

Nichirei Group INTEGRATED 2023 REPORT





Sustainability Management Division, Nichirei Corporation

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



The Nichirei Website



Our Story / Contents / Editorial Policy / Overview of Nichirei Communication



Reporting Period

April 1, 2022 to March 31, 2023 (Some information from before and after this period is included.)

Guidance for

Collaborative

Value Creation

* International Integrated Reporting Framework Task Force on Climate-related Financial Disclosures (TCFD) METI Guidance for Collaborative Value Creation 2.0

Issue Date November 2023

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.

Company Information (Up to Now)

Sustainability Policy

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.

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.

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.

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.

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

Mission

Focus on Lifestyles, and Provide True Satisfaction

Vision

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

Guiding Principles

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

Safe, high-quality ന 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.

Climate change SO 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.

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.

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.

Message from the President

Kenya Okushi

Representative Director, President & Chief Executive Officer Nichirei Corporation

We are ramping up sustainability management with the aim of further growth for the Nichirei Group.

The First Year of Medium-term Business Plan **Compass Rose 2024 in Review**

Although the impact of the COVID-19 pandemic subsided in FY2023 (the year ended March 31, 2023), the business environment remained challenging due to rising geopolitical risks, volatile currency exchange rates, and an upsurge in raw material and energy prices, among other factors. Under these conditions, we undertook measures in the first year of our medium-term business plan Compass Rose 2024 (FY2023-FY2025) to increase Nichirei's social and economic value through business activities based on the Nichirei Group Sustainability Policy: The Nichirei Pledge.

Social demands for sustainability and changes in the market environment during the fiscal year made us keenly aware that profit growth depends on business activities that help resolve social issues such as sustainable raw material procurement and climate change.

Consolidated net sales of the Nichirei Group set a record high, increasing 10% from the previous fiscal year to ¥662.2 billion. We were also able to significantly grow the overseas operations of our core processed foods and temperature-controlled logistics businesses. Despite the impact of an unprecedentedly large increase in costs, operating profit increased and exceeded our initial plan because price adjustments in processed foods and

collection of electric and fuel surcharges in temperaturecontrolled logistics proceeded smoothly, and the bioscience business performed well.

We believe that customers' acceptance of our price adjustments indicates their recognition of the value of Nichirei's products and services. We will continue increasing the value we provide so that consumers can eat better.

With business conditions expected to remain severe in FY2024, the immediate challenge facing the processed foods business is to develop products and services in line with people's lifestyles and values, which have changed because of the COVID-19 pandemic. While continuing to deal with the higher costs that have become the norm, we will focus on expanding processed rice products in response to such market changes as growing needs for saving time in meal preparation and menu diversification. We are also working to create a market for personal use, single-serving products with new added value unique to Nichirei. We will work to develop them into a mainstay of profit growth by rolling out new commercial-use products that help to deal with labor shortages and are available in small lots, in addition to expanding the existing product lineup.

In the temperature-controlled logistics business, we have been steadily revising our business model since the previous medium-term business plan to address the so-called "2024 Problem" facing the logistics industry, which is a shortage of truck drivers that is expected upon the enforcement of a provision in Japan's Work Style Reform Act. Through a phased nationwide rollout of *SULS*, our next-generation transportation and delivery system, which is already in operation in Tokyo, Nagoya and Osaka, we will reduce both long-distance transport and dwell time at logistics facilities. We believe that the rapid construction of a high-quality, sustainable transportation system will help us resolve social issues and create new business opportunities.

In the marine, meat and poultry products business, we will continue to adjust prices in line with fluctuating costs. We will increase the number of sustainable MSC¹ and ASC² certified marine products that we handle to maintain a stable supply of marine resources, which are becoming depleted globally. We realize that we cannot remain in business if we cannot confirm the traceability of our products, and we are ascertaining our strengths in order to concentrate our resources on competitive products. To create new value in meat and poultry products, we are expanding our lineup of premium

ingredients such as the *Amani-no-Megumi* series, which uses distinctive feed and rearing methods, and proactively working to expand our model of an environmentally friendly regional agricultural and livestock cycle.

For the five material matters we identified in FY2021, we have set KPIs for FY2025, the final year of the medium-term business plan, toward the achievement of the Nichirei Group's goals (measures and KPIs) for FY2031. In particular, we have raised the priority for addressing issues related to the environment and procurement. For climate change initiatives, for example, we are making steady progress toward zero CO₂ emissions for generating the electricity we use by stepping up efforts such as installing solar power generation equipment and using an offsite PPA³ in the Hinode area of Funabashi City (Chiba Prefecture), where the Group's main business sites are concentrated. For the material matter of realizing sustainable food procurement and a circular economy, in April 2023 we established procurement guidelines for marine products and palm oil, which are key food resources that underpin the Group's business activities. Going forward, we aim to conduct sustainable food procurement and build a sustainable supply chain together with our suppliers and business partners.

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.

3. Power Purchase Agreement: A type of contract for direct purchase of electric power by a user from a producer of electricity generated from a specified renewable energy project.



Working to Realize Our Vision for 2030

Growth of Overseas Business and Development of Global Human Resources

In FY2023, the Nichirei Group's overseas sales increased 37% year on year to ¥133.3 billion, and the overseas sales ratio exceeded 20%. Growth drivers were processed foods in North America, where sales were strong in the rice products and chicken categories of Asian foods, and temperature-controlled logistics in Europe, where the scale of business grew due to the effects of investment and expansion of functions under the previous medium-term business plan. Overseas sales in the first year of the current medium-term business plan thus exceeded the plan's final-year target of ¥130 billion.

Under the medium-term business plan, we will aim for an overseas sales ratio of 30% by FY2031 through proactive allocation of management resources to overseas expansion. To do so, we will need to ramp up the development of global human resources in line with the speed of our business expansion. Each Group operating company takes the initiative in developing the human resources it needs for business management, employing a medium- to long-term perspective in developing leaders by dispatching selected junior employees and talented managers from Japan to conduct business operations overseas. In the belief that continuing growth requires that we systematically increase the number of locally hired managers along with developing global management personnel, we are moving forward with a human resources strategy that enables diverse talent to succeed.

At the same time, I am aware of the critical importance of how we conduct effective governance as a group. The holding company will be responsible for the development and Company-wide deployment of globally capable human resources with specialized skills in areas including legal affairs, finance and accounting, information and digital technologies, and sustainability. Forming a pool of systematically trained human resources as candidates for these positions will facilitate personnel allocation in line with our strategies and build a framework to support the overseas expansion of operating companies.

Instilling ROIC Management

Under the current medium-term business plan, we have adopted return on invested capital (ROIC) as a

Nichirei Group Management Cycle



management indicator aimed at raising capital efficiency. Due to upfront investments in large-scale facilities, we plan on a slight decline in ROIC for the Nichirei Group overall in FY2024, but we are targeting ROIC of 7% or higher in FY2025 and intend to raise it to 9% or higher by FY2031. An understanding of ROIC management is spreading throughout the organization, but I sense that we have not reached the stage where it is being broken down for application in the next action plan. We have set an ROIC target for each business, so we will set KPIs that break down the elements of each target to a level that facilitates internal management, then aim for improvement by implementing a plan-do-check-act (PDCA) cycle. In April 2023, we integrated the divisions that handle strategic planning and performance data monitoring into a single unit. In addition to instilling ROIC management more swiftly, this move will promote portfolio management that uses ROIC as one method for quantitatively evaluating a business while also taking non-financial aspects into account.

Creating New Businesses

We have set net sales of ¥1 trillion as one of our longterm management goals toward 2030. In addition to the growth of our overseas business and ROIC management, creating new businesses will be key to achieving this goal. Of course, our operating companies focus on new businesses, but development of new businesses that are slightly outside the realm of our existing businesses is conducted by the holding company. Good results are never immediate, so it is important to be flexible while maintaining a sense of urgency as we repeat a process of trial and error. We intend to make our innovation management system Management Strategy & Value Creation Story

Business Plan & Strateg

Sustainability & Human Resources

Stakeholders

Governance & Risk Management

(IMS) a fixture in this process. An IMS can help us achieve commercialization as it enables us to rapidly conduct a series of processes starting with verification on a small scale, and shift to the next project if we determine that that there is no target or need for the subject under review. The difficulty of seeing progress has been an issue. However, now that the organization promoting new value creation has been reorganized directly under me as president, we will allocate resources from a long-term perspective and move forward in creating new businesses that are worthy of the Nichirei brand.

We also continue to conduct a program for soliciting ideas for new value from Nichirei Group employees. This is the fourth year we have done so, receiving proposals from a broad range of age groups, from junior and midcareer to veteran employees. We aim to commercialize the ideas that are adopted as development themes after verifying that they will create value for society. Demonstration tests are now under way on new value-added ingredients, educational content on food, and other themes that will help resolve food-related social issues. The program is aimed at creating opportunities for employees to act on their ideas, taking on new challenges and transcending organizational, occupational and regional boundaries. Previously, employees participated in the program while working in their respective departments, but we have established an in-house side job system that allows participants to give their full attention to the program. Their achievements are also covered in their personnel evaluations, so that employees can be properly evaluated for their side jobs. Creating new value is a team effort, requiring contributions from all Group employees. I consider it essential to foster a corporate culture that encourages a spirit of challenge. We must increase not only the number of people who come up with ideas and lead the way, but also those who support them in various ways in taking on their challenges.

Creating Autonomous Human Resources and Organizations

Improving Digital Literacy

One important theme I am addressing as president is information technology (IT) and digital transformation (DX). I have been working on upgrading core systems and strengthening information security for some time, but improving and restructuring operations using digital technology will be critical for ongoing business growth. Raising awareness of and interest in IT and digital technology within Nichirei has therefore been an urgent task. Two years ago, I set up a dedicated division in our holding company and recruited human resources internally to establish a foundation for discussing and promoting DX that suits Nichirei's businesses. In FY2023, we also started training in digital technology for all employees in Japan. Approximately 1,200 employees took the course in the first year, and all employees are



scheduled to complete basic training by the end of FY2024. We believe that improved digital literacy for all employees will lead to more in-depth discussions in a common language for everyone from junior employees to management. Enabling a superior to understand a proposal from a junior employee will help avoid nipping a great idea in the bud and make it easier to put forward new proposals. A digital mindset and literacy will be indispensable requirements for managers going forward. We aim to use an integrated human resources system to manage data on employee DX training results and digital skills across the Group to develop our human resources and build our organizations.

I feel that digitalization has progressed rapidly at the worksites of the processed foods and temperaturecontrolled logistics businesses over the past few years. New technologies such as AI, autonomous driving and robots can improve work efficiency and reduce labor in processing factories and refrigerated warehouses, thus addressing the social issue of labor shortages. At the same time, I believe there is still room for improvement in back-office productivity at our Head Office. We will maintain a sense of urgency in digitalizing the entire Nichirei Group.

Skills in using digital technology are undoubtedly essential, but it is up to each person to decide how to use this technology. It is important to create autonomous organizations where employees can set objectives and goals that are meaningful to them personally, rather than having the Company set and dictate them. We want to develop leaders knowledgeable in digital technology, and provide a framework for leaders in each workplace to initiate change based on an understanding of the overall business.

Instilling a Mindset of Sustainability and the Success of Diverse Talent

I view sustainability in the same way. Each person must consider for themselves why it is important. We have set a policy for the Nichirei Group, but on its own that will only lead to a growing disconnection from worksites. We proactively provide rank-based education about sustainability throughout the Group, including e-learning for all employees and training for managers or above, in an effort to raise their basic level of understanding to the point where they can continue on a personal journey of learning through trial and error. Study sessions on sustainability for directors and Audit & Supervisory Board members are now open to online participation by staff in charge of promoting sustainability and other motivated employees. Many employees participate in each session, and a total of more than 1,000 have attended sessions. I sense that employee interest is rising. By continuing these initiatives, we expect to develop and spread a mindset of sustainability to all workplaces.

Diverse talent who display their individuality through their work will lead to the growth of the Nichirei Group.

Ramping Up Sustainability Management

Medium-term Business Plan Compass Rose 2024 has transformed our former management style, with a major shift toward sustainability management. Looking back over the plan's first year, I feel that this decision was right. We recognize that human resources are the source for creating social and economic value. Ramping up sustainability management requires reforms not just of our management ranks, but also of the awareness of our employees. I intend to continue creating an environment and mechanisms that enable employees to deepen their understanding, review their current work,

Internal open recruiting is one measure we use to help employees plan careers through which they can demonstrate their abilities and succeed. In FY2023, we established a human resource platform and open recruiting spanning all Group companies. This has made it easier for employees to transfer between operating companies and to different job types. More departments posted job openings, and applications from employees more than doubled. I value a corporate culture where employees can take on challenges of their choosing. Achieving such a corporate culture requires creating mechanisms to ensure that the Company does not overlook such challenge seekers. Through visualization, we can use an analysis of data on our human resources as the basis for creating training plans tailored to each individual.

Developing management talent is another important issue. Over the past four years, the Nominating Advisory Committee has been actively discussing our next slate of senior management personnel, implementing and verifying a variety of methods for selecting from a candidate pool. Moreover, looking ahead to our longterm management goals toward 2030, we have started setting clear requirements for the human resources who will be our next senior management. To cultivate and add candidates for our next generation of management, we will promote greater mobility of management personnel across our business portfolio, generate new Group synergies by increasing the diversity of our management ranks, and link these measures to the future growth of the Group.

become aware of how they can help to resolve social issues going forward, and then to do what they truly want to do. We have already begun to see results, so we will continue to roll out various initiatives in each business to improve corporate value.

The Nichirei Group values dialogue and engagement with all of its stakeholders in working to improve corporate value using its comprehensive capabilities as an enterprise that supports good eating habits and health. In doing so, we look forward to your ongoing support.

Working to Realize Our Vision for 2030

TOWARD 2030

To achieve our long-term management goals toward 2030, we have identified material matters for the Nichirei Group based on the significant changes, risks and opportunities in our business environment.

We aim to realize our vision for 2030 by addressing these material matters and by drafting and implementing a medium-term business plan for every three-year period.



Set Our Long-term Management Goals toward 2030

Identify material matters for the Group

FY2023 to FY2025

A Period of Transformation toward 2030

• Ramp up sustainability management • Pursue capital efficiency

FY2026 to FY2028

 Resolve social issues Expand overseas business Improve capital efficiency





Our Long-term Managem

Promoting innovation to contribute to good eatin



	Management Strategy & Value Creation Story
FY2031	Managemen Value Crei
Achieve Our Long-term Management Goals toward 2030 Contribute to good eating habits and health	Business Plan & Strategy
Improve social value Address material matters	Sustainability & Human Resources
Our Long-term Management Goals toward 2030 Net sales Overseas sales ratio Operating profit/Net sales ¥1 trillion 30% 8% moting innovation to contribute to good eating habits and health for all people by creating	Stakeholders
new value that helps to resolve the issues of customers and society ROIC 9% or higher Create high added value and maximize capital efficiency	Governance & Risk Management
	Data

Nichirei Group Material Matters

Material Matters

In 2020, the Nichirei Group identified five material matters and set a vision for each of them in order to achieve its long-term management goals for 2030. We are conducting sustainability management that achieves both the resolution of social issues and business growth by addressing these material matters.

Process for Identifying Material Matters

Identifying stakeholders	Since our business domain is food provision, we are aware of our tremendous social responsibility, being involved, as we are, with many stakeholders and impacting their lives and society at large. For this reason, we have identified stakeholders based on the size of their demand and the degree of impact we have on society.
Identifying social issues (risks and opportunities)	After identifying our stakeholders, we delineated social issues from future and global perspectives.
Evaluating social issue criticality	We then evaluated the importance of those social issues, based on the fact that proactive measures result in business growth, and reactive ones are focused on minimizing damage to corporate value.
Mapping material matters	We mapped material matters that would require proactive and reactive steps, and in November 2019 we held initial deliberations on the details of mapping during the Nichirei Group Strategy Committee meeting, at which we usually discuss overall management strategies.
Creating drafts	We created separate drafts for those issues that would require a proactive or reactive approach.
Dialogue with experts	In December 2019, outside experts evaluated the validity of the drafts under consideration and exchanged opinions with Company corporate officers, including the president.
Integration and narrowing down	Based on opinions received from experts, we integrated and narrowed down material matters as proactive or reactive.
Finalizing the draft	In February 2020, at the second Group Strategy Committee meeting, after repeated deliberation on both the evaluation of validity by experts and opinions on distinctive Nichirei features, an agreement was reached, resulting in a draft

containing five material matters.

Please refer to pages 15-20 of Nichirei Group Integrated Report 2020 for details on the process for identifying material matters. Nichirei Group Integrated Report 2020

https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/integrated/pdf/nichirei_IntegratedReport2020_all.pdf

	Nichirei Group I	Material Matters	Vision for 2030
1	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	Discover the potential of materials and cooling power to contribute to the future of the Earth and people's mental and physical health through food
2	Strengthening food processing and production technology	Further refine core competencies in food processing, production and logistics to resolve social	Ability to generate cash improved by concentrating management resources on core businesses
2	capabilities; enhancing logistics services	issues and improve profitability through competitive advantages in global markets	Overseas business has become a new pillar of earnings
		Resolve various social issues	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
3	Realizing sustainable food procurement and a circular economy	related to the supply chain, which is the foundation of our business, and contribute to sustainable food procurement and the realization of a circular	Promoting a circular economy by creating new business models
		economy	Improving resilience of water resources through an understanding of water-related risks
	Climate change initiatives	As a food and logistics company that is greatly affected by climate change, we will work with	Efforts under way to reduce CO2 emissions both inside and outside the Group toward the goal of becoming carbon neutral by 2050
4	Climate change initiatives	stakeholders to counter global warming and reduce energy consumption throughout the supply chain	Elimination of CFCs progressing at production and logistics facilities as a global warming countermeasure
5	Securing and developing a diverse array of human resources	Secure and develop 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

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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 (the year ended March 31, 2023), 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 plando-check-act (PDCA) cycle.

Notes:

1. The vision for 2030, Group measures and Group targets and KPIs for FY2031 for material matter 1, "Creating new value in food and health," were revised by the Board of

Directors of Nichirei Corporation on July 18, 2023. 2. For material matter 3, "Realizing sustainable food procurement and a circular economy," in April 2023 the Nichirei Group established procurement guidelines for marine products and palm oil, which are important food resources underpinning its business activities, and added related Group targets and KPIs.

	Nichirei Group Material Matters	Group Measures	Group Targets (KPls)	FY2023 Results	FY2024 Plan	FY2025 Targets	FY2031 Targets
1	Creating new value	 Allocate resources to R&D to investigate health, the global environment and diversifying customer value, as well as to marketing Develop products and services and convey information to address people's mental and physical health and the 	Sales of products and services that create added value for people's mental and physical health and the global environment	¥46.4 billion	_	¥60.0 billion	¥140.0 billion
	in food and health ¹	global environmentEstablish mechanisms to create and cultivate value in new fields and conduct innovation activities	People provided with information for good eating habits and health (total number of people per year)	103 million			200 million
		 Promote capacity expansion, work process innovation, reduction of any incomental impact and douglapment. 	EBITDA margin	8%	9%	10%	12%
2	Strengthening food processing and production technology	reduction of environmental impact, and development of business foundations through proactive capital expenditures in the processed foods and temperature- controlled logistics businesses	EBITDA CAGR Note: Figures for FY2023, FY2024, and FY2025 are year-on-year growth rates; FY2031 figure is CAGR for FY2026-FY2031.	5%	7%	7%	7% or higher
	capabilities; enhancing logistics services	 Accelerate overseas expansion by securing and training globally capable human resources, cultivating partner companies, conducting M&As and other means 	Overseas sales ratio	20%	21%	20%	30%
		 Establish a supply chain with consideration for 	Rate of procurement from suppliers and OEMs that comply with the Nichirei Group Supplier Code of Conduct and Supplier Guidelines	Support rate 89% (main domestic suppliers and OEMs)	Support rate 100% (main domestic suppliers and OEMs)	Support rate 100% (main domestic and overseas suppliers and OEMs)	Procurement rate 100%
		human rights and the environment and conduct due diligence	Rate of implementation of ESG due diligence for main raw materials and main suppliers	Domestic meat and poultry 25% (main suppliers and OEMs)	Domestic meat and poultry 50% (main suppliers and OEMs)	Domestic meat, poultry, and marine products 100% (main suppliers and OEMs)	100%
		• Work to conduct sustainable resource procurement and help to realize a circular economy	Rate of attendance for the SDGs educational program aimed at realizing a circular economy	_	Start educational program	100% (managers or above)	100% (all employees)
	Realizing sustainable food procurement and a circular economy		Rate of waste recycling at all sites	99%	99%	99%	99%
3			Procurement ratio of sustainable marine products complying with the Nichirei Group Sustainable Marine Product Procurement Guidelines in marine products business ²	91%	95%	100%	100%
			Ratio of marine products in the above from fisheries with MSC, ASC or other global certification ²	19%	19%	32%	50%
			Ratio of sustainable palm oil (RSPO certified oil) ²	100% (book and claim)	100% (book and claim)	100% (book and claim)	100% (certified oil)
		 Identify water-related risks through risk assessments at all sites and conserve water 	Conduct water-related risk assessments at all sites	_	Conduct a survey using a simple questionnaire format	Conduct in FY2024	Conduct regular water-related risk assessments at all site as well as in conservati activities and the BCI
	Climate change	 Reduce CO₂ emissions per unit of production and utilize renewable energy at food factories and logistics centers, and disclose information based on the TCFD recommendations 	Reduction in CO ₂ emissions (Compared with FY2016; Scope 1 and 2 in Japan)	-25%	-27%	-30%	-50%
4	initiatives	 Replace all refrigerants used in freezing and refrigerating equipment in Japan with natural refrigerants 	Rate of conversion to natural refrigerants Production equipment (Japan)	56%	69%	80%	100%
		 Switch to natural refrigerants overseas as necessary, based on on-site confirmation 	Rate of conversion to natural refrigerants Logistics (Global)	58%	60%	62%	75%
		 Introduce a Company-wide engagement survey* to monitor the effectiveness of measures Establish a personnel system that enables Group employees to choose work styles according to their career outlook and 	Ratio of women directors and women Audit & Supervisory Board members* * Nichirei Corporation (Holding Company)	13%	13%	20% or higher	30% or higher
	Securing and developing a diverse array of human resources	 contributes to productivity improvement Establish and provide support for application of rules * Engagement survey: A survey that shows degree of understanding of and resonance with the Management Philosophy and independent involvement in the organization (job satisfaction) 	Ratio of women employees in management positions* * Nichirei Corporation (Holding Company)	15%	18%	20%	30%
		 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 	Investment in human resources (Compared with the average annual investment in human resources in FY2019–FY2021)	1.2 times	1.5 times	1.7 times	2.0 times

siness activities,	and added related Group targets and KPIs.		² dy
2031 rgets	Main Operating Companies Involved	Applicable SDGs	ent Strateg
.0 billion	 Nichirei Foods Pages 38-41 Nichirei Fresh Pages 46-49 Nichirei (Holding Company) 	3 meaning www.sec.	Management Strategy Value Creation Story
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times	Pages 54-55, 74-80	8 Income was 8 Income was 8.5	

8

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.

1960s to 1970s

1980s to 1990s

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



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



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

- 1942 Established Teikoku Marine Products Control Company
- 1945 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



The spread of electric refrigerators

changes eating habits. Expanding into the broiler and processed marine



n Ralt brand 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



Initial Shin-Renji-Seikatsu

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 temperaturecontrolled 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) 1994 Launched Shin-Renji-Seikatsu, a pioneering series of
- microwavable frozen foods
- 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



Global Ir vation Cente

2010s

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

- starting in Thailand new initiatives in each business.
 - 2017 CSR Basic Policy revised as The Nichirei Pledge
 - 2018 Opened the MIRAIterrace company dav-care center
 - 2019 Established the Global Innovation Center as a bioscience business base for research, development and production Established the Nichirei Group Humar **Rights Policy**
- 2006 Started the Inochi-no-Mori-Project in Indonesia (sustainable shrimp procurement using extensive aquaculture and mangrove tree planting)
- 2007 Started Junwakei chicken business

development

2008 Established GFPT Nichirei (Thailand) Company Limited, a Thai production subsidiary, for stable supply of processed poultry products

Net Sales

Note: Consolidated net sales from FY2005

1951



Junwakei chickens Company Limited We fundamentally revised the structure of

2001 Launched household-use frozen product

Honkaku-Itame-Chahan (fried rice)

2004 Started a logistics business in China (Shanghai)

Development Co., Ltd. in China for food

analysis, inspection, and research and

Established Jinzhu (Yantai) Food Research and

2005 Converted to a holding company structure





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



2012 Started sales of Asian food in the United States 2013 Launched Southeast Asian logistics business,

2014 Established Nichirei Foods Funabashi No. 2 Plant

2020 onward

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



Nagoya Minato DO



We are forging 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 <i>Junwakei</i> 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 <i>Immunofine SARS-CoV-2</i> antigen test kit for the SARS coronavirus
2022	Established Sustainability Policy: The Nichirei Pledge Launched <i>Inochi-no-Umi-Project</i> to regenerate Zostera (eelgrass) beds

2023 Established a new eco-friendly factory for processed rice at Kvurei Inc.



17

Nichirei Group Integrated Report 2023

A History of Creating Value: Marine, Meat and Poultry Products Business

Amid food shortages during the Second World War, the Nichirei Group made its start in 1942 with marine products procurement and sales, ice-making, and frozen storage businesses. Our mission: nationwide delivery of marine products—a familiar and valuable source of animal protein—from nearby waters through wider distribution and without loss of quality. Then, seeing an opportunity in the Westernization of Japan's dietary

habits in the 1960s, we started the meat and poultry business. We will continue the evolution of our procurement, optimal processing and sales of marine, meat and poultry products both in Japan and overseas to meet the needs of a changing society, and work to offer sustainable foods that are friendly to the global environment and society.

	1942	1950	1960	1970	1980	1990	2000	2010	2020
Changing socia related to the m products busine	narine	Procurement of marine mainly from fishing (c the Company's own o fishing fleet)	aught by	Stricter regulations in eau of fish caught by foreign their exclusive economic Fishing industry declines 200-nautical-mile EEZs a	zone (EEZ)	Increasing consumption of fish worldwide, but declining demand in Japan	Numerous shop openings by major <i>kaiten-zushi</i> (conveyor-belt sushi) chains	Depletion of wild marine resources Acute Hepatopancreatic Necrosis Disease (AHPND), formerly called early mortality syndrome (EMS), a disease that kills farmed shrimp in Thailand	 Stricter regulations on marine resources in exporting countries Growing demand for a global sustainable seafood certification system
	Start of marine products business	 Procurement from in- fishing operations Procurement of variou wild-caught marine pr from around the work 	us roducts	Expansion of global proc Establishment of represe locations to procure high Start of processed marin- in Japan	entative offices in key n-quality products	 Ramping up of processed marine products handling Withdrawal from fishing business 	 Start of overseas sales (China/North America) Strengthening of product development for restaurants, home meal replacement (HMR) and <i>kaiten-zushi</i> shops 	Start of sales to overseas customers (ASEAN) Establishment of an in-house marine products processing company in Vietnam	 Strengthening of overseas sales of processed marine products Increase in handling sustainable marine products from fisheries with global certification
Marine Products Business	1942 Established Tei Products Contr	koku Marine Sta ol Company suj fro 19 Rai Afr Ce	Ados arted procurement of <i>iko</i> , roe, and salmon m Alaska Add Need No. 1 in share of rican octopus and ntral and South nerican shrimp handled	 1970s Started procurement of P 1972 Established Maruichi Kak to produce and sell proc marine products at nine locations nationwide 1978 Established Amazonas In Brazil; started frozen pro wild-caught shrimp Stablished Strategies 	o Inc. essed dustrias Alimenticias S.A.	ed coast	 2006 Announced the Marine Products Business Revitalization Plan and restructured the marine species handled and sales. Jases in Japan Withdrew from purchasing in Saint Martin (tuna for canning) Started the <i>Inochi-no-Mori-Project</i> in Indonesia (mangrove tree planting funded by a portion of sales from procured shrimp raised through extensive aquaculture) 	le Farm	afood Co., company, for whiteleg
	194	5			1985		2005 2005:	of premium ingredients shared thro	
	Reorganiz Nippon Rei		•	•	Renamed Nichirei Corporatio	on •	the marin	e, meat and poultry products busin t and development of products with an em eliciousness, safety, security, health, and ec "eco-friendliness" changed to "sustainabili	ness
Meat and Poultry Products Business		1956 Established the Agriculture and Livestock Section and started importing beef from Australia	1960 Opened the Kamagaya Laboratory in Chiba Pre started poultry breeding production and pig breeding businesses	fecture; g and 1977 Started importing Thailand and Chin 1979 • Established the P Products Section Department and	n Japan at the time frozen chicken from a rocessed Livestock in the Livestock started production and	 1991 Started full-scale production and sale of processed chicken and meat products in Thailand 1993 Started meat prepackaging business (processing center business) to serve major mass retailers in Funabashi, Kawagoe, and Yokohama 	 2000 Started sale of antibiotic-free and synthetic antibacterial-free chicken 2005 Held first seminar on premium ingredients 2007 Started trial breeding of pigs for <i>Amani-no-Megum</i> pork, with a focus on fatty acid balance Nichirei Fresh Farm Inc. established Hirono Farm in lwate Prefecture and started <i>Junwakei</i> (native 	first poultry to acquire S Agricultural certification for chicken 2012 Established Fresh (Chicken Karumai Inc. in nd started slaughtering
				sale of processed • Established a fee	chicken products d company		Japanese breed) chicken business 2009 Started a project for a regional agricultural and livestock cycle through <i>Junwakei</i> chicken		
		Start of meat and poultry products business	Development of integrated upstream to downstream business in Japan for meat and poultry (pork and chicken)	 Start of processed meat and poultry products business Increased chicken importing Withdrawal from integrated business 	processing optimized for restaurants and other co	and sale of meat and poultry products with rease of use by convenience stores, mmercial customers • Start of processing center business (Meat prepackaging business to serve major mass retailers)	 Development and sale of original meat and point on the concept of premium ingredients Initiatives for sustainable meat and poultry prosuppliers and business partners Operation of a Company poultry business and 	duction and resource cycles in collabora	
Social changes to the meat and products busing	d poultry	Rising demand fo animal protein	Westernization of eating habits • Tokyo Olympics	 Annual supply of pork/chicken exceeds 1 million tons 	exceeds 1 million tons	 Beef import liberalization Start of imported pork safeguards Outbreaks of BSE and avian flu 	 Revised Act on the Measures by Large-Scale Ret Stores for Preservation of Living Environment Store openings by numerous major mass retailer Beef mislabeling scandal 	impact and safety issues posed by m s and poultry products	neat impact of climate change and price hikes
		1956	1960	1970	1980	1990	2000	2010	2020







Providing stainable, eco-friendly marine products

e aim to provide new alue with sustainable resources, the environment, and society in mind.

Developing new markets by providing meat products with health value

Management Strategy & Value Creation Story

Business Plan & Strategy

Sustainability & uman Resources

Stakeholders

Governance & Risk Management

Data

19

Our Accumulated Assets and Three Advantages

Nichirei has a history of diligently working to seek out new solutions to whatever difficulties it faces, with a commitment to continuing its stable supply of safe and reliable food for all. Throughout our history of taking on challenges, we have accumulated a portfolio of not only products and services in which we take pride, but also intangible assets such as our heritage, technologies, know-how, and networks that span entire value chains, which give us the advantages we have today.

