








Overview of Nichirei Communication

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

Editorial Policy

The Nichirei Group considers the Nichirei Group Integrated Report 2022 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. We have omitted trademark (™) and registered mark (®) symbols where applicable.  
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, 2022)

Reporting Period

April 1, 2021 to March 31, 2022 (Some information from before and after this period is included.)

Referenced Guidelines

- GRI Standards
- IFRS Foundation (formerly VRF)
  - \* International Integrated Reporting Framework
- Task Force on Climate-related Financial Disclosures (TCFD)

Issue Date

November 2022

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Mission

Focus on Lifestyles, and Provide True Satisfaction

Sustainability Policy

Good corporate governance



We are committed to employing highly transparent and fair management practices through stakeholder dialogue and information disclosure, while striving for appropriate resource allocation and swift management decisions.

Cooperative relationship with communities



We work to develop our communities and resolve social issues as a responsible corporate citizen by engaging in dialogue and close cooperation with our stakeholders.

Thorough compliance



We engage only in honest corporate activities that comply with the laws and regulations of each country in which we operate, respecting international norms of behavior and ensuring sound corporate ethics.

Diversity and decent work



We respect the diversity of our employees, and strive to ensure occupational health and safety, provide fair treatment and opportunities for personal development, and continuously improve the workplace to enable every employee to thrive.

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.

Guiding Principles

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

Sustainable supply chain and circular economy



We aim to realize an ethical and sustainable supply chain as well as a circular economy by building enduring and positive partnerships, while considering the environment, human rights and working conditions.

Creating new value



We constantly strive to create new products and services, while pursuing business activities that help solve issues faced by our customers and communities.

Climate change initiatives and biodiversity conservation



We strive to preserve the global environment and biodiversity by reducing greenhouse gas emissions and managing food and water resources appropriately.

Safe, high-quality products and services



We continuously work to earn the trust of our customers and communities by meeting diverse demands as well as offering safe, stable, and high-quality supply.

The Nichirei Pledge

- Making Our Communities More Sustainable -

The Nichirei Group is committed to resolve social issues and create new value through its business activities, which include the procurement, production, logistics and sale of food, while considering the impact of those activities on the global environment and local communities and respect for human rights. We publicly disclose the details of these activities to promote stakeholder dialogue and increase transparency. Furthermore, we work to create more sustainable communities by fulfilling our responsibilities as a company that supports good eating habits and health.





**We will pursue sustainability management that grows our business as we help to resolve social issues.**

A handwritten signature in black ink that reads "Kenya Okushi".

**Kenya Okushi**  
Representative Director, President  
Nichirei Corporation



# Review of the Previous Medium-term Business Plan WeWill 2021

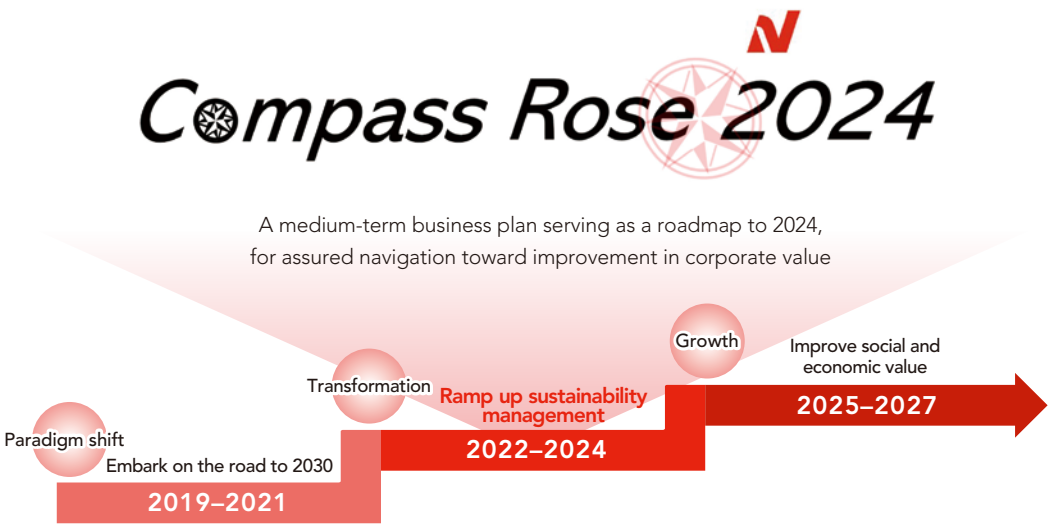
## Challenges in a Changing Operating Environment

Under its previous medium-term management plan, WeWill 2021 (FY2020-FY2022), Nichirei aimed to strengthen its foundation for growth by making capital expenditures, mainly in the processed foods and temperature-controlled logistics businesses. We also conducted initiatives to realize sustainable growth throughout the Nichirei Group with the aim of improving capital efficiency, expanding shareholder returns, and creating new value that supports good eating habits and health. Although we made a good start in terms of our business results, the impact of abrupt changes in our operating environment caused operating profit in the final year to fall substantially short of the plan.

By business, we increased net sales and profits in the processed foods business up to the second year of the plan through concentrated investment in mainstay product categories, but the business was impacted by the COVID-19 pandemic and the sudden jump in prices for raw materials in the plan's final year. On the other hand, we achieved stable growth and improved profitability in the temperature-controlled logistics business by strengthening its foundation for quickly adapting to changes in the operating environment. Expansion of the overseas business progressed steadily through corporate acquisitions in Europe and other measures.

As a Group-wide initiative, we clearly identified five material matters (materiality) for which we set targets consisting of measures and KPIs. These material matters cover areas including creating new value that helps to resolve social issues from the perspective of the SDGs, sustainable procurement, and initiatives to address climate change. In the new medium-term business plan, we will maintain our focus on achieving these targets while ramping up our ESG initiatives.

# Concept behind New Medium-Term Business Plan Compass Rose 2024



Our new medium-term business plan for FY2023-2025 is called Compass Rose 2024. A compass rose is the figure on maps and nautical charts that indicates north, south, east and west. The concept behind the plan is that the entire Nichirei Group will use it to navigate forward with assurance, even as

the business environment undergoes major change. Nichirei's logo is positioned as the "N" for north. Our destination is the achievement of our Management Principles and our long-term management goals toward 2030, which we established in 2019.

Our operating environment has changed significantly in recent years. In addition to the prolonged disruption caused by the COVID-19 pandemic, climate change is causing problems in supply chains and geopolitical risks such as the war in Ukraine have emerged. I believe that dealing with these abrupt changes requires us to fundamentally reconsider our assumptions about the nature of our business.

# Sustainability Management at Nichirei and the Growth Strategies of Compass Rose 2024

## Establishment of the Nichirei Group Sustainability Policy

In Compass Rose 2024, we have revised our former Basic CSR Policy as the Nichirei Group Sustainability Policy: The Nichirei Pledge. Through business activities based on this policy, we will ramp up sustainability management to improve both social and economic value as we fulfill our responsibilities as a company that supports good eating habits and health. Because it deals with food, the Nichirei Group cannot avoid addressing the issues of climate change countermeasures and sustainable procurement of raw materials and other products. These issues were included in the material matters we identified in FY2021, but we have updated the material matters in line with the times and reiterated them in a policy that will form the basis of our management.

## ■ Processed Foods

The COVID-19 pandemic has changed our eating habits. The growth in home cooking has increased the need to save time and trouble, and in turn has strengthened demand for frozen foods. In order to keep growing as lifestyles change, we must develop high-value-added products that meet these new needs and deliver them to customers. In FY2022, we invested in equipment at the Yamagata Plant and began operation of a production line that can handle personal-use<sup>1</sup> single-serving products. Demand for such products is growing, backed by the prevalence of telework and the increasing number of elderly single-person households, among other factors. In addition, single-serving frozen foods that offer a complete meal for one person and can be prepared with only a microwave, are not limited to household use. Restaurants and other businesses where there is a shortage of labor are also expected to use them, thus helping to resolve a social issue. On the other hand, the pandemic, climate change and the war in Ukraine have made stable procurement of raw materials difficult. The processed foods business has production bases in Japan and overseas, including a factory in Thailand for our mainstay chicken products. However, operations at that factory were substantially reduced in FY2022 as the COVID-19 pandemic dragged on. Many of the factory's employees are from Cambodia or other neighboring countries, and restrictions on cross-border movement made it difficult to maintain an adequate workforce. This resulted in delays in supply to Japan, which was a factor in reduced sales and profits.

The experience brought home the urgent need to rethink our production network and systems for sustainable procurement of raw materials. From the perspective of sustainability, human rights issues in the supply chain are also a high priority. Under Compass Rose 2024, we will restructure our supply chain. This will include considering a shift of some of our production network to Japan and stepping up domestic procurement of raw materials for which we are highly dependent on overseas markets. By accomplishing these measures, we intend to get back on a growth track. Another priority will be to appropriately adjust our selling prices to reflect soaring raw material prices and other rising costs. Failing to do so will result in a drop in cash flow that will make it impossible for us to sustain the business.

1. Personal-use products: Single-serving meals (one-person meals), and foods meant to be eaten on the go, with one hand

■ Temperature-controlled Logistics

Maritime transport was significantly disrupted during the COVID-19 pandemic due to vessel delays and container shortages. Meanwhile, various needs for temperature-controlled logistics increased in overland transport. However, the logistics industry is experiencing a chronic shortage of drivers that is expected to worsen from 2024 onward, when the so-called Work Style Reform Act<sup>2</sup> goes into effect for truck drivers in Japan. The amount of cargo is expected to continue increasing, so the question of whether all these goods can be transported has become a major social issue.

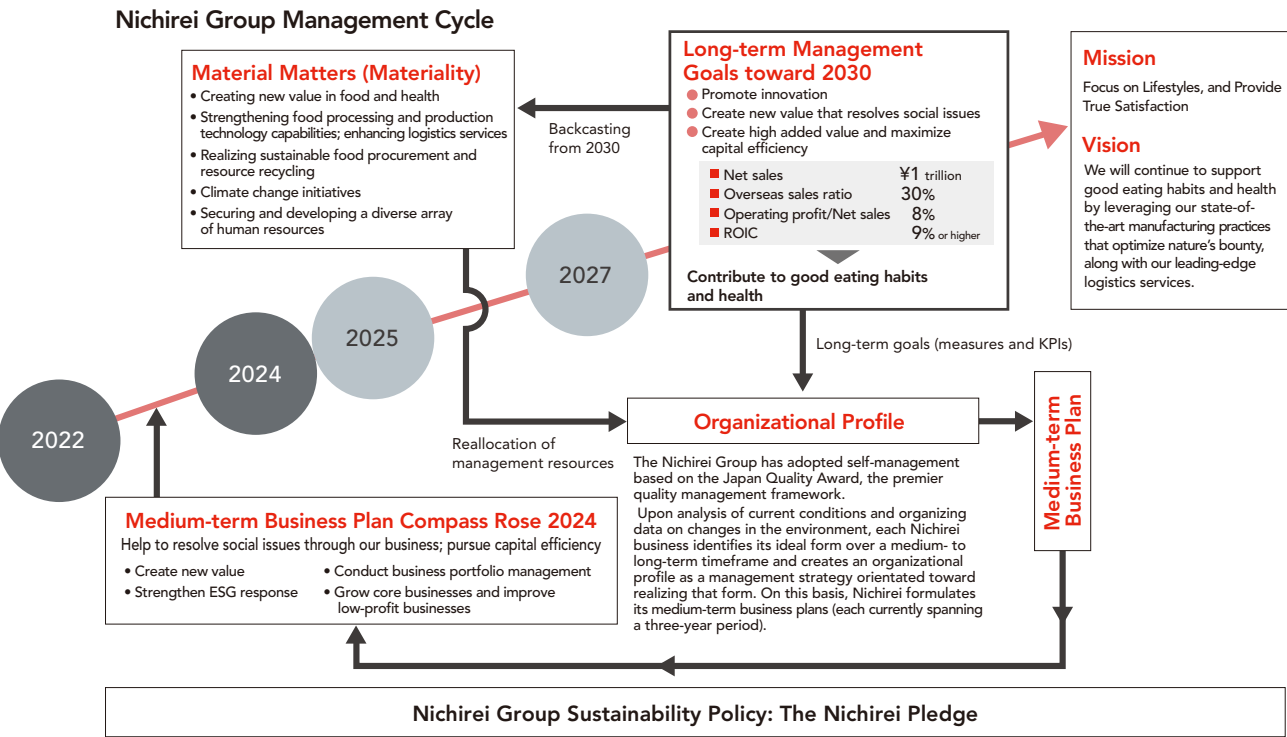
We have been working to strengthen trunk-route transport since the previous medium-term business plan, and have established a large-scale logistics facility in Nagoya, which is located halfway between Tokyo and Osaka. Under Compass Rose 2024, we will continue to make proactive capital expenditures to complete our truck-route infrastructure as soon as possible. Moreover, by combining a review of labor practices in the logistics industry with various measures such as our truck loading dock reservation system, we will reduce drivers' on-duty hours, thus helping to resolve a social issue and generating new business opportunities. This strategy leverages Nichirei's advantages of having bases in key locations and its capabilities for handling a large volume of cargo and for combining various types of cargo.

In Japan, we will further expand our frozen food logistics platform, which handles domestic distribution of products from the Nichirei Group and other companies, and utilize digital technology to improve process innovation and raise the efficiency of onsite work. Overseas, we are steadily expanding business through proactive investment in the port business in Europe and other growth areas. We will make the capital expenditures required to make full use of port facilities and coordinate functions across the organization with the aim of maximizing earnings from our businesses in Europe.

2. Formal name: the Act on the Arrangement of Related Acts to Promote Work Style Reform

Investing in Infrastructure

We plan to invest ¥120 billion over the three years of Compass Rose 2024. Half of that, approximately ¥60 billion, will be the investments for growth I mentioned above, mainly in the processed foods and temperature-controlled logistics businesses. The remainder will be focused on investment for the environment. Reducing our environmental impact is an urgent matter, and our initiatives include



installing solar power generation equipment, using natural refrigerants at new facilities and converting equipment at existing main bases, and reducing power consumption by introducing high-efficiency freezing and refrigeration equipment. We are also taking concrete steps to address growing demands from investors and other stakeholders for the elimination of chlorofluorocarbons. This will be a large investment that entails a trade-off with profit from a short-term perspective, but we will maintain control of the balance between investment and profit in our medium- to long-term planning.

Another area of focus for investment is digital technology. We have been working to upgrade our core systems and strengthen information security, but achieving sustainable business growth will require business process improvements and restructuring driven by digital technology. We will bring together initiatives from both inside and outside the Group to advance technologically and enhance our competitive advantages in the market.

Managing Our Business Portfolio

We have adopted ROIC as a KPI for capital efficiency in Compass Rose 2024. Although we have planned for a slight decline in ROIC due to the increase in new investments, we intend to maintain ROIC at 7% or higher to avoid an excessive decrease in capital efficiency, then to increase it to 9% or higher by 2030. Doing so will require targets for each business in accordance with our portfolio. In Compass Rose 2024 we have set weighted average cost of capital (WACC) and ROIC targets for each business. We will break down ROIC to a level that enables management within each business, and monitor those KPIs.

Investment decisions must also consider non-financial aspects. Discussions of potential investments at Board of Directors meetings encompass CO<sub>2</sub> emissions and water risks. We are considering introducing internal carbon pricing,<sup>3</sup> which will help us visualize non-financial value. Given that a thorough response in the area of ESG could lower the cost of capital, we will allocate resources while balancing factors such as a business's evaluation based on ROIC and WACC and its growth potential.

3. A mechanism to promote low-carbon investments and measures, by which an organization sets its own carbon pricing to convert its CO<sub>2</sub> emissions into costs. This mechanism is used in reducing emissions, creating incentives to promote energy conservation, changing awareness inside the organization, and decision-making guidelines for investments.

Creating New Value in Food and Health

We take a dual approach to creating new value, both within each operating company and under the leadership of the holding company. New value is difficult to define, but I believe it is created by addressing customer needs through business activities in areas close to our existing businesses. At the same time, our holding company should address latent needs to create value that exceeds the expectations of current consumers and customers. The resulting products and services will not be far outside of our current business areas; rather, I believe that generating some sort of synergy with our existing businesses will ultimately enable us to provide new kinds of value unique to the Nichirei Group.

One of the Nichirei Group's advantages is the supply chain it has created that extends from food procurement to production, distribution and sales. However, the pandemic has exposed vulnerabilities in our procurement, driving home the need to strengthen the upstream part of our food supply chain. We looked back over Nichirei's history to consider how we can help resolve social issues using our technologies and advantages. Potential areas included health, nutrition, and food ingredients that take those factors into account, such as acerola. Focusing once again on these areas, we then reviewed the measures and KPIs of our material matters. In the meat and poultry products business, we are working to develop new products with health value. We have been conducting research of animal feed that uses ingredients derived from flaxseed to improve the quality, taste and nutritional value of meat. We are communicating the value of these products to consumers with the aim of expanding sales by FY2025.

Food prices are projected to rise as the growth of the global population increases demand. For stable procurement 10 or 20 years from now, we must consider expanding our focus to new foods and ingredients. Some initiatives are already under way, and we will also allocate resources to research

and development of ingredients, including new protein sources such as plant-based meat analogues, cell-cultured meat and edible insects.

Establishing Sustainability Management in Practice and in Employee Mindsets

In addition to formulating the Nichirei Group Sustainability Policy, we reviewed our governance system and established an advisory body to the Board of Directors in the form of the Group Sustainability Committee, which deliberates on long-term sustainability initiatives. We concurrently established a department in our holding company for promoting sustainability and assigned persons in charge of sustainability at each operating company.

We have dealt with sustainability issues before, but I think our officers and employees tended to focus on financial value. Compass Rose 2024 therefore has a greater emphasis on sustainability management.

Our goal is to ensure that every employee is fully aware of sustainability in current or new work. Without that perspective, those employees will not come up with new ideas, and I think it will be difficult for them to make on-the-spot decisions. There is a limit to what I can communicate to employees on my own, so in FY2023 we began holding study sessions for Company officers to deepen their basic understanding of sustainability and its historical context. More than 100 people have participated, including those from related departments. We need every officer to understand the relevance of sustainability in their work, and to support and be fully conversant in our approach, so they can discuss sustainability in their own words.

We also intend to use the Company intranet to enable all employees to access the latest information and updates on the Company's activities in order to promote dialogue and establish a sustainability mindset among employees.

FY2023 Launch of Three Portal Sites Accessible by All Employees to Communicate and Exchange Information



Digital transformation (DX) portal site



Innovation portal site



Sustainability portal site

Nichirei Three Years from Now:  
A Corporate Group Where All Can Succeed by Displaying Their Individuality

Strategic initiatives over the next three years will be crucial to attaining our long-term management goals toward 2030. Our human resources are the key to achieving these goals. One of our material matters is securing and developing a diverse array of human resources, and the development of the Nichirei Group depends on whether our diverse human resources are motivated and able to play an active role and grow. Naturally, we will promote the advancement of female employees and health management among all employees. We will also allocate management resources to developing talent in the field of digital technology. I fear that Nichirei may be falling behind in utilizing digital technology for business innovation. It is therefore imperative that our employees acquire the necessary digital skills. To me, the word “reskilling” means adding the skills society will require in the coming era, not re-learning what one already knows.

The same can be said for sustainability. The study session for Company officers drove home one point to me: Even if people have seen or heard about sustainability in the media, unless they understand



the background and content of the issues being presented, they will not be able to choose the specific issues they must deal with or carry out their plans if they do.

We are establishing conditions that support the development of our human resources in the areas of digital technology and sustainability. I want to set up a system that not only raises all employees to a higher level, but also allows motivated people to go even further. There are various approaches to human resource development, but I think individuality will be key going forward. In other words, we need to consider development that suits each individual, so employees can succeed by displaying their individuality. That is why is essential that our vision for Nichirei defines and invests in the human resources we require. Our human resources departments are also creating mechanisms that incorporate DX to focus on individuals. In FY2022, we replaced our core personnel information system with a new system that integrates management of all our human resource data for use in everything from training to job assignments. I also intend to use the human resource development system and integrated personnel information system for our succession plan in the future.

Toward Our Transformation

We have positioned the term of Compass Rose 2024 as a period of transformation that will take us to the midpoint of our drive toward 2030. Moving forward with sustainability initiatives, restructuring, and upgrading and strengthening our business foundation will advance us to a new stage. To reiterate, in order to do so it will be crucial for each employee to recognize how their own work relates to sustainability. Constant attention by all of us in the Nichirei Group to social issues, thinking about how we can contribute, and then acting on our own initiative will generate change.

The Nichirei Group will continue to value dialogue with its stakeholders as it fulfills its responsibilities to society as a company that supports good eating habits and health through business activities, based on its Management Principles and the Group Sustainability Policy. We will also continue working for sustainability management and capital efficiency to improve social and economic value. As we do so, we look forward to your ongoing support.



## TOWARD 2030

### Achieving Our Long-term Management Goals toward 2030

Net sales	Overseas sales ratio	Operating profit/Net sales	ROIC
¥1 trillion	30%	8%	9% or higher

Promoting innovation to contribute to good eating habits and health for all people by creating new value that helps to resolve the issues of customers and society

Create high added value and maximize capital efficiency

#### The Path to Realizing Our Vision for 2030



Long-term Management Goal:  
Realize Our Vision for 2030

Contribute to good eating habits and health



FY2023-FY2025 Medium-term Business Plan

Compass Rose 2024 [Details \(Page 50\)](#)

Help to resolve social issues through our business; pursue capital efficiency

Create new value <a href="#">Commentary (Page 42)</a>	Strengthen ESG response <a href="#">Commentary (Page 16)</a>	Conduct business portfolio management <a href="#">Commentary (Page 14)</a>	Grow core businesses and improve low-profit businesses <a href="#">Details (Page 46)</a>
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Allocation of Management Resources

Growth investment	Overseas business expansion	New business
Environmental measures <a href="#">Details (Page 68)</a>	Promotion of IT and DX <a href="#">Details (Pages 21, 67)</a>	Human resource development <a href="#">Commentary (Page 78)</a>



**We will increase corporate value by emphasizing capital efficiency in resource allocation and maintaining the optimal capital structure.**

### Kenji Suzuki

Director, Executive Officer;  
in charge of Accounting & Tax,  
Business Management and Real Estate Division,  
General Manager of Finance

## Summary of the Financial Aspects of Medium-term Business Plan WeWill 2021

During the three-year period of the previous medium-term business plan, cash flows from operating activities were largely in line with the plan at ¥119.6 billion, and capital expenditures totaled ¥93 billion, far exceeding any medium-term business plans in the past. These were not only expenditures for growth; we also allocated funds for investments from a medium- to long-term perspective, such as business process innovation and environmental countermeasures, to strengthen the management base. However, some issues remained in terms of asset efficiency and return on our investments.

Overseas sales in FY2022 totaled ¥97.6 billion. Although we did not reach our target of ¥100 billion, we laid the groundwork for future earnings by making multiple corporate acquisitions and expanding refrigerated warehouse space in the logistics business in Europe.

To improve capital efficiency and expand shareholder returns, we steadily increased dividends and conducted stock buybacks totaling ¥10 billion, maintaining ROE at 10% or higher. Profit attributable to owners of parent in the final year of the plan was ¥23.4 billion and profit per share was ¥176, both exceeding the initial target.

## Priority Measures of Medium-term Business Plan Compass Rose 2024

Helping to resolve social issues and pursuing capital efficiency are the core tenets of our current medium-term business plan, further increasing the importance of appropriately allocating management resources. Business portfolio management is a priority strategy. To promote greater awareness of efficiency, we have introduced ROIC targets in addition to EBITDA and REP,\* which we were already using as KPIs, and will conduct logic tree analysis according to the characteristics of each business and monitor profitability and efficiency. The ROIC targets will also be used as KPIs for determining officer remuneration,

and we intend to improve capital efficiency throughout the Group by using ROIC-based business evaluations to decide allocation of resources. We aim to increase ROIC to about 7.5% in the final year of Compass Rose 2024, and to 9% or higher as we head toward 2030.

The importance of intangible assets continues to increase. Compass Rose 2024 calls for proactive investment in environmental measures and allocation of management resources to areas such as human resource development, promotion of digital transformation and brand building. We have also set quantitative targets for

non-financial matters such as creating new value, sustainable procurement and climate change countermeasures, and it is crucial that these investments lead to concrete results.

To improve economic value, we must also be strongly focused on lowering the cost of capital. Good financial results are important, but we will also endeavor to

communicate our growth story, investment approach, sustainability initiatives and other matters to our stakeholders in a way that is easily understood.

\* Retained Economic Profit. Our original indicator showing profit after deduction of capital costs.

### Cash Flows

	Business Plan (Period)		
	POWER UP 2018 (FY2017-FY2019)	WeWill 2021 (FY2020-FY2022)	Compass Rose 2024 (FY2023-FY2025) Plan
Cash flows from operating activities	102.0	119.6	142.0
Cash flows from investing activities	(49.6)	(82.5)	(109.0)
Free cash flow	52.4	37.0	33.0

## Financial Strategy and Capital Policy

In managing the balance sheet for the Group as a whole, I am responsible for ascertaining the external environment as well as internal financial conditions and demand for funds. Nichirei uses the debt-to-equity (D/E) ratio as a KPI for assessing the balance between financial soundness and capital efficiency. As such, we have a target D/E ratio of approximately 0.5 times to enable us to maintain our credit rating and capacity to take on leverage, and in so doing secure funding for flexible strategic investments.

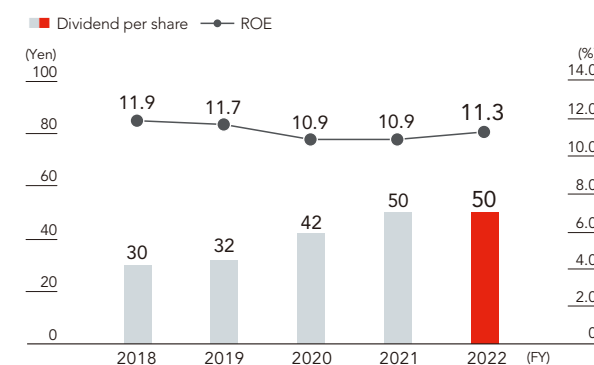
We plan to invest approximately ¥120 billion under Compass Rose 2024, a significantly higher amount than during the previous medium-term business plan, but we should be able to keep operating cash flow above ¥140 billion and maintain the D/E ratio and equity ratio at their current levels.

Dividends are our primary method of returning profits to shareholders. We will continuously increase dividends

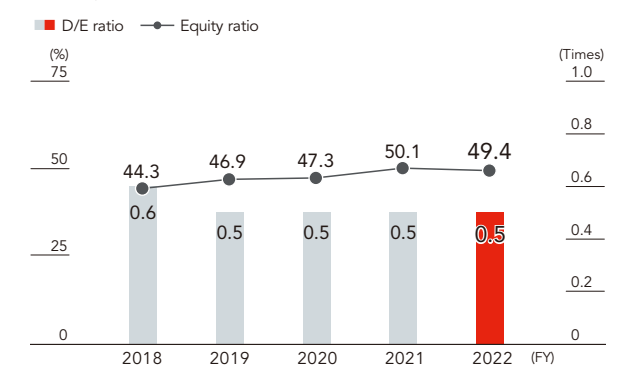
with a dividend-on-equity (DOE) ratio of 3% as our criterion, and flexibly conduct stock buybacks after considering our capital requirements, the progress of our investment plans, and our share price level.

Keeping in mind a balance between economic rationality and stability in fund procurement, we have set standards for both the short-term to long-term ratio and the direct to indirect financing ratio. In this way, we endeavor to diversify funding sources and methods, including corporate bonds, borrowings and commercial paper, so we can respond to sudden changes in the financial environment. We also intend to consider sustainable finance, which has been attracting attention as a mechanism that facilitates the resolution of environmental and social issues from a financial perspective.

### Dividend per Share and ROE



### Equity Ratio and D/E Ratio (Including lease obligations)\*



\* Interest-bearing debt ÷ Net assets



**We will integrate our business and sustainability strategies to achieve sustainable growth.**

### Yuichi Takaku

Executive Officer;  
in charge of IT Strategy,  
General Manager of Strategic Planning,  
General Manager of Sustainability Management

## Enhancing Our Structure for Promoting Sustainability

To achieve our long-term management goals toward 2030, we identified five material matters for the Nichirei Group, including climate change initiatives and sustainable procurement. For each, we set Group targets, consisting of measures and KPIs. In FY2023, we established the Group Sustainability Committee as a consultative body to the Board of Directors. It deliberates on strategies related to the material matters, the Group's initiatives to realize a sustainable society, and similar issues. Concurrently, the holding company has been reorganized into a dual-headquarters structure consisting of the Strategy Headquarters and the Corporate Management Headquarters. This will expedite decision-making and

execution. Moreover, by consolidating Sustainability Management, Strategic Planning, IT Strategy, Innovation Planning & Development and Technology Management into the Strategy Headquarters, we intend to strengthen the link between management strategy and our SDG and ESG initiatives.

We have also incorporated third-party ESG evaluations into the KPIs for determining officer remuneration. This creates a mechanism that links remuneration to the achievement of non-financial as well as financial targets, thereby strengthening our response to sustainability-related issues.

## Environmental and Procurement Initiatives

We are giving particular priority to addressing issues related to the environment and procurement. Due to the substantial impact of climate change on Nichirei as a food and logistics company, we are stepping up our environmental measures. We have set Group targets for reducing CO<sub>2</sub> emissions with the aim of becoming carbon neutral by 2050, and have been disclosing information based on the TCFD recommendations. We are reducing electricity consumption by installing high-efficiency

freezing and refrigeration equipment, utilizing renewable energy including the introduction of solar power generation equipment, using natural refrigerants in newly constructed facilities, and converting to natural refrigerants at existing core sites. We believe that responsible initiatives for the environment will improve our corporate value and lead to higher economic value, and as such we are proactively conducting such initiatives Group-wide.

## Sustainability Promotion Structure



Sustainable food procurement is another urgent issue for us. The emergence of geopolitical and climate change risks has significantly impacted raw material procurement throughout the food industry, so we need to take action from a medium- to long-term perspective. In addition, we are conducting initiatives to build sustainable procurement

infrastructure that takes the environment and human rights into account. Initiatives include risk analysis covering the entire supply chain and procurement that complies with the Nichirei Group Supplier Code of Conduct and Guidelines.

## Integrating Our Business and Sustainability Strategies




















The Nichirei Group has grown with a business portfolio based on frozen foods and ingredients that support people's diets, and our logistics infrastructure. The environment and society are the foundation of our economic activities, so we must continue to fulfill our social responsibilities as a company that supports good eating habits and health. With a clear understanding of this premise, we are implementing management strategies to improve our social and economic value under Medium-term Business Plan Compass Rose 2024. I believe my role is to adopt a medium- to long-term perspective in devising strategies for helping to resolve social issues through our business activities and formulating specific measures to link those strategies to organizational management.

Sustainability-related targets are incorporated in the management plans of our operating companies as

single-year targets and action plans centered on our material matters. The Group Sustainability Committee will monitor progress and work with each operating company to steadily promote initiatives to achieve the targets.

I have witnessed how the importance of sustainability has been widely shared within the Company. In addition to the material matters, the Nichirei Group Sustainability Policy: The Nichirei Pledge, which we established in April 2022, has become a part of the Company's common language. We intend to extend this focus on sustainability further, until it permeates the entire Group. At the same time, our officers and employees will work together to resolve social issues and create new value. In this way, Nichirei will gain a competitive advantage and achieve sustainable growth.



Nichirei Group Material Matters	Vision for 2030	Group Measures	Group KPIs for FY2031	Applicable SDGs
Creating new value in food and health	Create new markets and customer value by taking on challenges outside existing business areas in both food and health	Discovering new potential for the health value and cooling properties of materials, and using digital technologies to contribute to good eating habits and longer healthy life expectancy.	<ul style="list-style-type: none"> <li>Step up R&amp;D to develop new eco-friendly food resources and ingredients with health value</li> <li>Allocate resources to marketing and DX to develop delicious, healthy products and provide services for better eating habits</li> <li>Establish mechanisms to create and cultivate value in new fields and conduct innovation activities</li> </ul>	<ul style="list-style-type: none"> <li>Sales of ingredients that explore new potential and products and services for delicious taste and high health value: ¥100 billion</li> <li>Total number of people who receive information for good eating habits and health: 200 million per year</li> </ul>
				 3.d  8.2  9.5
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	Promote capacity expansion, work process innovation, reduction of environmental impact and development of business foundations through proactive capital expenditures in the processed foods and temperature-controlled logistics businesses	<ul style="list-style-type: none"> <li>EBITDA margin: 12%</li> <li>EBITDA CAGR: 7% or higher</li> </ul>
	Overseas business has become a new pillar of earnings	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"> <li>Overseas sales ratio: 30%</li> </ul>	 2.4  9.1, 9.4  8.b
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 Nichirei Group Supplier Code of Conduct and Supplier Guidelines.	Establish a supply chain with consideration for human rights and the environment and conduct due diligence	<ul style="list-style-type: none"> <li>Rate of procurement from suppliers and OEMs that comply with the Nichirei Group Supplier Code of Conduct and Supplier Guidelines: 100%</li> <li>Rate of implementation of ESG due diligence for main raw materials and major suppliers: 100%</li> </ul>
	Promoting a circular economy by creating new business models	Work to conduct sustainable resource procurement and help to realize a circular economy	<ul style="list-style-type: none"> <li>Rate of attendance for the SDGs educational program aimed at realizing a circular economy: 100% (all employees)</li> <li>Rate of waste recycling at all sites: 99%</li> </ul>	 8.7  12.2, 12.6  14.4 
	Improving resilience of water resources through an understanding of water-related risks	Identify water-related risks through risk assessments at all sites and conserve water	<ul style="list-style-type: none"> <li>Conduct regular water-related risk assessments at all sites, as well as in conservation activities and the BCP</li> </ul>	 4.7  12.5  6.3  13.1
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 <sub>2</sub> emissions both inside and outside the Group toward the goal of becoming carbon neutral by 2050	Reduce CO <sub>2</sub> 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"> <li>Reduction in CO<sub>2</sub> emissions: 50% (Compared with FY2016; Scope 1 and 2 in Japan)</li> </ul>
	Elimination of CFCs progressing at production and logistics facilities as a global warming countermeasure	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"> <li>Rate of conversion to natural refrigerants Production equipment (Japan): 100%</li> <li>Logistics (Global): 75%</li> </ul>	 7.2, 7.3  13.3
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	<ul style="list-style-type: none"> <li>Introduce a Group-wide engagement survey* to monitor the effectiveness of measures</li> <li>Establish a personnel system that enables Group employees to choose work styles according to their career outlook and contributes to productivity improvement</li> <li>Establish and provide support for application of rules</li> </ul> <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"> <li>Ratio of female directors and female Audit &amp; Supervisory Board members (HD*): 30% or higher</li> <li>Ratio of female line managers (HD*): 30%</li> </ul> <p>* HD: Nichirei Corporation (Holding Company)</p>
			<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Double investment in human resources by 2030*</li> </ul> <p>* Compared with the average annual investment in human resources in FY2019-FY2021</p>
				 4.3, 4.4  5.1, 5.5  8.5

KPIs for Material Matters

In 2021, we set Group targets for 2030, consisting of measures and KPIs for initiatives for the Group’s material matters.

Medium-term Business Plan Compass Rose 2024, which began in FY2023, sets Group KPIs for FY2025 as milestones on the road to 2030, as well as measures and quantitative targets for the holding company and each operating company. We aim to achieve our targets by continuously monitoring KPIs and carrying out the plan-do-check-act (PDCA) cycle.

Nichirei Group Material Matters	Group Targets (KPIs)	FY2022 Results	FY2025 Targets	FY2031 Targets	Main Operating Companies Involved
Creating new value in food and health	Sales related to this material matter	—	—	¥100 billion	■ Nichirei Foods Pages 52-55 ■ Nichirei Fresh Pages 60-63 ■ Nichirei (Holding Company) Pages 44-45 Group-wide initiatives Pages 42-43
	Number of consumers and other external parties who receive information (total per year)	—	—	200 million people	
Strengthening food processing and production technology capabilities; enhancing logistics services	EBITDA margin	9%	10%	12%	
	EBITDA CAGR <small>Note: FY2022 figure is CAGR for FY2020-FY2022. FY2025 figure is CAGR for FY2023-FY2025. FY2031 figure is CAGR for FY2026-FY2031.</small>	4%	7%	7% or higher	■ Nichirei Foods ■ Nichirei Logistics Group Pages 56-59
	Overseas sales ratio	16%	20%	30%	
Realizing sustainable food procurement and resources recycling	Rate of procurement from suppliers and OEMs that comply with the Nichirei Group Supplier Code of Conduct and Supplier Guidelines	—	Under consideration	100%	
	Rate of implementation of ESG due diligence for main raw materials and major suppliers	—	Under consideration	100%	■ Nichirei Foods ■ Nichirei Logistics Group ■ Nichirei Fresh Pages 60-63 ■ Nichirei Biosciences Pages 64-65 Group-wide initiatives Pages 74-77
	Rate of attendance for the SDGs educational program aimed at realizing a circular economy	—	100% (Executives)	100% (All employees)	
	Rate of waste recycling at all sites	99%	99%	99%	
	Conduct water-related risk assessments at all sites	Flood risk survey of all sites in Japan	Conduct in FY2024	Conduct regular water-related risk assessments at all sites, as well as in conservation activities and the BCP	
Climate change initiatives	Reduction in CO <sub>2</sub> emissions (Compared with FY2016; Scope 1 and 2 in Japan)	-20%	-30%	-50%	
	Rate of conversion to natural refrigerants Production equipment in Japan	58%	80%	100%	■ Nichirei Foods ■ Nichirei Logistics Group Pages 56-59 Group-wide initiatives Pages 68-73
	Rate of conversion to natural refrigerants Logistics (Global)	53%	63%	75%	
Securing and developing a diverse array of human resources	• Ratio of female directors and female Audit & Supervisory Board members (HD*) <small>* HD: Nichirei Corporation (Holding Company)</small>	20%	20% or higher	30% or higher	■ Nichirei Foods Pages 52-55 ■ Nichirei Logistics Group ■ Nichirei Fresh ■ Nichirei Biosciences ■ Nichirei (Holding Company)
	Ratio of female line managers (HD*)	12%	20%	30%	
	Investment in human resources (Compared with the average annual investment in human resources in FY2019-FY2021)	0.8 times	1.7 times	2.0 times	Group-wide initiatives Pages 78-81

DX Strategy

For the Nichirei Group, digital transformation (DX) consists of data technology-driven business transformation activities linked to its five material matters, with the aim of creating new value.

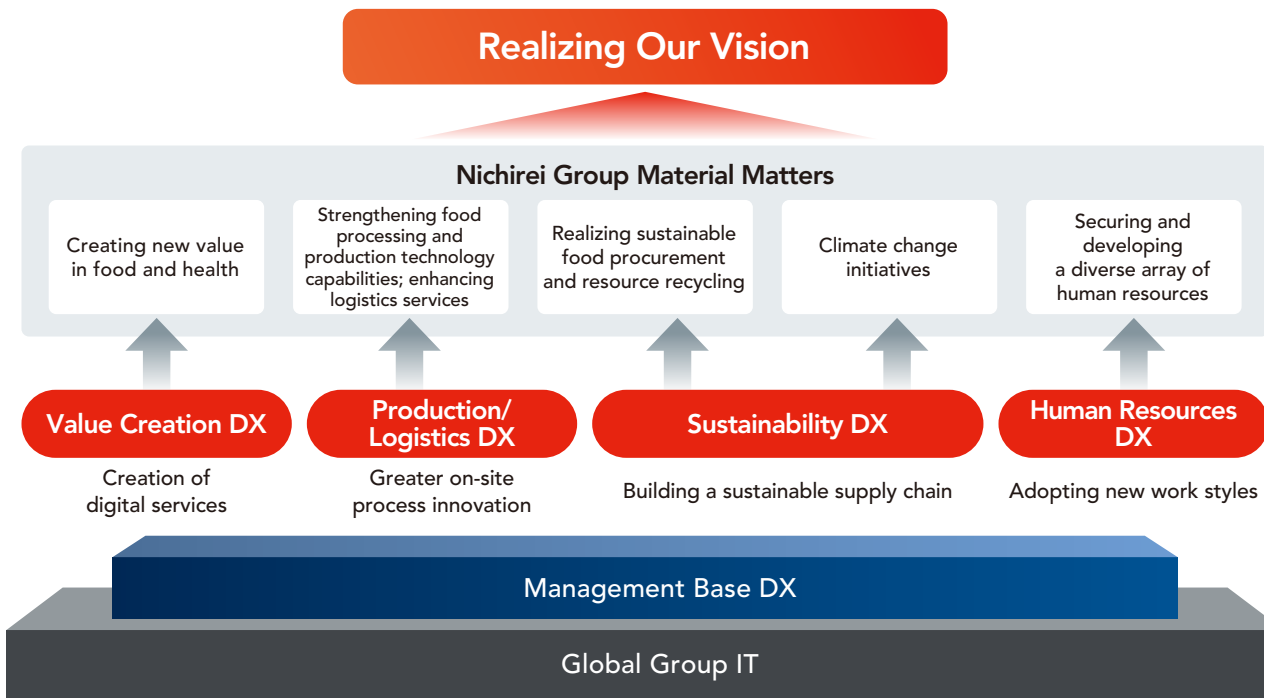
DX Strategy

Each employee should have a command of data technology to continue providing new value for the Earth and its people.

Overview of DX Strategy

To raise the awareness of employees, we will launch a new portal site focusing on our DX activities and conduct DX training for each Group employee to acquire digital literacy. By promoting DX throughout the Group, we will help to innovate existing work, generate new work and resolve supply chain issues, among other benefits. Through these measures, we aim to realize the Nichirei Group Vision.

Rollout of DX Training (Page 81)



**Value Creation DX**

We will utilize data and digital technology to create new businesses that contribute to good eating habits and a longer healthy life expectancy, and to offer improved experience value for customers. Through initiatives that go beyond our own industry, we also aim to build new ecosystems and work to monetize them.

**Production/Logistics DX**

We will work for automation using IoT, AI, robotics and other methods, and for overall optimization to link factories and warehouses in areas such as ascertaining production volume at factories and incoming, outgoing and storage volume at refrigerated warehouses. We will also work to achieve optimal equipment operation and maintenance that mobilizes our factory and warehouse management know-how, and to conduct all-inclusive control of multiple sites.

**Sustainability DX**

We will work to create a sustainable supply chain by collecting, managing and analyzing information on the sustainability of our suppliers and all other parties throughout the chain.

