NH Foods Group Sustainability Report 2021

NH Foods Group

Sustainability Report 2021

NH Foods

Contents

02 **Editorial policy**

03 **About the NH Foods Group**

09 **Message from the President**

11 FOCUS Special feature **The Five Materialities (key issues) of the NH Foods Group**

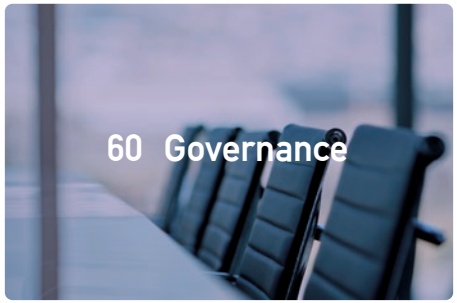
17 FOCUS Special feature **Formulating medium- to long-term environmental targets**

19 **Approach to sustainability**

- 19 Basic policy
- 20 Sustainability promotion framework
- 21 Value creation process
- 22 Stakeholder engagement
- 23 Commitments related to international summits

- 25 Management approach
- 26 Responding to climate change
- 31 Using resources effectively
- 33 Reducing plastics
- 34 Reducing food loss
- 35 Effective use of water resources
- 36 Biodiversity conservation

- 38 Stable procurement and supply of protein
- 40 Food safety and reliability
- 43 Health and nutrition
- 45 Regional and social contribution activities
- 48 Respect for human rights
- 50 Supply chain management
- 52 Human resource management strategy
- 54 Enhancing job satisfaction for employees
- 57 Respect for diversity



- 61 Management approach
- 62 Corporate governance
- 66 Compliance
- 67 Risk management
- 68 Information security

69 **Guideline comparison chart**

74 **Third-party verification**

Using the PDF version

To facilitate movement between pages, a category tab and navigation buttons have been provided at the top of each page. By clicking a link button in the text, you can move to a related page in the PDF document or open a file on the website.

Link buttons

- Move to a related page.
- WEB Move to a related website.
- PDF Open a related file.

Navigation buttons

- < Move back one page.
- > Move forward one page.
- | Contents | Move to Contents page.

Editorial policy

This report describes sustainability-related initiatives by the NH Foods Group toward the realization of a sustainable society. It is published for the purpose of maintaining good communication with more of our stakeholders.

Coverage

NH Foods Ltd. and its 80 consolidated subsidiaries in Japan and overseas (as of March 31, 2021).

Period covered

April 1, 2020-March 31, 2021

Some of the information contained in this report refers to times before or after this period.

Guidelines referred to in this report

- GRI Standards
- SASB Standards

Publication date

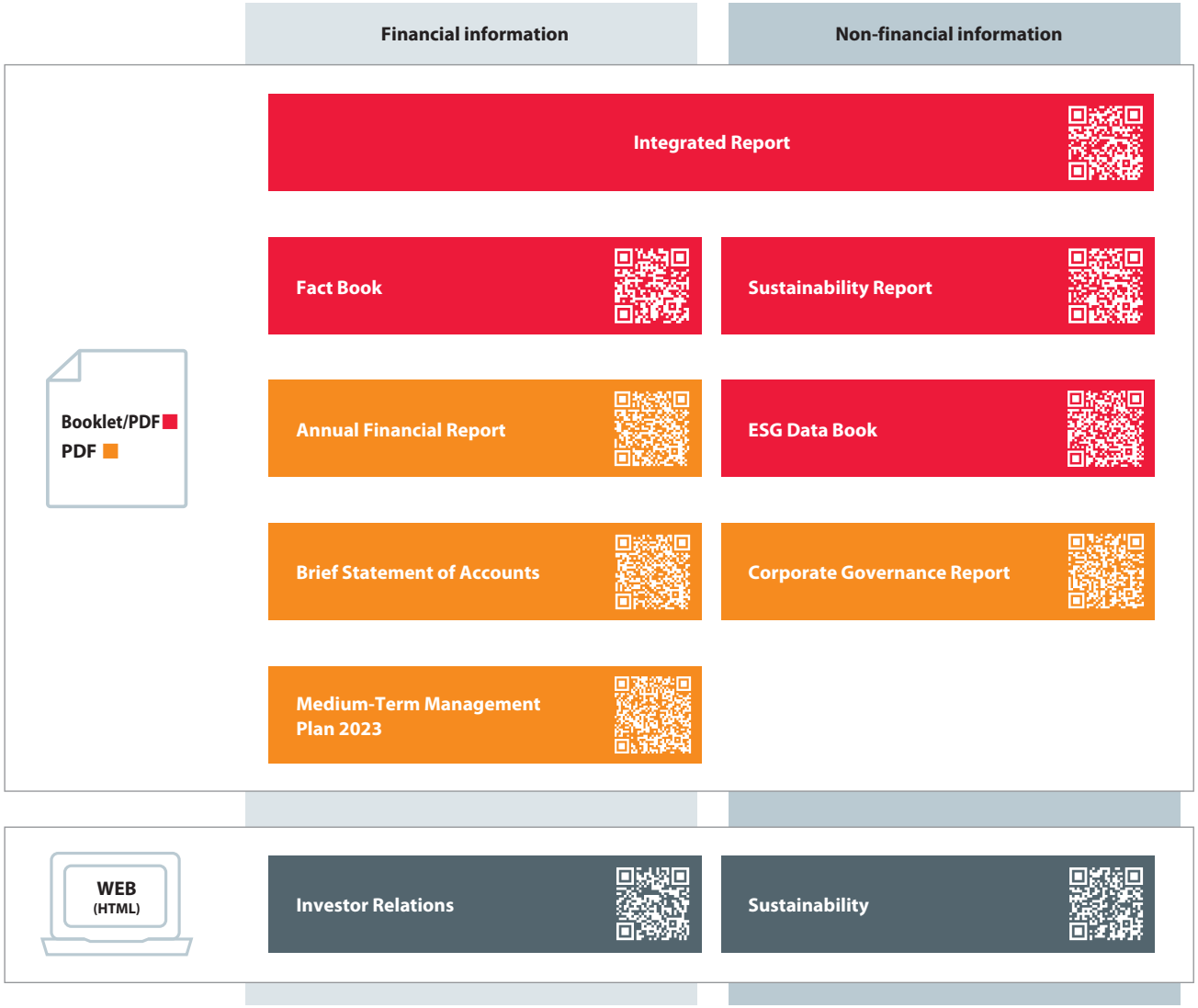
September 2021

For further information:

Sustainability Department
NH Foods Ltd.

Disclaimer concerning forward-looking statements

Forward-looking statements in this report are based on certain assumptions as reasonably determined using information available at the time of publication. Actual outcomes may vary significantly due to various factors.



Philosophy

Corporate Philosophies

1. Under the basic theme of *Joy of Eating* our company creates a culture that marks an epoch and contributes to society.
2. Our company is a place where employees can feel truly happy and fulfilled.

Management Principles

1. Act with noble ideals and the determination to achieve them.
2. Learn from others, teach others, and be willing to be taught by others.
3. Create the times by meeting the needs of the times.
4. Expand relationships through quality and service, and take responsibility for all people with whom we have relationships.
5. Strive for a highly functional organization.

Vision 2030

Unleash new potentials for protein
NH Foods Group Vision 2030

NH Foods Group will unleash new ideas beyond existing domains to expand new potentials for protein as the power of life.
We will endeavor to create diverse dietary lifestyles so people can experience the *Joy of Eating* more freely,
while ensuring a stable supply of food with respect to the environment and society.

Aspirations expressed in our vision

The Vision is a milestone for the realization of our corporate philosophy. In addition to our continuing commitment to the values of safety, reliability, and deliciousness, Vision 2030 also encompasses two other aspirations.

- The continuing reliable supply of protein, combined with consideration for the environment and society.
- Continuing contribution to the day-to-day happiness of consumers through the use of free and innovative ideas to expand the potential of protein, leading to creation of diverse ways to enjoy food in step with changes in the social environment and lifestyles.

Our role as a supplier of protein

Protein makes up one-fifth of the human body and is an essential nutrient. Through its meat, fish, and dairy products, the NH Foods Group supplies around 6%* of the protein consumed by Japanese people. As one of Japan's biggest suppliers of protein, we will continue to fulfill our mission to ensure reliable access to this vital nutrient.

*Estimated by the NH Foods Group using data for the weight of products handled, and external data

The meaning of "unleash"

Lifestyle diversification is reflected in changing food needs. We will continue to help people to achieve happiness through their day-to-day dietary lives by expanding the potential of protein. We will achieve that by freely using new ideas to go beyond accepted wisdom in order to create and offer a wider range of food options that consumers can enjoy with greater freedom.

Corporate overview

Group companies and business sites

Business operations in 19 countries and 569 regions worldwide *2

*1 Includes subsidiaries by the equity method (As of April 2021)
*2 The number of countries includes those where our representative offices are located.

Europe and the Middle East
United Kingdom, Turkey, Russia

Asia
Japan, China, Taiwan/Republic of China, Thailand, Vietnam, Singapore, Malaysia, Indonesia, South Korea

The Americas
United States of America, Chile, Brazil, Mexico, Uruguay, Canada

Australasia
Australia

90 Group Companies *1
(58 in Japan, 32 overseas)

29,390 employees
(22,615 in Japan, 6,775 overseas)
Parent company: 2,252 employees
Group total: 29,390 employees (as of March 2021, including the average number of temporary employees)

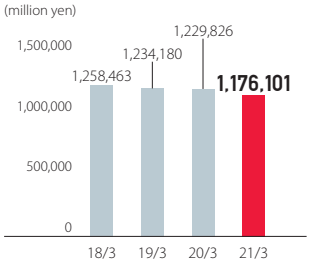
Company Name	NH Foods Ltd.
Headquarters	BREEZE TOWER, 4-9, Umeda 2-chome, Kita-ku, Osaka, Japan
President and Representative Director	Yoshihide Hata
Date of establishment	May 30, 1949
Capital	¥36,294 million (as of March 31, 2021)
Settlement period	End of March
Net sales	¥772,313 million (March 2021 non-consolidated)/¥1,176,101 million (March 2021 consolidated)
Total number of shareholders	26,202 (as of March 31, 2021)

Number of business sites (Consolidated, as of April 2021)

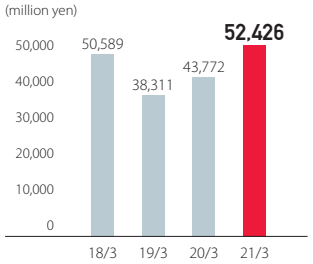
(sites)

	Farms	Fish farming	Production facilities	Logistics offices	Sales offices	Research and testing facilities	Total
Japan	126	2	72	31	248	3	**482**
Overseas	31		22	3	31		**87**
Subtotal	157	2	94	34	279	3	**569**

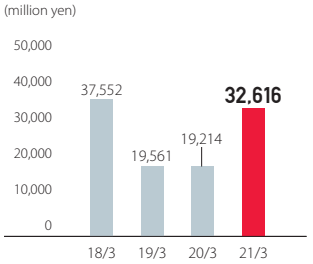
Net sales (consolidated)



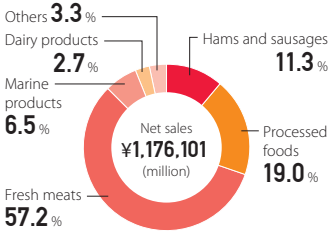
Business profit (consolidated)



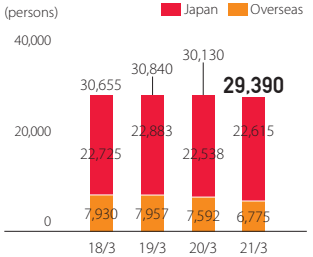
Profit attributable to owners of the parent (consolidated)



Sales by product category
(consolidated, fiscal year ended March 2021)

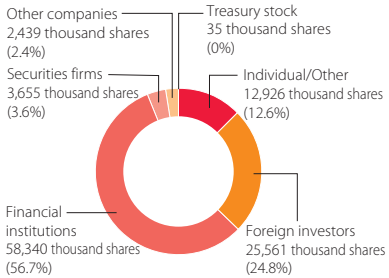


Number of employees (consolidated)



Note: Including the average number of temporary employees

Shareholders (as of March 31, 2021)



Products

Our expanding range of food categories

Business activities and strengths

Developing our own supply chains to support value creation

Our Vertical Integration System

We breed cattle, pigs, and chickens at Group farms in Japan and overseas, to produce safe and reliable fresh meats.

We are building an efficient supply structure by connecting packing and processing centers with manufacturing centers and sales centers.

We provide customers with the products they need in a speedy, and reliable manner.

Production and breeding → **Packing and processing** → **Consignment and distribution** → **Marketing and sales** → **Volume retailers and restaurants**

With efficient packing, processing, and shipping, we provide a stable supply of fresh meats that are shipped quickly to maintain freshness.

We are building a sales system that accurately addresses diverse customer needs.

The NH Foods Group's mission is to provide highquality fresh meats and processed foods with exceptional added value, by looking closely at the bounty of nature and listening to customers. We have developed a Vertical Integration System encompassing operations under the NH Foods Group umbrella, including production, breeding, processing, and packaging at our farms and factories in Japan and overseas, through to acceptance, logistics, and sales.

We leverage the full potential of our group strengths to create our own fresh meat brands, including *Omugi-Gyu* beef, *Sakurahime* chicken, and *Mugikomachi* pork, as well as a wide range of high-value-added ham and sausage products made from pork produced at our own farms in Japan. We also manufacture and sell products made from secondary livestock resources, including seasoning extracts and functional ingredients, such as collagen.

Pork produced at our own farms in Japan is used in the *Utsukushi-no-Kuni* range of gift products.

Fresh Meats Business

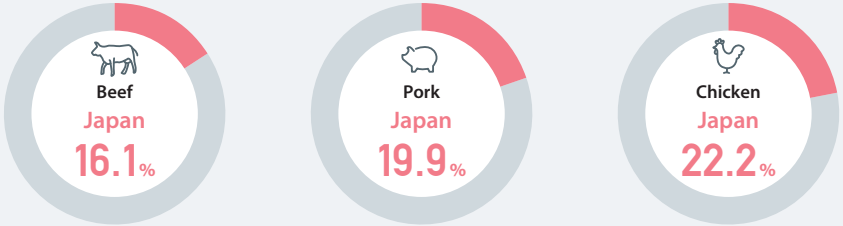
Top share of fresh meat sales in Japan. The NH Foods Group is a dependable and timely supplier of safe, high-quality fresh meats.

Fresh meats account for 50% of the sales of NH Foods Group. We create wide-ranging value under our Vertical Integration System, including not only the production of high-added-value meats at our own farms to meet market needs, but also the ability to supply products reliably while avoiding infectious diseases and other risks.

In addition to meats produced in our own facilities, we also use meat sourced externally to develop and sell an extensive range of original-brand fresh meats. We account for around 20% of all fresh meats sold in Japan. Our advanced marketing systems have helped us to build strong relationships with suppliers, further enhancing our competitiveness in the market.