These assets are the foundation of our current advantages and strong points: capabilities as a food pioneer, capabilities in food processing, production technology and temperature-controlled logistics services, and comprehensive Group capabilities. They will also lead us to new challenges and further growth as an enterprise that helps to resolve social issues.

	l l l l l l l l l l l l l l l l l l l	Advantages	Accumulated Assets	Main Resu
Our Heritage	Continuing to create new value for the times with our capabilities as a food pioneer	Since our founding, we have continued to take on challenges to create unprecedented meal options and new food cultures, and to provide society with products and services with new value.	• A history and heritage of continuing to take on challenges to help resolve social issues	 A history of handling sources of anima Numerous products that were the first · Frozen prepared food product <i>Chawan</i> · Commercialization of acerola · <i>Junwakei</i> chicken with Specific JAS C * Specific Japanese Agricultural Standards (JAS) certific chicken meat Development of long-distance frozed · Expansion into the biotechnology · Microwaveable croquettes Cross-docking centers (XD busined)
Our Uniqueness	Refined and advanced capabilities in food processing, production technology and temperature-controlled logistics services	By pioneering our unique ingredients procurement network, honing our technological capabilities for food processing and production, and upgrading our logistics services, we have provided convenience that meets the needs of a wide variety of customers and business types.	 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 	 Processing and production techno Original development of refrigeration Quality assurance capabilities that end Proposal and response capabilities Comprehensive logistics services Proprietary material development Providing products that have been Long-standing relationships of trust Ability to develop, produce and evaluation
Our Fields	Comprehensive Group capabilities based on our own cold chain network	We have continued to provide 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.	• Comprehensive Group capabilities in food procurement, processing, distribution, and sales functions in its cold chain network	 No. 1 in sales of frozen foods in Jap In-house manufacturing facilities: 21 in Japan, 7 overseas No. 1 in Japan in refrigerated facilit No. 5 globally in refrigerated facilit About 8,000 vehicles in operation Nationwide transportation and del Procurement capabilities from about

rowth as an enterprise that helps to resolve results Capital esults Capital nimal protein since our founding entist of their kind in Japan wan/Mash/asynoy egg custard Image: Capital Image: Capital Name/Mash/asynoy egg custard Image: Capital Image: Capital Image: Capital Image: Capital Intellectual Capital Image: Capit	d logistics services, and compre rowth as an enterprise that helps		lanagement Strategy & Value Creation Story
e first of their kind in Japan wan-Mushi (savory egg custard) AS Certification* teartification for sustainability for eggs and frozen cargo vehicle Hayabusa logy field Image: Capital Fumman Capital Image: Capital Fumman Capital hnology rration facilities and equipment at enhance safety and reliability ities ent capabilities been optimally processed trust with suppliers d evaluate the quality of Image: Capital Fumman Capital Image: Capital Fumman Capital Image: Capital Fumman Capital h Japan es: acility capacity acility capacity acility capacity ion worldwide every day I delivery network about 30 countries Image: Capital Image: Capital Fumman Capital	esults	Capital	Managemer Value Cre
hnology pration facilities and equipment at enhance safety and reliability lities ees ent capabilities been optimally processed trust with suppliers d evaluate the quality of	e first of their kind in Japan <i>awan-Mushi</i> (savory egg custard) AS Certification* certification for sustainability for eggs and frozen cargo vehicle Hayabusa		Business Plan & Strategy
hnology eration facilities and equipment at enhance safety and reliability lities res ent capabilities been optimally processed trust with suppliers d evaluate the quality of n Japan es: acility capacity acility capacity acility capacity ion worldwide every day I delivery network about 30 countries	siness)		iinability & n Resources
at enhance safety and reliability lities sees ent capabilities been optimally processed trust with suppliers d evaluate the quality of n Japan es: acility capacity acility capacity icin worldwide every day I delivery network about 30 countries acility capacity cin worldwide every day I delivery network about 30 countries		Intellectual Capital	Susta Humai
n Japan es: facility capacity acility capacity tion worldwide every day I delivery network about 30 countries	at enhance safety and reliability lities es ent capabilities been optimally processed trust with suppliers	Human Capital Social and Relationship Capital	Stakeholders
acility capacity acility capacity tion worldwide every day I delivery network about 30 countries Additional and Relationship Capital		Natural Capital	e & nent
acility capacity tion worldwide every day I delivery network about 30 countries Social and Relationship Capital	es:		Governance Risk Manager
	acility capacity tion worldwide every day I delivery network about 30 countries	Social and	Data

Value Creation Process





Nichirei's Business Model and Advantages

The Nichirei Group meets the needs of diverse customers through its operations in a broad range of areas from food procurement to processing, distribution, and sales. We leverage the functions of our wide-ranging business operations and our three advantages as a Group to contribute to good eating habits and health. Through collaboration with stakeholders, we will continue to create social and economic value and further increase our corporate value.

Comprehensive Group capabilities Details • Pages 20-21

Contribute

to good

eating

habits and health

based on our own cold chain network

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



production Storage and distribution

	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	
--	--	--	---	--	--

Our Heritage

Continuing to create new value for the times with our capabilities as a food pioneer Details Pages 20-21

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

Synergy among our three advantages generates The ability to help resolve social issues

Capabilities in food processing, production technology and temperature-controlled logistics services

The Nichirei Group leverages the advantages and functions arising from pushing the frontiers of food, its comprehensive Group capabilities and its capabilities in food processing, production technology and temperature-controlled logistics services. As we adapt to changes in society, the environment, and the economy, we aim to develop new domains and achieve sustainable growth.

Nature's

bounty

Business Plan & Strategy

Sustainability & Human Resources

Stakeholders

Governance & Risk Management

Data

Capabilities as a food pioneer

Comprehensive Group capabilities

Details ► Pages 90–97

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.





1. "FY2023" refers to the year ended March 31, 2023 2. Amounts are rounded to the nearest hundred million yen, and percentages are rounded to the first decimal place



Nichirei Foods Inc.

By closely 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; stable supply; 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.



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 sustainability. We also consider resources and the environment as we work to create better value for consumers.

Nichirei Corporation (Holding Company)

Real Estate

26



Nichirei Logistics Group Inc.

We are the largest temperature-controlled logistics group in Japan. 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.



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.

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 preserve the quality of food over the long term while ensuring that when thawed and warmed, the product maintains its original delicious flavor and texture. 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 (FY2023)

Ranking	Company	Net Sales (Billions of yen)
1	Nichirei	288.6
2	Company A	267.2
3	Company B	218.6
4	Company C	178.0
5	Company D	102.0

Source: From an August 22, 2023 article in *Reishoku Nippo*, which is published by Shokuhin Sangyo Shimbunsha Co., Ltd.



Long-selling Household-use Frozen Foods





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



Imagawa-Yaki Azuki-An

(Japanese waffles)





Honkaku-Itame-Chahan (fried rice)

Temperature-controlled Logistics

Refrigerated Warehouse Capacity

No.1 Share in Japan

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.	1,554	8.9%
2	YOKOREI Co., Ltd.	947	5.4%
3	Maruha-Nichiro Logistics, Inc.	660	3.8%
4	Toyo Suisan Kaisha, Ltd.	552	3.2%
5	Chilled & Frozen Logistics Holdings Co. Ltd.	442	2.5%

Source: Prepared based on *Refrigerated Warehouse Statistics*, November 2022 materials from the Japan Association of Refrigerated Warehouses Note: Figures include warehouse capacity for each company's group companies



Number of Countries for **Food Procurement**

Approximately



No.5 Global Share

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	32,256	USA
2	Americold Logistics	16,725	USA
3	United States Cold Storage, Inc.	4,795	USA
4	NewCold Cooperatief U.A.	2,437	USA
5	Nichirei Logistics Group Inc.	2,256	Japan
6	Emergent Cold LatAm	1,667	Brazil
7	Interstate Warehousing, Inc.	1,317	USA
8	Frialsa Frigorificos S.A. De C.V.	1,230	Mexico
9	Constellation Cold Logistics	1,170	Belgium
10	Superfrio Logistica Frigorificada	922	Brazil

Source: Prepared based on the Global Top 25 List, March 2023 materials from the nternational Association of Refrigerated Warehouses

Domestic and Overseas Vehicles in Operation

Approximately

(per day)

Marine, Meat and Poultry Products



Financial Strategy

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

Kenji Suzuki

Director, Senior Executive Officer, Chief Financial Officer; in charge of Accounting & Tax, Public Relations & Investor Relations, Corporate Internal Audit, Quality Assurance, Real Estate, General Manager of Finance

The First Year of Medium-term Business Plan Compass Rose 2024 in Review

Net sales for FY2023, the fiscal year ended March 31, 2023, were ¥662.2 billion, an increase of approximately 10% compared with the previous fiscal year, driven by the mainstay processed foods and temperature-controlled logistics businesses. Overseas sales grew substantially, increasing approximately 37% to ¥133.3 billion, partly because the impact of M&As and capital investment in the temperature-controlled logistics business in Europe under the previous medium-term business plan began to show. Operating profit increased year on year and exceeded our initial plan, but the ratio of operating profit to net sales decreased slightly due to the impact of higher costs. Profit

attributable to owners of parent decreased due to a year-onyear decrease in gain on sale of investment securities.

As for the Nichirei Group's financial position, total assets were ¥457.3 billion, net assets were ¥233.5 billion, the equity ratio was 49.0%, and the debt-to-equity (D/E) ratio was 0.5 times, all of which were within expectations. On the other hand, capital expenditures fell short of the plan. At the start of FY2023, we planned to invest ¥43.6 billion during the fiscal year, but investment ultimately totaled ¥30.4 billion. In the temperature-controlled logistics business in particular, investment was ¥13.5 billion, compared with a planned ¥24.1 billion. This was mainly



Note: Exchange rate figures are the average for the January–December period of each year

due to a delay in acquiring commercial land for a largescale warehouse. In addition, planned strategic investment in environmental measures, IT/DX, brand building and other items are slightly behind schedule, and will be issues requiring attention. During FY2024, we will continue making investments for growth in our mainstay businesses and in environmental measures, among other purposes. We expect capital expenditures

ROIC Management

Aiming to improve capital efficiency, we are conducting business portfolio management using return on invested capital (ROIC) as a key financial indicator. Weighted average cost of capital (WACC) has been set at 4% for the Nichirei Group. Due to large-scale upfront investments, ROIC for FY2023 was 6.9%, and our plan for FY2024 is 6.7%, but the target for the final year of Medium-term Business Plan Compass Rose is 7% or higher.

In addition, we have set cost of capital and ROIC targets for each business, and by setting KPIs that break down ROIC and conducting measures to improve ROIC in each business we will widen the spread and raise the capital efficiency of the entire Group. At monthly results meetings for each operating company and quarterly Group Monitoring Committee meetings, comments on operating funds and capital expenditures are increasing,

Business Portfolio Management Using ROIC

Group	Total		FY2023 Res	ults FY2024 Plan	FY2025 Targets
RO		9.9%	10% c	or higher	
ROI	С		6.9%	6.7%	
NOPAT ¹			¥23.4 billi	on ¥24.1 billion	7% or higher
Capital employed			¥339.1 bill	on ¥358.1 billion	Consistently above
NOPAT ratio			3.5%	3.6%	4.0% of WACC
Capital employ	yed turnover		2.0 time	s 1.9 times	
	c	imple ROIC	2		
	FY2023 Results	FY2024 Plan	FY2025 Targets	Measures to Enhan	ce ROIC
Processed Foods	8.5%	9.3%	12% or higher	• Improve profitability (Adjust prices, strengthen sales in strategic cate value-added products)	egories and for new
Logistics	7.7%	7.3%	7% or higher	Conduct systematic capital investment and rea Expand asset-light businesses, including third- and delivery	
Marine Products	3.5%	5.7%	6% or higher	• Reduce volume handled in low-profitability cat • Strengthen overseas sales	regories
Meat and Poultry Products	13.8%	23.0%	25% or higher	Improve profitability by strengthening processing Expand sales of differentiated products	g and product development functions
Biosciences	8.9%	5.1%	5% or higher	• Concentrate resources in growing field of mole • Achieve stable growth for immunochromatogr	ecular diagnostic agents aphic diagnostic agents

Group	Total		FY2023 Resu	lts FY2024 Plan	FY2025 Targets	
ROE			9.9%	10%	or higher	
ROIC			6.9%	6.7%		
NOP	NOPAT ¹		¥23.4 billio	n ¥24.1 billion	7% or higher	
Capital er	mployed		¥339.1 billi	on ¥358.1 billion	Consistently above	
NOPAT ratio			3.5%	3.6%	4.0% of WACC	
Capital emplo	yed turnover		2.0 times	1.9 times		
	FY2023 Results	Simple ROIC FY2024 Plan	² FY2025 Targets	Measures to Enhar	nce ROIC	
Processed Foods	8.5%	9.3%	12% or higher	 Improve profitability (Adjust prices, strengthen sales in strategic cat value-added products) 	egories and for new	
Logistics	7.7%	7.3%	7% or higher	• Conduct systematic capital investment and re • Expand asset-light businesses, including third- and delivery		
Marine Products	3.5%	5.7%	6% or higher	• Reduce volume handled in low-profitability ca • Strengthen overseas sales	tegories	
Meat and Poultry Products	13.8%	23.0%	25% or higher	 Improve profitability by strengthening processing and product development functions Expand sales of differentiated products 		
	8.9%	5.1%	5% or higher	 Concentrate resources in growing field of molecular diagnostic agents Achieve stable growth for immunochromatographic diagnostic agents 		

to total ¥47.0 billion, including expenditures for a new plant for frozen rice products in the processed foods business, a new base in Rokko, Kobe for the temperature-controlled logistics business, and the installation of solar panels. We will monitor progress to ensure that investments are executed as planned.

and I sense a growing awareness not only of improving profit margins but also of reducing capital employed. Regarding ROIC improvement in each business, the processed foods business has a relatively high asset turnover, so raising profit margins is an issue. Because the temperature-controlled logistics business requires substantial capital expenditures, we will aim to improve ROIC by conducting capital expenditures systematically to obtain effects from investment, and by expanding asset-light businesses such as third-party logistics and transportation and delivery. In the marine products business, we are planning for a decline in sales during Compass Rose as we cut back on products with low profitability and revise the product mix for a more stable earnings structure while increasing the efficiency of inventory assets to transform marine products into a more streamlined, robust business.

Financial and Investment Strategies

We use the D/E ratio as a KPI from the perspective of balancing financial soundness and capital efficiency. Our benchmark level is a D/E ratio of around 0.5 times, which will enable us to maintain our credit ratings and ensure the capacity to make large-scale investments and secure loans.

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 so we can respond to sudden changes in the

Financial Strategy

financial environment.

During the three years of Compass Rose, we expect to generate ¥142.0 billion in operating cash flow and to make ¥120.0 billion in capital expenditures. Although investment fell behind schedule in the first year of the plan, we will resolutely allocate resources to growth investments, overseas expansion, new businesses, environmental measures, DX promotion and other purposes initially earmarked to achieve sustainable growth and improve our corporate value over the medium to long term.



Consolidated Cash Flows

							(Billions of yen)
	FY 2017	2018	2019	2020	2021	2022	2023
Cash flows from operating activities	40.8	29.9	31.3	39.4	45.5	34.7	37.9
Cash flows from investing activities	(11.4)	(20.3)	(17.9)	(24.3)	(32.2)	(26.0)	(26.8)
Cash flows from investing activities ÷ Cash flows from operating activities	28%	68%	57%	62%	71%	75%	71%

Policy on Shareholder Returns

Our basic policy on shareholder returns is to maintain stable dividends and to flexibly conduct stock buybacks. For dividends, our criterion since FY2007 has been to use a dividend-on-equity (DOE) ratio to return a certain percentage of the balance of shareholders' equity. Shareholders receive stable cash income, and dividends continue to increase steadily in line with equity increases.

In FY2024, we raised the target DOE ratio from 3.0% to 4.0%. There are two reasons for this: to further improve capital efficiency and to demonstrate our commitment to maintaining the profit level. Moreover, we aim to make Nichirei more attractive to individual

shareholders, as they account for a smaller proportion of Nichirei's shareholders than they do at other companies in the food products sector.

We will continue to consider stock buybacks after comprehensively taking into account our capital structure, funding needs, stock price and other factors. Shareholder returns are an important aspect of

management policy. While allocating cash flows generated from our mainstay businesses to growth investments, we will steadily and continuously increase shareholder returns.

Shareholder Returns





Stock Buybacks and Retirement

Stock Buybe								
	FY 2011	2012	2013	2016	2017	2018	2022	2023
Acquired	2,351	5,149	4,426	567	4,718	4,328	3,810	1,826
Retired	-	-	7,500	-	-	8,000	6,034	-

Note: Figures adjusted to reflect consolidation of shares on October 1, 2016

Strengthening the Management Base and Disclosure

Strengthening the Group's management base and maintaining dialogue with stakeholders are two of our key roles as the holding company. We make it clear within the Company that remaining aware of and fulfilling these roles in daily work will lead to improvement in corporate value.

I feel that dialogue with investors and analysts in the capital market and enhancing disclosure will grow in importance. Earning trust from the market through dialogue with stakeholders reduces volatility, leading to lower cost of capital.

ESG investment has been on the rise in recent years, and by properly disclosing the Nichirei Group's targets and performance in addressing climate change and explaining the details of its initiatives to investors, we will be positively evaluated by ESG investors and selected for ESG indexes. The same is true of our sustainable supply chains. Formulating and implementing a human rights policy enables business partners to evaluate us based on global standards, thus helping to stabilize

sales and costs. Building intangible assets works the same way: We strengthen our foundation for sustainable growth by investing in human capital and intellectual property while remaining mindful of their connections to management strategies and management issues.

The Nichirei Group has set an overseas sales ratio of 30% and ROIC of 9% or higher in its long-term management goals toward 2030. Investors are very interested in medium- to long-term returns, so clear disclosure of specific measures and KPIs is crucial. For example, along with disclosing profitability and efficiency data, I believe that providing well-reasoned growth stories to explain initiatives such as our overseas business expansion will be a factor in increasing our price-earnings ratio.

In particular, we will step up our IR activities and present the Nichirei Group's initiatives in an easy-tounderstand manner to gain stakeholder trust and raise their expectations for our further growth.

Management Strategy Value Creation Story

Medium-term Business Plan Compass Rose 2024

https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/pdf_file/news/20220510e.pdf

Basic Policy of the Medium-term Business Plan

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 that encompass 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	 Use cooling power to develop ingredients and provide products that offer new health value Utilize digital technology to provide new services and information that make meals better Promote innovation activities by creating frameworks for generating and cultivating new value
2	Strengthen ESG response	 Implement ESG due diligence for core suppliers Expand use of renewable energy Continue to strengthen corporate governance Introduce an ESG index target achievement system for executive compensation
3	Conduct business portfolio management	 Set cost of capital and target ROIC for each business Promote the PDCA cycle by setting KPIs for profit margin and asset turnover Consider business evaluation and resource allocation based on ROIC
4	Grow core businesses and improve low-profit businesses	 Improve profitability of processed foods through pricing strategies Improve capital efficiency of temperature-controlled logistics by increasing third-party logistics, transportation and delivery, and proactively utilizing assets held by other companies Restructure the marine products business and rebuild the earnings base of the bioscience business

Allocation of Management Resources

	-	
А	Growth investment	• ¥61.5 billion total Group growth investment (Processed foods: ¥16.5 billion; Temperature-controlled logistics: ¥43.5 billion)
В	Overseas business expansion	• ¥130.0 billion in overseas sales (Processed foods: ¥51.0 billion; Temperature-controlled logistics: ¥63.8 billion) • 20% overseas sales ratio
С	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)
Е	Promotion of IT and DX	• ¥8.7 billion in information-related investment • Promote business innovation using digital technology
F	Human resources development	 Increase number of human resources with skills in digital technology, global operations and sustainability Conduct initiatives for reskilling

Financial/Non-financial Targets (Consolidated)

		(Billions of yen, ex	cept where noted)
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		

Non-financial Targets						
Creating new value	 Provide high-value-added products Create new businesses 					
Sustainable procurement	 Procurement rate in accordance with guidelines Implementation rate of ESG due diligence 					
Climate change countermeasures	 30% reduction in CO₂ emissions Natural refrigerant ratio 					
Securing and developing a diverse array of human resources	 Ratio of women managers Investment in education/training 					

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.

Financial Targets (By Segment)
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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%

Progress of Medium-term Business Plans

Consolidated Net Sales and Operating Profit



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

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.



In FY2023, capital expenditures fell short of the initial plan due to a delay in acquiring land for a large-scale warehouse in the temperature-controlled logistics business. Capital expenditures for the Nichirei Group in FY2024 are expected to be ¥47.0 billion, with approximately 30% allocated for overseas. The ¥47.0 billion total also includes approximately ¥15.0 billion in environmental, DX and information-related investments.

Financial Strategy

We allocate operating cash flow to investment in core businesses for future growth and returns to shareholders. Due to a change in our dividend standard, we have raised our target for dividend on equity (DOE) from 3% to 4%. We will continue to steadily increase dividends from FY2024 in line with this standard. In addition, we will conduct flexible share buybacks based on a comprehensive assessment of our financial condition and free cash flow outlook. The debt-to-equity (D/E) ratio has been set at 0.5 times as a yardstick from the viewpoint of financial soundness and capital efficiency.

			(B	illions of yen)
Operating Profit	FY2022 (Results)	FY2025 (Plan)	vs. FY2022	CAGR
Processed foods	14.2	18.4	4.2	8.9%
Marine products	1.0	1.0	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%

(Billions of ven)

Earnings Results for FY2023 (Presentation Materials)

ttps://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/ pdf_file/presentation/230509_e.pdf

al investment 29.2 billion ding construction ew refrigerated varehouses)	 Introduction of solar power generation equipment: ¥5.0 billion Upgrading to natural refrigerant equipment: ¥11.3 billion Upgrading to other energy-saving equipment, etc.
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Management Strategy Value Creation Story

Business Plan & Strategy

Business Portfolio

The Nichirei Group's Business Portfolio

We have achieved solid results across 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 complete 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 main cargo for our temperature-controlled logistics business, and have been indispensable to its growth.

Processed Foods Business

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

Total assets	¥ 172.0 billion				
Group companies	6 in Japan, 13 overseas				
Employees (consolidated)	9,496				
Food factories	21 (15 in Japan, 6 overseas)				
Main production facilities	Mori Plant, Shiroishi Plant, Yamagata Plant, Funabashi Plant, Kansai Plant, Nagasaki Plant, Kyurei Inc., CHUREI Co., Ltd., GFPT Nichirei (Thailand) Company Limited, Surapon Nichirei Foods Co., Ltd.				
Main products					

- 1. Creating new value in food and health
- 2. Strengthening food processing and production technology capabilities; enhancing logistics services
- 3. Realizing sustainable food procurement and a circular economy
- 4. Climate change initiatives
- 5. Securing and developing a diverse array of human resources

	FY2023	FY2024 (Est.)	FY2025 (Plan) [*]
Net sales (Billions of yen)	275.7	296.0	275.0
Operating profit (Billions of yen)	14.0	15.6	18.4
Operating profit/ Net sales	5.1%	5.3%	6.7%
Simple ROIC	8.5%	9.3%	12% or higher

Temperature-controlled Logistics Business

Japan's leading advanced temperaturecontrolled 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

Total assets	¥ 202.2 billion
Group companies	19 in Japan, 20 overseas (affiliates: 6 in Japan, 5 overseas)
Employees (consolidated)	4,659
Facilities	214 (151 in Japan, 63 overseas: 46 in Europe, 8 in China, 1 in Thailand, 7 in Malaysia, 1 in Vietnam)
Main facilities	Distribution centers: Funabashi DC, Higashi-ogishima DC, Heiwajima DC, Daikoku DC, Nagoya Minato DC, Osaka Futo DC, Osaka Shinnanko DC
	Cross-docking centers: Kawasaki FAZ XD, Kansai XD
Main businesses	Storage, transportation, cross-docking (XD), overseas business, third-party logistics, and engineering services

- 2. Strengthening food processing and production technology capabilities; enhancing logistics services
- 3. Realizing sustainable food procurement and a circular economy
- 4. Climate change initiatives
- 5. Securing and developing a diverse array of human resources

	FY2023	FY2024 (Est.)	FY2025 (Plan) [*]
Net sales (Billions of yen)	244.2	255.0	260.0
Operating profit (Billions of yen)	15.1	15.3	16.2
Operating profit/ Net sales	6.2%	6.0%	6.2%
Simple ROIC	7.7%	7.3%	7% or higher

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 substantial initial investment, so it takes time to realize a positive return on this investment. Therefore, making immediate post-investment improvements in capital efficiency is difficult.

Marine, Meat and Poultry Products Business

Procurement of premium ingredients from around the world

 Premium ingredient development capabilities that consider health and sustainability Capabilities that combine our trading company and manufacturer functions, enabling us to deliver on getting products to customers through optimal processing

• Quality assurance and a comprehensive production management system that support safety and security • Procurement network based on long-term relationships of trust with suppliers

Total assets	Marine products: ¥ 27.8 billion	Meat and poultry produte \$
Group companies	Marine products: 2 in Japan, 6 overseas	Meat and poultry produ 5 in Japan
Employees (consolidated)	Marine products: 764	Meat and poultry produ
Food factories	7 (6 in Japan, 1 overseas)	-
Main production facilities	Marine products: Fresh Maruichi Corporation, Trans Pacific Seafood Co., Ltd.	Meat and poultry prov Nichirei Fresh Process In Nichirei Fresh Farm Inc., Fresh Chicken Karumai In FRESH MEAT SAKUDAI
Main products	93920 10	

1. Creating new value in food and health

- 2. Strengthening food processing and production technology capabilities; enhancing logistics services
- 3. Realizing sustainable food procurement and a circular economy
- 5. Securing and developing a diverse array of human resources

	Ma	arine produ	icts	Meat an	nd poultry p	oroducts
	FY2023	FY2024 (Est.)	FY2025 (Plan) [*]	FY2023	FY2024 (Est.)	FY2025 (Plan) [*]
Net sales (Billions of yen)	69.0	50.0	44.0	85.8	85.0	95.0
Operating profit (Billions of yen)	1.0	1.0	1.0	1.0	1.6	2.0
Operating profit/Net sales	1.4%	2.0%	2.3%	1.1%	1.9%	2.1%
Simple ROIC	3.5%	5.7%	6% or higher	13.8%	23.0%	25% or higher

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Bioscience Business

Providing unique value in the life science and healthcare fields

- 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

Total assets	¥ 8.1 billion
Employees (consolidated)	92
Main facilities	Nichirei Biosciences Global Innovation Center (production and R&D facilities) Pathcom Systems Corporation (California, United States)
Main products	Molecular diagnostics, biomedical materials, and immunochromatographic diagnostic reagents

- 1. Creating new value in food and health
- 3. Realizing sustainable food procurement and a circular economy
- 5. Securing and developing a diverse array of human resources

* Plan figures constitute information disclosed at the time of the announcement of the medium-term business plan in May 2022.

Business Strategy

Processed Foods Business

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



Masahiko Takenaga Director, Senior Executive Officer, Nichirei Corporation Representative Director, President, Nichirei Foods Inc.

Net Sales and Operating Profit

						(Billions of yen)
	FY2023					
		vs. Prev	ious Year		vs. Prev	ious Year
	Results	Increase (Decrease)	Growth Rate	Plan	Increase (Decrease)	Growth Rate
Net sales	275.7	31.5	13%	296.0	20.3	7%
Household-use prepared foods	81.4	4.6	6%	86.1	4.7	6%
Commercial-use prepared foods	100.1	7.4	8%	108.4	8.3	8%
Processed agricultural products	20.4	0.5	2%	21.5	1.1	5%
Overseas	58.9	18.1	44%	65.0	6.1	10%
Others	14.9	0.9	7%	15.0	0.1	1%
Operating profit	14.0	(0.3)	(2%)	15.6	1.6	12%

Basic Strategies



Compass Rose 2024 Basic Strategies Rebuild profit base Reorganize supply chain infrastructure Create markets with new added value Achieve earnings growth in overseas business

Progress of Medium-term Business Plan Compass Rose 2024

FY2023, the fiscal year ended March 31, 2023, tested our ability to respond to change. We were faced with a series of overlapping factors reducing profit, including soaring raw material and energy costs, sharp depreciation of the yen and an egg shortage due to avian influenza.

Net sales increased ¥31.5 billion, supported by the frozen food market, which remained firm due to growth in the mainstay chicken category and recovery in the commercial-use sector, among other factors. On the other hand, operating profit decreased slightly, despite multiple price adjustments and measures to improve

profit. Nevertheless, our steady implementation of promotions and other measures enabled us to almost completely counteract factors that would otherwise have caused a significant decline in profit, so I feel that we have developed the organizational strength to respond to change.

The growth of our overseas business was another major achievement. Our overseas sales ratio surpassed 20% in FY2023, driven largely by the Asian foods business in North America and the overseas sales business of GFPT Nichirei (Thailand) Company Limited. The Asian foods business in North America continues to grow, mainly for processed rice products and chicken, backed by a brisk market driven by rising health consciousness, among other factors. In July 2022, we made our first self-operated base for processed rice products (Nichirei Sacramento Foods Corporation) a subsidiary, establishing a model that integrates production and sales for further growth. We are now introducing production technology from Japan and working to improve the company's productivity. GFPT Nichirei (Thailand) uses an integrated production system from raw materials to finished products to broaden its markets overseas. It adds value to all parts of the chicken, including breast meat for Europe, poultry by-product meal for Thailand and feet for China, in addition to the parts for export to Japan. Going forward, we intend to expand into Malaysia and other markets.

In Japan, the frozen food market continues to expand. With the shift to eating food prepared outside the home, the number of users of household-use frozen foods and situations for eating such products are both growing. For commercial-use products, customers are increasingly turning to the value that frozen foods offer in terms of convenience and preservation as a countermeasure against labor shortages and food loss. Nichirei Foods will be sure to capture this expanding market.

We consider rebuilding our profit base and improving business sustainability to be key issues. Achieving operating profit of ¥18.4 billion in the final year of Compass Rose 2024 and executing strategies for growth thereafter are urgent tasks.

Our basic policy for FY2024, the second year of Compass Rose 2024, is to transform into a sturdy yet agile business structure. Based on this policy, we are carrying out five strategies: rapidly commercialize new value; make existing businesses highly profitable; expand overseas business; make the supply chain more resilient; and develop diverse human resources.

To rapidly commercialize new value, we are using the production line for single-serving frozen products at our new Yamagata Plant to expand the personal-use business. *Hiyashi-Chuka*, a microwaveable chilled product, received an enthusiastic market reception following its launch in the previous fiscal year. In addition to fleshing out our lineup of high-value-added noodles, we are ramping up the development of side dish sets and working to quickly open up a new commercial-use single serving market for senior health and welfare facilities, food service and other customers.

To make existing businesses highly profitable, promoting further growth in mainstay categories such as rice products and chicken, which have a high ROIC, will increase overall profitability. A new plant for rice products at Kyurei Inc. in Fukuoka Prefecture began operation in April 2023. This will increase the supply of fried rice products by 50% and establish a structure for producing our mainstay products at two bases (the Funabashi Plant and Kyurei), thus capturing brisk demand while addressing business continuity planning.

To make the supply chain more resilient, we are addressing a variety of foreseeable risks. Among these risks, it is essential to consider human rights and the environment when procuring raw materials, not just the stability of procurement. Since FY2023, we have been conducting due diligence, mainly on domestic chicken suppliers, and promoting initiatives to deepen mutual understanding. We are also taking measures for some raw materials and products that are subject to geopolitical risks, including changing and diversifying the countries where we procure them.

Overseas Business Strategy

We will continue to expand our operations, centered on the Asian foods business in North America, the acerola business, and the overseas sales business of GFPT Nichirei (Thailand) Company Limited.

In the Asian foods business in North America, in addition to promoting growth in the rice products and chicken categories, we will begin full-scale entry into the appetizer category, which is the largest market sector. As we increase market share, we will consider production at our own facilities.

In the acerola business, we will begin in-house production of powder at Nichirei do Brasil Agricola Ltda. in Brazil. Backed by the clean label trend, demand for acerola powder is broadening for various applications in addition to food, such as cosmetics. We have also established new sales offices in North America and Europe, where markets are large. Our aim is to leverage our three competitive advantages of sustainable raw material procurement, powder manufacturing capability and local sales bases to achieve highly profitable business growth going forward.

Progress of Material Matters for the Group

Viewing the material matter of creating new value in food and health to be important as a new pillar of earnings, we have articulated a new brand statement: "Toward a world of sharing deliciousness and health— FoodJoy Equity." We will implement strategies to make this statement a reality.

In addition to the personal-use, single-serving products mentioned above, we are focusing on developing health value as a business where we can offer new value. We are also working to create a new market for frozen foods by offering value worthy of the Nichirei name, from providing daily health benefits from products with abundant vegetables to developing original ingredients using alternative materials. Management Strategy & Value Creation Story

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 a 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.

FY2023 Sales Composition



 Main sales outlets for Household-use Prepared Foods: Volume retailers, drug stores and convenience stores

 Main sales outlets for Commercial-use Prepared Foods: Volume retailers (delicatessen items), convenience stores (delicatessen items) restaurants and food services

Market Environment





Our Share of the Household-use Asian Foods Market in the United States



Source: Calculated from Nielsen data on household-use Asian food brands (national brands only) for January-December 2022.