**Human Resources DX**

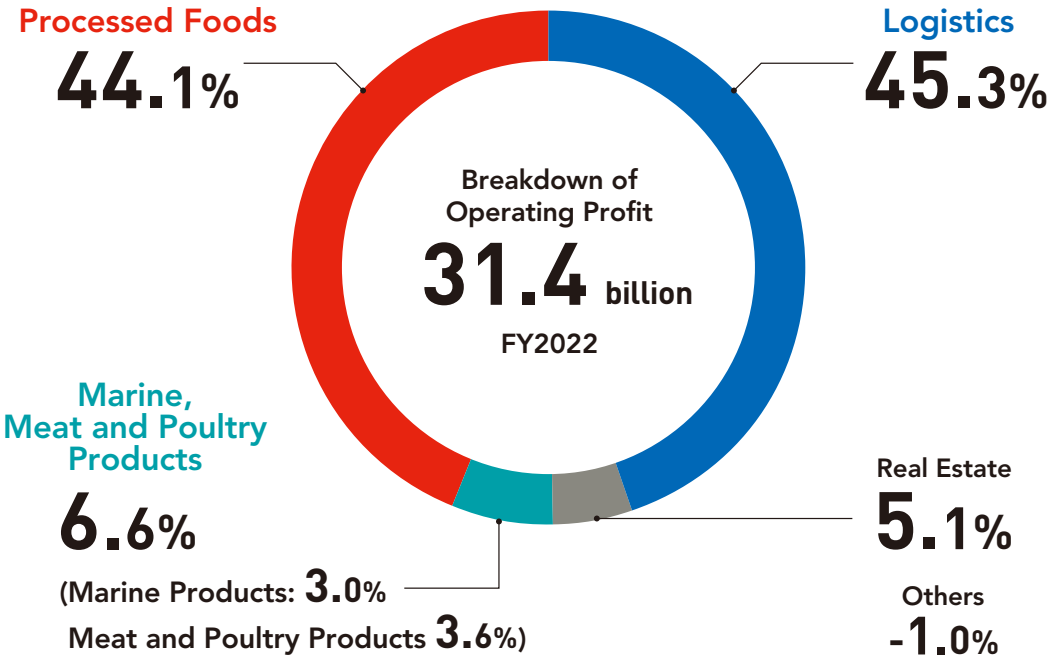
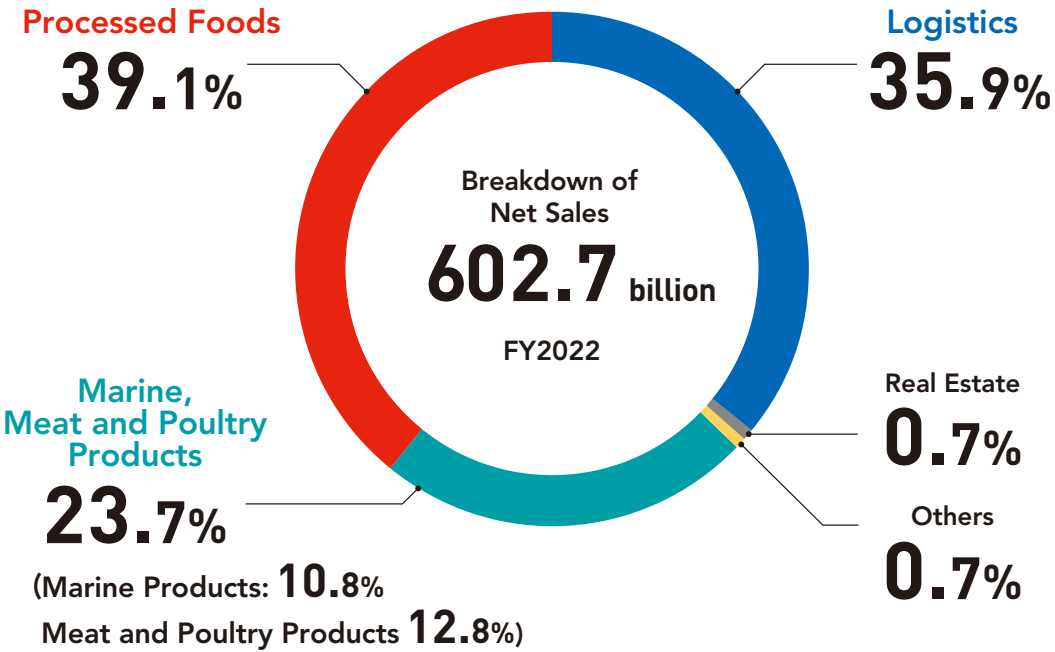
We will deploy the right human resources to the right places in the Company. At the same time, we will improve work efficiency by promoting cooperation with external human resources.

**Management Base DX**

We will collect, manage and analyze internal and external data to be converted into valuable information and provided to management in a timely manner for speedy decision-making.

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.

Processed Foods

Nichirei Foods Inc.

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.



Temperature-controlled Logistics

Nichirei Logistics Group Inc.

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.



Marine, Meat and Poultry Products

Nichirei Fresh Inc.

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.



Bioscience

Nichirei Biosciences Inc.

By making the best use of biotechnologies to conduct business in the three fields of molecular diagnostics, biomedical materials and immunochromatographic diagnostic reagents, 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.



Nichirei Corporation (Holding Company)

Real Estate

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 enables us to improve eating habits, and to meet the expectations and earn the trust of society as we seek further growth.



Processed Foods

Sales of Frozen Foods

No.1 in Japan

Sales Ranking of Frozen Food Manufacturers (FY2022)

Ranking	Company	Net Sales (Billions of yen)
1	Nichirei	238.6
2	Company A	221.7
3	Company B	183.3
4	Company C	173.6
5	Company D	96.3

Source: From an August 12, 2022 article in *Reishoku Nippo*, which is published by Shokuhin Sangyo Shimbunsha Co., Ltd.

Long-selling Household-use Frozen Foods

53 years



Obento-ni-Good!  
Mini Hamburg  
(hamburger steak)

34 years



Obento-ni-Good!  
Karaage Chicken  
(fried chicken)

21 years



Honkaku-Itame-  
Chahan  
(fried rice)



Temperature-controlled Logistics

Refrigerated Warehouse Capacity

No.1 Share in Japan

No.5 Global Share

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

Ranking	Company/Group Name	Capacity (Thousands of tons)	Share of Total Capacity (%)
1	Nichirei Logistics Group Inc.	155	9.1%
2	YOKOREI Co., Ltd.	94	5.5%
3	Maruha-Nichiro Logistics, Inc.	66	3.9%
4	Toyo Suisan Kaisha, Ltd.	61	3.6%
5	Chilled & Frozen Logistics Holdings Co. Ltd.	52	3.1%

Source: Prepared based on "Refrigerated Warehouse Statistics," November 2021 materials from the Japan Association of Refrigerated Warehouses

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

Ranking	Company Name	Capacity (Thousands of tons)	Main Country of Business
1	Lineage Logistics	2,940	USA
2	Americold Logistics	1,599	USA
3	United States Cold Storage	479	USA
4	NewCold Advanced Cold Logistics	244	USA
5	Nichirei Logistics Group Inc.	226	Japan
6	Interstate Warehousing, Inc.	131	USA
7	Frialsa Frigoríficos S.A. De C.V.	123	Mexico
8	VersaCold Logistics Services	120	Canada
9	VX Cold Chain Logistics	111	China
10	Constellation Cold Logistics	99	Belgium

Source: Prepared based on the "Global Top 25 List," March 2022 materials from the International Association of Refrigerated Warehouses

Domestic and Overseas Vehicles in Operation

Approximately 8,000 (per day)

Marine, Meat and Poultry Products

Number of Countries for Food Procurement

More than 30



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 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



Antarctic expedition

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 Reorganized as Nippon Reizo Inc., a private company
- 1946 Launched *Reika* fruit juice popsicle
- 1952 Launched frozen prepackaged *tempura* set
- 1955 Started offshore exporting of marine products
- 1956 Launched meat and poultry products business
- Provided frozen food to Antarctic expedition
- 1959 Developed Hayabusa, a long-distance frozen cargo vehicle

1960s to 1970s

The spread of electric refrigerators changes eating habits. Expanding into the broiler and processed marine products businesses



Rotating poultry house in Kamagaya

Terrace Nichirei cafeteria at the Japan World Exposition in Osaka

With brisk 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) Launched *Tender Tuna* (cooked canned tuna)
- 1964 Provided frozen foods to the athletes' village at the Tokyo Olympics
- 1968 Ranked No. 1 in share of African octopus and Central and South American shrimp handled
- 1970 Opened a cafeteria at the Japan World Exposition (Osaka)
- 1977 Established a subsidiary to handle transport
- 1979 Established a subsidiary to collect and sell agricultural, marine, meat and poultry products in the United States

1980s to 1990s

Increasing interest in frozen foods as more women began working outside the home.

Actively developing new businesses



Newspaper announcement of the change in the company name

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. In addition, rising numbers of women working outside the home spurred growth in demand for highly convenient frozen foods. From the latter half of the 1980s, we started full-scale overseas expansion in the fields of processed foods and temperature-controlled logistics.

- 1980 Started Tomorrow's Nichirei
- 1982 Expanded into the biotechnology field
- 1985 Changed company name to Nichirei Corporation
- 1987 Launched *Acerola Drink*
- 1988 Started European logistics business in the Netherlands
- 1993 Full-scale launch of cross-docking operations (XD)
- 1997 Established the Nichirei Technology Development Center

2000s

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



Junwakei chickens

GFPT Nichirei (Thailand) Company Limited

We fundamentally revised the structure of our traceability system to enhance quality assurance so we could 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
- Established Jinzhu (Yantai) Food Research and Development Co., Ltd. in China for food analysis, inspection, and research and development
- 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 production subsidiary, for stable supply of processed poultry products

2010s

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



Global Innovation Center



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
- 2014 Established Nichirei Foods Funabashi No. 2 Plant
- 2017 CSR Basic Policy revised as The Nichirei Pledge
- 2018 Opened the *MIRA* terrace company day care center
- 2019 Established the Global Innovation Center as a bioscience business base for research, development and production
- Established the Nichirei Group Human Rights Policy

2020 onward

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



Nagoya Minato DC

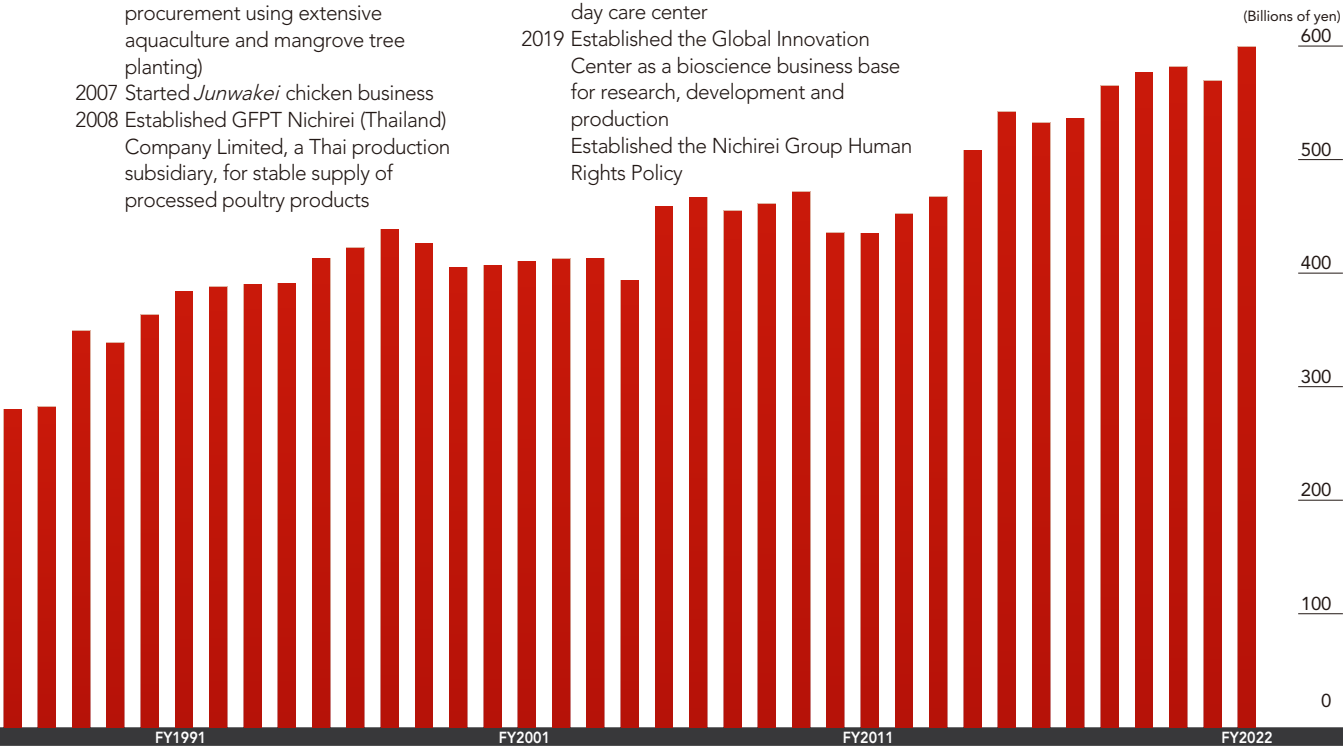


We will forge a strong link between sustainable corporate growth and the achievement of a sustainable society, dealing openly with the public as we continue to support eating habits.

- 2020 Established Nagoya Minato DC, a model center for business innovation
- Junwakei* chicken became the first poultry product in Japan to acquire Specific Japanese Agricultural Standards (JAS) certification for sustainability for eggs and chicken meat
- 2021 Joined the United Nations Global Compact
- Launched *Immunofine SARS-CoV-2* antigen test kit for the SARS coronavirus
- 2022 Established Sustainability Policy: The Nichirei Pledge
- Launched *Inochi-no-Umi-Project* to regenerate *Zostera* (eelgrass) beds

▶ Nichirei Group Net Sales

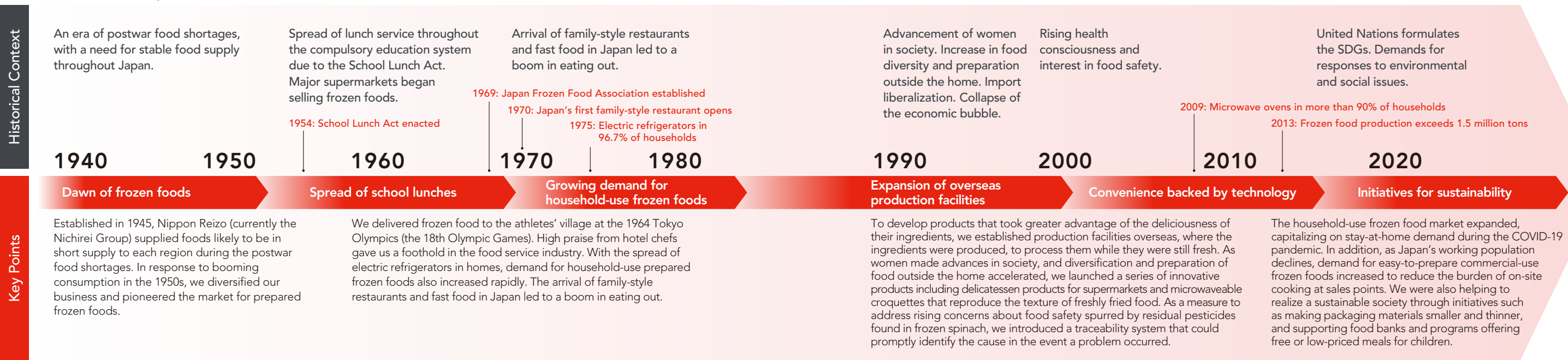
Note: Consolidated net sales from FY2005





Our Path for Creating Value: Nichirei's History in Frozen Foods

Since developing frozen foods more than 70 years ago, the Nichirei Group has solved the various issues of each era to support more diverse diets. We will use the technological development capabilities we have cultivated to continue to provide new value.



Nichirei's Products and Technology Solutions

Partly because a cold chain network had not yet been established in Japan, there were no permanent frozen food sales sections in stores. In 1952, we opened frozen food sections at the Fujiya and Toyoko department stores. Most sales at first were of frozen fish, but as we gradually raised the level of our processing, our lineup expanded to include prepared frozen foods such as *Shumai* (Chinese dumplings) and fried foods. At the time, an electric refrigerator was not yet common in ordinary households, so a full-scale rollout required time.

*Chawan-Mushi* (savory egg custard), which we launched in 1954 as Japan's first heat-and-eat prepared frozen food, was made by adding chicken, ginkgo nuts and other ingredients to soup stock containing beaten eggs, and then freezing. It had to be thawed, then put in a container and steamed, but it was revolutionary at a time when there were no microwave ovens. As nuclear families increased in number, the difficulty of preparing the multiple ingredients required in small quantities also helped to make the product popular.

Commercial-use prepared frozen foods caught on at once in the food service industry. Our easy-to-eat fish sticks made from fish paste and offering uniform quality and standards were delivered pre-breaded and frozen. The convenience of being able to deep-fry a large quantity on-site helped to make it a major hit in meals at schools, hospitals and Self-Defense Forces mess halls.

At the 1964 Tokyo Olympics, meals had to be provided to a large number of people, including about 7,500 participating athletes and officials from 94 countries, as well as the press. To prevent a spike in prices for domestic perishables, the decision was made to use frozen foods. We repeatedly considered the most serviceable standards and portion sizes to deliver high-quality frozen food to the athletes' village. Praise from hotel chefs who had gathered from all over Japan to work in the athletes' village gained attention for frozen food from the hotel and food service industries.

As the variety of its household-use prepared frozen food products increased, in 1974 Nichirei integrated all the different brands that had come into being under the *Green Belt* brand. In 1978, we launched the *White Pack* series of household-use versions of the commercial-use products in our *Restaurant Pack* series. We catered to a variety of dining situations with a lineup that ranged from products for boxed lunches to premium-priced dinner items.

In 1994, we launched *Koromo-ga-Sakusaku Gyuniku-croquette* as part of our *Shin-Renji-Seikatsu* series. It took three years of research and development to succeed in creating freshly-fried crispiness even when cooked in a microwave oven. In addition, we insisted on using Danshaku potatoes from Hokkaido to recreate the proper croquette flavor. Our technology enabled a significant reduction in cooking time, thus responding to changes in lifestyles such as the increase in double-income households.

In 2001, we introduced *Honkaku-Itame-Chahan* (fried rice), the first household-use frozen fried rice, made by frying rice in large volumes on a continuous production line. By capturing demand as a substitute for fried rice made from scratch, this product changed the concept of frozen rice products. In 2004, we launched the mail-order-only *Kikubari-Gozen*, a meal set of nutritionally controlled frozen dishes for people whose diets tend to be nutritionally unbalanced.

Since 2006, Nichirei Foods and Nichirei Logistics Group have supported the activities of Second Harvest Japan. So far, they 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 the products, they also provide logistical support for frozen foods to maintain their quality.

In 2019, we launched the commercial-use *Boil-de-Sakutto* series for croquettes and other fried foods that can be prepared by boiling. In 2020, we launched the *Vege-delica* series of products for delicatessens. These meal kits containing multiple ingredients and seasonings help to resolve the problem of worker shortages and insufficient cooking facilities.

Initiatives for Eco-friendly Packaging

FY2007 *Imagawa-Yaki* (Japanese waffles): Elimination of trays

FY2010 *Yaki-Onigiri* (grilled rice balls) 10-pack: Elimination of trays

FY2012 *Honkaku-Itame-Chahan* (fried rice): Thinner packaging

FY2015 *Yaki-Onigiri* (grilled rice balls) 10-pack: Thinner packaging

FY2016 *Honkaku-Itame-Chahan* (fried rice): Thinner packaging (second reduction)

FY2019 *Ebi-Pilaf* (shrimp pilaf) and *Chicken Rice*: Thinner packaging

FY2021 *Ebi-to-Cheese-no-Gratin* (shrimp gratin) and *Ebi-to-Cheese-no-Doria* (shrimp rice gratin): Thinner trays, reduced tray handle width

FY2022 *Yaki-Onigiri* (grilled rice balls): Elimination of trays for entire lineup



# Value Creation Process

## External Environment

### Opportunities

- Stable procurement of sustainable raw materials
- Enhanced food traceability
- Higher expectations for frozen storage, supply and control functions for food
- Rising demand for frozen foods
- Rising demand for health-conscious products
- Promotion of personalized diets and medical care
- Providing new products and services in response to labor shortages and legal regulations
- Providing value through resource-recycling products and services

### Risks

- Depletion of food and water resources due to climate change
- Labor shortage
- Disruption in passing down know-how
- Disruption or difficulty in maintaining a sustainable supply chain
- Increase in raw material procurement costs
- Increase in environmental investment due to shift to renewable energy
- Market changes spurred by demographics
- Stricter regulations on imports and exports in each country

## Nichirei Group Material Matters

Creating new value in food and health

Strengthening food processing and production technology capabilities; enhancing logistics services

Realizing sustainable food procurement and resources-recycling society

Climate change initiatives

Securing and developing a diverse array of human resources

## INPUT

Note: Data as of March 31, 2022, except where noted

### Financial Capital

- Total assets **¥427.6 billion**
- Equity ratio **49.4%**
- Free cash flow (before dividends) **¥8.6 billion**

### Manufactured Capital

- Production facilities **22 in Japan, 6 overseas**
- Refrigerated warehouse storage capacity **1,550 thousand tons in Japan, 710 thousand tons overseas**

### Intellectual Capital

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

### Human Capital

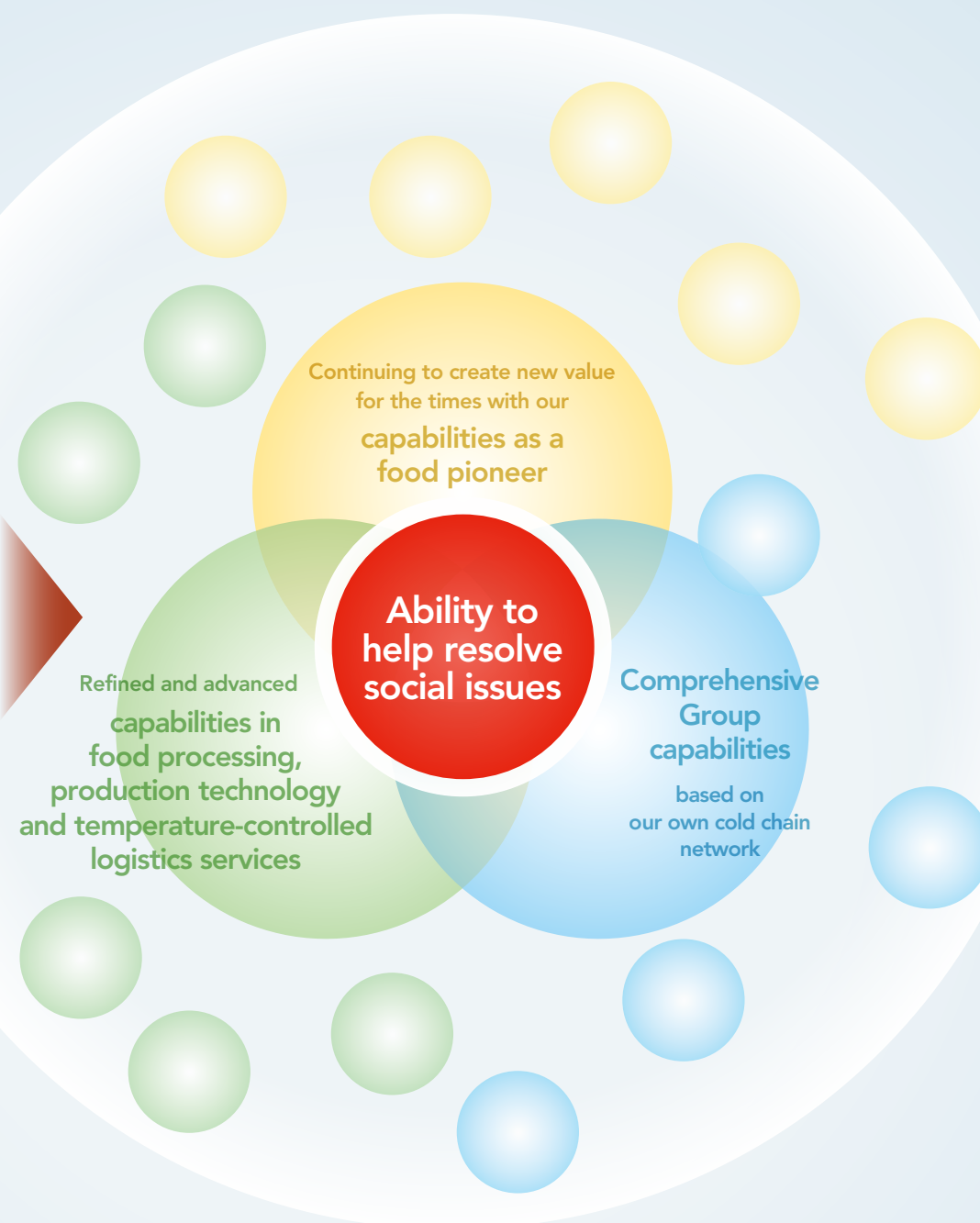
- Number of employees (consolidated) **15,296**
- Expert human resources
- Average length of service (males) **17.5 years** (females) **15.4 years**

### Social and Relationship Capital

- Sales network
- Logistics network
- Donations to social causes **¥350 million**

### Natural Capital

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



## OUTPUT

### Economic Value

	FY2025 Targets	FY2031 Targets
Net sales	<b>¥660.0 billion</b>	<b>¥1 trillion</b>
Overseas sales ratio	<b>20%</b>	<b>30%</b>
Operating profit/Net sales	<b>5.6%</b>	<b>8%</b>
ROIC	<b>7% or higher</b>	<b>9% or higher</b>
EBITDA margin	<b>10%</b>	<b>12%</b>

### Social Value

#### Realizing sustainable food procurement and resource-recycling society

Group KPIs	FY2025 Targets	FY2031 Targets
Rate of attendance for the SDGs educational program aimed at realizing a circular economy: 100%	<b>100% (executives)</b>	<b>100% (all employees)</b>
Rate of waste recycling at all sites: 99%	<b>99%</b>	<b>99%</b>
Conduct regular water-related risk assessments at all sites, as well as in conservation activities and the BCP	<b>Conduct in FY2024</b>	<b>Conduct regular water-related risk assessments at all sites, as well as in conservation activities and BCP</b>

#### Climate change initiatives

Group KPIs	FY2025 Targets	FY2031 Targets
Reduction in CO <sub>2</sub> emissions: 50% (Compared with FY2016; Scope 1 and 2 in Japan)	<b>-30%</b>	<b>-50%</b>
Rate of conversion to natural refrigerants Production equipment in Japan: 100%	<b>80%</b>	<b>100%</b>
Logistics (Global): 75%	<b>63%</b>	<b>75%</b>

#### Securing and developing a diverse array of human resources

Group KPIs	FY2025 Targets	FY2031 Targets
Ratio of female directors and female Audit & Supervisory Board members (HD) <sup>1</sup> : 30% or higher	<b>20% or higher</b>	<b>30% or higher</b>
Ratio of female line managers (HD) <sup>1</sup> : 30%	<b>20%</b>	<b>30%</b>
Double investment in human resources by 2030 <sup>2</sup>	<b>1.7 times</b>	<b>2.0 times</b>

1. HD: Nichirei Corporation (Holding Company)  
2. Compared with average annual investment in human resources during FY2019-FY2021

## OUTCOME

**Achieve our long-term management goals toward 2030**

**Contribute to good eating habits and health**

**Realize a Sustainable Society**

Sustainability Policy

Management Principles

# Nichirei's Business Model and Advantages

Synergy among Our Three Advantages Generates

## The Ability to Help Resolve Social Issues

The Nichirei Group leverages the advantages and functions arising from pushing the frontiers of food, its comprehensive Group strengths and its capabilities in food processing, production technology and temperature-controlled logistics services. Helping to resolve social issues has in turn led to the growth of the Group's businesses. In collaboration with our stakeholders, we will continue to create both social and economic value as we aim to further improve our corporate value.



Ability to help resolve social issues

Case studies of helping to resolve social issues through our business (Pages 34-41)

Continuing to create new value for the times with our capabilities as a food pioneer

### Our Heritage

Seventy-six years of creating unprecedented meal options and new food cultures by continuing to provide products and services with new value for society

A history of handling sources of animal proteins since our founding

Cross-docking centers (XD business)

Microwaveable croquettes

Junwakei chicken received Japan's first Specific JAS Certification\*

\* Specific Japanese Agricultural Standards (JAS) certification for sustainability for eggs and chicken meat

Pioneering prepared frozen food product *Chawan-Mushi* (savory egg custard)

Guinness World Record for largest frozen fried rice brand for *Honkaku-Itame-Chahan* (fried rice)

Expanded into the biotechnology field

First in Japan to commercialize acerola

Developed long-distance frozen cargo vehicle (reefer) Hayabusa

Refined and advanced capabilities in food processing, production technology and temperature-controlled logistics services

### Our Uniqueness

- Unique ingredients procurement network
- Japan's leading advanced temperature-controlled logistics
- Development and production technology capabilities for reproducing deliciousness
- Human resources with high-level expertise and experience

Original development of refrigeration facilities and equipment

Proposal and response capabilities

Processing and production technology

Quality assurance capabilities that enhance safety and reliability

Total logistics

Long-standing relationships of trust with suppliers

Proprietary material development capabilities

Providing products with optimal processing

Ability to develop, produce and evaluate the quality of diagnostic agents

Comprehensive Group capabilities based on our own cold chain network

### Our Fields

Providing consistent value with a cold chain network from food procurement to processing, distribution and sales using the comprehensive strengths of the Nichirei Group's functions

No. 1 in sales of frozen foods in Japan

Able to handle a wide range of customers and business types

Nationwide transportation and delivery network

8,000 vehicles in operation worldwide every day

Procurement capabilities from more than 30 countries

No. 5 globally in refrigerated warehouse capacity

No. 1 in Japan in refrigerated warehouse capacity

In-house manufacturing facilities: 22 in Japan, 5 overseas



Nichirei Foods

CASE 1

A Chicken Processing Factory That Uses the Entire Chicken (Thailand)



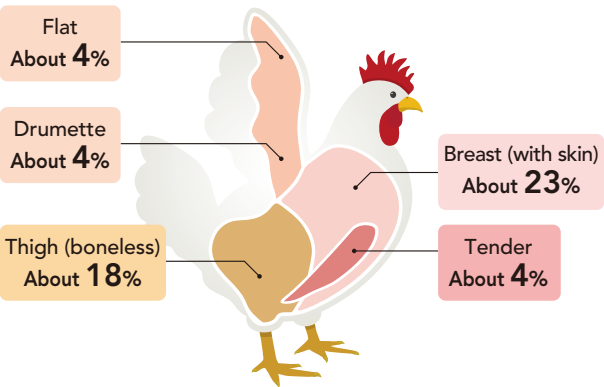
Social Issue

Food Waste:  
Thigh and Breast Meat Are Only About 40%  
of Total Weight

Fried, sauteed or prepared in various other ways, chicken is ubiquitous in daily dining. Thigh meat is the most popular part of the chicken in Japan, but it only accounts for about 20% of the whole bird by weight. Breast meat, which is popular in the United States and Europe, also only accounts for about 20%.

On the other hand, non-meat parts such as bones and feathers account for more than 40%, and become waste if they cannot be utilized. Devising processing and sales channels for well-balanced use of the entire bird is necessary to avoid food waste from carefully raised chickens.

Breakdown of Chicken Parts by Percentage of Total Weight\*



\* Weight may differ among individual chickens

Initiatives to Resolve the Issue

1 Establishment of a Joint Venture with a Major Poultry Processing Company in Thailand (2008)

Demand for chicken continues to increase worldwide, and Japan is one of the world's leading chicken importers, with consumption far exceeding domestic production.

Aiming for stable procurement of raw materials, in 2008 Nichirei Foods established GFPT Nichirei (Thailand) Company Limited (GFN), a joint venture with a major Thai poultry processing company (GFPT Group). As a joint venture, GFN utilizes the functions of the GFPT Group for fully integrated processing from raw materials to finished products. Under the system, live chickens from poultry farms that use only the best feed and breeding stock are brought in, slaughtered and cut, then cooked, frozen and packaged at a directly connected processing plant.



2 Systematic, Effective Use of the Entire Chicken

In addition to facilitating stable procurement and production of safe and reliable raw materials, GFN essentially eliminates food waste by using the entire chicken in various ways. GFN considers effective uses and sales channels for each part, from the meat to the head, feathers and blood, then adds value and sells those parts (see the figure below). For example, feathers are processed and sold for use in feed for farmed fish; bones, intestines and heads are processed and sold as raw materials for pet food; and feet are sold in China, where demand for this part is strong.

Aside from product quality, consideration for the environment and human rights is also important, especially in Europe, to which breast products are exported. GFN focuses on initiatives such as creating a comfortable working environment and animal welfare, and has acquired ISO 14001 and other international certifications.



Our integrated measures for safety and reliability, from utilizing GFN Group functions to raise chickens from breeding stock to production at GFN, have earned a positive response from customers in Japan and elsewhere. The factory has no concept of waste when it comes to raw materials. Fully using all resources reduces not only food waste but also environmental impact. Moreover, expanding business by increasing the number of value-added products leads to returns to the local community and provides employment. GFN will continue working to address a variety of social issues through a sustainable chicken business.

Social Value

- Reducing food waste and environmental impact by using the entire chicken
- Improving employee engagement
- Providing returns to the local community and employment

Economic Value

- Expanding business by selling all parts of the chicken
- Improving profitability by adding value
- Continuing safe, reliable and stable procurement



Nichirei Logistics Group

CASE 2 **SULS**  
Next-generation Transportation and Delivery System

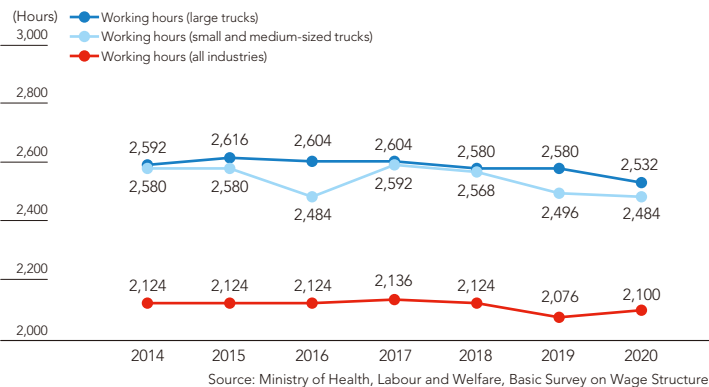


Social Issue

The Logistics Industry's 2024 Problem:  
A Shortage of Truck Drivers and Long Working Hours

Long hours have become the norm for truck drivers. In addition to long distances, drivers must contend with factors such as dwell time at logistics facilities and incidental non-driving work that they have been subcontracted to do, which has become standard business practice in the industry. The 2024 Problem for logistics refers to issues such as those that the shipping and logistics industry must address from April 1, 2024, when Japan's Work Style Reform Act imposes a mandatory limit of 960 hours of driver overtime per year to improve the working environment.

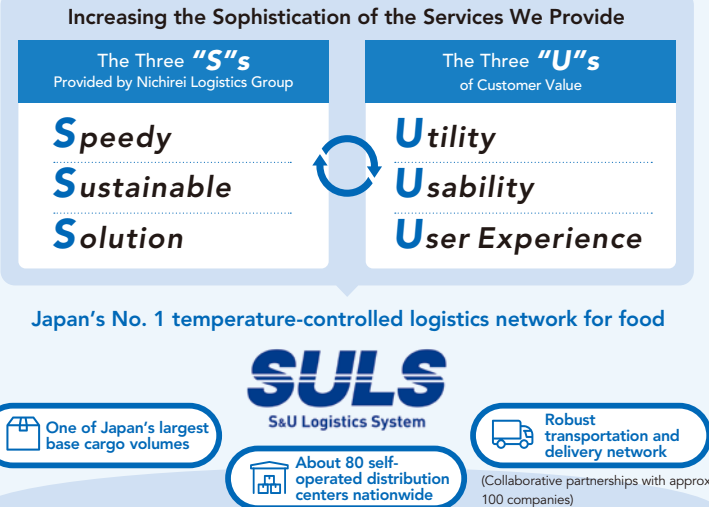
Annual Working Hours for Truck Drivers



Initiatives to Resolve the Issue

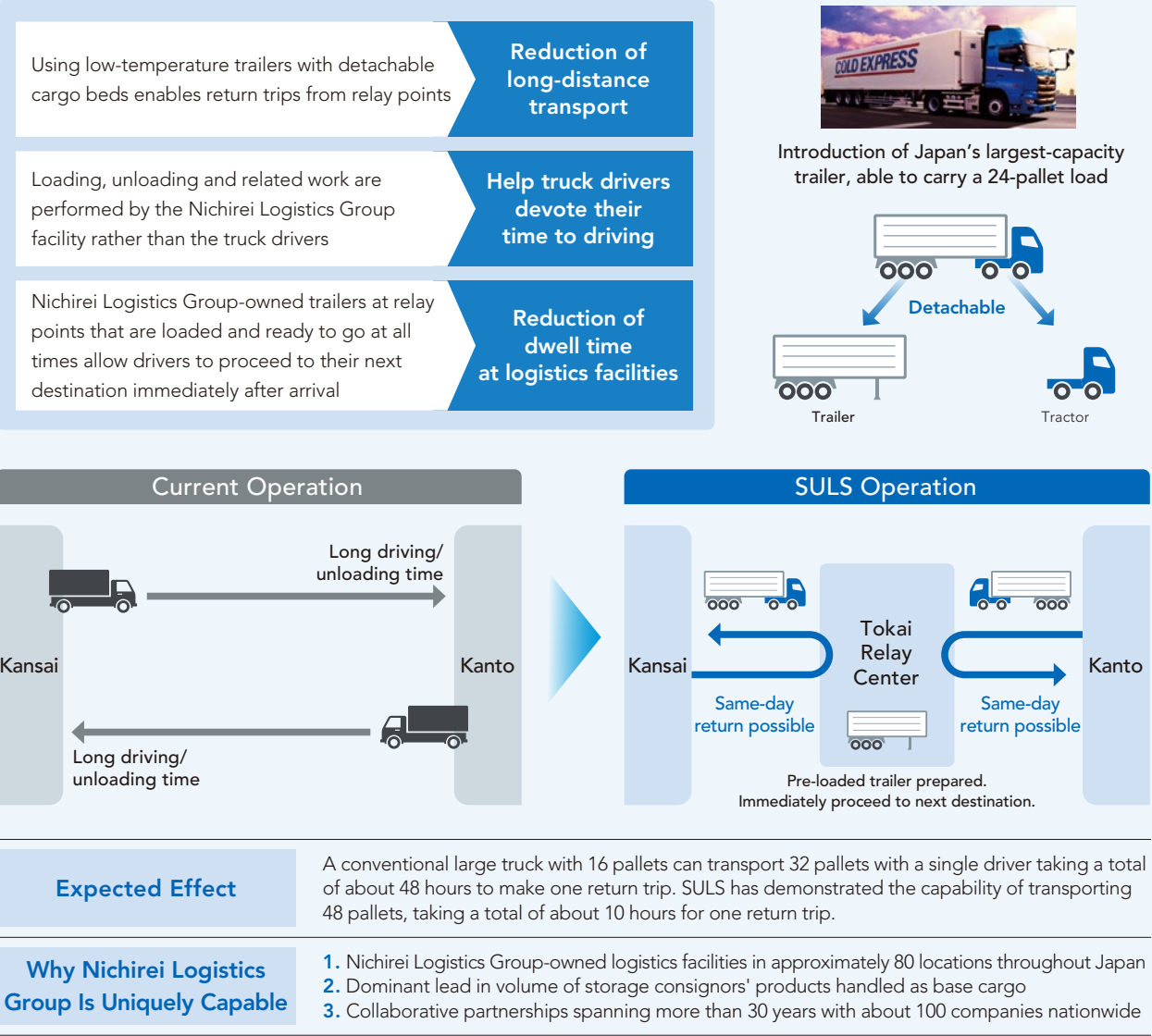
1 **SULS**  
Next-generation Transportation and Delivery System

SULS is an acronym for S&U Logistics System, in which "S" stands for speedy, sustainable and solution, and "U" stands for utility, usability and user experience. By synergizing the advantages of Nichirei Logistics Group, we will generate speedy, sustainable logistics solutions and provide utility, usability and superior user experience to our customers and society.



2 **Using SULS to Build a New Transportation and Delivery Infrastructure for Temperature-controlled Logistics**

SULS was initially introduced for transportation and delivery among the Nichirei Logistics Group's facilities in Tokyo, Nagoya and Osaka, with plans for a nationwide rollout in stages. We will continue to support our customers' supply chains through the evolution of our temperature-controlled logistics' transportation and delivery operations into higher-quality, more sustainable formats.



Social Value

- Achieving stable and sustainable transportation and delivery
- Reducing truck drivers' work load by shortening their on-duty work hours
- Reducing environmental impact
- Reducing risk of inability to transport cargo

Economic Value

- Significantly reducing total driving time
- Creating an efficient and sustainable transportation infrastructure
- Significantly expanding transportation capacity

CASE 3

Nichirei Logistics Group

# Truck Loading Dock Reservation System



Social Issue

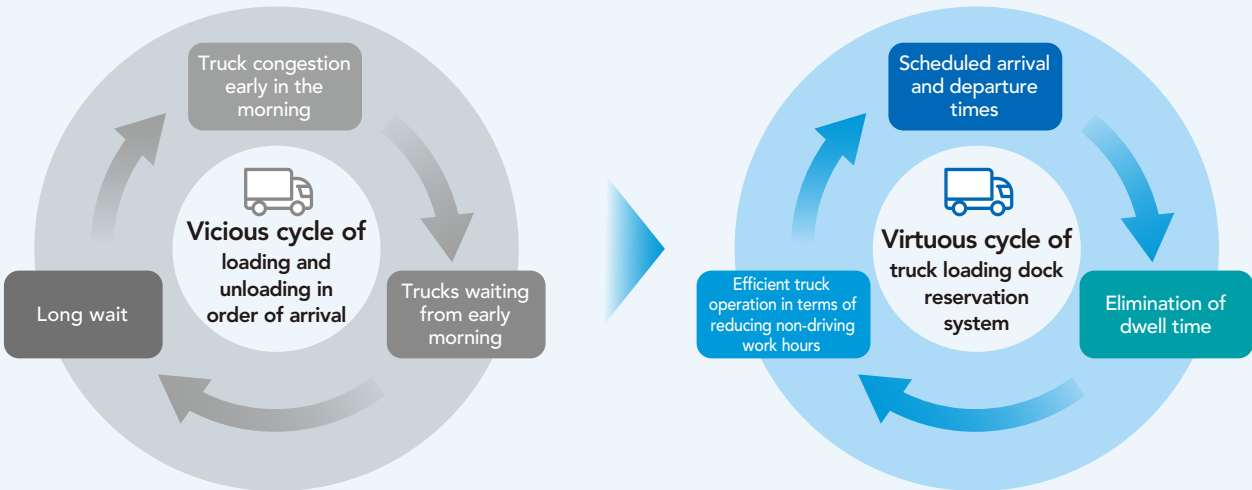
### Truck Dwell Time at Distribution Centers

Truck drivers are forced to wait for long periods of time at distribution centers due to the inability to unload and load cargo smoothly. This dwell time has become a social issue. The main reason for the long dwell time and on-duty work hours is that, especially during busy periods, there are periods during the day when the distribution centers' processing capacity cannot keep up with the numerous vehicles entering and leaving due to the bottleneck created by the limited number of loading docks. In addition, it is burdensome for distribution centers to keep track of when each vehicle will be unloading or loading, because trucks from many shippers come and go, making it difficult for the center to coordinate operations with drivers in advance.

Initiatives to Resolve the Issue

### 1 Truck Loading Dock Reservation System to Alleviate or Eliminate Dwell Time

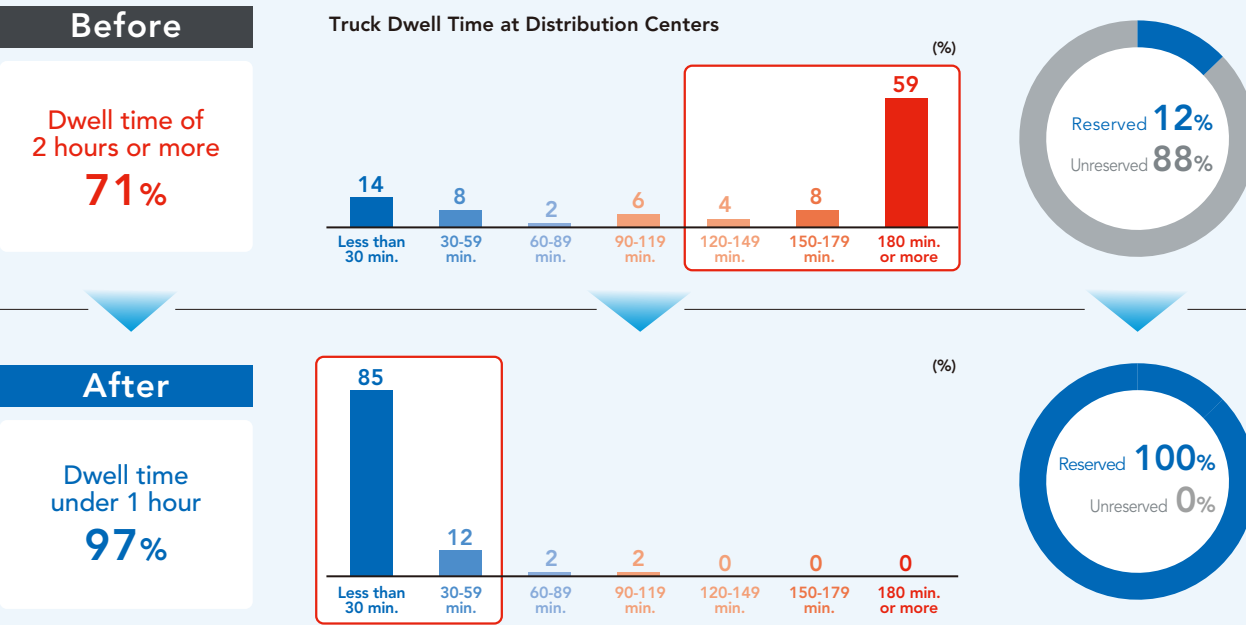
In October 2017, Nichirei Logistics Group began operating a truck loading dock reservation system to alleviate dwell time or eliminate it entirely. The system allows truck operators (the shipper or shipping company) to reserve a desired time for loading or unloading trucks, in line with the loading and unloading time slot framework at each distribution center. As a result, it is no longer necessary to line up and wait.