Shares of meat markets

No. 1 share of fresh meat sales in Japan



Based on research carried out by NH Foods Ltd. in March 2021

Original-brand logos for fresh meats

Beef		Pork			Chicken
Genmai Beef	*Omugi-Gyu*	*Mugikomachi*	*Tomorokoshi-Buta*	*Dolce Porco*	*Sakurahime*

Business activities and strengths

Processed Foods Business

We create numerous hit products by offering new value that matches consumer needs.

Processed food manufacturing was the original business domain of the NH Foods Group. By reflecting consumer perspectives in our highly effective development systems, we continually create hit products that bring delicious new taste experiences to the dining table while providing value to match changing lifestyles and food needs. Evidence of our advantage in the processed foods business includes many products that are number one in their categories and have remained the preferred choice of consumers for many years.

Today our processed foods business has expanded into many categories, with a particular focus on proteins, including ham, sausages, processed foods, seafood, dairy products, and seasoning extracts. We will continue to work through this wide-ranging business domain to create new *Joy of Eating* experiences.

Main products

Number one in the wiener sausage category for 29 straight years*

SCHAU ESSEN

Number one in the chilled pizza category for 19 straight years*

Ishigama Kobo

Number one in the chilled pre-cooked category for 11 straight years*

Chuka Meisai

Sutamina-en

Vanilla Yogurt

ROLF Smoked Cheese

Gorotto Salmon Bowl

*Source: Intage Inc., SCI *Data*

Overseas Business

Bring the *Joy of Eating* to people everywhere. We will continue to contribute to healthy living, using knowledge and technology developed in Japan.

We began to build our overseas business in the United States in 1977. Today we have 87 overseas business operations in 18 countries and regions. We produce, breed, process, and sell beef and chicken and manufacture and sell hams, sausages, and processed foods to meet the diverse needs of people everywhere. Our extensive product range also includes seafood, seasoning extracts, and vegetables.

We aim to be the world's leading provider of the *Joy of Eating*, and to help people around the world to enjoy pleasurable and healthy food experiences through products that reflect the world's many diverse food traditions, values, and preferences.

Main businesses

[Australia] Whyalla Beef Pty. Ltd.
Whyalla Beef has built a beef production and fattening business at Australia's biggest cattle station.

[Turkey] Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi
This company has developed a business based on the integrated production, breeding, processing, packing, and sales of chicken.

[Uruguay] BPU*
This company processes and packs beef using state-of-the-art facilities in a rich natural environment.

[Chile] NH Foods Chile Y Compania Limitada
In Chile we produce and process sea urchins and other seafood and procure and sell pork.

[USA] Day-Lee Foods, Inc.
Day-Lee Foods manufactures and sells processed foods, especially Crazy Cuizine brand products. It also exports and imports fresh meats and other products.

[Thailand] Thai Nippon Foods Co., Ltd.
In Thailand we manufacture processed foods made mainly from chicken. In addition to sales in Thailand, the products are also exported to Japan.

* Breeders & Packers Uruguay

Yoshihide Hata
President and Representative Director

Unleash new potentials for protein

We have launched a new initiative to maximize our corporate value by integrating our business strategies and sustainability strategies.

The world has entered a major transitional phase characterized by population fluctuations, lifestyle diversification, and increasingly serious environmental issues. For example, projections that the population of the world will reach 8.5 billion by 2030 have raised concerns about a food crisis. In contrast, Japan's population has shifted to a shrinking trend, leading to demand changes and the diversification of food needs due to a falling birthrate, demographic aging, and lifestyle diversification.

As stated in the corporate philosophy of the NH Foods Group, we have a responsibility and a mission to enable people to experience the *Joy of Eating*. That responsibility and mission will remain the same even in this changing environment. One of our milestones for the realization of our corporate philosophy is Vision 2030, which we announced in March 2021 as our vision for the NH Foods Group in 2030. Our goal under that vision is to "Unleash new potentials for protein." We also revised our materiality, which defines the key social issues that we have selected for prioritized initiatives as we work to realize our vision. We see 2021 as a year in which we have started a new phase of efforts toward the sustainable development of the NH Foods Group in partnership with society.

Vision 2030—Our aspirations

The words "Unleash new potentials for protein" express our aspirations for the NH Foods Group as Japan's biggest supplier of protein, and our determination to maintain reliable supplies of protein in such forms as meat, fish, and dairy products, while offering diverse food options and considering the needs of the environment and society.

Protein is an essential nutrient, and supply is expected to come under increasing pressure as demand expands in step with world population growth. Livestock are the biggest source of animal protein, but we are aware of the need to address environmental issues relating to the livestock industry, including the consumption of vast quantities of grain, and the fact that livestock farming is believed to account for around 14.5% of the world's greenhouse gas emissions. For these reasons, and because of our awareness of the importance of protein as an essential nutrient for life, we are

determined to create and provide a diverse range of options for consuming protein by thinking outside of the box. Our current efforts to expand our range of plant-based protein products and explore new alternative protein sources are part of this commitment.

In addition, we will also think outside of the box as we work to offer people greater freedom to enjoy food in ways that match their lifestyles, by creating new concepts for meals and eating. One of our goals is to help allergy sufferers to improve their nutrition and enjoyment of food by expanding the range of products that they can consume safely so that they can enjoy their favorite foods. Another challenge is to develop products using imidazole dipeptides, for which a patent has been granted based on the potential of these substances to mitigate cognitive decline.

Integrating our business strategies and materialities

The five issues identified for our new materialities are all linked to the business strategies defined in our Medium-Term Management Plans for 2023 and 2026. Policies and KPIs have been established for each of the issues, and our organizations have been implementing these policies since April.

We have also created the medium- to long-term environmental targets, which represent our goals for contribution to a sustainable environment in the period to 2030. We aim to achieve numerical targets for climate change responses, the reduction of waste, including food losses and plastic waste, and action to address water resource issues, which we have identified as priorities. We are particularly focused on the reduction of greenhouse gas (GHG) emissions. A particularly important goal, based on a target set by the Japanese government, is to reduce the fossil fuel-related GHG emissions of our group operations in Japan by 46% or more compared with the level in fiscal 2013 by fiscal 2030. We will work to achieve this ambitious target through proactive investment in environmental measures, including the installation of energy-saving facilities, and the introduction of new technology. In June 2020, we declared our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) and became a member of the TCFD Consortium. After completing our scenario analysis by the end of fiscal 2021, we will incorporate measures based on that analysis into our business plans.

We are also working toward "Co-creation and shared prosperity with the community and society through food and sports." We are committed to co-creation with communities through sports, participation in regional cultural activities, and support for the education of future generations, including food education. We will also work to find solutions to issues through dialogue with local communities.

Another driving force for the achievement of the goals in our Medium-Term Management Plan and the realization of our vision will be "Employee development and respect for diversity." We will pursue initiatives designed to realize the full potential of every employee and motivate them to take up new challenges, including human resource management system reforms, and workstyle and office innovation.

By putting our materialities into practice, we also aim to contribute to the achievement of the Sustainable Development Goals (SDGs).

To our stakeholders

As a food manufacturer and supplier, the NH Foods Group has a social mission to provide stable supplies of safe, dependable products. With no end in sight for the COVID-19 pandemic, we will continue to fulfill our supply responsibilities while placing the highest priority on ensuring the safety and maintaining the health of our group employees.

In the food sector, consumer buying patterns are diversifying to include not only restaurant eating, prepared dishes, and cooked and processed foods, but also new types of takeout and delivery services and e-commerce. There have also been changes in expectations toward food, including an increased focus on health, and demand for foods that offer convenience, suitability for long-term storage, and the joy of home cooking. We will realize our vision of unleashing new potentials for protein by taking up the challenge of new trends, while also using information technology to create new food-tech innovations.

The creation of a highly functional organization is one of the most important focuses of our management philosophy. We define such an organization as one that is rich in diversity and functionally linked, and which enables individuals to reach their full potential. I am confident that we can provide solutions for various social and environmental issues and achieve growth and development as a group by working toward the creation of such an organization under Vision 2030. Our management team is dedicated to building a future for the NH Foods Group as a corporate group that is respected, preferred, and viewed with affection by all stakeholders. We are determined to achieve further growth and success in the period to 2030.

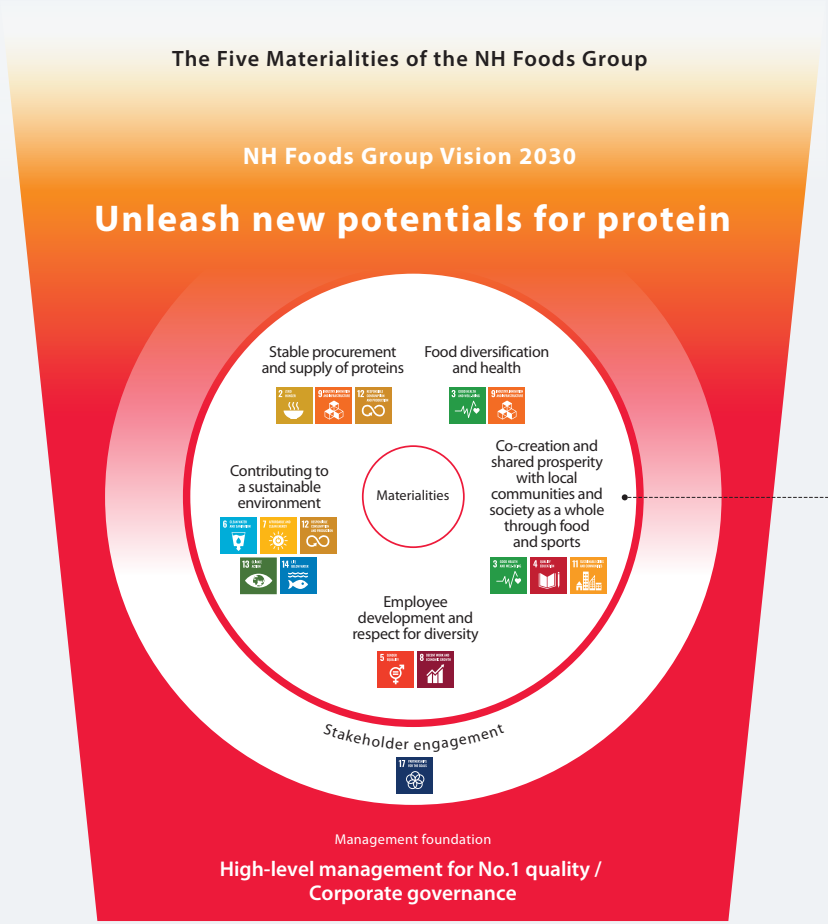
Yoshihide Hata
President and Representative Director

FOCUS 01

The Five Materialities (key issues) of the NH Foods Group

In March 2021, the NH Foods Group formulated Vision 2030 as a milestone in efforts to achieve its corporate philosophy.

This is a vision of where we want to be in 2030. In addition to our existing values of safety and reliability and deliciousness, it represents our desire to expand the possibilities of protein by thinking outside the box to create a variety of food scenes that respond to changes in the social environment and people's lifestyles and to continue to support happy daily eating. On the occasion of the formulation of this vision, we reviewed the previous Five CSR Material Issues and re-identified the Five Materialities (key issues) as the social issues to be solved on a priority basis toward the realization of Vision 2030.



Five Materialities (key issues)

Stable procurement and supply of proteins

Global population growth, climate change, and other factors are expected to make it increasingly difficult to supply proteins. The NH Foods Group aims to ensure the stable procurement and supply of proteins. In addition to existing quality-related safety and reliability initiatives, we will advance efforts to supply diverse proteins in a way that is considerate of the environment and social aspects of our supply chains, such as human rights and animal welfare.

Food diversification and health

Changes in lifestyle and other factors are leading to the need for diverse solutions in the area of food as well. The NH Foods Group will contribute to a happy and healthy life by developing products and providing services that meet diverse needs.

Contributing to a sustainable environment

We face various environmental issues such as climate change, food loss, and marine plastic litter. The NH Foods Group's businesses involve bringing our customers the bounty of nature, and we are determined to help solve issues such as greenhouse gases, food loss, and plastics throughout the value chain.

Co-creation and shared prosperity with local communities and society as a whole through food and sports

As a good corporate citizen, the NH Foods Group aims to be an enterprise loved and trusted by local communities and society as a whole, as we walk and grow together, deepening ties formed through food and sports.

Employee development and respect for diversity

The NH Foods Group aims to be "a place where employees can feel truly happy and fulfilled." Based on a deep respect for individuals, we strive to create workplaces where employees can thrive and demonstrate their unique strengths.

01 FOCUS The Five Materialities (key issues) of the NH Foods Group

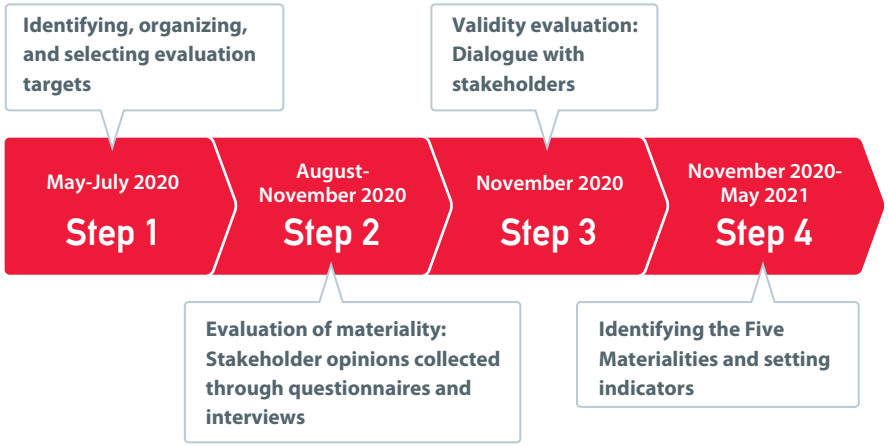
Consideration structure

The ES Subcommittee was established in 2020 and consists of 13 representatives from all business and corporate divisions. In May 2020, it began considering the process for identifying materialities. The results of the ES (Environment/Social) Subcommittee's discussions were reported to the Sustainability Committee, and after repeated discussions among all Directors, in February 2021, the materialities were set in conjunction with targets in the 2023 Medium-Term Management Plan. Details regarding execution and KPI were considered at the same time.

For more information about the ES Subcommittee and Sustainability Committee, see p. 20.

Materiality identification process

In identifying materialities, we assessed and examined them from both the stakeholders' and our own perspectives, taking into account international trends, social demands such as initiatives, and the business environment surrounding the NH Foods Group.



Step 1 : Identifying, organizing, and selecting evaluation targets | Step 2 | Step 3 | Step 4

We selected 233 social issues to be evaluated based on GRI, ISO 26000, SASB, SDGs, and other references. We then screened these issues twice to narrow them down to 36.

Step 1 | **Step 2 : Evaluation of materiality : Stakeholder opinions collected through questionnaires and interviews** | Step 3 | Step 4

We next surveyed customers, suppliers, shareholders, investors, and employees about the 36 items selected at Step 1, which were also discussed at hearings with independent experts and corporate officers.

