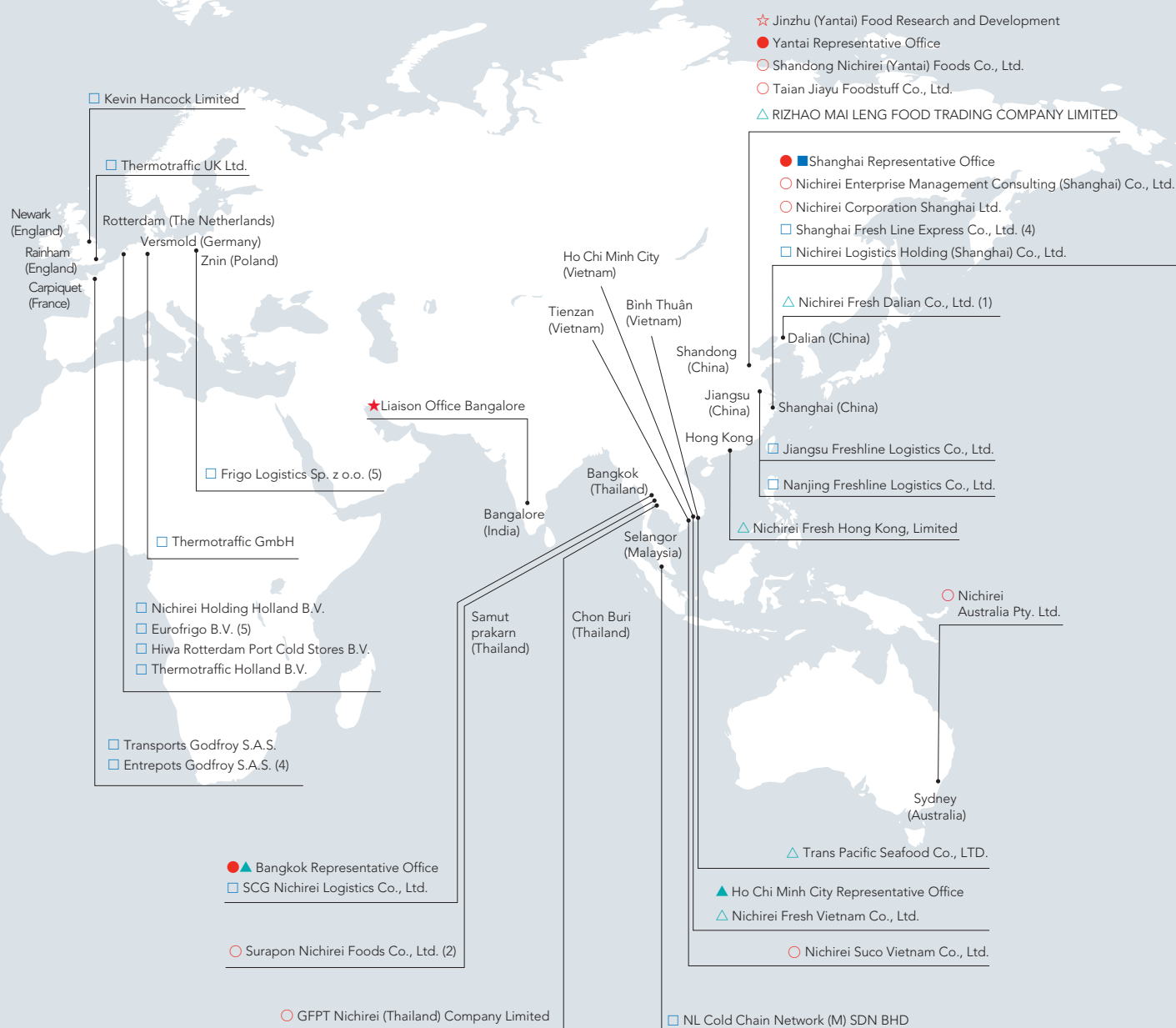
Other

Also selected in FY2021 for the JPX-Nikkei 400, jointly developed by Japan Exchange Group, Inc. (JPX) and Nikkei Inc.



Selected from 2013 through 2020

Global Network (As of March 31, 2021)



At present, the Nichirei Group conducts business in 14 countries and regions around the world.

Nichirei Corporation ...☆	Nichirei Foods Inc. ...●	Nichirei Logistics Group Inc. ...■
Nichirei Group companies ...☆	Nichirei Foods Group companies ...○	Nichirei Logistics Group companies ...□
	Nichirei Fresh Inc. ...▲	Nichirei Biosciences Inc. ...◆
	Nichirei Fresh Group companies ...△	Nichirei Biosciences Group companies ...◇

Domestic Network

Note: Figures in parentheses indicate number of facilities.