### 2 Introduction at 30 Locations throughout Japan

Confirmation of shipping companies and orders was previously performed by distribution centers after the truck arrived. However, the truck loading dock reservation system enables shipping companies to send the bill of lading, invoice and other details about the cargo to distribution centers ahead of time. Advance confirmation allows smooth assignment of trucks to loading docks upon arrival. In FY2021, we introduced this system at 30 locations nationwide.

For distribution centers where the reservation system has been steadily operating, dwell time, which had been two hours or more for about 70% of trucks before complete introduction of the system, was reduced to less than one hour for 97% of trucks. Meanwhile, the system has reduced both the number of trucks waiting late at night and early in the morning and the number of trucks parked around the distribution center. It has also alleviated the burden of reception duties by reducing the frequency of calls to confirm loading dock arrival time.



### Social Value

- Alleviating traffic congestion and noise by reducing the number of trucks waiting
- Reducing truck drivers' work load by shortening time on duty
- Reducing environmental impact (CO<sub>2</sub> reduction)

### Economic Value

- Reducing economic loss due to truck non-operational hours, etc.
- Increasing the number of employed truck drivers and curbing driver turnover
- Creating efficient and sustainable transportation infrastructure



Notable reduction in number of trucks waiting



CASE Nichirei Fresh  
**4 Inochi-no-Mori-Project**

Social Issue

Environmental Disruption and Impact on Biodiversity  
from Intensive Shrimp Aquaculture

Shrimp farming requires large plots of land. In many Asian countries, wide areas of mangrove forests, which buffer the effects of tsunamis and strong winds, have been cut down to make way for artificial ponds for shrimp farming, a practice called intensive aquaculture.

In addition to affecting the ecosystems of birds, fish and small animals, this practice results in contamination of soil, local rivers and the sea by runoff containing the antibiotics and drugs in formula feed. Such marine pollution has become a social issue.

Initiatives to Resolve the Issue

*Inochi-no-Mori-Project*

The *Inochi-no-Mori-Project* is a joint mangrove planting project started in 2006 by Nichirei Fresh, a local shrimp supplier, and Tarakan City in Kalimantan, Indonesia to reduce environmental impact from local shrimp farming and enable sustainable procurement of safe and reliable shrimp.

A portion of the proceeds from this extensive shrimp aquaculture, which has been practiced in Indonesia for hundreds of years, is donated to a fund for systematic mangrove planting in ponds that have been abandoned after intensive aquaculture, in local parks, and elsewhere. We are currently expanding our activities into Java and Sumatra in cooperation with local suppliers.

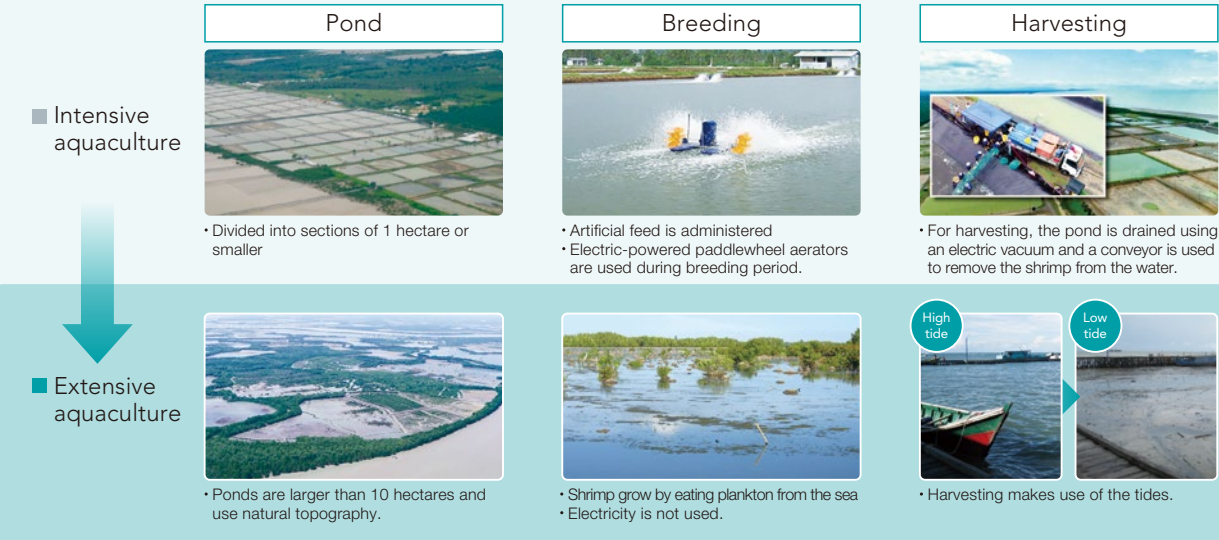


Sign commemorating the project's 10th anniversary

Mangrove planting in coastal areas

**1 Extensive Shrimp Aquaculture**

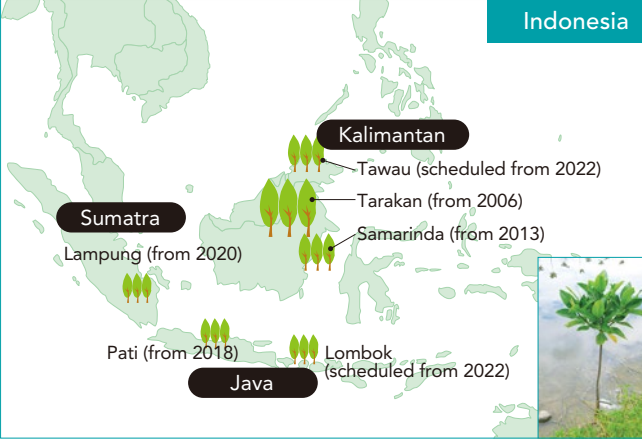
A traditional shrimp farming method in Indonesia, extensive aquaculture makes use of the natural topography. A small number of juvenile shrimp are released into a pond larger than 10 hectares that is surrounded by berms and mangroves. No feed is given, and the shrimp grow by eating plankton from the sea. As a result, impact on the soil is low, diseases peculiar to shrimp are less likely to spread, the shrimp grow larger, and electricity is not used during the cultivation period.



**2 Mangrove Planting**

The mangrove planting that started in Tarakan City, Kalimantan in 2006 has expanded to the islands of Java and Sumatra. We have been planting for 15 years, reaching a total of approximately 380,000 mangrove trees in 2021. The soil and ecosystem in and around Tarakan City have been recovering as planting has spread.

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



**Social Value**

- Contributing to the restoration of local natural ecosystems
- Reducing energy usage
- Increasing CO<sub>2</sub> absorption through larger mangrove forests
- Coexisting with local communities



**Economic Value**

- Providing high-quality, safe and reliable shrimp
- Improving product brand value
- Providing sustainable shrimp







Based on the understanding that achieving both social and economic value will be impossible unless we create new value, we are working to foster a corporate culture of taking on challenges.

### Junji Kawasaki

Director, Executive Officer;  
in charge of Innovation Planning & Development  
and Quality Assurance,  
General Manager of Technology Management

### The New Value the Nichirei Group Aims to Create

Under its Mission to “Focus on Lifestyles, and Provide True Satisfaction,” Nichirei has grown along with society. Our Sustainability Policy: The Nichirei Pledge, which we established in April 2022, states that “We constantly strive to create new products and services, while pursuing business activities that help solve issues faced by our customers and communities.” These issues are inadequacies—inconveniences, impossibilities, insufficiencies and dissatisfactions—and resolving them is the way to create new value.

Society is undergoing major changes, including pandemic-driven changes in consumer lifestyles and those caused by abnormal weather due to climate change. A company’s reason for existing and the roles expected of it have changed as well. Food must be considered on a global level: even as Japan’s population shrinks, the world’s population continues to grow, and is eventually expected to exceed 10 billion. Along with the many inadequacies to be resolved in the domain of food, as we see them now, new needs are also sure to arise. These are the areas we must address.

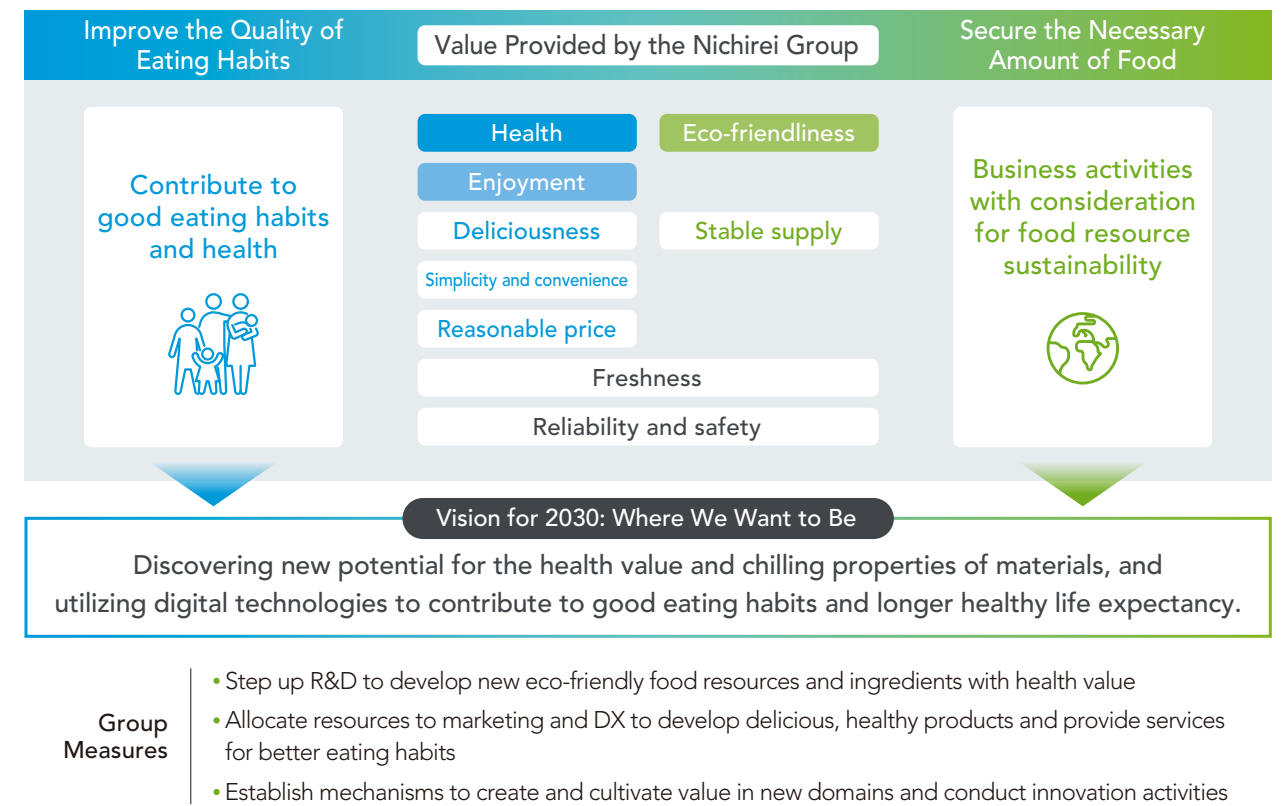
### Initiatives for Achieving Our Long-term Management Goals and Realizing Our Vision for 2030

In drawing up Compass Rose 2024, our current medium-term business plan, we had a series of discussions about the new value Nichirei aims for in the domain of food. Ultimately, we decided to focus on three kinds of value: health, enjoyment and eco-friendliness. We consider food tech and digital transformation (DX) to be key concepts for creating this value. By allocating more resources to these two areas in addition to our existing core competencies in the areas of deliciousness and stable supply, we will promote the development of healthy and sustainable ingredients, products and services worthy of the Nichirei brand.

### Revision of Group KPIs

To realize our Vision for 2030, we reexamined the specific meaning of “creating new value in food and health” as stated in the Nichirei Group material matters, and the Group measures required to do so. This led us to a target of a total of ¥100 billion in sales from the new ingredients we develop and delicious products and services with a higher level of health value, as mentioned above. We will also work to provide a range of

### Taking on New Challenges beyond Our Current Domains of Food and Health to Create New Markets and Value for Customers



information for good eating habits and health, in the hope of reaching a total of 200 million people annually.

### Initiatives to Create New Value under Medium-term Business Plan Compass Rose 2024

During WeWill 2021, our previous medium-term business plan, we launched the *Gohan-no-Mirai* project to offer new staple foods with health functions. We also took our first step in providing services via an app by acquiring me:new, a startup that operates the AI-based app of the same name that generates menu ideas. In addition, we established an innovation management system (IMS) based on ISO 56002 to systematically conduct activities for innovation.

In addition to *Gohan-no-Mirai* and *me:new*, under Compass Rose 2024 we have started dealing with edible insects, which are attracting attention as a new protein source along with plant-based and cell-cultured meat. Among our existing products in areas with strong potential, we will enhance our *Amani-no-Megumi* series and other meat products with health value and conduct further research on new functions for acerola, which is rich in natural vitamin C. In addition, we consider initiatives to promote nutrition to be key to forming good, healthy

eating habits. We will therefore focus on an initiative to eliminate the contemporary health problem of malnutrition brought on by the double threat of concurrent overnutrition and undernutrition.

We will work to establish our IMS more firmly within Nichirei Corporation and to roll it out throughout the entire Group. This will help us foster a corporate culture of taking on challenges, thus facilitating the creation of value worthy of the Nichirei brand.

Over the past four or five years, each of our organizations has been separately promoting and building frameworks for these new business themes and creating mechanisms to carry them out. To ramp up our efforts to create new value, we combined the two functions of the IMS and new business development to establish Innovation Planning & Development.

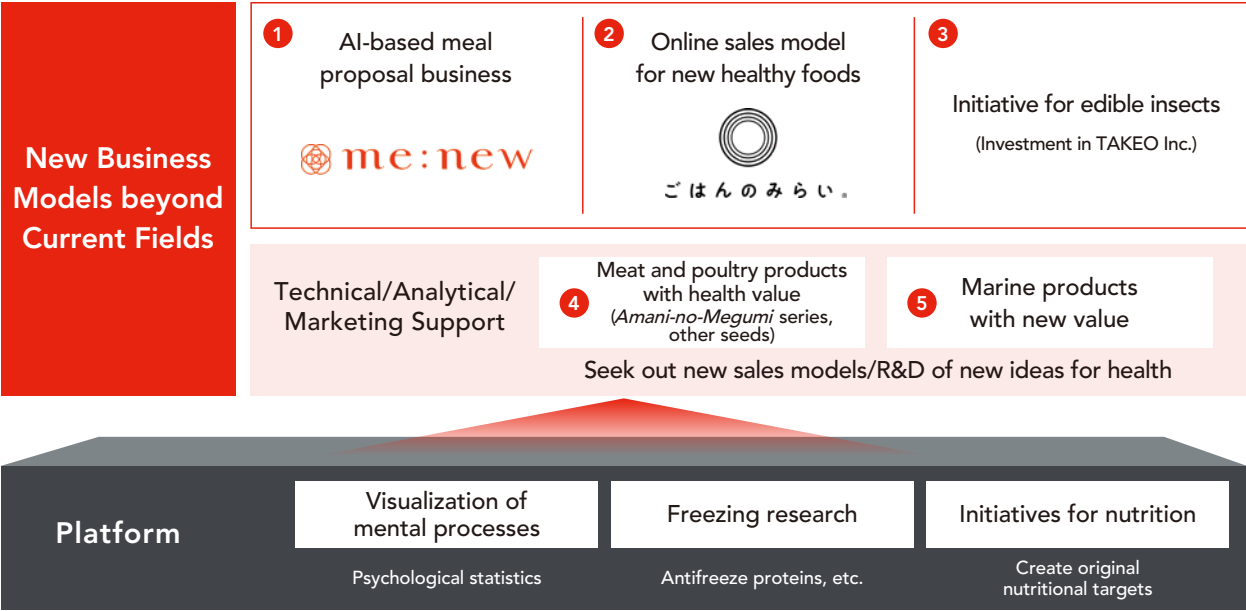
This is a critical moment in terms of sustainability and other major changes society faces. I believe it is comparable in scope to the food shortages Japan faced after the Second World War. We realize that creating both economic and social value is a prerequisite for corporate success and growth going forward, thus we will continue to promote innovation worthy of the Nichirei brand.

Nichirei's New Businesses: Challenges beyond Current Fields

To create new value in food and health, which is one of its material matters, the Nichirei Group will step up development of original new healthy and sustainable ingredients, products and services that are worthy of the Nichirei brand, as well as initiatives for nutrition. We select priority themes for our initiatives from three perspectives: helping to resolve health issues; new food resources and ingredients that are sustainable and eco-friendly; and taking on the challenge of new business models.

Out of a total of five themes, three are being carried out by Nichirei Corporation and two are being conducted in collaboration with operating companies. We will focus our resources on the visualization of consumers' mental processes using our unique psychological statistics, research to discover new value in freezing, and initiatives to create our own nutritional targets.

New Business Models for Health and Sustainable Foods



A Data Service Business Based on Food Preference Analysis: me:new Automatic Menu Generator App

Due to factors including changes in work styles, advances made by women in the workplace and the development of a super-aging society, the need to reduce meal preparation time at home is growing among Japanese consumers. Likewise, needs are rising for meals that take health factors into account, such as nutritional balance and food allergies. Many consumers are finding it difficult to plan daily menus because of these issues. To help resolve them, in August 2021 Nichirei entered the AI-based menu proposal service business by acquiring all the shares of me:new, a startup that operates an automatic menu generator app of the same name, and created a new business by integrating me:new's services with the conomeal kitchen app and services Nichirei developed in-house. The me:new app creates up to a week's worth of menus. Mainly geared toward families with young children, it suggests recipes



that parents and children can eat together, as well as allergy-friendly recipes. Needs for such services are rising in the BtoB as well as the BtoC market. Going forward, we will work to provide new value in the form of a data service business based on our research into food preferences and deliciousness.



New Healthy Food: Gohan-no-Mirai

In Japan, the consumption of rice, which is the bedrock of the country's food culture, has fallen by half over the past 50 years. Current health fads have led people to avoid carbohydrates, with a tendency to go to extremes in limiting intake. There is also the recent health issue of new types of malnutrition caused by unbalanced diets. Moreover, given the time and trouble required to cook rice, consumption looks likely to continue falling. Nichirei wanted to create an opportunity for Japan to rediscover its rice-based food culture by offering simple and functional new staple foods made from rice, while



eliminating concerns about carbohydrate intake. Gohan-no-Mirai is a new staple food made from rice flour and rice-derived dietary fiber using our original restructuring technology. It contains a full day's recommended allowance of fiber with about half the carbohydrates, and nutrients such as iron and calcium can be added according to the health condition of the person eating it. Because it uses ingredients derived from rice, it reproduces rice's familiar texture and flavor. Furthermore it can be prepared by simply adding hot water, making it a stress-free healthy staple food that can be eaten regularly. We also offer personalized health support by providing nutritionally balanced recipes and consultation services with a registered dietitian. We will use customer data obtained through direct sales and communication on our Gohan-no-Mirai website to improve our products and services, ensuring that our services consistently match needs.

Investment in Edible Insect Startup TAKEO

Providing new foods is an important subject for Nichirei, which has an obligation to maintain a stable and sustainable supply to meet potential future food shortages.

Insects have a low environmental impact and excellent nutritional value and production efficiency. As such, they are expected to be a sustainable food resource and have therefore been attracting attention as a new food ingredient over the past several years.

TAKEO Inc., a trailblazer in Japan's edible insect market, has developed a diverse range of products and services for meals in which insects can be enjoyed as

ingredients like vegetables, fish or meat. By investing in TAKEO and combining its know-how with our processing technologies, we will broaden the potential of edible insects to create a new culinary domain.

As a new challenge, Nichirei aims to develop products and provide services that are eco-friendly, good for people, and help make edible insects a more familiar ingredient in meals.



Platform

**Visualization of Mental Processes**

Psychological statistics is the science of quantifying mental processes to visualize them in numerical data and models. It is possible to intuitively identify a consumer's train of thought through quantification and visualization using sophisticated statistical methods such as carefully designed questionnaire surveys, multivariate analysis and structural equation modeling to provide numerical substantiation. Through its joint research with the University, Nichirei is applying and deploying unique psychological statistics techniques in its surveys of employee satisfaction, corporate image and other topics. Going forward, we intend to also use these techniques for original consumer marketing.

**Freezing Research**

Nichirei is conducting ongoing research on antifreeze proteins (AFPs) for a wide range of practical applications.

AFPs bind to ice crystals, inhibiting their growth. Other effects of AFPs include inhibiting recrystallization, promoting uniform dispersion of solutes and protecting cells in low-temperature environments above the freezing point. Applications are expected in a wide range of fields from food to medicine, cosmetics, reagents and industry. Nichirei will combine the results of this research with its freezing technologies to create new products and services.

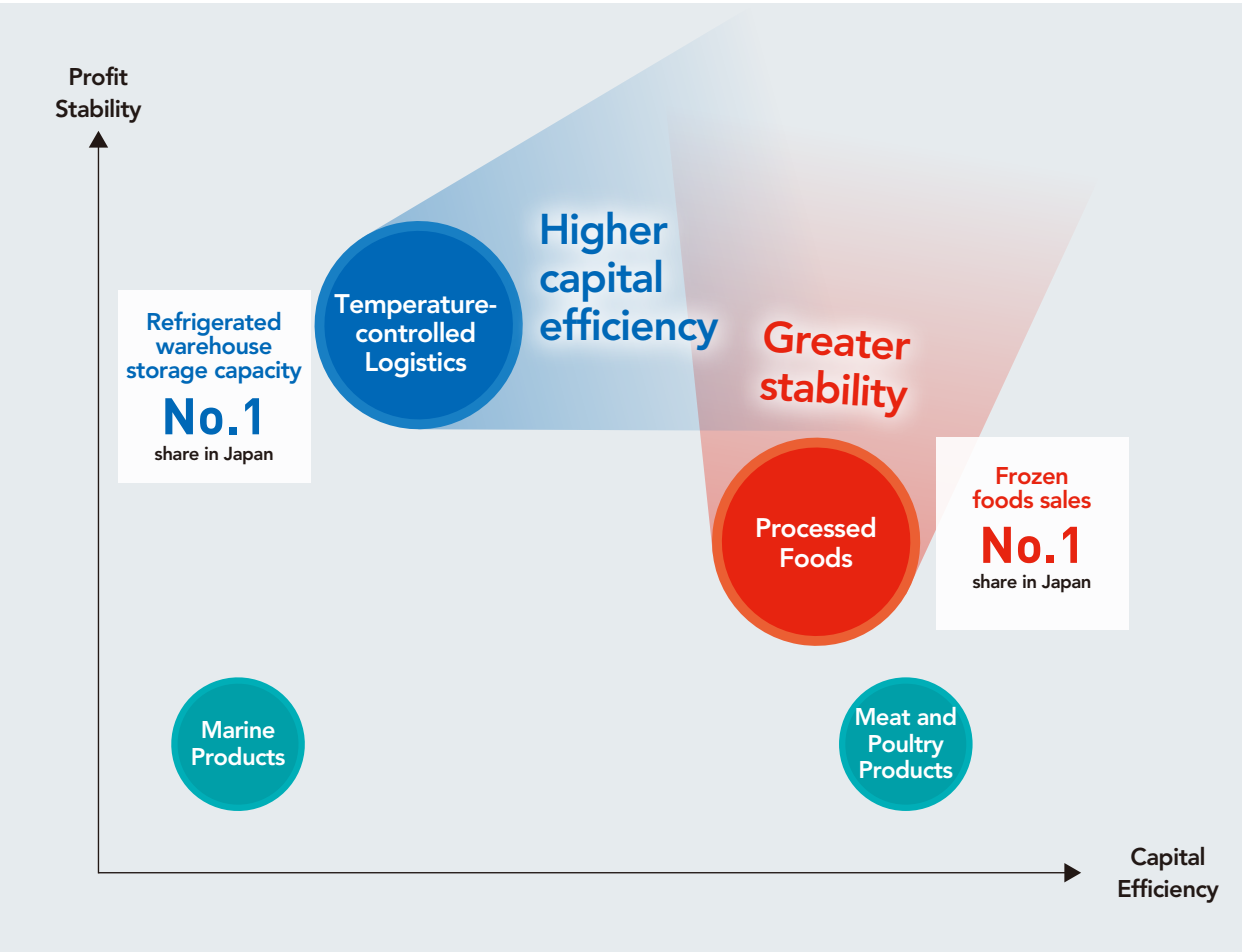
**Initiatives for Nutrition**

We will step up our initiatives for nutrition to help resolve the health problem of the double threat of concurrent overnutrition and undernutrition. Initiatives will include participation in the Ministry of Health, Labour and Welfare's Strategic Initiative for a Healthy and Sustainable Food Environment with the aim of being able to set targets that ensure intake in recommended amounts while avoiding excessive intake of substances of concern.



The Nichirei Group’s Business Portfolio

We have achieved results from our business portfolio in terms of growth, profitability and stability by concentrating resources on processed foods and temperature-controlled logistics. The current portfolio is broadly divided into the two businesses of foods and logistics. Our full range of frozen food categories, encompassing marine, meat and poultry products as well as prepared foods and vegetables, gives us the advantage of being able to respond to numerous customers and business categories over the long term. These food products are the base cargo for our temperature-controlled logistics business, and have been indispensable to its growth.



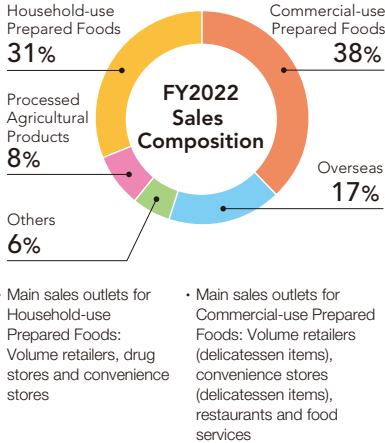
Although the processed foods business has the advantages of high sales growth and capital efficiency, the recent decline in profitability has made its high volatility an issue. In addition, although temperature-controlled logistics can be expected to generate stable earnings, the business is characterized by heavy initial investment burdens that take time to recover, making immediate post-investment improvements in capital efficiency difficult.

	Advantages	Issues
Processed Foods	<b>Sales Growth and High Capital Efficiency</b> <ul style="list-style-type: none"><li>Sustainable growth is expected in a market with strong demand</li><li>Differentiated product development capabilities</li><li>High capital efficiency</li></ul>	<b>Volatility</b> <ul style="list-style-type: none"><li>High ratio of overseas production and purchasing necessitates sensitivity to the external environment</li></ul>
Temperature-controlled Logistics	<b>Profit Stability</b> <ul style="list-style-type: none"><li>Ongoing stable growth with fixed volumes in Japan and overseas</li><li>Capital equipment is the source of competitive advantage and barriers to entry are high</li><li>Low ratio of variable costs</li></ul>	<b>Capital Efficiency and Immediate Return on Investment</b> <ul style="list-style-type: none"><li>Large initial investment, long recovery period</li></ul>

Processed Foods Business

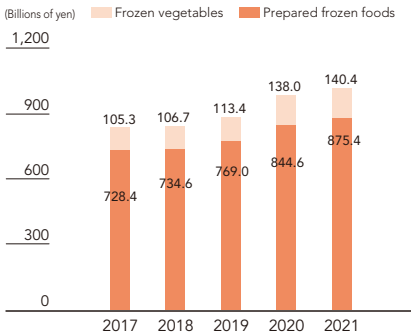
Business Details

Nichirei Foods 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 in Japan

Household-use Frozen Foods Market Scale



Source: Market scale calculated by INTAGE Inc. SCI consumer panel (Spending per 100 people (age 79 and under); all industry categories)

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 logistics facilities; 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.

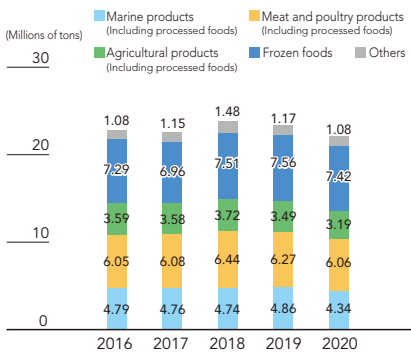
We provide the value of universal, one-stop service through high-performance facilities that have the leading capacity in Japan and that offer meticulous services.

Domestic Refrigerated Warehouse Facility Capacity (As of March 31, 2022)

Area	Number of Facilities	Capacity (Thousands of tons)
Hokkaido	7	94
Tohoku	4	64
Kanto	18	563
Chubu	11	221
Kansai	12	274
Chugoku/Shikoku	12	130
Kyushu	12	175
Total	76	1,523

Market Environment in Japan

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

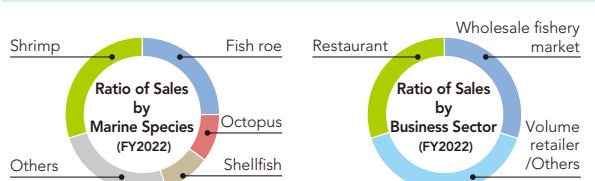


Source: Compiled by Nichirei based on Japan Association of Refrigerated Warehouses documents

Marine, Meat and Poultry Products Business

Business Details

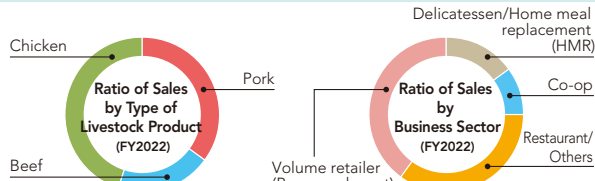
Marine Products Business



Market Environment

Amid ongoing high demand for marine products worldwide, procurement conditions remain challenging due to soaring prices in production areas and rising distribution costs, as well as the impact of the weaker yen. In Japan, consumption continues to decline due to consumers' deep-rooted and unchanging inclination toward low prices.

Meat and Poultry Products Business



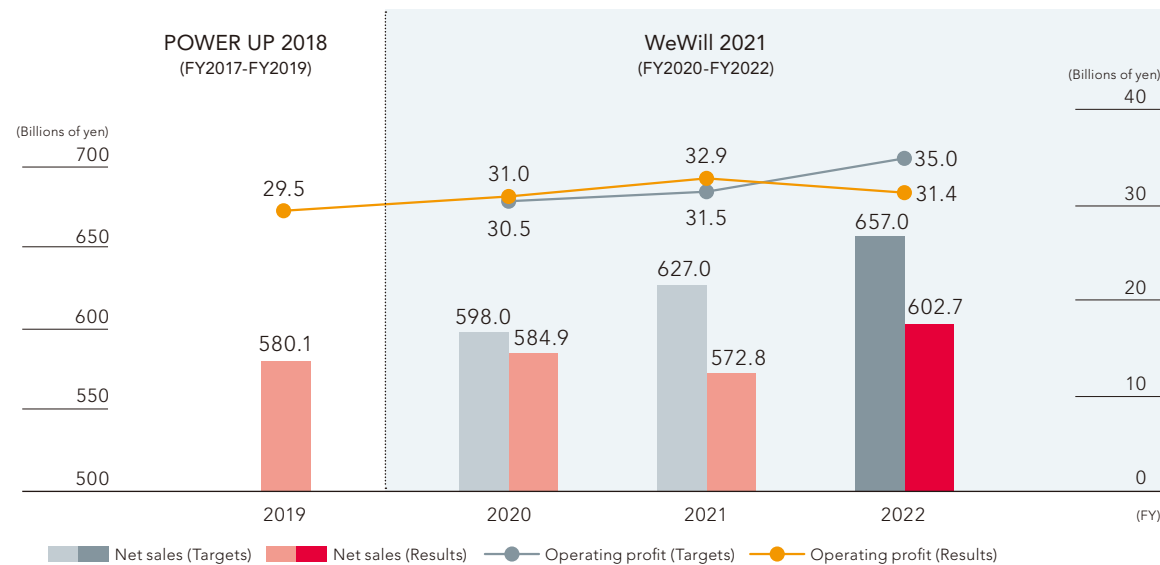
Market Environment

Ongoing increases in feed prices have had an impact on procurement prices for meat and poultry products in general. Concerns in Japan about procurement of imported poultry products, and about the supply of pork due to an outbreak of disease overseas have led to higher domestic market prices for both.

## Overall Review

Under our previous medium-term business plan WeWill 2021, we aimed to strengthen our foundation for growth by making capital expenditures, mainly in the processed foods and temperature-controlled logistics businesses. In addition, we conducted initiatives to realize sustainable growth throughout the Group, to improve capital efficiency and expand shareholder returns, and to create new value that supports good eating habits and health. The processed foods business increased sales through concentrated investment in mainstay categories, and the temperature-controlled logistics business achieved stable business growth and improved profitability by strengthening its foundation for adapting to changes in its operating environment. However, we fell short of the consolidated targets for FY2022, the final year of the plan, due to pandemic-related cutbacks in operation at production bases and the rapid rise in raw material prices and other costs.

## Consolidated Net Sales and Operating Profit



Priority Measures	Results	Issues
1 Realize sustainable profit growth: Raise profitability by strengthening the management foundation and transforming the business structure	<ul style="list-style-type: none"> <li>Net sales reached record highs from responding to changes in the operating environment caused by COVID-19.</li> <li>Processed foods increased sales of household-use products by capturing demand for eating at home.</li> <li>Temperature-controlled logistics enhanced its operating condition by ensuring the appropriate collection of payments due and promoting business innovation, and achieved profit growth exceeding the plan.</li> <li>Systematically allocated resources to core businesses.</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in profit (and profit margin) of processed foods</li> <li>Delay in responding to soaring raw material prices and yen depreciation</li> <li>Reduced operation at production factories in Thailand</li> <li>Delay in reform of marine products business structure</li> <li>Deterioration of the earnings base in the bioscience business due to delay in responding to changes in the operating environment</li> </ul>
2 Improve capital efficiency and expand shareholder returns	<ul style="list-style-type: none"> <li>Maintained ROE of 10% or higher; continuously increased dividends.</li> </ul>	<ul style="list-style-type: none"> <li>Decline in capital efficiency of processed foods and meat and poultry products</li> </ul>
3 Create new value that supports good eating habits and health	<ul style="list-style-type: none"> <li>Conducted initiatives to create new value.</li> <li>Improved external evaluation by upgrading infrastructure for sustainability and ramping up ESG initiatives.</li> </ul>	

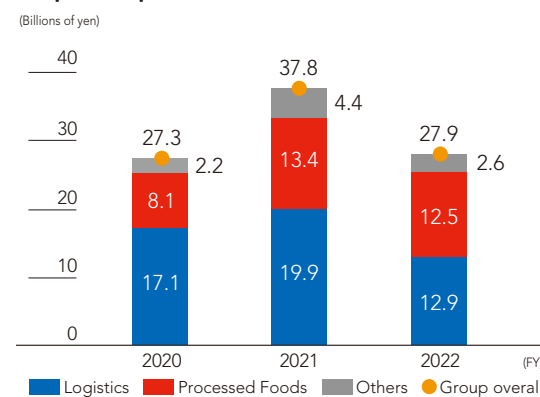
Geopolitical risks and other factors are expected to make the procurement environment increasingly challenging going forward. Under these conditions, we consider conducting profit structure reforms, including appropriate price adjustments and cost reductions, and establishing a sustainable supply chain to be priority issues.

## Review of Investment Strategy

During the three years of WeWill 2021, capital expenditures totaled ¥93.0 billion out of a planned ¥100.8 billion, as we invested for growth and strengthened our foundation, mainly in the processed foods and the temperature-controlled logistics businesses.



## Capital Expenditures in Each Business



## Capital Expenditures

Processed foods	FY2021	<ul style="list-style-type: none"> <li>Expanded production line at Funabashi Plant</li> <li>Opened second plant at GFPT Nichirei (Thailand) Company Limited</li> </ul>
	FY2022	<ul style="list-style-type: none"> <li>Expanded production line at Yamagata Plant</li> </ul>
Temperature-controlled logistics	FY2021	<ul style="list-style-type: none"> <li>Established Nagoya Minato Logistics Center</li> <li>Established Honmoku Logistics Center</li> </ul>
	FY2022	<ul style="list-style-type: none"> <li>Expanded Lyon Center of Entrepots Godfroy S.A.S. (France)</li> <li>Expanded Maasvlakte Center of Eurofrigo B.V. (Netherlands)</li> <li>Expanded Le Havre Center of Entrepots Godfroy S.A.S (France)</li> </ul>
Investments	FY2021	<ul style="list-style-type: none"> <li>Kevin Hancock Limited (U.K.)</li> </ul>
	FY2022	<ul style="list-style-type: none"> <li>Norish Limited (U.K.)</li> <li>Armir Logistyka Sp. z o.o. (Poland)</li> </ul>

## Financial Condition and Cash Flow

WeWill 2021	Cash flows from investing activities	Cash flows from financing activities	Free cash flow	Dividends paid	Share buybacks	Total return ratio	D/E ratio (Including leased debt)
	¥119.6 billion	(¥82.5 billion)	¥37.0 billion	¥17.7 billion	¥10.0 billion	43%	0.5 times

## Review by Segment

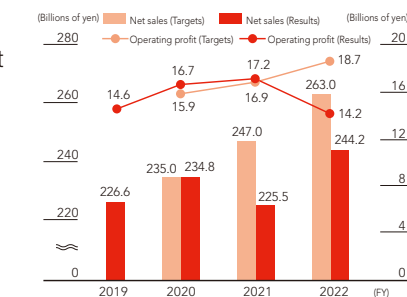
Operating profit from temperature-controlled logistics was strong throughout the three years of the medium-term business plan, but a decline in operating profit from processed foods in the final year (FY2022) caused the Group as a whole to fall short of the plan. Profit exceeded the plan due to recording extraordinary income.\*

\* Details of extraordinary income (FY2022 results)  
Gain on sale of investment securities ¥3.9 billion  
Mainly gain on sales of shares of the startup company in India in which the Company had invested

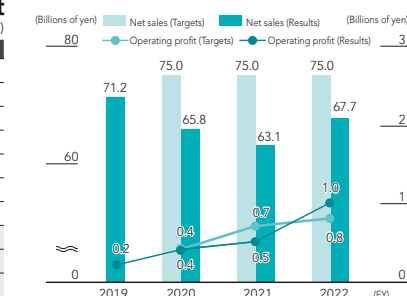
## FY2022 Operating and Other Levels of Profit

	FY2022 (Results)	vs. Plan
Operating profit	31.4	(3.6)
Ordinary profit	31.7	(3.5)
Profit attributable to owners of parent	23.4	1.4

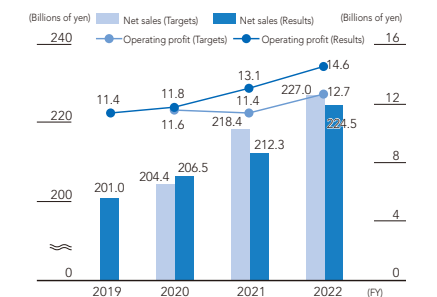
## Processed Foods Business



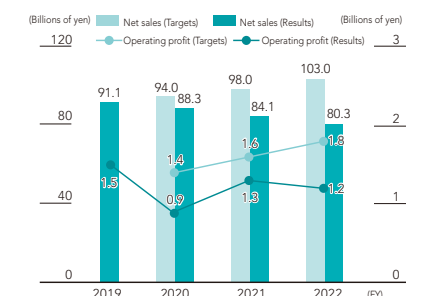
## Marine Products Business



## Temperature-controlled Logistics Business



## Meat and Poultry Products Business





# Medium-term Business Plan Compass Rose 2024

[https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/pdf\\_file/presentation/220510\\_e.pdf](https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/pdf_file/presentation/220510_e.pdf)

## Basic Policy of the Medium-term Business Plan

The medium-term business plan Compass Rose 2024 is positioned as a period of transformation that will take us to the halfway point toward realizing the long-term management goal of our Vision for 2030.

The basic policy of the plan is to fulfill our social responsibility as a company that supports good eating habits and health through business activities based on our sustainability policy, as we aim to improve our social and economic value by ramping up sustainability management and pursuing capital efficiency.



## Group Strategy Help to resolve social issues through our business; pursue capital efficiency

### Priority Measures

1	Create new value	<ul style="list-style-type: none"><li>Use cooling power to develop ingredients and provide products that offer new health value</li><li>Utilize digital technology to provide new services and information that make meals better</li><li>Promote innovation activities by creating frameworks for generating and cultivating new value</li></ul>
2	Strengthen ESG response	<ul style="list-style-type: none"><li>Implement ESG due diligence for core suppliers</li><li>Expand use of renewable energy</li><li>Continue to strengthen corporate governance</li><li>Introduce an ESG index target achievement system for executive compensation</li></ul>
3	Conduct business portfolio management	<ul style="list-style-type: none"><li>Set cost of capital and target ROIC for each business</li><li>Promote the PDCA cycle by setting KPIs for profit margin and asset turnover</li><li>Consider business evaluation and resource allocation based on ROIC</li></ul>
4	Grow core businesses and improve low-profit businesses	<ul style="list-style-type: none"><li>Improve profitability of processed foods through pricing strategies</li><li>Improve capital efficiency of temperature-controlled logistics by increasing third-party logistics, transportation and delivery, and proactively utilizing assets held by other companies</li><li>Restructure marine products business and rebuild the earnings base of the bioscience business</li></ul>

### Allocation of Management Resources

A	Growth investment	• ¥61.5 billion total Group growth investment (Processed foods: ¥16.5 billion; Temperature-controlled logistics: ¥43.5 billion)
B	Overseas business expansion	• ¥130.0 billion in overseas sales (Processed foods: ¥51.0 billion; Temperature-controlled logistics: ¥63.8 billion) • 20% overseas sales ratio
C	New business	• Allocate resources to R&D, DX and marketing to create new value
D	Environmental measures	• ¥29.2 billion investment in environmental measures (Installation of solar power generation equipment; investment in equipment upgrade for conversion to natural refrigerants)
E	Promotion of IT and DX	• ¥8.7 billion in information-related investment • Promote business innovation using digital technology
F	Human resource development	• Increase number of human resources with skills in digital technology, global operations and sustainability • Conduct initiatives for reskilling

### Financial/Non-financial Targets (Consolidated)

Financial Targets	FY2025 (Plan)	vs. FY2022	CAGR
Net sales	660.0	57.3	3.1%
Overseas sales	130.0	32.4	10.0%
Operating profit	37.0	5.6	5.6%
Operating profit/Net sales	5.6%	0.4%	—
Ordinary profit	37.8	6.1	6.1%
Profit attributable to owners of parent	24.5	1.1	1.6%
Profit per share	¥190 or more		
EBITDA	65.0	12.5	7.4%
EBITDA margin	9.8%	1.1%	—
ROIC	7% or higher		
ROE	10% or higher		

We are targeting compound annual growth rates (CAGR) of 5.6% for operating profit and 7.4% for EBITDA during the plan period. Although we expect ROIC to decline temporarily due to investment in growth and environmental measures, we will aim for improvement as we move toward FY2028.