Questionnaire participants

Customers	● NH Foods Consumer Delegate Committee Members: 20 people ● General consumers: 300 people
Suppliers	● Suppliers 7 people from 7 companies
Shareholders and investors	● Shareholders and analysts: 6 people from 6 companies
Experts	● Experts: 11 people
NGOs	● 2 people from 1 organization
Within the Group	● Directors: 8 people ● Audit & Supervisory Board members: 5 people ● Executive officers: 2 people ● Officers and employees of group companies: 22 people ● Group employees: 49 people

Interview participants

External	● Experts: 8 people ● NGOs: 2 people from 1 organization
Within the Group	● Directors: 8 people ● Audit & Supervisory Board members: 5 people ● Executive officers: 2 people ● Chair of the NH Foods Labor Union: 1 person ● Hokkaido Nippon-Ham Fighters: 1 person

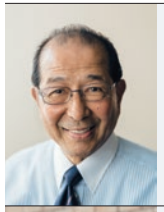
Notes:
- Positions shown were current positions as of the time of each interview.
- Directors and Audit & Supervisory Board member interviews included outside directors and Audit & Supervisory Board members.

01 FOCUS The Five Materialities (key issues) of the NH Foods Group

Step 1 | **Step 2 : Evaluation of materiality :** Stakeholder opinions collected through questionnaires and interviews | Step 3 | Step 4

We mapped the importance of the 36 issues to stakeholders onto their importance to the Group based on the opinions gained through questionnaires and interviews. We then used this to identify materiality candidates.

Opinions gathered through interviews with external experts



Management perspective

Toshio Arima

Chairman of the Board, Global Compact Network Japan

- I want people to understand how they are contributing to society and to increase their motivation by linking their work with the SDGs
- Dealing with human rights issues, including those regarding foreign technical intern trainees, is an urgent matter. It is necessary to identify targets in the value chain
- Management is expected to have a thinking circuit/vision that integrates short-term returns into long-term earnings

ESG investor perspective

Mari Yoshitaka

Mitsubishi UFJ Research and Consulting Co., Ltd.

- Unlike other companies in the same industry, the NH Foods Group's uniqueness is important. We can appreciate your focus on protein
- "Strengths" such as responding to food allergies should be pursued persistently even if they take time
- Responding to climate change will be increasingly expected in the future
- Financial and non-financial integration will accelerate in the future. Stories that improve corporate value over the medium- to long-term are important

Gender equality/Global perspective

Asako Osaki

Director of the NPO Gender Action Platform
Expert committee member of the Gender Equality Committee, Cabinet Office

- "Well-being," which refers to the state of physical and mental health, has become a keyword both in Japan and overseas
- Recruiting excellent human resources and improving the retention rate are urgent issues. Measures should be taken in light of the importance of gender equality and diversity among young people
- The key to linking the NH Foods Group's ESG with its core business is women. Women are expected to play an active role in business, as they are the makers of most purchasing decisions

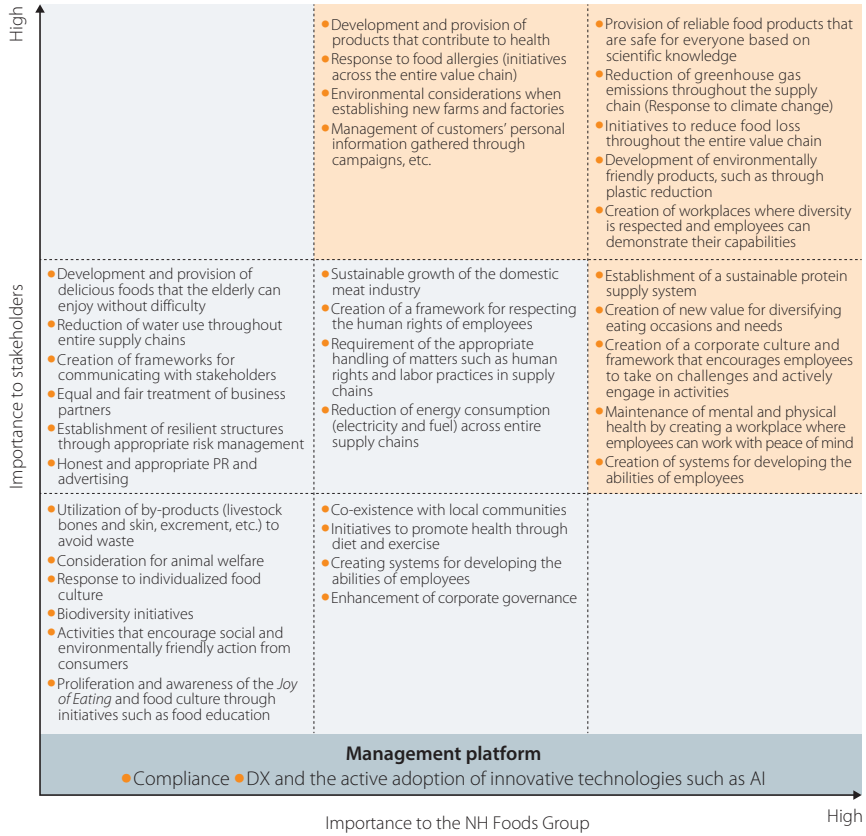
Global perspective

Peter D. Pedersen

Professor, Shizenkan University
Co-founder, NELIS

- Handling various types of protein is a major factor in the NH Foods Group finding success in the global market
- There will be an increasing need to consider the global health impacts of processed meats
- Climate change is an immediate and serious threat. Measures need to be taken throughout the value chain
- The goals and targets of the SDGs need to be clearly stated.

Mapping out the 36 issues



01 FOCUS The Five Materialities (key issues) of the NH Foods Group

Step 1 | Step 2 | **Step 3 : Validity evaluation :** Dialogue with stakeholders | **Step 4 : Identifying the Five Materialities and setting indicators**

In November 2020, we carried out dialogue with stakeholders, including external experts and NH Foods Group executives, regarding the materiality candidates identified in Step 2. We then identified our Five Materialities based on the evaluations of propriety and opinions shared through these dialogues.

The materialities were discussed by the Sustainability Committee in November 2020 and the Governance Committee in February 2021, before being finalized by the Board of Directors in February 2021. Following this, measures and indicators for achieving the materialities were considered and set.

Overview of dialogue with stakeholders and key opinions

Participants

Toshio Arima	Chairman of the Board, Global Compact Network Japan	**Yoshihide Hata**	President and Representative Director NH Foods Ltd.
Mari Yoshitaka	Mitsubishi UFJ Research and Consulting Co., Ltd.	**Sadanori Miyagai**	Director and Managing Executive Office NH Foods Ltd.
Ayako Sonoda	Facilitator: President, Cre-en Inc	**Yasuko Kono**	Outside Director NH Foods Ltd.

Key opinions

Regarding "Stable procurement and supply of proteins"

- From a biodiversity perspective, it would be good if the following global issues could be incorporated into the materialities: 1) The environmental impact of crops grown for feed, 2) animal welfare, and 3) meat alternatives.

Regarding "Food diversification and health "

- I would like to see the NH Foods Group leverage its distinctive characteristics to tackle issues such as response to food allergies.

Regarding "Contributing to a sustainable environment"

- Risks and opportunities across the entire value chain should be identified and disclosed.
- Risks that need particular attention include CO_2 emissions, water, and supply chains (origin tracing).

Regarding "Co-creation and shared prosperity with local communities and society as a whole through food and sports"

- The popularity of baseball is deeply rooted so the Group should leverage its ownership of a professional baseball team in its business activities.

Regarding "Employee development and respect for diversity"

- I would like to see communication between business divisions and for business activities to be linked to relevant SDGs.

Note: Positions, organizations, and other information shown were current as of the day of the dialogue.

TOPICS Activities to raise awareness of the vision and materialities

We are carrying out activities to raise awareness among employees of the idea that, in order to achieve Vision 2030, each individual employee needs to execute measures addressing the Five Materialities.

We have created a Vision Book that encourages employees to think that the vision and materialities are things that concern them, and this book is distributed to all employees at Group companies in Japan. We also used this Vision Book in a series of "caravan" events that toured each workplace to raise awareness of the vision and materialities among employees. These events were held 107* times both remotely and in person, mainly by the Corporate Planning and Sustainability Departments.

Furthermore, we held 17 town meetings in which President Hata visited business locations and exchanged ideas and opinions concerning the vision and materialities with employees directly.

Vision Book

* Current as of September 2021

A "caravan" event held remotely

A town hall meeting at Nipponham Processed Foods Ltd.'s Kanto Plant

01 FOCUS The Five Materialities (key issues) of the NH Foods Group

Message from General Manager of corporate planning division

We are linking management strategy to solutions for social issues and encouraging every employee to deliver value to society.

In recent years, making environmental and social contributions through business activities has become an essential condition for practicing sustainable corporate management. By identifying materialities, the NH Foods Group has established the priority issues we should address by leveraging our strengths, thereby clarifying the direction we should be taking.

These new materialities also differ from our previous materiality. They are more strongly linked to our management strategies and we have established measures and indicators for achieving each materiality. We want to make the results of specific actions more visible. Carrying out these measures will be the responsibility of each employee at each business site. If employees are to take the initiative with these measures, it will be crucial that they fully understand and buy into the importance of the materialities and the value that we can deliver. Therefore, my job is to raise awareness of the materialities across the entire Group.

I believe that we will become a company where it is natural to pursue business growth from a sustainable management perspective.

Fumio Maeda

Director and Managing Executive Officer, General Manager of Corporate Planning Division (in charge of sustainability)

Setting measures and indicators

We have set a policy, measures, and indicators for each initiative addressing each materiality. We will advance these initiatives while maintaining dialogue with all stakeholders.

Materialities	Relevant SDGs	Social issues	Policies	Measures and indicators
Stable procurement and supply of protein	2, 9, 12	**Stable procurement and supply of protein**	We will contribute to the health and physical development of people through the stable delivery of protein, which provides the power to live. As for procurement, we will work with related stakeholders to maintain and stabilize a sustainable supply chain and contribute to resolving issues in the livestock business.	●Improve protein intake as a power of life (in Japan) ●Control livestock diseases ●Promote CSR procurement (inform important primary suppliers of policies and have 100% SAQ* implementation, disseminate policies to important secondary suppliers and implement SAQ by FY2030) ●Carry out due diligence on suppliers regarding human rights ●Promote initiatives that take animal welfare into consideration ●Develop and utilize new technologies such as smart livestock farming
		Greater choice of protein	In response to lifestyle changes, we will promote the expansion and sale of plant-derived protein products and pursue new alternative proteins.	●Expand sales of plant-derived protein products (FY2030 shipment amount: ¥10 billion) ●Develop alternative meat technologies
		Food safety and reliability	We will promote the acquisition of third-party certification for food safety and training on food safety for our employees in order to deliver safe and secure products.	●Promote acquisition of third-party certification (FSSC22000, SQF, BRC, JFS, etc.) ●Develop human resources through specialized technical certification and other training

* SAQ: Self-Assessment Questionnaires

01 FOCUS The Five Materialities (key issues) of the NH Foods Group

Materialities	Relevant SDGs	Social issues	Policies	Measures and indicators
Food diversification and health	3, 9	**Food allergy support**	We are working to improve the quality of life of those with food allergies and their families by expanding our products and services, primarily centered around food.	●Expand our lineup of food allergy-related products (FY2030 shipment amount: ¥4 billion) and raise awareness of food allergies ●Research and disseminate information on food allergies
		Health promotion	We will promote the development of products that both taste good and contribute to health, thereby contributing to the *Joy of Eating* and healthy living. We will also promote research and disseminate information on extending healthy life expectancy through industry-government-academia collaboration.	●Research and commercialize new ingredients for improving cognitive function (supply the equivalent of 3 million meals per year by FY2026) ●Develop products that contribute to health ●Disseminate information on extending healthy life expectancy
		Food diversification	We will contribute to a variety of dietary lifestyles by providing products that respond to various cultures and values.	●Develop and sell products that respond to a diverse range of cultures, religions, etc.
Contributing to a sustainable environment	6, 7, 12, 13, 14	**Responding to climate change**	We will consider measures to deal with climate change, work to reduce and control greenhouse gas emissions, and contribute to reducing our environmental impact. Additionally, we will promote research and technological development through internal and external cooperation.	●Reduce CO_2 emissions from fossil fuels by at least 46% by FY2030 (compared to FY2013)*1 ●Promote research and technological development to control and reduce greenhouse gases from livestock
		Resource saving and recycling	We will work to reduce the amount of water used, as it is one of the planet's most important resources, as well as the amount of waste generated at our business sites. We will also promote resource recycling and contribute to reducing our environmental impact. Additionally, we will work to address water risk and reduce food loss.	●Reduce water consumption by 5% by FY2030 (basic unit per production quantity compared to FY2019)*1 ●Reduce waste emissions by 5% by FY2030 (basic unit per production quantity compared to FY2019)*1 ●Achieve a waste recycling rate of at least 92% by FY2030*1 ●Use environmentally friendly materials (recycled materials, biomass materials, etc.) and reduce the amount of packaging materials used ●Identify areas with high water risk, survey actual conditions in these areas, and respond to issues ●Promote the reduction of food loss from manufacturing, sales, and distribution
		Addressing biodiversity	We will promote the procurement of sustainable resources and contribute to the conservation of biodiversity. We will switch to certified products for palm oil and work to expand the list of certified products for fishery resources.	●Use 100% RSPO-certified palm oil by FY2030 (including book & claim) ●Increase the number of products certified for sustainable fishery resources (MSC/ASC) ●Promote forest conservation activities
Co-creation and shared prosperity with local communities and society as a whole through food and sports	3, 4, 11	**Local community development**	We will contribute to the development of local communities by collaborating with these communities through sports, local cultural activities, social welfare activities involving food, support for the development of the next generation through food and dietary education, and other activities. We will also place importance on dialogue with the local communities in which we operate and work to resolve issues.	●Promote activities for co-creation with local communities through sports (new Hokkaido Ballpark, sports/food education classes, etc.) ●Promote community contribution activities, including cultural activities (cooperation and clean-up activities for local events, etc.) ●Promote social welfare activities through food (supplying food to food banks and "Kodomo Shokudo*2," etc.) ●Support the development of the next generation through food and dietary education, etc. (in-class lessons, career development support, etc.)
Employee development and respect for diversity	5, 8	**Enhancing job satisfaction for employees**	We will promote a human resources management strategy that improves the motivation of our employees.	●Support job satisfaction ●Foster a corporate culture that encourages employees to take on challenges ●Improve expertise and management capabilities through education and training ●Carry out initiatives for fair evaluation and compensation ●Place the right person in the right place through transfers and assignments ●Support career autonomy
		Respect for diversity	We will work to improve value creation by promoting the active participation of a diverse range of human resources, as well as labor productivity through work style reform. Additionally, we will promote health and safety management and comply with labor-related laws.	●Promote active participation by women ●Support initiatives for childcare, nursing care, persons with disabilities, etc. ●Reduce total working hours ●Promote a diverse range of working styles ●Further strengthen the health management system ●Further promote the eradication of labor accidents ●Provide education regarding human rights policies and establish a human rights due diligence system

*1 Medium- and long-term environmental targets are for Japan only. *2 Initiatives that provide meals to children in need.

FOCUS
Special Feature

Formulating medium- to long-term environmental targets

Recently, there have been many natural disasters that are thought to have been caused by climate change. If this trend continues, we can expect there to be an even greater impact on society and the NH Foods Group's business. As a group that delivers the *Joy of Eating* by receiving the blessings of nature and nurturing life, we are fulfilling our social responsibilities to contribute to the conservation of the global environment by setting and working to achieve medium- to long-term targets.