Net Sales, Capital Expenditures and EBITDA

Net Sales



Capital Expenditures and EBITDA



Material Matter 1 Creating new value in food and health

New Brand Statement

Nichirei Foods has articulated a new brand statement. It incorporates the essence of our aim to achieve a better world of sharing by providing health value with an emphasis on deliciousness and making full use of the benefits of freezing in areas such as shelf life that helps to reduce food loss. "FoodJoy" refers to the delight that frozen foods bring, while "Equity" means fairness for all from offering value tailored to each individual-or in other words, sharing,

Moreover, to make the statement a reality, we are pursuing business activities that increase four kinds of value for sharing. By doing so, we will evolve the business so that not only consumers, but everyone we interact with and society as a whole, can enjoy the convenience of freezing.

Material Matter 2	Strengthening food proces
Material Matter 4	Climate change initiatives

Eco-friendly Plant for Rice Products Begins Operation with Capital Investment of Approximately ¥11.5 Billion

The new rice products plant of Kyurei Inc. in Munakata City, Fukuoka Prefecture began operation in April 2023, with a production capacity of approximately 70 tons per day. We have also introduced the latest equipment and ramped up initiatives for eco-friendliness and automation. Environmental measures to reduce CO₂ emissions include using refrigerators that use natural refrigerants instead of CFCs, installing solar panels on the roof and utilizing renewable energy. For automation, the plant has introduced inspection and disposal of burnt items using AI robots and high-performance cameras, in addition to automating unloading of raw materials, product pallet loading and pallet transportation.



Exterior of new plant



ssing and production technology capabilities

Quality control using AI robots and high-performance cameras

Temperature-controlled Logistics Business

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

Kazuhiko Umezawa

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

Net Sales and Operating Profit

							(Dillions of yer)
			FY2023			FY2024	
			vs. Previous Year			vs. Previous Year	
		Results	Increase (Decrease)	Growth Rate	Plan	Increase (Decrease)	Growth Rate
٢	let sales	244.2	19.7	9%	255.0	10.8	4%
	In Japan	177.1	2.7	2%	183.0	5.9	3%
	Overseas	63.7	17.8	39%	67.0	3.3	5%
	Others	3.4	(0.9)	(21%)	5.0	1.6	49%
C	Operating profit	15.1	0.5	4%	15.3	0.2	1%
	In Japan	13.5	0.1	1%	13.7	0.2	1%
	Overseas	2.4	0.3	16%	2.6	0.2	8%
	Others/Intersegment	(0.8)	0.1		(1.0)	(0.2)	

Basic Strategies



Compass Rose 2024 Basic Strategies

(Domestic) Strengthen the business foundation for the next generation

(Overseas) Achieve both sales and profit growth

Improve profitability and capital efficiency

(Billions of yon)

Initiatives for sustainable growth

Progress of Medium-term Business Plan Compass Rose 2024

In FY2023 (the fiscal year ended March 31, 2023), which was the first year of Compass Rose 2024, our operating environment was challenging due to soaring energy prices and strained storage capacity, mainly in major metropolitan areas, among other factors. Even under these circumstances, the temperature-controlled logistics business achieved record-high performance, with increases in sales for the thirteenth consecutive year and in operating profit for the eighth consecutive year. In Japan, collection of commercial cargo was steady, and progress in improving operational efficiency contributed to results. In Europe, the effects of corporate acquisitions and facility expansions became apparent, while strong performance in handling imported cargo and a steady rise in demand for cross-border transportation led to positive results.

In addition to a labor shortage, the logistics industry in Japan is facing the so-called "2024 Problem" next year, when limits on working hours for truck drivers will be set, with penalties for exceeding them. This will require major changes. Seeing this problem as both our biggest challenge and business opportunity, we are moving forward with various initiatives. One such initiative is the development of *SULS*, a next-generation transportation and delivery system. Our Atsugi DC is in a prime location for shipping, and by switching from

its former storage function to use as a gateway for trunk-route transport, we have consolidated cargo heading for the Kansai region, enabling significant improvement in the load factor of trunk-route transport, reduction in the number of vehicles and facilitating palletization. We are systematically securing trailers, which are a key point of SULS, to increase our fleet and thus extend our transportation and delivery network. During FY2024, we plan to further strengthen our trunk-route transport functions by also establishing a gateway in the Kansai Region. In addition, we are focusing on building a frozen food logistics platform. Utilizing the proposal and implementation capabilities for third-party logistics (3PL) that we have cultivated over many years, we are working to provide solutions in areas such as optimizing the frequency of stock replenishment and load factor balance, and improving transportation efficiency using joint logistics.

We also plan to start operation of the new Kobe Rokko DC in January 2024 to reinforce our business foundation in western Japan. This facility will enable us to roll out our one-stop service for fruit juice and dairy products, which is our strength in the Kanto (eastern Japan) region, to western Japan to offer the same level of service as we do in eastern Japan. We will also further improve customer convenience by centralizing customer contact points at our existing facilities in Kanto.

In addition, we continue to focus on business process innovation initiatives. We are moving forward with overall optimization and automation of warehouse operations for frozen products by linking automated equipment such as automated guided vehicles (AGVs) for frozen products and in-warehouse horizontal transport racks, for which we have been conducting field tests. At the same time, we will accelerate digital transformation through remote business management in the areas of job sharing of office work between locations and remote operation of business sites.

Nichirei Logistics Group is the only service business in the Nichirei Group, and its business model is not based on one-time fees, but rather on recurring revenue from the pay-as-you-go subscription services it offers. Our approach is to maximize lifetime value for customers by improving the quality of our services to provide more valuable user experiences, and we have a track record of measures for doing so. We believe this has given us our current competitive advantage. Our customer base and handling volume therefore increase the certainty of a positive return on our investment in new distribution centers, and also enable logistics efficiency improvements through various cargo combinations. In addition to these measures, we will achieve ongoing improvement in ROIC by utilizing assets held by other companies and managing our portfolio based on the age of logistics facilities. Simple ROIC¹ has improved from 5.8% in



FY2013 to 7.7% in FY2023. We aim to reach 9% by FY2031 by continuing to increase profit margins and asset turnover both in Japan and overseas.

Overseas Business Strategy

Given our proactive investment of management resources to achieve both sales and profit growth as set out in Compass Rose 2024, overseas sales in FY2023 exceeded ¥60 billion. In Europe, we will maximize synergy from increased storage capacity in the Netherlands and France and corporate acquisitions in the United Kingdom and Poland, and expand our cross-border one-stop services² through cooperation among bases. To capture more upstream and downstream logistics demand, we will build an additional base near Warsaw, Poland in FY2025.

In Asia, in addition to expanding into new regions, our operations in China will be sure to capture demand as the country recovers from a downturn in consumption. In the ASEAN region, we will move forward with support for multiple temperature ranges at our enlarged base in Thailand. In Malaysia, we will further expand operations by strengthening collaboration between two companies with respective strengths in storage and transportation functions. We have also established a new joint venture company in Vietnam, where market growth is expected. We will utilize the know-how we have cultivated in Japan to roll out our business, and ultimately intend to establish collaboration between our operations in Vietnam and those in Thailand and Malaysia.

Progress of Material Matters for the Group

We believe that enhancing temperature-controlled logistics services, as set forth in Compass Rose 2024, is the objective linking all our current initiatives. The development of *SULS* and the construction of a frozen food logistics platform, on which we are focusing our efforts, are particularly advanced initiatives in the logistics industry. These initiatives to improve transportation and delivery efficiency and expand joint delivery are also helping to reduce CO_2 emissions.

For the material matter of climate change initiatives, we are promoting the use of renewable energy through the installation of solar power generation equipment on the rooftops of our distribution centers and measures to use zero-carbon electricity in the Funabashi area. Furthermore, we are systematically switching to natural refrigerants in our assets in Japan and overseas, aiming for a 75% rate of conversion by FY2031. Through these initiatives, we will continue to proactively reduce our environmental impact.

1. Simple ROIC: Operating profit after tax ÷ Main capital employed (Operating funds + Non-current assets)

2. One-stop services: All-inclusive services from marine transport to customs clearance, storage, value-added services, and transportation and delivery. Management Strategy Value Creation Story

Business Plan & Strategy

Governance & Risk Management

Business Details

Nichirei Logistics Group is the largest temperaturecontrolled 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 service.

Market Environment in Japan

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



Refrigerated Warehouses and Warehouse Statistics issued by the Ministry o Land, Infrastructure, Transport and Tourism

Net Sales, Capital Expenditures and EBITDA

Net Sales



Capital Expenditures and EBITDA



Domestic Refrigerated Warehouse Facility Capacity

Area	Number of Facilities	Capacity (Thousands of tons)
Hokkaido	7	88
Tohoku	4	64
Kanto	18	563
Chubu	11	221
Kansai	12	283
Chugoku/ Shikoku	12	130
Kyushu	12	176
Total	76	1,526

(As of March 31, 2023)



Enhancing Temperature-controlled Logistics Services Material Matter 2

Establishment of a Joint Venture to Expand into Vietnam

On January 31, 2023, Nichirei Logistics Group Inc. entered into an agreement to establish a joint venture with Tan Bao An Logistics Joint Stock Company, which operates a temperature-controlled logistics business in Vietnam. Following additional investment in the joint venture company, Nichirei TBA Logistics Vietnam LLC, it was made a consolidated subsidiary on July 21, 2023.

Vietnam will be the third ASEAN country where we do business, following Thailand and Malaysia. Vietnam is a huge market for exports to Japan, mainly agricultural, forestry and fishery products. In addition, domestic demand is rising for imports and retail products due to improvement in the standard of living of the growing middle class. The market for logistics with precise temperature control is therefore expected to expand.

The new company plans to build a new refrigerated warehouse (scheduled to begin operation in the second

Material Matter 4 **Climate Change Initiatives**

Refrigerated and Freezer Electric Trucks

Nichirei Logistics Group began operating electric trucks for refrigerated and frozen cargo in February 2023. Logistics Network Inc. has been using the three vehicles for deliveries in the Tokyo metropolitan area to reduce CO₂ emissions as it builds know-how on the operation of low-temperature electric trucks, which are rare in Japan, to prepare for their full-scale introduction in the future. In July 2023, two more vehicles began operating in the Tokai region. We will continue working to reduce our environmental impact in order to achieve sustainable logistics for supporting our customers' supply chains.



Refrigerated and freezer electric trucks

half of 2024) in Long Hau Industrial Park, Long An Province, which is located approximately 20 km south of Ho Chi Minh City. Going forward, we aim to roll out operations with a view to collaborating with our businesses in Thailand and Malaysia.



Artist's rendering of the new center

Send-off ceremony for the trucks

Management Strategy Value Creation Story

Business Plan & Strategy

Marine, Meat and Poultry Products Business

Nichirei Fresh Inc.

. Wataru Tanabe

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



Net Sales and Operating Profit

(Billions							
			FY2023		FY2024		
		vs. Previous Year		ous Year		vs. Previous Year	
		Results	Increase (Decrease)	Growth Rate	Plan	Increase (Decrease)	Growth Rate
Marine	Net sales	69.0	1.3	2%	50.0	(19.0)	(28%)
products	Operating profit	1.0	0.0	(1%)	1.0	0.0	5%
Meat and poultry products	Net sales	85.8	5.5	7%	85.0	(0.8)	(1%)
	Operating profit	1.0	(0.2)	(18%)	1.6	0.6	67%

Basic Strategies



Progress of Medium-term Business Plan Compass Rose 2024

Nichirei Fresh creates social and economic value by helping resolve social issues using its long-established relationships of trust with procurement partner companies, its processing technology capabilities, and its sales force in Japan and overseas, which serves as a link between production areas and customers.

In the Japanese market in FY2023 (the fiscal year ended March 31, 2023), home meal replacement (HMR) and restaurant demand gradually recovered,

and sales increased in both the marine products business and meat and poultry products business due to sales volume expansion and the effects of price adjustments. Operating profit decreased as we were unable to fully respond to the rise in procurement prices, especially in the meat and poultry products business. We will restore profitability in FY2024 as we steadily implement the measures set out in Compass Rose 2024.

Marine Products Business

In Japan, in addition to ongoing market contraction, a further decline in consumption is expected going forward as intensifying competition for marine resources drives up market prices worldwide. In FY2023, our profit margins declined in Japan as we were unable to fully reflect the rise in procurement prices in our selling prices. On the other hand, demand remained high overseas, and by capturing that demand we increased overseas sales and profit, enabling the marine products business overall to achieve its targets.

In FY2024, we will further expand our long-established business of handling marine products that have been certified for sustainability (MSC,¹ ASC² or other certifications) and eco-friendly products. To improve profitability, we will drastically reevaluate the low-profit products we have been handling and make a major shift to highly profitable products with high growth potential, in which we have an advantage. At our own plants, we will also review the items we handle and raise production efficiency. To improve ROIC, we will select and concentrate on product categories based on rising procurement costs and reduce capital used, including low-profit inventory assets.

Meat and Poultry Products Business

In FY2023, we achieved our net sales target as a result of growth in processed products for HMR and restaurants and in imported frozen products, as well as increased sales of premium ingredients, mainly meat products with health value. However, selling price adjustments were unable to cover the rapid rise in production costs due to soaring feed prices and other factors. The result was a decline in operating profit. In addition, due to a slump in demand for eating at home and the impact of avian influenza, the volume of meat packaged for mass retailers by the processing business decreased significantly.

Improving profitability is an urgent matter for the meat and poultry products business. In FY2024, we will respond appropriately to increases in procurement prices while working to rapidly transition to a stable profit base by shifting to sales of high-value-added processed products and improving capacity utilization at our production facilities. Moreover, we will refine our various distinctive brands of premium ingredients that originate in Japan, including the *Amani-no-Megumi* series and *Gomanten* pork, which are meat products with health value, and sustainable *Junwakei* chicken. Expanding sales of these products, including online sales, will improve profitability.

Overseas Business Strategy

We will continue to expand overseas sales of marine products, which is a growth area. The market for Japanese food continues to grow worldwide, and a series of *kaiten-zushi* (conveyor belt sushi) shop chains and other Japanese restaurants have been opening outlets overseas. To meet their needs, particularly in North America and China, we will expand sales of products from Trans Pacific Seafood Co., Ltd., our processing base in Vietnam. In North America, we will ramp up sales to local retailers in addition to expanding sales to our current customers. In China, we will expand sales by enhancing synergy among our three local affiliates.

Although overseas sales of our meat and poultry products are still small, we will review our organization and build up our sales force, ultimately making inroads into local sales in ways such as exporting meat products with health value, Japanese beef and other Japanese products in coordination with our overseas bases.

Progress of Material Matters for the Group

For creating new value in food and health, in addition to expanding sales channels for meat products with health value such as the *Amani-no-Megumi* series, we will proactively develop processed products using these products as ingredients with the aim of increasing sales. In FY2024, we will begin full-scale sales of *Gomanten* pork, which contains sesamin, a functional ingredient derived from sesame, as another new meat product with health value, and *Miraikura* cholesterol-free imitation fish roe.

For the material matter of realizing sustainable food procurement and a circular economy, we will conduct procurement and other initiatives based on the Nichirei Group Sustainable Marine Product Procurement Guidelines, which were established in April 2023. We are increasing the proportion of marine products with MSC, ASC or other globally recognized certifications that we handle, with a target of 50% by 2030. At the same time, we will work to expand sales of shrimp products procured from the Inochi-no-Mori-Project and the Inochi-no-*Umi-Project*, two of our in-house initiatives. To address human rights risk in our supply chain, we will cooperate with suppliers and work toward improvements through on-site visits and analysis of questionnaire results.

Management Strategy 8 Value Creation Story

Marine Stewardship Council (MSC) certification requires that wild seafood has been caught using methods that do not deplete the natural supply.

Aquaculture Stewardship Council (ASC) certification requires that marine products have been cultivated in a sustainable manner.

Business Details (FY2023)



Market Environment

Number of MSC-labeled Products for **Consumers Distributed Worldwide** (Number of items with sales reported during the fiscal year)



ASC Marine Products Sold Worldwide by Weight



Meat and Poultry Product Consumption in Japan

(Thousand tons) ---- Beef ---- Pork ---- Chicken 2.500 2,140 2,169 2,201 2,209 2,290 2,249 2.000 1,812 1,827 1,811 1,827 1,852 1,835 1,000 904 930 937 930 887 880

500

2022 (Year 2017 2018 2019 2020 2021 Source: Prepared by Nichirei Fresh based on "Supply and Demand for Livestock Products" in domestic statistical materials on meat and poultry products (cattle, pigs, chickens) from Agriculture & Livestock Industries Corporation

Net Sales and Operating Profit

Marine Products Business Net Sales and **Operating Profit**



Meat and Poultry Products Business Net Sales and **Operating Profit**



*MSC (2021) Supplementary Information to the MSC Annual Report 2021- 22. Marine Stewardship Council, London, UK. https://www.msc.org/docs/default-source/default-document-library/about-the-msc/msc-annual-report-2021-2022-supplementary-informationdata. xlsx?sfvrsn=c40a294 6 (Downloaded on August 3, 2023)

Material Matter 1

Promoting the Business of Meat Products with Health Value

Nichirei Fresh conducts research and development of meat products with enhanced health value. By giving chickens, pigs and cattle* a formula feed with the ingredient flaxseed, which contains the nutrient α -linolenic acid, the company has developed tender and juicy meat abundant in this nutrient. This meat is sold as the Amani-no-Megumi series. In addition, Nichirei Fresh has begun full-scale sales of Gomanten, a new meat product with health value containing

sesamin, a functional ingredient derived from sesame that is not normally found in meat. This is the result of adding sesame to pig feed.

Nichirei Fresh will continue to support health management and balanced diets through meat products for everyday meals.

ごまんてんら

150 -110 100 -50 -Standard pork loir

(mg)

450 -

300 -

250 -

200 -

350 - increase

* There are individual differences among cattle

Strengthening Food Processing and Production Technology Capabilities Material Matter 2

Overseas Sales Expansion from Our Processing Base in Vietnam

Trans Pacific Seafood Co., Ltd., which operates Nichirei Fresh's processing plant in Vietnam, produces a variety of processed marine products to meet customer needs. We will expand the business by increasing the plant's production capacity to produce products that have been processed to different degrees.

Expansion of sales of these products will encompass North America and China as well as Japan. As the COVID-19 pandemic subsides, Japanese food service companies are ramping up their overseas expansion. Using our current customers in Japan and the products we sell there as a foothold, we will develop products rooted in local cultures overseas while consistently taking market needs into account in offering new products and expanding sales.

Note: The plant has obtained certification under the BRCGS Global Standard for Food Safety and the Marine Stewardship Council Chain of Custody Standard.



Exterior view of the plant

Creating New Value in Food and Health



MSC-certified crab products

Management Strategy Value Creation Story

Bioscience Business

Nichirei Biosciences Inc. https://nichireibiosciences.com/



Hideo Yokoi Senior Executive Officer, Nichirei Corporation Representative Director, President, Nichirei Biosciences Inc.

Transformation of the Bioscience Business

Nichirei started 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 used in cell culture, we expanded our business through the manufacture and sale of placenta extract, which is a raw material for cosmetics.

Since the 1990s, we have also been conducting a raw materials for biologics manufacturing business (involving the import and sale of cell culture media¹), a functional materials business² (involving the sale of acerola powder and other products), a molecular diagnostics business (involving the development, manufacture and sale of diagnostic agents using antibodies), and a rapid diagnostics business (currently the immunochromatographic assay business).

In 2006, we began sales of automated immunostaining devices in our molecular diagnostics business, and in 2019 we established the Global Innovation Center as a new R&D and production facility. We also acquired Pathcom Systems Corporation (Pathcom), an automated immunostaining device manufacturer in the United States, and took other steps to provide high-quality products and services that leverage our technological capabilities globally.

Progress of Medium-term Business Plan Compass Rose 2024

In FY2023 (the fiscal year ended March 31, 2023), the first year of Compass Rose 2024, although Japan made progress in establishing a medical system to deal with COVID-19, the virus continued to spread. Consequently, both net sales and operating profit of the bioscience business increased significantly compared with FY2022, driven by the immunochromatographic assay business.

In the immunochromatographic assay business,

the difficulty of predicting the number of infections, unlike with previous seasonal infectious diseases, made it necessary to establish a system for rapidly supplying antigen test kits to respond to repeated, large-scale outbreaks of COVID-19. We struggled to keep up with demand until FY2022, when we reconfigured our supply system by collaborating with a manufacturer of diagnostic agents in China in addition to producing antigen test kits in-house. This enabled us to adequately meet testing demand in FY2023, when the number of infections rose significantly, leading to business opportunities. We intend to shorten the lead time for supplying antigen test kits by further ramping up collaboration and will promote alliances with new sales partners. Moreover, the start of over-the-counter sales of COVID-19 antigen test kits represents a new opportunity, which we will address by dealing with pharmaceutical affairs requirements, establishing sales routes and strengthening our organizational structure to respond flexibly to changes in the market environment. We will also continue developing products that reflect market needs for simultaneous testing for multiple infectious diseases and less invasive specimen collection methods.

In the molecular diagnostics business, which we have positioned as a growth area, FY2023 sales increased compared with the previous fiscal year as a result of significant achievements including the launch of new immunostaining antibody reagents, increased sales of fully automated immunostaining devices and growth in sales of bulk reagent products for overseas markets. We will continue to promote sales of fully automated immunostaining devices in the pathological diagnosis market to maintain our share of the device market and improve profitability by expanding sales of reagents for fully automated immunostaining devices. In addition, a specialized

diagnostic agent for a genetic testing device in-licensed from Biocartis Group NV of Belgium has received regulatory approval as a companion diagnostic agent³ for colorectal cancer. We will therefore promote sales of the companion diagnostic agent along with the testing device. In our overseas business, we will continue addressing pharmaceutical affairs and quality system regulations in the United States in preparation for the start of sales of reagents. We will also build a stable supply system for bulk products for overseas markets. To improve profitability, Pathcom will adjust the selling price of its fully automated immunostaining devices to cover rising component procurement costs.

In the raw materials for biologics manufacturing business, FY2023 sales and operating profit were on par with the previous fiscal year. In FY2024, we aim to improve capital efficiency by working to optimize inventories through expedited sales of serum in stock based on purchase reservations and by controlling the volume of new purchases. We will also work to increase new business transactions, backed by the growing market for serum and cell culture media used in the development and manufacture of biopharmaceuticals, regenerative medicine products and vaccines.

One characteristic of Nichirei Biosciences is an earnings structure with a higher gross profit margin than other businesses in the Nichirei Group. Over the past three years, however, the timing of establishing our new R&D and production base coincided with worsening business performance due to the impact of COVID-19, resulting in a significant drop in the ratio of operating profit to net sales. We have been returning to our previous earnings structure due to the recovery in business results in FY2023. We will continue to reduce capital used and shift to a business model with a competitive advantage to

Material Matter 1 **Creating New Value in Food and Health**

Specialized Diagnostic Agent for a Genetic Testing Device Receives Regulatory Approval as a Companion Diagnostic Agent for Colorectal Cancer

Nichirei Biosciences is promoting the uptake in Japan of a specialized diagnostic agent for a genetic testing device developed by its partner Biocartis Group NV. In 2022 and 2023, we obtained approval to manufacture and sell two in-vitro diagnostics that use this specialized agent as companion diagnostic agents for molecular targeted therapies for colorectal cancer. This groundbreaking technology allows the medical institution where a patient is examined to conduct genetic testing for cancer, which was largely outsourced in the past. By shortening turnaround time on test results, we will provide new value in cancer treatment.

continue enhancing the overall profitability of the bioscience business.

Progress of Material Matters for the Group

Having set forth our vision to continue to support people's health by creating new value, we are focusing on the material matter of creating new value in food and health. Needs are expected to continue rising for pathological diagnosis of cancer patients, who are increasing in number as Japan's population ages, and for rapid diagnosis of infectious diseases such as influenza and COVID-19. We believe that our business, which is directly involved in resolving such social issues, is highly valuable, and we will continue striving to provide unique added value through our highquality, technology-based products and services.

In FY2023, we received a silver rating⁴ in an assessment by the global sustainability platform EcoVadis for the second consecutive year. We will step up our efforts even further in FY2024.

Regarding the active participation of diverse human resources, approximately half of our regular employees are women, and the ratio of

women employees in management positions exceeds 20%. We will raise this level further by creating an environment that facilitates women's participation.



- 1. Liquids or powders containing ingredients for mammalian cell culture. Powders are used in solution.
- 2. The functional materials business was transferred to Nichirei Foods Inc. in June 2021 3. In-vitro diagnostics for testing one's biomarkers or genes, enabling patients to receive appropriate drugs or therapies. Uses include improving the efficacy and safety of certain drugs and assessing whether patients are eligible for molecular targeted cancer therapies.
- 4. A global authority for assessment of sustainability and supply chains. this organization has rated more than 100,000 organizations and companies in 200 industries in 175 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 assessmen



Promoting Sustainability Management



We will increase corporate value by staying one step ahead in sustainability.

Yuichi Takaku Director, Senior Executive Officer; in charge of IT Strategy and Sustainability Management, General Manager of Strategic Planning

The First Year of Medium-term Business Plan Compass Rose 2024 in Review

The current medium-term business plan has begun, with the goal of ramping up sustainability management. In FY2023 (the fiscal year ended March 31, 2023), its first year, we made structural reinforcements for sustainability by establishing a Group Sustainability Committee and Sustainability Management Division in the holding company, incorporating ESG evaluation indicators in determining performance-linked bonuses for officer remuneration, and establishing the Nichirei Group Sustainability Policy, Supplier Code of Conduct, and Supplier Guidelines. We have focused our attention on taking concrete actions and implementing measures, and I believe that results are starting to appear. The external environment is also changing, as the movement toward creating a sustainable society picks up speed and demands from investors and customers regarding the environment and human rights keep growing. Viewing sustainability initiatives as a core management issue, we must proactively allocate the necessary management resources through budgeting and other means. Over the past year, we have refocused our attention on the importance of charting a path for resolving social issues through our business activities from a medium- to long-term perspective.

We are working toward the targets and KPIs we set for each of the five Group material matters. The Group Sustainability Committee monitors overall measures, while specific measures are incorporated into the action plans of each division, operating company, and committee. Connecting Group targets with those of each operating company directly links the achievement of each company's business plan to improvement of the Nichirei Group's social and economic value. Targets are revised flexibly and responsively. For example, after considering the Nichirei Group's growth going forward, we revised the definition and Group targets for the material matter "Creating new value in food and health" by renewing one of the targets as "sales of products and services that create added value for people's mental and physical health and for the global environment," and applying it to the initiatives of the processed foods business, the marine, meat and poultry products business, and new business at the holding company.

To instill sustainability management among officers and employees, in addition to our existing study sessions for management, e-learning for all employees, and information dissemination on our intranet, we are implementing an educational program on the SDGs, which will target all managers or above in FY2024 and FY2025. The strong response from our people to the program so far tells me that awareness of sustainability in the Nichirei Group has grown substantially.

Progress of Procurement and Environmental Initiatives

For the Nichirei Group, which is involved in the entire supply chain from procurement of materials to production, sales, distribution, processing and logistics, "realizing sustainable food procurement and a circular economy" and "climate change initiatives" are crucial topics for management. In addition to being discussed by the Group Sustainability Committee, as material matters they are also raised for discussion and consideration by the Board of Directors and the Management Committee as appropriate.

We consider it important to work in coordination

with our suppliers to promote sustainability initiatives throughout the supply chain. To that end, we have begun conducting a Supplier ESG Survey to promote understanding of the Nichirei Group Supplier Code of Conduct and Supplier Guidelines and to share our values. We have also begun human rights due diligence with suppliers based on criteria such as importance to Nichirei's business.

Marine products and palm oil have been singled out as risks in terms of food resource sustainability, the environment, and human rights. In April 2023, we responded by enacting the Nichirei Group Sustainable Marine Product Procurement Guidelines and the Nichirei Group Sustainable Palm Oil Procurement Guidelines and added Group targets and KPIs for 2030 for these items. We believe that initiatives for biodiversity, the Taskforce on Nature-Related Financial Disclosures (TNFD), and a circular economy will also be necessary going forward, and we are considering specific measures.

In reducing our greenhouse gas emissions, we are reexamining our renewable energy portfolio. We aim for a 50% reduction in Scope 1 and 2 CO₂ emissions by 2030 (compared with FY2016) in Japan through initiatives such as the installation of solar power generation equipment on the roofs of our distribution centers and food factories, and the use of off-site power

Group Sustainability Committee Activities in FY2023

Number of meetings	4
Main agenda items	 Renewable energy portfolio performance of the second status of Scope 3 CO2 KPIs for material matters and T Human rights issues Supply chain management to Establishment of new procures and palm oil Initiatives for the material matter human resources" and human Progress on KPIs for material resources for the m

purchase agreements (PPAs) and environmental certificates, together with measures to increase energy efficiency. We have also started considering specific action plans for reflecting internal carbon pricing (ICP) in investment decisions and preparing more detailed Scope 3 emission figures so we can reduce them toward our goal of becoming carbon neutral by 2050. To eliminate chlorofluorocarbons (CFCs), we are making steady progress in converting to natural refrigerants at distribution centers and food factories.

Staying One Step Ahead in Sustainability

I believe there will be a further increase in the demands and expectations placed on companies for a sustainable society. Rather than trying to follow or catch up with this trend, we must take proactive measures to stay one step ahead of the industry. Doing so will lead to new business opportunities and higher brand value for the Nichirei Group. By creating new value unique to the Nichirei Group that leverages the trends in our changing operating environment, we will secure advantages in the market and continuously improve our corporate value and achieve sustainability management.

olicy

D₂ emissions

TCFD disclosure in Integrated Report 2023

achieve sustainable procurement

ement guidelines for sustainable marine products

tter "Securing and developing a diverse array of n capital disclosure

matters and FY2024 targets

Human Resources Strategy



We intend to improve corporate value by deploying a human resources strategy linked to our management strategy.

Yutaka Karino

Senior Executive Officer; in charge of Legal Affairs, General Manager of General Affairs, General Manager of Human Resources, and General Manager of Secretarial Office

A Human Resources Strategy for Realizing Our Management Strategy

We have established a human resources policy based on three principles that cover our aims and organization for the human resources issues we must address to achieve the Nichirei Group's long-term management goals toward 2030 and the targets we have set for the Group's five material matters. We have also specified a human resources strategy to resolve these issues. However, the human resources strategy concurrently addresses other management issues—expanding overseas business, providing new value and services, and increasing the profitability of existing businesses that have a shorter timeframe than the issues covered by the policies.

Our human resources strategy encompasses five elements. Based on the premise that employees must be able to work with enthusiasm, health management and work satisfaction are the two elements that serve as the strategy's cornerstones. Upon that foundation are three elements that lead to improvement in corporate value: DE&I,¹ creation of new value, and personalized learning opportunities. For health management, Nichirei Corporation was chosen for the 2023 Health & Productivity Stock Selection, a joint initiative of the

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

Encourage empathy and taking action through business to resolve social issues

Generate value by linking knowledge and digital technologies Cultivate a safe, secure corporate culture to tackle challenges

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



Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, in recognition of the establishment and upgrading of our occupational health system, enhancement of health literacy education, and use of femtech,² among other measures. As for work satisfaction, we have already been promoting the creation of a workplace that emphasizes employee needs and expectations, and going forward we will conduct a Company-wide survey in Japan that focuses on the relationship of trust between employees and the workplace (engagement). We will take actions based on the results of this survey to further improve the workplace environment.

Setting Eight Themes Based on Our Human Resources Strategy

In order to make steady advances in the five elements of our human resources strategy, we have set eight themes. The five elements are the major categories of the strategy, whereas the eight themes represent subcategories. We have clearly stated our objectives for each theme and will implement specific measures. In linking them to management issues, we believe that the theme "Develop human resources to support overseas business promotion" requires particular focus,

Eight Themes Based on Our Human Resource Strategy

Health management Work satisfaction DE&I Creation of new value Personalized learning opportunities Labor



Note: KPIs have been set for themes 1, 3 and 6.

and we are promoting Company-wide initiatives to that end. Quantitative KPIs have been set for only three of the eight themes. Going forward, we will take measures to achieve the objectives of the other five themes, which will include setting qualitative and quantitative KPIs, and we will closely monitor progress.

We will support the human resources strategy with our core personnel system, which is a platform for personnel information, and our human resources deployment tool. For our core personnel system, which we updated in 2022, we will further promote initiatives to improve operational efficiency and convenience. Our newly introduced human resources deployment tool visualizes employee information from across the Group to shift from personnel management to human resources deployment, thereby facilitating business decisions and management by division heads.

Because it is people who will carry out our management strategy, implementing our human resources strategy is crucial. We will continue working to ensure that each of our personnel measures is designed and implemented to increase corporate value.