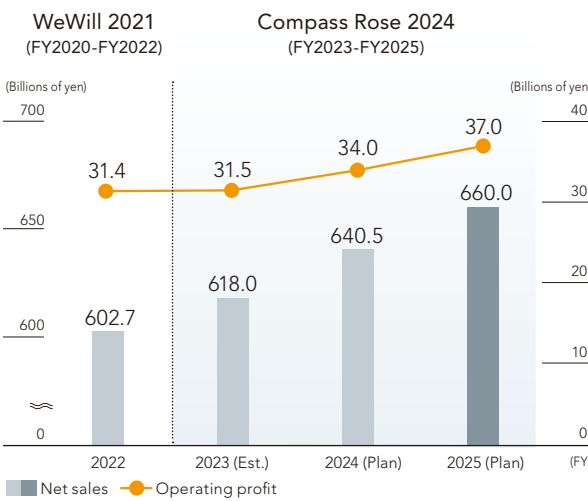
Non-financial Targets	
Creating new value	<ul style="list-style-type: none"><li>Provide high-value-added products</li><li>Create new businesses</li></ul>
Sustainable procurement	<ul style="list-style-type: none"><li>Procurement rate in accordance with guidelines</li><li>Implementation rate of ESG due diligence</li></ul>
Climate change countermeasures	<ul style="list-style-type: none"><li>30% reduction in CO<sub>2</sub> emissions</li><li>Natural refrigerant ratio</li></ul>
Securing and developing a diverse array of human resources	<ul style="list-style-type: none"><li>Ratio of female managers</li><li>Investment in education/training</li></ul>

### Financial Targets (By Segment)

Net Sales	FY2022 (Results)	FY2025 (Plan)	vs. FY2022	CAGR
Processed foods	244.2	275.0	30.8	4.0%
Marine products	67.7	44.0	(23.7)	(13.4)%
Meat and poultry products	80.3	95.0	14.7	5.8%
Logistics	224.5	260.0	35.5	5.0%
Real estate	4.3	4.8	0.5	3.6%
Others	4.2	6.7	2.5	17.0%
Adjustment	(22.6)	(25.5)	(2.9)	—
Net sales	602.7	660.0	57.3	3.1%
Operating Profit	FY2022 (Results)	FY2025 (Plan)	vs. FY2022	CAGR
Processed foods	14.2	18.4	4.2	8.9%
Marine products	1.0	10	0.0	1.5%
Meat and poultry products	1.2	2.0	0.8	19.6%
Logistics	14.6	16.2	1.6	3.5%
Real estate	1.7	2.2	0.5	10.0%
Others	(0.3)	0.5	0.8	—
Adjustment	(0.9)	(3.3)	(2.4)	—
Operating profit	31.4	37.0	5.6	5.6%

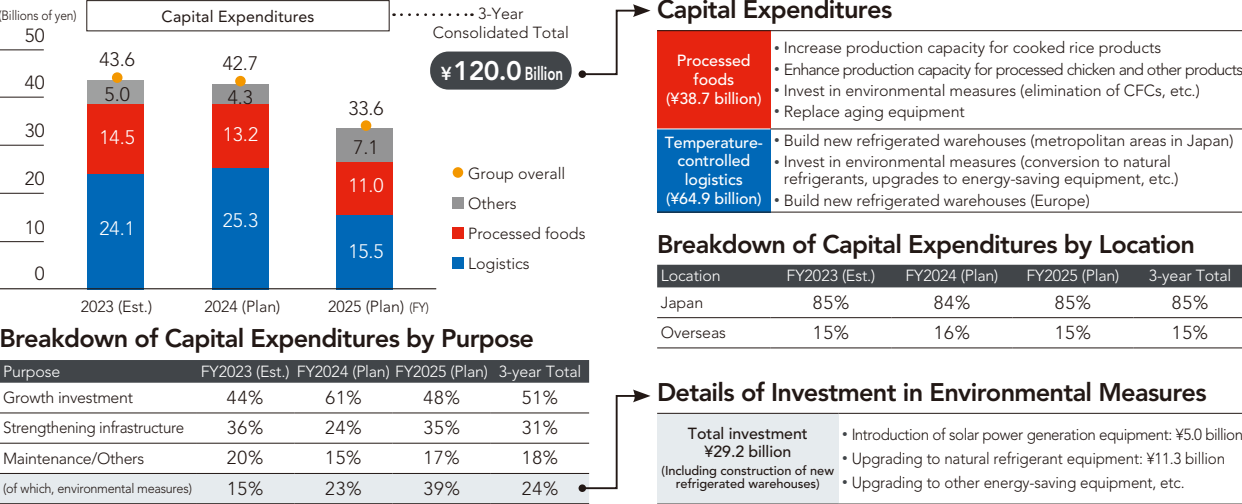
We aim to increase net sales and operating profit by offsetting increased costs for sustainability and other strategic purposes with business growth.

### Consolidated Net Sales and Operating Profit



## Capital Expenditures (Overview and Rough Breakdown)

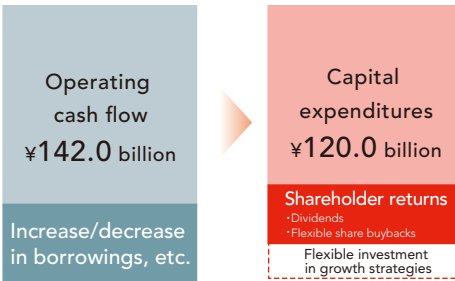
We intend to strengthen our competitive advantages by continuing our concentrated investment in the processed foods and temperature-controlled logistics businesses to increase production capacity and the number of storage facilities. We will also increase investment in environmental measures to help achieve a sustainable society.



## Financial Strategy

We will allocate operating cash flow to investment in core businesses for future growth and returns to shareholders. In addition to providing ongoing, steady dividend increases with a target dividend on equity (DOE) of 3%, we will conduct flexible share buybacks based on a comprehensive assessment of our financial condition and free cash flow outlook. We have set a debt-to-equity (D/E) ratio of 0.5 times as a yardstick from the viewpoint of financial soundness and capital efficiency.

### Allocation of Operating Cash Flow (Plan)



### Financial Condition and Cash Flow

	POWER UP 2018	WeWill 2021	Compass Rose 2024 (Plan)
Cash flows from operating activities	102.0	119.6	142.0
Cash flows from investing activities	(49.6)	(82.5)	(109.0)
Free cash flow	52.4	37.0	33.0
Dividends paid	11.7	17.7	21.0
Share buybacks	23.0	10.0	
Total return ratio	60%	43%	
D/E ratio (including leased debt)	0.5 times	0.5 times	



Masahiko Takenaga


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

Review of Medium-term Business Plan WeWill 2021

Major changes have occurred over the past three years. Due to the impact of factors related to the COVID-19 pandemic from the end of FY2020, such as restrictions on movement, a slump in sales of commercial-use frozen foods led to a short-term decline in net sales, but business conditions at restaurants and other establishments have been recovering. Net sales increased over the three years of the plan due to contributions from household-use product and e-commerce sectors, which continue to grow as a result of changing lifestyles, and from our overseas business, mainly in North America.

On the other hand, two issues led to an unavoidable decline in operating profit, especially in the final year of the plan. First was disruptions in our network of suppliers for products and raw materials due to substantial pandemic-related curtailment of operations at our chicken processing factory in Thailand, as well as sea freight delays, among other factors. The second issue was high resource prices, which were brought about by the post-COVID restart of the global economy, resulting in higher product costs and reduced profitability. Reorganizing our supply chain and rebuilding our profit base will be urgent issues for business continuity going forward.

Business Scale

Total assets	¥150,150 million
Group companies	6 in Japan, 11 overseas
Employees (consolidated)	9,013
Food production factories	20 (15 in Japan, 5 overseas)
Main production facilities	Mori Plant, Shiroishi Plant, Yamagata Plant, Funabashi Plant, Kansai Plant, Kyurei Inc., CHUREI Co., Ltd., GFPT Nichirei (Thailand) Company Limited, Surapon Nichirei Foods Co., Ltd.
Main products	

Advantages

A frozen foods pioneer with Japan’s top market share

- Development and processing/production technology capabilities for reproducing the deliciousness of homemade meals or meals prepared by chefs
- Ability to make proposals tailored to diverse business types and consumer needs
- Quality assurance and traceability that support safety and reliability

Policies of Medium-term Business Plan Compass Rose 2024

We believe that Japan’s frozen food market will continue to grow, even amid challenging business conditions. Due to the COVID-19 pandemic, the numbers of households using frozen foods and eating opportunities have expanded, and frozen foods have started to become established among consumers as an everyday meal option. Against the backdrop of a chronic labor shortage, there are high expectations for the special qualities of commercial-use frozen foods to meet the market needs of delicatessens, hospitals and senior care facilities in all stages of preparation, from raw materials to finished products. Under these circumstances, we will leverage our advantages—technologies for reproducing deliciousness, and a broad customer base—to further revitalize the market as we grow our business.

Compass Rose 2024 gives top priority to the two above-mentioned issues of reorganizing the supply chain and rebuilding the profit base. For our mainstay category of chicken products, we will strengthen our supply system by promoting mechanization and labor saving at our processing factory in Thailand, and begin diversifying potential risks by producing some products in Japan for a model that is mutually complementary with operations overseas, including in China. For cooked rice products, our other mainstay category, we will bolster our supply chain with a renewed emphasis on domestic rice, a main ingredient that is not affected by the overseas procurement environment or exchange rates. Demand for cooked rice products has grown significantly due to the COVID-19 pandemic and is expected to remain strong. To ensure a more stable supply, we plan to start operation of a new production facility in Munakata City, Fukuoka Prefecture at the beginning of FY2024. From the perspective of our business continuity plan (BCP), this will also help to improve the distribution of our production facilities, which have been concentrated in Funabashi City, Chiba Prefecture. We will also work to improve rice varieties for more efficient harvesting and stable quality, thus contributing to improving Japan’s overall food self-sufficiency through the cooked rice products category.

Procurement costs are rising due to soaring raw material and energy prices in addition to the depreciation of the yen. In response, we will cut costs by improving production efficiency and reviewing procurement methods, and make appropriate selling price adjustments with customer understanding.

In addition to the above measures, we will focus on personal-use, single-serving products, cooking ingredients and health to increase added value for our products and enhance brand power, thus building new sources of

profitability. In February 2022, we added a production line at the Yamagata Plant for personal-use, single-serving products. The first product off the new line was *Hiyashi-Chuka*, which offers the new value and enjoyment of a delicious chilled dish that can simply be prepared using a microwave oven. We will also develop and produce commercial-use products that help resolve the social issue of labor shortages, and provide a high level of value for consumers. For cooking ingredients, we are enhancing meal kits, which include vegetables, meat, sauces and other ingredients and frozen vegetables, which have been attracting renewed attention due to the COVID-19 pandemic. As for health, our number one consideration is to provide deliciousness, the universal value of food. Predicated on that, we will utilize the unique formulation and cooking technologies that our R&D and product development departments have refined to contribute to good eating habits through a diverse product lineup.

In the overseas business, the market for Asian foods is expanding rapidly in North America, with ongoing strong sales centered on household-use products. In addition to expanding our mainstay categories of chicken products and cooked rice products, we will enter new categories with the aim of achieving the top share in the Asian foods market. In the acerola business, the strong antioxidant effect of natural vitamin C derived from acerola is gaining renewed recognition in the growing “clean label” market, mainly in Europe and the United States. This winter, production of acerola powder will begin at a new facility at our acerola raw materials subsidiary in Brazil, ramping up our efforts to globally provide the value we have identified through years of research.

Material Matters for the Group

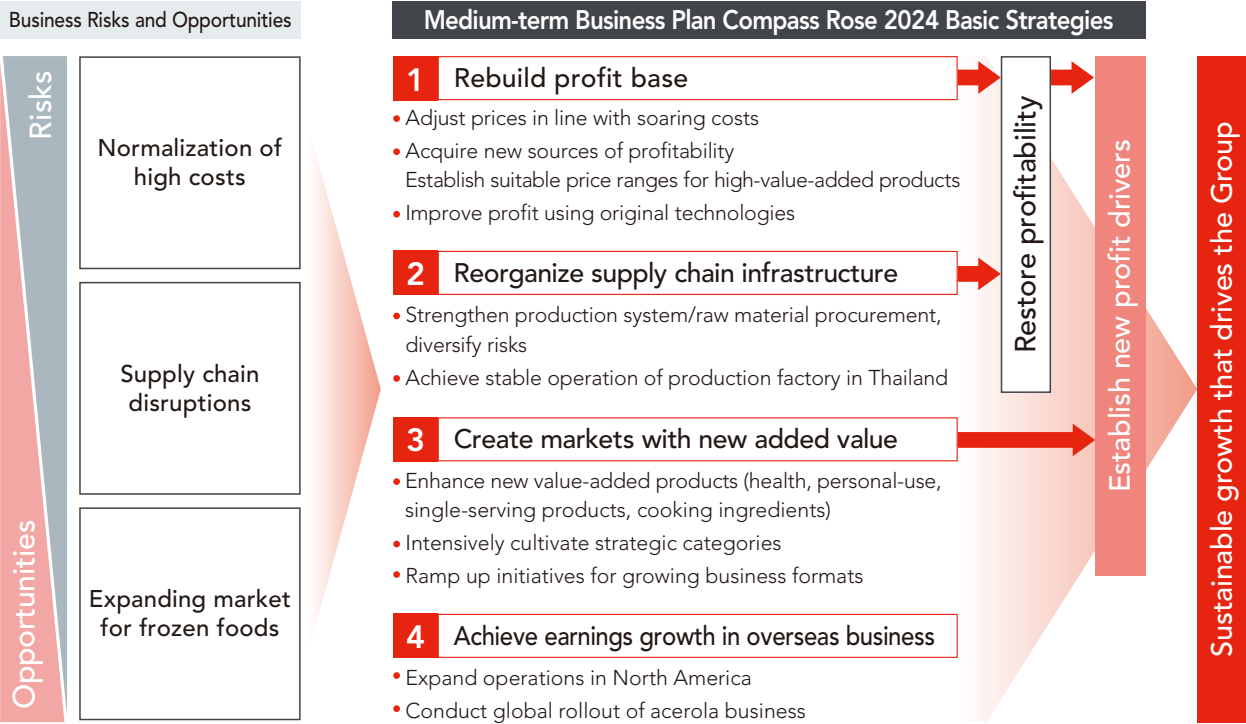
We consider the five material matters Nichirei has identified to be crucial for medium- to long-term growth and business continuity. For the material matter of “creating new value in food and health,” we will use Nichirei’s strengths in reproducing deliciousness and superior processing technologies as the basis to develop and utilize new ingredients that address health and environmental concerns, provide new products and services, and offer value unique to frozen products.





Basic Strategy

Achieve sustainable growth by restoring profitability and establishing new profit drivers



- 1 Rebuild profit base**
- ▶ **Adjust prices in line with soaring costs**
    - Adjust selling prices to reflect the impact of high raw material prices and currency translation
  - ▶ **Acquire new sources of profitability**
    - Further enhance brand power and added value through digital marketing and product development to establish higher price ranges
  - ▶ **Improve profit using original technologies**
    - Develop original equipment to achieve differentiation based on quality, and reduce costs
    - Use AI, automation and other advanced technologies to improve production efficiency

- 3 Create markets with new added value**
- ▶ **Enhance new value-added products (health, personal-use, single-serving products, cooking ingredients)**
    - Develop products with health value based on our original freezing technologies
    - Provide new value in the household-use and commercial-use categories (welfare meal services, etc.) with personal-use, single-serving products that capture expanding individual demand
    - Conduct a further rollout of meal kits for labor-saving freshly cooked meals
  - ▶ **Intensively cultivate strategic categories**
    - Develop high-value-added products that span strategic categories where Nichirei is strong, such as cooked rice products and chicken products
  - ▶ **Ramp up initiatives for growing business formats**
    - Expand lineup of products with enhanced functionality for the rapidly growing e-commerce and welfare meal business formats

■ Processed Foods Business Financial Targets (Billions of yen)

	FY2022 (Results)	FY2025 (Plan)	Increase (Decrease)	CAGR
Net sales	244.2	275.0	30.8	4.0%
Household-use prepared foods	76.8	85.2	8.4	3.5%
Commercial-use prepared foods	92.6	102.8	10.2	3.5%
Processed agricultural products	20.0	21.8	1.8	3.0%
Overseas	40.8	51.0	10.2	7.7%
Others	14.0	14.2	0.2	0.6%
Operating profit	14.2	18.4	4.2	8.9%

Material Matter Creating New Value in Food and Health

Creating Markets Based on the Three Areas of Personal-use, Single-serving Products, Health and Acerola

The new production line for personal-use, single-serving products at the Yamagata Plant can flexibly meet diverse needs, allowing us to offer a wide range of meals and container formats. With a commitment to deliciousness that encompasses aroma and appearance, we will create a new market for personal-use, single-serving frozen foods.

In the area of health, our focus is on developing new technologies that fully utilize the characteristics of freezing. We currently sell calorie-, sodium- and other content-controlled wellness foods online and through other channels, and are developing products with a high level of health value, such as low-sugar and high-protein foods, for use in a wide range of meal options, including restaurants and delicatessens.



Rich in natural vitamin C and with a strong antioxidant effect, acerola has in recent years been used in a widening range of non-food applications, such as cosmetics. We will further advance research and development to discover and utilize new functionalities.



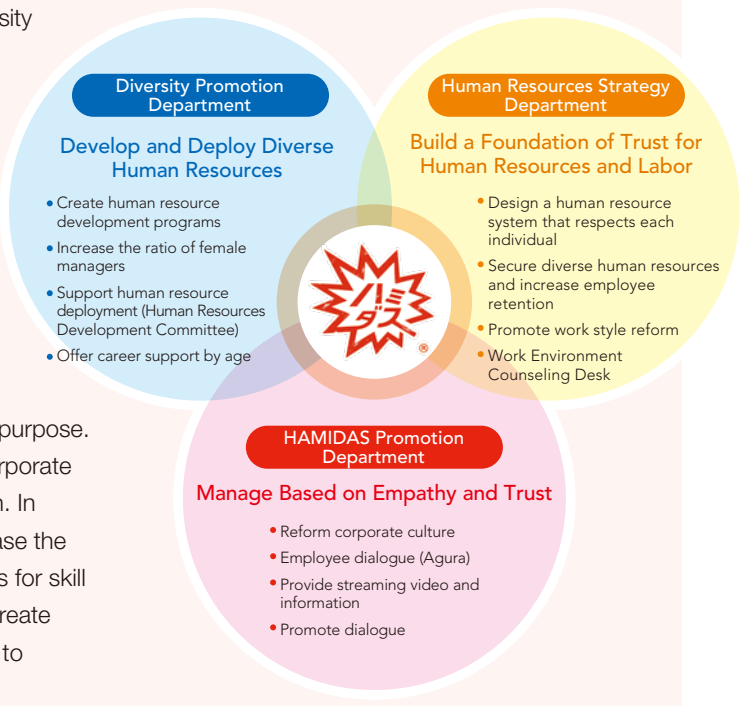
New individual-serving production line at the Yamagata Plant

Material Matter Securing and Developing a Diverse Array of Human Resources

Establishing a New Department and Promotion System to Increase Diversity

In April 2022, Nichirei Foods established the Diversity Promotion Department. The new department will cooperate with the Human Resources Strategy Department and the HAMIDAS Promotion Department in organizational management to promote diversity and inclusion and improve job satisfaction.

We will develop and utilize diverse human resources who respect values that differ from their own and foster a corporate culture and environment in which everyone can make the most of their strengths and work with a sense of purpose. By doing so, we aim for individual growth and corporate growth that creates new value through innovation. In particular, we are focusing on measures to increase the ratio of female managers, to provide opportunities for skill development in response to changing times, to create appropriate training and evaluation systems, and to promote more dialogue within the organization.





Kazuhiko Umezawa

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

Review of Medium-term Business Plan  
WeWill 2021

Although our operating environment has changed significantly, the temperature-controlled logistics business achieved record-high consolidated net sales and operating profit in FY2022. In Japan, household-use products remained strong, and we made progress in improving operational efficiency, resulting in steady performance. In the European logistics business, growth in results was driven by capturing Brexit-related demand for customs clearance, together with a recovery in consumption. Altogether, sales of our overseas logistics business exceeded ¥40 billion.

Under WeWill 2021, we strengthened our business structure as we were able to implement business process innovation and receive appropriate payments that reflect higher costs. We also made progress in joint logistics initiatives with frozen food manufacturers and others. As we generated business results, we were also able to make steady investments for growth, including the construction of a new large-scale distribution center in Japan, and M&A and expansion of warehouse capacity overseas.

Business Scale

Total assets	¥194,503 million		
Group companies	20 in Japan, 17 overseas (affiliates: 6 in Japan and 2 overseas)		
Employees (consolidated)	4,609		
Facilities	206 (Japan: 148, overseas: 58 46 in Europe, 8 in China, 1 in Thailand and 3 in 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 • Overseas business	• Transportation • Third-party logistics (3PL)	• Cross-docking (XD) • Engineering services

Advantages

Japan’s leading advanced temperature-controlled logistics

- Full utilization of storage capacity and transportation and delivery network, enabling optimal solutions that help resolve social and customer issues
- Operational capabilities at logistics sites that provide ongoing support for food based on increasing value through better user experience

Policies of Medium-term Business Plan  
Compass Rose 2024

In addition to having to deal with a labor shortage, Japan’s logistics industry is about to enter a period of major change with the imminent “2024 Problem,” when penalties will be imposed on trucking companies for exceeding the ceiling on working hours for truck drivers. Viewing this as both a significant challenge and a business opportunity, Nichirei has designated the three years of Compass Rose 2024 as a period for strengthening the business foundation for dramatic growth, and efforts are under way. In response to the 2024 Problem, we have begun developing the next-generation S&U Logistics System (SULS) with the aim of building new transportation and delivery infrastructure. We plan to start with trailer switching operations in Tokyo, Nagoya and Osaka, and then gradually expand to other areas. Because the 2024 Problem is a major issue, we believe it requires an integrated approach that includes a review of the frequency of individual operations and lead times. In one of our initiatives to reduce vehicle waiting time, we generated results during WeWill 2021 by introducing a truck loading dock reservation system and rolling it out to 30 facilities nationwide. Through similar ongoing initiatives, we aim to become an indispensable partner for our customers and to secure predominance in the industry.

SULS (Pages 36-37)

Truck Loading Dock Reservation System (Pages 38-39)

We will also continue working to strengthen our infrastructure in metropolitan areas. In addition to networking our facilities in the Kanto region, in the second half of 2023 we will start operations at a new facility in the Rokko district of Kobe that will mainly handle fruit juice and dairy products.

Moreover, as we continue our efforts from the previous medium-term business plan to promote business process innovation, we will further refine our measures for data-driven operations, automation and labor-saving, and upgrade our technical infrastructure with enhanced engineering. At the same time, we will work to accumulate intangible assets by improving job satisfaction, promoting diversity and conducting internal as well as external branding.

In our overseas business, we will work to grow both sales and profit. During WeWill 2021, we expanded facilities at three bases in the Netherlands and France and acquired temperature-controlled logistics companies in the United Kingdom and Poland. These

moves increased the total storage capacity of our operations in Europe by approximately 160,000 tons and enabled us to enhance the services they provide. Under Compass Rose 2024, we will generate synergies from these investments. By region, we will expand cargo collection in port areas in the Netherlands, offer one-stop services based on full-line functions in the United Kingdom, and use the networks of our enhanced infrastructure to improve transportation and delivery efficiency in France, Poland and Germany.

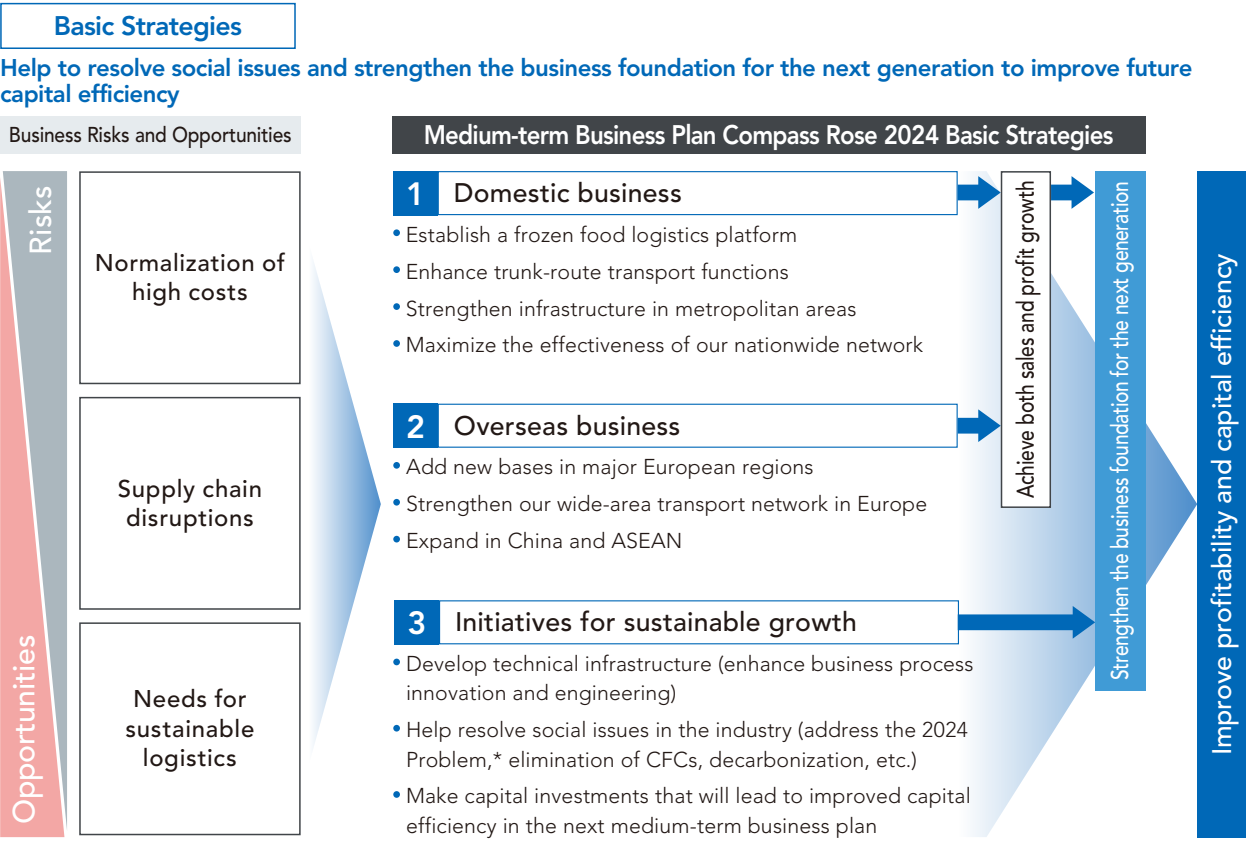
In Asia, we will continue our efforts from WeWill 2021 to steadfastly respond to the business expansion of our existing customers in China, where the need for temperature-controlled logistics is increasing, while further expanding our own business by rolling out our expertise to other areas. In the ASEAN region, we will ramp up cargo collection by providing support for multiple temperature ranges and value-added services at our newly expanded facility in Thailand. In Malaysia, we will work to expand business by strengthening collaboration between our Group company NL Cold Chain Network (M) SDN BHD, which has strengths in storage, and NL Litt Tatt Group Sdn Bhd, a company with strengths in transportation in which we have acquired an equity interest.

Material Matters for the Group

As stated in Compass Rose 2024, we will work to help resolve social issues with a business strategy centered on enhancing logistics services. Another material matter is climate change initiatives. We will meet social demand by steadily converting our own assets to natural refrigerants. Through capital investment and various measures to improve efficiency, we have reduced CO<sub>2</sub> emissions while growing our business. Going forward, we will also promote the use of renewable energy, including the installation of solar power generation equipment.







- 1 (Domestic) Strengthen the business foundation for the next generation

Establish a frozen food logistics platform

Enhance trunk-route transport functions

Strengthen infrastructure in metropolitan areas

Maximize the effectiveness of our nationwide network

Achieve high-level utilization of warehouse storage capacity by increasing the amount of frozen foods and processed products handled

Invest in increasing capacity in metropolitan areas and develop gateway functions

Grow asset-light businesses such as lead logistics provider (LLP), transport and cross-docking businesses

Expand warehouse storage capacity under management by proactively utilizing assets held by other companies
- 2 (Overseas) Achieve both sales and profit growth

Add new bases in major European regions

Strengthen our wide-area transport network in Europe

Expand in China and ASEAN

Netherlands: Expand port business in tandem with port warehouse capacity expansion

UK: Leverage the effects of the acquisition of Norish Limited and expand business through further capital investment

Expand our regional transportation and delivery network through high-level cooperation across Germany and Poland

China: Expand business outside East China

ASEAN: Expand integrated logistics services by enhancing coordination between storage and transportation functions
- 3 Initiatives for sustainable growth

Develop technical infrastructure (enhance business process innovation and engineering)

Help resolve social issues in the industry

Gain a competitive advantage by establishing business infrastructure that addresses the 2024 Problem

Promote environmental measures such as reducing CO<sub>2</sub> emissions and converting to natural refrigerants

Accelerate digitalization and proactively introduce automation and labor-saving technology

Temperature-controlled Logistics Business Financial Targets				
	FY2022 (Results)	FY2025 (Plan)	Increase (Decrease)	CAGR
Net sales	224.5	260.0	35.5	5.0%
In Japan	174.4	191.6	17.2	3.2%
Overseas	45.9	63.8	17.9	11.6%
Others/Intersegment	4.3	4.6	0.3	2.6%
Operating profit	14.6	16.2	1.6	3.5%
In Japan	13.4	14.0	0.6	1.4%
Overseas	2.1	3.2	1.1	15.5%
Others/Intersegment	(0.9)	(1.0)	(0.1)	—

Material Matter

Enhancing Logistics Services

Making Our Advanced Logistics the Global Standard

Nichirei Logistics Group's European operations started with the acquisition of a cold storage company in Rotterdam, the Netherlands, in 1988. For more than 30 years, we have provided high-quality temperature-controlled logistics services, mainly to local companies in various parts of Europe, contributing to improvements throughout the supply chain in a wide area. Current sales are 3.5 times those of 20 years ago (FY2022 vs. FY2003). Including branches and sales offices, we have expanded to nine countries, and our refrigerated warehouse capacity has grown to the fifth largest in Europe. We will continue working to further deepen and expand our business, both qualitatively and quantitatively, as we strive to become an indispensable partner for our customers on a global scale.

Maximizing Investment Synergies in the European Business

1 Enhance ports

2 Expand transportation and delivery

3 Strengthen infrastructure in Poland

Material Matter

Climate Change Initiatives

Initiatives to Convert to Natural Refrigerants and Reduce CO<sub>2</sub> Emissions

Solar panels installed at the Honmoku Distribution Center of Kyokurei Inc. in February 2022

Nichirei Logistics Group is engaged in various initiatives to reduce its environmental impact. We are promoting the use of natural refrigerants in our domestic and overseas facilities, and plan to reach a conversion rate of 75% by 2030. Over the past 10 years, we have grown our business while reducing electric power usage through various ongoing initiatives, from introducing energy-saving equipment to improving efficiency through a review of work operations. We are also proactively implementing and planning to expand measures to use renewable energy, including the installation of solar power generation equipment.

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Nichirei Group Integrated Report 2022 59



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

Review of Medium-term Business Plan WeWill 2021

Operating profit for FY2022 in the marine, meat and poultry products business increased compared with the previous fiscal year.

In the marine products business, although our operations for restaurants faced difficulties due to the COVID-19 pandemic, profit increased as we responded flexibly to a wide range of business formats and channels. Sales that captured new needs in e-commerce and other business formats, and sales of ingredients such as crab in North America and China were particularly strong.

In the meat and poultry products business, changing social conditions and other factors led to a downturn in sales of perishables produced in Japan for home cooking. Pandemic-related delays in overseas production and shipping of processed chicken for import to Japan and increased global market prices of imported pork and beef also had a significant impact on business performance. On the other hand, we made steady progress in developing new markets for meat products with health value.

Business Scale

Total assets	Marine products: ¥28,029 million	Meat and poultry products: ¥19,793 million
Group companies	Marine products: 2 companies in Japan, 6 companies overseas	Meat and poultry products: 5 companies in Japan
Employees (consolidated)	Marine products: 771	Meat and poultry products: 457
Food production factories	8 (7 in Japan, 1 overseas)	
Main production facilities	Marine products: Fresh Maruichi Corporation, Trans Pacific Seafood Co., Ltd. Meat and poultry products: Fresh Chicken Karumai Inc., Nichirei Fresh Process Inc.	
Main businesses		

Advantages

Procurement of premium ingredients from around the world

- Premium ingredient development capabilities that consider health and sustainability
- Capabilities for getting products to customers through optimal processing that combine our trading company and manufacturer functions
- Quality assurance and a thorough production management system that support safety and security
- Procurement network based on long-term relationships of trust with suppliers

Policies of Medium-term Business Plan Compass Rose 2024

Under Compass Rose 2024, with a focus on maintaining healthy lifestyles we will work for stable procurement of food by promoting selection and concentration based on capital efficiency and by ramping up our efforts for sustainability.

The business environment will require flexible responses to the post-COVID resumption of economic activity, supply chain disruptions due to changes in the international situation, and rising costs for grain, energy and other commodities.

While keeping in mind environmental and social issues in our production areas and logistics, we will build a sustainable cycle of production, procurement and sales, and increase profitability by using premium ingredients and optimal processing to improve added value.

Marine Products Business

Under Compass Rose 2024, we will promote selection and concentration of the product categories we handle. To improve capital efficiency, we will concentrate management resources on products such as fish roe, for which we have advantages in procurement, and shrimp, for which we have long-standing good business relationships with producers. As an initiative for sustainable procurement in light of the global depletion of marine resources, we will also work to expand sales of our own eco-friendly products (*Inochi-no-Mori-Project* and others) and MSC<sup>1</sup> and ASC<sup>2</sup> certified products.

In addition, we will build a system at our own factories that continuously generates added value, establishing processing capabilities to meet consumer needs and improving production efficiency.

1. Marine Stewardship Council (MSC) certification requires that wild seafood used has been caught using methods that do not deplete the natural supply.  
2. Aquaculture Stewardship Council (ASC) certification requires that marine products used have been cultivated in a sustainable manner.

Meat and Poultry Products Business

Under Compass Rose 2024, we will work to strengthen the domestic fresh product supply chain that links production areas and customers. We will strengthen our own factories to build a system for end-to-end handling of everything from the development of premium ingredients from the consumer’s viewpoint to production and sales, and work to increase logistics efficiency. We will also work to expand sales of premium ingredients produced with sustainability in mind, such as *Junwakei* chicken, and aim to become a leader in the new market for

meat products with health value such as the *Amani-no-Megumi* series.

From the perspective of capital efficiency, we aim to improve profit margins by optimizing our portfolio of product categories, including strengthening the lineup of processed meat and poultry products, and by increasing added value through optimal processing.

Overseas Sales

We will work to expand overseas sales of marine products, which we have set as a growth area. We intend to increase sales of shrimp, crab, processed foods and other products in the booming North American market, and products such as scallops and frozen fish in the Chinese market. The market for Japanese food is growing globally, and Japanese *kaiten-zushi* (conveyor-belt sushi) shop chains and other stores selling Japanese food are opening in rapid succession overseas. We will also utilize the functions of Trans Pacific Seafood Co., Ltd., our processing base in Vietnam, to expand sales through procurement that leverages our advantages.

Although overseas sales of our meat and poultry products are still small, we will expand them by exporting domestic products such as *Junwakei* chicken and Japanese beef in coordination with our overseas bases.

Material Matters for the Group

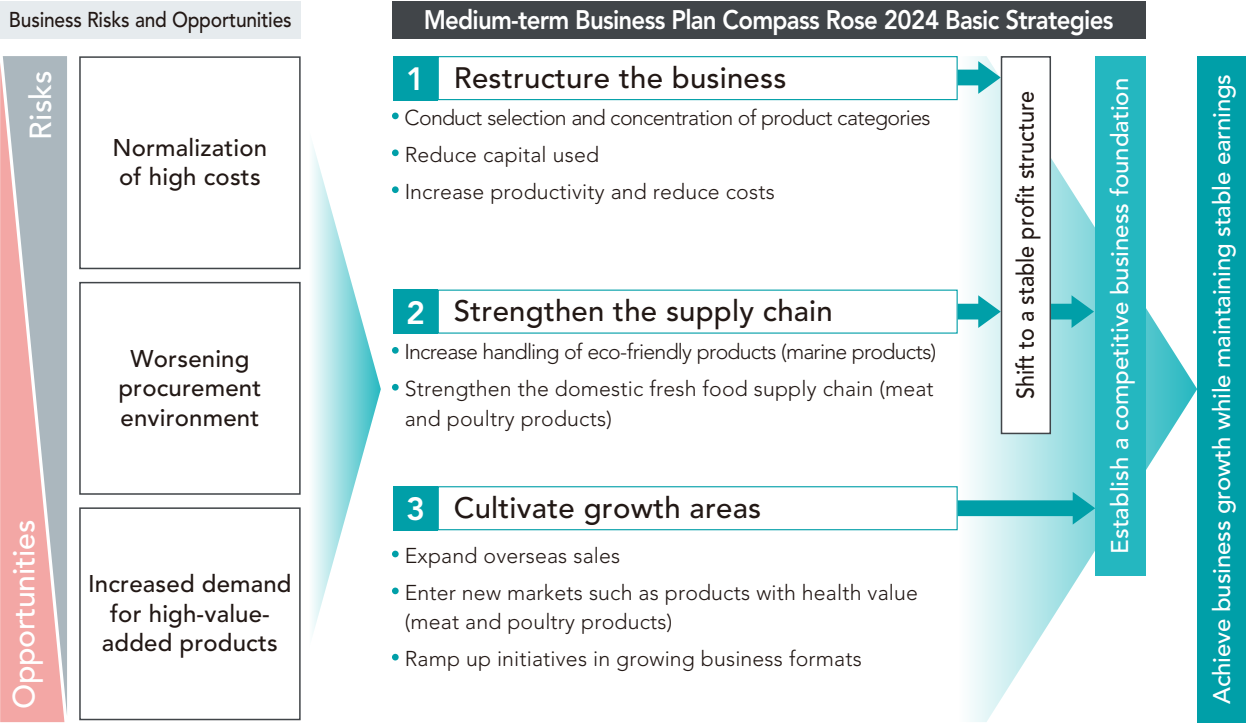
For creating new value in food and health, we will work to expand sales of the *Amani-no-Megumi* series and other meat products with health value. For realizing sustainable food procurement and resource recycling, we will promote harmonious coexistence with the environment through the *Inochi-no-Mori-Project* and *Inochi-no-Umi-Project* in the marine products business, and take measures to counter global warming by reducing methane emissions from cattle belches. We will also work to address human rights and environmental issues in the supply chain and to expand regional recycling models.





Basic Strategies

Shift to a stable profit structure and establish a competitive business foundation to proceed to the next stage



- 1 Restructure the business**
- Conduct selection and concentration of product categories
    - Increase handling of high-profit products and review low-profit products: Concentrate management resources on products with advantages in procurement, processing and sales, and use less capital
  - Reduce capital used
    - Reduce inventories by reviewing procurement methods
  - Increase productivity and reduce costs
    - Utilize Trans Pacific Seafood (Vietnam) and improve its productivity (marine products)
    - Increase logistics efficiency (meat and poultry products)
- 2 Strengthen the supply chain**
- Increase handling of eco-friendly products (marine products)
    - Achieve harmonious coexistence with the environment by promoting the *Inochi-no-Mori-Project* and *Inochi-no-Umi-Project*
    - Increase the proportion of MSC/ASC-certified products handled and ramp up sustainable procurement initiatives
  - Strengthen the domestic fresh food supply chain (meat and poultry products)
    - Strengthen in-house factories
    - Build a system for end-to-end handling of everything from the development of premium ingredients from the consumer's viewpoint to production and sales
- 3 Cultivate growth areas**
- Expand overseas sales
    - Expand overseas sales in North America and China based on increased demand in the global Japanese food market (shrimp, crab, scallops, frozen fish, sushi ingredients, etc.) (marine products)
    - Coordinate with overseas bases to expand sales locally by exporting products from Japan (meat and poultry products)
  - Enter new markets such as meat products with health value (meat and poultry products)
    - Expand sales of *Amani-no-Megumi* series products with health value and *Junwakei* chicken, which is produced using a sustainable regional agricultural and livestock cycle (meat and poultry products)
    - Create meat products that offer new health value from various aspects including functionality, sustainability and animal welfare (meat and poultry products)
  - Ramp up initiatives in growing business formats
    - Ramp up initiatives in the growing business formats of e-commerce, mail order, home delivery and gift markets

Marine, Meat and Poultry Products Business Financial Targets

(Billions of yen)

	FY2022 Results	FY2025 Plan	Increase (Decrease)	CAGR
Net sales (total)	148.0	139.0	(9.0)	(2.1%)
Marine products	67.7	44.0	(23.7)	(13.4%)
Meat and poultry products	80.3	95.0	14.7	5.8%
Operating profit (total)	2.2	3.0	0.8	10.9%
Marine products	1.0	1.0	0	1.5%
Meat and poultry products	1.2	2.0	0.8	19.6%

Material Matter Creating New Value in Food and Health

Aiming to Lead the Industry in the New Market for Meat Products with Health Value

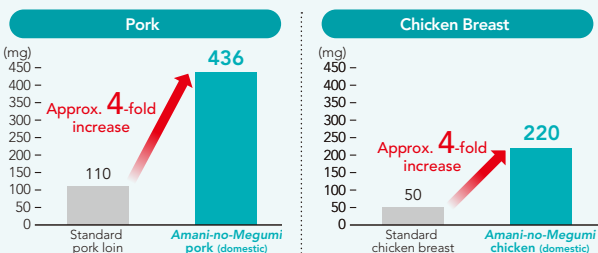
Nichirei Fresh conducts research and development of meat products with enhanced health value, and produces and sells meat with a focus on omega-3 fatty acids. Omega-3 fatty acids are called essential fatty acids because the human body cannot synthesize them, so they must be ingested in food or through other sources. However, they tend to be lacking in the diet of today's Japanese people, so finding a way to achieve a balanced intake is considered important. One omega-3 fatty acid,  $\alpha$ -linolenic acid, is abundant in blue-backed fish, flaxseed oil and perilla oil. Nichirei Fresh gives chickens, pigs and cattle\* a formula feed that uses flaxseeds as an ingredient. This results in tender and juicy meat that is abundant in omega-3 fatty acid ( $\alpha$ -linolenic acid), which it sells as the *Amani-no-Megumi* series.

The *Amani-no-Megumi* series was the first product in the meat products category to be recognized by physicians on the AskDoctors medical advice website. Nichirei Fresh will continue to offer support for health management and balanced diets through meat products for everyday meals.

\* There are individual differences among cattle.

 **Amani-no-Megumi**  
<http://www.goodbalancemeat.jp/> (Japanese only)

Comparison of Amount of Omega-3 Fatty Acid ( $\alpha$ -linolenic Acid) That the Body Can Absorb from 100 Grams of Meat



Source: Nichirei Fresh study

Material Matter Realizing Sustainable Food Procurement and Resource Recycling

Promoting Sustainable Food Procurement with Stakeholders

Nichirei Fresh works with local governments, suppliers and business partners in production areas to realize sustainable procurement of the foods that underpin its business. In the marine products business, Nichirei Fresh has been working with local suppliers in Kalimantan, Indonesia since 2006 to promote a shrimp farming method called extensive aquaculture, which does not use electricity or feed. The company has also jointly launched a mangrove tree planting fund called the *Inochi-no-Mori-Project*, and uses the profits from the shrimp it raises through extensive aquaculture to plant trees in local coastal areas. In addition, the company is increasing the proportion of MSC/ASC-certified marine products it procures from outside Japan.

Nichirei Fresh Products That Have Obtained MSC/ASC Certification (As of June 2022)

ASC Certification Number ASC-C-01632	Giant tiger prawn, Whiteleg shrimp, Pacific oyster, Atlantic salmon, Coho salmon, Rainbow trout
MSC Certification Number MSC-C-52165	Arctic surf clam, Arrow-tooth flounder, Flathead sole, etc., Atka mackerel, Capelin, Chinook salmon, Silver salmon, Pink salmon, Herring, Japanese carpet shell, Longfin inshore squid, Pacific cod, Pacific oyster, Chum salmon, Red king crab, Snow crab, Sockeye-red salmon, Walleye pollock, Yesso scallop



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

  
純国産鶏種  
純和鶏  
First Specific Japanese Agricultural Standards (JAS) certification given to a poultry product for sustainability

In the meat and poultry products business, since 2009 Nichirei Fresh has been implementing a sustainable regional agricultural and livestock cycle in Hirono, Iwate Prefecture through the production of the *Junwakei* breed of chicken (a crossbreed of two native Japanese species). In 2020, *Junwakei* chicken became the first poultry product in Japan to acquire Specific Japanese Agricultural Standards (JAS) certification for sustainability. Nichirei Fresh will continue to work with its stakeholders to help resolve social issues through its business.

 *Inochi-no-Mori-Project* (▶Pages 40-41)  *Junwakei* Chicken (▶Page 77)



Hideo Yokoi  
Representative Director, 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 the import and sale of fetal bovine serum required for cell culture, we expanded our business through the 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<sup>1</sup> (involving the sale of powders and other products made from acerola), a molecular diagnostics business (involving the development, manufacture and sale of diagnostic agents using antibodies produced from cultured cells), and an immunochromatographic assay business.<sup>2</sup>

1. The functional materials business was transferred to Nichirei Foods in June 2021.  
2. The rapid diagnostics business changed its name to the immunochromatographic assay business in April 2022.