Medium- to long-term targets for 2030

We have been setting environmental targets in our three-year medium-term management plans with the aim of reducing the environmental impact of business activities. This year, when we formulated Vision 2030 and our Five Materialities (key issues), we focused on formulating them with a medium- to long-term perspective which included setting new medium- to long-term targets to be achieved by 2030. One of the Five Materialities is "Contributing to a sustainable environment." Based on this, we have made addressing climate change, resource saving and recycling, and tackling the biodiversity issue into priority issues and have set targets for each one.

Results of activities to achieve the environmental targets in Medium-term Management Plan 2020 can be found on p.25.

Message from the General Manager of the Corporate Planning Division

We will fulfill our environmental responsibilities by combining efforts to reduce the impact of each business and site with research and development focused on new technologies.

Out of our three priority issues, we recognize that responding to climate change is the most pressing. Since 2020, we have seen the full-scale launch of efforts under the Paris Agreement, which requires efforts to keep the rise in average global temperatures well below 2 degrees of pre-industrial levels, and controlling it to below 1.5 degrees. In order to meet this target, the Japanese government has pledged to achieve net zero greenhouse gas emissions by 2050. Taking into account that potential future measures for achieving this, such as the introduction of a carbon tax, will have an impact on the Group's finances and business operations. We are advancing group-wide awareness raising activities that encourage each business division and site to actively work towards reducing emissions.

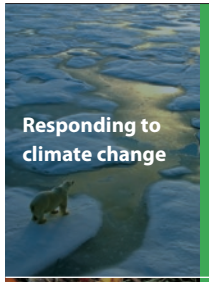
Furthermore, in regard to handling waste and water resources, we think that to achieve our targets in 2030 and beyond, it will be crucial to not only carry out conventional activities aimed at reduction, but also to develop new technologies that provide fundamental solutions. Therefore, our Engineering Department, which is responsible for the design and construction management of facilities and equipment, will be even more involved in developing measures to reduce environmental impact. We also recognize that we must take responsible action to limit greenhouse gas emissions caused by livestock. In Japan, we are working with universities to advance joint research on the intestinal flora of pigs and its relationship to greenhouse gas emissions. We will work to help making the environment beneficial for the economy by striving to reduce the impact of each business and site while at the same time advancing research and development into new technologies. Our aim is to realize a virtuous environmental and economic cycle that vitalizes the economy while improving the environment.

Fumio Maeda
Director and Managing Executive Officer, General Manager of Corporate Planning Division (in charge of sustainability)

FOCUS Special Feature

Formulating medium- to long-term environmental targets

Medium- to long-term targets (to fiscal 2030)

Priority issue		Target	Scope
 Responding to climate change	Reducing CO_2 emissions	Reduce fossil fuel-derived CO_2 emissions **by more than 46%** compared to FY2013 levels (FY2013: 550,518 t-CO_2 → **FY2030: 297,279 t-CO_2**)	All business sites in Japan
		Strive to create innovative technologies by advancing and supporting research and development aimed at reducing livestock-derived greenhouse gas emissions	
Saving and recycling resources	Reducing waste discharge	Reduce waste discharge per production unit **by 5%** compared to FY2019 levels (FY2019: 134.6 kg/t → **FY2030: 127.9 kg/t**)	All processing and production sites in Japan (55 sites)
	Increasing the waste recycling rate	Increasing the waste recycling rate to **more than 92%** (FY2019 rate: 84.1%)	All business sites in Japan
	Reduce water consumption	Reduce waste consumption per production unit **by 5%** compared to FY2019 levels (FY2019: 15.2 m^3/t → **FY2030: 14.4 m^3/t**)	All processing and production sites in Japan (55 sites)
	Action on water risk	Identify which of our business sites in both Japan and overseas are in regions with high levels of water risk, take action to lower this risk in accordance with the situation in each region, and use water resources in a sustainable manner	All production, processing, and manufacturing sites in Japan and overseas
Addressing biodiversity	Expanding the handling of certified products	Realize sustainable resource procurement by handling certified products ● **Ensure that 100% of palm oil used is RSPO certified** (including book & claim) ● Increase the number of seafood products that are certified (MSC/ASC)	Certified palm oil: Business sites in Japan and overseas

Initiatives to achieve targets

We are working to reduce CO_2 emissions by switching to fuels that produce relatively low CO_2 emissions at our plants, such as natural gas, and by promoting the use of renewable energy (such as solar power and boilers that use animal and plant-derived oil as fuel).

We are reducing the amount of waste discharge we produce by advancing initiatives that target sources of waste in each process, from production and manufacturing through to logistics and marketing, and we are working to increase the proportion of plastic waste that is recycled.

We are reducing water consumption by decreasing the amount of water used in manufacturing processes through methods such as reviewing washing methods, and we are also considering measures such as reusing water.

We are also working to tackle the biodiversity issue by promoting sustainable resource procurement in order to conserve biodiversity. We have switched to RSPO certified products for palm oil, and we are working to expand the number of certified seafood products we handle.

Additionally, the targets we have set for reducing CO_2 emissions, reducing waste discharge, raising waste recycling rates, and reducing water consumption are for Japan only. For overseas business locations, we will gather further data for each location and consider how to respond.

Details concerning each initiative can be found on pp.24-36

Basic policy

ESG initiatives on the theme of sustainability

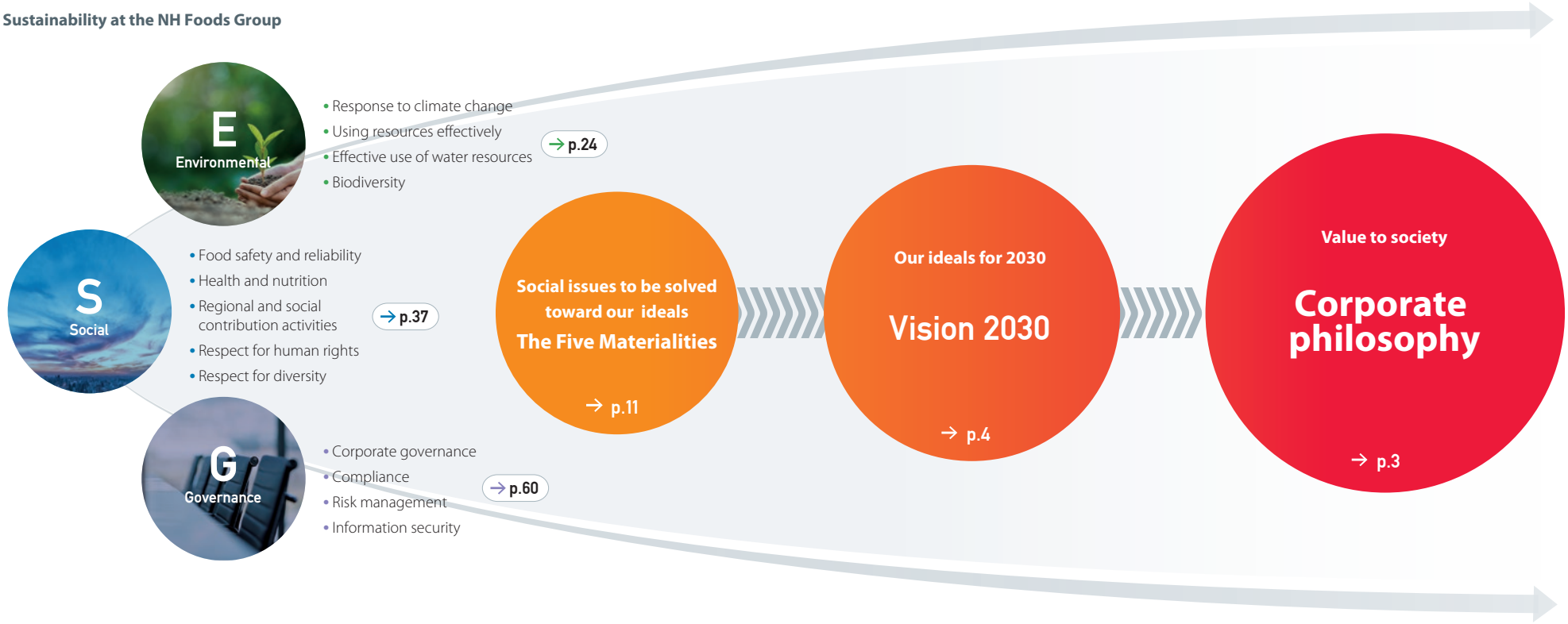
There has been a growing call for companies to tackle social issues through their business activities. Within this environment, the NH Foods Group is pursuing sustainability by implementing a variety of ESG (Environmental, Social, Governance) initiatives.

We also recognize that we are expected to play a role in achieving the SDGs, so we are advancing activities aimed at solving issues related to each of these goals.

In April 2021, we formulated Vision 2030 (→p.4), which outlines our ideals for 2030, as well as Five Materialities (key issues) (→p.11) which are initiatives that need to be engaged as a priority in order to realize our vision. We will implement our business strategy and materialities in a way that also advances our sustainability strategy so that we can contribute to solving social issues through our business.

The Group's activities to date have been carried out in accordance with our corporate philosophy of creating a culture that marks an epoch and contributes to society under the basic theme of *Joy of Eating*. Going forward, we will continue to create a variety of eating occasions and contribute to the formation of a sustainable society.

Sustainability at the NH Foods Group



Sustainability promotion framework

Discussion of policies and key issues by the Sustainability Committee

The NH Foods Group has established a Sustainability Committee (called the CSR Promotion Committee until April 2020) with the president of NH Foods Ltd. serving as chair. In principle, the committee meets at least once every quarter in order to hear the opinions of external experts and outside directors who have expertise in ESG matters and to carry out activities such as formulating sustainability policies and strategies, and checking the progress being made by each Group company. The details of these discussions are reported to the Board of Directors, which makes decisions if necessary. Matters discussed in FY2020 included medium- to long-term environmental targets, materialities, human rights policy, and the Task Force on Climate-related Financial Disclosures (TCFD).

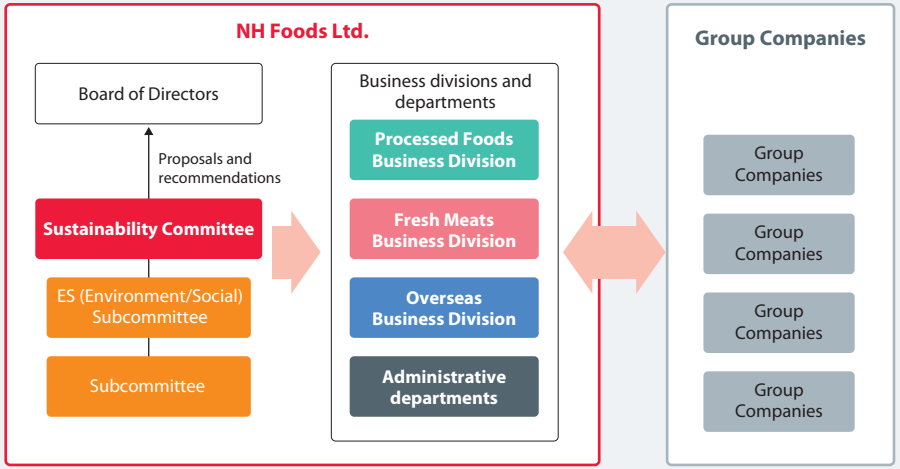
The ES (Environment/Social) Subcommittee operates under the committee and comprises the director in charge of sustainability and the heads of major departments and divisions. It has been tasked with formulating specific strategies that correspond to discussions by the committee and developing measures to be carried out by business divisions. In FY2020, activities included screening potential social issues during the process of defining materialities and considering measures and targets for these issues.

The Subcommittee considers specific details and carries out promotional activities related to important CSR procurement themes.

Promotion system

Organization entity	Role	Organization	Frequency
Sustainability Committee	Develop the Group's sustainability policy and determine strategy	●Director ●Outside Director ●General Manager of Business Division ●Audit & Supervisory Board Member / Outside experts	4 times / year
ES (Environment / Social) Subcommittee	Formulate specific strategies that correspond to discussions by the committee and develop measures to be carried out by business divisions	●Director in charge of sustainability ●Head of departments and sections	4 times / year
Subcommittee (CSR Procurement Taskforce)	Consider specific details and carry out promotional activities related to important CSR procurement themes	●Procurement personnel	4 times / year

Sustainability promotion framework



Members of the Sustainability Committee (as of June 2021)

Position/organization and role	Name	Role
President and Representative Director	Yoshihide Hata	Committee chairperson
Representative Director and Executive Vice President	Tetsuhiro Kito	Committee member
Representative Director and Executive Vice President	Nobuhisa Ikawa	Committee member
Director and Managing Executive Officer	Fumio Maeda	Committee member
Director and Executive Officer	Masahito Kataoka	Committee member
Director (Outside)	Yasuko Kono*	Committee member
Director (Outside)	Atsushi Iwasaki*	Committee member
Director (Outside)	Hideo Arase*	Committee member
Managing Executive Officer	Nobuo Oda	Committee member
Executive Officer	Kohei Akiyama	Committee member
Audit & Supervisory Board Member (Outside)	Tokushi Yamasaki	Observer
Professor, Waseda Graduate School of Business and Finance	Shigeru Nishiyama	Committee member
General Manager, CSR & Global Environment Center, Daikin Industries, Ltd.	Satoru Fujimoto	Committee member
Executive, Nissan Financial Services Co., Ltd.	Keiko Tanaka	Committee member
President, Cre-en Inc.	Ayako Sonoda	Observer

* Independent officers

Value creation process

External environment (risks and opportunities)

- Changes in food demand due to Japan's falling birthrate and demographic aging
- Changes in the supply-demand balance for food driven by global population growth
- Intensification of competition with other companies as trade agreements come into force
- Environmental risks, including climate change risks and water risks
- Food safety risks
- Diversification of food needs due to lifestyle diversification
- Decrease in the number of domestic livestock farmers
- Increasing focus on work style modification

Utilization of capital

- Financial capital
- Manufacturing capital
- Human capital
- Intellectual capital
- Social related capital
- Natural capital

Business activities

Medium-Term Management Plan 2023

- **Strengthen profitability by improving the efficiency of existing businesses**
  Strive to improve ROIC by promoting structural reforms and strengthening existing businesses
- **Pursue sustainability**
  Promote a shift to a business model that reduces risks and expands opportunities, while responding to social issues
  Shift to a sustainable business model with profitability
- **Business development in growth areas**
  Expand into growth areas by building on our history and the strengths of our existing businesses

Our founding strengths

1. Procurement and production networks that support safe, secure, and reliable supply
2. Developing products from a customer perspective
3. Nationwide sales and distribution network
4. Strong supply capacity and advanced processing technology reflected in high market share
5. Management commitment to leadership in quality backed by highly effective quality assurance structures

Business segments

- Processed Foods Business Division
- Fresh Meats Business Division
- Overseas Business Division

Management commitment to being No. 1 in quality and corporate governance

Social priorities targeted for action

Materialities

Stable procurement and supply of proteins

Food diversity and health

Contributing to a sustainable environment

Co-creation and shared prosperity with local communities and society as a whole through food and sports

Employee development and respect for diversity

Vision 2030

Solution of social issues
Increase social value

Gaining new strengths and value
Increase business value

Corporate philosophy
Joy of Eating

Stakeholder engagement

The NH Foods Group carries out business activities with the support of a wide range of stakeholders, including customers, local residents, business partners, shareholders, investors, and our employees.