1. Diversity, equity and inclusion

2. A term applied to software, diagnostics, products and services that use technology to focus on women's health, including fertility solutions, period tracking apps, pregnancy and nursing care, women's sexual wellness, and reproductive system health care. Source: https://en.wikipedia.org/wiki/Femtech

Objective

We will promote measures to reduce presenteeism and absenteeism, with the aim of ensuring that all Group employees, regardless of age or gender, are both physically and mentally healthy at all times and are working with enthusiasm.

Because mutual trust between a company and its employees (engagement) correlates with business performance, we aim to improve engagement by measuring and analyzing engagement levels and implementing a PDCA cycle to address issues.

As the percentage of motivated women employees in management positions increases and both employee attributes and values regarding work diversify, we will reassess the male-dominated workplace and deploy measures to fully leverage the abilities of all motivated employees.

Since the growth of overseas business is essential to achieving management goals, we will increase the number of human resources able to play an active role internationally. Measures will include providing opportunities to acquire the skills necessary to promote and support overseas business, offering career paths that include overseas business experience, and encouraging employees to take on challenges overseas.

We will raise the overall level of employee digital skills by providing educational opportunities related to digital and sustainability as basic skills that will be required in the coming era and society, in addition to offering further learning opportunities to motivated individuals.

By identifying the staff size and the types of skills necessary to implement management measures and by clarifying employee skills, we will create a system that enables employees to understand their own strengths and deficiencies and to independently learn the skills and acquire the knowledge they need. To underpin this initiative, we will also foster a corporate culture of self-directed study.

To both resolve social issues and grow our business, we will create mechanisms and provide opportunities to encourage the revitalization of the organization and the acquisition of new knowledge through the exchange of human resources and knowledge both inside and outside

regulations and maintenance Labor and management will work together to maintain and improve workplace environments of a safe and secure working and systems that allow employees to work safely and with peace of mind.

Creating new value in food and health

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

Group Target (KPI)	FY2023 Result	FY2024 Plan	FY2025 Target	FY2031 Target
Sales of products and services that create added value for people's mental and physical health and for the global environment	¥46.4 billion	_	¥60.0 billion	¥140.0 billion

In July 2023, the Nichirei Group pivoted from its former ideal of creating new value in food and health to the new ideal of discovering the potential of materials and cooling power to contribute to the future of the Earth and people's mental and physical health through food. We then reviewed Group measures and KPIs accordingly.

Committed to health, we will contribute to wellness by enhancing the development of nutritionally responsible products while supporting mental health, which encompasses emotional and social health. We are also working for the future of the global environment by minimizing negative impacts and deploying cutting-edge technology and conserving resources in stepping up initiatives with positive impacts.

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



of the Earth and people's mental and physical health through food.

 Allocate resources to R&D and marketing for health, the global environment and the identification of emerging customer value.

• Emphasize compatibility with people's mental and physical health and the global environment in developing products and services and in providing information.

• Establish mechanisms to create and cultivate value in new fields and conduct innovation activities.

Creating a Mechanism for New Value Creation Unique to Nichirei

Nichirei Acceleration Program MinoruN is a mechanism launched in 2020 to sustainably create new value and future businesses by inviting employees to take on the challenge of starting a new business. This initiative solicits, selects and commercializes entrepreneurial ideas from all employees. It also includes skills development programs and ideation workshops that provide knowledge and methodologies for identifying customer needs required to structure a business model, which enables employees to propose new business ideas even if they have no prior entrepreneurial experience.

Nichirei Acceleration Program MinoruN



We solicit ideas once a year, and those that pass the initial review undergo three stages of verification with the aim of commercialization. In Phase 1, we conduct in-depth interviews with prospective customers to confirm customer value. In Phase 2, we create prototypes, confirm product and service feasibility, and verify the ability of those products and services to resolve customer issues. In Phase 3, we conduct test sales on a small scale to verify demand. Even if verification results are not as projected, participants can cycle back to the preceding phase to redo the verification process. This shortens and accelerates the entrepreneurial cycle, helping to increase the probability of commercialization. The program has not yet commercialized any projects, but it has developed participants' ability to promote new value.

New Businesses Created through MinoruN

Development of Miraikura

One of the projects selected in 2021 and currently undergoing verification of demand is Miraikura ("Future Roe"), a food that resembles fish roe. Recent changes in the global environment are impacting the procurement of natural resources of roe, such as salmon roe and sujiko, raising risks to stable, sustainable procurement. The idea for the project was primarily the brainchild of members of the Marine Products Division of Nichirei Fresh Inc. We are developing products with the support of our technical department, which has knowledge of the physical properties of food, and Fresh Maruichi Corporation, which has production technology for processing fish roe.

Phase 1 customer value verification indicated that because Miraikura is cholesterol- and allergen-free, even people with health concerns and people with fish egg allergies can eat the product on a daily basis. Additionally, it appears to be suitable for vegan diets because it does not contain animal ingredients. We will proceed with verification so that we can deliver this new sustainable, healthy food option to dining tables in Japan, North America and elsewhere around the world in the near future.





Miraikura

Miraikura received the President's Award in Nichirei Fresh's internal Nichirei Fresh Awards for Linking Sea. Land and People.

Group

Measures



a 限を気遣う食卓に彩き / みらいくら。

Business Plan & Strategy

Management Strategy Value Creation Story

Stakeholders



57

Strengthening food processing and production technology capabilities; enhancing logistics services

Promoting Overseas Operations

Group Target (KPI)	FY2023 Result	FY2024 Plan	FY2025 Target	FY2031 Target
Overseas sales ratio	20%	21%	20%	30%

Further refine the Nichirei Group's core competencies in food processing, production and logistics to resolve social issues and improve profitability through competitive advantages in global markets.

Operations in North America (Processed Foods Business)

The household-use frozen foods market in North America has been growing steadily every year, and its subcategory, the Asian food market, continues to grow due to factors such as an increase in consumers of Asian origin. Looking to expand its North American operations, in 2012 Nichirei Foods acquired InnovAsian Cuisine Enterprises Inc. (ICE), which plans and sells frozen foods in the United States. ICE has grown significantly faster than its markets and has become a growth driver in the processed food business outside Japan.

ICE has three core strengths. The first is marketing power. It has been analyzing trends in the Asian food market for many years and is leveraging this data in product development and sales strategies. Its second strength is product development capabilities. ICE's ability to create products that match local tastes is also the result of many years of experience. The third strength is sales capabilities. ICE has earned the acceptance of major mass retailers for a diverse array of products and promotional offerings.

ICE's main product categories are chicken and processed rice products, and it has established its own processed rice product production capabilities to further expand its business. In July 2022, it acquired all the



The management of ICE and Nichirei Sacramento Foods Corporation

shares of a joint venture originally formed with another company in 2019 and changed the company's name to Nichirei Sacramento Foods Corporation. The company will strengthen its production and sales in the processed rice product category by incorporating Nichirei Foods' technology and knowledge to improve productivity and enhance product development capabilities. It also plans to expand its chicken and processed rice product lineup and make a full-fledged entry into the appetizer category, which is the largest market.

ICE will continue to expand its business through marketing and product development tailored to local tastes, with the goal of achieving top market share.



Processed rice products



Nichirei Sacramento Foods Corporation

Operations in Europe (Temperature-controlled Logistics Business)

More than 30 years have passed since Nichirei Logistics Group initiated European operations in 1988 with the acquisition of a cold storage company in Rotterdam, Netherlands. We subsequently expanded our operations to Germany, Poland, France, and the United Kingdom through mergers and acquisitions. We have continued to grow by providing high-quality temperature-controlled logistics services to local companies throughout Europe, and currently have the fifth largest refrigerated warehouse capacity in Europe.

A Business Model for Delivering One-stop Service

The Port of Rotterdam is where we developed our port business model, in which we provide one-stop service that combines cold storage capabilities at the port with marine transport, drayage, customs clearance, distribution processing, and transportation and delivery. We aim to expand this model to major ports in neighboring countries including the United Kingdom, Germany, and France.

Our distribution business model involves temperaturecontrolled logistics services for retail chains in Germany and Poland. Operations in Poland have grown to a



All of our operating companies are managed locally. Nichirei Holding Holland B.V. (NHH), an intermediate holding company led by Japanese employees posted overseas by Nichirei Logistics Group, plays a supervisory role, monitoring the operations of our European companies, formulating strategies for business expansion, and supporting implementation. Strategic initiatives are a particular focus, and as part of its day-to-day operations NHH communicates with the management of European companies about large-scale investment plans, mergers and acquisitions.

leading position in the core refrigerated logistics business for mass retailers. We are also considering expansion into neighboring countries in Eastern Europe. Our basic strategy is to use these two business models to provide comprehensive services. We will maximize synergies between our increased storage capacity and the acquisition of companies in the United Kingdom and Poland while expanding the provision of one-stop cross-border services through collaboration among our locations.



The management of NHH, our intermediate holding company overseeing operations in Europe

Realizing sustainable food procurement and a circular economy

Supply Chain Management to Achieve Sustainable Procurement

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

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

Nichirei Group Supplier Code of Conduct Nichirei Group Supplier Guidelines

Hitps://www.nichirei.co.jp/english/sustainability/social/supply.html https://www.nichirei.co.ip/english/sustainability/social/supplychain/regulation.html https://www.nichirei.co.jp/english/sustainability/social/supplychain/guideline.htm

Supplier ESG Survey

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

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

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

FY2023 Supplier ESG Survey

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

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

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

Human Rights Due Diligence Result and Plan for FY2023–2025

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

Sustainable Marine Product and Palm Oil Procurement

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

Establishment of Sustainable Marine Product Procurement Guidelines

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

Nichirei Fresh Products That Have Obtained MSC/ASC Certification



Arctic surf clam, Capelin, Flatfish (Flathead sole, Kamchatka flounder, Arrow-tooth flounder Northern rock sole, Yellowfin sole, Greenland halibut), Salmon (Chinook salmon, Chum salmon, Coho-silver salmon, Pink salmon, Sockeye-red salmon), Herring, Longfin squid, Pacific cod, Pacific cupped oyster, Red king crab, Snow crab, Walleye pollock, Yesso scallop, Atka mackerel, Japanese carpet shell, and Pacific ocean perch

Activities Initiated at Group Cafeterias to Encourage Sustainable Seafood Consumption

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

In FY2024, we will implement this initiative at employee cafeterias in the Kanto region, including the Company's Head Office cafeteria in Tokyo. We also intend to extend this initiative to Nichirei Group employee cafeterias outside the Kanto region from FY2025 onward. * Chain of custody: A mechanism for managing processing and distribution to ensure certified marine products are separated from non-certified products

Establishment of Sustainable Palm Oil Procurement Guidelines

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

Initiatives for Sustainable Palm Oil

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

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

Nichirei Group Sustainable Marine Product Procurement Guidelines Sustainable Marine Product Procurement

Giant tiger prawn, Whiteleg shrimp, Pacific cupped oyster, Atlantic salmon, Coho-silver salmon, and Rainbow trout

(As of June 2023)

社員食堂

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



Membership profile page

Sustainability Education

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

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

FY2023–FY2025 Plan for Position-Based Sustainability Training



Study Sessions on Sustainability For Manag

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

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

Study Sessions on Sustainability in FY2023

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

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

For Managers or Above

SDGs and Materiality Training "One for Future"

Objective	Encourage a sustainability mindset and behavioral cl providing participants with an understanding of Nich sustainability management goals and a simulated ex achieving both social and economic value through th of social issues.
Target	All managers or above (Approx. 1,300)

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

For New Employees and Newly Appointed Managers

How to Think about SDGs and Social Issue Resolution

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

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

Sustainability E-learning For All Employees

Objective	Acquire basic knowledge	about tl	he SDGs	and ESG related to our bu	siness activit	ies.	
Target participants	All employees						
We condu	ict activities related to			E-learning (theme)		Global event	Attendance rate
SDGs and ESG relevant to our			May	Circular Economy	May 22	International Day for Biological Diversity	97.1%
material matters, which encompass		FY2023	November	SDGs Overview	November 20	World Children's Day	93.8%
the environment, society, human			December	Business and Human Rights	December 10	Human Rights Day	93.9%
rights, and sustainable food, in			June	Environment (CO ₂ Emissions Reduction)	June 5	World Environment Day	93.8%
conjunction with global events. We			July	Environment (Global Warming)	July 7	Cool Earth Day	93.1%
	also use videos to help participants easily understand and learn technical terms.		September	SDGs Overview	1 week including September 25th	SDGs Week	_
,			December	Business and Human Rights	December 10	Human Rights Day	

Sustainability Portal Site For All Employee

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

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The Nichirei business card game "One for Future"

management Encourage can help ork, and the



Training materials (excerpt)

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Sustainability Portal Site

Management Strategy Value Creation Story

ness Plan & Strategy Busir

Sustainability & Human Resources

Stakeholders

Governance & Risk Management

Water Resources, Biodiversity and Resource Recycling

Initiatives for Water Resource Conservation Assessing the Importance of Water Risk and Biodiversity https://nichirei.disclosure.site/en/themes/166

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

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

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

Assessment Process



Framework for Consideration

1. Assessing biodiversity importance

1.1. Assess proximity to areas with highly important biodiversity using the following tools, layers and criteria.

2. Clarify the basis for determining the importance of biodiversity

2.1. Clarify the characteristics of the area and the criteria for selecting it for protection, and use this information to demonstrate the value of the area's biodiversity 2.2. For key biodiversity areas (KBAs), summarize the species that triggered KBA selection (the trigger species).

Assessment Tools and Layers

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

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

Assessment Results

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

Resource Recycling Initiatives

Waste Recycling Initiatives

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

Total Waste Recycling Rate for All Facilities

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

Plastic Reduction Initiatives

Reducing Plastic Used in Frozen Food Containers and Packaging

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



Upcycling Initiatives

Turning Substandard Frozen Foods into Antibacterial Wet Wipes

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





Waste Volume and Recycling Rate

Initiatives for Thinner Packaging

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







made from Yaki-Onigi (Grilled rice balls)



Antibacterial wet wipe made from *Imagawa-Yaki* (Japanese waffles)

Material Matter 4

Climate change initiatives

Group Target (KPI)	FY2023 Result	FY2024 Plan	FY2025 Target	FY2031 Target
Reduction in CO2 emissions (Compared with FY2016; Scope 1 and 2 in Japan)	-25%	-27%	-30%	-50%

Greenhouse Gas (GHG) Emissions

The Nichirei Group Environmental Policy and The Nichirei Group Biodiversity Policy ttps://www.nichirei.co.jp/english/sustainability/environment/policy.html

2050 Carbon Neutral Declaration

The Nichirei Group will achieve carbon neutrality by 2050

Committed to achieving carbon neutrality by 2050, the Nichirei Group will reduce Scope 1, 2 and 3 GHG emissions from its entire supply chain to zero to the extent possible, both in Japan and overseas. We will also implement programs to achieve carbon neutrality by absorbing or removing the GHG emissions we cannot reduce.

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

The Nichirei Group's GHG emissions in FY2023 totaled 3,485 thousand tons-CO2e.



Nichirei Group Scope 3 Emissions by Category

Scope 3 emissions account for approximately 90% of the Nichirei Group's total GHG emissions, and Category 1 accounts for approximately 89% of total Scope 3 emissions. We have confirmed that the main sources of emissions include procurement of raw materials and OEM products for use in processed foods, marine, meat and poultry products, and third-party logistics (3PL) transportation in the temperature-controlled logistics business.

			(t-CO ₂ e)
	Scope 3 Category	FY2022 [*]	FY2023
No.	Description		
Category 1	Purchased goods and services	2,724,104	2,802,360
Category 2	Capital goods	113,938	101,503
Category 3	Fuel- and energy-related emissions from activities not included in Scope 1 or Scope 2	62,828	65,438
Category 4	Upstream transportation and distribution	98,016	95,991
Category 5	Waste generated in operations	2,527	2,197
Category 6	Business travel	505	1,563
Category 7	Employee commuting	2,400	2,541
Category 8	Upstream leased assets	0	0
Category 9	Downstream transportation and distribution	3,519	3,696
Category 10	Processing of sold products	33,833	37,563
Category 11	Use of sold products	9,902	11,160
Category 12	End-of-life treatment of sold products	16,431	15,519
Category 13	Downstream leased assets	6,582	6,418
Category 14	Franchises	N/A	N/A
Category 15	Investments	N/A	N/A
Total		3,074,586	3,145,951

* Increase of approximately 61% compared to Scope 3 emissions for FY2022 presented in Integrated Report 2022. The main reason is that we expanded the scope of emissions included in Category 1.

Nichirei Group's Scope 1 and 2 CO₂ Emissions in Japan

In FY2023, we reduced our CO₂ emissions by 25% compared with FY2016.



GHG Emission Reduction Initiatives

Increasing Energy Efficiency and Preventing Refrigerant Leaks

The Nichirei Group owns large-scale refrigerated distribution warehouses and food factories, and we are implementing a variety of initiatives to increase energy efficiency. In addition, we conduct rigorous inspections and management on a daily basis to prevent fluorocarbon leakage. We also introduced high-performance fluorocarbon detectors in FY2022, and conduct regular inspections to reduce refrigerant leakage.

Freezer upgrades	Appropriate renovation of compressors and coolers
Optimization of cooling tower settings	Suppression of freezer pressure level and reduction of cooling tower operating time
Prevention of warm air infiltration	Installation of warm air exhaust equipment and installation of appropriate dock shelters
Early detection and elimination of refrigerant leaks	Introduction of high-performance fluorocarbon detectors

Switching Energy Sources

The Nichirei Group is switching over to energy sources with lower CO2 emissions. While switching to electricity from renewable energy sources with zero CO₂ emissions, we will also move forward with initiatives to switch to fuels that produce low amounts of CO₂ to generate electricity or heat used for frying and baking on food factory production lines.

Electrification	The Nichirei Logistics Group began using three electric refrigerated trucks in the Kanto region in FY2023. We will put two more into service in the Tokai region in FY2024.
Switching to Renewable Energy Sources for Generating Electricity	The Nichirei Group is carrying out initiatives to procure renewable energy for generating electricity. This enabled us to increase our percentage of electricity generated from renewable energy sources by 4 points in FY2023 compared with FY2022.

Utilizing Electricity Generated from Solar Power

The Nichirei Group is installing solar power generation equipment on the premises of food plants and on the rooftops of refrigerated distribution warehouses. As of FY2023, 11 Nichirei Group facilities in Japan had installed solar power equipment, which generated 3,201 MWh of electricity and reduced CO₂ emissions by 1,429 tons in FY2023. We plan to install similar equipment at three more locations in FY2024.

In addition, through our intranet we are also sharing information such as locations that have installed solar panels and daily power generation volume to help increase employee interest in renewable energy and CO₂ emission reduction.

Solar Power Generation and CO₂ Emission Reduction

			4	57)
FY2020	FY2021	FY2022	FY2023	02
8	9	10	11	15R
2,068	2,149	2,974	3,201	52
1,003	986	1,408	1,429	0
	8 2,068	8 9 2,068 2,149	89102,0682,1492,974	

Details • Page 45



Targets for Electricity from Renewable Energy Sources (%)

FY2022 Result	FY2023 Result	FY2025	FY2031
5%	9%	15%	40%

Note: Figures for Japan

Nichirei Group Locations with Solar Power Generation Equipment



GIC: Global Innovation Center

Initiatives to Use 100% Renewable Energy Sources at Operating Locations – Carbon-Free Electricity

The Nichirei Group is also working to use 100% renewable energy for electricity at its operating locations. In FY2023, two of the Nichirei Logistics Group's operating locations that have solar power generation equipment achieved 100% carbonfree electricity, including the purchase of feed-in tariff (FIT) non-fossil fuel energy certificates.

In FY2024, the Group will complement these initiatives in working to use 100% renewable energy electricity. We will install rooftop solar power generation equipment at the Nichirei Group's main campus in the Hinode area of Funabashi City, Chiba Prefecture. In addition, we will procure renewable energy through methods including Renewable Energy Certificates (RECs) and FIT non-fossil fuel energy certificates.

1. Certificates that enable trading in the environmental value of non-fossil fuel energy power sources such as renewable energy generated from solar, wind, hydro, geothermal, and biomass. Among these, FIT non-fossil fuel energy certificates represent electricity generated by FIT power sources.

Purchase of Green Energy²

Since March 2020, Nichirei Foods has been purchasing RECs and has switched to hydroelectric, biomass, and other sources of renewable energy for the electricity used to manufacture certain household-use frozen foods and for the total amount of electricity used at production facilities. Kyurei Inc.'s new plant, which opened in spring 2023, takes care of all of its electricity needs with its own solar power generation facilities as well as renewable energy power sources including biomass.

In addition, in FY2021, the Head Office building (Nichirei Higashi Ginza Bldg.) shifted to renewable energy (making use of RECs) for all of its power usage. Furthermore, we

Renewable Energy Initiatives at Nichirei Foods Factories

Plant		Funabashi Plant	Yamagata Plant	Kyurei	
Renewable energy procurement	Application	All electricity used for producing Honkaku-Itame-Chahan	All electricity used at the plant	All electricity used at the plant	
	Initiative	Purchase of RECs	Switch to renewable energy from hydropower generation	Switch to renewable energy generation from biomass and others	
	Date initiated	March 2020 (ongoing)	February 2022 (ongoing)	April 2023 (ongoing)	
Installation of solar panels		Yes	Yes	Yes	

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

Eliminating Chlorofluorocarbons (CFCs)

Switching to Natural Refrigerants

The Nichirei Group's initiatives to counter climate change include systematically eliminating the use of fluorocarbons by switching to natural refrigerants for refrigeration equipment.

Target Natural Refrigerant Conversion Rates

	FY2023 Results	FY2024 Plan	FY2025 Targets	FY2031 Targets
Rate of conversion to natural refrigerants Production equipment (Japan)	56%	69%	80%	100%
Rate of conversion to natural refrigerants Logistics (Global)	58%	60%	62%	75%

68

employed RECs for all of the electricity used for the Nichirei Ladies professional golf tournament we hosted in June 2023.




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 that we see currently. 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 several scenarios in which climate change could give rise to business opportunities, and conduct timely disclosure.





1 Governance

In April 2022, the Nichirei Group established the Group Sustainability Committee, which formulates sustainability strategies, including initiatives related to climate change, and manages the progress of those strategies. Chaired by the representative director and president of the holding company, the committee comprises the director and executive officer responsible for implementing climate change strategies, 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 deliberated and reviewed by the committee are reported to the Board of Directors of the Nichirei Group by the director and executive officer responsible for climate change initiatives. Strategies, targets and plans are reviewed as appropriate.

Furthermore, in April 2022, to respond to a wider range of sustainability issues, including climate change, we established the Sustainability Management Division within the holding company.

The Group Sustainability Committee also deliberates the details of various scenario analyses that have been conducted since 2019. The latest disclosure includes content deliberated at a committee meeting held on July 25, 2023.

2 Strategy

In FY2021, we conducted scenario analyses that identified risks and opportunities by business and degree of importance. One scenario analysis was for shrimp procurement in FY2024.

Material Risks and Opportunities by Business and Scenarios Identified in FY2021

				_
I	Business			
	Chicken			
	Rice		General abnormal weather	
	Shrimp	Baseline scenario		
Foods Business	Vegetables, marine products, and meat and poultry products		Flooding, rising sea levels	
		1.5°C scenario	Low-carbon policies	
	Common		Environmental countermeasures within the supply chain	
Logistics Business		Baseline	General abnormal weather	
		scenario		
		1.5°C scenario	Low-carbon policies	

Business			
	Baseline scenario	Changes in weather patterns	
Foods Business	1.5℃ scenario	Strengthening of environmental countermeasures within the supply chain	_
		Increased environmental awareness	
	Baseline scenario	General abnormal weather	
Logistics Business	1.5°C	Modal shift	
	scenario	Increased environmental awareness	-

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.

Climate change scenario analyses for the most recent three fiscal years are disclosed in the Integrated Report.

Climate Change Scenario in FY2023 https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/integrated/pdf/68-71.pdf Climate Change Scenario in FY2022 https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/integrated/pdf/nichirei_IntegratedReport2021_all.pdf (Pages 58-61) Climate Change Scenario in FY2021 https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/integrated/pdf/nichirei_IntegratedReport2020_all.pdf (Pages 21-24)

Risks

- Soaring prices due to shrinking agricultural production
- Deterioration in the quality of raw materials
- Difficulty in obtaining raw materials and production delays due to logistics network disruptions
- Reductions in production efficiency and volume and submerged aquafarms
- Submerged agriculture farms, aquafarms and processing factories
- Difficulty in obtaining raw materials and production delays due to supply chain disruptions
- Increased cost for measures for converting to renewable energy and equipment electrification, reduction of emissions
- Curtailment of transactions; higher cost of measures such as the maintenance of global certifications
- Damage to refrigerated warehouses and logistics centers
- Difficulty securing human resources in disaster risk areas
- Increase of investment in natural refrigerants and opportunity loss caused by the slow adoption of technological platforms such as electrical and low-carbon vehicles

Opportunities

- Increased demand for frozen and processed foods
- Increased demand for ethical products that are compliant with the Sedex platform and are created using globally certified raw materials
- Increased demand for the curtailment of food loss within the supply chain through the development of eco-friendly products and technological development
- Development and expansion of demand for products created using sustainable raw materials
- Increase in sales resulting from expanding customer base through strengthened disaster countermeasures and greater resilience
- Cost reduction achieved through a modal shift that improves transportation efficiency
- Increase in number of business partners due to higher evaluations as a company that actively discloses information related to environmental countermeasures

Risk and Opportunity Analysis for Shrimp Procurement

Items Assessed

Survival rate* and body length (= weight) of adult shrimp in the main production areas (11 locations in total) in the top three countries from which Nichirei Fresh procures shrimp (Indonesia, Vietnam and Thailand).

Areas Assessed



Assessment Outcomes (Climate Change Scenario RCP 8.5)

	Risks	Opportunities
Impact of physical changes (Current scenario)	Survival rate of late stage larvae (juvenile shrimp) decreases by up to 30% compared with 2020	Shrimp body length increases by up to 30% compared with 2020
Impact in transition scenario		Response to changes in consumer demand from a long- term perspective, procurement of certified sustainable raw materials, and support for producers

• Production Area Assessment (Climate Scenario RCP 8.5)

		Effect of the increased body length of adult shrimp						
		Extra large	Large	Medium	Small			
Impact of	Large		 Indonesia Tarakan Indonesia East Java Indonesia South Sulawesi 	 Thailand Samut Songkhram Province 	⑦ Thailand Chanthaburi Province			
decreasing survival rate	Medium	② Indonesia Lampung		ⓒ Vietnam Can Tho	⑤ Vietnam Soc Trang⑩ Thailand Rayong Province			
	Small	⑦ Vietnam Da Nang	⑧ Vietnam Hue					

The effect of increasing body length is higher at the main four production areas in Indonesia than in other areas. Although the impact of the decreasing survival rate is significant for late larval stage, the impact is considered to be limited because breeding is at indoor hatcheries with air-conditioning controls and other features.

Survival Rates by Shrimp Growth Stage

Whiteleg shrimp growth stages and the impact of climate change



Adult Shrimp Body Length Prediction Map

2090 Whiteleg shrimp body length in RCP 8.5 (4.0°C rise in temperatures) Prediction (Excerpt)

Measurement Parameters

RCP 8.5 (4.0°C rise in temperature) Minimum spatial resolution

RCP 4.5 (Rise in temperature between 2.0°C and 3.0°C),

Seawater temperature: Approximately 50 km grid mesh (Isotherms at approximately 0.5 degree intervals) Temperature: Approximately 25 km grid mesh

(Isotherms at approximately 0.25 degree intervals)

Annually from baseline year through 2090

GBI (Global climate model provided by C3S)

(Global climate model provided by NASA)

Types of shrimp: Black Tiger (1), Whiteleg (2–11)

Climate change scenarios

Temporal cross-section

Seawater temperature:

Temperature: NEX-GDDP

Data used

(Index: FY2021 = 100)

Note: Despite some differences among areas, body length tends to remain the same or increase



Financial Impact

We expect the financial impact on the shrimp business to include higher purchasing costs resulting from higher supplier costs, and various issues arising from market distribution of higher-priced products. Over the medium to long term, we expect that we will be able to effectively deliver social value by maintaining stable distribution of protein-rich shrimp.

Phenomena Confirmed	Assumed Financial Impact on Suppliers Impact on Nichirei		Measures to Address Financial Impact 1	Measures to Address Financial Impact 2	
Decrease in late stage larvae survival rate	Decrease in final survival rate • Higher shipping costs • Higher energy costs due to increased use of air conditioning Reduced profit margins	Higher purchasing costs Current profit margin to slightly lower profit margin	• Develop new supplier relationships (Consider suppliers with little exposure to the impact of higher temperatures)	Plant and strictly manage mangrove forests, which are a critical shrimp habitat Cooperate financially.	
Increase in adult shrimp body length	Shorter breeding period • Reduced cultivation costs • Increased production capacity for high- margin products	 Base response on market trend toward price increases for lower-priced products Control costs with seasoning processing technology Create new product categories (For example, develop higher-priced products in sizes that do not currently exist) 	 Cooperate financially with producers to offset the increased administrative expense component of annual purchasing costs 		

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 deliberated and reviewed by the Group Risk Management Committee, which is chaired by the representative director and 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 in FY2023 as a separate entity 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 deliberated by the committee. Specifically, the risk associated with climate change is positioned as a major risk for the Group. The committee deliberates and manages business risks and opportunities arising from scenario analyses.

4 Indicators and Targets

Nichirei Group Material Matters (Materiality) Realizing sustainable food procurement and a circular economy

roup Irgets (Pls)	Procurement ratio of sustainable marine products comply with the Nichirei Group Sustainable Marine Product Procurement Guidelines in marine products business			
	Ratio of marine products in the above from fisheries with MSC, ASC or other global certification			

Note: Final survival rate is obtained by calculating (hatching rate at oviparity stage) x (late larval stage survival rate) x (adult stage survival rate)

ducts complying Product s business

100% (FY2025 target, FY2031 target)

> 32% (FY2025 target) 50% (FY2031 target)

Securing and developing a diverse array of human resources

Diversity, Equity & Inclusion: The Advancement of Women Employees

Group Targets (KPIs)	FY2023 Results	FY2024 Plan	FY2025 Targets	FY2031 Targets
Ratio of women directors and women Audit & Supervisory Board members (Holding company)	13%	13%	20% or higher	30% or higher
Ratio of women in management positions (Holding company)	15%	18%	20%	30%

To achieve sustainable growth, the Nichirei Group will secure and develop diverse human resources while fostering an inclusive corporate culture in which everyone can make the most of their strengths.

Nichirei Logistics Group Initiatives

The Nichirei Logistics Group places the highest priority on diversity, equity and inclusion (DE&I) in order to innovate. Unconscious bias has a major impact on how DE&I is promoted, and many women themselves believe that their role is in the home and that the genders have differing abilities to perform work. While men currently dominate the logistics industry, the Diversity Promotion Department leads the implementation of measures for the advancement of women employees in the workplace, an issue that we will continue to address in promoting diversity.



The results of a survey conducted by the Nichirei Logistics Group revealed that while men rarely have concerns after being promoted to a position, the majority of women harbor a degree of hesitation or concern. Less than one in four women surveyed viewed the increase in discretion as a result of being promoted to a higher position positively. Therefore, we have initiated training for women who have been promoted to provide them with insights about the mindset and work styles of managers. A key feature of this training is that the curriculum inculcates a mindset that enables supervisors to broaden the scope of their responsibilities. Because they take part in the program alongside trainees, supervisors are cultivated as division managers able to support the development of women managers.

Women-Advance-Meeting (WAM; from FY2023)

Many people in the Nichirei Logistics Group have never seen women working in management positions at distribution centers and cannot imagine a woman having a management career. Therefore, we started conducting WAMs in FY2023 to provide an opportunity for our people to learn about women working as managers, and as an opportunity to build personal networks beyond the worksite. We hold five-person WAMs-comprising two managers and three regular employees-four times a year for 60 minutes each. They are a meaningful, pleasant forum for people to interact and think about their careers.



Members of Nichirei Logistics Group's Diversity Promotion Department





Purpose

(1) Recognize and expand values (2) Improve the image of field of activity ③ Deepen women's networks

Nichirei Foods Initiatives

Nichirei Foods launched its Diversity Promotion Department in 2022, and is carrying out a variety of activities with the goal of creating an environment where diverse people can do work that is satisfying and allows them to demonstrate their unique skills.