Review of Medium-term Business Plan WeWill 2021

In the molecular diagnostics business, sales were weak due to a decline in the number of pathological examinations as people tended to refrain from visiting medical institutions during the COVID-19 pandemic. On the other hand, we launched two types of diagnostic agents for automated immunostaining devices in FY2022, and we expect to expand sales during Compass Rose 2024. Although it took time to integrate the medical instrument manufacturing subsidiary in the United States that we acquired in 2019, as a growth

Business Scale

Total assets	¥7,847 million	Employees (non-consolidated)	96
Main facilities	Nichirei Biosciences Global Innovation Center (production and R&D facilities) Pathcom Systems Corporation (California, U.S.A.)		
Main products	Molecular diagnostics, biomedical materials and immunochromatographic diagnostic reagents		



Histofine ALK iAEP® Kit companion diagnostic



Histostainer-AT automated immunostaining device

Advantages

- Accumulated technologies for development, production, and quality evaluation of diagnostic agents that use antibodies
- A molecular diagnostics business model that combines the development and production of both diagnostic agents and immunostaining devices

business it has steadily increased sales.

The impact of COVID-19 was greatest in the immunochromatographic assay business, where there was a decrease in sales volume of influenza antigen test kits, which had accounted for about 80% of sales. Although we increased sales of antigen test kits for COVID-19, it was not enough to compensate, due in part to the smaller overall number of test kits in the market in comparison with those for influenza.

Thus the COVID-19 pandemic led to substantial changes in the market, resulting in decreases in sales and profit during WeWill 2021. Selection and concentration to rebuild our businesses in line with these changes in our operating environment is an issue to address in Compass Rose 2024.

Policies of Medium-term Business Plan Compass Rose 2024

Under Compass Rose 2024, we will redirect management resources to the molecular diagnostics business, which is a growth area. *Histofine ALK iAEP® Kit*, our mainstay companion diagnostic,<sup>3</sup> is representative of our diagnostic agents that use antibodies to detect biomarkers in oncology tests. The number of cancer patients is rising globally, including in Japan, where the population is aging. Given this, the need for diagnostic reagents in selecting optimal treatment methods is expected to continue increasing. In addition to developing, producing and selling diagnostic reagents, we sell automated immunostaining devices for immunohistochemical staining tests. A business model that integrates these product areas is not one that other companies can immediately copy. In addition to antibody-based diagnostics, we are also moving forward with an application for regulatory approval for a molecular diagnostic product from

Biocartis SA, a Belgian company with which we formed a business alliance in 2019, with plans for a launch during Compass Rose 2024.

In the biomedical materials business, given expectations of growth in the biopharmaceutical development and regenerative medicine markets, we will work to maintain and expand sales of serum, which has been an area of strength for us.

Sales of the immunochromatographic assay business are dependent on the state of the COVID-19 pandemic. However, once influenza becomes prevalent again, we foresee increased needs for simultaneous testing for influenza and COVID-19. We therefore intend to provide the necessary test kits in line with market needs to help resolve social issues and generate economic value.

3. 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.

Material Matters for the Group

Nichirei Biosciences' vision is to offer ongoing support for health by providing new value. Consequently, the Nichirei Group's material matter of "creating new value in food and health" is not so much a focus area for us as the very essence of our business. We also work for "realizing sustainable food procurement and resource recycling" as a common theme throughout the Nichirei Group. In the FY2022 sustainability assessment by EcoVadis, we received a silver rating,<sup>4</sup> an evaluation we intend to maintain and improve.

4. EcoVadis, which provides comprehensive assessments of corporate sustainability, has rated approximately 80,000 companies in 200 industries in 160 countries in the areas of the environment, labor and human rights, ethics, and sustainable procurement. The silver rating is awarded to only the top 25% of all companies that undergo the assessment.



Close Up

Letter of Appreciation from the Ministry of Health, Labour and Welfare and the Ministry of Economy, Trade and Industry for the Supply of COVID-19 Antigen Test Kits

As the Omicron variant of COVID-19 spread rapidly in January 2022, the Ministry of Health, Labour and Welfare asked manufacturers to increase production of antigen test kits. We received a message of gratitude from the ministry for fulfilling our corporate responsibility of providing a stable supply of such kits.





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 logistics expertise, while drawing on new developments including those in AI, IoT, autonomous driving, and robotics.

■ Launch of Single-serving Noodles Using Original Technology That Keeps Noodles Cold When Prepared in a Microwave

https://www.nichireifoods.co.jp/news/2022/info\_id13305 (Japanese only)

In March 2022, Nichirei Foods launched *Hiyashi-Chuka* (chilled Chinese noodles), a household-use frozen food product it developed as the first in a series of single-serving noodle products that can be prepared in a microwave. A microwave oven heats food by causing the water molecules in food to vibrate. The bonded hydrogen molecules in ice are less affected by microwaves, so they are harder to melt, while the molecules of the frozen noodles are further apart, making them easier to warm. We put these different characteristics of each food product to use in developing an original technology\* for producing chilled noodles that remain cold even after they have been prepared in a microwave. This product took about five years to bring to market from the initial concept, with about three of those years for commercialization. With our many years of research into frozen foods, we take pride in the concept behind this unique product, which is the first in the industry to utilize the characteristics of ice in a microwave.

\*Patent pending

Three Features

1. Patented technology for maintaining coldness of noodles once prepared

2. Frozen noodles that retain a chewy texture

3. Two-level tray that attractively displays the ingredients



In fall 2022, we will launch the second product in this series, *Gokubuto-Tsukemen* (chilled thick Chinese noodles served with a dipping sauce). This product also applies our original technology that uses ice to keep the noodles cold while enabling the broth to warm. It features homemade-style extra-thick noodles made with whole

wheat flour and a rich broth with a seafood and pork flavor. The development of these products was driven by the move toward lifestyles that rely on cooking and eating outside the home, as well as an increase in single-person households that has in turn increased demand for personal-use, single-serving meals containing a staple food and a main dish, as well as snacks that can be eaten with one hand. In response to this situation, Nichirei Foods' Yamagata Plant in Tendo City, Yamagata Prefecture invested approximately ¥4 billion in a production line for personal-use, single-serving frozen foods. It began operating in February 2022. This will help us meet personal-use product demand, which is expected to grow, and capture stay-at-home consumption.



■ Expiration Date Reader AI Solution for Tablet Inspections\*

Following field tests, in FY2021 Nichirei Logistics Group began introducing an AI solution for automatically reading expiration dates from image data at 50 bases nationwide. As part of its efforts to fully digitalize warehouse operations, the Group has adopted tablet devices and is using AI solutions to enhance their functionality. Previously input manually, expiration date input can now be completed hands-free using AI, enabling highly accurate readings of 93% or higher and fast processing speeds of about two seconds. This has further improved quality control as it enables us to capture expiration date images and to then convert those images into data records, simplifying overall operations so that they can be performed by anyone, thus 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

In January 2018, Nichirei Logistics Group began conducting field tests of autonomous driving forklifts at refrigerated warehouses. 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 operation 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 measure into reducing working hours, economizing on manpower for on-site work, and improving occupational health and safety at our warehouses.

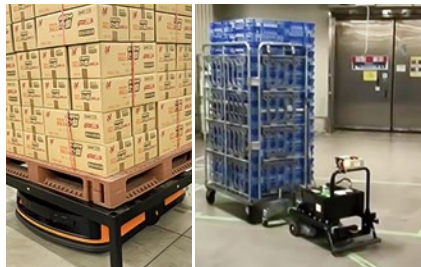


An autonomous driving forklift featured in OriOri, an in-house Group publication

■ Automated Guided Vehicles (AGVs)

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

■ Start of Proof-of-Concept for Introduction of New Robot

Nichirei Logistics Group Inc. collaborated with Telexistence Inc. to conduct a demonstration test in which Telexistence's remote-controlled robot loaded mixed cargo on basket carts in the refrigerated area of a logistics facility.

The test confirmed the feasibility of creating a remote, stress-free work environment in logistics centers in which an operator in an office remotely controls a robot in a refrigerated area. The work involved the operator visually confirming each piece of cargo and its place of loading, them moving the robot and its arm by remote control.

We will continue to proactively introduce cutting-edge technology and digitalize operations in working to achieve sustainable logistics that support the supply chain.



Robot loading cargo on a basket cart



Robot operator using goggles to check the cockpit view for remote control operation



Addressing Climate Change (TCFD)

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. The Nichirei Group's business benefits from nature. Therefore, in addition to its importance as a social challenge, we see climate change as a potential threat to business continuity.

In June 2020, the Nichirei Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and announced its participation in the TCFD Consortium. The Group has positioned climate change initiatives as one of the material matters it identified for achieving its vision for 2030. As such, we are actively promoting initiatives to help resolve social issues related to climate change.

In addition to appropriately responding to risks posed by shifts in the external environment caused by climate change, we will consider numerous scenarios in which climate change could give rise to business opportunities, and conduct timely disclosure.



1 Governance

The Nichirei Group has established a Group Sustainability Committee that formulates sustainability strategies, including initiatives related to climate change, and manages the progress of those strategies. The committee (chaired by the representative director, president of the holding company), also comprises the officer responsible for climate change initiatives, all other officers including outside directors and outside Audit & Supervisory Board members, as well as relevant personnel from the strategic planning and sustainability divisions of each operating company. Climate change-related strategies and targets discussed by the committee are reported to the Board of Directors by the officer responsible for climate change initiatives. Strategies, targets and plans are reviewed as appropriate. The Group Environmental Protection Committee was responsible for these matters until FY2022. In April 2022, to respond to a wider range of sustainability issues, including climate change, we established a Sustainability Management Division within the holding company. This organization took over the functions of the Group Environmental Protection Committee, and began serving as the secretariat for the Group Sustainability Committee. The Group Sustainability Committee also discusses the details of various scenario analyses that have been conducted since 2019. The latest disclosure includes content discussed at a committee meeting held in July 2022.

2 Strategy

In FY2023, we conducted a scenario analysis on the procurement of rice and chicken.

Material Risks and Opportunities by Business and Scenarios Identified in 2020

Business		Risks	
Foods Business	Chicken	General abnormal weather	• Soaring prices due to shrinking agricultural production
	Rice		• Deterioration in the quality of raw materials
	Shrimp	Flooding, rising sea levels	• Difficulty in obtaining raw materials and production delays due to logistics network disruptions
	Vegetables, marine products, and meat and poultry products		• Reductions in production efficiency and volume and submerged aquafarms
	Common	1.5°C scenario	• Submerged agriculture farms, aquafarms and processing factories
			• Difficulty in obtaining raw materials and production delays due to supply chain disruptions
Logistics Business	Baseline scenario	Low-carbon policies	• Increased cost for measures for converting to renewable energy and equipment electrification, elimination of emissions
		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
		General abnormal weather	• Difficulty securing human resources in disaster risk areas
	1.5°C scenario	Low-carbon policies	• Increase of investment in natural refrigerants and opportunity loss caused by the slow adoption of technological platforms such as electrical and low-carbon vehicles

Business		Opportunities	
Foods Business	Baseline scenario	Changes in weather patterns	• Increased demand for frozen and processed foods
	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 environmental awareness	• Increased demand for the curtailment of food loss within the supply chain through the development of eco-friendly products and technological development
	Logistics Business	Baseline scenario	General abnormal weather
1.5°C scenario		Modal shift	• Increase in sales resulting from expanding customer base through strengthened disaster countermeasures and greater resilience
		Increased environmental awareness	• Cost reduction achieved through a modal shift that improves transportation efficiency
1.5°C scenario		Increased environmental awareness	• Increase in number of business partners due to higher evaluations as a company that actively discloses information related to environmental countermeasures

Note: The bioscience business is characteristically resistant to the impact of climate change. Accordingly, we have not currently identified any material factors in our bioscience business.

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Climate Change Scenario in FY2022 [https://www.nichirei.co.jp/sites/default/files/inline-images/ir/integrated/pdf/p58\\_p61.pdf](https://www.nichirei.co.jp/sites/default/files/inline-images/ir/integrated/pdf/p58_p61.pdf) (Japanese only)

Climate Change Scenario in FY2021 [https://www.nichirei.co.jp/sites/default/files/inline-images/ir/integrated/pdf/p21\\_p24.pdf](https://www.nichirei.co.jp/sites/default/files/inline-images/ir/integrated/pdf/p21_p24.pdf) (Japanese only)

Rice and Chicken Procurement Risks and Opportunities

We examined the risks and opportunities created by climate change in relation to the procurement of rice and chicken, using the “Introduction to Information Disclosure on Climate-related Risks and Opportunities for Food, Agriculture, Forestry and Fisheries” issued by the Ministry of Agriculture, Forestry and Fisheries; and the Representative Concentration Pathway (RCP) scenarios described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). The analysis showed that, in terms of transition risks (risks related to transitioning to a low-carbon economy), both rice and chicken would be impacted by increasing costs associated with the introduction of a carbon tax and low-carbon production methods.

For physical risks (risks related to the physical impact of climate change), we conducted the following investigation to clarify how a temperature rise would affect our suppliers in terms of the impact on production volume.

Physical Risk Impact Assessment (Analysis of Estimated Change in Yield by Climate Scenario)

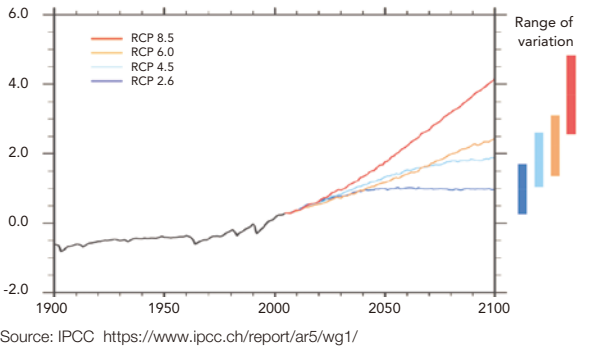
We analyzed future yield forecasts for each climate scenario, in terms of changes in rice and chicken production. For each climate scenario, we used the IPCC RCP scenarios (2.6, 4.5, 6.0, and 8.5).

Rice Analysis Criteria	
Area	Kanto, Tohoku and Hokkaido production regions: 11 zones
Climate scenarios	RCP 2.6, RCP 6.0
Data used	ISIMIP (the Inter-Sectoral Impact Model Intercomparison Project)

Chicken Analysis Criteria	
Area	Japan: 6 zones, Thailand: 2 zones, Brazil: 1 zone
Climate scenarios	Japan: RCP 2.6, RCP 8.5 Overseas: RCP 4.5, RCP 8.5
Data used	Bias corrected climate scenarios over Japan based on CDFDM method <sup>1</sup> using CMIP5 <sup>2</sup> (National Institute for Environmental Studies)

1. CDFDM method: Cumulative distribution function-based downscaling method  
2. CMIP5: Coupled Model Intercomparison Project Phase 5

Trends in Global Average Temperature Deviation (°C)



For chicken yield, the analysis used the following formula (based on material published in 2006). According to the literature, meat production decreases when the average temperature rises to 23°C or higher.

$$y = -0.3239 \times x^2 + 15.042x - 74.632$$

y = Meat production volume when production volume for temperatures below 23°C is 100  
x = Average temperature during the season to be analyzed (unit is °C)

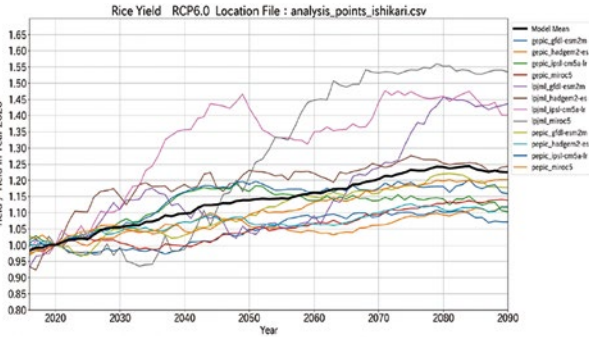
Source: Yamazaki, et al., Animal Science Journal Vol. 77 (2), p. 231-235 (2006)

Using 2020 as the base year, we carried out a rice yield simulation (through to 2090) for our major domestic suppliers. The table below shows the results of analyzing climate scenarios RCP 2.6 and RCP 6.0 for yields in 2030, 2050, and 2080, when the base year is 1.00. (Values are the average of 12 simulations, combining four global climate models and three yield models.) Even in the scenario where temperatures rise (RCP 6.0), yields increase, rising to between 1.11 and 1.50 in Hokkaido in 2080.

Average Value of Yield Simulations When the Yield for the Base Year (2020) Is 1.00

	RCP 2.6			RCP 6.0		
	2030	2050	2080	2030	2050	2080
Ishikari area	1.06	1.15	1.13	1.06	1.14	1.24
Hokkaido Kamikawa area	1.09	1.27	1.26	1.13	1.26	1.50
Sorachi area	1.04	1.09	1.10	1.04	1.08	1.11
Ibaraki Prefecture	0.99	1.04	1.02	1.02	1.04	1.09
Kanto Gunma Prefecture	1.01	1.05	1.02	1.03	1.05	1.11
Tochigi Prefecture	1.00	1.05	1.02	1.02	1.03	1.09
Aomori Prefecture	1.02	1.06	1.06	1.03	1.06	1.10
Akita Prefecture	1.02	1.05	1.03	1.03	1.06	1.10
Tohoku Yamagata Prefecture	1.01	1.05	1.03	1.04	1.05	1.10
Miyagi Prefecture	1.02	1.06	1.04	1.04	1.06	1.13
Iwate Prefecture	1.03	1.07	1.05	1.03	1.06	1.11

Analysis Model Example (Ishikari Area, Hokkaido, RCP 6.0, Rice Yield)



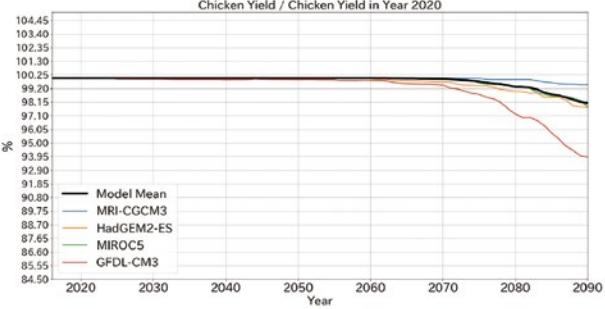


Using 2020 as the base year, we carried out a chicken yield simulation (through to 2090) for our major domestic and overseas suppliers. The table below shows the results of analyzing climate scenarios RCP 2.6 and RCP 8.5 for domestic yields and RCP 4.5 and RCP 8.5 for overseas yields in 2030 and 2050, when the base year is 100. (Four global climate models are used for domestic suppliers, and 21 for overseas. The average value of the simulations is for the period of each year when the average temperature is the highest. The results shown for all domestic suppliers are from July to September.) In Iwate Prefecture, yields do not decrease even in the RCP 8.5 scenario, but under the same conditions yields in Miyazaki and Kagoshima prefectures decrease to 95-97% by 2050. In Thailand, the yield values decrease to 92% by 2050 in the RCP 8.5 scenario.

Average Value of Yield Simulations When the Yield for the Base Year (2020) Is 100

		RCP 2.6		RCP 8.5	
		2030	2050	2030	2050
Iwate Prefecture	Kuji City	100.00	100.00	100.00	100.00
	Hachimantai City	100.00	100.00	100.00	100.00
	Karumai-cho, Kunohegun	100.00	100.00	100.00	100.00
Miyazaki Prefecture	Hyuga City	99.30	98.40	99.00	97.40
	Koyugun	99.20	98.00	98.80	96.90
Kagoshima Prefecture	Kagoshima City	98.80	97.10	98.10	95.10

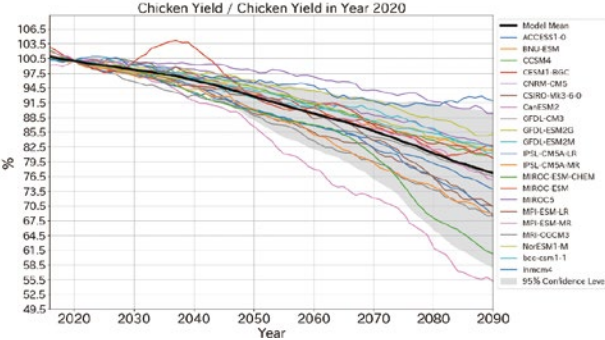
Analysis Model Example (Karumai-cho, Kunohegun, Iwate Prefecture, RCP 8.5, Chicken Yield from July to September)



Average Value of Yield Simulations When the Yield for the Base Year (2020) Is 100

		RCP 4.5		RCP 8.5	
		2030	2050	2030	2050
Brazil (January to March)	Paraná	99.8	99.3	99.6	98.4
Thailand (April to June)	Lop Buri	98.4	95.6	97.5	92.6
	Chon Buri	98.3	95.6	98.1	92.7

Analysis Model Example (Thailand, RCP 8.5, Chicken Yield from April to June)



Financial Impact and Strategy

For Nichirei Foods, cooked rice products account for about 10% of net sales, while chicken products account for about 30%. For Nichirei Fresh, the chicken business accounts for about 40% of net sales in the meat and poultry products business.

In these most recent investigations, even in the scenario of continued global warming, rice yields increase in our current supply areas. However, according to the Ministry of Agriculture, Forestry and Fisheries, there are reports that higher temperatures can lead to deterioration in rice quality, such as an increase in unripe grains, giving rise to concerns about procuring rice that is suitable for processing.

In some areas, chicken yields would decrease in the 2050 temperature increase scenario. However, the chicken farms where we currently procure chicken meat are equipped with air conditioning. Yields are therefore not likely to decrease due to an increase in temperature. However, there could be an increase in cost and amount of energy used to run the air conditioning systems to ensure temperatures suitable for chicken farming.

If climate change mitigation measures are strengthened (transition scenario), tighter regulations on greenhouse gas (GHG) emissions could increase the cost of raw material procurement.

On the other hand, we expect decarbonization measures to be promoted in the agriculture and livestock farming sectors as outlined in the Ministry of Agriculture, Forestry and Fisheries’ Act to Promote Environmental Burden Reduction Activities for Establishment of Environmentally Harmonized Food System (effective July 1, 2022). By working with our suppliers and reducing GHG emissions related to raw materials, we believe we could gain an advantage even in the transition scenario. We will use life cycle assessments (LCAs) to evaluate the environmental impact of each product, as well as develop livestock feeds that reduce such impact. We will also gather data from external research institutions to work toward breeding rice with a higher temperature tolerance and higher yield.

3 Risk Management

Nichirei ensures that appropriate divisions manage the impact that a variety of risks (including climate change-related risks) have on business management from a comprehensive standpoint employing both rational and optimal methods. The risks are also discussed and reviewed by the Group Risk Management Committee, which is chaired by the representative director, president. The committee has been managing our responses to major risks related to business operations. However, due to the need to respond more quickly and accurately to various ESG-related issues, we established the Group Sustainability Committee as a separate entity in FY2023 to deal with ESG-specific risks and opportunities, including climate change.

The Group Sustainability Committee works with the strategic planning and sustainability divisions of each operating company to identify important ESG-related issues and risks. The most important themes are then discussed by the committee. Specifically, the risk associated with climate change is positioned as a major risk for the Group. The committee discusses and manages business risks and opportunities arising from scenario analyses.

4 Indicators and Targets

We have set forth the following as material matters: climate change initiatives; and realizing sustainable food procurement and resource recycling.

Nichirei Group Material Matters (Materiality)

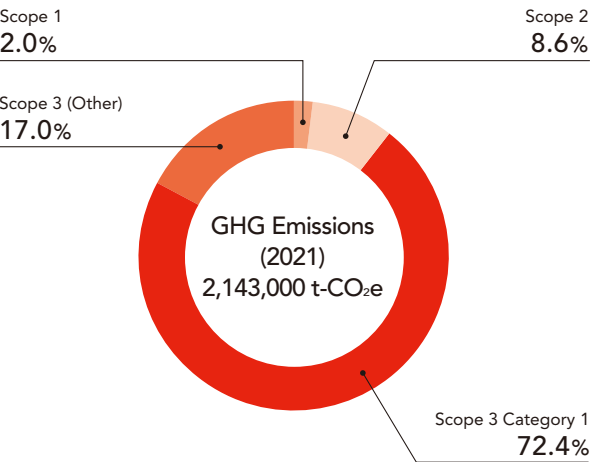
Material Matter: Climate change initiatives

Group Measures	Promote reduction of CO <sub>2</sub> 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 KPIs	FY2025: 30% reduction in CO <sub>2</sub> emissions (compared with FY2016; Scope 1 and 2 in Japan) FY2031: 50% reduction in CO <sub>2</sub> emissions (compared with FY2016; Scope 1 and 2 in Japan)

Material Matter: Realizing sustainable food procurement and resource recycling

Group Measures	Conduct sustainable resource procurement and help to realize a circular economy.
Group KPI	FY2031: 100% implementation rate of ESG due diligence for main raw materials and major suppliers

Nichirei Group GHG Emissions (Scope 1, 2 and 3 in Japan)



As part of its low-carbon policy, the Nichirei Group is promoting measures to reduce Scope 3 emissions.\* As shown in the figure on the left, the highest proportion of Scope 3 emissions comes from raw material procurement (category 1). We therefore recognize that, in order to achieve a reduction in Scope 3, supplier efforts to reduce GHG emissions are essential.

A cooperative relationship with suppliers is also essential to realizing sustainable procurement. Based on the Nichirei Group Sustainable Procurement Policy, we will promote initiatives that follow the Nichirei Group Supplier Code of Conduct and the Nichirei Group Supplier Guidelines established in April 2022. We will also address human rights and environmental issues, including Scope 3 emissions.

\* See the next page for Scope 1 and 2 reduction efforts in Japan.

Decarbonization and the Elimination of CFCs

The Nichirei Group Environmental Policy

The Nichirei Group formulated the Nichirei Group Environmental Policy under the following theme: “If the Nichirei Group is to pass on to future generations the natural abundance that is the source of food and good health and to continue providing freshness and good taste—together with its stakeholders, it must use its superior products and first-class logistics network to reduce the environmental impact of its business activities throughout the entire supply chain and help create a sustainable society.”

The Nichirei Group Environmental Policy focuses on three priority issues: climate change initiatives, promotion of sustainable recycling, and symbiosis with nature. For climate change initiatives, we recognize that food and logistics companies are greatly affected by climate change. We are implementing the following initiatives as part of our low-carbon policies.

Long-term Environmental Goals and Low-carbon Policies

We will implement low-carbon policies to address 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.

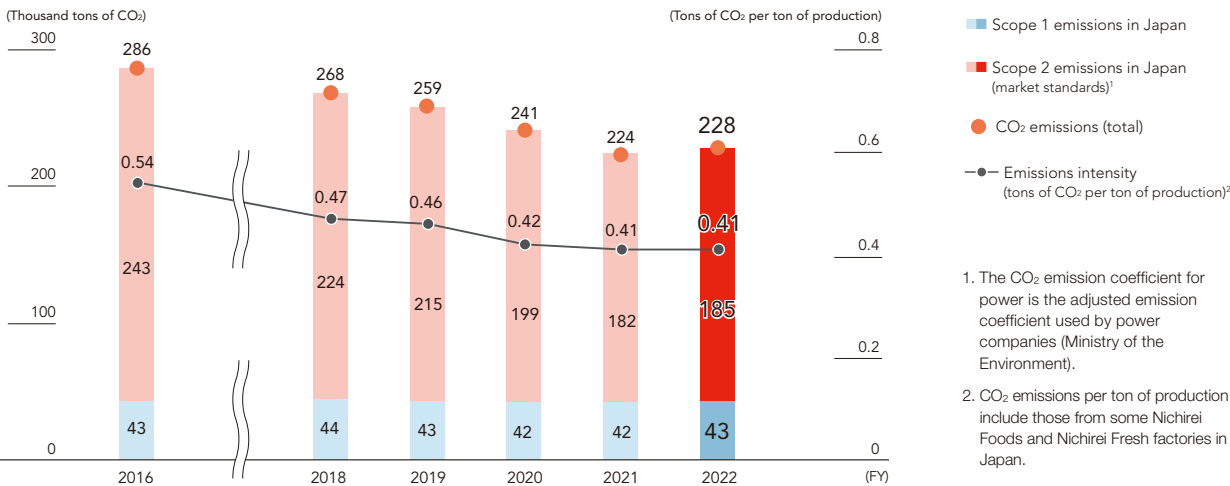
Having endorsed the TCFD recommendations, the Nichirei Group is promoting the following low-carbon policies:

Pillar of low-carbon policy	Overview	Target scope
1 The establishment of long-term CO <sub>2</sub> reduction goals	• 50%* reduction in Scope 1 and 2 CO <sub>2</sub> emissions (compared with FY2016) in Japan in 2030	Scope 1 and 2 in Japan
2 The promotion of CO <sub>2</sub> reduction countermeasures overseas	• Start data collection and other efforts at overseas worksites • Review and promote CO <sub>2</sub> reduction countermeasures at overseas worksites	Scope 1 and 2 Overseas
3 The promotion of Scope 3 CO <sub>2</sub> reduction countermeasures	• Promote Scope 3 data collection and other efforts • Review and promote Scope 3 CO <sub>2</sub> reduction countermeasures	Scope 3

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

Nichirei Group CO<sub>2</sub> Emissions

In FY2022, we reduced our CO<sub>2</sub> emissions by 20.2% compared with FY2016.



Renewable Energy Procurement

Utilizing Electricity Generated from Solar Power

The Nichirei Group is working to reduce CO<sub>2</sub> emissions by installing solar power generation equipment on the premises of food factories and on the rooftops of refrigerated logistics warehouses. We will further strengthen these initiatives as part of Medium-term Business Plan Compass Rose 2024.



Solar Power Generation and CO<sub>2</sub> Emission Reduction

	Power Generation	CO <sub>2</sub> Emission Reduction
FY2020	2,068 Mwh	1,003 t
FY2021	2,149 Mwh	986 t
FY2022	2,974 Mwh	1,408 t

Purchase of Green Energy

Since 2007, the Nichirei Group has been purchasing and stockpiling Renewable Energy Certificates (RECs)\* every year. As a result, in FY2021, the head office building (Nichirei Higashi Ginza Bldg.) shifted to renewable energy (making use of RECs) for all of its power usage. In addition, since March 2020, Nichirei Foods has purchased RECs to cover all electricity used in production lines for *Honkaku-Itame-Chahan* (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 CO<sub>2</sub> emission reductions achieved through the use of power generated from renewable energy are traded in the form of RECs.

Eliminating Chlorofluorocarbons (CFCs)

Switching to 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 by Nichirei Foods at its food factories and investee factories in Japan.



Initiatives to Prevent Refrigerant Leaks

Nichirei Logistics Group works to reduce refrigerant leakage from existing refrigerators. In addition to carrying out regular inspections for refrigerant leakage, in FY2022 it introduced detectors capable of 24-hour measurement.

Change of Fuel for Manufacturing Equipment

Food factories use heat energy in a variety of manufacturing processes, including frying and baking. For the boilers that create the heat energy used in manufacturing, we are systematically switching from kerosene and heavy oil to city gas and propane, which produce fewer CO<sub>2</sub> emissions.





Conserving Water Resources and Biodiversity, and Using Less Plastic

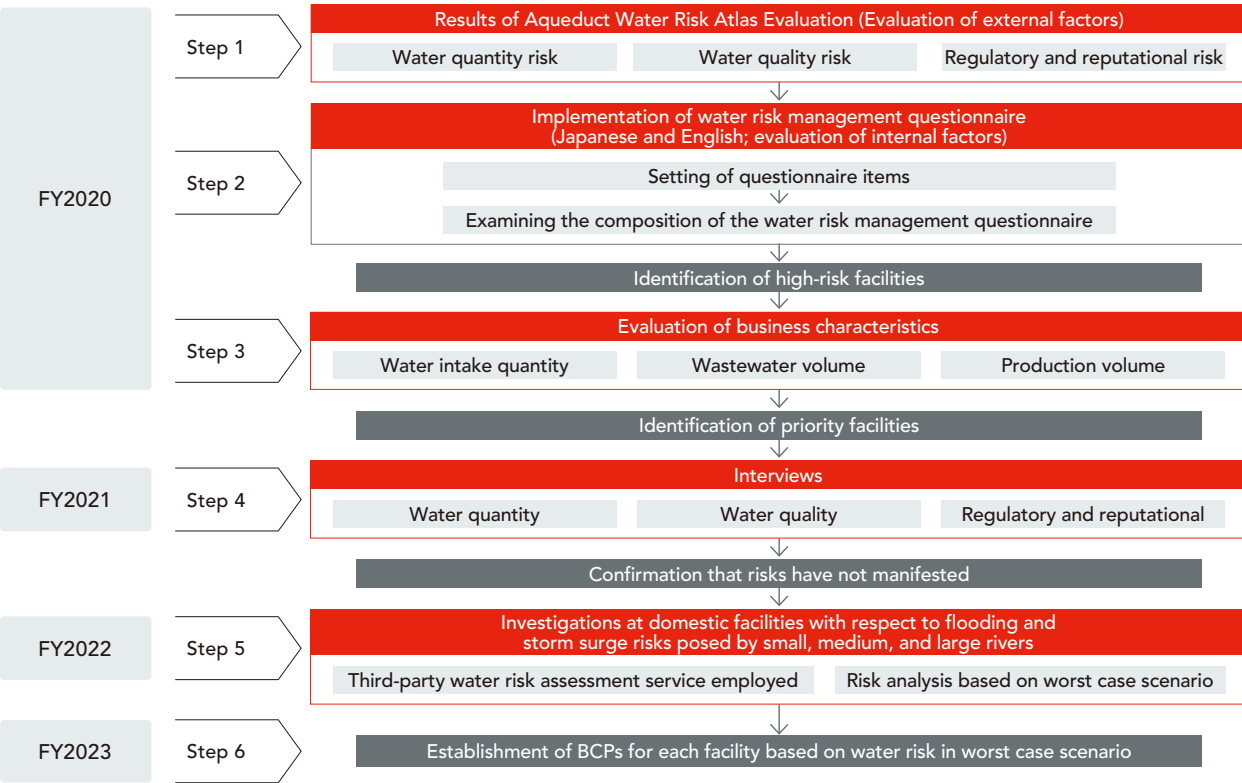
Initiatives for Conserving Water Resources

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

Water Risk Assessment

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

Water Risk Assessment



Initiatives for Conserving Biodiversity

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. Consequently, Nichirei entered a biodiversity conservation partnership agreement with Fujimi-machi, Nagano Prefecture, and the Fujimi-machi Atsumorisou Regeneration Committee in February 2019. The Group will provide the 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.



Conserving Biodiversity and Maintaining Sustainable Production: MSC Fisheries Certification at Clam Fishery

About 60% of Japan’s imported clams are sourced from wetlands along the Yellow Sea coast of China. Since 2006, Nichirei Fresh has procured clams from China for use as a premium ingredient. In recent years, however, we have become concerned about the declining yield of clams and the deterioration of the natural environment.

In 2016, Nichirei Fresh collaborated with Dandong Taihong Foodstuff Co., Ltd., a supplier of clams, and the World Wide Fund For Nature (WWF) in a fisheries improvement project.

In 2021, the shellfish fishery of the Yalu Estuary received Marine Stewardship Council (MSC) certification for sustainable fishing that considers the rich natural environment of the Yellow Sea coast, which is indispensable as a resting and feeding place for migratory birds. The certification was the first example of a shellfish fishery improvement project in China involving cooperation between participants in the supply chains of China and Japan.

Nichirei Fresh will continue to increase the number of products that bear the MSC certification\* for sustainable fishing.

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

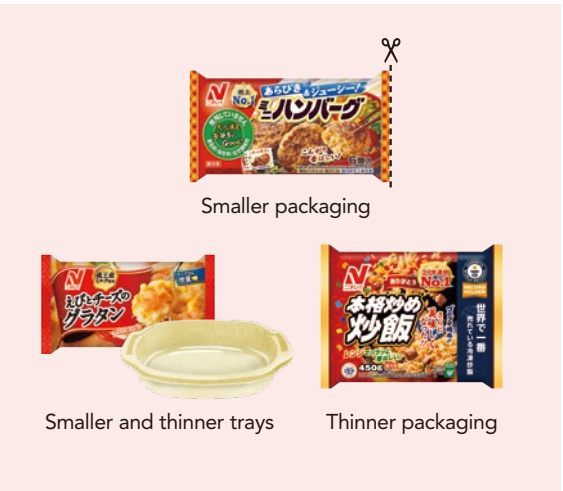
Key Elements of the Coastal Wetland Ecosystem of the Yalu River Estuary



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 items (series) of products, 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 CO<sub>2</sub> emissions.



Initiatives for Thinner Packaging

Fiscal year	Products	Measures
FY2007	Imagawa-Yaki (Japanese waffles)	Elimination of trays
FY2010	Yaki-Onigiri (grilled rice balls) 10-pack	Elimination of trays
FY2012	Honkaku-Itame-Chahan (fried rice)	Thinner packaging
FY2015	Yaki-Onigiri (grilled rice balls) 10-pack	Thinner packaging
FY2016	Honkaku-Itame-Chahan (fried rice)	Thinner packaging (second reduction)
FY2019	Ebi-Pilaf (shrimp pilaf) and Chicken Rice	Thinner packaging
FY2021	Ebi-to-Cheese-no-Gratin (shrimp gratin) and Ebi-to-Cheese-no-Doria (shrimp rice gratin)	Thinner trays, reduced tray handle width
FY2022	Yaki-Onigiri (grilled rice balls)	Elimination of trays for entire lineup

Switching to Biomass Film and Ink

Since FY2020, we have used biomass film and ink on some product packaging and trays. Biomass ink is made from renewable, plant-derived materials, and its use helps reduce environmental impact.



Building a Sustainable Supply Chain

The Nichirei Group is working to build a sustainable supply chain. On April 1, 2022, the Group established the Nichirei Group Human Rights Policy, the Nichirei Group Sustainable Procurement Policy, the Nichirei Group Supplier Code of Conduct, and the Nichirei Group Supplier Guidelines. These policies are based on the United Nations Guiding Principles on Business and Human Rights and the Ten Principles of the United Nations Global Compact as well as on The Nichirei Pledge, which is the Group’s basic sustainability policy. They also provide the foundation for “realizing sustainable food procurement and resource recycling,” one of the Group’s material matters. Going forward, we will continue to promote the Nichirei Group Supplier Code of Conduct and Guidelines. We will evaluate risk factors in the supply chain and work with suppliers to mitigate these risks in accordance with the potential impact on business.

We will work to build a sustainable supply chain by sharing values and building close relationships within the Group and with suppliers.

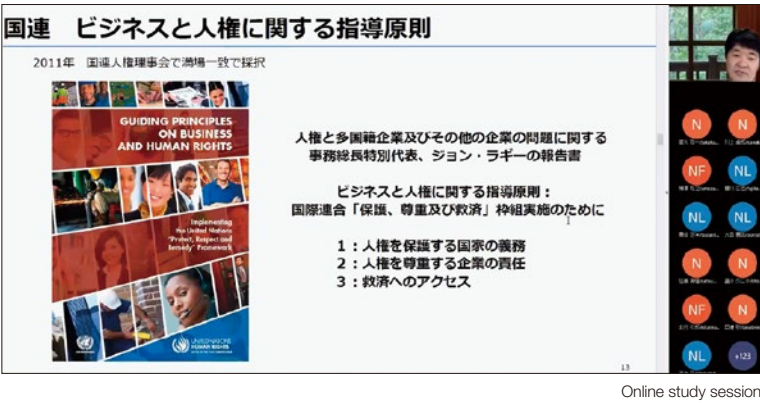
Policy	Key Points for Amendment and Enactment
Nichirei Group Human Rights Policy	Respect for human rights in the Group and throughout the supply chain, implementation of human rights due diligence, introduction of system for filing grievances, etc. <a href="https://www.nichirei.co.jp/english/corpo/management/humanrightspolicy.html">https://www.nichirei.co.jp/english/corpo/management/humanrightspolicy.html</a>
Nichirei Group Sustainable Procurement Policy	Respect for human rights throughout the supply chain, reduction of environmental impact, consideration for animal welfare and biodiversity, etc. <a href="https://www.nichirei.co.jp/english/sustainability/social/supplychain/supply.html">https://www.nichirei.co.jp/english/sustainability/social/supplychain/supply.html</a>
Nichirei Group Supplier Code of Conduct	Clarification of requirements for suppliers based on the Nichirei Group Sustainable Procurement Policy <a href="https://www.nichirei.co.jp/english/sustainability/social/supplychain/regulation.html">https://www.nichirei.co.jp/english/sustainability/social/supplychain/regulation.html</a>
Nichirei Group Guidelines Supplier	Explanation of items in the Nichirei Group Supplier Code of Conduct <a href="https://www.nichirei.co.jp/english/sustainability/social/supplychain/guideline.html">https://www.nichirei.co.jp/english/sustainability/social/supplychain/guideline.html</a>

Initiatives for Sustainable Procurement

Study Sessions on Sustainability for Management

In FY2023, we are inviting experts to participate in study sessions on sustainability for management. We plan to hold five such sessions. At the third session, Mr. Hidemi Tomita of LRQA Sustainability K.K. gave a lecture on sustainable procurement and human rights. A total of 139 people\* attended the event, which created greater awareness of human rights issues in the supply chain.

\* Including 85 directors from the holding company and operating companies and 54 officers from related divisions



Regenerating Marine Habitats

In June 2022, Nichirei Fresh joined Fukuoka Uoichiba Co., Ltd. and the Amakusa Fisheries Cooperative in launching the *Inochi-no-Umi-Project*. This initiative focuses on regenerating *Zostera* beds, which are areas of the seabed where this type of marine eelgrass grows. The project is funded using a portion of sales of natural shiba shrimp caught in Amakusa City, Kumamoto Prefecture. *Zostera* beds are a spawning and nursery ground for marine life. They play an important role in the marine ecosystem. However, *Zostera* beds are declining in number each year, which impacts the habitat of marine life and causes water quality to deteriorate.

Nichirei Fresh will use the expertise and experience it has gained overseas to protect ecosystems in Japan that support seafood and the marine environment, and engage in sustainable procurement of marine products.



Sustainable Regional Agricultural and Livestock Cycle through Junwakei Chicken

<https://www.nichireifresh.co.jp/product/livestock/detail/?id=347> (Japanese only)



In 2009, Nichirei Fresh launched a feed rice project in collaboration with the Japan Agricultural Cooperative in Iwate Prefecture and farmers from Karumai and Hirono in 2009, and in the 13 years since then the project 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 FY2022, this area had expanded to around 249 hectares yielding a harvest of roughly 1,700 tons.

Manure from the poultry farm is made into organic fertilizer at an on-site high-speed manure processing plant. This fertilizer is spread over the feed rice paddies that were previously fallow rice fields, providing nutrients for the soil. 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.

Initiatives for Sustainable Palm Oil (RSPO Oil Credits)

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







**We will dynamically promote sustainability management by developing human resources and building organizations that can create new value and help resolve social issues.**

### Yutaka Karino

Executive Officer;  
in charge of Legal Affairs, General Manager of  
General Affairs & Public Relations,  
General Manager of Human Resources,  
General Manager of Secretarial Office

### Human Resource-related Initiatives during Medium-term Business Plan WeWill 2021

During WeWill 2021, we mainly addressed four issues: work style reforms, construction of a new personnel data platform, health management and revision of the officer remuneration system.

For work style reforms, we enlisted the cooperation of our labor union in Group-wide efforts to reduce overtime and to increase the rate of use of annual paid leave in line with policies we formulated in FY2018. Telework was rapidly adopted, partly due to the impact of the COVID-19 pandemic, but this style of work has been difficult to roll out to our logistics centers and food production facilities, where more than half of our employees work. Meanwhile, in departments at the Head Office and other business sites where telework has been adopted, figuring out methods for communication between supervisors and their staff has been an issue, so we will continue to develop rules for new work styles.

For the new personnel data platform, we completely reviewed our core systems, constructed a new platform linked to our talent management system, and started full-scale operation in February 2022.

For health management, we enhanced our organization by increasing the number of public health

nurses in our workforce to focus on follow-ups to employee checkups. As a result of this and other measures, we were recognized by the Ministry of Economy, Trade and Industry under the Certified Health & Productivity Management Organization Recognition Program under the large enterprise category for the sixth consecutive year.