We work to meet the expectations and maintain the trust of these stakeholders by fulfilling our social responsibilities and duties with self-awareness and pride.

Communicating with our key stakeholders

Stakeholder	Objective	Channels and opportunities
Consumers	We believe it is our responsibility to provide our customers with high quality offerings for safety, reliability, satisfaction, and happiness. We also aim to achieve customer satisfaction through a cycle of customer-oriented communication that comprises "listening," "knowing," and "using."	Customer Support Desks / Consumer Delegate Committee / customer surveys (quantitative and qualitative) / social media / plant tours / various events and seminars
Business partners	Our procurement activities are rooted in our CSR procurement policy. We intend to establish relationships of trust with our business partners and work with them to realize co-existence and mutual prosperity.	Daily business activities / Self-Assessment Questionnaires (SAQ)
Governments	We intend to comply with the laws and regulations of each of the countries and regions we operate in, actively exchange information with governments, and develop our business. If we realize that accidents have occurred, or if we think there is a risk that accidents might occur, we will report this to the relevant authorities and work hard to investigate to identify the causes.	Participation in various committees hosted by governments and industry groups / catering to laws and regulations / dialogue with government officials
Shareholders and other investors	In order to establish relationships of trust with our shareholders and other investors, we place great importance on communication and try to ensure that we incorporate the opinions and requests we receive into our corporate activities.	Shareholders' meeting / Analyst Meeting for Business Results / dialogue with institutional investors / dialogue with individual investors / IR information / release of various reports
The global environment	Our goal is to protect the life-giving natural environment and to fully enable the bounty of nature to flourish. To this end, we intend to promote corporate activities that are in harmony with the environment, based on the NH Foods Group Environmental Policies.	Promotion of environmental management / environmental conservation activities / environmental impact reduction activities / visualization of environmental impact
Employees	We aim to establish "a place where employees can feel truly happy and fulfilled." We are also engaged in activities that seek to develop employee awareness and skills, realize a healthy work-life balance, promote diversity, and maintain healthy minds and bodies.	Human resources development / company newsletters and Intranet / NH Foods Group consultation desks / employee engagement surveys / dialogue between labor and management
Local communities	As both a member of local communities and a good corporate citizen, the NH Foods Group aims to actively engage in communication that contributes to sustainable regional development. We also intend to consider both what we can do and what is expected from us, so we can exist in harmony with local communities.	Participation in and donations to community events / participation in local volunteer activities / factory tours / nature conservation activities / food education activities / sports classes
Societies worldwide	We seek to accurately understand international rules, as well as the laws, histories, cultures, and customs of the various countries and regions we operate in. We intend to work hard to comply with and respect these.	Participation in international and industry organizations

TOPICS

Fiscal 2020 initiatives

Holding exchanges of opinions with animal welfare experts

In recent years, concern regarding the welfare of livestock animals has been growing so we decided to hold exchanges of opinions with animal welfare experts.

On both February 14, 2020 and January 15, 2021, we were able to meet with Chihiro Okada, the director of the Animal Rights Center Japan (NPO). Ms. Okada shared her thoughts on animal welfare and the activities carried out by the organization and we explained some of the initiatives carried out by the Group, leading to a discussion on ways to care for and processing livestock.

Main initiatives and organizations of which the Group is a member

TCFD (Task Force on Climate-related Financial Disclosures)
A private sector initiative established by the Financial Stability Board which focuses on financial disclosure that relates to climate.

RSPO (Roundtable on Sustainable Palm Oil)
An international non-profit organization which has built and operates a certification system that has become the standard for sustainable palm oil, and which encourages the production and distribution of such oil.

ASSC (The Global Alliance for Sustainable Supply Chain)
An NGO that is promoting the creation of sustainable supply chains in Japan through international cooperation.

CGF (The Consumer Goods Forum)
An international industry association for major manufacturers of foods and consumer goods and major retailers. As of July 2021, it has around 400 member companies from over 100 countries.

Commitments related to international summits

Commitment to the Tokyo Nutrition for Growth Summit 2021

In December 2021, the Japanese government will host the Tokyo Nutrition for Growth Summit 2021, an international summit attended by leaders and top officials from various countries.

The goal of the summit, which is to "realize a world in which all people have access to safe, affordable, and nutritious food," is closely linked to two of the Group's materialities, "Stable procurement and supply of protein" and "Food diversification and health," so we have made a commitment in line with the summit's aims.

Overview of the Group's commitment

Goal/action plan		Key indicator
Food allergy-related initiatives	●Increase the amount of relevant products shipped ●Develop testing kits for labelling items that have recently become mandated by law	●Ship four billion yen worth of products by fiscal 2030 ●Launch new testing kits
Offer a greater choice of protein	●Expand sales of plant-derived protein products ●Explore new alternative protein sources	●Ship 10 billion yen worth of products by fiscal 2030 ●Launch products developed from research into new proteins
Develop and promote products that extend healthy lives within a super-aging society	●Launch products developed from patented substances that improve cognitive functions	●Provide three million meals a year by fiscal 2026

Commitment to the Food Systems Summit 2021

In order to achieve the SDGs, the Group is shifting to sustainable food systems (a chain of activities from food production through processing, distribution, and consumption) as well as declaring our support for the UN's Food Systems Summit, a summit held to promote concrete action regarding these food systems. Therefore, we have made a commitment to this summit. The summit is due to be held in New York in September 2021 and will be attended by leaders and top officials from various countries (as of August 2021).

Overview of the Group's commitment*

Goal/action plan	
To "boost nature-positive food production at scale"	●We will work to reduce our CO_2 emissions, as we recognize that doing so is an essential response to climate change. ●We will promote the handling of RSPO-certified palm oil in order to promote sustainable agriculture.
To "ensure access to safe and nutritious food for all"	●We will promote a supply of healthy and nutritious food to all people based on our company's accumulated knowledge of food allergies.
To "advance equitable livelihoods and value distribution"	●We will promote socially responsible procurement (CSR procurement) initiatives, make important primary suppliers aware of our policies, and provide our suppliers with self-assessment questionnaires (SAQs).

PDF * For more detail, see the link below (Food Systems Summit 2021 Commitments from Japanese stakeholders).
https://foodsystems.community/wp-content/uploads/2021/09/Commitments-from-Japanese-Stakeholders-bbd1eb85db97a38144411ed9abbe4f1e.pdf#page=55

Environmental

25 Management approach
26 Responding to climate change
31 Using resources effectively
33 Reducing plastics
34 Reducing food loss
35 Effective use of water resources
36 Biodiversity conservation

Management approach We have set and are working toward environmental targets in accordance with our Environmental Policies.

Management approach

Gratitude for the gifts of nature—this is the fundamental approach regarding environment measures of the NH Foods Group.

We foster the lives of cattle, pigs, chickens, and other livestock amidst the nature created by the environment of the earth and benefit from the bounty of nature.

We believe that it is our responsibility to protect the natural environment that nurtures these lives and cherish the bounty of nature without waste.

Environmental Policies of the NH Foods Group

In appreciation of nature's blessings, we at the NH Foods Group will promote environmentally sound business activities toward the realization of a sustainable society.

1. Environmentally conscious products and services
We will strive to develop products and provide services that are environmentally conscious.

2. Improvement of environmental performance
We will strive to conserve energy and resources and reduce adverse environmental impact that may arise during the course of our business activities.

3. Continual improvements
We will make continual improvements through the effective application of our environmental management system.

4. Compliance
We will strive to enhance the level of our environmental conservation by complying with applicable legal requirements and, when appropriate, setting our own requirements.

5. Cooperation with communities
We will work together with our host communities to promote environmental activities through close communications with them.

Environmental targets and results

The NH Foods Group has set environmental targets for each of our three-year medium-term management plans, and we work to achieve these targets. Our targets and results for Medium-Term Management Plan 2020, which ended in fiscal 2020, are as follows.

For details regarding our medium- to long-term environmental targets (to fiscal 2030), which we started working toward in fiscal 2021, please see p. 17-18.

Medium-Term Management Plan 2020 targets and results

Action items		Baseline (Average between fiscal 2012 and fiscal 2016)	Targets (Average between fiscal 2018 and fiscal 2020*1)	Results (Average between fiscal 2018 and fiscal 2020), (from the Baseline)
Mitigation of climate change	CO_2 emissions per unit of production	701.1kg-CO_2/t	8.0% reduction (from the baseline)	**10.0% reduction**
			645.1kg-CO_2/t	**631.0kg-CO_2/t**
Resource saving	Thermal energy per unit of production	12.0GJ/t	8.0% reduction (from the baseline)	**3.3% reduction**
			11.0GJ/t	**11.6GJ/t**
	Water consumption per unit of production*1	17.7m3/t	3.0% reduction (from the baseline)	**4.5% increase**
			17.2m3/t	**18.5m3/t**
	Discharged waste per unit of production*2	207.5kg/t	6.0% reduction (from the baseline)	**14.3% increase*3**
			195.1kg/t	**237.1kg/t**
Promotion of recycling	Waste recycling rate	90.8%	94.0% or above	**88.9%**

Note: ●CO_2 emissions and thermal energy calculated by using factors stipulated in Japan's "Act on Promotion of Global Warming Countermeasures" each year
●Coverage of the Plan: NH Foods Group business sites in Japan ●Primary unit of each intensity is per unit of product
*1: Water consumption includes some estimated values from production departments *2: Excluding farm excreta
*3: Excluding the waste from Typhoon Jebi and the Hokkaido Eastern Iburi earthquake in 2018

Environmental management system

We strive to reduce adverse environmental impact and comply with laws and regulations in accordance with the Environmental Policies of the NH Foods Group.

The environmental data of each company and operating division and the management of progress made toward targets is handled by the Sustainability Committee. When necessary, the committee discusses issues and relevant measures and provides direction on matters such as response. Following this, the Sustainability Department, which acts as the committee secretariat, coordinates with the relevant business divisions to build an implementation structure.

In fiscal 2020, there were no accidents that severely affected the environment or violations of laws and regulations.

Acquisition of ISO 14001 certification

The Group is working to acquire certification under ISO 14001, the international standard for environmental management systems, as a foundation for its environmental preservation activities (as of March 2021).

Sites with certification in fiscal 2020: **27**

Percentage of certified sites: **4.7%**

Responding to climate change

We are working to reduce greenhouse gas emissions in our supply chains.

Basic views

At the 21st United Nations Climate Change Conference (COP 21) in 2015, the Paris Agreement was adopted, which included setting a target to keep the increase in global average temperature to below 2°C above pre-industrial levels, and limiting it to 1.5°C if possible. The NH Foods Group recognizes that climate change is a pressing issue and we are working to reduce our greenhouse gas emissions.

In 2018, we joined the Japan Climate Initiative*1 and in June 2020, we endorsed the proposal presented by the Task Force on Climate-related Financial Disclosures*2 (TCFD) and became a member of TCFD Consortium*3. In fiscal 2021, we established the TCFD Committee to evaluate the risks and opportunities accompanying climate change and following this, to formulate potential scenarios for conducting scenario-based analysis.

This analysis will be the basis for incorporating measures for reducing CO_2 emissions derived from fossil fuels, such as the use of renewable energy, into our business plans. We will also carry out comprehensive information disclosure.

Group-wide CO_2 emission trends and ratios (Japan)

FY2020 results (compared with FY2019)

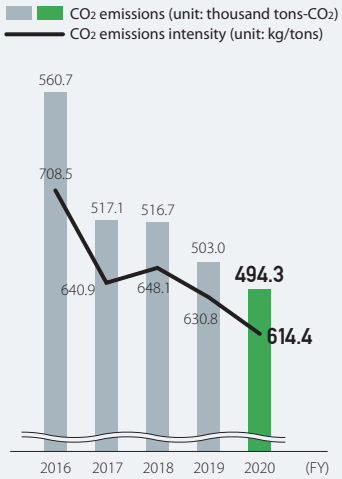
CO_2 emissions intensity

CO_2 emissions intensity down **2.6%**

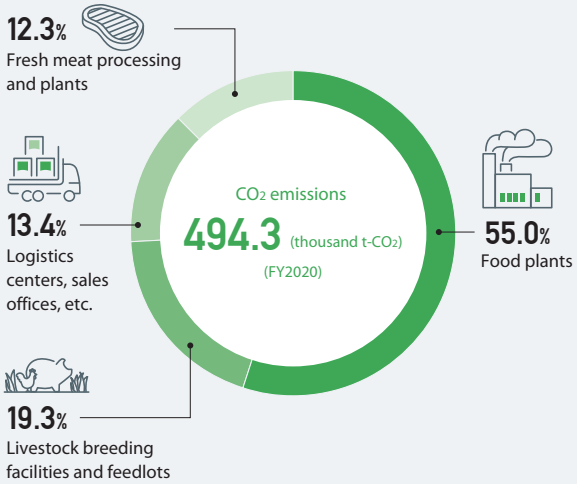
CO_2 emissions

CO_2 emissions down **1.7%**

CO_2 emissions and intensity

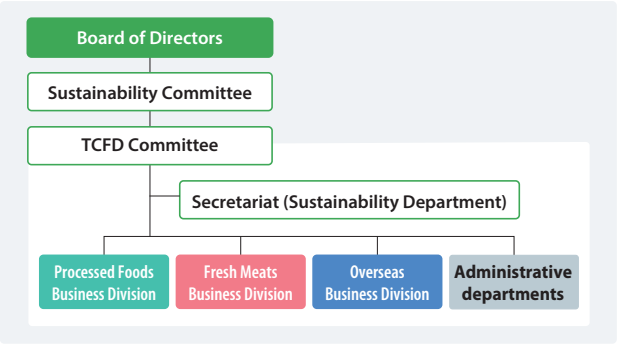


CO_2 emissions breakdown



Scope: Overall domestic operations of the NH Foods Group

Framework



*1 **Japan Climate initiative:** A network that aims to strengthen the distribution and exchange of information among companies, local governments, NGOs, and others in Japan in order to achieve a low-carbon society. CDP Worldwide-Japan, WWF Japan, and the Renewable Energy Institute serve as the secretariat.

*2 **Task Force on Climate-related Financial Disclosures:** A task force established in 2015 by the Financial Stability Board (FSB), an international organization in which central banks and financial regulators from major countries participate. In June 2017, the final report released recommendations on voluntary disclosure with the aim of encouraging companies and other organizations to identify and disclose the financial impacts of climate change risks and opportunities.

*3 **TCFD Consortium:** The consortium was established to discuss measures by companies and financial institutions that endorse the TCFD to effectively disclose information and use disclosed information to make appropriate investment decisions by financial institutions and other entities.

Reducing greenhouse gas emissions from livestock

In Japan, we are working with universities to advance joint research on the intestinal flora of pigs and its relationship to greenhouse gas emissions.

Responding to climate change

Here are some examples of our initiatives for reducing greenhouse gas emissions.