In this context, we have positioned the advancement of women employees as an important issue for promoting diversity and inclusion. We are therefore implementing measures to help employees advance their careers while taking into account their individual life stages and values. These measures include providing opportunities for women to proactively think about their careers, creating networks among women employees, and enhancing welfare programs to support work-life balance.

Career Advancement Seminar for Women: Research & Development and Product Development Department



their job types. The first half of the seminar featured a lecture by a woman director from outside the Group with a career in product development, and in the second half participants broke off into working groups to exchange opinions. Many participants indicated they were able to envision taking on challenges to advance their careers. They also indicated that they found the seminar's suggestions for solving problems and thinking positively from a

Initiatives in the N-win Project for Women Employees

The N-win Project launched in 2021 aims to improve the job satisfaction of Nichirei Foods' women employees. It involves conducting employee surveys and other initiatives that address feedback from the workplace obtained from the surveys. In FY2023, the project included a total of four roundtable discussions in which 69 women employees in their 20s participated.

Roundtable discussions	Total of four (Monthly from November 2022 to February 2023)
Participants	69 women employees in their 20s and their supervisors (Total of 77 people)
Panelists	16 people (Four people x four times); mainly people in their 30s from various occupations and areas



Executive Comments

Nichirei Foods is responsible for the Group's processed food business. and it must respond quickly and flexibly to the ever-changing needs of society and customers. We must therefore leverage the unique perspectives and experiences of women to incorporate new ideas when developing and marketing products and services. The Diversity Promotion Department will provide diverse role models, career support, work-life balance support, and leadership development as it continues striving to foster a workplace culture in which women are healthy, lively and satisfied with their jobs.

Managing Executive Officer General Manager, Diversity Promotion Department

Management Strategy Value Creation Story

Business Plan & Strategy

-Sustainability & Human Resources

Stakeholders

Governance Risk Managem

Data





Diversity Promotion Department, Nichirei Foods Inc Kumiko Kubo (left), and Yurika Tsurutani (right)

In March 2023, the Research & Development and Product

Development Department held a seminar for their women

woman's perspective very helpful for dispelling concerns about

career building and embracing a growth mindset.

employees in management positions, with the aim of nurturing women in management and resolving career concerns specific to

Nichirei Group Integrated Report 2023 75

Health Management

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

Since FY2016, 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 the Nichirei Group will strive for good health maintenance.



Nichirei Health Promotion Center employees

Improving Employee Performance by Maintaining and Improving Health

We support good eating habits and health. As such, we promote measures that enable our employees to always work vigorously and in good physical and mental health, regardless of their age or gender. To reduce absenteeism and presenteeism

we make enhancements to our occupational health systems, conduct health literacy education, and provide support for balancing medical treatment and work. In recognition of these efforts, we were chosen for inclusion in the 2023 Health and Productivity Stock Selection, and have also been recognized under the Certified Health and Productivity Management Organization Recognition Program in the large enterprise category for seven consecutive years.

	FY2023 Results	FY2025 Targets	FY2031 Targets			
Absenteeism ¹	3.6 days	2.6 days	1.0 days			
Presenteeism ²	79%	85%	90%			
1. Lost workdays due to poor physical or mental health						

2. Actual performance level, compared with normal performance level (set at 100%)

Physical Examinations and Follow-Up Measures

Since FY2019, we have achieved a 100% annual health checkup rate for our employees in Japan. In addition, with the aim of achieving zero deaths in service (while employed by the Company) we provide follow-up measures that include interviews and guidance from public health nurses via e-mail or other online tools, based on the judgment of an occupational physician. In particular, we are enhancing support for people with work restriction scores by requiring periodic treatment confirmation based on the revised employment regulations.

Regular Health Checkups by Overall Score (%) (Including Non-statutory Items)



Mental Health

Rapid change in the workplace environment in recent years has increased the chance that managers will be faced with employees' mental health issues. Responding to this situation, the Nichirei Group renewed its mental health education program in FY2024.

Theme: Improvement of mental health-related skills for managers

- · Changed from voluntary to mandatory training.
- (All managers are expected to complete the training within four years.)
- Care is also provided for managers, who are burdened by their responsibilities.
- Expanded from online-only training to include in-person training as well.
- Introducing a system for certifying those who complete the training. (To make it easier for such individuals to actively promote mental health in their respective workplaces, and to establish a network linking them across the organization so they can share information.)

Support for Balancing Medical Treatment and Work

We aim to create a workplace environment in which Nichirei Group employees who develop a disease or condition that requires long-term medical treatment can stay in their jobs and balance treatment and work with peace of mind. The three fundamentals of our measures are treatment-work balance consultation, education and awareness, and cooperation among Group companies.

Treatment-work balance consultation involves annual interviews with affected individuals who interact with public health nurses, so that we can find out more about their opinions and requests regarding appropriate measures. In May 2023, we also began operating an online survey called Everyone's Tweet Room to gather employee feedback.

We held three seminars for education and awareness in FY2023.

July 2022	Kenichi Ishii, Hulic Insurance Service Co., Ltd.	Cancer, Money and Work	20 participants
October 2022	Takashi Sekikawa, Supervising occupational physician	Current Status of Cancer Treatment	24 participants
February 2023	Chiaki Hara, Yotsubanokai	Caring for My Body	46 participants

We provide opportunities for employees to view cancer and other illnesses as personally relevant, obtain accurate information, and think about creating a better work environment.

There are four seminars planned during FY2024.

In addition, we strive to disseminate accurate and reliable information through channels including in-house bulletin boards.

Health Management for Japanese Employees Working Overseas

We are enhancing initiatives to ensure that employees working overseas receive the same health management support as employees working in Japan.

Interviews with Public Health Nurses for Japanese Employees Posted Overseas

We are conducting online public health nurse interviews using Teams to maintain and improve the health of employees working overseas. In addition to interviews before departure and upon return to Japan, in FY2023 we also initiated annual interviews during overseas assignments to detect employees with health issues early on, provide support, and understand the health issues unique to working overseas. In FY2023, we conducted interviews with public health nurses for approximately 100 people, including those who requested health consultations themselves and those for whom supervisors made the request.



Everyone's Tweet Room is a forum for employees to voice their thoughts about balancing medical treatment and work



An online interview with a public health nurse

Work Satisfaction

The Nichirei Group aims to further improve productivity and create a vibrant workplace by welcoming diverse human resources, values, and ideas to energize the organization. In FY2018, we established the Nichirei Group Workplace Reform Policy. Each operating company set goals based on the policy and promoted various initiatives over the five years through FY2022. The Group Diversity Promotion Council and the Group Health Promotion Council were organized under the Group Human Resources Committee as organizations to enhance work satisfaction. These organizations discussed human resource strategies that would contribute to the realization of the sustainable growth of the entire Group, exchanged opinions on measures, shared information, and confirmed progress.

■ Work Style Reform: Main Measures and Activity Progress (FY2019–FY2022)

Poli	icy	Enable diverse working styles		Prevent excessive working hours	Ensure equal opportunity			
lde Sta	cert to c al and te suit Sys the	a working nours, to	Establish systems to prevent circumstances including childbirth, childcare, nursing care, poor health, relocation of a spouse, or disease from disrupting or ending employees' careers.	Reform workstyles through labor-management collaboration to achieve appropriate working hours that allow employees to be healthy, have job satisfaction, and fully demonstrate their abilities.	Help make employees a valuable asset for the Nichirei		Embrace the philosophy of an inclusive society that does not discriminate on the basis of physical limitations to create workplaces and employment opportunities that enable people with physical challenges to earn a living through stimulating work.	Address longer healthy life expectancy by leveraging the unique experience of older employees and creating opportunities for them to succeed in line with their particular values and work styles.
Prio Meas		crease working ondition options	Create systems for employee career continuity	Promote paid leave	Promote the advancement of women employees	Diversity and inclusion	Provide stimulating employment opportunities for people with disabilities	Create employment opportunities for seniors

Creating Stimulating Employment Opportunities for People with Disabilities

The Nichirei Group actively promotes the employment of people with disabilities, 33 of whom work at Nichirei Aura Inc., a special Group subsidiary. They are engaged in a wide range of operations, including cleaning of office interiors and maintenance of green spaces at the Head Office, the food factories of Group companies, and distribution centers. The Group will continue to create comfortable workplace environments for people with disabilities.

Providing Employment Opportunities for Seniors

In 2002, the Nichirei Group set up the Senior Staff System to provide employment opportunities for employees on retirement. After reaching the retirement age of 60, those wishing to continue working may do so until the age of 65. At present, we employ more than 100 senior staff members, whose experience and knowledge contribute to Group development.



Senior staff member teaching elementary school students about food

Next Generation Development Guidebook

This guidebook focuses on the Nichirei Group's absence and leave systems for childbirth and childcare, with the aim of helping both men and women achieve work-life balance during childrearing years. The guidebook has sections for women and men that provide information on support for balancing work and childcare, prenatal preparations, and necessary procedures at each stage from childbirth to the return to work.



The Next Generation Development Guidebook

Nichirei Group's Initiatives to Encourage Childcare Leave

In line with the October 2022 revision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, the Nichirei Group has revised its childcare leave system. Although the Nichirei Group's system exceeded statutory requirements prior to the act's revision, the Group addressed the revised regulations by enhancing its system in ways such as establishing childcare leave at the time of childbirth and childcare leave that can be divided into installments until the child is one year old, with both leave systems aimed at men. We also provided more options for taking childcare leave.

Taking this revision as an opportunity, Nichirei Group management met with the labor union to discuss and set a target of 100%* of male employees taking three or more days of absence or leave for childcare. By setting these targets, encouraging men to participate in childrearing and expanding opportunities for women to play an active role in the workplace, we aim to achieve work-life balance for both men and women during their child-rearing years. *We set this target for male employees because when women employees give birth, 100% of them take childcare leave.



Q1: Please tell us about your work.

A I work in product development in collaboration with Head Office production units and business divisions. My responsibilities range from promoting the development of new lines and products made with new manufacturing methods, to domestic production bases, manufacturing methods, formulations, and capital investment.

Q2: Why did you decide to take childcare leave?

A My wife was giving birth to our third child. My eldest son is in elementary school and my eldest daughter is in daycare, so my wife was unable to take the children with her to her parents' place when it was time to give birth, as she had in the past. I needed to provide support as a father after the birth.

Q3: How much leave did you take?

A One month, from March to April 2022.

Q4: How did your supervisor and colleagues react?

A My supervisor is a mother of two children and many of my colleagues are balancing work and childcare, so everyone was supportive. The people I asked to cover for me while I was gone handled their new positions responsibly, which helped them grow as individuals.

Q5: What were the positive aspects of taking childcare leave?

A I thought life focused on a newborn baby would be challenging, but it was actually really fun because my wife and children and I did it together. Also, my eldest son happened to be on spring break, so the extra time spent together as a family was great.

Toshiyuki Kasai Product Development Department Nichirei Foods Inc.





Product Development Department Nichirei Foods Inc. Management Strategy & Value Creation Story

Personalized Learning Opportunities

Group Target (KPI)	FY2023 Result	FY2024 Plan	FY2025 Target	FY2031 Target
Investment in human resources	1.2 times	1.5 times	1.7 times	2.0 times

Comparison with average investment in human resources from FY2019 through FY2021

Implementation of Digital Transformation (DX) Training

Medium-term Business Plan Compass Rose 2024, which began in FY2023, promotes the use of data and technology in the Nichirei Group as a high-priority human resource development measure, and we have been expanding learning opportunities tailored to individuals.

In the final year of Compass Rose 2024, we aim to appoint a Digital Leader in each department of our main operating companies in Japan to promote the use of data and technology. The program will be implemented in tiers, from DX Bronze-the introductory program providing the essential points of digital literacy-to DX Silver and DX Gold. DX Bronze targets all employees (approximately 3,500 people) at our main domestic operating companies, who are scheduled to complete this program by the end of FY2024. DX Silver and DX Gold will then provide learning programs tailored to individual competency levels.

DX Training Program



Hours of Study for DX Training Program (Three-Year Plan)

	Training Level	Content	FY2023 Results	FY2024 Forecast	FY2025 Plan	Three-year Total	
	DX Gold	• Workshops • Individual training	—	10 people (200 hours)	140 people (2,800 hours)	150 people (3,000 hours)	
$ \ \ \ \ \ \ \ \ \ \ \ \ \ $	DX Silver	• E-learning • Workshops	About 50 people (800 hours)	450 people (7,500 hours)	450 people (7,500 hours)	950 people (15,800 hours)	
	DX Bronze	• E-learning	About 1,200 people (11,000 hours)	2,600 people (24,700 hours)		30,800 people (35,700 hours)	
Ļ	worksho	0 1	ives for	hrough e-learning. Transform Learn	g, but DX Silver ind work by leveraging a that you can utilize e data around you	data!	
		Think about where to start and create opportunities to begin DX activities					

DX Strategy

For the Nichirei Group, DX involves data technology-driven business transformation activities linked to its five material matters. We began implementing DX initiatives in FY2022.



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 a more valuable experience for customers. Through initiatives that go beyond our own industry, we also aim to build new ecosystems and work to monetize them

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 involved in the supply chain.

Management Base DX

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

Production/Logistics DX

We will work to implement 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 knowhow, and to conduct all-inclusive control of multiple sites.

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 Strategy Value Creation Story Business Plan & Strategy Sustainability & Human Resources Stakeholders Governance & Risk Management

Co-creation with Stakeholders

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.

r							
		ñ		ຕິຕິກ			ement Strategy &
	Customers	Shareholders and Investors	Business Partners	Employees	Local Communities	Trade Organizations, NGOs, NPOs and Related Initiatives	Manager
Relationship	Customers who use the Nichirei Group's products and services. By responding to the needs of diverse customers while providing new value, we will contribute to good eating habits and health.	The providers of financial capital for the Nichirei Group. Through dialogue and information disclosure, we gain their support for our sustainable growth.	The suppliers who do business with the Nichirei Group, including suppliers of raw materials and commercial products, OEMs to which it outsources manufacturing, and third parties to which it outsources logistics services such as transportation and cargo handling. They are important partners for co-creating value, and we build long-term relationships of trust with them for mutual growth.	Nichirei Group employees are indispensable for creating value and producing safe, high- quality products and services. We respect the diversity of our employees, and strive to ensure occupational health and safety and to provide fair treatment and opportunities for personal development. We also strive to increase engagement by continuously improving the workplace to enable every employee to thrive.	As a member of society, the Nichirei Group contributes to the development of local communities and helps resolve social issues through dialogue and by thinking and acting together with a broad range of stakeholders. In addition to creating local employment through our businesses, we consider local communities and their environment and promote coexistence.	By actively participating in trade organization conferences and other events, the Nichirei Group collaborates with other companies to help resolve issues. We also work to solve such issues by collaborating and cooperating with various NGOs and NPOs in Japan and abroad.	Business Plan & Strateov
Expectations and Interests	 Creation of new value Provision of safe, high-quality products and services Details • Pages 84-85 Realization of good eating habits and health Provision of appropriate information Sustainability initiatives 	 Maintaining and improving corporate value Appropriate distribution of profits Timely and appropriate disclosure of information ESG initiatives 	 Impartial, fair, and honest transactions Initiatives to improve quality Formation of long-term, constructive relationships and mutual development premised on coexistence and co-prosperity Realization of sustainable procurement throughout the supply chain Details • Page 60 	 Occupational health and safety Details · Pages 86-87 Health management Improvement of work satisfaction Opportunities for employees to develop and fully demonstrate their skills Diversity, equity and inclusion (DE&I) Respect for diversity 	 Harmonious coexistence with local communities Details · Page 88 Preservation of local environments Educational activities in local communities Contribution to job creation and local community development Consideration for the environment and sound levels, and safe operations 	 Human rights Details • Page 89 Climate change Preservation of the global environment Food loss and food waste Sustainable food procurement Resolution of industry issues through collaboration 	Sustainability &
Communication Channels	 Day-to-day sales and business activities Customer Service Center Customer satisfaction surveys Websites Social media 	 General Meetings of Shareholders Financial results briefings Business information sessions, facility tours Detailed interviews with individual investors in Japan and overseas IR website, ESG website Integrated Report Shareholder Report 	 Day-to-day procurement and business activities Meetings and seminars for business partners Implementation of Supplier Code of Conduct, Supplier Guidelines, and Supplier ESG Survey Initiatives for improving quality through communication 	 Internal whistleblower hotlines Employee assistance and mental health consultation center Labor-management council Health and safety committees Symposiums involving management and employees PR brochures Intranet Employee award system Employee satisfaction survey Employee stress checks 	 Social contribution activities Participation in local events Volunteer activities Dietary education activities (ethical consumption) Food factory and distribution warehouse tours Sponsorship of sporting events Website 	 TCFD Consortium Japan Frozen Food Association Japan Association of Refrigerated Warehouses Japan Fisheries Association World Wide Fund for Nature Roundtable on Sustainable Palm Oil Caux Round Table Japan The Consumer Goods Forum The UN Global Compact 	
Outcomes	Resolution of issues for customers through the promotion of innovation	Improvement of long-term corporate value	Mutual growth with partners Sustainable food procurement Realization of a circular economy Climate change initiatives	Advancement of diverse human resources	Harmonious coexistence with local communities Sustainable food procurement Realization of a circular economy Climate change initiatives	Resolution of social issues through collaboration	Governance &
Related Capital	Social and relationship capital	Financial capital	Financial capital Natural capital	Intellectual capital Human capital	Social and relationship capital Natural capital	Social and relationship capital	
Related Material Matters	 Creating new value in food and health Strengthening food processing and production technology capabilities; enhancing logistics services 	 Creating new value in food and health Strengthening food processing and production technology capabilities; enhancing logistics services Realizing sustainable food procurement and a circular economy Climate change initiatives Securing and developing a diverse array of human resources 	 Creating new value in food and health Strengthening food processing and production technology capabilities; enhancing logistics services Realizing sustainable food procurement and a circular economy Climate change initiatives 	5. Securing and developing a diverse array of human resources	 Realizing sustainable food procurement and a circular economy Climate change initiatives Securing and developing a diverse array of human resources 	3. Realizing sustainable food procurement and a circular economy4. Climate change initiatives	



(4) Incorporation of food safety measures, food crisis management, steps to ensure food defense, and food fraud prevention initiatives to protect consumer health

In addition, to assess whether these initiatives are being implemented reliably, we use internal audits and quality audits at our factories based on our quality management system and food safety management system. We strive to upgrade our systems by following a PDCA cycle to facilitate improvements should any deficiencies arise.

Factory inspections

Number of Annual Factory Audits by Group Companies (Japan/Overseas) (FY2019–FY2023)

For factory audits, each operating company rationally and objectively evaluates the magnitude of risks based on various factors such as characteristics of products it handles, whether or not certification of international standards has been obtained and the quantity of products handled. Based on this evaluation, the operating company creates an annual plan according to which it carries out factory audits. Any concerns pointed out by the audits are reflected in factory improvement activities and Company-wide rule reviews.

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of Factory Audits (Japan/overseas)	104	72	50	62	87
Annual Group Implementation Rate (Compared with plan)	99%	85%	48%	60%	84%

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 are working to ensure safety by expanding and reviewing our use of remote audits.

Number of Voluntary Monitoring Tests Carried Out (FY2019–FY2023)

The Food Safety Center works to confirm the safety and legality of the products handled by the Group. It determines annual plans for items to be inspected and frequency of inspection according to the characteristics of the products handled and the magnitude of possible risks, and carries out various inspections, some involving other inspection organizations. Even when the standards are met, if there are any unusual signs or patterns in inspection results, the factory is alerted and the results are used for reference in improvement activities.

	FY2019	FY2020	FY2021	FY2022	FY2023
Microorganisms	679	584	625	637	616
Pesticide residues and veterinary drugs	609	486	485	492	534
Others (radiation, odor, overseas sales, etc.)	202	193	151	144	140

Proactive Adoption of International Standards for Quality Control

The Nichirei Group offers products and services with a variety of distinguishing characteristics. In addition to applying internal rules aligned to these characteristics, Group companies are actively working to acquire international standard certification for management systems in areas such as quality control and food safety, while strengthening their quality control systems to ensure the safety of the products and services they provide.

Certification Status of Group Companies in FY2023 (Figures in parentheses are certification rates')

	Target Worksites ¹	Quality Management System (ISO 9001)	Food Safety Management System (FSSC 22000, ² ISO 22000, ³ SQF ⁴)	Medical Device Quality Management System (ISO 13485 ⁵)
Nichirei Foods	21	2º (10%)	21 (100%)	_
Nichirei Fresh	9	5 ⁶ (56%)	8 ⁷ (100%)	_
Nichirei Logistics Group	119	85 (71%)	2 ⁸ (100%)	_
Nichirei Biosciences	3	0 (0%)	—	3 (100%)

1. Certification rate (%) = No. of certified worksites ÷ Total no. of worksites of consolidated subsidiaries in Japan and overseas (food factories, distribution centers, etc.), 2. Developed by the Foundation FSSC 22000 (the Netherlands) based on ISO 22000. 3. Stipulated by the International Organization for Standardization, based on ISO 9001. 4. Established by The Food Industry Association (FMI) in the United States, based on hazard analysis and critical control points (HACCP) methods and good manufacturing practice (GMP). 5. Some ISO 9001 requirements have bee omitted, and specific requirements relating to medical devices have been added. 6. In the process of switching to the FSSC 22000 food safety management system. 7. Excludes Nichirei Fresh Farm 8. Includes processing centers only.

Initiatives for Establishing a Food Safety Culture

In recent years, the United States and countries in Europe have broadly adopted the concept of food safety culture,⁹ which focuses on the human behaviors and organizational culture that affect food safety. Additional requirements are being introduced to food safety management systems such as FSSC 22000.

In our Management Principles, we have had a longstanding focus on the guiding principle, "Prioritize customers, Continuous employee education and promotion of communication are essential for establishing a Company-wide

safety, and quality," and have striven to build long-term trust with our customers. To bolster this principle further, in addition to incorporating the concept of food safety culture into our internal rules, in FY2023 we also arranged training sessions featuring guest lecturers for approximately 60 quality assurance personnel at Group companies. food safety culture, so we will continue our efforts to pass on "Nichirei quality" going forward. 9. Adopted by the Codex Alimentarius Commission for its General Principles of Food Hygiene in 2020.

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.

Based on this approach, we have established food safeguard systems tailored to each product type at each operating company. In addition to confirming safety through factory self-checks and factory audits, we are actively working to improve the workplace environment based on employee interviews.

Building a Traceability System

To always provide safe, reliable and high-quality food, the Nichirei Group conducts rigorous quality control and inspections at every stage, from ingredients to final products, and has built a traceability system suited to the distinguishing characteristics of each product. For example, in the event that an issue should arise in frozen vegetables, the cause can be investigated by using the product code symbol to trace the product back through the management records stored by the factory. In this way, it is possible to prevent the issue from spreading or recurring. The farm manager (field person) checks the quantity of raw materials, status of pollution prevention measures, truck departure time, etc. and prepares an invoice. Transporting raw materials Receipt of shipment at the factory The person in charge of receiving the raw materials checks them against the invoice, and then labels the raw materials with the truck number race code labels are established for each process in the production line. Raw materials are processed in the order they arrive at the factory (raw materials are separated Processing by production area

Traceability of Frozen Green Soybeans (Illustration)



2023, 10, 23 / EB Best-by date 13B 031 F 401 Arrived Feb. 13

The information displayed in this row can be used to trace the following: The farm at which the product was harvested 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





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



Occupational Health and Safety Policy

Based on the idea that work satisfaction depends on physical and mental health, the Nichirei Group continuously works to strengthen its safety management systems at each worksite. All officers and employees work together to create a satisfying workplace. We also ask our suppliers to carry out various measures and regularly carry out initiatives related to occupational health and safety in accordance with this policy.

Occupational Health and Safety
 Attps://www.nichirei.co.jp/english/sustainability/policy/occupational_safety.html

Management Framework

The proceedings of the Group Human Resources Committee, including occupational health and safety initiatives, are regularly reported to the Board of Directors.



Safety at Food Factories

Main Initiatives

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 manage working hours, while at food factories and refrigerated warehouses, the main issue is the prevention of accidents. Other workplace environment improvement efforts are conducted according to the conditions of each workplace.

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 worksite 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 workrelated 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 nearmisses. 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

The Nichirei Group provides occupational health and safety training and other training for foreign technical interns before they start on-the-job training at the Group's food factories in Japan. This helps to prevent occupational accidents and facilitates health management for the interns, who are adjusting to life in another country, while at the same time helping them improve their Japanese-language skills.



Bilingual poster in Japanese and Vietnamese

Safety and Quality Training Centers Aimed at Achieving Zero Accidents

The top priority issues at Nichirei Logistics Group's Safety and Quality Training Centers are safety, quality and the environment. The centers work to eliminate accidents involving personal injury at worksites and achieve zero accidents involving products. We work to promote safe behavior at worksites through interactive education that involves active trainee participation. To further improve safety and quality at worksites, we completed renovation of the Tokyo training center in 2021 and the Nagoya training center in 2022. We conduct classroom training as well as practical training that utilizes digital technologies such as virtual reality (VR) tailored to the features of each worksite.



Labor–Management Council with the Labor Union

The Nichirei Group has established the Central Council, a labor-management council involving the Company in Japan. It convenes annually based on a collective agreement. Consisting of 13 members from management and 13 members from the labor union, the council engages in frank discussions on issues such as the Group's business development, improvements to business operations, and the welfare of union members. (In FY2023, the scale of the event was reduced to prevent the spread of COVID-19.)

Dialogue between Employees and Management

Every year since 2011, Nichirei Foods and Nichirei Fresh have held dialogue sessions between management and employees. The aim of these sessions is to promote the Nichirei Group's Mission and Vision, create an open, communicative workplace and listen to the valuable opinions of employees working on the factory floor. Each session provides an opportunity for management to directly convey their thoughts, and for employees to talk with management about issues that interest them and to share their ideas.



Nichirei Foods "Agura" dialogue between employees and management

Nichirei Logistics Group "The First Choice of Clients" Awards

In FY2008, Nichirei Logistics Group introduced "The First Choice of Clients" awards based on a desire to always be the first choice of customers in the food logistics industry. These awards recognize regular employees, temporary employees, part-time workers and employees of outsourced service providers for their contributions to improving the value of customer experiences and creating a satisfying workplace. At the 17th (FY2023) awards ceremony in May 2023, a total of 28 individuals and teams from Japan and overseas received awards.

(The First Choice of Clients" Awards ceremony (FY2023) https://nichirei-logi.co.jp/news/2023/20230518.html (Japanese only)



Engineering team from SCG Nichirei Logistics Co., Ltd.



Nichirei Labor Union Newspaper 99

Nichirei Fresh "OPEN DOOR" dialogue between employees and management

Logi Kansai Logicity, Nichirei Logistics Kansai, Inc.



Local Communities

Establishment of the Nichirei MIRAIterrace Foundation

ttps://nichireimiraiterrace.or.ip (Japanese only)

In August 2022, we established the Nichirei MIRAIterrace Foundation with the aim of tackling social issues related to food and health from a long-term perspective.

The foundation provides grants and other support to social welfare organizations, including Kodomo Shokudo ("children's cafeterias"). We will help support good eating habits and health so that we can provide true satisfaction to as many people as possible.

Activities to Reduce Food Loss and Food Waste

Food Bank

Since 2006, Nichirei Foods and Nichirei Logistics Group have supported the activities of NPO Second Harvest Japan. We donate a total of 20,000 cases of frozen foods annually to various welfare facilities, including foster homes, mother and child support centers, and facilities that support people with disabilities.

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



Kodomo Shokudo

Nichirei Foods began supporting kodomo shokudo in 2021 with the cooperation of NPO Musubie, which supports these aovernmentsponsored drop-in centers that provide free or reducedprice meals for children

and families in need across Japan.

お角を殖やす植樹運

雄武浩翼協





Participation in a Tree-Planting Initiative Aimed at Increasing Fish Stocks

Since 2013, Nichirei Fresh has participated in a tree-planting initiative led by the National Federation of Fisheries in Oumu, Hokkaido, aimed at increasing fish stocks.

Held annually, this initiative was launched to improve the return rate of salmon and trout by enriching the surrounding environment of the Horonai River, which flows by a salmon and trout hatchery in Horonai, Hokkaido. Another objective is to increase other fish species by restoring the overall marine environment.

In 2023, the 28th year of the initiative, approximately 100 people participated, including Nichirei Fresh employees and members of the local community. The participants planted 700 trees, mainly Japanese oak, bringing the total number of trees planted so far to 25,200.



Trade Organizations, NGOs, NPOs and Related Initiatives

Human Rights Initiatives

At the Nichirei Group, we understand that our business activities, from research and development to procurement and provision of products and services, have potential or actual impacts on human rights. In line with the United Nations Guiding Principles on Business and Human Rights, we carry out due diligence to identify, prevent and mitigate adverse impacts on the human rights of people involved in the Nichirei Group's business activities.

Human Rights Due Diligence for Foreign Technical Interns and Specified Skilled Workers

Over a period of two months from October to November 2022 with support from the NPO Caux Round Table Japan, we carried out a fact-finding survey of foreign technical interns and foreign specified skilled workers employed by the Nichire Group. The survey was conducted in accordance with the Dhaka Principles* to assess their physical and mental health and whether they felt a sense of fulfillment day to day. * Principles for the responsible recruitment and employment of migrant workers

Survey Results and Issues



Caux Round Table Japar

As a human rights due diligence initiative, Caux Round Table Japan conducted a questionnaire survey and interviews with foreign workers in accordance with the Dhaka Principles from the standpoint of a third-party organization. Among the survey results, there were many comments expressing a desire to continue working as a member of Nichirei, and no signs of serious human rights violations. However, regarding Principle 1 of the Dhaka Principles, "No fees are charged to migrant workers," the survey revealed that, although there were some variations between individuals, such fees had reached considerably large amounts. I expect the Nichirei Group to take specific measures to establish a foundation of trust with foreign workers. Such measures should involve management, and should verify the actual fees charged to foreign workers at the time they were hired.



Ten Sedex Member Companies in the Food and Beverage Industry Form Working Team to Promote Human Rights Due Diligence in the Supply Chain

Ten companies in the food and beverage industry, including Nichirei Foods, which joined the Supplier Ethical Data Exchange ("Sedex"), have formed the Sedex Working Team of Buyers in the Food and Beverage Industry. Promoting the common use and standardization of Sedex within the food and beverage industry, the team has also been promoting membership of Sedex through initiatives including briefing sessions for suppliers in January and February 2023 and for companies that have trading company functions as of July 2023. Note: Nichirei Foods has been a member of Sedex, a non-profit organization dedicated to the realization of ethical and responsible business practices in the global supply chain, since July 2019. All factories owned by Nichirei Foods in Japan underwent Sedex Members Ethical Trade Audits (SMETA) in FY2022.

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

	Target group	Foreign technical interns and specified skilled workers employed by the Nichirei Group
,	Survey period	October to November 2022
	Survey method	 Online questionnaire Scope: All food factories where target group members were based Responses were accepted in languages other than Japanese (Vietnamese, Chinese, Indonesian) Interviews Scope: Certain food factories Interviewer: Hiroshi Ishida from Caux Round Table Japan

https://www.nichirei (Japanese only) ods.co.ip/news/2022/info_id14398 Management Strategy Value Creation Story

Business Plan & Strategy

Nichirei Foods Contribute to the development of local communities and grow by meeting "clean label" demand **Nichirei's Acerola Business**

Social Issue Supplying Clean Label Raw Materials and Ingredients

The number of clean label¹ products launched in the global market in 2021 was up 16% compared with 2017, mirroring growing consumer concerns about food safety. As this trend is expected to continue, stable growth is predicted in the market for clean label raw materials. As one response, there is an increasing need for using acerola powder, which is rich in natural vitamin C, to maintain food quality and for other applications.

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

Initiatives to Resolve the Issue

Niagro's Initiatives to Balance Social and Economic Value

A Pioneer of the Acerola Business

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

Sustainability Initiatives

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

1. Building Relationships of Trust with Co-growers • Supply of seedlings free of charge, support for agriculture

- Supply of seedings free of charge, support for agricultu through cultivation guidance
 Contract farming with purchase agreements ensures
- stable income for farmers

 Continuous technical support through regular workshops

2. Contributions to the Region

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

3. Consideration for the Environment

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

PLATINUM

ecovadis

Sustainability Assessment from an External Organization

In a sustainability survey by EcoVadis² in 2023, Niagro received its first Platinum rating, the highest level, placing it in the top 1% of companies surveyed, based on its ongoing initiatives in the four survey categories—Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. In the 2023 rating, Niagro was recognized in particular for its ongoing efforts with respect to labor and human rights.