For revision of the officer remuneration system, we aim to enhance governance by making our management team acutely aware of sustainable growth and medium-to long-term improvement in corporate value. We therefore revised the system, adding a new stock compensation component and incorporating ROIC and our ESG evaluation as KPIs.

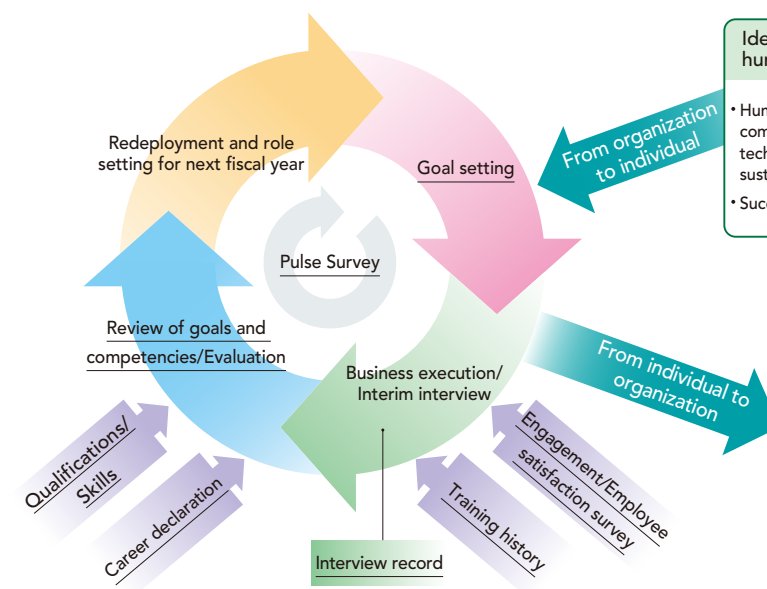
### Establishing a Human Resources Policy Linked to Our Sustainability Policy

For the Nichirei Group to conduct sustainability management and realize its Vision for 2030, the Company needs to show employees what it expects of the Group's human resources and make clear what the Company must do to make those expectations a reality. We have revised our approach to human resources and our human resources policy from this standpoint.

We view our human resources as critical to our Sustainability Policy. Based on this, the Group Human Resources Policy consists of three principles:

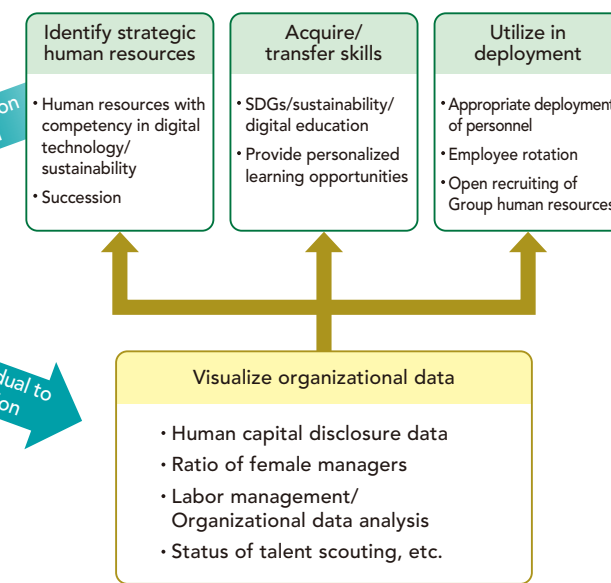
### Improving Employee Performance

Visualize and centrally administer data on employee skills, orientation, performance and other matters, and take timely measures to maximize and enhance employee performance.



### Optimizing the Organization's Human Capital Portfolio

Based on employee data shared throughout the Group, visualize the organization's status on a dashboard. Based on analysis results, take the personnel measures required to optimize the human capital portfolio.



“Encourage empathy; use business to resolve social issues,” “Generate value by linking knowledge, digital technologies,” and “Cultivate a safe, secure corporate culture to tackle challenges.” The Nichirei Group's businesses and the work each employee handles are all connected to consumer and customer issues, thus ultimately to social issues. Behind the Sustainability Policy is our desire to keep our employees attuned to this connection and encourage them to take on new challenges in seeking out new value, without fear of failure.

### Human Resources Strategy under Medium-term Business Plan Compass Rose 2024

We have reorganized our human resources strategy from five perspectives. Upon a foundation of “improving job satisfaction” and “health management”—two perspectives we previously emphasized—we added the three perspectives of “diversity, equity and inclusion,” “new value creation,” and “personalized learning opportunities.”

“Diversity, equity and inclusion” means providing fair opportunities and promoting an environment, culture, personnel system design and other elements that enable each individual to play an active role. We also plan to invest in femtech to support the advancement of female employees, although this will overlap

somewhat with “health management.” In addition, we intend to consolidate information on individuals on our new personnel data platform, and use it for matching and scouting talent. “New value creation” predicated on sustainability entails cross-fertilizing various kinds of knowledge and ways of thinking, while new value in the digital realm is generated by combining various kinds of knowledge. We will focus on training for each of these types of value creation. We will begin by conducting DX training for all employees during Compass Rose 2024. The “personalized learning opportunities” we provide will be tailored to the issues individuals face in advancing their careers, and will complement conventional rank-based training. For example, the training we will conduct for general manager candidates at the holding company is oriented toward dialogue with Company officers. This should also be effective in promoting the advancement of female employees, which we have made a KPI for the Group's material matters.

The revision of our human resources policy will make it easier for all employees to understand the linkage between the policy and our measures. Management is sincerely committed to the human resources policy, in the belief that it will serve as a guide for the career tracks of all employees. We therefore intend to conduct activities to promote awareness and mutual communication.

# Cultivating Human Resources and Improving Work Satisfaction

In conducting business, the Nichirei Group places the greatest importance on human resources. To realize our vision for 2030 based on our Sustainability Policy, we need to make our stance on human resources clear. We therefore established the Nichirei Group philosophy on human resources. We have also determined the kind of human resources we need and the organization that we aim to be under the Group Human Resources Policy.

We have set out five human resource-related strategies based on our philosophy and the Group Human Resources Policy. We will consider and then implement specific human resource initiatives, share information, and check their progress.

## Our Philosophy on Human Resources

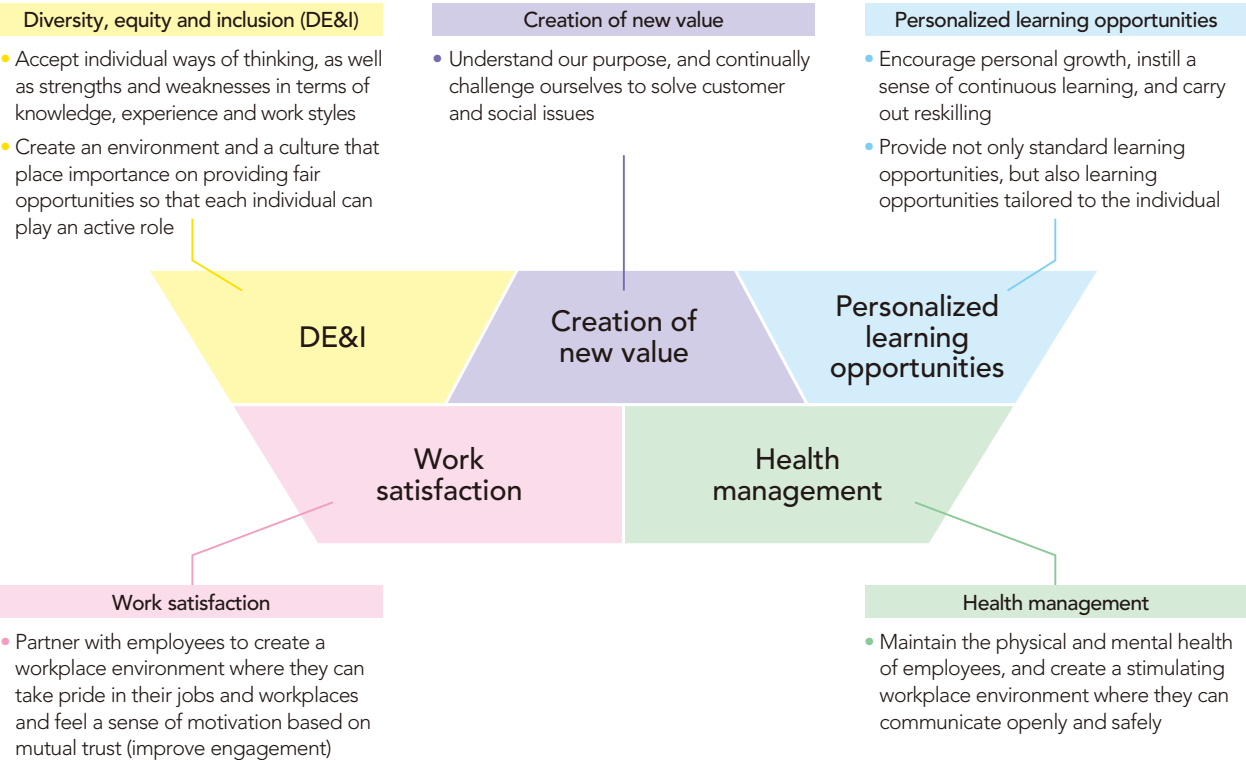
### Human Resources Are Critical to Our Sustainability Policy

- They are key to helping us support good eating habits and health, which will lead to a more sustainable society
- Through diversity and motivation, they boost the Group's development
- Their strategies, linked to those of management, underpin the social value of our human resources and promote behavioral change

## Group Human Resources Policy (The Kind of Human Resources We Need and the Organization That We Aim to Be)

Encourage empathy; use business to resolve social issues	Develop proactive human resources by aligning employee aspirations with the Group's targeted social impact, based on the idea that food connects people
Generate value by linking knowledge, digital technologies	Create an organization that contributes to good eating habits and health by incorporating a range of perspectives, as well as using data and digital technologies in response to environmental change
Cultivate a safe, secure corporate culture to tackle challenges	Communicate work-related ideas, develop mutual trust, and cultivate a corporate culture that can tackle challenges without fear of failure

## Human Resources Strategies (Five Perspectives to Help Bridge the Gap between the Ideal Situation and Now)



## Development of Education for Digital Transformation (DX)

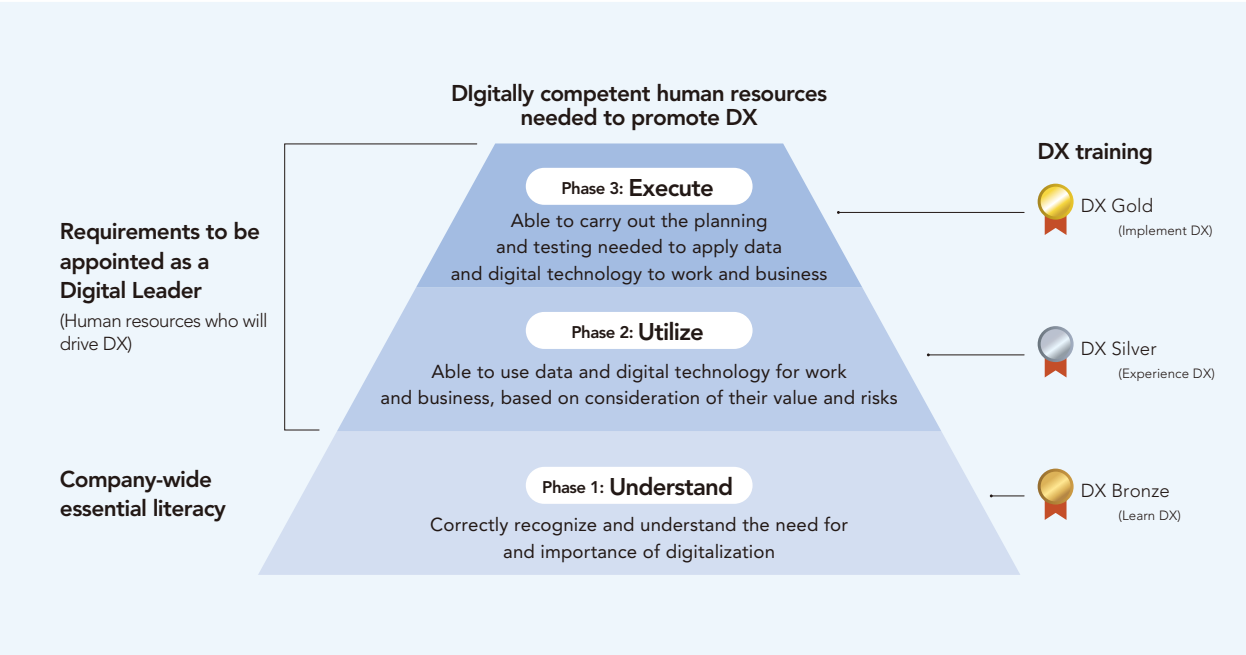
Medium-term Business Plan Compass Rose 2024, which began in FY2023, promotes the use of data and technology within the Nichirei Group as a high-priority human resource development measure. We continue to provide educational opportunities in line with this aim.

As global digitalization continues to accelerate, the use of data and technology will increasingly be needed to help resolve issues for consumers, business partners and society. That is why we believe that being prepared will enhance the Nichirei Group's competitiveness.

Specifically, in the final year of Compass Rose 2024 we aim to appoint a Digital Leader at each department of our main companies in Japan to promote the use of data and technology. The DX program will be implemented in tiers, from DX Bronze (the basic course for acquiring essential digital literacy) to DX Silver and DX Gold. Of the three, the DX Bronze course is being rolled out for all employees (approximately 3,500 people) at our main companies in Japan. We expect all employees to complete the DX Bronze program by FY2024.

Promoting DX is a vital business transformation initiative for realizing the Nichirei Group's vision. We will work as one to move that transformation forward.

### Development of Education for DX



## Promoting the Advancement of Female Employees

At Nichirei Foods, we launched an internal project to promote the advancement of female employees. We send out video messages, and conduct surveys in order to gain an accurate grasp of the current situation. We also hold "Women's Agura" roundtable discussions with female executives. We held these discussions 23 times in FY2022, with 94 employees taking part. The sessions gave participants an opportunity to consider their future careers and helped them to create a communication network for sharing concerns with peers and supporting each other. These activities have created a foundation for enabling female employees to take on various challenges. By continuing to promote the project, we will support the career aspirations of female employees and help improve work satisfaction for all employees, regardless of gender.





Since 2015, the Nichirei Group has been promoting initiatives based on the concept that the health and wellbeing of employees is fundamental to increasing their work satisfaction. The maintenance and improvement of employee health has been set as a management issue, and the Nichirei Health Promotion Center plays a key role in our efforts.

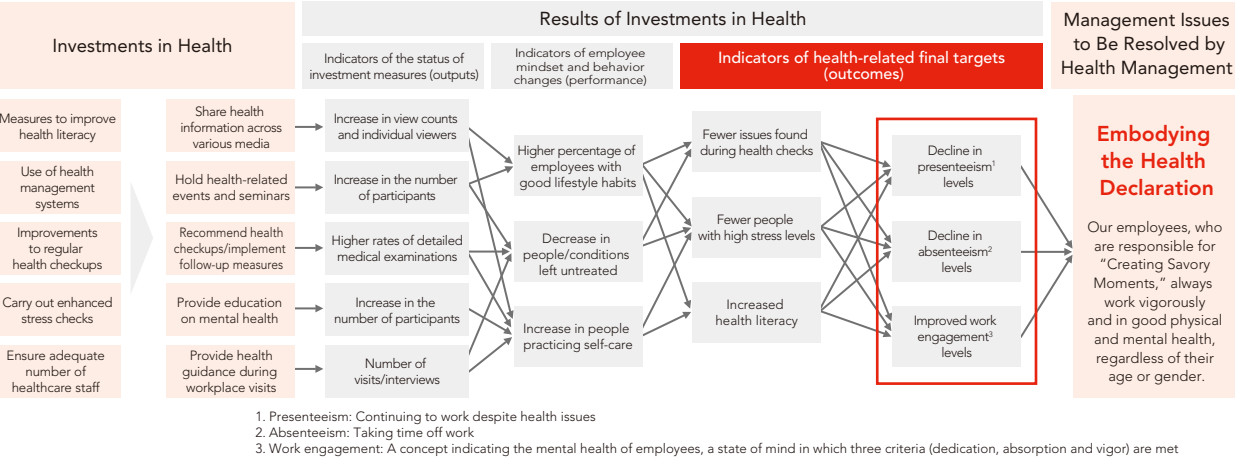
The Nichirei Group Health Declaration

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

Basic Policy

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

Health Management Strategies



Main Initiatives

Improve health literacy (use of seminars and intranet)	To provide employees with specific health promotion opportunities and help them avoid lifestyle-related diseases, we have been holding regular health-related events since FY2017. In questionnaires, more than 92% of participants at each seminar responded that the event was beneficial. In addition, in June 2021 the Nichirei Health Insurance Association introduced a subsidy program for outpatient smoking cessation treatment. It is working with the Health Promotion Center to support employees who want to quit smoking. In March 2022, we conducted a survey of all employees in an effort to promote women's health. Based on the results, we formulated our Women's Health Promotion policy. By FY2024, we will introduce online medical care for female employees (menstruation and menopause) in order to better visualize ways in which improvements in physical condition can contribute to increased work productivity.
Enhancing our occupational health system	We will gradually increase the number of regional public health nurses by FY2028. Our aim is for employees to have access to the same level of health promotion services anywhere in the country.
Promoting mental health	Having started with stress checks, we now implement a fully integrated mental health strategy. In addition to helping employees with mental health concerns, we promote good mental health via self-care and line care* and work to revitalize workplace communication. We also offer e-learning courses about self-care and line care, and hold webinars 10 times a year, with over 400 employees taking part. * Line care: A system in which managers/supervisors are attentive to changes in employees, provide opportunities for consultation, and work to make the workplace environment better.
Ensuring health management and follow-up measures	Since FY2019, we have achieved a 100% annual health check rate for our employees, even during the COVID-19 pandemic. In addition, we follow up after health checks with interviews and guidance from public health nurses via e-mail or other online tools, based on the individual employee's diagnosis by an occupational physician. We continue to provide timely guidance to remote employees.
Countermeasures against COVID-19	We are building a support system for preventing COVID-19 infections and handling confirmed cases. Occupational health staff at the Health Promotion Center work closely with the Group Countermeasures Headquarters, the Nichirei Health Insurance Association and the Nichirei Labor Union.

Sharing of information on the intranet

Nichirei Health Promotion Center worksite plan

In-house mental health seminars

Occupational Health and Safety

Management Framework

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 workplace environment improvement efforts we undertake, tailored to the conditions of each workplace.

Renovation of Safety and Quality Training Centers That Use Virtual Reality (VR)

Aiming to further improve safety and quality at its work sites, Nichirei Logistics Group completed renovation of its Nagoya training center in June 2022, following renovation of the Tokyo training center in September 2021.

We work to promote safe behavior at worksites through interactive education that involves active trainee participation. These activities are aimed at achieving zero accidents by building a safe and secure workplace environment for everyone at Nagoya Nichirei Service. Renovation involved creating an open design classroom to provide trainees with a relaxed classroom environment.

For practical training, instructors participate in safety checks twice per month at each worksite, with training tailored to actual onsite conditions. We have also introduced training that utilizes digital technologies such as VR.



(Upper photo) Training textbooks created by Nagoya Nichirei Service  
(Lower photo) VR training

Safety at Food Factories

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 work 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 facilitates 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

Japanese language speech contests

Basic Policy on Quality Assurance

The Nichirei Group’s basic 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 (FY2019–FY2022)

Quality Assurance Audit	FY2019		FY2020		FY2021		FY2022	
	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas
Number of Annual Group Audits (Japan/Overseas)	66	38	52	20	40	10	46	16
Annual Group Implementation Rate (Compared with plan)	97%	100%	87%	80%	58%	28%	66%	48%

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.

Note: Since FY2021, we have not been able to conduct as many regular audits as planned due to restrictions on movement caused by the COVID-19 pandemic. However, we have worked to expand and review our use of remote audits in order to confirm compliance with requirements and ensure safety.

Quality Control Based on International Standards

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 (FY2019–FY2022)

Certification	Operating Company	Rate of Certification <sup>4</sup>			
		FY2019	FY2020	FY2021	FY2022
ISO 9001 (Quality management system)	Nichirei Foods	3/15	3/15 <sup>5</sup>	3/15 <sup>5</sup>	3/15
	Nichirei Fresh	8/9	8/9	5/8	5/8
	Nichirei Logistics Group	104/115	81/115	83/117	86/117
FSSC 22000, <sup>1</sup> ISO 22000, <sup>2</sup> SQF <sup>3</sup> (Food safety management system)	Nichirei Foods	14/15	14/15	14/15	15/15
	Nichirei Fresh	6/8	7/7	7/7	7/7
	Nichirei Logistics Group	2/115	2/115	2/117	2/117
ISO 14001 (Environmental management system)	Nichirei Foods	11/15	11/15	11/15	10/15
ISO 13485 (Medical devices and in vitro diagnostics)	Nichirei Biosciences	2/2	2/2	2/2	2/2

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 providing assurance that the product being purchased meets strict international food safety and quality standards such as HACCP. Program recognized by the Global Food Safety Initiative (GFSI) in countries outside of Europe.  
4. Rate of certification: Certified worksites ÷ Total worksites of consolidated subsidiaries in Japan (food factories, logistics centers, etc.)  
5. Switching to FSSC 22000

Quality Assurance Approach and Improvement Cycle



Food Safeguard (Food Defense) Initiatives

To prevent intentional contamination of food products, the Nichirei Group believes it is critically important to foster strong bonds of trust with employees at worksites, creating environments in which accidents are unlikely. Furthermore, it is necessary to employ both procedures and physical safeguards, as well as verification methods in the event of an accident. We have established food safeguard (food defense) systems tailored to each product type. In-house 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 the safety of 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 arise, a link is established with our food crisis management system, which facilitates the dissemination of accurate information and quick responses.

Building a Traceability System

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 digitalize 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 checking 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.

2022. 10. 23 / EB

Best-by dateFactory code

13B 03 1 F401

Arrived Feb. 13Truck numberProduction line numberFarm code

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

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).





Stakeholder Engagement

The Nichirei Group engages in global business activities, and as such recognizes the importance of maintaining dialogue with its diverse stakeholders. We work to promote understanding of our business through various methods of communication with stakeholders and by disclosing information. The Group works to build corporate value by reflecting the expectations and concerns of stakeholders in its business activities to establish long-term relationships of trust.

Stakeholder	Objective	Issues Recognized	Means and Method of Communication
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"><li>• Quality assurance for products and services</li><li>• Proper delivery of information</li><li>• Supply of delicious food and a rich variety of meal options</li></ul>	<ul style="list-style-type: none"><li>• Customer Service Center</li><li>• Customer satisfaction surveys</li><li>• Websites</li><li>• Social media</li></ul>
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"><li>• Maintaining and improving corporate value</li><li>• Appropriate distribution of profits</li><li>• Timely and appropriate disclosure of information</li></ul>	<ul style="list-style-type: none"><li>• General Meetings of Shareholders</li><li>• Financial results briefings</li><li>• Business information sessions, facility tours</li><li>• Detailed interviews with individual investors in Japan and overseas</li><li>• IR website</li><li>• ESG website</li><li>• Integrated Report</li><li>• Shareholder Report</li></ul>
Business Partners	Strong, favorable, and stable long-term relationships with business partners throughout the supply chain	<ul style="list-style-type: none"><li>• Sustainable procurement</li><li>• Mutual development achieved through customer intimacy</li></ul>	<ul style="list-style-type: none"><li>• Sustainable procurement survey for suppliers</li><li>• Meetings and seminars with participation from business partners</li></ul>
Employees	Favorable labor–management relations; greater employee motivation; a dynamic organizational climate	<ul style="list-style-type: none"><li>• Occupational health and safety</li><li>• Job satisfaction</li><li>• Workstyle reform</li><li>• Health management</li></ul>	<ul style="list-style-type: none"><li>• Establishment of an internal reporting center</li><li>• Establishment of an employee assistance and mental health consultation center</li><li>• Labor–management council</li><li>• Health and safety committee</li><li>• Symposiums involving management and employees</li><li>• PR brochures</li><li>• Intranet</li><li>• Employee award system</li><li>• Employee satisfaction survey</li><li>• Employee stress checks</li></ul>
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"><li>• Harmonious coexistence with local communities</li><li>• Preservation of local environments</li><li>• Educational activities in local communities</li></ul>	<ul style="list-style-type: none"><li>• Social contribution activities</li><li>• Participation in local events</li><li>• Volunteer activities</li><li>• Dietary education activities (ethical consumption)</li><li>• Food factory and distribution warehouse tours</li><li>• Sponsorship of sporting events</li></ul>
Trade Organizations, NGOs and NPOs	Collaboration with other companies: to be achieved through participation in associations and other entities relating to trade organizations; resolution of social issues through collaboration and cooperation with NGOs and NPOs in Japan and abroad.	<ul style="list-style-type: none"><li>• Human rights</li><li>• Climate change</li><li>• Food loss</li><li>• Sustainable procurement of food</li></ul>	<ul style="list-style-type: none"><li>• TCFD Consortium</li><li>• Japan Frozen Food Association</li><li>• Japan Association of Refrigerated Warehouses</li><li>• Japan Fisheries Association</li><li>• World Wide Fund for Nature</li><li>• Roundtable on Sustainable Palm Oil</li><li>• Caux Round Table Japan</li><li>• The Consumer Goods Forum</li><li>• The UN Global Compact</li></ul>

Participation in International Initiatives

■ Joined the UN Global Compact

In November 2021, the Company joined the UN Global Compact, a global initiative to realize sustainable growth in the international community.

We will continue to contribute to resolving social issues through our business operations, create new value, and support the realization of a sustainable society in accordance with the ten principles of the UN Global Compact in the areas of human rights, labor, the environment and anti-corruption.



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 supplying these products, we also provide temperature-controlled logistical support to ensure that the items can be consumed with peace of mind.



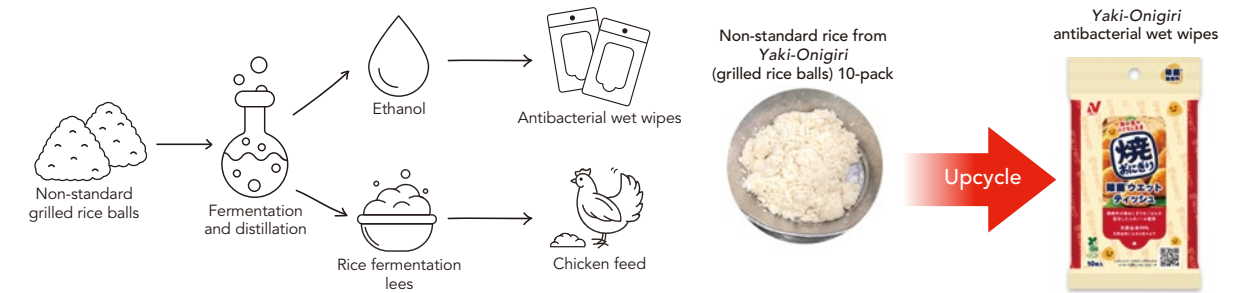
■ Taking on the Challenge of Upcycling Products

Upcycling non-standard rice from Yaki-Onigiri (grilled rice balls) 10-pack

Nichirei Foods has worked to reduce food loss by making donations to children’s cafeterias and food banks. We also make use of the food residue generated during the production process by recycling it into fertilizer and feed. As a company that deals with food, however, we also want to add “social value” to food residue by upcycling it as part of our efforts to create a more abundant society.

As a first step, we have collaborated with Fermentation Co., Ltd., a company that uses proprietary fermentation technology to upcycle non-standard products and by-products generated during the food and beverage manufacturing processes, as well as agricultural non-standard products. We provide antibacterial wet wipes made by transforming non-standard rice from our long-selling product Yaki-Onigiri (grilled rice balls) 10-pack.

Creation of Yaki-Onigiri Antibacterial Wet Wipes





## The Open, Constructive Discussions in Drawing Up the New Medium-term Business Plan Drove Home Once Again the Transparency of Nichirei's Governance and the Effectiveness of Its Board of Directors.

The Nichirei Group is working to strengthen its corporate governance.

Efforts to formulate Medium-term Business Plan Compass Rose 2024 began in FY2022. We asked two of our outside directors their candid impressions of our governance system and their expectations for the Nichirei Group in the future, based on the progress of those discussions.

### The Nichirei Group's Corporate Culture and Board of Directors

#### Q What is your impression of the Nichirei Group's corporate culture and the Board of Directors?

**Nabeshima:** One year has passed since I was appointed an outside director, and I have the impression that Nichirei is a very trustworthy company with high-quality products and services.

Rather than engaging in a particularly wide range of businesses, it focuses on its core competencies and functions dependably.

**Shoji:** I also appreciate that the Company has

steadily built up its businesses and technologies. On the other hand, I sense that steadiness makes it slightly difficult for the Company to be adventurous.

**Nabeshima:** All attendees, including Audit & Supervisory Board members, have their say at Board meetings. The backgrounds of Board

members are truly diverse, and all remarks are to the point. Moreover, opinions expressed at the Board of Directors meetings are immediately reflected in improvements, which is commendable and vividly shows Nichirei's trustworthiness.

#### Q What aspect of the discussions at the Board of Directors left a particularly strong impression?

**Shoji:** I was very impressed by our lively discussions when formulating the medium-term business plan Compass Rose 2024. Aside from the Board of Directors, the Group Strategy Committee also has outside directors as members, and we held discussions there as well. In 2019, Nichirei formulated its long-term management goals toward 2030. Although the numerical targets of Compass Rose 2024 are of course important, the plan was drawn up with this Vision for 2030 in mind. We were able to have thorough discussions premised on how to increase corporate value based on Nichirei's purpose in society. It took about half a year to devise the "compass rose" concept that gives the plan its name, as well as the essential strategies and themes for Nichirei from the twin perspectives of economic and social value. With this plan in particular, I feel that we made great progress over the past year by emphasizing an ethical perspective.

**Nabeshima:** It was my first time to participate in discussions on a medium-term business plan, so I have no basis for comparison. However, as for agenda items at Board of Directors meetings, I was

impressed by our discussions on establishing the Sustainability Policy. I formerly had the impression that corporate sustainability policies were aimed solely at reducing environmental impact, but hearing the opinions of people with a wide range of knowledge made clear the approach of helping to resolve social issues. After many discussions, we reached a consensus.

**Shoji:** The Sustainability Policy was discussed by the Management Committee before the Board of Directors in order to incorporate diverse, multifaceted perspectives.

At Nichirei, outside officers can participate as observers at meetings of the Management Committee as well as the Board of Directors. The agendas of both are divided according to the importance and scale of the matters covered, and can be viewed before the meetings on the Company's intranet, along with supporting materials. Participating in Management Committee meetings and reviewing materials in advance gives us an understanding of the background for efficient discussions at the Board of Directors.

### The Role Required of an Outside Director and Personal Points of Focus

#### Q How do you view the role of an outside director?

**Shoji:** I am aware that the role required of outside directors is to prevent corporate misconduct, increase competitiveness and profitability, and contribute to improvement in corporate value over the long term. Personally, I emphasize compliance, propriety and efficiency. When it comes to compliance, simply observing the law is not enough in this day and age. An ethical perspective is required. When we were drawing up the medium-term business plan, I kept in mind my role in considering the environment and

society as I gave my opinions.

**Nabeshima:** I believe my role as an outside director is to keep track of whether the Nichirei Group is conducting business in line with its Mission and Vision. In addition, as is generally expected of outside directors, I try to check whether the business portfolio will lead to an increase in corporate value, whether it is being managed appropriately, and whether it is consistent from an external perspective. I also pay attention to whether



management decisions are made based on appropriate information, using my input from outside Nichirei’s industry to compare common practices in Japan and overseas. My background is in finance, with experience including climate change

countermeasures, overseas assignments, and handling private equity. I realize I am expected to use that perspective in my role, so I try to be particularly proactive in giving my opinion on overseas acquisitions and climate change.

Q What are your thoughts on the operation of the Nominating Advisory Committee and Remuneration Advisory Committee?

**Shoji:** The Nominating Advisory Committee created a skill matrix last year, starting by selecting the items to be included. The matrix clearly shows what kind of human resources we will need in the future, but the skill items themselves are only as of this moment, so we should continue to review them as necessary. We also agree on the importance of a succession plan, and intend to discuss that further at committee meetings.

**Nabeshima:** Naturally, skill matrixes differ from one company to another. “Innovation/marketing” was

one of the items listed. I think a strategic approach is also necessary at the Board of Directors level.

**Shoji:** In the Remuneration Advisory Committee, our review of the policy for deciding officer remuneration started from the design of the system itself, and we changed the KPIs for evaluation for performance-linked bonuses to coincide with the start of the new medium-term business plan. With major changes including the addition of new ESG evaluation items, I feel that the system has become quite progressive for a Japanese company.

Expectations for the Nichirei Group

Q What are the challenges in implementing Compass Rose 2024?

**Nabeshima:** I think very highly of the approach taken in Compass Rose 2024 of promoting both social and economic value through sustainability management. In addition, since taking on social issues generates innovation, I think it is moving in a good direction for growth. We set definite targets in

drawing up the plan and established a Sustainability Committee and a dedicated department to achieve them, so aside from my expectations for the future, I feel we have gotten off to a tangible start. In switching to renewable energy, the division of roles between the holding company and operating



“  
Nichirei should aim to be a company respected by society, where its employees are happy in their work.”

“

Nichirei’s Sustainability Policy was the product of lively discussions.



companies has become clearer, and the form that their cooperation will take has become apparent. I think a challenge in implementing the plan will be identifying issues. Nichirei needs not only people who resolve issues, but also people who point out problems. Social and corporate requirements for human resources are changing, so Nichirei must diversify its human resources by placing the right person in the right position, reskilling, or bringing in people from outside in cases where the Company immediately needs a higher level of skills in a highly specialized field.

**Shoji:** Compass Rose 2024 was developed through exhaustive discussions, but as the COVID-19 pandemic has shown, situations can easily change in unpredictable ways in terms of both timing and content. It is important to constantly think about how to stay aligned with society as it changes going forward while conducting business. The plan may need to be revised in the future, but it will be

important to do so without hesitation when the need arises.

**Nabeshima:** Nichirei’s long-term management goals toward 2030, which were established prior to Compass Rose 2024, include an overseas sales ratio of 30%. Investments by the Group’s operating companies, especially overseas corporate acquisitions, often appear on the Board of Directors’ agenda. This shows these companies’ stance of aggressive expansion, but at the same time a more strategic approach is necessary. I think it is important to also make top-down decisions on which countries and continents to target for expansion. For its frozen foods, temperature-controlled logistics and other businesses, Nichirei can seek corporate acquisitions and other projects after identifying which regions have the highest growth rates.

**Shoji:** I agree. Going forward, I think it will be necessary to thoroughly discuss what specific steps Nichirei will take to expand its overseas business.

Q What do you expect from the Nichirei Group in the future?

**Nabeshima:** I want the Nichirei Group to be a place where employees can put their skills and ideas to work. I want them to take on greater challenges to meet the demands of society and consumers. Areas related to food are very broad, so I think many employees can find possibilities for expansion outside their existing businesses—it could take the form of a sort of “side business” within the Company. I would like employees who are so inclined to take on such challenges. I also think there is still hidden potential in marketing and e-commerce, so I would like Nichirei to improve its brand management.

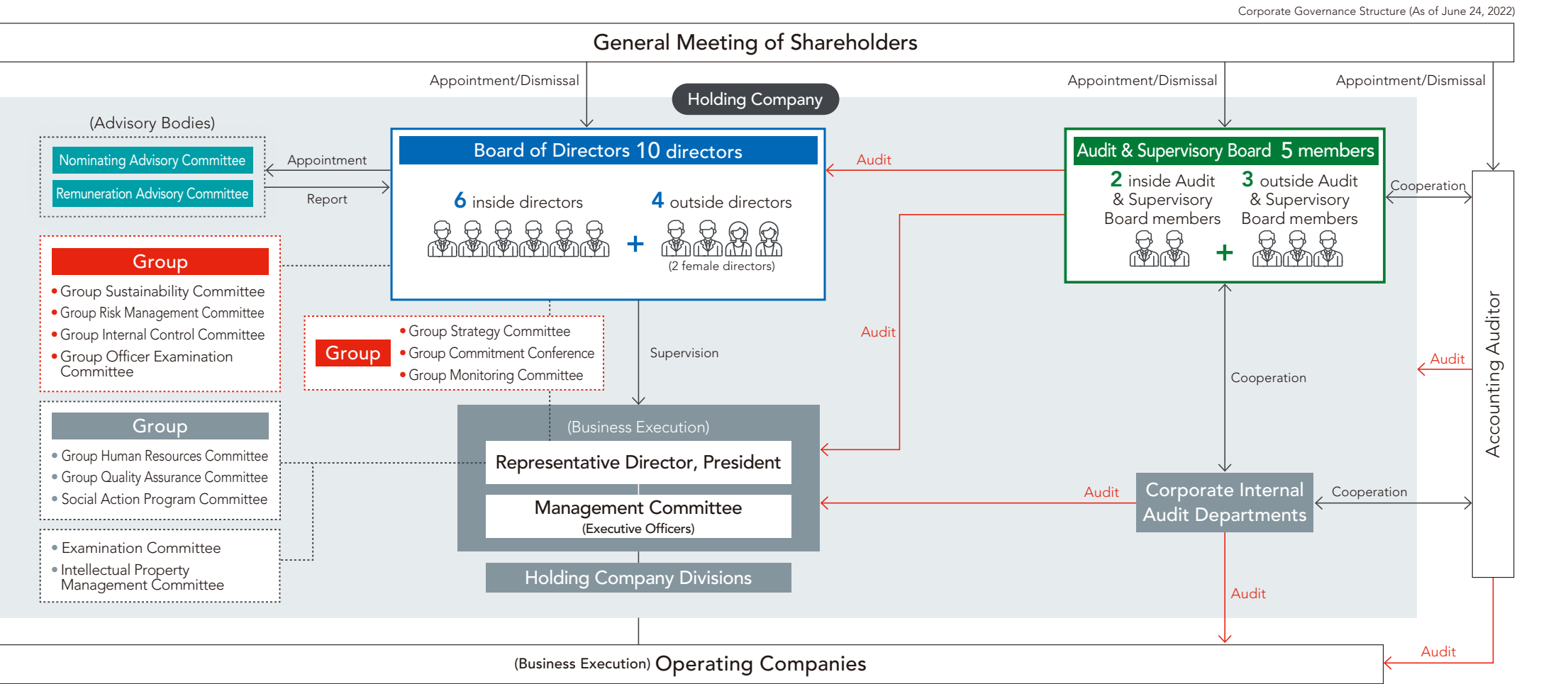
**Shoji:** When all is said and done, I would like Nichirei to be a company that is respected by society. I would also like it to be a company where employees are happy in their work. No company can embody every one of its employees’ desires, but they should be able to express themselves freely. Such a corporate culture will lead to employee happiness and fulfillment that goes beyond mere work-life balance. I would like the Nichirei Group to aim to be a place where its employees can achieve what they themselves most value.

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 continue to strengthen governance by promoting appropriate resource allocation, speeding up decision-making and ensuring 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.



**Group Human Resources Committee**

Number of meetings held in FY2022: **2**

Chairperson: Yutaka Karino, Executive Officer

Under a basic policy of creating an employee-oriented workplace and promoting diversity and health management, the committee works to create new value by improving work satisfaction through the monitoring of human resource policies and health promotion initiatives at Group companies, sharing information about effective measures, and promoting cross-departmental development.

**Group Quality Assurance Committee**

Number of meetings held in FY2022: **2**

Chairperson: Junji Kawasaki, Director, Executive Officer

The committee works to achieve the product and service quality expected by customers and society.

**Social Action Program Committee**

Number of meetings held in FY2022: **1**

Chairperson: Yutaka Karino, Executive Officer

The committee promotes social contribution activities that are unique to the Nichirei Group, such as education on food and logistics and contribution to local communities and environmental protection as a good corporate citizen, by leveraging the business characteristics of Group companies.

**Board of Directors**

▶ Please refer to the next page for details.

**Audit & Supervisory Board**

▶ Please refer to the next page for details.

**Nominating Advisory Committee**

▶ Please refer to the next page for details.

**Remuneration Advisory Committee**

▶ Please refer to the next page for details.

**Group Sustainability Committee\***

\* Newly established in FY2022

Chairperson: Kenya Okushi, Representative Director, President

The committee deliberates on efforts to realize a sustainable society and works to maximize the Nichirei Group’s corporate value by balancing social and economic value.

**Group Risk Management Committee**

Number of meetings held in FY2022: **2**

Chairperson: Kenya Okushi, Representative Director, President

The committee uses the most appropriate and rational methods to comprehensively manage uncertainties that could damage the Nichirei Group’s corporate value.

**Group Internal Control Committee**

Number of meetings held in FY2022: **1**

Chairperson: Kenya Okushi, Representative Director, President

The committee supports the business operations of Group companies and improves efficiency by establishing, operating, monitoring and improving internal control systems at each Group company.

**Group Officer Examination Committee**

Number of meetings held in FY2022: **1**

Chairperson: Consulting lawyer

The committee ensures the fairness of rewards and punishments for directors and executive officers of the holding company and four core operating companies.\*

**Group Strategy Committee**

Number of meetings held in FY2022: **2**

Chairperson: Kenya Okushi, Representative Director, President

The committee works to maximize the Nichirei Group’s corporate value through deliberation and decision-making on strategies and quantitative targets for the medium to long term or the next fiscal year for the holding company and four core operating companies.

**Group Commitment Conference**

Number of meetings held in FY2022: **1**

Chairperson: Kenya Okushi, Representative Director, President

The conference works to maximize the Nichirei Group’s corporate value by clarifying and making decisions related to the next fiscal year’s management policy and budget for the holding company and four core operating companies, and through the promotion of Group-wide efforts to achieve management targets.

**Management Committee**

Number of meetings held in FY2022: **23**

Chairperson: Kenya Okushi, Representative Director, President

The committee works to maximize the Nichirei Group’s corporate value by discussing matters other than those to be resolved by the Board of Directors as well as matters to be deliberated on before resolution by the Board.

**Group Monitoring Committee**

Number of meetings held in FY2022: **3**
















Chairperson: Kenya Okushi, Representative Director, President

The committee works to maximize the Nichirei Group’s corporate value by monitoring the status of business execution, budgets, and the progress of the “check and act” part of the PDCA cycle for each Group company. In this way, it ensures the holding company and four core operating companies fulfill their responsibilities regarding matters to be reported.

\* Four core operating companies: Nichirei Foods Inc., Nichirei Logistics Group Inc., Nichirei Fresh Inc. and Nichirei Biosciences Inc.



Board of Directors Composition

Classification	Directors							Audit & Supervisory Board Members								
Name						<div>New Appointment</div> 	<div>Designation as Independent Officer</div> 		<div>Designation as Independent Officer</div> 	<div>New Appointment</div> <div>Designation as Independent Officer</div> 	<div>New Appointment</div> <div>Designation as Independent Officer</div> 		<div>New Appointment</div> 	<div>Designation as Independent Officer</div> 	<div>Designation as Independent Officer</div> 	<div>Designation as Independent Officer</div> 
	Kenya Okushi	Junji Kawasaki	Kazuhiko Umezawa	Masahiko Takenaga	Wataru Tanabe	Kenji Suzuki <sup>2</sup>	Kuniko Shoji		Mana Nabeshima	Itsuo Hama <sup>2</sup>	Kenji Hamashima <sup>2</sup>	Tatsushi Kato	Tetsuro Katabuchi <sup>2</sup>	Yuhiko Saito	Kiyoshi Asahina	Muneaki Kiyota
Board of Directors Meeting Attendance	19/19	19/19	19/19	18/19	15/15 <sup>1</sup>		19/19	15/15 <sup>1</sup>			15/15 <sup>1</sup>		19/19	19/19	19/19	
Nominating Advisory Committee Meeting Attendance	6/6						6/6	4/4 <sup>1</sup>								
Remuneration Advisory Committee Meeting Attendance	6/6						5/6	4/4 <sup>1</sup>								
Audit & Supervisory Board Meeting Attendance												11/11 <sup>1</sup>		16/16	16/16	16/16

Experience and Skills

Corporate Management	●		● (Logistics)	● (Processed foods)	● (Marine, meat and poultry products)				●	●					
ESG/Sustainability	●	●				●	●	●	●	●	●	●	●		
Global	●		●	●	●	●		●		●				●	●
Innovation/Marketing	●	●	●	●	●		●		●						
Financial Accounting/ Finance						●		●							●
Legal Affairs/ Compliance		●					●				●	●	●	●	

1. Mr. Tanabe, Ms. Nabeshima, and Mr. Kato were newly appointed at the 103rd General Meeting of Shareholders held on June 22, 2021. Their attendance reflects meetings of the Board of Directors, Nominating Advisory Committee, Remuneration Advisory Committee or Audit & Supervisory Board held after that date.  
2. As Mr. Suzuki, Mr. Hama, Mr. Hamashima and Mr. Katabuchi were newly appointed a the 104th General Meeting of Shareholders held on June 24, 2022, their attendance for FY2022 is not presented.