Switch to LED lighting

We are aiming to gradually switch to LED lighting as the standard lighting in properties we own at Group business sites in Japan.

As of the end of March 2021, as one of the milestones of the initiative, we have switched about 75% of our target of around 70,000 fittings.

Switch to hybrid vehicles

We are aiming to gradually switch from gasoline-based vehicles (excluding certain vehicles such as trucks and light vehicles) to hybrid vehicles* as the standard vehicles for business use in Japan.

As of the end of March 2021, as one of the milestones of the initiative, we have switched about 60% of our target of around 800 vehicles.

We are working to switch the remaining 40% by the end of March 2022 at the latest, in line with our initial plan.

* Regarding eco-cars, we are switching to hybrid vehicles when leases come up for renewal.

Switch to hybrid vehicles (NH Foods Marketing, Ltd. Hiroshima Office)

Installation of solar panels

We are installing solar panels at business locations such as plants and logistics centers.

Example initiative at Nippon Logistics Center, Inc.

Nippon Logistics Center, Inc., which engages in the storage and shipping of fresh meat, installed a total of approximately 6,200 solar panels on the roofs of warehouses at its Tokyo and Kansai business sites. The annual power generation of the two sites is 1.44 million kWh, equivalent to the annual power consumption of about 400 general households.

As a result, CO_2 emissions have been reduced by 600 tons annually.

Example initiatives at Nippon Pure Food, Inc.'s Nishinomiya and Isesaki Plants

Nippon Pure Food, Inc. engages in the manufacture and sale of processed meat and meat extract seasonings and in August 2020, it installed solar panels at its Nishinomiya Plant. The plant contains a large amount of refrigeration equipment, which consumes a lot of electricity, especially in summer, so finding ways to reduce this consumption had been a challenge. In the first month after the panels were installed, they successfully generated about 45,000 kWh, resulting in a reduction in CO_2 emissions of around 20 tons. This is realizing an estimated CO_2 emissions reduction* of 140 tons per year.

Additionally, in April 2021, the company installed solar panels at its Isesaki Plant. While the surface area of these panels is double the area of the panels at the Nishinomiya Plant, the Isesaki Plant receives more hours of sunlight in a day and the panels have been placed at an orientation that makes it easier to absorb this sunlight, meaning it can generate around two and a half times more. They are realizing an estimated CO_2 emissions reduction* of 300 tons per year.

In addition to the installation of solar panels, the Isesaki Plant is also equipped with other systems that help to reduce environmental impact. One of these is a central monitoring system that enables it to monitor the state of electric power, gas, water, hot water, and steam usage, thereby facilitating energy saving.

* CO_2 emissions reductions are calculated using the emission factors of the power company supplying each location.

Nippon Logistics Center, Inc. Tokyo Office

Nippon Pure Food, Inc. Nishinomiya Plant

Nippon Pure Food, Inc. Isesaki Plant

Responding to climate change

Here are some examples of our initiatives for reducing greenhouse gas emissions.

Using waste oil produced by plants

We are installing waste oil boilers that use waste animal and vegetable oils produced during the manufacture of food products as a fuel. This helps reduce CO_2 emissions by decreasing the amount of heavy fuel oil and natural gas used in regular boilers.

In fiscal 2020, waste oil boilers were installed at the Kanto Plant of Nipponham Processed Foods Ltd., which is engaged in the manufacture of processed foods (deli products). In fiscal 2021, waste oil boilers that use waste oil from deep fryers are scheduled to be installed at the Niigata and Hokkaido Plants of Nipponham Delicatessen Ltd., which also manufactures processed foods (deli products).

Example initiative at Nipponham Processed Foods Ltd.'s Kanto Plant

In fiscal 2020, Nipponham Processed Foods Ltd. started using waste oil boilers at its Kanto Plant. Animal and vegetable oils that have been separated and purged from plant wastewater held in raw water tanks is recovered in a heated tank and purified. It can then be used as fuel for the waste oil boilers. The amount of oil used as fuel each year is substitute for about 400kL of natural gas, realizing an estimated annual reduction in CO_2 emissions of 1,000 tons.

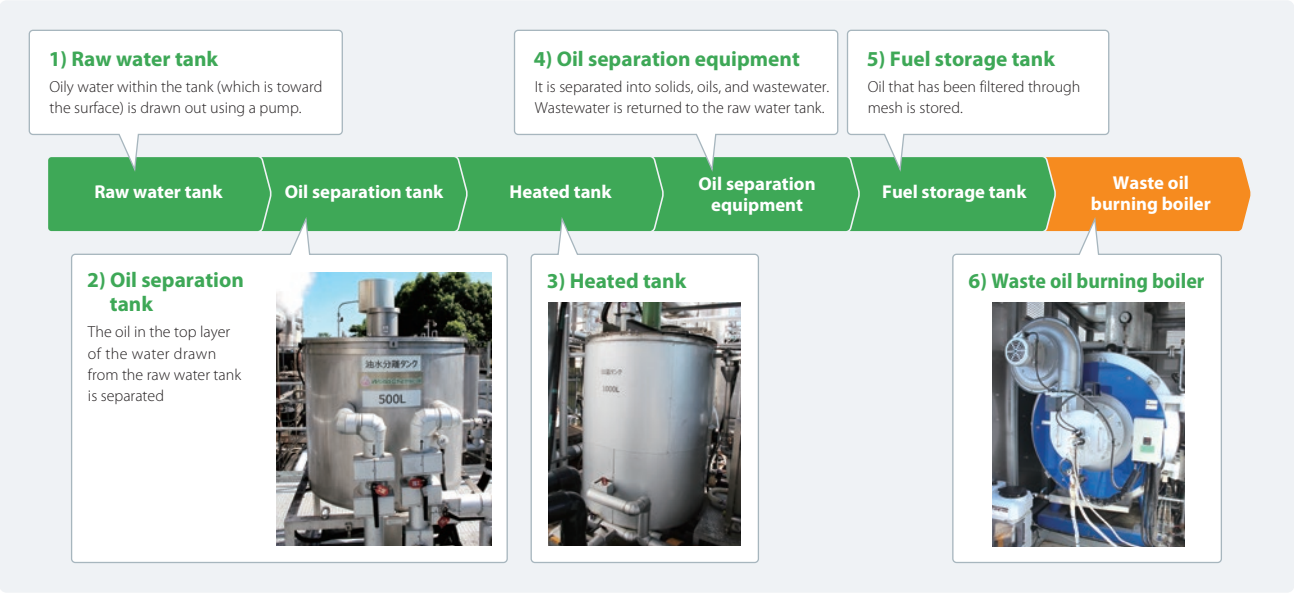
Adoption of equipment that uses natural refrigerants

Example initiative at Nippon Daily Net Co., Ltd.

Nippon Daily Net Co., Ltd., which handles the distribution of hams, sausages, and other processed foods (deli products), has installed fluorocarbon-free refrigeration units that use ammonia, a natural refrigerant, as a refrigerant at its Nagoya 2nd Center, which was completed in May 2020.

Nippon Daily Net Co., Ltd.'s Nagoya 2nd Center
Fluorocarbon-free refrigeration units

Oil recycling system (waste oil boiler)



What are natural refrigerants?

In the past, specific chlorofluorocarbons (CFCs) were commonly used as a refrigerant for refrigerators and freezers. This was because they are not very toxic to the human body and are extremely stable in terms of chemistry, which makes them easy to handle. However, the impact of CFCs on the global environment, such as the depletion of the ozone layer, became apparent so there was a shift toward replacing them with CFC substitutes that have less impact. Unfortunately, although CFC substitutes do not deplete the ozone layer, they do make a substantial contribution to the greenhouse effect, which is a cause of global warming. Therefore, in recent years there has been greater focus on using natural refrigerants, such as ammonia and CO_2, as their contribution to the greenhouse effect is minimal.

Responding to climate change

Here are some examples of our initiatives for reducing greenhouse gas emissions connected to logistics.

Reducing deliveries by truck

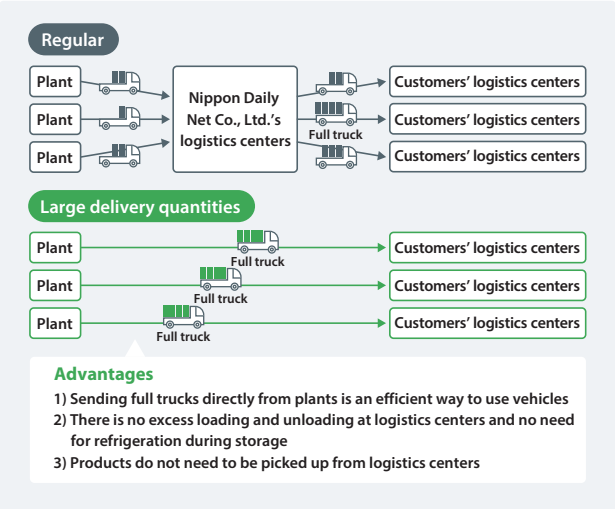
Expansion of direct deliveries from plant to customer

We are expanding direct deliveries of hams, sausages, and other processed foods (deli products) from plants to Customers' logistics centers.

Usually, products from each plant are transported to logistics centers operated by Nippon Daily Net Co., Ltd., and then a mix of products are delivered to the logistics centers owned by our customers. In cases where a large number of a specific product is ordered, a filled up truck will make a delivery from the plant directly to the customer's center.

We launched this initiative in 2018 and as of April 2021, we have established 80 direct delivery routes around Japan. This has reduced our total number of truck deliveries by around 50 to 60 per month.

Transportation tactics to reduce truck deliveries



Integrating logistics within the Group and implementing joint deliveries with other companies

In the Processed Foods Business, in regard to the distribution of hams, sausages, and other processed foods (deli products), we have been working to improve the use of truck carrying capacity by reducing the total number of vehicles by integrating logistics between plants and making deliveries to stores and customers' logistics centers more efficient.

In fiscal 2020, we began a logistics integration project for the Processed Food Business that incorporated The Marine Foods Corporation, which handles marine products, Nippon Luna, Inc., which both handle dairy products, Hoko Co., Ltd., and Nippon Pure Food, Inc., which handles processed meats and meat extract seasonings, and we are now working toward further logistics integration. For example, as we have plants, logistics sites, and sales bases in each area of Japan, we are combining deliveries from plants that are located alongside major transport routes between areas. Additionally, our efforts are not limited to within the Group, we are also implementing joint deliveries with many companies, including with businesses in the same industry and different industries.

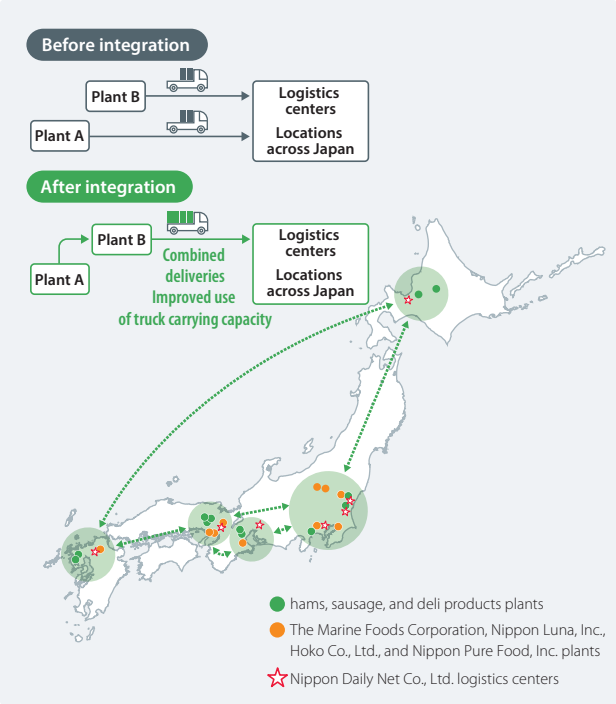
Although these initiatives have just started, we are already seeing some benefits from improving the use of truck carrying capacity and combining deliveries. Going forward we will contribute to reducing the environmental impact of our logistics by further enhancing and developing initiatives to improve efficiency.

Installation of digital tachographs

Since fiscal 2018, four NH Foods Group companies that sell fresh meat have equipped their vehicles with digital tachographs. These record drive data in real time while the vehicles are being driven and visualize aspects such as sudden starts, emergency braking, unnecessary idling, and dangerous driving. We predict that this will improve the safety consciousness of drivers and reduce CO_2 emissions by improving fuel consumption.

Kanto Nippon Food, Inc. installed the devices in fiscal 2018 and saw improvements in fuel consumption in the same year.

Integrating logistics by area across Japan



Responding to climate change

Here are our initiatives for conducting life cycle assessments.

Carbon footprint measures

Before products reach customers and are consumed, there are five major stages starting with procurement of basic ingredients (such as meats and wheat), production, processing and ending with disposal and recycling of product packaging (see figure to the right). We calculate how much of an environmental impact each of these five stages has and take measures to address the carbon footprint using the method of life cycle assessment* to evaluate the impact.

* **Life cycle assessment:** A method of evaluating the environmental impact of products and services. An environmental assessment is intended to evaluate environmental impact in advance, primarily of large-scale development and so on, but a life cycle assessment identifies the environmental impact of individual products in each stage from production to shipping, sale, use, disposal, and re-use.

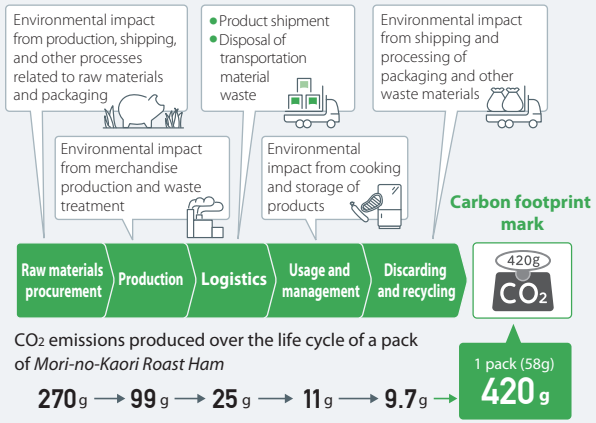
Reducing CO_2 emissions in supply chains

We are switching to biomass-derived materials for some of the materials we use in the packaging for the products we supply to customers. This reduces the amount of fossil fuels used compared to previous packaging materials and it is also expected to reduce CO_2 emissions produced in areas such as waste disposal.

In addition to reducing the CO_2 emissions generated by the Group, we are also working to reduce emissions throughout our entire supply chains.

For other initiatives, such as packaging and container initiatives, see p. 33.

Carbon footprint through a product's life



Note: The above figures are rounded, so the CO_2 emissions total values may vary slightly from the sum of the individual figures.

Products with the carbon footprint mark

Mori-no-Kaori Loin Ham (58g)

CO_2 Emissions **420 g**

Mori-no-Kaori Half Bacon (48g)

CO_2 Emissions **380 g**

For the above products, calculations were performed based on Product Category Rules for hams and sausages, and following verification by a Carbon Footprint Verification Institution, approval was obtained to display the carbon footprint mark on products.