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

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



- Contributing to development of the local economy and community
- Establishing an environmentally friendly, sustainable business

Social Value





Labor and human rights training for employees





Why the Nichirei Foods Group is Uniquely Capable

Approximately 40 years of know-how in the acerola business

95

Wholly owned subsidiaries in two major production areas (Brazil and Vietnam) and the world's largest amount handled

Providing the Diverse Value of Natural Vitamin C, Not Just for Juice

Acerola as a Clean Label Raw Material

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



• G Economic Value

powder business to i label raw materials

• Effectively using pomace from juice production



Standardized vitamin C content

Superior quality

Guaranteed traceability for all raw materials

New Acerola Powder Production Line Established

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



Acerola powder

agement Strategy lue Creation Story

Business Plan & Strate

Sustainability & Human Resources

Stakeholders

Governance & isk Managemen

Data

• Generating profit through expansion of the acerola powder business to meet growing need for clean

Nichirei Logistics Group



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

Long working 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 such issues, which 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.

Initiatives to Resolve the Issue

Using SULS to Build a New Transportation and Delivery Platform for Temperature-controlled Logistics



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.

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.



Annual Working Hours for Truck Drivers

(Hours)	Working hou (large trucks		/orking hours small and med	ium-sized truc		orking hours l industries)	
2,800							
2,600	2,616	2,604	2,592	2,580	2,580	2,532	2,544
	2,580		2,580	2,568			
2,400		2,484			2,484	2,484	2,484
2,200	2,148	2,148	2,136	2,136	2,088	2,100	2,112
2.000	•				-,		•
2,200	2015	2016	2017	2018	2019	2020	2021

Source: Ministry of Health, Labour and Welfare, Basic Survey on Wage Structure



The start of operation of Atsugi Gateway in April 2022 improved load factor by consolidating west-bound cargo. With the benefits of SULS switch centers and gateways, it is now possible to transport cargo between the Kanto and Kansai regions using one-day return trips.

Initiatives in FY2024

Expansion of Gateway Functions (Trunk-Route Relay)

The start of operation of Kansai Gateway will enable east-bound cargo transport to achieve a similar effect as west-bound cargo transport from the Kanto region.

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

Economic Value

92



Why Nichirei Logistics Group Is Uniquely Capable



 Creating an efficient and sustainable transportation infrastructure • Significantly expanding transportation capacity

Sustainability & Human Resources

Nichirei Fresh

Conserving Biodiversity on the Yellow Sea Coast through a Clam Fishery Improvement Project

Social Issue Sustainability of Ecosystem of Tidal Flats That Nurture Asari (Japanese Carpet Shell Clams)

Approximately 60% of Japan's supply of asari is imported from China,¹ and the natural bounty of the Yellow Sea coast, a major production area for these clams, supports Japanese cuisine. However, the tidal flats have been disappearing because of factors including coastal land reclamation due to rapid urban development, while overfishing has also become a problem. These problems have led to concerns about a decrease in clam stocks and the impact on the natural environment in which the clams are produced. Consequently, it became necessary to take action to preserve the richly productive wetlands of the Yalu Estuary.

Initiatives to Resolve the Issue

Asari Fishery Improvement Project for Sustainable Production and Supply

Environmental and Biodiversity Study in Yalu Estuary Region

Nichirei Fresh Inc. began handling asari from China in 2006 as a premium ingredient. The environment of the Yalu Estuary, where these clams are produced, is changing day by day, so we have been studying issues such as the shrinkage of clam beaches caused by land reclamation for development and the impact of agrochemicals used in saltwater farming on the clams. In the Yellow Sea Ecoregion Support Project, carried out by the World Wide Fund for Nature (WWF) from 2007 to 2014, a study was conducted on the ecological connections among migratory birds, regional fishing and benthic organisms. Based on the results, the WWF submitted recommendations to the government of China on conservation of biodiversity and promotion of sustainable fisheries.

Launch of Fishery Improvement Project

In 2011, Nichirei Fresh and the WWF began exchanging information on asari in the Yalu Estuary, and in 2015 agreed on the idea of conserving the biodiversity of the Yellow Sea through promotion of sustainable production and consumption of marine products.

Nichirei Fresh explained to clam processing company Dandong Taihong Foodstuff Co., Ltd. the significance of the Marine Stewardship Council's (MSC) fishery certification,² which is given only to sustainable fisheries, even though such certification was not well-known in China at the time. Nichirei Fresh gained Dandong Taihong Foodstuff's understanding, and strongly committed to achieving the WWF's sustainable clam fishery. The two companies then launched an *asari* Fishery Improvement Project (FIP³) in the Yalu Estuary on the Yellow Sea coast in 2016.

The FIP is a project to make step-by-step improvements to the clam fishery, with the goal of meeting three principles that serve as the criteria of the MSC certification program: 1) Sustainable fish stocks, 2) Minimal environmental impact, and 3) Effective management. Based on the issues identified in the preliminary review, a survey revealed that the clam fishery could potentially have an impact on the ecosystem, and following discussion of a fishery management plan, improvements were made to the clam fishery, including promoting appropriate management over the medium to long term.

There were times at the start of the project when things did not go smoothly. However, numerous consultations were held among those concerned, and the project was carried out tenaciously.



Acquisition of MSC Certification

As a result of the FIP, the clam fishery underwent MSC assessment in January 2020, and certification was acquired following completion of the assessment in September 2021. Certified clam fisheries are recognized as sustainable fisheries that consider the rich natural environment of the Yellow Sea coastal region.

The Yalu Estuary asari fishery is the first in China to obtain MSC certification. It was made possible by the FIP, a collaborative effort by everyone involved in the supply chain in China and Japan linking the process from the fishing grounds to processing and the commercial product.





Estimated Area of Tidal Flats (Millions of hectares)

Prepared by Nichirei Corporation based on Murray, et al. (2014), "Tracking the rapid loss of tidal wetlands in the Yellow Sea." Frontiers in Ecology and the Environ

Why Nichirei Fresh Group is Uniquely Capable

Human resources capable of building relationships of trust with partners in initiatives

1950

Know-how in handling marine products that have been certified for sustainability

Success from Acquisition of MSC Certification through a FIP



Three Principles of the MSC Fisheries Standard 1) Sustainable fish stocks 2) Minimal environmental impact 3) Effective management

Highlight

Japan Sustainable Seafood Award

At the fourth Japan Sustainable Seafood Awards held in October 2022, this project, "Acquisition of MSC Fisheries Certification for Japanese Carpet Shell Clams through a Fishery Improvement Project on the Yellow Sea Coast in China," was honored as a Champion in the collaboration category. The award was shared by the four entities that collaborated in the project: Nichirei Fresh Inc., Dandong Taihong Foodstuff Co., Ltd., WWF China, and WWF Japan.



https://sustainableseafoodnow.com/2022/en/award/

1. As of 2019.

2. A certification program that recognizes properly managed sustainable fisheries that consider aquatic resources and the coastal environment. 3. This FIP ended in April 2019

- Achieving sustainable fisheries and fish stocks
- Protecting tidal flats that are highly significant for conserving biodiversity. Preserving a stopping point for migratory birds, particularly snipes and plovers

Social Value

Economic Value



Ability to link the food supply chain from production areas to customers

Met the conditions of these principles and acquired certification as an environmentally friendly, sustainable fishery

Future Developments

Working toward Expansion of MSC-Certified Products Nichirei Fresh will continue to promote both conservation of biodiversity and sustainable production of marine products, and will work toward the expansion of MSC certification for asari products.

Plan

Business

Sustainability & Human Resources

Stakeholders

Nichirei Biosciences

Development of Companion Diagnostics Social Issue How to Deliver Optimal Treatments for Cancer Patients

In the past, patients diagnosed with the same type of cancer were all given the same treatment. In recent years, though, advancements in biomarker research have led to the discovery of gene mutations involved in the initiation and progression of cancer, and therapies targeting those genes and proteins created from them (molecular targeted therapies) have been developed. Compared to conventional anti-cancer drugs that also act on normal cells, molecular targeted therapies offer advantages including minimizing side effects. However, since these treatments are unlikely to be effective in patients who do not have the target gene or protein, in vitro diagnostics (companion diagnostics) have been developed to accurately diagnose whether the patient is a suitable candidate for treatment with the molecular targeted therapy before treatment begins.

Initiatives to Resolve the Issue

Development, Manufacture and Supply of Companion Diagnostics*

In cancer treatment, pathological diagnosis is performed on tumor

tissue collected from the patient. A thin specimen, sliced from the tumor tissue, is examined by a pathologist to obtain critical information about the cancer. This information is then used to determine a treatment plan. An important testing technique widely used in pathological diagnosis is immunohistochemical staining, which enables the detection and visualization of specific substances, such as proteins, in the specimen.

A specialized reagent is required to perform immunohistochemical staining, and Nichirei Biosciences is one of the few companies with the technology to develop and manufacture that reagent. Based on this technology, the company develops, manufactures and supplies companion diagnostics. In 2019, Nichirei Biosciences acquired and made a subsidiary of U.S. company Pathcom Systems Corporation, which develops and manufactures equipment for automating immunohistochemical staining, to further strengthen its capabilities in companion diagnostic development.

* An in vitro diagnostic agent used for testing to determine whether a patient is a suitable candidate for a specific therapy, in order to maximize the therapy efficacy and safety

Principle of Companion Diagnostics

Application of Proprietary Technology to Immunohistochemical Staining

Nichirei Biosciences developed a proprietary amino acid polymer reagent called Universal Immuno-enzyme Polymer. The use of this reagent enables the detection of proteins or other biomolecules (antigens) through antibodies that bind to them specifically. Applying this reagent to immunohistochemical staining, a technique used in pathological diagnosis, makes it possible to detect and visualize antigens in the pathological tissue sample. This reagent has been commercialized for immunohistochemical staining, and also applied to a companion diagnostic product.



Social

Value

A specific protein in a pathological tissue sample is made visible with brown dye using a proprietary polymer.





Source: Mizukami, T., List of Approved Cancer Molecular Targeted Therapies

Why Nichirei Biosciences Group is Uniquely Capable

Proprietary technology in immunohistochemical staining Experience and know-how in commercialization of companion diagnostics

Expected Effect

Conventional Diagnosis and Treatment

Even in the same type of cancer, there are patients who have different types of gene mutations, but until recently, a one-size-fits-all treatment regimen was implemented, using drugs with mechanisms that suppress the active proliferation of cancer cells.

While some patients respond well, there are others who do not benefit from the treatment, as well as cases where patients suffer from severe side effects

Future Developments

The market for molecular targeted therapies continues to expand, and development of molecular targeted therapies and other treatments targeting specific gene mutations and proteins is expected to increase. Possessing unique technologies applicable to development of companion diagnostics, Nichirei Biosciences will contribute further to the advancement of personalized medicine in cooperation with academia and partners who develop therapies.

- Economic Value
 - personalized medicine

- Improving safety and efficacy of therapies
- Enhancing patients' quality of life
- Reducing healthcare costs by selecting optimal treatments
- Contributing to the advancement of personalized medicine
- Contributing to the advancement of life sciences



Structure for providing information to medical institutions and for conducting follow-up

Using Companion Diagnostics in Medical Practice

The emergence of molecular targeted therapies has enabled patients to select a therapy according to each one's gene mutations, and therapies with relatively mild side effects are now possible. Companion diagnostics have become an essential test for accurately choosing patients who can be expected to benefit from a specific molecular targeted therapy, as well as patients who are unlikely to benefit.



Can be expected to nefit from treatment with a specific molecula

lect a different therapy to avoid treatment that is unlikely to be effective)

Manager Value

Storv

Strategy ∞ Plan Business

Sustainability & uman Resources

- Expanding the companion diagnostics business to promote
- Enhancing brand value as a companion diagnostics manufacturer
- Accumulation of know-how in diagnostics development through joint
- development with academia and other partners

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, temperature-controlled 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.

Corporate Governance Structure (As of June 27, 2023)



Group Human Resources Com	nmittee		- 1
Number of meetings	Chairperson	Yutaka Karino	N
held in FY2023: 2		Senior Executive Officer	h

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 Cor	nmittee	
Number of meetings held in FY2023: 2	Chairperson	Takuji Okugawa Executive Officer

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

Group Social Action Program Committee

Number of meetings held in FY2023: **1**

Chairperson Yutaka Karino Senior 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.

Management Committee

Number of meetings held in FY2023: 25 Kenya Okushi Representative Director, Presiden

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.

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

Number of meetings held in FY2023: **4**

Chairperson Kenya Okushi

Chairperson Representative Director, Presiden

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 FY2023: **2** Chairperson Kenya Okushi Representative Director, Preside

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 FY2023: **1** Chairperson 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 FY2023: **0**

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 FY2023: **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 FY2023: **1** Chairperson Kenya Okushi Representative Dir

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.

Group Monitoring Committee

Number of meetings held in FY2023: **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.

Overview of Board of Directors

Composition	10 directors (4 outside directors)	Composition
Number of Meetings in FY2023	19	Number of Meetings in FY2023
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.	Description of Operations

Overview of Audit & Supervisory Board				
Composition	5 Audit & Supervisory Board members (3 outside Audit & Supervisory Board members)			
Number of Meetings in FY2023	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 Division and other divisions 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 FY2023	
Nominating Advisory Committee	Discusses the suitability of candidates for senior management and directors/Audit & Supervisory Board members, as well as succession plans, and reports its findings to the Board of Directors.	Kuniko Shoji Outside Director	8	
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	5	

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 both internal and external members with sufficient knowledge and experience 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

Board of Directors Composition

Classification	Name	Board of Directors' Meeting Attendance	Nominating Advisory Committee Meeting Attendance	Remuneration Advisory Committee Meeting Attendance	Audit & Supervisory Board Meeting Attendance
	Kenya Okushi	19/19	8/8	5/5	
	Kazuhiko Umezawa	19/19			
	Masahiko Takenaga	19/19			
	Wataru Tanabe	19/19			
Directors	Kenji Suzuki	15/15			
Dire	New Appointment Yuichi Takaku	2			
	[Designation as Independent Officer] Kuniko Shoji	19/19	8/8	5/5	
	Designation as Independent Officer	19/19	8/8	5/5	
	Designation as Independent Officer] Itsuo Hama	14/15	6/6	3/3	
	Designation as Independent Officer] Kenji Hamashima	15/15	6/6	3/3	
	Tatsushi Kato	19/19			16/16
Board Members	Tetsuro Katabuchi	15/15			11/11
~	[Designation as Independent Officer] Yuhiko Saito	19/19			16/16
Audit & Supervisor	[Designation as Independent Officer] Kiyoshi Asahina	19/19			16/16
	Designation as Independent Officer Muneaki Kiyota	19/19			16/16

1. Mr. Suzuki, Mr. Hama, Mr. Hamashima, and Mr. Katabuchi were newly appointed at the 104th General Meeting of Shareholders held on June 24, 2022. Their attendance reflects each meeting held after that date. 2. As Mr. Takaku was newly appointed at the 105th General Meeting of Shareholders held on June 27, 2023, his attendance for FY2023 is not presented.

Succession Plan

The Company positions the succession plan for the representative director, president as one of its most important issues, and implements this initiative from a medium- to long-term perspective based on the Group's Management Principles. Specifically, the Nominating Advisory Committee, which is chaired by an outside director, carries out training, monitoring, and selection of successor candidates according to the selection process, and reports its findings to the Board of Directors based on thorough discussions.

Based on the Nominating Advisory Committee's report, the Board of Directors approves the proposed new Group officer structure and decides on the representative director, president.



Support System for Outside Directors (Outside Audit & Supervisory Board Members)/ Policy for Training Directors and Audit & Supervisory Board Members

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.

Specific Discussions at Board of Directors' Meetings

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 specific matters discussed during FY2023 were as follows.

Management Strategies	Establishment of KPIs for the Nichirei Group's material matters (materiality) and the issues to be addressed in order to achieve them		
Medium-term Business Plan Progress of Medium-term Business Plan Compass Rose 2024 and issues to be addressed			
Sustainability	Formulation and promotion of the Group Human Resources Policy and the Nichirei Group's Sustainable Marine Product Procurement Guidelines and Sustainable Palm Oil Procurement Guidelines, and issues to be addressed		
Governance	The ideal state of a monitoring model-oriented Board of Directors, as well as revisions of the Board's official rules, regulations and the standards for agenda items in order to achieve said ideal state		
Business Strategies	Management strategy issues related to important domestic and overseas investments		

Evaluations of Effectiveness of the Board of Directors

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 2023 Method: Self-assessment involving questionnaires conducted by third-party experts
Evaluation Results for FY2023	Overall, the largely positive comments affirmed that the Board is maintaining a satisfactory level of effectiveness. Comments included appreciation of the ability to conduct free and open-minded exchanges of opinion in an atmosphere that encourages people to speak up, and of the fact that agenda items are subject to annual scheduling and reviews as part of efforts to ensure more productive discussions at Board meetings.

Issues Identified	Evaluation and Opinion	Future Approach
1. Materials and Standards for Agenda Items	While there were positive evaluations of the substantial discussions held at Board of Directors' meetings, there were also comments pointing out that deliberations often exceeded the pre-allotted time and that Board meetings were held too often, as well as comments suggesting room for further improvement in the quality of discussions.	Proposals on highly important matters, such as investments or capital contributions, tend to involve substantial explanations and a large amount of supporting materials. As well as encouraging departments making proposals to remain conscious of the need for presentation materials to be easy to understand, the Board of Directors' Secretariat is more closely involved in proposals, with the aim of providing support from the meeting material preparation stage. In this way, the information necessary for decision-making and supervision by the Board will be organized more effectively, improving the content and quality of the materials—for example, by omitting additional information that should be handled by the executive side. In addition, presentations held on the day of Board meetings will have shorter explanation sections, focused on the key points from the relevant materials, to ensure adequate time for deliberations. On April 1, 2023, we made monitoring model-oriented revisions to the standards for Board of Directors' meeting agenda items. Going forward, we will continuously analyze and review the effectiveness of these revisions.

2. Institutional Design	There does not appear to be any problem with the current institutional design of a company with an Audit & Supervisory Board system. However, many respondents expressed opinions indicating that they would prefer discussions on the design and system to continue.	Although v at this time should be in the busi requireme focus even of a compa under the execution for agenda constraints should be with Audit progress o Directors'
3. Sharing Details of Deliberations by the Nominating Advisory Committee and the Remuneration Advisory Committee	Several respondents, mainly officers who are not committee members, pointed out that while each committee reports to the Board of Directors, details of discussions at each committee meeting are not always shared.	While it ma at Board o the free ar was decide Advisory C Board of D committee

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

	FY2002	FY2006	FY2007	FY2013	FY2016	FY2017	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
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		
(Of which, Women Outside Directors)		One First woman outside director appointed				Two				Three 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					Establishment of Basic Policy on Corporate Governance	Discontinuation of rules regarding the high-volume purchase of Nichirei share certificates, etc. (Anti-takeover measures)	Formulation of Group Disclosure Policy	Governance capital man protocols a maximum to Audit & Sup	Basic Policy on C e (Revisions to po agement and oth nd adjustments to erms of office for pervisory Board m neir independence	licy on her o outside hembers	Disclosure of skill matrix	

we do not consider a change in the institutional design to be necessary ne, it was decided that discussions on an appropriate institutional design e held on an ongoing basis, in light of management strategies, changes siness environment going forward, and Corporate Governance Code ents. In addition, from the perspective that the Board of Directors should an more strongly on strategic discussions, our current institutional design pany with an Audit & Supervisory Board system is bound by constraints a Companies Act of Japan, in relation to individual and specific business in decisions being entrusted to the executive side (revisions to standards da items, as part of point 1 on the previous page). Based on those ts, we will continue to discuss the extent to which the monitoring model e implemented, including a comparative analysis between the company it & Supervisory Board system and other institutional designs. The of these discussions will be reported to and deliberated at Board of t' meetings as necessary.

nay be preferable to share the details of advisory committee discussions of Directors' meetings, we recognize that doing so may adversely affect and open-minded atmosphere at both voluntary committees. Thus, it ded that the extent to which details of discussions at the Nominating Committee and the Remuneration Advisory Committee will be shared at Directors' meetings should be subject to ongoing consideration by both ees.

Officer Remuneration System

Policies for Determining Officer Remuneration

1 Basic Policies

	 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.
	 In order to achieve long-term management goals, remuneration is set to strongly motivate directors to achieve specific management goals as stated in the Group's material matters (materiality) and medium-term business plans.
Directors (Excluding Outside Directors)	• 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.
	• Directors 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 logistics industries, and changes in the business environment.
Outside Directors	 In light of their role of supervising the Company's management from an independent and objective standpoint, outside directors are paid only basic (fixed) remuneration.

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

4	Fixed remuneration	◆ ◆ ─ Variable rem	nuneration				
Director allowance	Role-based remuneration 60%	Performance-linked bonuses 20%	Stock compensation 20%				
	1						
Remuneration Composition							
Role-Based Remuneration	Basic remuneration for performance of duties Set according to the significance of the role of each director						
Director Allowance	Remuneration for the responsibilities of making and supervising the execution of management decisions Set at a uniform amount for all directors						
Performance- Linked Bonuses	Remuneration to motivate directors to achieve annual financial and strategic goals The amount paid when achieving goals ("standard amount") is set as a percentage of role-based compensation Paid within a range of 0-200% of the standard amount according to degree of achievement						
Stock Compensation (Restricted Shares)	Compensation Value of shares issued each fiscal year ("standard amount") is set as a percentage of role-based compensatio						

■ 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).

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 \times Performance evaluation coefficient (0–200%) Note: The performance evaluation coefficient is a weighted average of the evaluation coefficients of each key performance indicator (KPI).

Evaluation Weight		(a) Company	wide Performan	ce Evaluation		(b) Busine	ss Performance E	Evaluation	(c) Individual Performance Evaluation
	Net sales	EBITDA	Profit	ROIC	ESG third-party evaluation*	Net sales	EBITDA	ROIC	
Representative			100%				_		—
Director, President	10%	40%	10%	20%	20%				
Director	60%					30%			10%
(In Charge of Business)	10%	20%	10%	10%	10%	5%	15%	10%	
Director (In Charge of Function)			70%				_		30%
	5%	30%	5%	15%	15%				

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

ESG Third-party Evaluation	
• FTSE4Good Index Series • MSCI ESG Ratings • CDP Climate Change	• Appropriate r • Strengthening

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 details of officer remuneration for FY2023 are presented in the 105th Annual Securities Report.

https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/pdf_file/yuhohh-pdf/yuho_23e.pdf

	Total Amount o	f Remuneration by Type	Total Amount of	Number of	
Officer Classification	Basic Remuneration	Performance-Linked Bonuses	Stock Compensation (Restricted Shares)	Remuneration (Millions of Yen)	Eligible Officers
Directors (Excluding Outside Directors)	110 (210)	30 (63)	62 (62)	203 (336)	7 (7)
Outside Directors	46	-	-	46	6
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	48	-	-	48	3
Outside Audit & Supervisory Board Members	32	-	-	32	3
Total	237 (337)	30 (63)	62 (62)	330 (463)	19 (19)

Notes: 1. The above information includes three directors (two outside directors) and one Audit & Supervisory Board member who retired at the conclusion of the 104th General Meeting of Shareholders held on June 24, 2022.

2. The total amounts of remuneration, etc., shown above are the amounts borne by the Company (the total amount of expenses paid, scheduled to be paid, or borne by the Company). The amounts in parentheses for directors (excluding outside directors) and in the total column represent the total amounts of consolidated remuneration borne by the Company and its subsidiaries

3. The amounts of Performance-Linked Bonuses shown above represent the amounts expected to be paid (full monetary remuneration) based on performance in FY2023 and other factors

Approach to Cross-Shareholdings

Cross-shareholdings are only utilized when it is determined that they will contribute to improving 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 careful examination on a case-by-case basis: (1) The investee has engaged in acts that will lead to a loss of shareholder value

(2) The investee's performance or stock price has deteriorated significantly (3) There are other serious doubts with respect to agreeing to the proposal

Reasons for Selection

management of ESG-related risks and opportunities ng of response to climate change

Management Strategy Value Creation Story

Business Plan & Strategy

Sustainability & Human Resources

Stakeholdei

Governance & Risk Management

Internal Control/Compliance

Approach to Internal Control

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

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

Compliance thttps://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.

Nichirei Group Code of Conduct

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

Educating Employees to Ensure Thorough 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. 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. In order to foster a sense of ethics in each and every officer and employee, we have issued a series of presentation materials designed to help employees understand case studies related to the code of conduct, offered e-learning sessions, and continued providing compliance education and training. The Nichirei Group has also developed frameworks, including a compliance audit and an internal whistleblower hotline and consultation service.





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 that joined the Nichirei Group through M&As have their own corporate climates built up over time. These rules therefore incorporate the most important concepts for the Nichirei Group, while respecting the autonomy of each company. The rules are available in six languages (Japanese, English, Chinese, Vietnamese, Portuguese, and Thai), and we are working to disseminate and implement them. Through these efforts, we will strengthen the governance of overseas subsidiaries in order to achieve an overseas sales ratio of 30%, one of the targets of our vision for 2030.

Initiatives to Prevent Corruption and Bribery

The Nichirei Group has established the Corruption and Bribery Prevention Policy, as a public declaration that the entire Group is working on initiatives to prevent corruption and bribery. The Group has also established the Bribery Prevention Standards and the Bribery Prevention Manual. They clarify the basic matters that all officers and employees must follow to prevent bribery of public officials or other parties. 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 in each country and the Group's bribery and corruption prevention 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 a 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 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 Nichirei Hotline 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 secretariat if he or she so requests.

In line with the acceleration of overseas business expansion, the need for internal whistleblower hotlines and consultation services at facilities outside of Japan has also increased. We are working on appropriate designs for these systems, based on laws and regulations regarding personal information in each country.

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

FY2019	FY2020	FY2021	FY2022	FY2023	Five-year Total (FY2019–2023)
12	21	27	20	26	106



ニチレイ・ホットラインとは?	(条付封集)
コンプライアンスの確立及び 発化を目的とした制度です。 ニテレイクループで働くすべて の人役先した単、酸比、酸中美、 パート相美、英雄社美を封定 としておい酸でも利用できます。	1企業利労増加に反する行為 2行動規模等の各規程間に反する行う 2パラスメンドにあたる行為 上記のような不正行為・違法行為が考 生した場合、発生を見聞きにた場合、 生まる恐れがあると思われる場合
内部遺報·相談先	
	ビス株式会社(ニチレイ要託先)
	17TH 0120-
受付部ロ:ダイヤル・サー OTELの場合 フリーダ 空付時間:月間一主間12:00-	17TH 0120-

Risk Management

Approach to Risk Management

The Nichirei Group has established the Group Risk Management Committee, chaired by the representative director, president, to manage the various risks associated with its business activities in the most appropriate and rational way from a comprehensive standpoint, and to maximize the Group's corporate value. The committee identifies and evaluates Group-wide risks, and Nichirei Corporation and its operating companies take countermeasures to these risks of their own accord based on the established risk management cycle. Important items are reported to the Board of Directors of Nichirei Corporation, which also considers countermeasures for the holding company and its operating companies.

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	 Market in Japan: Long-term contraction of total demand due to declining population/new demand due to changes in household composition and lifestyles Overseas markets: Rise of different needs in each region underpinned by factors including economic growth Growing expectations and demands for the achievement of a sustainable society 	 Promotion of innovation and creation of new value to solve social issues 	Strategic management
2. Food quality issues	 Food quality problems, such as not meeting sanitation and pesticide and animal drug residue standards, contamination with foreign materials, and specified livestock infectious diseases Occurrence of large-scale product recalls 	 Introduction of a food safety management system Appropriate quality and production control of raw materials and products, traceability system, food defense, and training and proper allocation of personnel 	•Group Quality Assurance Committee
3. Securing and developing diverse human resources	 Securing and developing the necessary human resources Responding to labor shortages due to Japan's declining birthrate and aging population 	• Improvement of workplace environment and productivity • Promotion of health management • Investment in human capital	• Group Human Resources Committee
4. Information security	 System outages, leakage or falsification of important information due to operational problems or cyberattacks in systems used for business purposes 	Establishment of firewalls and intrusion detection and authentication systems Establishment of internal rules and regulations, e-learning and other training for employees, and an information management structure	• Group Risk Management Committee
5. Price fluctuations of commodities and raw materials	 Significant fluctuations in raw material prices (including marine, meat and poultry products) due to market conditions, yields and hauls 	Cost reduction through productivity improvements Development of new value-added products and expansion of distinctive products Procurement and sales balanced with supply and demand	• Strategic management
6. Fluctuations in crude oil prices, etc.	 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 	• Cost reductions through the introduction of new technologies and improvement of operations	Strategic management
7. Impact of exchange rate fluctuations	• 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	• Use of forward exchange contracts, etc.	• Strategic management
8. Changes in laws and regulations, etc.	Changes in laws, regulations and soft laws in Japan and overseas	 Monitoring of trends in laws and regulations in each country and region, and thorough compliance with such laws and regulations 	 Strategic management

9. Sustainable food procurement	 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 Difficulty in ensuring stable procurement of raw materials and other resources or damage to social credibility due to inadequate efforts or those deemed insufficient 	Development of a Sustainable Procurement Policy, Supplier Code of Conduct and Supplier Guidelines, and implementation of Supplier ESG Survey Handling of MSC/ASC-certified marine products Implementation of initiatives related to the procurement of sustainable palm oil and conducting of a sustainable cycle poultry business	• Group Sustainability Committee
10. Climate change	 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) Impact of rising temperatures and extreme weather associated with global warming on supply chains, including raw material procurement, production, and logistics 	 Switching from fluorocarbon to natural coolants, introduction of renewable energy sources through installation of solar power generation equipment and the use of green power certificates Ongoing climate change impact assessment and information disclosure in accordance with TCFD recommendations 	• Group Sustainability Committee
11. Large-scale natural disasters	• 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	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	• Group Risk Management Committee
12. International situation	Rising energy and raw material prices Impact on financial markets Impact on supply chains	• Close monitoring of situations and minimization of their impact on business activities	• Strategic management
13. Technological innovation	• 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	Reform of business processes and promotion of innovation through the use of digital technologies and data Implementation of an innovation management system based on ISO 56002	• Strategic management
14. Holding of fixed assets	 Impairment loss due to deterioration of conditions at logistics centers caused by relocation of shipping companies and changes in road transportation networks Impairment loss due to aging and obsolescence of equipment at production plants or poor sales Impairment and write-down of goodwill and investment securities due to deviation from the business plan at the time of investment 	 Clarification of items for consideration when preparing investment plans, and the rules for post-investment verification 	• Strategic management
15. Cross- shareholdings	 Significant changes in the market value of cross-shareholdings or in the financial position of the issuing company 	→ See page 105	• Yearly report to the Board of Directors

Business Continuity Plan Initiatives

Employee Safety

Confirming Safety in Emergency Situations

We have introduced a Company-wide safety confirmation system. 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 a dedicated website. The website allows for the rapid collection and sharing of information.

Overseas Crisis Management

In order to ensure the safety of business travelers, employees posted overseas and their families against various risks overseas, such as incidents, accidents, and natural disasters, the Nichirei Group manages and implements an Overseas Crisis Response Manual, which provides background knowledge and stipulates procedures and frameworks for responding to crises.

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 the BCP for Our Core Logistics System

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 its 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 sites, each of which can switch from the system at the company's 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 by any events. Nichirei Logistics Group plans to implement advanced initiatives to provide a food logistics lifeline that will contribute to the business continuity of its business partners.



Officer Career Summaries (As of June 27, 2023)

Directors



Kenya Okushi Representative Director, President & Chief Executive Officer Significant concurrent positions outside the Company

Chairman, Japan Frozen Food Association Number of years in office Number of shares held (Hundreds of shares) 330 * Four years in office since being appointed representative director in 2019.



Masahiko Takenaga Director, Senior Executive Officer Significant concurrent positions outside the Company Representative Director, President, Nichirei Foods Inc





Kenji Suzuki Director, Senior Executive Officer & Chief Financial Officer In charge of Accounting & Tax, Public Relations & Investor Relations, Corporate Internal Audit, Quality Assurance and Real Estate, General Manager of Finance Number of years in office Number of shares held (Hundreds of shares) 51







Yuichi Takaku Director, Senior Executive Officer In charge of IT Strategy Division and Sustainability Management Division, General Manager of Strategic Planning

Kazuhiko Umezawa

Director, Senior Executive Officer

Significant concurrent positions outside the Company

Significant concurrent positions outside the Company

Representative Director, President, Nichirei Fresh Inc

Group Inc.