Overview of Board of Directors

Composition	10 directors (4 outside directors)
Number of Meetings in FY2022	19
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 (3 outside Audit & Supervisory Board members)
Number of Meetings in FY2022	16
Description of Operations	As a body that is independent from the Board of Directors, the Audit & Supervisory Board communicates with directors, the corporate internal audit departments 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	Number of Meetings in FY2022
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.	Kuniko Shoji Outside Director	6
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.	Kenji Hamashima Outside Director	6

Skill Matrix

The Nichirei Group believes that in order for the Board of Directors to effectively fulfill its roles and responsibilities, it must be composed of members with sufficient knowledge and experience, both internal and external, in fields related to business management. We have designated the following knowledge and experience as important from a corporate management perspective. In addition to having appropriate experience in all of the following areas, the Company selects director candidates based on the areas in which the Company has particular expectations.

Skills Required for Decision-making in Management (Contributing to Medium- to Long-term Corporate Value)

Corporate Management	Demonstrated leadership in corporate management as a top executive; management experience at a listed company with diverse stakeholders
ESG/Sustainability	Experience and expertise in promoting ESG initiatives; knowledge of and experience in making value judgments about ESG and social significance and sustainability for companies; knowledge and experience in promoting corporate sustainability; experience and expertise in human resource development related to continuously developing diverse human resources
Global	Cross-cultural communication skills and a high level of ability to get things done in overseas business as well as knowledge and expertise about markets, economies and business in specific countries and regions gained through experience including the management of local subsidiaries
Innovation/Marketing	Knowledge and expertise that contribute to promoting innovation; experience and expertise in sales and marketing

Skills Required for Supervision in Management (Contributing to Ensuring Continuity of Management)

Corporate Management	Demonstrated leadership in corporate management as a top executive; management experience at a listed company with diverse stakeholders
Financial Accounting/ Finance	Expertise in financial accounting related to financial reporting and auditing; experience and expertise in corporate financing and management
Legal Affairs/ Compliance	Experience and expertise in legal compliance, regulatory compliance, internal controls, and promotion of norms and corporate behavior required by society; experience in the legal profession; expertise and network related to quality assurance

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 to ensure necessary coordination with relevant departments.

Newly appointed directors and Audit & Supervisory Board members are given training as necessary on the Companies Act of Japan 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.

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	Subjects: Directors and Audit & Supervisory Board members (15 individuals in total) Period: January–February 2022 Method: Self-assessment involving questionnaires conducted by third-party experts
Evaluation Results for FY2022	Although some of the methods of management by Nichirei’s Board of Directors changed due to COVID-19 as in the previous fiscal year, discussions were free and lively and the atmosphere conducive to speaking up. Moreover, there were many positive opinions to the effect that the Nichirei Board of Directors has achieved a considerable degree of overall effectiveness, reflecting efforts such as further improving the content and timing of materials in order to enhance discussions.

Issues to Be Addressed

Issues Identified	Evaluation and Opinion	Future Approach
1. Institutional Design	The current institutional design of a company with Audit & Supervisory Board system was deemed appropriate, and many respondents were of the opinion that there was no need to transition to a different institutional design. However, several respondents said that it is necessary to clarify the pros and cons of the current design and examine it again, and to consider transitioning to another institutional design, taking into account changes in the business environment going forward.	Although we do not consider a change in the institutional design to be necessary at this time, the Nominating Advisory Committee confirmed at its meeting held in May 2022 that it will continue to address the issue of the effectiveness of the current institutional design of a company with an Audit & Supervisory Board system. The committee considers it a medium- to long-term issue and will look at it in light of management strategies, changes in the business environment going forward and Corporate Governance Code requirements. The Nominating Advisory Committee will continue to hold concrete and lively discussions, including comparing the company with an Audit & Supervisory Board system with other institutional designs, and will report and deliberate on these issues at Board of Directors meetings as appropriate.
2. Agenda Items for the Board of Directors	While many respondents were of the opinion that agenda items for meetings of the Board of Directors were appropriate, there was also concern that meetings are becoming longer due to the large number of agenda items and the time required to deliberate on each one. Some were also of the opinion that the agenda items could be reevaluated (further narrowed down). In addition, several respondents mentioned that one of the roles of the Board of Directors is to set the direction of medium- to long-term management strategies.	In order to prevent lengthy meetings and to ensure sufficient time for the deliberation of important agenda items, such as setting the general direction of corporate strategy, which is listed as one of the roles and responsibilities of the Board of Directors in the Corporate Governance Code, we decided to create an annual agenda schedule and reorganize the current agenda items. We also decided to review the agenda items and consider issues related to institutional design mentioned above.

3. Size and Composition of the Board of Directors	The size and composition of the Board of Directors was evaluated positively as a whole. However, many respondents expressed the need for more female directors (especially female inside directors). In addition, some expressed a desire for an academic expert to join the board as an outside director, and several others wanted a person with expertise in DX.	Through the development of a skill matrix, the Company identifies the skills and other attributes that the Board of Directors should possess in light of management strategies and discloses them in the Corporate Governance Report. In addition, for “securing and developing a diverse array of human resources,” which is one of the material matters identified as necessary for achieving our long-term management goals (vision for 2030), we have set achieving a ratio of female line managers at Nichirei Corporation of 30% as a KPI and are working toward that goal. Increasing the number of female managers will link with efforts to appoint female inside directors and ensure diversity of the board. We will continue to review the size and composition of the Board of Directors and revise the skill matrix as appropriate in response to changes in management strategies and the business environment.
4. Training for Officers	While many respondents gave a positive assessment of training opportunities (provision of basic training, etc.) designed to help them fulfill their roles on the Board of Directors, some commented that training and knowledge acquisition opportunities were not always adequate during FY2022. Several respondents expressed the desire for more opportunities for knowledge acquisition and learning in order to keep pace with the rapidly changing external environment.	In addition to identifying the knowledge required due to a changing external environment, we will continue to consider ways in which we can provide opportunities for the acquisition and study of such knowledge. For example, we have organized study sessions by outside experts on sustainability management, a material matter, and will conduct five sessions in 2022.

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

	FY2002	FY2006	FY2007	FY2013	FY2016	FY2017	FY2019	FY2020	FY2021	FY2022	FY2023
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	Two
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			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)			Disclosure of skill matrix



Officer Remuneration System

1 Policies and Methods for Determining Officer Remuneration and Changes

1 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 each 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.

2 Changes in Policies for Determining Officer Remuneration

We have decided to change the performance-linked bonus key performance indicator (KPI) in conjunction with the start of Medium-Term Business Plan Compass Rose 2024 in FY2023. Specifically, ROIC and profit were selected to replace REP<sup>1</sup> in order to optimize the business portfolio and improve capital efficiency and shareholder returns. In addition, we adopted a new way of utilizing ESG third-party assessments<sup>2</sup> to strengthen our response to sustainability-related issues. There are no other significant changes in the policy for determining officer remuneration.

(Company-wide KPIs for Performance-linked Bonuses)

Before Revision (Up to FY2022)	After Revision (From FY2023)	Reasons for Selection of KPIs
Consolidated net sales	Consolidated net sales	Expansion of size of Company
Consolidated EBITDA	Consolidated EBITDA	Improvement of ability to generate cash and profitability of core businesses
Consolidated REP	Consolidated profit	Improvement of shareholder returns
	Consolidated ROIC	Optimization of business portfolio and improvement of capital efficiency
—	ESG third-party assessment	Strengthen response sustainability-related issues

1. 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.  
2. For ESG third-party assessments, we utilize the assessments of multiple ESG assessment organizations to ensure objectivity and fairness. Specifically, we will utilize the following three types of assessment.

ESG Third-party Assessments	Reason for Selection
• FTSE4Good Index Series • MSCI ESG Ratings • CDP Climate Change	• Appropriate management of ESG-related risks and opportunities • Strengthening of response to climate change

2 Policies for Determining Officer Remuneration

1 Basic Policies

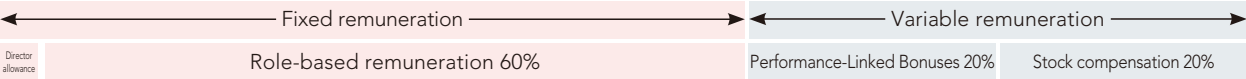
Directors (Excluding Outside Directors)	<ul style="list-style-type: none"><li>• Remuneration shall strongly encourage directors to perform their duties in accordance with the Group’s Management Principles, Sustainability Policy, The Nichirei Pledge and management strategies.</li><li>• In order to achieve long-term management goals, remuneration is set to strongly motivate directors to achieve specific management goals with regard to the Group’s material matters and medium-term business plans.</li><li>• In order for remuneration to serve as 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.</li><li>• 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 competing with the Group in business and human resources, including those in the food and logistic industries, and changes in the business environment.</li></ul>
Outside Directors	<ul style="list-style-type: none"><li>• In light of their role of supervising the Company’s management from an independent and objective standpoint, outside directors are paid only basic (fixed) remuneration.</li></ul>

2 Remuneration Composition and Levels

■ Remuneration for Directors Other Than Outside Directors

Basic (fixed) remuneration consists of role-based remuneration and a director allowance, and variable remuneration consists of performance-linked bonuses and stock compensation. Remuneration levels are set at appropriate amounts with reference to objective compensation market survey data (compensation levels of companies competing with the Group in terms of business and human resources, including those in the food and logistics industries), taking into consideration the responsibilities and number of directors, changes in the business environment going forward, and the opinions of third-party organizations.

Guideline for the Ratio of Remuneration for Directors Excluding Outside Directors



Remuneration Composition	Purpose/Description
Role-based Remuneration	<ul style="list-style-type: none"><li>• Basic remuneration performance of duties</li><li>• Set according to the significance of the role of each director</li></ul>
Director Allowance	<ul style="list-style-type: none"><li>• Remuneration for the responsibilities of making and supervising the execution of management decisions</li><li>• Set at a uniform amount for all directors</li></ul>
Performance-linked Bonuses	<ul style="list-style-type: none"><li>• Remuneration for motivating directors to achieve annual financial and strategic goals</li><li>• The amount paid when achieving goals (“standard amount”) is set as a percentage of role-based compensation</li><li>• Paid within a range of 0-200% of the standard amount according to degree of achievement</li></ul>
Stock Compensation (Restricted Shares)	<ul style="list-style-type: none"><li>• Remuneration for encouraging management from a long-term/Group-wide perspective and the perspective of shareholders and investors</li><li>• Value of shares issued each fiscal year (“standard amount”) is set as a percentage of role-based compensation</li><li>• Restricted shares are issued annually in an amount equal to the standard amount, and restrictions are lifted upon a director’s retirement</li></ul>

■ Remuneration for Outside Directors

Only basic (fixed) remuneration is paid to outside directors. The level of remuneration is set at an appropriate amount, taking into consideration the time and effort spent by each outside director fulfilling expected roles and functions, as well as objective compensation market survey data (compensation levels of companies similar in business type and size to that of the Company).

3 Performance-Linked Bonuses

The amount of money to be paid to each individual as a performance-linked bonus varies within a range of 0% to 200% of the base amount for each position, depending on the achievement of Company-wide, business and individual performance targets.

Amount of individual bonus = Base amount by position × Performance evaluation coefficient (0–200%)  
Performance evaluation coefficient = (a) Company-wide performance evaluation coefficient + (b) Business performance evaluation coefficient + (c) Individual performance evaluation coefficient

Evaluation Weight	(a) Company-wide Performance Evaluation					(b) Business Performance Evaluation			(c) Individual Performance Evaluation
	Net sales	EBITDA	Profit	ROIC	ESG	Net sales	EBITDA	ROIC	
Representative Director, President	100%					—			—
Director (In Charge of Business)	10%	40%	10%	20%	20%				
	10%	20%	10%	10%	10%	5%	15%	10%	10%
Director (In Charge of Function)	70%					—			30%
	5%	30%	5%	15%	15%				

4 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 amount of officer remuneration for FY2022 is presented in the 104th Annual Securities Report.

 [https://www.nichirei.co.jp/sites/default/files/inline-images/ir/pdf\\_file/yuhohh-pdf/yuho\\_22.pdf](https://www.nichirei.co.jp/sites/default/files/inline-images/ir/pdf_file/yuhohh-pdf/yuho_22.pdf) (Japanese only)

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 proposals 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 carefully 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

Approach to Internal Control [https://www.nichirei.co.jp/english/corpo/governance/internal\\_control.html](https://www.nichirei.co.jp/english/corpo/governance/internal_control.html)

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. The Company will endeavor to improve the policy by reviewing it annually to adapt to changes in the business environment, etc.

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

The Nichirei Group is implementing various initiatives to promote highly ethical business activities in compliance with the laws and social norms of all the countries in which it operates. We have established a code of ethics, which serves as a guideline for officers and employees for following laws and regulations and the Articles of Incorporation and for acting in accordance with corporate ethics, and a code of conduct, which sets forth basic matters to be observed by everyone working for the Nichirei Group to ensure thorough compliance. The code of conduct also includes information concerning prevention of corruption-related matters 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 compliance training for officers and employees aimed at ensuring a more pervasive understanding of compliance management and a more universal compliance management framework.

Nichirei Group Code of Conduct (Table of Contents)

- 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 Nichirei Group aims to continue to operate and develop as a company that is widely trusted and favorably received by society due to the high ethical standards of its officers and employees. In order to foster a sense of ethics in each and every officer and employee, the Code of Conduct (in addition to the Management Principles and The Nichirei Pledge) is included at the beginning of the employee handbook, so that officers and employees can refer to it anytime, anywhere as a basis for their actions.

In addition, we have created a monthly series of slideshow-style materials designed to help employees understand case studies related to the code of conduct, and post them on the Group's intranet.

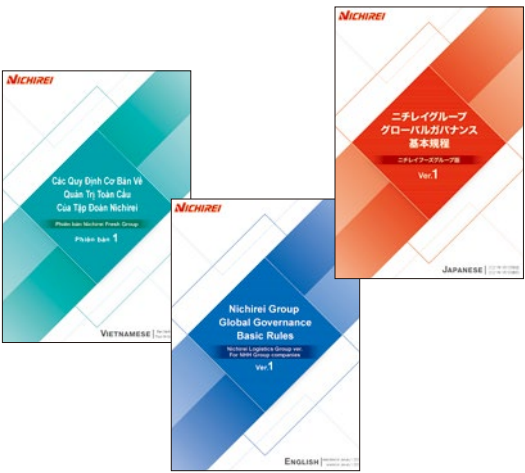
The Nichirei Group is committed to continue providing compliance training, including offering e-learning sessions to educate and train employees, based on its in-house educational rules.



Presentation materials related to the Code of Conduct

Establishment of the Nichirei Group Global Governance Basic Rules

In 2021, we established the Nichirei Group Global Governance Basic Rules, which are based on existing policies and rules and have been reorganized for overseas subsidiaries to make them easier to understand. Laws and cultures differ in Japan and overseas, and companies acquired through M&As have their own corporate climates built up over time. These rules therefore only incorporate the most important concepts for Nichirei, while respecting the autonomy of each company. The rules are available in five languages (Japanese, English, Chinese, Vietnamese and Portuguese), and are gradually being applied, disseminated and implemented. Through these efforts, we will strengthen the governance of overseas subsidiaries in order to achieve our vision for 2030 of an overseas sales ratio of 30%.



Initiatives to Prevent Bribery and Corruption

The Nichirei Group has established the Bribery and Corruption Prevention Standards and the *Bribery and Corruption Prevention Manual*. They clarify the basic matters that all officers and employees must follow to prevent bribery of public officials and others. In addition to Japanese laws and regulations, the documents provide an overview of laws and regulations in major countries such as the United States, the United Kingdom, and China, and present specific matters that require caution in a Q&A format.

For overseas subsidiaries, the Nichirei Group Global Governance Basic Rules stipulate the prohibition of bribery, and we are raising awareness of applicable laws and regulations of each country and the bribery and corruption standards among employees.

Internal Whistleblower Hotline and Consultation Service

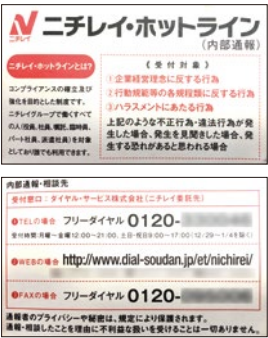
In October 2003, we introduced an internal whistleblower hotline and consultation service (Nichirei Hotline) to respond to reports and consultations from employees regarding actions that violate laws and regulations, the Articles of Incorporation, internal rules, or actions that are ethically questionable. In FY2016, we updated our internal whistleblower hotline system in response to the requirements of Japan's Corporate Governance Code, which specifies that internal whistleblower hotline systems are to be independent from company's management, and introduced monitoring/checking functions through Audit & Supervisory Board members and outside officers. In 2022, we updated the system again in line with the amended Whistleblower Protection Act that went into effect in June of that year and in compliance with the government guidelines. The response system is being redesigned to strengthen whistleblower protection and confidentiality, and to expand the scope of whistleblowers.

To ensure that all officers and employees are aware of the new hotline, the Company created promotional posters for display at workplaces nationwide and distributed reminder cards to all employees. All reports and consultations received by the Nichirei Hotline are investigated by the administration office to confirm the facts and, if necessary, corrective measures are taken in accordance with the Group Whistleblowing Regulations. Whistleblowers are assured anonymity and any adverse treatment is prohibited, including retaliation by the Company, those who are the subject of complaints, or any other party. The whistleblower may also receive feedback from the administration office if he or she so requests.

The status of response to whistleblowing and consultation is regularly reported to the Board of Directors and monitored to ensure that it is being properly managed.

Number of Internal Reports Received

FY2018	FY2019	FY2020	FY2021	FY2022	Five-year Total (FY2018–2022)
35	12	21	27	20	115



Nichirei Hotline card



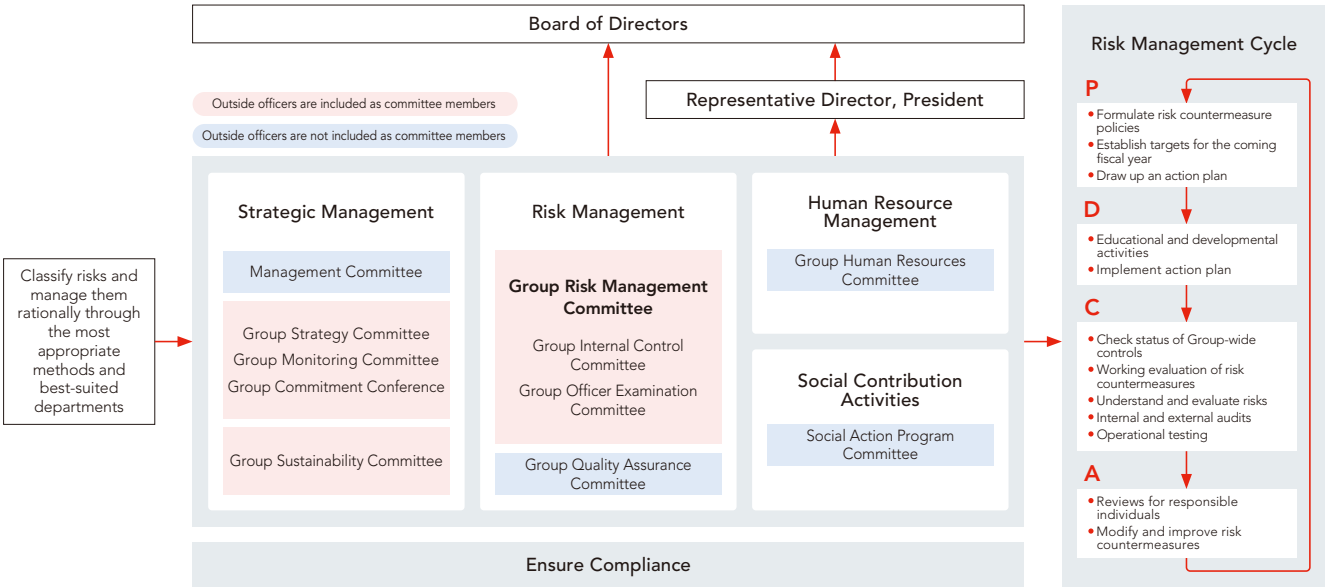
Risk Management

Approach to Risk Management

https://www.nichirei.co.jp/english/corpo/riskmanagement.html

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



Important Risks and Countermeasures of the Nichirei Group

Risk Category	Risks	Countermeasures and Initiatives	Management System
1. Economic conditions and business environment	<ul style="list-style-type: none"><li>Market in Japan: Long-term contraction of total demand due to declining population/new demand due to changes in household composition and lifestyles</li><li>Overseas markets: Rise of different needs in each region underpinned by factors including economic growth</li><li>Growing expectations and demands for the achievement of a sustainable society</li></ul>	<ul style="list-style-type: none"><li>Promotion of innovation and creation of new value to solve social issues</li></ul>	• Strategic management
2. Situation in Ukraine	<ul style="list-style-type: none"><li>Impact on financial markets</li><li>Rising energy prices and impact on supply chain</li></ul>	<ul style="list-style-type: none"><li>Close monitoring and minimization of impact on business activities</li></ul>	• Strategic management
3. Impact of COVID-19	<ul style="list-style-type: none"><li>Further global economic stagnation and supply chain disruptions</li><li>Interruption of business activities due to an outbreak within the Group</li><li>Labor shortages due to restrictions on cross-border movement of workers</li></ul>	<ul style="list-style-type: none"><li>Implementation of various infectious disease control measures that place the highest priority on employee health and safety</li><li>Promotion of automation that uses advanced technologies</li><li>Creation of new business opportunities in line with changes in people’s lifestyles and values</li></ul>	<ul style="list-style-type: none"><li>• Strategic management</li><li>• Group Risk Management Committee</li></ul>
4. Food quality issues	<ul style="list-style-type: none"><li>Food quality problems, such as not meeting sanitation and pesticide and animal drug residue standards, contamination with foreign materials, and specified livestock infectious diseases</li><li>Occurrence of large-scale product recalls</li></ul>	<ul style="list-style-type: none"><li>Introduction of a food safety management system</li><li>Appropriate quality and production control of raw materials and products, traceability system, food defense, training and proper allocation of personnel</li></ul>	• Group Quality Assurance Committee
5. Securing and developing diverse human resources	<ul style="list-style-type: none"><li>Securing and developing the necessary human resources</li><li>Responding to labor shortages due to Japan’s declining birthrate and aging population</li></ul>	<ul style="list-style-type: none"><li>Improvement of workplace environment and productivity</li><li>Promotion of health management</li><li>Investment in human capital</li></ul>	• Group Human Resources Committee
6. Information security	<ul style="list-style-type: none"><li>System outages, leakage or falsification of important information due to operational problems or cyberattacks in systems used for business purposes</li></ul>	<ul style="list-style-type: none"><li>Establishment of firewalls and intrusion detection and authentication systems</li><li>Establishment of internal rules and regulations, e-learning and other training for employees, and an information management structure</li></ul>	• Group Risk Management Committee
7. Price fluctuations of commodities and raw materials	<ul style="list-style-type: none"><li>Significant fluctuations in raw material prices (including meat, poultry and marine products) due to market conditions and yields</li></ul>	<ul style="list-style-type: none"><li>Cost reduction through productivity improvements</li><li>Development of products with enhanced value and expansion of distinctive products</li><li>Procurement and sales balanced with supply and demand</li></ul>	• Strategic management

8. Fluctuations in crude oil prices, etc.	<ul style="list-style-type: none"><li>Increase in electricity, diesel oil, heavy oil and other fuel procurement costs due to soaring crude oil prices; increase in procurement costs of commodities and raw materials</li></ul>	<ul style="list-style-type: none"><li>Cost reductions through the introduction of new technologies and improvement of operations</li></ul>	• Strategic management
9. Impact of exchange rate fluctuations	<ul style="list-style-type: none"><li>Fluctuations in currencies including the U.S. dollar, Thai baht and euro that impact procurement prices of commodities and raw materials, as well as the impact of currency translation on the results of overseas subsidiaries</li></ul>	<ul style="list-style-type: none"><li>Use of forward exchange contracts, etc.</li></ul>	• Strategic management
10. Changes in laws and regulations, etc.	<ul style="list-style-type: none"><li>Changes in laws, regulations and soft laws in Japan and overseas</li></ul>	<ul style="list-style-type: none"><li>Monitoring of trends in laws and regulations in each country and region, and thorough compliance with such laws and regulations</li></ul>	• Strategic management
11. Sustainable food procurement	<ul style="list-style-type: none"><li>Growing social demands for consideration of human rights and the workplace environment in the supply chain, management of natural marine resources, reduction of food loss, and resolution of the marine plastic problem, as well as changes in and establishment of laws, regulations and soft laws</li><li>Difficulty in ensuring stable procurement of raw materials and other resources or damage to social credibility due to inadequate efforts or those deemed insufficient</li></ul>	<ul style="list-style-type: none"><li>Development of a Sustainable Procurement Policy, Supplier Code of Conduct and Guidelines, and implementation of ESG questionnaires for business partners</li><li>Handling of MSC/ASC-certified marine products</li><li>Implementation of initiatives related to the procurement of sustainable palm oil and conducting of a sustainable-cycle poultry business</li></ul>	• Group Sustainability Committee
12. Climate change	<ul style="list-style-type: none"><li>Social demand for reduction of greenhouse gas emissions, and strengthening of regulations such as the imposition of a carbon tax and other policies (our fundamental technologies are for freezing and refrigeration, and we consume energy, mainly electricity)</li><li>Impact of rising temperatures and extreme weather associated with global warming on supply chains, including raw material procurement, production and logistics</li></ul>	<ul style="list-style-type: none"><li>Switching from fluorocarbon to natural coolants, use of renewable energy sources through installation of solar power generation equipment and the purchase of green power certificates</li><li>Ongoing climate change impact assessment and information disclosure in accordance with TCFD recommendations</li></ul>	• Group Sustainability Committee
13. Large-scale natural disasters	<ul style="list-style-type: none"><li>Extensive damage to roads, ports and railroads at or near the Group’s sites, market contraction, supply chain disruptions, or restrictions on business activities due to factors such as a massive earthquake or localized rain storms</li></ul>	<ul style="list-style-type: none"><li>Seismic retrofitting work; deployment of emergency generators; establishment of an employee safety confirmation system, disaster prevention manuals and business continuity plans (BCPs); and use of multiple data centers</li></ul>	• Group Risk Management Committee
14. Technological innovation	<ul style="list-style-type: none"><li>Decline in competitiveness of the Group’s technologies and products and services due to technological innovations, including rapid progress in digital technologies and food tech</li></ul>	<ul style="list-style-type: none"><li>Reform of business processes and promotion of innovation through the use of digital technologies and data</li><li>Implementation of an innovation management system based on ISO 56002</li></ul>	• Strategic management
15. Holding of fixed assets	<ul style="list-style-type: none"><li>Impairment loss due to deterioration of conditions at logistics centers caused by relocation of shipping companies and changes in road transportation networks</li><li>Impairment loss due to aging and obsolescence of equipment at production plants or poor sales</li><li>Impairment and write-down of goodwill and investment securities due to deviation from the business plan at the time of investment</li></ul>	<ul style="list-style-type: none"><li>Clarification of items for consideration when preparing investment plans, and the rules for post-investment verification</li></ul>	• Strategic management
16. Cross-shareholdings	<ul style="list-style-type: none"><li>Significant changes in the market value of cross-shareholdings or in the financial position of the issuing company</li></ul>	→ See page 99	• Yearly report to the Board of Directors

Business Continuity Plan Initiatives

Employee Safety

Group Countermeasures Headquarters in Response to COVID-19

In January 2020, the Nichirei Group Countermeasures Headquarters, headed by the president, was established to respond to COVID-19. In addition to collecting, analyzing and sharing information throughout the Group, we sent out messages and notifications 50 times from January 2020 to July 2022 regarding infection prevention measures from the perspective of business continuity. We are creating a crisis management system that will help prevent infection while enabling our employees to carry out their work.

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, messages will be sent via email to employees to check whether they are safe, and relevant local information will be provided promptly on the website. The system allows for the rapid collection and sharing of information.

BCP for Information Systems

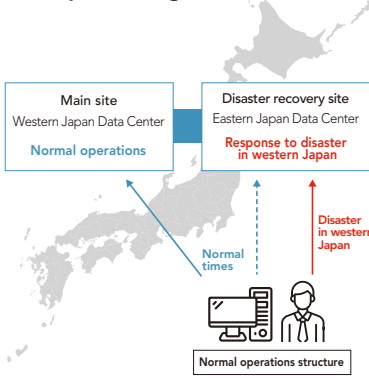
The Group’s main core system is redundant for the purpose of business continuity, and includes a disaster recovery (DR) system. Specific examples are as follows.

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 company created a DR system that enables rapid resumption of business. In the event of a large-scale disaster, the company 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. Nichirei Logistic Group plans to implement advanced initiatives to provide a food logistics lifeline that will contribute to the business continuity of its business partners.

Core Logistics System BCP Conceptual Diagram





# Directors, Audit & Supervisory Board Members and Executive Officers

(As of June 24, 2022)



- 1. Kenya Okushi  
Representative Director,  
President
- 2. Junji Kawasaki  
Director, Executive Officer
- 3. Kazuhiko Umezawa  
Director, Executive Officer

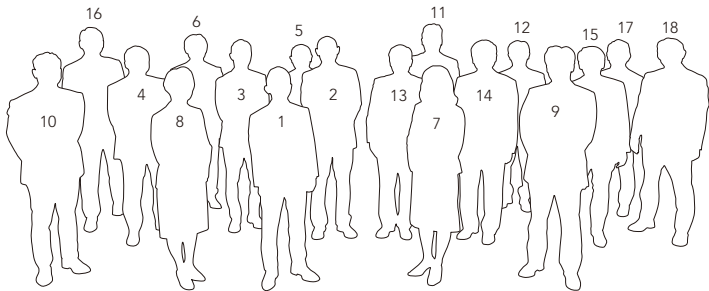
- 4. Masahiko Takenaga  
Director, Executive Officer
- 5. Wataru Tanabe  
Director, Executive Officer
- 6. Kenji Suzuki  
Director, Executive Officer

- 7. Kuniko Shoji  
Outside Director
- 8. Mana Nabeshima  
Outside Director
- 9. Itsuo Hama  
Outside Director

- 10. Kenji Hamashima  
Outside Director
- 11. Tatsushi Kato  
Audit & Supervisory  
Board Member
- 12. Tetsuro Katabuchi  
Audit & Supervisory  
Board Member

- 13. Yuhiko Saito  
Outside Audit & Supervisory  
Board Member
- 14. Kiyoshi Asahina  
Outside Audit & Supervisory  
Board Member
- 15. Muneaki Kiyota  
Outside Audit & Supervisory  
Board Member

- 16. Yutaka Karino  
Executive Officer
- 17. Hideo Yokoi  
Executive Officer
- 18. Yuichi Takaku  
Executive Officer



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 24, 2022)

Directors



**Kenya Okushi**  
Representative Director, President

Significant concurrent positions outside the Company  
Chairman, Japan Frozen Food Association

Number of years in office	5
Number of shares held	25,615

\* Three years in office since being appointed representative director in 2019.



**Junji Kawasaki**  
Director, Executive Officer

In charge of Innovation Planning & Development and Quality Assurance, General Manager of Technology Management

Number of years in office	5
Number of shares held	8,798



**Kazuhiko Umezawa**  
Director, Executive Officer

Significant concurrent positions outside the Company  
Representative Director, President, Nichirei Logistics Group Inc.

Number of years in office	4
Number of shares held	17,973



**Masahiko Takenaga**  
Director, Executive Officer

Significant concurrent positions outside the Company  
Representative Director, President, Nichirei Foods Inc.

Number of years in office	3
Number of shares held	18,411



**Wataru Tanabe**  
Director, Executive Officer

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

Number of years in office	1
Number of shares held	3,554



**Kenji Suzuki**  
Director, Executive Officer

In charge of Accounting & Tax, Business Management and Real Estate Division, General Manager of Finance

Number of years in office	New appointment
Number of shares held	2,363

Outside Directors



**Kuniko Shoji**  
Outside Director

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

Number of years in office	4
Number of shares held	1,600



**Mana Nabeshima**  
Outside Director

Significant concurrent positions outside the Company  
Representative Director, Wakiaiai Co., Ltd.

Number of years in office	1
Number of shares held	1,500

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)

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, HiiLo Partners Inc.  
July 2020 Vice Chairman, DIGITAL GRID Corporation (to the present)  
December 2020 Representative Director, Wakiaiai Co., Ltd. (to the present)  
June 2021 Outside Director, the Company (to the present)



**Itsuo Hama**  
Outside Director

Significant concurrent positions outside the Company  
Representative Director, Chairperson, Lion Corporation

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



**Kenji Hamashima**  
Outside Director

Significant concurrent positions outside the Company  
Outside Director, Inabata & Co., Ltd.

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

April 1977 Joined Lion Fat & Oil Co., Ltd. (current Lion Corporation)  
March 2008 Director, Executive General Manager of Household Products Division, Lion Corporation  
January 2009 Director, Executive General Manager of Household Products Division, responsible for Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development Department, Lion Corporation  
March 2010 Executive Director, responsible for Health Care Products Division, Household Products Division, Gift and Channel-Specific Products Division, Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development Department, Lion Corporation  
January 2012 Representative Director, President, Executive Officer, Chief Operating Officer, responsible for Risk Management, Lion Corporation  
March 2016 Representative Director, President and CEO, Chairman of the Board of Directors, Executive Officer, Lion Corporation  
January 2019 Representative Director, Chairman of the Board of Directors, Chief Executive Officer, Lion Corporation  
March 2022 Representative Director, Chairman of the Board of Directors, Lion Corporation (to the present)  
June 2022 Outside Director, the Company (to the present)

April 1982 Joined Ushio, Inc.  
April 1999 Director, President, CEO, Ushio America, Inc.  
November 2000 Director, President, CEO, Christie Digital Systems, Inc.  
April 2004 Senior Group Executive Officer, Ushio, Inc.  
April 2007 Group Managing Executive Officer, Ushio, Inc.  
June 2010 Director, Senior Managing Executive Officer, Ushio, Inc.  
April 2014 Representative Director, Senior Executive Vice President, Ushio, Inc.  
October 2014 Representative Director, Chief Executive Officer, Ushio, Inc.  
April 2019 Corporate Advisor, Ushio, Inc.  
April 2020 Special Counselor, Ushio, Inc. (to the present)  
June 2020 Outside Director, Inabata & Co., Ltd.  
June 2022 Outside Director, Audit and Supervisory Committee Member, Inabata & Co., Ltd. (to the present)  
June 2022 Outside Director, the Company (to the present)

Audit & Supervisory Board Members



**Tatsushi Kato**  
Audit & Supervisory Board Member

Number of years in office	1
Number of shares held	400



**Tetsuro Katabuchi**  
Outside Audit & Supervisory Board Member

Number of years in office	New appointment
Number of shares held	300



**Yuhiko Saito**  
Outside Audit & Supervisory Board Member

Number of years in office	3
Number of shares held	1,200

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	2
Number of shares held	200

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

Significant concurrent positions outside the Company  
Outside Corporate Auditor, Komori Corporation  
External Director, JCU Corporation

Number of years in office	2
Number of shares held	200

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 2010 Audit & Supervisory Board Member, OKAYA ELECTRIC INDUSTRIES CO., LTD.  
June 2012 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)  
June 2020 Outside Corporate Auditor, Komori Corporation (to the present)  
June 2021 External Director, JCU Corporation (to the present)

Executive Officers



**Yutaka Karino**  
Executive Officer

In charge of Legal Affairs, General Manager of General Affairs & Public Relations, General Manager of Human Resources, General Manager of Secretarial Office



**Hideo Yokoi**  
Executive Officer

Significant concurrent positions outside the Company  
Representative Director, President, Nichirei Biosciences Inc.



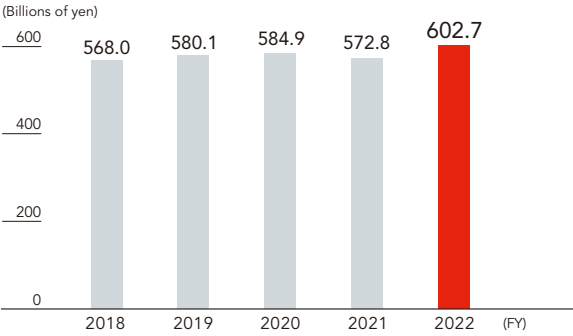
**Yuichi Takaku**  
Executive Officer

In charge of IT Strategy, General Manager of Strategic Planning, General Manager of Sustainability Management

For detailed information on each officer, see <https://www.nichirei.co.jp/english/corpo/outline>

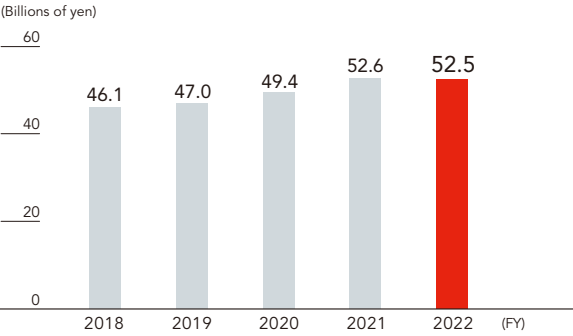
Financial and Non-financial Highlights

Net Sales



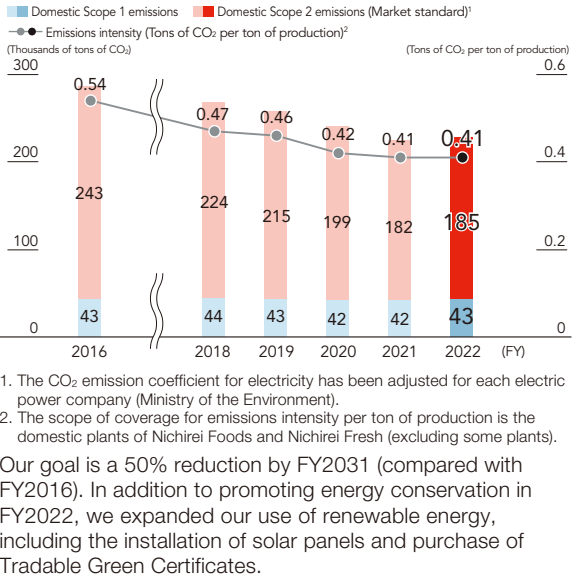
Net sales increased 5% due to firm growth in the core processed foods and temperature-controlled logistics businesses. In processed foods, sales of both household-use and commercial-use products increased, centered on mainstay categories. In the logistics business, overseas business revenues grew.

EBITDA

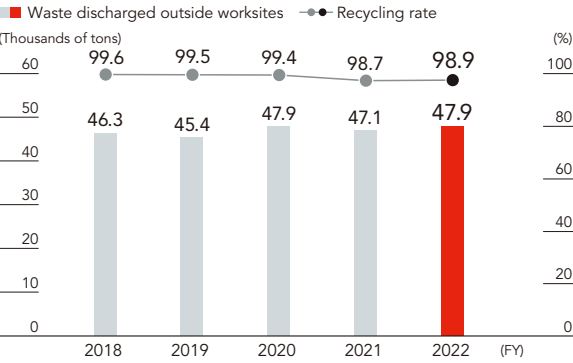


Although operating profit decreased, EBITDA remained essentially unchanged from the previous fiscal year due to an increase in depreciation expenses.

CO2 Emissions

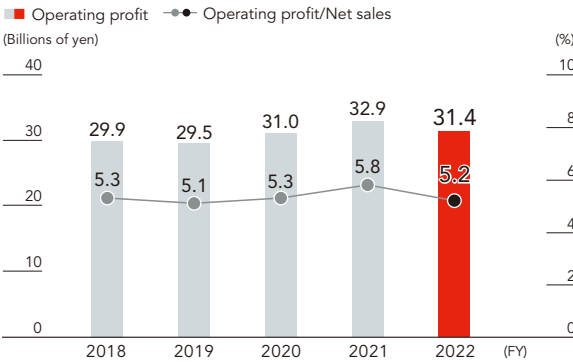


Waste Discharged Outside Worksites and Recycling Rate



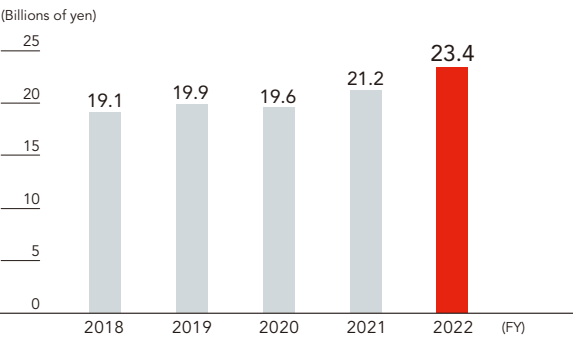
We have been actively working to reduce the amount of and recycle food residue and waste generated by our business activities.

Operating Profit and Operating Profit/Net Sales



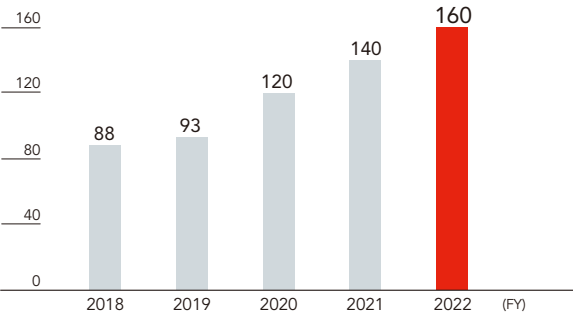
Despite growth in the temperature-controlled logistics and marine products businesses, operating profit decreased as the processed foods business faced tough conditions due to a pandemic-related slowdown in operations at a Thai production subsidiary and higher raw material and purchasing costs.

Profit Attributable to Owners of Parent



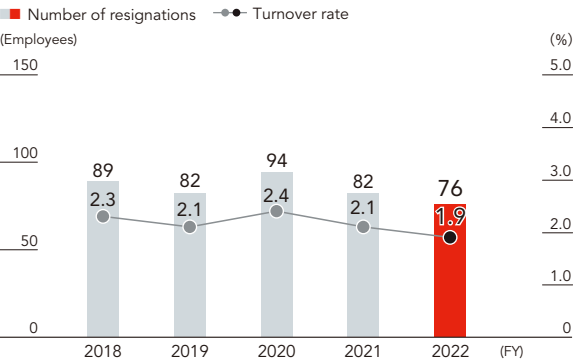
Profit increased as a result of recording gain on sales of investment securities, among other factors.

Number of Female Line Managers



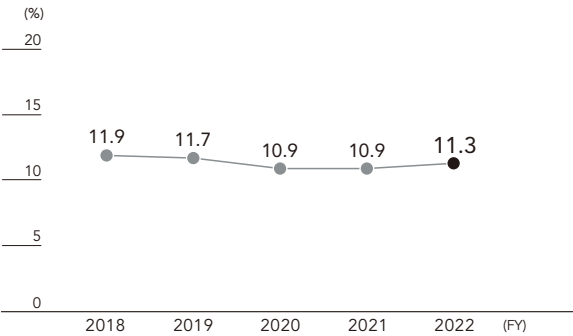
We have set a target of increasing the ratio of female line managers at Nichirei Corporation to 30% by FY2031 as a KPI for one of the Nichirei Group's material matters, and we are proactively working to promote the advancement of female employees.