Products that use biomass packaging

Healthy Kitchen Green Label Reduced Salt Roast Ham

Biomass packaging since February 2015

Ratio of biomass PET used in packaging* **Approx. 11%**

Healthy Kitchen Zero Roast Ham

Biomass packaging since February 2017

Ratio of biomass PET used in packaging* **Approx. 12%**

* Excluding labels and stickers

TOPICS Carbon neutral* initiatives

In June 2021, Breeders & Packers Uruguay S.A. (BPU), which is engaged in the processing, packing, and sale of beef in Uruguay, concluded an agreement with Montes del Plata, a major Uruguayan forestry company, to work together on a carbon neutral initiative. This will involve BPU planting trees in the farms of its suppliers in order to absorb and fix CO_2 found in the atmosphere in order to offset the greenhouse gas emissions generated during the raising and production of cattle.

In addition to leading the industry in advancing initiatives to reduce greenhouse gas emissions, BPU is also applying a carbon neutral concept to its products in order to promote ethical consumption through these products.

* Carbon neutrality is when the amount of greenhouse gases, such as CO_2, emitted is equal to the amount absorbed.

Using Resources Effectively

We are respecting the bounty of nature by using resources effectively.

Basic views

The sources of the Group's business are the gifts of the earth and its expansive natural environment as well as the vast bounty of nature. Therefore, we believe in using this bounty with respect and leaving nothing to waste. However, it is inevitable that various unneeded things will be generated through business activities and production processes.

We work to reduce the generation of these unneeded things as much as possible by introducing new technologies that enable us to use them effectively. In this way, we ensure the effective use of limited resources.

Effective use of the bounty of nature in production

The Group has created a Vertically Integrated System from raising and producing livestock to marketing, for cattle, pigs, and chickens. Through this system, we provide safe and secure products to customers and are able to make full use without waste of the various resources generated during meat processing (such as bones and hides).

Bones are boiled to make ingredients for soup and condiments, and hides are used as a material for bags and other products. In addition, collagen is extracted for use as an ingredient in health foods.

Changes in waste generated and waste per unit of production by the Group in Japan

FY2020 results

Waste generated

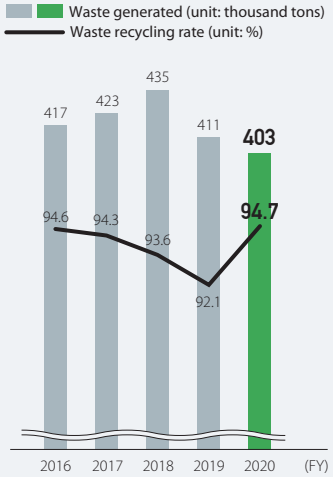
403 thousand tons

Waste recycling rate*

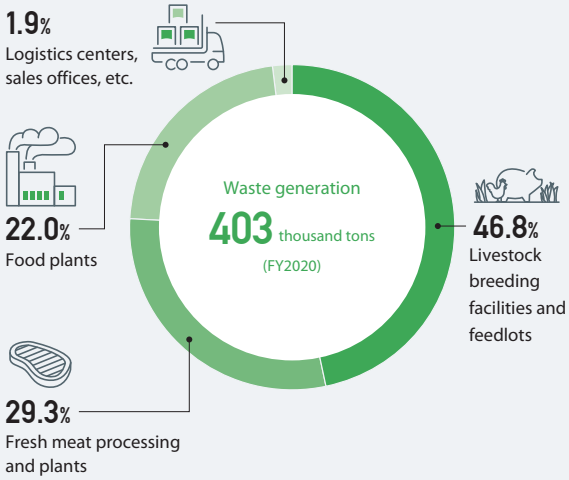
94.7%

* Based on annual amount of waste generated

Waste generated and waste recycling rate



Breakdown of generated waste



Scope: Overall domestic operations of the NH Foods Group

Research and development that helps keep bio-resources healthy

The NH Foods Ltd. Research & Development Center uses the Group's abundant bio-resources to conduct research and development that is useful for healthy lifestyles.

We obtain collagen, placenta extract, chondroitin, and other functional materials from pig and chicken cartilage, pig placentas, and other organs, which in the past were not adequately utilized. We scientifically evaluate them for safety, effectiveness, and so on, and then commercialize them.

Using Resources Effectively

Using livestock manure effectively.

Resource recycling within the Group

Effective use as fertilizer and fuel

The Group also uses the manure generated from raising cattle, pigs, chickens, and other livestock by processing it into fertilizer, fuel, and other materials for effective use both in Japan and overseas.

Some of the chicken manure produced is incinerated in a boiler for use as a heat source to produce hot water for heating and cleaning poultry houses. In addition, pig manure and some chicken manure is organically decomposed using bacteria to produce organic fertilizer. This fertilizer has exhibited effects on the cultivation of vegetables, flowers, and other crops and is recognized as a high-quality fertilizer. We are also cultivating feed crops using this fertilizer.

A fertilizer plant of Interfarm Co., Ltd.

Tsubumaru and *Bunta Jr* pig manure fertilizers

Resource recycling in collaboration with third parties

Japan's first chicken manure power generation business

In Miyazaki Prefecture, the Group is engaged in business activities in all processes, ranging from production to treatment, processing, manufacturing, and sales.

As part of these activities, our Miyazaki Production Division, which is in charge of the production, treatment, and processing of chicken, ships approximately 83,000 chickens per day raised at contracted production farms. In order to appropriately treat the excrement generated as these chickens are raised, Nippon White Farm Co., Ltd. established Miyazaki Biomass Recycle Co., Ltd. as Japan's first chicken manure power generation business in May 2003 through joint investment by parties including poultry farmers, local agricultural cooperatives and other businesses* in Miyazaki Prefecture. The company has the capacity to generate 76,662 MWh annually, which is enough power to supply roughly 20,000 residential households. It has sealed facilities as a measure against odor influence on the surrounding environment.

* Agricultural cooperatives: Koyu Chicken Produce of Miyazaki Cooperative, Miyazaki Environmental Conservation and Agriculture Cooperative, Miyazaki Biomass Utilization Agricultural Cooperative
Companies: Koyushokucho Co.,Ltd., Nippon White Farm Co., Ltd., Wellfam Foods Corporation, Yamashita Shoji Limited, Kyuden Mirai Energy Inc.

Power generation process

Cyclical ecosystems (biomass power generation)

Chicken manure → Power generation → Incineration ash → Fertilizer → Agricultural land → Crops → Feed → Production, livestock raising

The flow from chicken manure to electric power

Approximately 43,000 tons of poultry manure is generated each year from production farms contracted by the Miyazaki Production Division of Nippon White Farm Co., Ltd.

Approximately 90% of it is delivered to Miyazaki Biomass Recycle Co., Ltd., to generate electricity from the energy produced from incineration.

Incineration capacity of Miyazaki Biomass Recycle Co., Ltd.

Amount of incinerated poultry manure:
132,000 tons/year

Amount of power generated:
76,662 MWh/year*

Note: Compared with coal thermal-power generation, this is equivalent to a CO_2 reduction of 66,000 tons and annual power consumption for approximately 20,000 general households.

The flow from incineration ash to fertilizer

The ash remaining after chicken manure is incinerated is purchased by the Miyazaki Environmental Preservation Agricultural Cooperative, sold to NH Foods Ltd., fertilizer producers, and others, and distributed on the market. The incineration ash is sold as organically-derived fertilizer that contains phosphorous and potassium and contributes to improving soils. Chicken manure is continuously and effectively used as a resource, leading to reductions in the environmental impact and cyclical use in cooperation with other companies.

Amount of incineration ash generated annually

Approx. **12,000** tons per year

Reducing Plastics We are working to reduce the amount of plastics we use.

Reducing the use of plastic in containers and packaging

We are working to balance the quality of our products with environmental concerns such as final waste disposal sites and depletion of resources, with regard to the containers and packaging of the products that we supply to customers.

Appropriate packaging is essential for ensuring safety and maintaining the freshness of products, but once the products are consumed, that packaging becomes waste material. Also, in recent years, marine plastic litter has become an increasingly serious problem, so reducing plastic use has become a social issue. The Group is focusing on these circumstances, examining what we should do with regard to containers and packaging, and taking action.

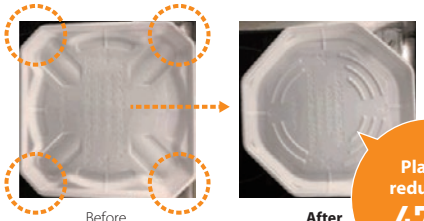
Case study

Reducing plastic use

Ishigama Kobo series circular pizzas

We have changed the shape of the tray underneath the product to cut down on the plastic used for the four corners.

Label on the rear of the packaging



Plastic reduction 47%*1

Ishigama Kobo series *Thick Sliced Pizza Bread* *Ishigama Kobo* series *Mini Pizzas 3-pack*

We have reduced the amount of plastic used for the entire product by discontinuing the use of trays and shrinking the size of the exterior packaging.

Plastic reduction 45%*2

Label on the rear of the packaging

環境に配慮し、プラスチックトレイを使用しておりません。

Plastic reduction 51%*2

Using recycled resources

Irodori Kitchen series

We are using recycled materials in the packaging, have made the packaging film thinner, and also use biomass ink.

Recycled material use Approx. 11%*3

Entier series

We are using recycled materials in the packaging.

Recycled material use Approx. 5%*4

Recycled material use Approx. 8%*3

The *Chuka Meisai* series

We are using recycled materials for some of the materials in the tray underneath the product, as well as biomass ink for some parts of the external packaging.

●本品には下記のような包材を使用しています。

【外袋】外袋のインキは、一部に植物由来原料を使用しています。

【トレイ】トレイは、一部にPET再生材料を使用しています。

Label on the rear of the packaging

*1 Compared to trays produced in 2012 *2 Compared to previous products produced in 2019 *3 Excluding labels and stickers *4 Excluding stickers

Reducing food loss We are working to solve food loss issues.

Reducing food loss

We are unifying our approach to food loss throughout the Group, striving to understand the actual situation, such as the amount of loss, and advancing food loss reduction initiatives.

Example initiative at Nipponham Factory Ltd.

Nipponham Factory Ltd., which engages in the production of hams and sausages, is looking to reduce food loss at all of its plants by continually working to reduce waste, such as the fresh and processed meat waste that is unavoidably generated during production processes. The Ibaraki Plant is the company's main plant and in fiscal 2020, it launched three initiatives–reducing waste through improvements to the block (the end lump of ham sliced off before the rest is sliced), updating production management systems, and improving the precision of inspections. The company is also communicating the aims and significance of these initiatives to employees and a spirit of treating products of the bounty of nature with respect is being fostered throughout the entire plant. In fiscal 2020, the amount of waste decreased by 30% year on year as a result of these activities.

1. Reducing waste through improvements to the ham slicing stump

We changed the shape of the block to increase the amount of useable meat. The end piece, which cannot be sliced, can now be used for a different grade of product, avoiding waste.

2. Updating production management systems

We updated production management systems and improved the precision of production plans, significantly reducing waste.

3. Improving the precision of inspections

We are reducing waste by using new technology such as x-rays and metal detectors in inspection equipment to make the detection of defective products more precise.

Reducing household food loss

According to Japan's Ministry of Agriculture, Forestry and Fisheries, out of the six million tons of food loss recorded in fiscal 2018, 46% was discarded by households. In light of this situation, we are working on creating products that will reduce household food loss.

Development of products that can be stored at room temperature

We are enhancing our lineup of products that can be stored at room temperature for long periods. In March 2021, we launched the *Ajiwai Range* series of prepared foods which can be stored for up to 90 days and eaten by just heating using a microwave, and three products in the *Stock Pork* series of ham and sausages that can be stored for up to 365 days. Then in May 2021, we launched the *Stock Meat* series made using our original "high temperature, high pressure" cooking technique and which can be stored at room temperature for up to 180 days.

These products not only contribute to solving food loss issues but are also useful in disaster preparation as an emergency food. They are also a perfect fit for the Nagarastock (Stock up & Stay Stocked !) initiative being advocated by the Ministry of Economy, Trade and Industry, which encourages people to maintain a stock of extra daily commodities in preparation for disasters and to replenish it when necessary. Going forward we will continue to advance research that extends the storage period of products.

***Ajiwai Range* series**

Lineup includes *Nikujaga, Beef Stew, Hamburg Steak, Chikuzenni, and Soup Curry.*

***Stock Pork* series**

In addition to *Luncheon Meat* launched in fiscal 2019, we have also launched *Weiner, Block Bacon*, and *Sausage Steak.*

***Stock Meat* series**

The lineup includes two products, *Pulled Pork* and *Pulled Beef.* The block meat is cooked at high temperatures under high pressure, giving it a characteristic tenderness so it can be pulled easily using a fork.

Extending product lifespans

Oakey Beef Exports Pty. Ltd., which is engaged in the packing and processing of beef in Australia, is working to extend the lifespans of its products based on thorough sanitation and quality management. It has been able to lengthen the refrigerated shelf life of these products from 77 days to 100 days.

Also, BPU, which is engaged in the packing and processing of beef in Uruguay, is using a packaging method in which consumer products are vacuum packed after processing, keeping them fresher for longer. In this way, it is helping to reduce food loss across society, from mass retailers to households.

NH Foods Ltd.'s Research and Development Center is also advancing research into extending the shelf life of fresh meat.

Effective Use of Water Resources

We are tackling water risk and working to use water resources effectively.

Basic views

Water is a key resource that is essential for our business activities. There are concerns that regions where access to water will deteriorate (greater water risk) as a result of climate change and economic activity will increase around the world. It is with this understanding that the Group strives to reduce its environmental impact by effectively using limited water resources in its business activities and by discharging wastewater following proper treatment.

Water risk analysis

In order to assess and respond to water risk at production and manufacturing regions in Japan and overseas, in fiscal 2019, we began a first phase of screening of regions in which we have established plants using the WRI's Aqueduct* tools. Based on the results of this, in fiscal 2021, we will advance considerations within the TCFD framework.

* A water risk assessment tool developed by the World Resources Institute (WRI).

Reusing wastewater

Interfarm Co., Ltd is the NH Foods Group's pig rearing company and it ships the largest amount of pig products in Japan. In November 2021, it began operation of an advanced reverse osmosis (RO) filtration unit at its Donan Office which uses RO filtration to filter the impurities from wastewater. As more than 80% of the treated water is reusable, this method can significantly reduce water consumption.

The reclaimed water will be used for cleaning and other tasks.