Number of years in office

Number of years in office

Number of shares held (Hundreds of shares)

Number of shares held (Hundreds of shares)

Representative Director, President, Nichirei Logistics

233

79

Number of years in office New appointment Number of shares held (Hundreds of shares) 51



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 Number of shares held (Hundreds of shares) 20

1977 Joined Mochida Pharmaceutical Co., Ltd. April

- 1986 Joined Johnson & Johnson Medical K.K. (currently Johnson & Johnson K.K.) 2002 Joined Terumo Corporation; General Manager of Regulatory Affairs Department,
- Septembe Terumo Corporation
- 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 June
- 2017 Director, Corporate Advisor, Terumo Corporation 2018 Outside Director, the Company (to the present) April June
- Outside Director, MEDIPAL HOLDINGS CORPORATION (to the present) 2019 Outside Director, DIC Corporation (to the present) March
- April 2019 Professor, Kanagawa University of Human Services Graduate School, School of Health Innovation (to the present)



Itsuo Hama

Outside Director Significant concurrent positions outside the Company Executive Advisor, Lion Corporation

Number of years in office Number of shares held (Hundreds of shares)

- 1977 Joined Lion Fat & Oil Co., Ltd. (currently Lion Corporation)
- March 2008 Director, Executive General Manager of Household Products Division, Lion Corporation 2009 Director, Executive General Manager of Household Products Division, responsible for January 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 2016 Representative Director, President and CEO, Chairman of the Board of Directors,
- March Executive Officer, Lion Corporation
- January 2019 Representative Director, Chairman of the Board of Directors, Chief Executive Officer, Lion Corporation 2022 Representative Director, Chairman of the Board of Directors, Lion Corporation March
- 2022 Outside Director, the Company (to the present) 2023 Executive Advisor, Lion Corporation (to the present)
- June March

110



Mana Nabeshima Outside Director

Significant concurrent positions outside the Company

Representative Director, Wakiaiai Co., Ltd.

Number of years in office Number of shares held (Hundreds of shares) 29

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



Kenji Hamashima Outside Director Significant concurrent positions outside the Company

Outside Director, Audit and Supervisory Committee Member, Inabata & Co., I td.

Number of years in office Number of shares held (Hundreds of shares)

1982 Joined Ushio, Inc.

- April
- Director, President, CEO, Ushio America, Inc.
 Director, President, CEO, Christie Digital Systems, Inc. Novembe
- 2004 Senior Group Executive Officer, Ushio, Inc.
- April
- 2007 Group Managing Executive Officer, Ushio, Inc.
 2010 Director, Senior Managing Executive Officer, Ushio, Inc.
 2014 Representative Director, Senior Executive Vice President, Ushio, Inc. Anril
- 2014 Representative Director, Chief Executive Officer, Ushio, Inc.
- October
- April 2019 Corporate Advisor, Ushio, Inc.
- 2020 Special Counselor, Ushio, Inc. (to the present) April
- 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



umber of years in office	2
umber of shares held (Hundreds of shares)	11

Audit & Supervisory Board Member





Number of years in office	4
Number of shares held (Hundreds of shares)	16

- 1983 Appointed Public Prosecutor
- September 2012 Director-General of the Rehabilitation Bureau, Ministry of Justice July 2014 Chief Prosecutor, Kyoto District Public Prosecutors Office
- 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) 2019 Outside Audit & Supervisory Board Member, the Company (to the present) June



Outside Audit & Supervisory Board Member Significant concurrent positions outside the Company

Muneaki Kiyota

Outside Corporate Auditor, Komori Corporation External Director JCU Corporation

- Number of years in office Number of shares held (Hundreds of shares)
- 1981 Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.) 2004 General Manager of Forex Department, Mizuho Corporate Bank, Ltd. (currently Mizuho June
- Bank, Ltd.) 2007 General Manager, Bangkok Branch, Mizuho Corporate Bank, Ltd. Δnr
- 2009 Executive Officer, Mizuho Securities Co., Ltd.; President, Mizuho Bank (Switzerland) Ltd. 2010 Director, Mizuho Securities Co., Ltd. April
- 2010 Director, Mizurio Securitos Co, Lito. 2010 Audit & Supervisory Board Member, OKAYA ELECTRIC INDUSTRIES CO., LTD. 2012 Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD. June
- June June
- 2014 Director, Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD. 2018 Director, Senior Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD. April
- Δnril
- 2020 Director, OKAYA ELECTRIC INDUSTRIES CO., LTD. 2020 Outside Audit & Supervisory Board Member, the Company (to the present) June
- June 2020 Outside Corporate Auditor, Komori Corporation (to the pres
- June 2021 External Director, JCU Corporation (to the present)

Executive Officers



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





- Anri 2008 Director-General, Kinki-Chugoku Regional Forest Office
- 2010 Auditor, Fisheries Research Agency April June
- 2014 Advisor, International Business Division, Japan Association for International Racing and Stud Book
- 2020 Outside Audit & Supervisory Board Member, the Company (to the present) June



Hideo Yokoi

Senior Executive Officer

Significant concurrent positions outside the Company

Representative Director, President, Nichirei Biosciences Inc.



Jouji Sakaguchi

Executive Officer General Manager of IT Strategy

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





Sound, thorough discussions at meetings of the Board of Directors and various committees support the Nichirei Group's robust governance.

The Nichirei Group has devised a variety of plans to invigorate the Board of Directors and to enhance discussions at meetings of its committees. We invited two of our outside directors to talk about discussions at meetings of the Board of Directors and various committees, officer remuneration and the development of Nichirei's next generation of management personnel.

On Nichirei's Board of Directors and Committees

Q. What are your impressions of Nichirei's Board of Directors and its various committees?

Hama The impression I get when attending meetings is that Nichirei's Board of Directors is a forum for very thorough discussions. A great deal of information is provided, and everyone expresses their opinions freely. Aside from the Board of Directors, Nichirei has a number of committees, including the Group Strategy Committee and Group Monitoring Committee. Committee meetings are

very interesting and informative because attendees are highly diverse and speak from a variety of perspectives. I think these thorough discussions support the Nichirei Group's robust governance. On the other hand, discussion at board meetings more often than not follows a pattern of internal officers answering questions from the outside officers. Discussions would be deeper if the internal officers

offered more opinions and raised more questions of their own. This is an issue that should be addressed. Hamashima I agree. I think it is a feature of Nichirei's Board of Directors that the Audit & Supervisory Board members speak up and offer very useful opinions. The chairperson and president of other Japanese companies are said to have the most influential voices at board meetings and internal directors tend to refrain from speaking, but I don't feel that way at all in the case of Nichirei's Board of Directors. Even directors who concurrently serve as presidents of operating companies do not hesitate to give their opinions on matters involving other operating companies. There is an open atmosphere where various opinions can be expressed, which I think is excellent. On the other hand, in meetings of committees, such as the Management Committee, that are concerned with execution and where my role as an outside director is to monitor such execution, although I can participate as an observer, I realize I should hold back from voicing my opinions too emphatically. I try to take a moderate approach.

Hama I feel the same way about offering opinions at such committee meetings. Management Committee materials are also distributed to outside directors so we can get an idea of what kind of discussions are taking place. If I have any opinions about Management Committee proposals directly related to management strategy, I raise them at the Board of Directors' meeting. As for agenda items

Q. What are your thoughts on Nichirei's director training initiatives and the skills of its directors?

Hama Each director's aptitude and experience are disclosed in the form of a skill matrix. Nichirei lists skills in six categories. Although some companies use more categories, I do not consider the number to be much of a problem. How the information on skills is used is more important. For instance, I think skill levels should be set for each director and that information should be utilized for succession planning and acquisition of management talent.

Hamashima Nichirei needs directors with skills in information technology (IT), digital transformation (DX) and, since it is a manufacturer, research. In particular, we are about to enter an era in which a company's competitiveness will change significantly depending on how it deploys DX. DX can be used for stronger risk management to protect the company from cyberattacks, but it can also be used

at board meetings, background explanations for both resolutions and reports tend to be a bit time consuming. More time should be devoted to strategic discussions instead. Moreover, although it is good that each director speaks without deference, I feel that specific matters at individual operating companies and the holding company tend to dominate discussions. Essentially, I believe we should spend most of our time discussing topics from a broader perspective, such as how to generate synergies between operating companies, or how to strengthen the Group's assets for evolution of the Nichirei Group. This remains an issue. I would also like to see questions raised and opinions exchanged within the Group and across operating companies in response to the independent opinions we raise as outside directors at meetings of the Board of Directors and the Group Strategy Committee. Hamashima There are matters that any Board of Directors, not just Nichirei's, is required to pass resolutions on under the Companies Act of Japan. Since these matters take priority, there is a tendency to run out of time for discussions of strategy and other matters. However, Nichirei has many committees and, for example, the Group Sustainability Committee secures the time to discuss sustainability and ESG, then reports the important details of its discussions to the Board of Directors.

to pursue business opportunities that lead to business innovation. In addition, IT and DX are highly specialized fields, and it is extremely important to add people with skills in these fields to the Board of Directors. When disclosing the skill matrix, it may be a good idea to present IT and DX skills separately. Hama Training consists of study sessions for directors and Audit & Supervisory Board members. Study sessions on sustainability were held six times last year and have already been held three times this year. Attendance is voluntary, and sessions are also offered online. This flexibility has resulted in the enthusiastic involvement of many employees. Hamashima In addition to the study sessions, there is an optional DX correspondence course. I think it is a great opportunity for directors to improve their skills.

Sustainability & Human Resources

On Officer Remuneration

Q. What do you think of Nichirei's approach to officer remuneration?

Hamashima The composition of officer remuneration is very well balanced. The remuneration of directors, excluding outside directors, is currently 60% fixed remuneration and 40% variable remuneration. Variable remuneration is further broken down into 20% performance-linked bonuses and 20% stock compensation. ESG factors are also incorporated into performance-linked bonuses and given a fairly large weight, accounting for 20% of the performancelinked bonus (Company-wide performance evaluation) for the representative director. Although discussion of officer remuneration is still ongoing, I believe that Nichirei is fully meeting the demands of the capital market.

Hama As you say, the composition of officer remuneration is well balanced. In addition to

incorporating indices based on short-, medium- and long-term perspectives, it also includes ROIC from a financial perspective, and third-party evaluations of ESG from a non-financial perspective. Moreover, the assessment range is clearly set for each position, and I feel that the system itself is extremely robust. However, there is still room for discussion on ESG evaluations. To be comprehensive, ESG evaluations need to incorporate not just third-party opinions but also indicators that show how Nichirei's various corporate activities have actually contributed to achieving sustainability. Although the introduction of ESG evaluations is a progressive move, I cannot shake the impression that they are still somewhat pro forma.

On Succession

Q. What qualities do you consider necessary for the human resources responsible for the Nichirei Group's management?

Hamashima Generally, the Nichirei Group has an image strongly associated with frozen foods and the processed food business, but it operates various businesses including temperature-controlled logistics, marine, meat and poultry products, and biosciences, giving it a level of diversity that other companies do not have. Therefore, in addition to the individual



growth of each business, the question of how to create chemistry between those businesses to generate new products and services has become a key point for achieving growth across the Group. Continuing to create this chemistry will require a focus not only on tangible assets such as equipment and factories, but also on utilizing intangible assets, such as by developing human resources, increasing engagement, improving brand value, and conducting initiatives for sustainability. That means the Nichirei Group needs human resources with a deep understanding of the value of its various tangible and intangible assets and the ability to improve that value. Those who can increase the value of intangible assets and link them to future profits will be particularly well

6

I want employees with healthy ambition to succeed in fierce competition. We should have more discussions of how to generate synergies between operating companies to lead to the Nichirei Group's evolution.

suited to be the next generation of management.

Hama In these times of major changes in the business environment, there are two important qualities managers will need going forward. One is strategic imagination. The Nichirei Group needs human resources who are consistently able to conceptualize its dynamic corporate activities from short-, medium- and long-term perspectives, and then turn those concepts into action. The other is people skills. The Group needs human resources with people skills who can energetically lead the organization both in normal times and in emergencies. In essence, people skills are the ability to listen from the perspective of others. It is crucial for senior management to listen to feedback from the front lines and then consider it as a Group. Creating

Q. What are the points to keep in mind when developing human resources for the next generation of management?

Hama Naturally, in addition to discussing the succession of senior management, there must be indepth discussions of how to expand the pool of next-generation management talent. We have begun talking about this matter in the Nominating Advisory Committee, but I feel that there has still not been enough debate about the kind of company the Nichirei Group wants to become, and the kind of investments and human resources required to do so. In my opinion, this should be a spirited discussion of what Nichirei wants to do and what it will do to achieve its objectives, rather than something we are doing only because we must. I am in the process of encouraging other board members to talk about what they want to do rather than what Nichirei has to do. Efforts to enhance human capital have so far been conducted by individual operating companies on their own. I would like Nichirei to take steps to change its culture bit by bit through cross-Group initiatives and efforts to maximize Group-wide human resource engagement. Hamashima All Nichirei Group members, from senior management to regular employees, should have healthy ambition. The word "ambition" can have a

66

an environment where senior management and front-line workers can move forward while engaging in regular, open discussions enables a company to respond quickly to changes in its operating environment. As this interchange happens time and again, it will become part of Nichirei's corporate culture. I think it will be important for the Nichirei Group to consider how to build a talent pool for its next generation that has both strategic imagination and people skills.

negative connotation, but as a company, Nichirei needs ambition to succeed in fierce competition and enrich the lives of its employees. By clearly communicating its ambitions to stakeholders, the Nichirei Group can receive their support, thereby improving its business performance, paying its taxes, and contributing to society. That is why employees' healthy ambition is so important. Just because someone contributes to business results by meeting their assigned targets, they are not necessarily suited to joining the next generation of management. Nichirei needs human resources who think for themselves about what must be done to create new value in light of changes in the internal and external environment, share their plans to gain the understanding and support of others, and act on their own initiative. People have a hard time acting without a sense of impending crisis. The energy of people who maintain this sense of crisis is one of the driving forces of a company's growth. I would like all employees to be aware of this point and take on the challenge of helping to make the Nichirei Group the company they want it to be.

agement Strategy a

Business Plan & Strate

Governance & Risk Management

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.	 Aim for profit growth from strengthening the earnings base and improving asset efficiency in domestic businesses and for accelerated expansion of scale in the overseas business. Focus on business innovation and new business development for medium- to long-term growth. 	Through planned investments significantly higher than the previous medium- term business plan, we aim to further accelerate sustainable profit growth and create new value that supports good eating habits and health.
Operating Environment	 Great East Japan Earthquake and subsequent nuclear power plant accident Appreciation of the yen as European financial instability becomes widespread 	 Focus on food safety and security resulting from factors including cases of pesticide problems and meat sold after its sell-by date Consumption tax rate hike to 8% as Abenomics starts, and the yen depreciates 	 Rising nationalism in the United States and elsewhere, and slow progress of negotiations for the United Kingdom's departure from the EU The Paris Agreement and TPP come into effect Series of natural disasters in Japan 	 Consumption tax rate hike to 10% The global COVID-19 pandemic drastically changes social conditions The United Kingdom leaves the EU Tokyo Olympics and Paralympics postponed for one year
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 Dollar/Yen Exchange Rate: ¥110.84	Nikkei Stock Average: ¥27,821.43 Dollar/Yen 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 EPS	8.2% ¥33.40	9.1% ¥94.30	11.7% ¥149.65	11.3% ¥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	 Bolster earnings capacity and achieve sustainable growth of the Group by effectively allocating management resources. Facilitate the self-sustained growth of the core operating companies by identifying and capturing growth opportunities. Obtain the trust of society by providing valuable food safety and reliability. Strengthen the source of the Group's competitiveness by further improving management quality. Strengthen the Group's abilities to collect and analyze new technologies to create new business models that will ensure sustainable growth. Examine the possibility of acquiring treasury stock as part of a capital policy. Redevelop the retirement benefit system. 	 Bolster the earnings capacity of individual Group companies in Japan and overseas to achieve sustainable growth. Build a global quality assurance system. 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. Upgrade corporate functionality in the holding company structure. Strengthen the strategy on technological innovation in response to major changes in social and economic circumstances. 	 General Strategy Ensure sustainable earnings growth and raise capital efficiency. Pursue continued expansion in scale for overseas business. Further enhance the Nichirei Group's capabilities for quality assurance. Continue to strengthen corporate governance and other ESG-related efforts. Focus more intently on utilizing diverse personnel. Financial Strategy Maintain return on equity (ROE) of at least 8%. Provide a continual, stable dividend with a target DOE of 2.5%. Consider share buy-backs of around 20 million shares (approx. 7% of total issued shares) 	 (1) Realize sustainable profit growth. Raise profitability in Japan by strengthening the management foundation and transforming the business structure. Accelerate the expansion of scale in overseas operations. Systematically allocate resources to core businesses. (2) Improve capital efficiency and increase shareholder returns. Maintain ROE of 10% or higher and continue stable dividend increases with a target DOE of 3.0%. (3) Create new value that supports good eating habits and health. Help to resolve social issues through our business.
Achievements	 Achieved the plan targets for operating profit in the core processed foods and logistics businesses; marine, meat and poultry products fell substantially short. Processed Foods Expanded sales of prepared frozen foods for the household-use and HMR markets. Started full-scale operation of two factories for processed poultry products in Thailand. Logistics Expanded earnings base by starting operation of Higashi-ogishima DC and other sites. Increased contracts for XD outsourcing. 	 Made investments for sustainable growth and achieved Group targets for net sales and operating profit. Processed Foods Strengthened the domestic in-house production system. Expanded business scale in the United States. Logistics Started operation of large-scale refrigerated warehouses in the Tokyo and Osaka metropolitan areas. 	Achieved Group targets for net sales and operating profit by improving profitability of processed foods and stably expanding logistics. Processed Foods • Improved profitability in Japan on expanded sales of mainstay products. Logistics • Expanded cargo pickups mainly in metropolitan areas and improved balance of transport income. Meat and Poultry Products • Increased earnings.	Consolidated net sales and operating profit fell short of the plan due to factors including a pandemic-related decline in the operating rate at production facilities in Thailand and increased raw material procurement costs. Processed Foods Increased sales of household-use products by capturing demand for eating at home. Logistics Enhanced operating conditions by ensuring appropriate collection of fees, promoting business innovation, etc. Finances Maintained ROE of 10% or higher. Continuously increased dividends with a target DOE of 3.0%. ESG Upgraded infrastructure for sustainability and ramped up ESG initiatives.
Main Investments	 FY2011 (Processed Foods) Started operation of GFPT Nichirei (Thailand) Company Limited and expanded Kabinburi Plant Building No. 2 of Surapon Nichirei Foods Co., Ltd. (Logistics) Established Fukuoka Higashihama DC and Higashi-ogishima DC Acquired Transports Godfroy S.A.S. (France) FY2012 (Logistics) Established Kagoshima So DC FY2013 (Processed Foods) Acquired InnovAsian Cuisine Enterprises Inc. (USA) 	 FY2014 (Processed Foods) Established Funabashi No. 2 Plant (Logistics) Established Higashi-ogishima DC Phase 2 Building FY2015 (Processed Foods) Expanded cooked rice products production line (Logistics) Established Sakishima DC and Tokachi DC FY2016 (Logistics) Rebuilt Funabashi DC 	FY2018 (Logistics) Heiwajima DC (rental) (Marine Products) Established Trans Pacific Seafood Co., LTD. (Vietnam) FY2019 (Biosciences) Established Global Innovation Center	 FY2021 (Processed Foods) Expanded production line at Funabashi Plant and at No. 2 Plant of GFPT Nichirei (Thailand) Company, Limited (Logistics) Established Nagoya Minato DC and Honmoku DC Acquired Kevin Hancock Limited (U.K.) FY2022 (Processed Foods) Expanded production line at Yamagata Plant (Logistics) Expanded Maasvlakte DC (Netherlands), Lyon DC (France), and Le Havre DC (France) Acquired Norish Limited (U.K.) and Armir Logistyka Sp. z o.o. (Poland)

WeWill 2021

Management Strategy & Value Creation Story Business Plan & Strategy

Sustainability & Human Resources

Stakeholders

Governance & Risk Management

Financial and Non-financial Highlights

Net Sales



Net sales increased 10% due to firm growth in the core processed foods and temperature-controlled logistics businesses. In the processed foods business, sales increased due to expansion of both mainstay and new value-added product sales and overseas sales growth. In the logistics business, overseas business revenues grew.

EBITDA



EBITDA increased due to an increase in operating profit and increased depreciation expenses in core businesses.

Operating Profit and Operating Profit/Net Sales



Despite the impact of currency exchange rate fluctuations and a sharp rise in raw material and energy costs, progress in addressing higher costs, mainly in core businesses, and good performance in the biosciences business resulted in a 5% increase in operating profit.

Profit Attributable to Owners of Parent



Profit decreased 8% due to a decrease in gain on sales of investment securities.



ROE was 9.9% due to a decrease in net income. ROIC was 6.9% due to large-scale capital investments, among other factors.

Interest-bearing Debt and Equity Ratio



Interest-bearing debt increased ¥9.9 billion to ¥114.6 billion. The equity ratio was 49.1%.

CO₂ Emissions



 The CO₂ emission coefficient for electricity has been adjusted for each electric power company (by the Ministry of the Environment).
 The scope of coverage for emissions intensity per ton of production is the domestic plants of Nichirei Foods and Nichirei Fresh (excluding some plants).
 Our goal is a 50% reduction by FY2031 (compared with FY2016). In addition to promoting energy conservation, we are expanding our use of renewable energy, including the installation of solar panels and purchase of Tradable Green Certificates.

Number of Women Managers



We have set a target of increasing the ratio of women employees in management positions 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 women employees.

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. With the start of Company-wide DX training and study sessions on sustainability in FY2023, both training and education time and the number of participants have increased.



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



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



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 was 100%.

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Management Strategy Value Creation Story

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11-Year Financial Highlights

Nichirei Corporation and Consolidated Subsidiaries for the Years Ended March 31		energy 2012	\gg	RISING 2015		PC	OWER UP 2018		
		2013	2014	2015	2016	2017	2018	2019	2020
Sales and Income:									
Net sales .	*	470,126	511,189	519,963	535,351	539,657	568,032	580,141	584,858
Cost of sales		378,652	417,928	446,180	454,265	448,516	475,194	486,926	485,784
Selling, general and administrative expenses	*	73,541	77,472	56,376	59,501	61,831	62,940	63,704	68,038
Operating profit		17,932	15,789	17,406	21,583	29,309	29,897	29,511	31,035
Non-operating income:		1,880	2,113	1,993	1,704	1,433	2,102	1,753	1,891
Interest and dividend income		575	1,060	616	664	716	817	871	896
Share of profit of entities accounted for using equity method		224	_	140	131	278	715	399	387
Non-operating expenses:	*	2,609	3,459	2,498	1,893	1,637	1,350	1,399	1,150
Interest expenses		1,438	1,295	1,138	1,053	954	898	870	791
Share of loss of entities accounted for using equity method		_	795	_	_	_	_	—	_
Ordinary profit		17,202	14,443	16,902	21,394	29,105	30,650	29,864	31,777
Extraordinary income		1,690	2,347	137	220	468	102	1,085	505
Extraordinary losses	*	5,291	1,432	1,167	1,014	1,756	1,515	1,410	2,489
Profit before income taxes		13,601	15,357	15,871	20,600	27,818	29,237	29,540	29,792
Income taxes	*	5,489	5,480	4,850	5,933	7,322	8,601	8,773	9,008
Profit (loss) attributable to non-controlling interests	S	(1,712)	978	1,504	1,195	1,744	1,538	822	1,174
Profit (loss) attributable to owners of parent		9,823	8,898	9,516	13,471	18,751	19,097	19,943	19,609
Depreciation and amortization		14,302	14,475	15,621	16,455	16,057	16,155	17,481	18,355
(Excluding leased assets)	*	10,522	10,748	11,871	12,658	12,347	12,543	13,910	14,690
Capital expenditures		13,171	24,041	24,171	16,175	13,887	24,952	24,132	27,287
(Excluding leased assets)	*	10,724	21,209	19,750	13,216	10,253	22,312	21,320	24,864
Research & development expenditures		1,817	1,607	1,730	1,600	1,559	1,986	2,359	2,486
Share Information:									
Profit per share	*	33.40	31.12	33.29	47.15	135.11	142.23	149.65	147.16
Dividends per share	*	10	10	10	12	28	30	32	42
Payout ratio		30%	32%	30%	26%	21%	21%	21%	29%

Notes:

1. Figures in the Consolidated Statements of Income are based on the Securities Report and presented in million-yen units, with units less than one million yen rounded down. However, figures

for items marked with an asterisk "*" have been fractionally adjusted for convenience purposes.

2. 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 adjusted to reflect the change in the accounting policy standards.

3. 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.

Download major financial statistics https://www.nichirei.co.jp/english/ir/financial/download.html

	Compass Rose	2024 —	
WeWill 2021	I		
2021	2022	2023	~ ~ &
		(Millions of yen)	Management Strategy & Value Creation Story
572,757	602,696	662,204	ent St eatio
473,954	500,451	553,330	lanagem Value Cr
65,853	70,835	75,939	Mana Val
32,949	31,410	32,935	
1,798	1,444	2,003	rateg
880	903	1,068	a St
376	116	292	Business Plan & Strategy
1,215	1,187	1,490	Busir
709	619	787	
_	—	_	ty & urces
33,532	31,667	33,448	nabilit Resou
870	5,188	1,653	Sustainability & Human Resources
2,799	1,747	2,113	H ^c S
31,603	35,107	32,987	
8,954	10,839	9,349	
1,437	886	2,069	eholders
21,212	23,382	21,568	akeho
19,669	21,089	22,198	Stak
15,894	17,503	18,668	
37,776	27,913	30,416	
33,851	25,404	27,024	e & ment
2,403	1,939	1,892	Governance & Risk Managemen
159.19	176.72	167.14	
50	50	52	
31%	28%	31%	ta
			Data

Nichirei Group Integrated Report 2023 121

Nichirei Corporation and Consolidated Subsidiaries As of March 31, 2022 and 2023

		Million		housands of U.S. dollars (Note 1)		
Assets		2022	2023		2023	
Current assets:						
Cash and deposits	¥	23,413	¥	27,843	\$	208,502
Notes and accounts receivable - trade		90,965		101,275		758,391
Allowance for doubtful accounts		(112)		(130)		(978)
Inventories		52,128		54,945		411,452
Other		13,904		12,761		95,565
Total current assets		180,299		196,695		1,472,932
Non-current assets:						
Property, plant and equipment (Note 4):						
Buildings and structures		261,489		276,952		2,073,928
Machinery and equipment		125,441		137,180		1,027,257
Land		41,075		41,433		310,270
Leased assets		36,267		33,592		251,553
Construction in progress		4,904		4,768		35,709
Other		12,866		15,361		115,031
		482,045		509,288		3,813,751
Accumulated depreciation		(300,939)		(314,214)		(2,352,963)
Property, plant and equipment, net		181,106		195,073		1,460,787
Intangible assets		14,781		14,319		107,231
Investments and other assets:						
Investment securities (Note 3)		31,086		30,768		230,409
Shares and investments in capital of						
subsidiaries and associates		7,492		8,378		62,740
Retirement benefit asset		49		38		289
Deferred tax assets (Note 6)		2,607		2,726		20,418
Other		10,552		9,731		72,875
Allowance for doubtful accounts		(369)		(399)		(2,993)
Total investments and other assets		51,419	<u>.</u>	51,244	<u>.</u>	383,739
Total non-current assets		247,307		260,637		1,951,757
Total assets	¥	427,606	¥	457,333	\$	3,424,690

The accompanying notes are integral parts of these statements.

		Million		ousands of J.S. dollars (Note 1)		
Liabilities and net assets		2022		2023		2023
Current liabilities:						
	¥	13,490	¥	16,919	\$	126,698
Commercial papers		2,000	•	6,000	Ψ	44,930
Current portion of long-term borrowings		14,798		2,277		17,054
Current portion of bonds payable				10,000		74,883
Accounts payable – trade		29,254		30,134		225,657
Lease liabilities		3,395		3,462		25,931
Income taxes payable		4,779		4,049		30,327
Accrued expenses		34,909		37,535		281,079
Provision for bonuses for directors (and		54,707		01,000		201,077
other officers)		198		185		1,391
Other						,
		17,947		19,520		146,180
Total current liabilities		120,775		130,086		974,135
Non-current liabilities:		10.000		30.000		
Bonds payable		40,000		30,000		224,651
Long-term borrowings		19,882		34,867		261,103
Provision for retirement benefits for						
directors (and other officers)		102		65		489
Retirement benefit liability		2,029		2,121		15,883
Lease liabilities		11,149		11,052		82,768
Deferred tax liabilities (Note 6)		5,853		6,145		46,017
Asset retirement obligations		4,180		4,643		34,770
Other		5,729		4,837		36,228
Total non-current liabilities		88,928		93,733		701,912
Total liabilities		209,703		223,819		1,676,048
Net assets:						
Shareholders' equity (Note 5):						
Share capital						
Authorized						
- 360,000,000 shares for 2022 and 2023						
Issued and outstanding - 134,007,795 shares for 2022 and 134,042,599 shares for 2023		30,472		30,512		228,487
Capital surplus		5,495		5,492		41,126
Retained earnings		172,369		3,492 187,333		1,402,825
Treasury shares		(11,841)		(16,847)		(126,158)
Total shareholders' equity		196,494		206,490		1,546,281
Accumulated other comprehensive income:						
Valuation difference on available-for-sale						
securities		11,984		12,342		92,428
Deferred gains or losses on hedges		2,360		1,436		10,755
Foreign currency translation adjustment		329		4,173		31,253
Total accumulated other comprehensive incom	ne	14,674		17,952		134,438
Non-controlling interests		6,733		9,070		67,922
Total net assets		217,903		233,513		1,748,642
Total liabilities and net assets	¥	427,606	¥	457,333	\$	3,424,690

Business Plan & Strategy Value Creation Story

Sustainability & Human Resources

Stakeholders

Consolidated Statements of Comprehensive Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries For the years ended March 31, 2022 and 2023

Nichirei Corporation and Consolidated Subsidiaries
For the vears ended March 31. 2022 and 2023

		Million	Thousands of U.S. dollars (Note 1)			
		2022	2023		2023	
let sales		¥ 602,696		662,204	\$	4,958,850
Operating costs and expenses:						
Cost of sales		500,451		553,330		4,143,553
Selling, general and administrative expenses		70,835		75,939		568,663
		571,286		629,269		4,712,217
Operating profit		31,410		32,935		246,633
Non-operating income (expenses):						
Interest and dividend income		904		1,069		8,005
Interest expenses		(619)		(787)		(5,895)
Foreign exchange loss – net		(72)		(221)		(1,657)
Other – net		3,485		(8)		(61)
		3,697		52		391
Profit before income taxes		35,107		32,987		247,024
Income taxes (Note 6):						
Income taxes – current		10,233		8,696		65,119
Income taxes – deferred		605		653		4,890
		10,839		9,349		70,010
Profit		24,268		23,638		177,014
Profit attributable to non-controlling interests	5	886		2,069		15,497
Profit attributable to owners of parent	¥	23,382	¥	21,568	\$	161,516

		Y	U.S. dollars (Note 1)			
Amounts per share (Note 7):		2022	2023			2023
Net assets	¥	1,630.84	¥	¥ 1,757.70		13.162
Profit:						
Basic		176.72		167.14		1.252
Diluted		_		_		_

The accompanying notes are integral parts of these statements.

		Million	Thousands of U.S. dollars (Note 1) 2023				
Profit		2022				2023	
		24,268	¥	23,638	\$	177,014	
Other comprehensive income:							
Valuation difference on available-for-sale securities		(356)		351		2,632	
Deferred gains or losses on hedges		693	(927)	(6,94			
Foreign currency translation adjustment		1,983		4,479		33,546	
Share of other comprehensive income of entities accounted for using equity metho	d	203		122		914	
Total other comprehensive income		2,523		4,025		30,147	
Total comprehensive income	¥	26,792	¥	27,664	\$	207,161	
Comprehensive income attributable to: Comprehensive income attributable to owners of parent	¥	25,733	¥	24,846	\$	186,063	
Comprehensive income attributable to non-controlling interests		1,058 2,81 7		21,0			

The accompanying notes are integral parts of these statements.