Number of Resignations\* and Turnover Rate



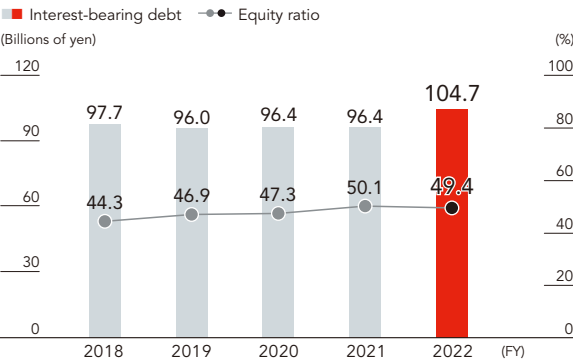
We continuously strive to create a good working environment, facilitate diverse work styles and improve job satisfaction.  
\* Total number of resignations for personal or other reasons

ROE



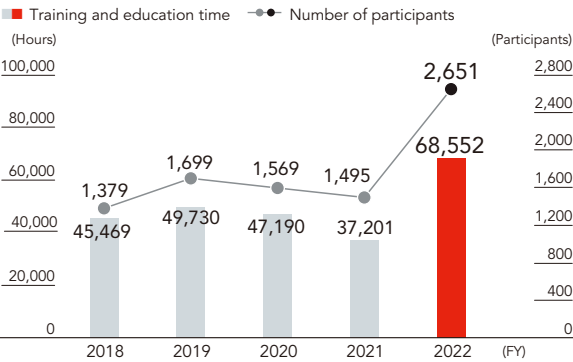
Due to steady profit, among other factors, ROE has continued to meet the medium-term business plan target of 10% or higher.

Interest-bearing Debt and Equity Ratio



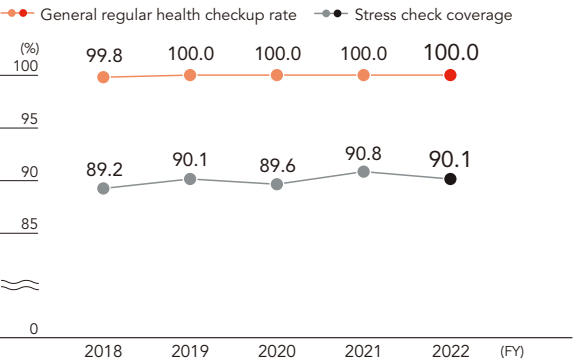
Interest-bearing debt increased ¥8.3 billion to ¥104.7 billion. The equity ratio in FY2022 was 49.4%.

Training and Education Time and Number of Participants



We have been working to enhance the content 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	POWER UP 2018	WeWill 2021
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	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
Period	April 2010 to March 2013	April 2013 to March 2016	April 2016 to March 2019	April 2019 to March 2022
President	Toshiaki Murai	Kunio Otani	Kunio Otani	Kenya Okushi
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.	<ul style="list-style-type: none"><li>• 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.</li><li>• Focus on business innovation and new business development for medium- to long-term growth.</li></ul>	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.
Operating Environment	<ul style="list-style-type: none"><li>• Great East Japan Earthquake and subsequent nuclear power plant accident</li><li>• Appreciation of the yen as European financial instability becomes widespread</li></ul>	<ul style="list-style-type: none"><li>• Focus on food safety and security resulting from factors including cases of pesticide problems and meat sold after its sell-by date</li><li>• Consumption tax rate hike to 8% as Abenomics starts, and the yen depreciates</li></ul>	<ul style="list-style-type: none"><li>• Rising nationalism in the United States and elsewhere, and slow progress of negotiations for the United Kingdom's departure from the EU</li><li>• The Paris Agreement and TPP come into effect</li><li>• Series of natural disasters in Japan</li></ul>	<ul style="list-style-type: none"><li>• Consumption tax rate hike to 10%</li><li>• The global COVID-19 pandemic drastically changes social conditions</li><li>• The United Kingdom leaves the EU</li><li>• Tokyo Olympics and Paralympics postponed for one year</li></ul>
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	Nikkei Stock Average: ¥21,205.81 Yen/Dollar Exchange Rate: ¥110.84	Nikkei Stock Average: ¥27,821.43 Yen/Dollar Exchange Rate: ¥121.68
Figures	Final year results	Final year results	Final year results	Final year results
Net Sales	¥470.1 billion	¥535.3 billion	¥580.1 billion	¥602.7 billion
(Overseas Sales)	¥37.5 billion	¥75.5 billion	¥79.2 billion	¥97.6 billion
Operating Profit	¥17.9 billion	¥21.5 billion	¥29.5 billion	¥31.4 billion
(Operating Profit/Net Sales)	3.8%	4.0%	5.1%	5.2%
Ordinary Profit	¥17.2 billion	¥21.4 billion	¥29.9 billion	¥31.7 billion
Profit	¥9.8 billion	¥13.4 billion	¥19.9 billion	¥23.4 billion
EBITDA	¥32.2 billion	¥38.0 billion	¥47.0 billion	¥52.5 billion
ROE	8.2%	9.1%	11.7%	11.3%
EPS	¥33.40	¥94.30	¥149.65	¥176.72
Total 3-Year Capital Expenditures	¥47.5 billion	¥64.4 billion	¥63.0 billion	¥93.0 billion
Incl. Processed Foods	¥15.5 billion	¥24.7 billion	¥21.3 billion	¥34.0 billion
Logistics	¥27.8 billion	¥34.4 billion	¥29.6 billion	¥49.9 billion
Main Initiatives	(1) Bolster earnings capacity and achieve sustainable growth of the Group by effectively allocating management resources. (2) Facilitate the self-sustained 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.	<b>General Strategy</b> (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. <b>Financial Strategy</b> <ul style="list-style-type: none"><li>• Maintain return on equity (ROE) of at least 8%.</li><li>• Provide a continual, stable dividend with a target DOE of 2.5%.</li><li>• Consider share buy-backs of around 20 million shares (approx. 7% of total issued shares)</li></ul>	<div>See pages ◀48-49 for a detailed review.</div> <div></div> <div>Start of Medium-term Business Plan <b>Compass Rose 2024</b> (April 2022 to March 2025) See pages ◀50-51 for details.</div>
Achievements	Achieved the plan targets for operating profit in the core processed foods and logistics businesses; marine, meat and poultry products fell substantially short <b>Processed Foods</b> <ul style="list-style-type: none"><li>• Expanded sales of prepared frozen foods for the household-use and HMR markets</li><li>• Started full-scale operation of two factories for processed poultry products in Thailand</li></ul> <b>Logistics</b> <ul style="list-style-type: none"><li>• Expanded earnings base by starting operation of Higashi-ogishima DC and other sites</li><li>• Increased contracts for XD outsourcing</li></ul>	Made investments for sustainable growth and achieved Group targets for net sales and operating profit <b>Processed Foods</b> <ul style="list-style-type: none"><li>• Strengthened the domestic in-house production system</li><li>• Expanded business scale in the United States</li></ul> <b>Logistics</b> <ul style="list-style-type: none"><li>• Started operation of large-scale refrigerated warehouses in the Tokyo and Osaka metropolitan areas</li></ul>	Achieved Group targets for net sales and operating profit by improving profitability of processed foods and stably expanding logistics <b>Processed Foods</b> <ul style="list-style-type: none"><li>• Improved profitability in Japan on expanded sales of mainstay products</li></ul> <b>Logistics</b> <ul style="list-style-type: none"><li>• Expanded cargo pickups mainly in metropolitan areas and improved balance of transport income</li></ul> <b>Meat and Poultry Products</b> <ul style="list-style-type: none"><li>• Increased earnings</li></ul>	
Main Investments	• FY2011 ( <b>Processed Foods</b> ) Start of operation of GFPT Nichirei (Thailand) Co., Ltd., Surapon Nichirei Foods Co., Ltd. Kabinburi Plant Building No. 2 expansion ( <b>Logistics</b> ) Fukuoka Higashihamam DC, acquisition of Transports Godfroy S.A.S. (France) • FY2012 ( <b>Logistics</b> ) Higashi-ogishima DC, Kagoshima So DC • FY2013 ( <b>Processed Foods</b> ) Acquisition of InnovAsian Cuisine Enterprises Inc. (USA)	• FY2014 ( <b>Processed Foods</b> ) Newly established Funabashi No. 2 Plant ( <b>Logistics</b> ) Higashi-ogishima DC Phase 2 Building • FY2015 ( <b>Processed Foods</b> ) Expanded cooked rice products production line ( <b>Logistics</b> ) Sakishima DC, Tokachi DC • FY2016 ( <b>Logistics</b> ) Funabashi DC (rebuilding)	• FY2018 ( <b>Logistics</b> ) Heiwajima DC (rental) ( <b>Marine Products</b> ) Trans Pacific Seafood Co., LTD. (Vietnam) established • FY2019 ( <b>Biosciences</b> ) Global Innovation Center established	

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# 11-Year Financial Highlights

Nichirei Corporation and Consolidated Subsidiaries for the Years Ended March 31

Compass Rose 2024

Nichirei Corporation and Consolidated Subsidiaries for the Years Ended March 31		energy 2012		RISING 2015			POWER UP 2018			WeWill 2021		
		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Sales and Income:		(Millions of yen)										
Net sales	*	454,931	470,126	511,189	519,963	535,351	539,657	568,032	580,141	584,858	572,757	602,696
Cost of sales		368,012	378,652	417,928	446,180	454,265	448,516	475,194	486,926	485,784	473,954	500,451
Selling, general and administrative expenses	*	70,741	73,541	77,472	56,376	59,501	61,831	62,940	63,704	68,038	65,853	70,835
Operating profit		16,177	17,932	15,789	17,406	21,583	29,309	29,897	29,511	31,035	32,949	31,410
Non-operating income:		2,025	1,880	2,113	1,993	1,704	1,433	2,102	1,753	1,891	1,798	1,444
Interest and dividend income		622	575	1,060	616	664	716	817	871	896	880	903
Share of profit of entities accounted for using equity method		49	224	—	140	131	278	715	399	387	376	116
Non-operating expenses:	*	2,952	2,609	3,459	2,498	1,893	1,637	1,350	1,399	1,150	1,215	1,187
Interest expenses		1,445	1,438	1,295	1,138	1,053	954	898	870	791	709	619
Share of loss of entities accounted for using equity method		—	—	795	—	—	—	—	—	—	—	—
Ordinary profit		15,250	17,202	14,443	16,902	21,394	29,105	30,650	29,864	31,777	33,532	31,667
Extraordinary income		1,308	1,690	2,347	137	220	468	102	1,085	505	870	5,188
Extraordinary losses	*	2,333	5,291	1,432	1,167	1,014	1,756	1,515	1,410	2,489	2,799	1,747
Profit before income taxes		14,225	13,601	15,357	15,871	20,600	27,818	29,237	29,540	29,792	31,603	35,107
Income taxes	*	6,406	5,489	5,480	4,850	5,933	7,322	8,601	8,773	9,008	8,954	10,839
Profit (loss) attributable to non-controlling interests		(85)	(1,712)	978	1,504	1,195	1,744	1,538	822	1,174	1,437	886
Profit (loss) attributable to owners of parent		7,904	9,823	8,898	9,516	13,471	18,751	19,097	19,943	19,609	21,212	23,382
Depreciation and amortization		14,978	14,302	14,475	15,621	16,455	16,057	16,155	17,481	18,355	19,669	21,089
(Excluding leased assets)		11,177	10,522	10,748	11,871	12,658	12,347	12,543	13,910	14,690	15,894	17,503
Capital expenditures		12,248	13,171	24,041	24,171	16,175	13,887	24,952	24,132	27,287	37,776	27,913
(Excluding leased assets)		9,400	10,724	21,209	19,750	13,216	10,253	22,312	21,320	24,864	33,851	25,404
Research & development expenditures		1,697	1,817	1,607	1,730	1,600	1,559	1,986	2,359	2,486	2,403	1,939
Share Information:												
Profit per share	*	26.35	33.40	31.12	33.29	47.15	135.11	142.23	149.65	147.16	159.19	176.72
Dividends per share	*	9	10	10	10	12	28	30	32	42	50	50
Payout ratio		34%	30%	32%	30%	26%	21%	21%	21%	29%	31%	28%

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.
- 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.

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# Consolidated Balance Sheets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries  
As of March 31, 2021 and 2022

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Current assets:</b>			
Cash and deposits	¥ 28,933	¥ 23,413	\$ 191,267
Notes and accounts receivable – trade	81,749	90,965	743,121
Allowance for doubtful accounts	(109)	(112)	(920)
Inventories	47,867	52,128	425,850
Other	11,131	13,904	113,591
Total current assets	169,572	180,299	1,472,911
<b>Non-current assets:</b>			
Property, plant and equipment (Note 6):			
Buildings and structures	259,690	261,489	2,136,175
Machinery and equipment	115,963	125,441	1,024,768
Land	38,683	41,075	335,557
Leased assets	37,199	36,267	296,281
Construction in progress	3,716	4,904	40,067
Other	12,117	12,866	105,112
	467,371	482,045	3,937,962
Accumulated depreciation	(293,409)	(300,939)	(2,458,454)
Property, plant and equipment, net	173,962	181,106	1,479,507
Intangible assets	8,394	14,781	120,755
Investments and other assets:			
Investment securities (Note 5)	33,663	31,086	253,953
Shares and investments in capital of subsidiaries and associates	7,244	7,492	61,205
Retirement benefit asset	52	49	403
Deferred tax assets (Note 8)	2,260	2,607	21,302
Other	10,814	10,552	86,208
Allowance for doubtful accounts	(245)	(369)	(3,015)
Total investments and other assets	53,789	51,419	420,058
Total non-current assets	236,146	247,307	2,020,322
<b>Total assets</b>	¥ 405,719	¥ 427,606	\$ 3,493,233

The accompanying notes are integral parts of these statements.

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Current liabilities:</b>			
Short-term borrowings	¥ 6,948	¥ 13,490	\$ 110,211
Commercial papers	—	2,000	16,338
Current portion of long-term borrowings	4,797	14,798	120,894
Current portion of bonds payable	10,000	—	—
Accounts payable – trade	28,073	29,254	238,989
Lease liabilities	3,572	3,395	27,740
Income taxes payable	5,911	4,779	39,048
Accrued expenses	35,483	34,909	285,181
Provision for bonuses for directors (and other officers)	238	198	1,623
Other	13,481	17,947	146,618
Total current liabilities	108,506	120,775	986,646
<b>Non-current liabilities:</b>			
Bonds payable	30,000	40,000	326,770
Long-term borrowings	29,010	19,882	162,428
Provision for retirement benefits for directors (and other officers)	131	102	836
Retirement benefit liability	1,996	2,029	16,576
Lease liabilities	12,093	11,149	91,086
Deferred tax liabilities (Note 8)	4,265	5,853	47,820
Asset retirement obligations	4,037	4,180	34,152
Other	5,251	5,729	46,807
Total non-current liabilities	86,786	88,928	726,478
Total liabilities	195,293	209,703	1,713,125
<b>Net assets:</b>			
Shareholders' equity (Note 7):			
Share capital			
Authorized			
- 360,000,000 shares for 2021 and 2022			
Issued and outstanding - 140,003,877 shares for 2021 and 134,007,795 shares for 2022	30,418	30,472	248,936
Capital surplus	5,795	5,495	44,892
Retained earnings	172,436	172,369	1,408,129
Treasury shares	(17,648)	(11,841)	(96,738)
Total shareholders' equity	191,002	196,494	1,605,219
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	12,344	11,984	97,908
Deferred gains or losses on hedges	1,639	2,360	19,279
Foreign currency translation adjustment	(1,660)	329	2,695
Total accumulated other comprehensive income	12,323	14,674	119,883
Non-controlling interests	7,100	6,733	55,005
Total net assets	210,426	217,903	1,780,108
<b>Total liabilities and net assets</b>	¥ 405,719	¥ 427,606	\$ 3,493,233

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, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Net sales</b>	¥ 572,757	¥ 602,696	\$ 4,923,590
<b>Operating costs and expenses:</b>			
Cost of sales	473,954	500,451	4,088,321
Selling, general and administrative expenses	65,853	70,835	578,671
	539,808	571,286	4,666,993
<b>Operating profit</b>	32,949	31,410	256,597
<b>Non-operating income (expenses):</b>			
Interest and dividend income	880	904	7,389
Interest expenses	(709)	(619)	(5,064)
Other – net	(1,517)	3,412	27,881
	(1,345)	3,697	30,206
<b>Profit before income taxes</b>	31,603	35,107	286,803
<b>Income taxes (Note 8):</b>			
Income taxes – current	9,684	10,233	83,596
Income taxes – deferred	(730)	605	4,950
	8,954	10,839	88,546
<b>Profit</b>	22,649	24,268	198,256
<b>Profit attributable to non-controlling interests</b>	1,437	886	7,238
<b>Profit attributable to owners of parent</b>	¥ 21,212	¥ 23,382	\$ 191,018

	Yen		U.S. dollars (Note 1)
	2021	2022	2022
<b>Amounts per share (Note 9):</b>			
Net assets	¥ 1,525.76	¥ 1,630.84	\$ 13.323
<b>Profit:</b>			
Basic	159.19	176.72	1.444
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, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Profit</b>	¥ 22,649	¥ 24,268	\$ 198,256
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities	3,319	(356)	(2,914)
Deferred gains or losses on hedges	837	693	5,661
Foreign currency translation adjustment	(973)	1,983	16,205
Share of other comprehensive income of entities accounted for using equity method	(224)	203	1,665
<b>Total other comprehensive income</b>	2,959	2,523	20,617
<b>Total comprehensive income</b>	¥ 25,609	¥ 26,792	\$ 218,874
<b>Comprehensive income attributable to:</b>			
Comprehensive income attributable to owners of parent	¥ 24,452	¥ 25,733	\$ 210,226
Comprehensive income attributable to non-controlling interests	1,156	1,058	8,647

The accompanying notes are integral parts of these statements.



Consolidated Statements of Changes in Equity (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries  
For the years ended March 31, 2021 and 2022

	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Net assets at April 1, 2020	¥ 30,359	¥ 5,750	¥ 156,953	¥ (17,642)	¥ 175,421
Changes during period					
Issuance of new shares	59	59			119
Dividends of surplus			(5,729)		(5,729)
Profit attributable to owners of parent			21,212		21,212
Capital increase of consolidated subsidiaries		(14)			(14)
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	59	44	15,482	(6)	15,580
Net assets at March 31, 2021	¥ 30,418	¥ 5,795	¥ 172,436	¥ (17,648)	¥ 191,002
Cumulative effect of changes in accounting policies			(574)		(574)
Restated balance	30,418	5,795	171,862	(17,648)	190,428
Changes during period					
Issuance of new shares	53	53			106
Dividends of surplus			(7,063)		(7,063)
Profit attributable to owners of parent			23,382		23,382
Change in ownership interest of parent due to transactions with non-controlling interests		(352)			(352)
Purchase of treasury shares				(10,006)	(10,006)
Disposal of treasury shares		0		0	0
Cancellation of treasury shares		(0)	(15,811)	15,812	—
Net changes in items other than shareholders' equity					
Total changes during period	53	(299)	506	5,806	6,066
Net assets at March 31, 2022	¥ 30,472	¥ 5,495	¥ 172,369	¥ (11,841)	¥ 196,494

	Millions of yen					Non-controlling interests	Total net assets
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Net assets at April 1, 2020	¥ 9,016	¥ 802	¥ (736)	¥ 9,082	¥ 6,884		¥ 191,388
Changes during period							
Issuance of new shares							119
Dividends of surplus							(5,729)
Profit attributable to owners of parent							21,212
Capital increase of consolidated subsidiaries							(14)
Purchase of treasury shares							(7)
Disposal of treasury shares							0
Net changes in items other than shareholders' equity	3,327	836	(923)	3,240	216		3,456
Total changes during 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
Cumulative effect of changes in accounting policies							(574)
Restated balance	12,344	1,639	(1,660)	12,323	7,100		209,851
Changes during period							
Issuance of new shares							106
Dividends of surplus							(7,063)
Profit attributable to owners of parent							23,382
Change in ownership interest of parent due to transactions with non-controlling interests							(352)
Purchase of treasury shares							(10,006)
Disposal of treasury shares							0
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	(359)	720	1,990	2,351	(367)		1,984
Total changes during period	(359)	720	1,990	2,351	(367)		8,051
Net assets at March 31, 2022	¥ 11,984	¥ 2,360	¥ 329	¥ 14,674	¥ 6,733		¥ 217,903

The accompanying notes are integral parts of these statements.

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Net assets at April 1, 2021	\$ 248,500	\$ 47,341	\$ 1,408,677	\$ (144,173)	\$ 1,560,347
Cumulative effect of changes in accounting policies			(4,689)		(4,689)
Restated balance	248,500	47,341	1,403,988	(144,173)	1,555,657
Changes during period					
Issuance of new shares	435	435			870
Dividends of surplus			(57,706)		(57,706)
Profit attributable to owners of parent			191,018		191,018
Change in ownership interest of parent due to transactions with non-controlling interests		(2,882)			(2,882)
Purchase of treasury shares				(81,742)	(81,742)
Disposal of treasury shares		0		4	4
Cancellation of treasury shares		(1)	(129,171)	129,172	—
Net changes in items other than shareholders' equity					
Total changes during period	435	(2,449)	4,140	47,434	49,561
Net assets at March 31, 2022	\$ 248,936	\$ 44,892	\$ 1,408,129	\$ (96,738)	\$ 1,605,219

	Thousands of U.S. dollars (Note 1)					
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Net assets at April 1, 2021	\$ 100,844	\$ 13,394	\$ (13,564)	\$ 100,674	\$ 58,004	\$ 1,719,026
Cumulative effect of changes in accounting policies						(4,689)
Restated balance	100,844	13,394	(13,564)	100,674	58,004	1,714,336
Changes during period						
Issuance of new shares						870
Dividends of surplus						(57,706)
Profit attributable to owners of parent						191,018
Change in ownership interest of parent due to transactions with non-controlling interests						(2,882)
Purchase of treasury shares						(81,742)
Disposal of treasury shares						4
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	(2,935)	5,884	16,259	19,208	(2,998)	16,209
Total changes during period	(2,935)	5,884	16,259	19,208	(2,998)	65,771
Net assets at March 31, 2022	\$ 97,908	\$ 19,279	\$ 2,695	\$ 119,883	\$ 55,005	\$ 1,780,108

The accompanying notes are integral parts of these statements.

# Consolidated Statements of Cash Flows (Unaudited) (Continued)

Nichirei Corporation and Consolidated Subsidiaries  
For the years ended March 31, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2021	2022	2022	
<b>Cash flows from operating activities:</b>				
Profit before income taxes	¥ 31,603	¥ 35,107	\$ 286,803	
Depreciation	19,669	21,089	172,284	
Impairment losses	1,273	196	1,601	
Increase (decrease) in allowance for doubtful accounts	(17)	100	821	
Interest and dividend income	(880)	(904)	(7,389)	
Interest expenses	709	619	5,064	
Share of loss (profit) of entities accounted for using equity method	(376)	(116)	(951)	
Loss (gain) on sale of non-current assets	(42)	(26)	(216)	
Loss (gain) on retirement of non-current assets	1,380	1,216	9,940	
Loss (gain) on sale of investment securities	(144)	(3,923)	(32,050)	
Decrease (increase) in trade receivables	531	(7,943)	(64,888)	
Decrease (increase) in inventories	(477)	(3,902)	(31,884)	
Increase (decrease) in trade payables	(234)	935	7,643	
Compensation for expropriation	(565)	(1,221)	(9,979)	
Other, net	(4,470)	2,461	20,106	
Subtotal	47,958	43,688	356,905	
Interest and dividends received	1,190	1,102	9,003	
Proceeds from compensation for expropriation	565	1,221	9,979	
Interest paid	(712)	(630)	(5,154)	
Income taxes paid	(3,547)	(10,721)	(87,583)	
Net cash provided by (used in) operating activities	¥ 45,453	¥ 34,660	\$ 283,150	

The accompanying notes are integral parts of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2021	2022	2022	
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	¥ (28,529)	¥ (21,289)	\$ (173,919)	
Proceeds from sales of property, plant and equipment	1,623	142	1,166	
Purchase of intangible assets	(2,124)	(1,422)	(11,622)	
Purchase of investment securities	(392)	(80)	(657)	
Proceeds from sales of investment securities	257	5,611	45,840	
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(27)	(8,432)	(68,889)	
Other, net	(3,019)	(545)	(4,455)	
Net cash provided by (used in) investing activities	(32,213)	(26,016)	(212,538)	
<b>Cash flows from financing activities:</b>				
Net increase (decrease) in short-term borrowings	2,456	5,790	47,301	
Net increase (decrease) in commercial papers	(2,000)	2,000	16,338	
Proceeds from long-term borrowings	409	5,454	44,563	
Repayment of long-term borrowings	(955)	(4,832)	(39,478)	
Proceeds from issuance of bonds	9,951	9,951	81,293	
Redemption of bonds	(10,000)	(10,000)	(81,692)	
Repayments of lease liabilities	(3,886)	(3,699)	(30,218)	
Purchase of treasury shares	(7)	(10,012)	(81,795)	
Dividends paid	(5,722)	(7,053)	(57,623)	
Dividends paid to non-controlling interests	(955)	(899)	(7,351)	
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(878)	(7,177)	
Other, net	0	0	4	
Net cash provided by (used in) financing activities	(10,709)	(14,179)	(115,838)	
<b>Effect of exchange rate change on cash and cash equivalents</b>	45	865	7,072	
<b>Net increase (decrease) in cash and cash equivalents</b>	2,577	(4,670)	(38,154)	
<b>Cash and cash equivalents at beginning of period</b>	25,434	28,011	228,831	
<b>Cash and cash equivalents at end of period</b>	¥ 28,011	¥ 23,340	\$ 190,676	

The accompanying notes are integral parts of these statements.



Nichirei Corporation and Consolidated Subsidiaries  
For the years ended March 31, 2021 and 2022

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 ¥122.41 = US\$1.00, the exchange rate prevailing on March 31, 2022.

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: Change in Accounting Policy

Application of accounting standards for revenue recognition

The Group has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter the “Revenue Recognition Accounting Standard”), etc. from the beginning of the fiscal year ended March 31, 2022. Accordingly, the Group recognizes revenue in the amount expected to be received in exchange for promised goods and services at points where control over such goods or services is transferred to customers.

Applying the alternative handling prescribed in Paragraph 98 of “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 31, 2020), as for the revenues from the domestic sale of merchandise or finished goods, the Group recognizes revenue at the points of their shipment in cases where control over the concerned merchandise or finished goods moves to customers in a normal period after their shipment.

Major changes as a result of the application of the accounting standards are shown below.

- For charged supply materials transactions, in which the company is not obligated to repurchase the supplied goods, the Group has changed to a method of not recognizing the consideration received from recipients as revenue.
- As for the warehousing and shipping charges that were recorded as sales at the time of entry into the logistics warehouse, the Group changed the method of allocating the transaction price to the performance obligation related to the delivery service and recognizing revenue when the performance obligation is satisfied.

Regarding the application of the accounting standards, the Group follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative impact of the retroactive application of the new accounting policy to before the beginning of the fiscal year is added to or deducted from retained earnings at the beginning of the fiscal year, and the new accounting policy is applied from this initial balance.

In the consolidated balance sheet for the previous fiscal year, refund liabilities were presented as “Accrued expenses” under “Current liabilities,” but from the current fiscal year, they are included in “Other” under “Current liabilities”. The Group follows the transitional treatments set forth in Paragraph 89-2 of the Revenue Recognition Accounting Standard and the balance of the previous fiscal year is not reclassified to match with the current fiscal year.

As a result, “Current liabilities - Other” in the consolidated balance sheet for the current fiscal year increased ¥769 million (\$6,286 thousand) compared to before applying the accounting standard. In the consolidated statement of income for the current fiscal year, “Net sales” and “Cost of sales” decreased ¥7,272 million (\$59,407 thousand) and ¥7,329 million (\$59,879 thousand), respectively, and “Operating profit” and “Profit before income taxes” increased ¥57 million (\$472 thousand).

For the consolidated statement of cash flows for the current fiscal year, “Profit before income taxes” increased ¥57 million (\$472 thousand) and “Cash flows from operating activities - Other, net” decreased ¥57 million (\$472 thousand).

With cumulative impacts reflected on net assets as of the beginning of the current fiscal year, the beginning balance of “Retained earnings” in the consolidated statement of change in equity decreased ¥574 million (\$4,689 thousand).

For the impact on per share information, please refer to Note 9: Per Share Information.

Note 3: Significant Accounting Estimates

The Company applies “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31). Under the accounting standard, items 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.

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 through the fiscal year 2023 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, 2021 and 2022:

	Millions of yen		Thousands of U.S. dollars	
	2021	2022	2022	
Equity securities:				
Acquisition costs	¥ 12,451	¥ 12,494	\$	102,073
Carrying value	29,812	29,149		238,128
Unrealized gain	¥ 17,361	¥ 16,654	\$	136,055

Non-listed equity securities amounting to ¥3,850 million as of March 31, 2021 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, 2021.

Non-listed equity securities amounting to ¥1,937 million (\$15,825 thousand) as of March 31, 2022 are not included in the above table because they are equity securities without market prices, etc.

(2) Sales of available-for-sale securities for the years ended March 31, 2021 and 2022:

	Millions of yen		Thousands of U.S. dollars	
	2021	2022	2022	
Proceeds from sales	¥ 258	¥ 6,029	\$ 49,259	
Gains on sales	144	3,924	32,056	
Losses on sales	(0)	—	—	

(3) Impairment loss of securities for the years ended March 31, 2021 and 2022:

	Millions of yen		Thousands of U.S. dollars	
	2021	2022	2022	
Available-for-sale securities:				
Stocks with market value	¥ —	¥ 1	\$ 15	
Stocks without market value	10	4	40	
Total	¥ 10	¥ 6	\$ 56	

Note 6: Investments and Rental Properties

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

Net rent income on the property related to the investments and rental properties was ¥2,033 million for the year ended March 31, 2021.

Net rent income and gain on sales on the property related to the investments and rental properties were ¥1,786 million (\$14,593 thousand) and ¥31 million (\$255 thousand), respectively, for the year ended March 31, 2022.

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, 2021 and 2022:

	Millions of yen		Thousands of U.S. dollars	
	2021	2022	2022	
Carrying value as of April 1	¥ 9,324	¥ 9,354	\$ 76,420	
Net increase (decrease)	30	(16)	(137)	
Carrying value as of March 31	¥ 9,354	¥ 9,337	\$ 76,283	
Market value as of March 31	¥ 47,065	¥ 45,106	\$ 368,484	

1. Carrying value on the consolidated balance sheets is calculated as acquisition cost deducting accumulated depreciation and cumulative impairment losses.
2. For the year ended March 31, 2021, major increase represents capital expenditures of ¥786 million. Major decrease represents depreciation of ¥510 million and change in the use of property of ¥169 million.
3. For the year ended March 31, 2022, major increase represents capital expenditures of ¥1,087 million (\$8,886 thousand). Major decrease represents depreciation of ¥550 million (\$4,497 thousand) and change in the use of property of ¥460 million (\$3,763 thousand) and sales of property of ¥30 million (\$248 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, 2021

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

(Reasons for changes)

1. The increase in the number of issued shares of common stock resulted from the following:  
• Issuance of new shares for stock-based compensation with restriction on transfer 38,290 shares
2. The increase in the number of treasury shares of common stock resulted from the following:  
• Request for redemption of odd-lot stock 2,454 shares
3. The decrease in the number of treasury shares of common stock resulted from the following:  
• Request for purchase of odd-lot stock 316 shares

(b) For the year ended March 31, 2022

				(Number of shares)
Type of stock	As of April 1, 2021	Increases	Decreases	As of March 31, 2022
Issued shares:				
Common stock (1,2)	140,003,877	37,518	6,033,600	134,007,795
Treasury shares:				
Common stock (3,4)	6,741,928	3,814,668	6,033,788	4,522,808

(Reasons for changes)

1. The increase in the number of issued shares of common stock resulted from the following:  
• Issuance of new shares for stock-based compensation with restriction on transfer 37,518 shares
2. The decrease in the number of issued shares of common stock resulted from the following:  
• Retirement of treasury shares 6,033,600 shares
3. The increase in the number of treasury shares of common stock resulted from the following:  
• Acquisition of treasury shares based on the resolution at the board of director's meeting 3,810,000 shares  
• Increase of shares, of which restriction on transfer are released, acquired without contribution 2,363 shares  
• Request for redemption of odd-lot stock 2,305 shares
4. The decrease in the number of treasury shares of common stock resulted from the following:  
• Retirement of treasury shares 6,033,600 shares  
• Request for purchase of odd-lot stock 188 shares



(2) Cash dividends distributed

Dividends paid during the year ended March 31, 2022

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 \$ 30,482	¥ 28 \$ 0.22	March 31, 2021	June 23, 2021
Board of Directors' meeting on November 2, 2021	Common stock	Retained earnings	¥ 3,332 \$ 27,223	¥ 25 \$ 0.20	September 30, 2021	December 3, 2021

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

Resolution	Type of stock	Source of dividends	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 24, 2022	Common stock	Retained earnings	¥ 3,237 \$ 26,444	¥ 25 \$ 0.20	March 31, 2022	June 27, 2022

Note 8: Income Taxes

(1) Tax rate reconciliation for the years ended March 31, 2021 and 2022

(a) 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%

(b) For the year ended March 31, 2022  
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.

(2) A breakdown of tax loss carryforwards and deferred tax assets by expiry date as of March 31, 2021 and 2022

(Millions of Yen) Fiscal Year Ending March 31, 2021	2022	2023	2024	2025	2026	2027 and thereafter	Total
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)

(Millions of Yen) Fiscal Year Ending March 31, 2022	2023	2024	2025	2026	2027	2028 and thereafter	Total
Tax loss carryforwards (a).....	¥ 7	¥ 21	¥ 28	¥ 31	¥ 43	¥ 964	¥ 1,096
Valuation allowance.....	(7)	(21)	(28)	(31)	(43)	(834)	(966)
Deferred tax assets .....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 129	¥ 129 (b)

(Thousands of U.S. Dollars) Fiscal Year Ending March 31, 2022	2023	2024	2025	2026	2027	2028 and thereafter	Total
Tax loss carryforwards (a).....	\$ 61	\$ 175	\$ 229	\$ 256	\$ 358	\$ 7,875	\$ 8,956
Valuation allowance.....	(61)	(175)	(229)	(256)	(358)	(6,816)	(7,897)
Deferred tax assets .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,059	\$ 1,059 (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, 2021 and 2022 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Net assets	¥ 210,426	¥ 217,903	\$ 1,780,108
Amounts excluded from net assets:			
For non-controlling interests	7,100	6,733	55,005
Net assets attributable to common stock	203,325	211,169	1,725,102
Number of common stock used for the calculation of net assets per share (in thousands)	133,261	129,484	129,484

Profit per share for the years ended March 31, 2021 and 2022 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Profit attributable to owners of parent	¥ 21,212	¥ 23,382	\$ 191,018
Amounts not attributable to common shareholders	—	—	—
Profit attributable to owners of parent for common stock	21,212	23,382	191,018
Average number of common stock during the fiscal year (in thousands)	133,251	132,317	132,317

Note: As described in Note 2: Change in Accounting Policy, the Group has applied the Revenue Recognition Accounting Standard and follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. As a result, net assets per share decreased ¥4.12 (\$0.03) and net profit per share increased ¥0.30 (\$0.00) for the current fiscal year.

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: Distribution/transportation services and distribution center functions, logistics consulting, 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.

As described in Note 2: Change in Accounting Policy, the Group has applied the Revenue Recognition Accounting Standard and changes the accounting policy for revenue recognition as well as the basis of measurement for segment profit or loss. As a result, sales of “Marine products” and “Meat poultry products” decreased ¥5,208 million (\$42,546 thousand) and ¥2,121 million (\$17,333 thousand), respectively, and sales and segment profit of “Logistics” increased ¥57 million (\$472 thousand) for the current fiscal year compared to before applying the accounting standard.

(3)

Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2021 and 2022 were summarized as follows:

Year ended March 31, 2021 (Millions of yen)										
	Reportable segment									
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)	Total	Adjustment	Consolidated
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, 2022 (Millions of yen)										
	Reportable segment									
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)	Total	Adjustment	Consolidated
Sales:										
External sales	¥ 243,963	¥ 67,663	¥ 77,646	¥ 207,242	¥ 2,901	¥ 599,417	¥ 3,279	¥ 602,696	¥ —	¥ 602,696
Intercompany sales and transfers	273	78	2,650	17,304	1,413	21,720	900	22,620	(22,620)	—
Total	244,236	67,741	80,297	224,547	4,314	621,137	4,179	625,317	(22,620)	602,696
Segment profit	14,244	956	1,167	14,626	1,653	32,648	(329)	32,319	(909)	31,410
Segment assets	150,150	28,029	19,793	194,503	16,582	409,059	8,146	417,205	10,401	427,606
Other items:										
Depreciation	7,474	182	249	10,817	771	19,495	325	19,820	1,268	21,089
Amortization of goodwill	105	—	—	128	—	234	42	277	—	277
Investments in equity-method investees	2,358	—	—	3,358	—	5,717	—	5,717	1,775	7,492
Increase in property, plant and equipment and intangible assets	12,460	188	255	19,287	1,164	33,356	426	33,782	928	34,711
Outstanding balance of goodwill	910	—	—	5,464	—	6,375	325	6,700	—	6,700
Impairment loss on fixed assets	¥ 139	¥ —	¥ —	¥ 56	¥ —	¥ 196	¥ —	¥ 196	¥ —	¥ 196

Year ended March 31, 2022 (Thousands of U.S. dollars)										
	Reportable segment									
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)	Total	Adjustment	Consolidated
Sales:										
External sales	\$1,992,999	\$ 552,760	\$ 634,317	\$ 1,693,017	\$ 23,703	\$ 4,896,797	\$ 26,793	\$ 4,923,590	\$ —	\$ 4,923,590
Intercompany sales and transfers	2,234	640	21,654	141,368	11,546	177,443	7,353	184,796	(184,796)	—
Total	1,995,233	553,400	655,971	1,834,385	35,249	5,074,240	34,146	5,108,387	(184,796)	4,923,590
Segment profit	116,365	7,817	9,539	119,485	13,509	266,718	(2,688)	264,029	(7,431)	256,597
Segment assets	1,226,617	228,977	161,698	1,588,954	135,465	3,341,712	66,550	3,408,263	84,970	3,493,233
Other items:										
Depreciation	61,061	1,492	2,037	88,371	6,300	159,263	2,658	161,922	10,361	172,284
Amortization of goodwill	859	—	—	1,052	—	1,912	350	2,263	—	2,263
Investments in equity-method investees	19,267	—	—	27,438	—	46,705	—	46,705	14,500	61,205
Increase in property, plant and equipment and intangible assets	101,794	1,540	2,087	157,565	9,510	272,498	3,482	275,980	7,585	283,566
Outstanding balance of goodwill	7,440	—	—	44,643	—	52,083	2,656	54,740	—	54,740
Impairment loss on fixed assets	\$ 1,138	\$ —	\$ —	\$ 462	\$ —	\$ 1,601	\$ —	\$ 1,601	\$ —	\$ 1,601

(\*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.



Essential Stock Information

Table with 2 columns: Item, Value. Rows include Stock Exchange Listing, Total Number of Authorized Shares, Total Number of Outstanding Shares, Share Unit, Year-end Dividend Record Date, Interim Dividend Record Date, Number of Shareholders, Shareholder Register Administrator, Annual General Shareholders Meeting, and Auditors.

Ratings

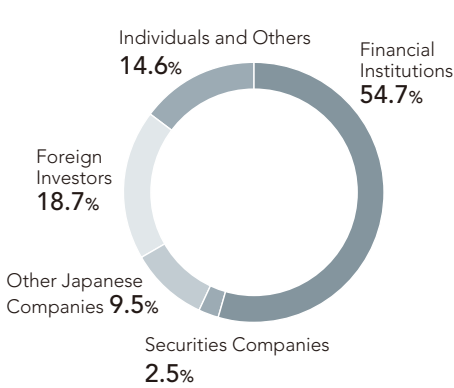
Table with 2 columns: Rating Institution, Rating. Rows include Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency, Ltd. (JCR).

Major Shareholders

Table with 3 columns: Shareholder Name, Number of Shares Held (Thousands), Shareholding Ratio (%). Rows list major shareholders like The Master Trust Bank of Japan, Ltd. and Nippon Life Insurance Company.

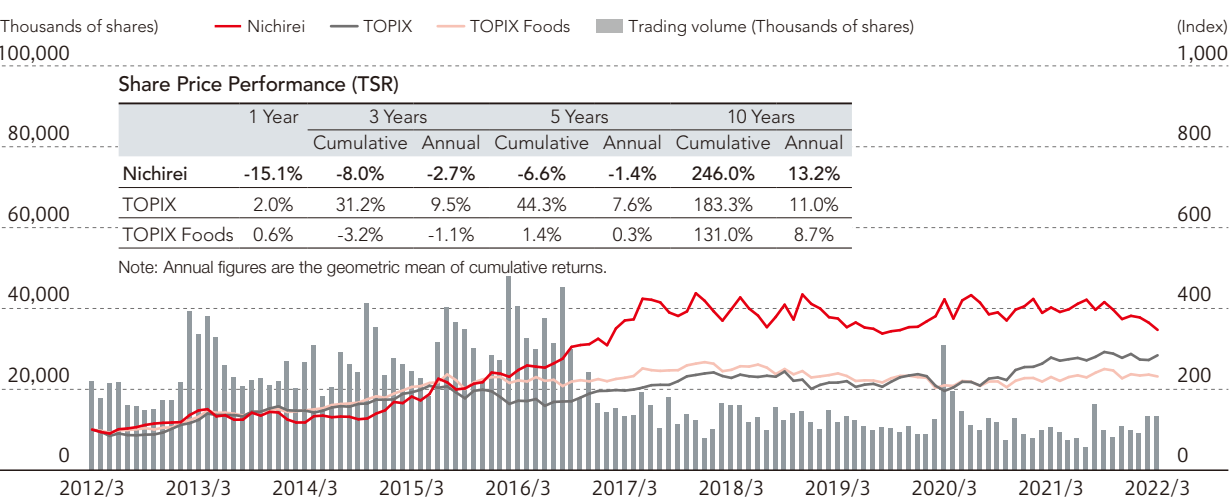
Note: Shareholding ratio calculated after subtracting repurchased stock (4,522 thousand treasury shares). Rounded off to the first decimal place.

Composition of Shareholders



Note: "Individuals and Others" includes "Treasury Stock (4,522 thousand).".

Total Shareholder Return (TSR)\*



Notes: 1. March 31, 2012 closing prices for Nichirei and TOPIX are indexed at 100. 2. TSR is based on a holding period to March 31, 2022. \* The sum of capital gains and dividends, representing the total yield on a shareholder's investment.

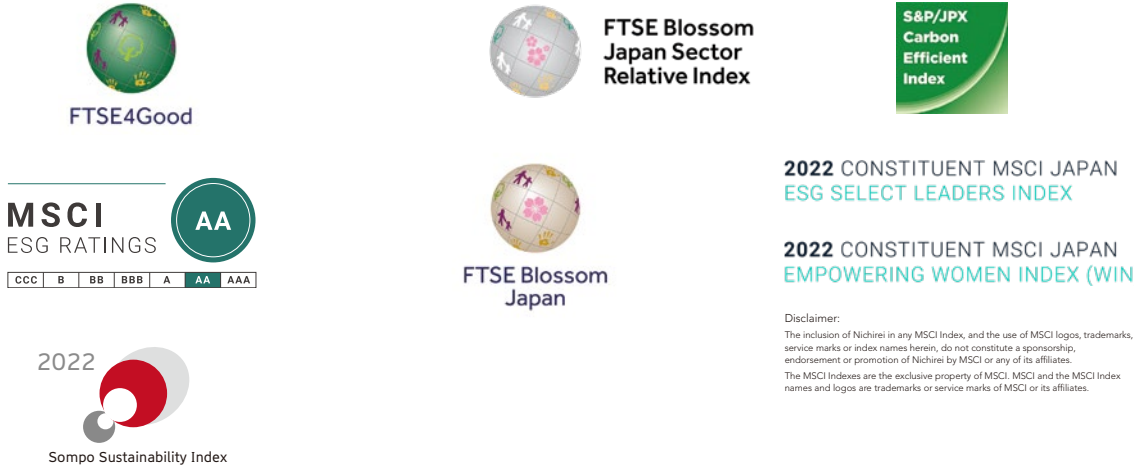
Corporate Data

Table with 2 columns: Item, Value. Rows include Company Name, Established, Paid-in Capital, Head Office, Telephone, Number of Employees (Consolidated), and Business Network.

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

External Review

Inclusion in Indexes



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 six consecutive years.



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



Period of certification: July 2021 to June 2024

Other

Also selected in FY2022 for the JPX-Nikkei 400, jointly developed by Japan Exchange Group, Inc. (JPX) and Nikkei Inc.



Selected from 2013 through 2022