Stakeholders

Sustainability & Human Resources

Management Strategy & Value Creation Story

Business Plan & Strategy

Governance & Risk Management

Consolidated Statements of Changes in Equity (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries For the years ended March 31, 2022 and 2023

		Λ	Aillions of yer	n	
		Sh	areholders' equ	ity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Net assets at April 1, 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		(2.52)			(2.5.2)
transactions with non-controlling interests		(352)		(10.000)	(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
Changes during period					
Issuance of new shares	39	39			79
Dividends of surplus			(6,604)		(6,604
Profit attributable to owners of parent			21,568		21,568
Change in ownership interest of parent due to					
transactions with non-controlling interests		(43)			(43
Purchase of treasury shares				(5,005)	(5,005
Disposal of treasury shares			(0)	0	0
Net changes in items other than shareholders' equity					
Total changes during period	39	(3)	14,964	(5,005)	9,995
Net assets at March 31, 2023	¥ 30,512	¥ 5,492	¥ 187,333	¥ (16,847)	¥ 206,490

			Millio	ns of yen		
	Accun	nulated other co	mprehensive in	ncome	Non-	
	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	controlling interests	Total net assets
Net assets at April 1, 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 Change in ownership interest of parent due to						23,382
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
Changes during period						
Issuance of new shares						79
Dividends of surplus						(6,604)
Profit attributable to owners of parent Change in ownership interest of parent due to						21,568
transactions with non-controlling interests						(43)
Purchase of treasury shares						(5,005)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	357	(923)	3,843	3,278	2,337	5,615
Total changes during period	357	(923)	3,843	3,278	2,337	15,610
Net assets at March 31, 2023	¥ 12,342	¥ 1,436	¥ 4,173	¥ 17,952	¥ 9,070	¥ 233,513

The accompanying notes ar	e integral parts of these statements.
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		Thousan	ds of U.S. dolla	rs (Note 1)		_
			Shareholders' equ	ity		_
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Net assets at April 1, 2022	\$ 228,188	\$ 41,151	\$ 1,290,767 \$ (88	\$ (88,676)	\$ 1,471,430	-
Changes during period						-
Issuance of new shares	298	298			597	
Dividends of surplus			(49,458)		(49,458)	
Profit attributable to owners of parent			161,516		161,516	
Change in ownership interest of parent due to transactions with non-controlling interests		(322)			(322)	
Purchase of treasury shares				(37,483)	(37,483)	
Disposal of treasury shares			(0)	1	1	
Net changes in items other than shareholders' equity						_
Total changes during period	298	(24)	112,058	(37,482)	74,850	_
Net and a 1 March 21 2022	\$ 228,487	\$ 41,126	\$ 1,402,825	\$ (126,158)	\$ 1,546,281	_
Net assets at March 31, 2023	• ====;:•	T	housands of US	S dollars (Note	1)	
Net assets at March 51, 2025	Acc		<i>housands of U.S</i> comprehensive in	come	/	
Net assets at March 51, 2025			9		1) - Non- controlling interests	Total net assets
	Acc Valuation difference on available-for-sale	umulated other of Deferred gains or losses on	comprehensive in Foreign currency translation	Total accumulated other comprehensive	- Non- controlling	
Net assets at April 1, 2022	Acc Valuation difference on available-for-sale securities	Umulated other of Deferred gains or losses on hedges	comprehensive in Foreign currency translation adjustment	Total accumulated other comprehensive income	- Non- controlling interests	assets
Net assets at April 1, 2023 Net assets at April 1, 2022 Changes during period Issuance of new shares	Acc Valuation difference on available-for-sale securities	Umulated other of Deferred gains or losses on hedges	comprehensive in Foreign currency translation adjustment	Total accumulated other comprehensive income	- Non- controlling interests	assets
Net assets at April 1, 2022 Changes during period	Acc Valuation difference on available-for-sale securities	Umulated other of Deferred gains or losses on hedges	comprehensive in Foreign currency translation adjustment	Total accumulated other comprehensive income	- Non- controlling interests	assets \$ 1,631,743
Net assets at April 1, 2022 Changes during period Issuance of new shares	Acc Valuation difference on available-for-sale securities	Umulated other of Deferred gains or losses on hedges	comprehensive in Foreign currency translation adjustment	Total accumulated other comprehensive income	- Non- controlling interests	assets \$ 1,631,743 597
Net assets at April 1, 2022 Changes during period Issuance of new shares Dividends of surplus Profit attributable to owners of parent	Acc Valuation difference on available-for-sale securities	Umulated other of Deferred gains or losses on hedges	comprehensive in Foreign currency translation adjustment	Total accumulated other comprehensive income	- Non- controlling interests	assets \$ 1,631,743 597 (49,458)
Net assets at April 1, 2022 Changes during period Issuance of new shares Dividends of surplus Profit attributable to owners of parent Change in ownership interest of parent due to	Acc Valuation difference on available-for-sale securities	Umulated other of Deferred gains or losses on hedges	comprehensive in Foreign currency translation adjustment	Total accumulated other comprehensive income	- Non- controlling interests	assets \$ 1,631,743 597 (49,458) 161,516
Net assets at April 1, 2022 Changes during period Issuance of new shares Dividends of surplus Profit attributable to owners of parent Change in ownership interest of parent due to transactions with non-controlling interests	Acc Valuation difference on available-for-sale securities \$ 89,748	umulated other of Deferred gains or losses on hedges \$ 17,672	Somprehensive inu Foreign currency translation adjustment \$ 2,470	come Total accumulated other comprehensive income \$ 109,891	- Non- controlling interests \$ 50,421	assets \$ 1,631,743 597 (49,458) 161,516 (322) (37,483) 1
Net assets at April 1, 2022 Changes during period Issuance of new shares Dividends of surplus Profit attributable to owners of parent Change in ownership interest of parent due to transactions with non-controlling interests Purchase of treasury shares	Acc Valuation difference on available-for-sale securities \$ 89,748	umulated other of Deferred gains or losses on hedges \$ 17,672 (6,916)	Somprehensive in Foreign currency translation adjustment \$ 2,470 28,783	come Total accumulated other comprehensive income \$ 109,891 24,546	- Non- controlling interests \$ 50,421	assets \$ 1,631,743 597 (49,458) 161,516 (322) (37,483) 1 42,048
Net assets at April 1, 2022 Changes during period Issuance of new shares Dividends of surplus Profit attributable to owners of parent Change in ownership interest of parent due to transactions with non-controlling interests Purchase of treasury shares Disposal of treasury shares	Acc Valuation difference on available-for-sale securities \$ 89,748	umulated other of Deferred gains or losses on hedges \$ 17,672	Somprehensive inu Foreign currency translation adjustment \$ 2,470	come Total accumulated other comprehensive income \$ 109,891	- Non- controlling interests \$ 50,421	assets \$ 1,631,743 597 (49,458) 161,516 (322) (37,483) 1

The accompanying notes are integral parts of these statements.

Business Plan & Strategy Value Creation Story

Sustainability & Human Resources

Stakeholders

Nichirei Corporation and Consolidated Subsidiaries For the years ended March 31, 2022 and 2023

	Millions of yen					ousands of .S. dollars (Note 1)
	2022		2023		2023	
Cash flows from operating activities:						
Profit before income taxes	¥	35,107	¥	32,987	\$	247,024
Depreciation		21,089		22,198		166,232
Impairment losses		196		487		3,651
Increase (decrease) in allowance for doubtful accounts		100		16		124
Interest and dividend income		(904)		(1,069)		(8,005)
Interest expenses		619		787		5,895
Share of loss (profit) of entities accounted for using equity method		(116)		(292)		(2,190)
Gain on bargain purchase		_		(543)		(4,070)
Loss (gain) on sale of non-current assets		(26)		(54)		(408)
Loss (gain) on retirement of non-current assets		1,216		1,083		8,113
Loss (gain) on sale of investment securities		(3,923)		(674)		(5,050)
Decrease (increase) in trade receivables		(7,943)		(8,407)		(62,958)
Decrease (increase) in inventories		(3,902)		(1,327)		(9,941)
Increase (decrease) in trade payables		935		114		859
Compensation for expropriation		(1,221)		(242)		(1,813)
Other, net		2,461		1,623		12,155
Subtotal		43,688		46,687		349,618
Interest and dividends received		1,102		1,221		9,149
Proceeds from compensation for expropriation		1,221		242		1,813
Interest paid		(630)		(755)		(5,657)
Income taxes paid		(10,721)		(9,530)		(71,368)
Net cash provided by (used in) operating activities	¥	34,660	¥	37,865	\$	283,555

The accompanying notes are integral parts of these statements.

Cash flows from investing activities:
Purchase of property, plant and equipment
Proceeds from sales of property, plant and equipment
Purchase of intangible assets
Purchase of investment securities
Proceeds from sales of investment securities
Purchase of shares of subsidiaries resulting in change in scope of consolidation
Other, net
Net cash provided by (used in) investing activities
Cash flows from financing activities:
Net increase (decrease) in short-term borrowings
Net increase (decrease) in commercial papers
Proceeds from long-term borrowings
Repayment of long-term borrowings
Proceeds from issuance of bonds
Redemption of bonds
Repayments of lease liabilities
Purchase of treasury shares
Dividends paid
Dividends paid to non-controlling interests
Purchase of shares of subsidiaries not resulting in change in scope of consolidation
Other, net
Net cash provided by (used in) financing activities
Effect of exchange rate change on cash and
cash equivalents
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period

The accompanying notes are integral parts of these statements.

	Millions of yen				ousands of .S. dollars (Note 1)
	2022		2023		2023
¥	(21,289)	¥	(23,830)	\$	(178,450)
	142		117		879
	(1,422)		(1,261)		(9,444)
	(80)		(1,565)		(11,720)
	5,611		1,913		14,331
	(8,432)		(659)		(4,936)
	(545)		(1,560)		(11,683)
	(26,016)		(26,844)		(201,023)
	5,790		2,748		20,584
	2,000		4,000		29,953
	5,454		15,794		118,274
	(4,832)		(15,390)		(115,251)
	9,951		—		—
	(10,000)		_		_
	(3,699)		(3,621)		(27,122)
	(10,012)		(5,009)		(37,516)
	(7,053)		(6,595)		(49,391)
	(899)		(388)		(2,908)
	(878)		(128)		(961)
	0		0		1
	(14,179)		(8,591)		(64,338)
	865		1,997		14,955
	(4,670)		4,426		33,147
	28,011		23,340		174,784
¥	23,340	¥	27,767	\$	207,932

Management Strategy & Value Creation Story

Business Plan & Strategy

Sustainability & Human Resources

Stakeholders

Governance & Risk Management

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries For the years ended March 31, 2022 and 2023

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 \$133.54 = US\$1.00, the exchange rate prevailing on March 31, 2023.

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: Significant Accounting Estimates

The Company applies "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31). Under the accounting standard, item whose amount is recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which would have a significant impact on the consolidated financial statements for the following fiscal year, should be disclosed.

Note 3: Securities

(1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2022 and 2023:

		Mill	ions of y	yen	ousands of S. dollars
	-	2022		2023	2023
Equity securities:					
Acquisition costs	¥	12,494	¥	11,656	\$ 87,286
Carrying value		29,149		28,755	215,332
Unrealized gain	¥	16,654	¥	17,099	\$ 128,045

Non-listed equity securities amounting to ¥1,937 million as of March 31, 2022 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, 2022.

Non-listed equity securities amounting to ¥2,013 million (\$15,076 thousand) as of March 31, 2023 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, 2022 and 2023:

		Mill	ions of y	ven		ousands of S. dollars
		2022		2023		2023
Proceeds from sales	¥	6,029	¥	1,545	\$	11,570
Gains on sales		3,924		674		5,050
Losses on sales		—		—		_
Impairment loss of securities for	the years ended		022 and ions of y			ousands of S. dollars
					0.	S. uonurs

(3)

				υ.	S. uonurs
	2022		2023		2023
¥	1	¥	_	\$	_
	4		_		_
¥	6	¥	_	\$	_
	¥	¥ 1 4 ¥ 6	$\begin{array}{c c} \hline 2022 \\ \hline \\ \hline \\ \\ \hline \\ \\ \\ \hline \\ \\ \\ \hline \\ \\ \\ \\$	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	

Note 4: Investments and Rental Properties

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

Net rent income and gain on sales on the property related to the investments and rental properties were ¥1,786 million and ¥31 million, respectively, for the year ended March 31, 2022.

Net rent income on the property related to the investments and rental properties were ¥1,898 million (\$14,214 thousand) for the year ended March 31, 2023.

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, 2022 and 2023:

		Mill	ions of	ven	ousands of .S. dollars
		2022		2023	 2023
Carrying value as of April 1	¥	9,354	¥	9,337	\$ 69,925
Net increase (decrease)		(16)		315	2,358
Carrying value as of March 31	¥	9,337	¥	9,652	\$ 72,284
Market value as of March 31	¥	45,106	¥	46,232	\$ 346,205

1. Carrying value on the consolidated balance sheets is calculated as acquisition costs deducting accumulated depreciation and cumulative impairment losses.

2. For the year ended March 31, 2022, major increase represents capital expenditures of ¥1,087 million. Major decrease represents depreciation of ¥550 million and change in the use of property of ¥460 million.

3. For the year ended March 31, 2023, major increase represents capital expenditures of ¥379 million (\$2,841 thousand) and change in the use of property of ¥467 million (\$3,502 thousand). Major decrease represents depreciation of ¥510 million (\$3,821 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.

Management Strategy Value Creation Story

Note 5: Changes in Net Assets

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

(a) 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: 6,033,600 shares ·Retirement of treasury shares

3. The increase in the number of treasury shares of common stock resulted from t	he following:
·Acquisition of treasury shares based on the resolution at the Board of	
Directors' 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 t	the following:
•Retirement of treasury shares	6,033,600 shares

·Request for purchase of odd-lot stock 188 shares

(b) For the year ended March 31, 2023

for the year chaed water	1 5 1, 2025			(Number of shares)
Type of stock	As of April 1, 2022	Increases	Decreases	As of March 31, 2023
Issued shares: Common stock (1)	134,007,795	34,804	_	134,042,599
Treasury shares: Common stock (2,3)	4,522,808	1,828,501	63	6,351,246

(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 34,804 shares

2. The increase in the number of treasury shares of common stock resulted from	n the following:
·Acquisition of treasury shares based on the resolution at the Board of	
Directors' meeting	1,826,400 shares
 Request for redemption of odd-lot stock 	2,101 shares
	4 6 11

3. The decrease in the number of treasury shares of common stock resulted from the following: ·Request for purchase of odd-lot stock 63 shares

(2) Cash dividends distributed

Dividends paid during the year ended March 31, 2023

Resolution	Type of stock	Source of dividends	(infinitions of jen	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 \$ 24,240	¥ 25 \$ 0.18	March 31, 2022	June 27, 2022
Board of Directors' meeting on November 1, 2022	Common stock	Retained earnings	¥ 3,367 \$ 25,217	¥ 26 \$ 0.19	September 30, 2022	December 2, 2022

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 27, 2023	Common stock	Retained earnings	¥ 3,319 \$ 24,861	¥ 26 \$ 0.19	March 31, 2023	June 28, 2023

Note 6: Income Taxes

- (1) Tax rate reconciliation for the years ended March 31, 2022 and 2023
- (a) 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.

(b) For the year ended March 31, 2023

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, 2023. Reconciliation between the statutory tax rate and the effective tax rate reflected in the accompanying consolidated statement of income is as follows:

Statutory tax rate

Entertainment and other non-deductible expenses Dividends exempted for income tax purposes Inhabitants' tax per capita Change in valuation allowance Tax credit for research and development expenses, Tax rate differences of overseas affiliates Equity in earnings of affiliates accounted for by the Undistributed earnings of affiliates Other, net Effective tax rate

	2023
	30.6%
	0.5
	0.2
	0.4
	(1.6)
, etc.	(0.7)
	(3.1)
ne equity method	(0.4)
	1.1
	1.3
	28.3%

Management Strategy Value Creation Story

(2) A breakdown of tax loss carryforwards and deferred tax assets by expiry date as of March 31, 2022 and 2023

(Millions of Yen)														
Fiscal Year Ending											202	28 and		
March 31, 2022	2	023	2	2024	20	25	20	026	20)27	ther	eafter	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)
(Millions of Yen)														
Fiscal Year Ending											202	9 and		
March 31, 2023	2	024	2	2025	20	26	20	27	20)28	ther	eafter	Total	
Tax loss carryforwards (a)	¥	19	¥	28	¥	27	¥	36	¥	33	¥	974	¥ 1,120	_
Valuation allowance		(19)		(28)		(27)		(36)		(32)		(860)	(1,005)	
Deferred tax assets	¥	_	¥		¥		¥		¥	1	¥	113	¥ 115	_(b)
(Thousands of U.S. Dollars)														
Fiscal Year Ending											202	9 and		
March 31, 2023	2	024	2	2025	20	26	20	27	20)28	ther	eafter	Total	
Tax loss carryforwards (a)	\$	149	\$	210	\$	206	\$	275	\$	254	\$	7,294	\$ 8,390	_
Valuation allowance		(149)		(210)		(206)		(275)		(243)	(6,442)	(7,527)	
Deferred tax assets		. /	\$. ,	\$. ,	\$	• /		10	S	851	\$ 862	(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 7: Per Share Information

Net assets per share as of March 31, 2022 and 2023 are calculated based on the following:

		Millions of yen			Thousands oj U.S. dollars	
	_	2022		2023		2023
Net assets	¥	217,903	¥	233,513	\$	1,748,642
Amounts excluded from net assets: For non-controlling interests		6,733		9,070		67,922
Net assets attributable to common stock		211,169		224,443		1,680,719
Number of common stock used for the calculation of net assets per share (in thousands)		129,484		127,691		127,691

Profit per share for the years ended March 31, 2022 and 2023 are calculated based on the following:

		Millions of yen				ousands of S. dollars
		2022		2023		2023
Profit attributable to owners of parent	¥	23,382	¥	21,568	\$	161,516
Amounts not attributable to common shareholders		_		_		-
Profit attributable to owners of parent for common stock		23,382		21,568		161,516
Average number of common stock during the fiscal year (in thousands)		132,317		129,046		129,046

Note 8: 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," "Meat, and poultry," "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: Processing and sales of marine products
- (c) Meat, and poultry: Processing and sales of meat and poultry products, and breeding and sales of chicken
- (d) Logistics: Providing distribution/transportation services and distribution center functions, logistics consulting, providing storage services, production and sales of ice, and construction work and planning
- (e) Real estate: Leasing of office buildings and parking lots and management of real estate
- (2) The basis of measurement for sales, profit or loss, assets, liabilities and other items of reportable segments Accounting policies and methods used at operating segments are the same as those applied to the

Company. Profit or loss of reportable segments is equal to operating profit on the consolidated statements of income. Intercompany sales and transfers are based on third-party transaction prices.

(3) Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2022 and 2023 were summarized as follows:

	Year ended March 31, 2022 (Millions of yen)									
				ole 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

Business Plan & Strategy Sustainability & Human Resources

Stakeholders

Governance & Risk Management

				Year ende	ed March 31	, 2023 (Mill	ions of yen))		
			Reportat	ole segment						
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)	Total	Adjustment	Consolidated
Sales: External sales	¥ 275,398	¥ 68,903	¥ 82,975	¥ 226,710	¥ 3,043	¥ 657,030	¥ 5,174	¥ 662,204	¥ –	¥ 662,204
Intercompany sales and transfers	299	91	2,779	17,497	1,489	22,157	917	23,075	(23,075)	-
Total	275,697	68,995	85,755	244,207	4,532	679,187	6,092	685,279	(23,075)	662,204
Segment profit	13,962	951	959	15,147	1,798	32,819	829	33,648	(713)	32,935
Segment assets	172,041	27,782	19,633	202,234	16,261	437,953	8,162	446,115	11,217	457,333
Other items:										
Depreciation	8,050	162	241	11,265	782	20,502	279	20,782	1,415	22,198
Amortization of goodwill	116	_	_	324	-	440	55	495	_	495
Investments in equity-method investees	1,362	-	_	5,168	-	6,530	_	6,530	1,847	8,378
Increase in property, plant and equipment and intangible assets	14,852	144	227	14,286	560	30,072	46	30,119	1,071	31,190
Outstanding balance of goodwill	888	-	-	5,798	-	6,687	-	6,687	-	6,687
Impairment loss on fixed assets	¥ 53	¥ 136	¥ –	¥ 28	¥ –	¥ 217	¥ 269	¥ 487	¥ —	¥ 487

Year ended March 31, 2023 (Thousands of U.S. dollars) Reportable segment Meat and Marine Processed poultry Total Other (*1) Total Adjustment Consolidated foods products products Logistics Real estate Sales: External sales \$2,062,290 \$ 515,979 \$ 621,351 \$ 1,697,694 \$ 4,958,850 \$ \$ 22,789 \$ 4,920,104 \$ 38,746 \$ 4,958,850 Intercompany sales and transfers 2,240 _ 684 20,816 131,027 11,152 165,920 6,874 172,794 (172,794) Total 5.086.025 4,958,850 2.064.530 516,663 642,167 1,828,721 33,941 45,620 5,131,645 (172,794) Segment profit 104,555 7,123 7,184 113,431 13,470 245,766 6,207 251,974 (5,340) 246,633 Segment assets 1,288,317 208,043 147,025 1,514,410 121,771 3,279,568 61,121 3,340,690 84,000 3,424,690 Other items: Depreciation 166,228 60,287 1,215 1,807 84,360 5,859 153,530 2,093 155,624 10,597 Amortization of 870 _ _ 2,426 _ 3,297 413 3,710 _ 3,710 goodwill Investments in equity-method 10,200 38,701 _ 13,837 62,740 _ _ _ 48,902 48,902 investees Increase in property, plant and 111,223 1,084 1,701 106,986 4,199 225,194 351 225,545 8,020 233,566 equipment and intangible assets Outstanding balance 6,651 _ 43,424 50,076 _ 50,076 50,076 _ _ _ of goodwill Impairment loss on fixed assets 399 \$ 1,018 \$ - s 211 \$ -\$ 1,629 \$ 2,021 \$ 3,651 \$ -\$ 3,651 \$

(*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 9: Subsequent Events

Not applicable.

Management Strategy & Value Creation Story

Business Plan & Strategy

Sustainability & Human Resources

Stakeholders

Governance & Risk Management

Nichirei Group Global Network (Bases/Main Areas of Activity)

• Nichirei Foods Group • Nichirei Logistics Group • Nichirei Fresh Group • Nichirei Biosciences Group

Europe

Nichirei Logistics Group

Netherlands Nichirei Holding Holland B.V. Hiwa Rotterdam Port Cold Stores B.V. Eurofrigo B.V. Thermotraffic Holland B.V.

Poland

Frigo Logistics Sp. z o.o. Armir Logistyka Sp. z o.o. Armir Dystrybucja Sp. z o.o.

Germany Thermotraffic GmbH

France Transports Godfroy S.A.S. Entrepots Godfroy S.A.S.

England

Thermotraffic UK Ltd. Kevin Hancock Limited Norish (N.I.) Limited Norish Limited

Asia/Oceania

Nichirei Foods Group

- Australia Nichirei Australia Pty. Ltd.
- Thailand Surapon Nichirei Foods Co., Ltd. GFPT Nichirei (Thailand) Company Limited
- Vietnam Nichirei Suco Vietnam Co., Ltd.
- China Nichirei Enterprise Management Consulting (Shanghai) Co., Ltd. Nichirei Corporation Shanghai Ltd. Shandong Nichirei (Yantai) Foods Co., Ltd.

Nichirei Fresh Group

China RIZHAO MAI LENG FOOD TRADING COMPANY LIMITED Nichirei Fresh Hong Kong, Limited Nichirei Fresh Dalian Co., Ltd.

Vietnam

Trans Pacific Seafood Co., Ltd. Nichirei Fresh Vietnam Company Limited

Nichirei Logistics Group

Malaysia

NL Cold Chain Network (M) SDN BHD NL Litt Tatt Group Sdn. Bhd. Litt Tatt Enterprise Sdn. Bhd. Litt Tatt Distribution Sdn. Bhd.

...

- Vietnam Nichirei TBA Logistics Vietnam LLC
- Thailand
- SCG Nichirei Logistics Co., Ltd.

China Shanghai Fresh Line Express Co., Ltd.

Shanghai Fresh Line Logistics Co., Ltd. Jiangsu Freshline Logistics Co., Ltd. Nanjing Freshline Logistics Co., Ltd. Nichirei Logistics Holding (Shanghai) Co., Ltd.

Domestic Network

◎ Head Office

- Location of branch offices of each operating company and regional companies of the Nichirei Logistics Group
- Nichirei Foods Group main locations
- Nichirei Logistics Group main locations
- Nichirei Fresh Group main locations
- Nichirei Biosciences Group main locations

Japan

Nichirei Corporation

Nichirei Aura Inc. Nichirei Business Partners Inc. New Housing Inc. me:new Inc.

Nichirei Foods Group

Nichirei Foods Inc. Nichirei Ice Inc. CHUREI Co., Ltd. NICHIREI WELLDINING Inc. Kyurei Inc.

NICHIREI AGRICULTURE Inc.

Nichirei Fresh Group

Nichirei Fresh Inc. Nichirei Fresh Process Inc. Nichirei Fresh Farm Inc. Fresh Chicken Karumai Inc. Fresh Maruichi Corporation FRESH MEAT SAKUDAIRA Inc.

Nichirei Biosciences Group

Nichirei Biosciences Inc.

Nichirei Logistics Group Nichirei Logistics Group Inc. Nichirei Logistics Hokkaido, Inc. Nichirei Logistics Tohoku, Inc. Kyokurei Inc. Nichirei Logistics Tokai, Inc. Nichirei Logistics Kansai, Inc. Nichirei Logistics Chushikoku, Inc. Nichirei Logistics Kyushu, Inc. Sapporo Nichirei Service Inc. Tohoku Nichirei Service Inc. Tokyo Nichirei Service Inc. Kyokurei Operation Inc. Nagoya Nichirei Service Inc. Osaka Nichirei Service Inc. Chushikoku Nichirei Service Inc.

NK Trans Inc.

Logistics Network Inc.

"



See the following for more details on our network https://www.nichirei.co.jp/english/corpo/outline/group

Kyushu Nichirei Service Inc.

Nichirei Logistics Engineering Inc.

Americas

Nichirei Foods Group

- Canada InnovAsian Cuisine Canada ULC United States
- Nichirei Foods U.S.A., Inc. Nichirei U.S.A., LLC InnovAsian Cuisine Enterprises Inc. Nichirei Sacramento Foods Corporation
- Brazil Nichirei do Brasil Agricola Ltda.

Nichirei Fresh Group

United States Nichirei Seafoods, Inc

Nichirei Biosciences Group

United States Pathcom Systems Corporation

Investor Information/Company Information (As of March 31, 2023)

Essential Stock Information

		-
Stock Exchange Listing	Tokyo Stock Exchange (Prime Market)	Rating I
	Securities code: 2871	Rating a
Total Number of Authorized Shares	360,000,000	Investm Informa
Total Number of Outstanding Shares	134,042,599 (including 6,351,246 treasury shares)	(R&I)
		Japan (
Share Unit	100 shares	Rating A
Year-end Dividend Record Date	March 31	Ltd. (JC
Interim Dividend Record Date	September 30	
Number of Shareholders	22,588	
Shareholder Register Administrator	Mizuho Trust & Banking Co., Ltd.	
Annual General Shareholders Meeting	June	
Auditors	Ernst & Young ShinNihon LLC	

Total Shareholder Return (TSR)*

(Thousands of shares)	Nichirei	—— ТОРІХ	с — то	PIX Foods	Tradi	ng volume	(Thousands o	f shares)	(Index)
80,000	Share Price	Performa	nce (TSR)						800
		1 Year	3 Ye	ear	5 Ye	ear	10 Y	ear	
			Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	
	Nichirei	15.5%	-17.5%	-6.2%	-1.0%	-0.2%	170.2%	10.5%	
60,000	TOPIX	5.8%	53.4%	15.3%	31.8%	5.7%	142.1%	9.2%	600
	TOPIX Foods	16.9%	29.1%	8.9%	9.1%	1.8%	105.2%	7.5%	
40,000	Note: Annual figures	are the geome	rric mean of cum	ulative returns	s.				400
20,000									200 200 0
2013/3 20	014/3 2015/3	2016/3	2017/3	2018	3/3 2019	/3 202	20/3 202	21/3 20	022/3 2023/3
Notes:									

Notes:

1. March 31, 2013 closing prices for Nichirei and TOPIX are indexed at 100.

2. TSR is based on a holding period to March 31, 2023.

* The sum of capital gains and dividends, representing the total yield on a shareholder's investment.

Ratings

Major Shareholders

Shareholder Name	Number of Shares Held (Thousands)	Sharehold Ratio (%
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,715	20.1
Custody Bank of Japan, Ltd. (Trust Account)	13,793	10.8
Nippon Life Insurance Company	5,744	4.5
Mizuho Bank, Ltd.	3,813	3.0
Nisshin Seifun Group Inc.	2,719	2.1
The Norinchukin Bank	2,675	2.1
MUFG Bank, Ltd.	2,554	2.0
Fukoku Mutual Life Insurance Company	2,050	1.6
Government of Norway	1,884	1.5
SUMITOMO LIFE INSURANCE COMPANY	1,855	1.5

Note: Shareholding ratio calculated after subtracting repurchased stock (6,351 thousand treasury shares). Rounded off to the first decimal place.

Corporate Data

Nichirei Corporation
December 1942*
30,512 million yen
Nichirei Higashi-Ginza Build
[+81] 3-3248-2101 (Main)
15,766
14 countries

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



External Review/Awards and Commendations during the Year/Declaration of Authenticity/Afterword from the Editorial Team

External Review

Inclusion in Indexes







THE INCLUSION OF NICHIRELIN ANY MSCLINDEX, AND THE USE OF MSCLI OGOS RKS SERVICE MARKS OR INC SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NICHIREI BY MSCI OR ANY C THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCLOR ITS AFFILIATES



Also selected in FY2024 for the JPX-Nikkei 400, jointly developed by Japan Exchange Group, Inc. (JPX) and Nikkei In-



Recognition for Employee Health Management/Safety and Health Management



2023 健康経営銘柄

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

Included in the 2020, 2021 and 2023 Health & Productivity Stock Selection by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange



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

Awards and Commendations during the Year (By Date of Announcement)



Declaration of Authenticity

On the Publication of Nichirei Group Integrated Report 2023

On the publication of *Nichirei Group Integrated* Report 2023, I would like to thank you for your understanding and considerable support for Nichirei's business activities.

In this report, we once again communicate our collaborative value creation process for sustainable corporate growth in which we create both social and economic value by helping to resolve social issues based on our Management Principles. We also cover our initiatives to achieve the KPI targets we have set for our five material matters for 2030 and the progress of the medium-term business plan that started in 2022.

The production of this report is led by the

Afterword from the Editorial Team

Thank you for reading Nichirei Group Integrated Report 2023

In this report, we have set out to give readers a clear understanding of the risks and opportunities in the Nichirei Group's operating environment, our approach to our management strategy and financial and non-financial targets, and the direction of the Group as a whole.

In the Sustainability/Human Resources section of this year's Sustainability Management Division report, we focused our efforts on straightforwardly communicating how the KPI targets for the five material matters for realizing our vision for 2030 are linked to measures in each of our operating companies, and the various ways our diverse human resources in Japan and around the world are working to achieve them. In addition, based on opinions and requests from our stakeholders, we have substantially reorganized the report with reference to the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation 2.0 to facilitate understanding of the Nichirei Group's growth story for realizing its long-term management strategy. We have also worked to make it easy to understand Nichirei's co-creation with stakeholders to improve social and economic value, as well as the financial and business strategies and progress of our current medium-term business plan Compass Rose 2024.

We intend to continue enhancing the content of this report to deepen stakeholder understanding of the Nichirei Group. In doing so, we appreciate your frank opinions and requests.

In closing, we would like to thank the many Nichirei Group employees and stakeholders who cooperated in producing this report.

Preparation Process

Based on daily dialogue and interviews with shareholders and investors, as well as opinions and requests from a wide range of stakeholders, the Sustainability Management Division took a comprehensive approach to the preparation of Nichirei Group Integrated Report 2023, editing it with the cooperation and collaboration of operating companies and related departments.

Sustainability Management Division of Nichirei Corporation in cooperation with many other Company departments. As the officer in charge of the Sustainability Management Division, I hereby affirm the legitimacy of the preparation process and the accuracy of the content.

We will continue working to proactively disclose the Nichirei Group's management strategies and financial and non-financial information. We welcome frank opinions and requests from stakeholders who have read this report.

Yuichi Takaku

Director, Senior Executive Officer; in charge of IT Strategy Division and Sustainability Management Division, General Manager of Strategic Planning Division





Management Strategy Value Creation Story

Business Plan & Strategy