Total water resource use by the Group in Japan

FY2020 results (compared to FY2019)

Water consumption

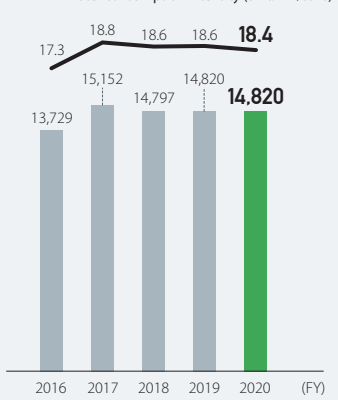
14,820 thousand m³

Water consumption intensity

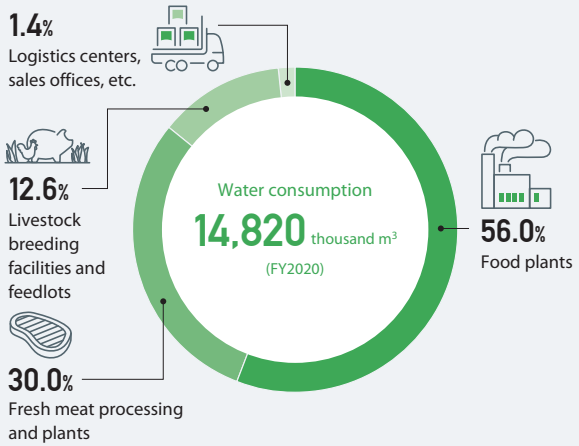
Down **1.1** %

Notes:
1. The figures shown have been rounded off so they may differ from figures shown elsewhere.
2. Figures for water consumption and discharge include some estimated values from production departments

Water consumption and water consumption intensity



Water consumption breakdown



Scope: Overall domestic operations of the NH Foods Group

Water source friendly RO filtration

Reusing coolant water

At food products plants operated by the Nippon White Farm Group, 10% of water consumed is reused water.

Most of this reused water is water kept at a temperature of between 2 and 5°C which is used for refrigerating carcasses after processing. Carcass refrigeration has two stages, precooling and main refrigeration, and some of the water used at the main refrigeration stage is mainly reused for precooling, and overflow water used at the precooling stage is mainly used as water for the showers used for cleaning at the preprocessing stage.

Biodiversity conservation Here are our initiatives aimed at conserving abundant nature for future generations.

Basic views

The NH Foods Group conducts business activities that are in harmony with the environment in order to achieve a sustainable society.

Rich soil and oceans that provide the bounty of nature are essential for the business activities of the NH Foods Group, whose work stems from these resources.

In order to pass down the richness of the soil and oceans to the next generation, the NH Foods Group respects the workings of nature at each of our business sites, preventing environmental pollution and reducing environmental burden by appropriately managing and continually improving environmental management systems.

Activities for conserving the natural environment

We utilize forest conservations systems being advanced by Japan and individual prefectures, and carry out forest cultivation activities with customers, employees, and their families. We also support various organizations that are working to conserve the natural environment.

Forest conservation activities

Since 2002, we have been participating in the Corporate Forest program sponsored by the Forestry Agency to conduct *Minna no Mori* (forests for everyone) forest development activities. These activities include pruning trees and thinning undergrowth at two locations, Seto Jokoji Temple in Aichi Prefecture and Mount Tsukuba in Ibaraki Prefecture. Each year, these contribute to cultivating water sources totaling 5,398m^3 (equivalent to approximately 2.7 million two-liter PET bottles).

Also, Nippon Luna, Inc., which manufactures and sells fermented milk and lactic acid probiotic beverages, has been carrying out forest conservation activities at *Nippon Luna no Mori* in Kinokawa, Wakayama Prefecture, since fiscal 2018. As part of a corporate forest program being operated by Wakayama Prefecture, it carries out activities such as tree thinning experiences for employees, their families, and other related parties.

Unfortunately, these forest conservation activities have been suspended since fiscal 2020 in order to help prevent the spread of COVID-19.

Participation in Afan Woodland Restoration Activities

The C.W. Nicol Afan Woodland Trust listens to the voices of the forest while purchasing deteriorated forests and restoring forests with an eye toward biodiversity. The trust conducts activities with a vision of expanding forests with high biodiversity throughout Japan and creating a healthy, peaceful, and spiritually enriching society while restoring spirits to bring smiles to the faces of children through abundant forest environments.

The Group is in agreement with these aspirations and has provided support for Afan Woodland (Shinanomachi, Nagano Prefecture) activities as an official sponsor since 2005, participating in the development of forests with abundant wildlife.

Coral reef preservation activities

Coral reefs account for about 0.2% of the area of the oceans but about one-fourth of all marine organisms are thought to be in some way connected to these reefs.

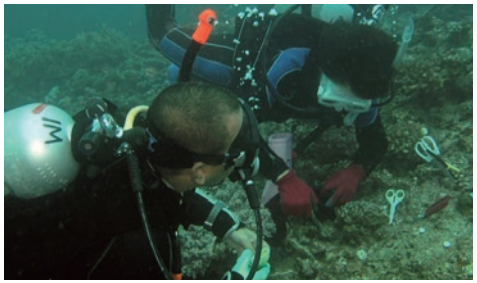
SeaSeed, a company based in Okinawa Prefecture, is cultivating and transplanting coral with the aim of expanding coral reefs in Okinawa Prefecture into the future.

As the Group is engaged in meat, processing, and marine product businesses in Okinawa Prefecture, we endorse SeaSeed's ideas and we have been supporting its activities since 2014.

"Minna no Mori" forest conservation activities at Seto Jokoji Temple

Forest conservation activities at Nippon "Luna no Mori"

Fledged owls in the Afan Woodland



Planting coral on the seabed

Social

38 Stable procurement and supply of protein
40 Food safety and reliability
43 Health and nutrition
45 Regional and social contribution activities
48 Respect for human rights
50 Supply chain management
52 Human resource management strategy
54 Enhancing job satisfaction for employees
57 Respect for diversity

Stable procurement and supply of protein

We are working to build sustainable supply chains.

Basic views

It is predicted that protein supply will become difficult due to global population growth, climate change, and other factors. We will contribute to the health and physical development of people through the stable delivery of protein, which provides the power to live. As for procurement, we will work with related stakeholders to maintain and stabilize a sustainable supply chain and contribute to resolving issues in the livestock business.

In response to lifestyle changes, we will promote the expansion of plant-derived protein products and pursue new alternative proteins.

The Smart Pig Farming Project - Using AI and IoT to improve workstyles at pig farms

Improving labor productivity has become an issue in primary industries and in recent years the livestock industry in particular has been struggling with personnel shortages and a lack of people to inherit the rearing techniques of experienced livestock farmers. This presents a major challenge for maintaining and expanding production structures.

NH Foods Ltd. and Interfarm Co., Ltd., a Group company that engages in pig rearing, are advancing efforts to make livestock rearing environments even more comfortable and to realize environments that enable more efficient and less labor-intensive rearing. As part of this, since fiscal 2018, they have been working with the NTT DATA Group on the Smart Pig Farming Project, which utilizes AI and IoT.

The project uses cameras and sensors that monitor environmental elements such as temperature and humidity placed in pig houses to track the rearing situation in real time. Furthermore, it is developing technology that uses AI to make judgements regarding aspects such as piglet health and the breeding potential of mother pigs based on the data collected.

Pig rearing involves a huge amount of work that requires experience, so the project is using AI-based image recognition technology to reduce the amount of labor required, as well as to enable the passing on of expertise and to improve and stabilize both productivity and quality.

The project has already been started in two locations, farms in the Shiretoko and Donan areas of Hokkaido, and over approximately two years of continuous research, it has improved the precision of tasks such as determining the best timing for breeding. Going forward, the number of tasks subject to AI judgement is projected to continue to increase. In March 2021, the successes of this project were presented to the Japanese Society of Animal Science, which is Japan's most prestigious organization for livestock-related research.

Additionally, during fiscal 2021 the project aims to realize practical applications and in the near future, it plans to launch external sales by providing smart pig farming expertise in a package form.

Message

Realizing pioneering livestock rearing support systems

NTT DATA Corporation
Manufacturing IT Innovation Sector
Deputy Manager
Manufacturing Division4
Hiroki Motohashi

From left, Mr. Kurosaki, Mr. Motohashi, and Mr. Kashiwada

We are advancing technological development focused on managing every aspect of pig rearing, from the breeding of mother pigs to the fattening of piglets, and we have installed the developed systems at several farms to verify their effects. While there are still several challenges to overcome before these systems are commercially viable, all members of the team are passionately working together to solve these issues so that we can realize livestock rearing support systems that will pioneer the future of the industry. In the future we hope to expand the scope of NH Foods Group farms included in development with the aim of contributing to raising productivity and improving working environments at pig farms first, followed by every kind of livestock rearing farm.

The Smart Pig Farming System

A pig house of Interfarm Co., Ltd.

Stable procurement and supply of protein

We are expanding choices through new protein options and promoting animal welfare.

Expanding our range of plant-derived protein products

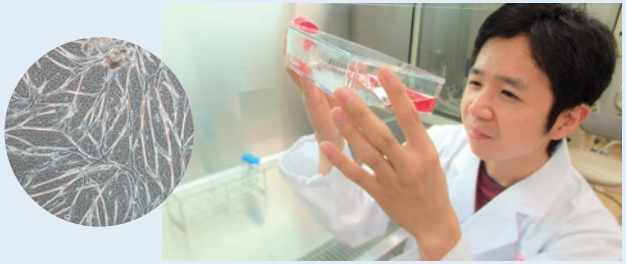
As diets become more diverse, there is growing need for a wider selection of protein sources. Since March 2020, NH Foods Ltd. has been selling *NatuMeat*, which is made from plant-based ingredients such as soybeans instead of meat. *NatuMeat* is manufactured using techniques that reduce the distinctive smell of soybeans and that deliver the texture and taste of real meat. In our *NatuMeat* series, in March 2021, we added *Nuggets* and *Ham Katsu* to existing products such as *Ham-type*, *Sausage-type*, and *Salisbury Steak*. As a result, the lineup boasts eight products (as of April 2021).

In the future, we will continue to leverage the expertise we have cultivated in our meat processing business to pursue delicious plant-based meat products.

NatuMeat series

Research and development of cultured meat

With meat consumption growing globally, we are working to fulfill our responsibility to provide animal protein into the future by developing technologies that use cultivated animal cells to manufacture food. As part of this effort, since 2019, we have been advancing joint research related to cultured meat with IntegriCulture Inc., a startup company engaged in cell cultivation. In addition, the NH Foods Ltd. Research and Development Center is taking up technological issues including cultivation methods and cell quality to cultivate cells more efficiently.



Animal welfare initiatives

We are advancing animal welfare initiatives as part of our efforts to maintain stable, sustainable supply chains.

Rearing and processing initiatives

Interfarm Co., Ltd., is working to reduce the stress of pigs being raised at its Oshamambe Chirai and Oshamambe Ayame Farms in Hokkaido by not putting them in stalls during pregnancy. Reducing the stress of mother pigs raises productivity by decreasing the probability of diseases, and the company plans to give all its new farms stall-free designs going forward.

The Nippon Food Packer Group, which engages in processing of pigs and cows, is installing drinking water facilities in the pens where pigs are kept after being transported to its farms. In the three years ending fiscal 2023, it plans to install the facilities in all such pens.

Also, the Nippon White Farm Group, which rears, and processes chickens, has started giving chickens electric shocks to stun them before processing to reduce stress on the birds.

Oshamambe Chirai Farm

Oshamambe Ayame Farm

Initiatives at overseas business locations

At overseas companies that are engaged in production, rearing, and processing businesses, each Group company is collaborating with suppliers to advance operations that take human rights, the environment, and animal welfare into consideration based on an animal welfare policy. For example, Whyalla Beef Pty. Ltd., a beef business in Australia, is attempting to practice low-stress rearing management at its feedlot through efforts such as installing sunshades to protect the cows from the sun and providing water and feed in a way that takes into account safety and sanitation.

Animal testing

We do not conduct animal testing for the purpose of verifying the health functions of food products that have been confirmed safe for humans except in cases where it is required by law or where the Group has a responsibility to demonstrate this safety to society. (This also applies to participation in joint research and industrial-governmental-academic collaborative projects and contributions to external research institutions.)

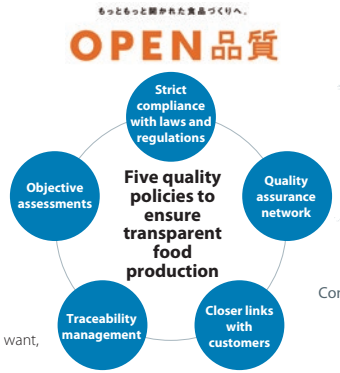
Food safety and reliability

We are building a quality assurance framework to ensure the supply of safe foods to customers.

NH Foods Group quality policies

We have created an Open Quality* system that is based in our conviction that our efforts to offer safe, high-quality products must reflect customer perspectives, and that to the best of our ability we must disclose the information that customers require.

At the same time, we have deployed five fundamental quality improvement policies to ensure product quality that both satisfies and inspires customers. We have also built a customer-oriented quality assurance network facilitated by close, organic collaborations among Group businesses that extends from farm to table.

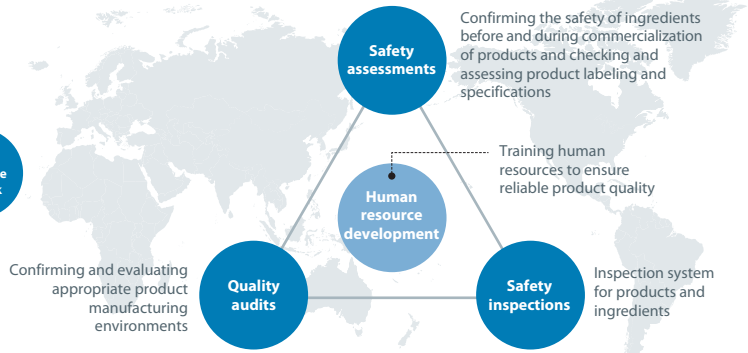


* **Open Quality**
Open = Disclosing all the information that customers desire
Quality = Delivering the value that customers want, including safety, security, and flavor

Quality assurance system

The Group has a social responsibility to supply safe products. To this end, we are building a Group-wide quality assurance system that organically links safety assessments, quality audits, safety inspections, and human-resource development to ensure product safety.

It is being operated on a Group-wide basis as a system for ensuring safety.



Developing human resources to improve quality assurance skills

Based on the approach that assured quality is supported by people, we are building original human resources development frameworks that facilitate the acquisition of knowledge, basic skills, and expert skills related to quality in stages.

Step 1 involves learning basic knowledge concerning quality through e-learning. In Step 2, the trainees acquire the skills used at each workplace through basic technical training and improve their knowledge and abilities. In Step 3, they take an expert technician certification exam and technicians who demonstrate advanced knowledge and skills are certified internally as experts. Employees who have professional technical certification are engaged as technical instructors and in other activities, such as helping to develop less experienced colleagues.

Training results

Step3 : Number of employees who have received expert technician certification (since 2005) · · **57**
Step2 : Number of employees who have completed basic technical training (since 2005) · · **1,727**
Step1 : Number of e-learning participants (since 2007) · · · · · · · · · **37,580**

The NH Foods Group's Quality Assurance Policy

We, the members of the NH Foods Group, will strive in all of our business undertakings to measure up to customers' expectations and trust by ensuring Open Quality, i.e., an open approach to our food production process.

1. Compliance
We will comply with the NH Foods Group's Quality Assurance Provision, as well as with all relevant laws and regulations.

2. Quality assurance network
We will ensure that information is shared among all our businesses, thereby establishing a quality assurance system in cooperation.

3. Objective evaluations
We will seek objective evaluations by third-party institutions to continually improve the level of our quality assurance.

4.Traceability
We will ensure traceability of our products throughout the entire process of our business, from purchasing, production, manufacturing to sales.

5. Customer relations
We will attach high importance to communications with customers in our continuous pursuit of fulfilling their quality requirements.

Food safety and reliability

We are ensuring safety by linking the three functions of quality audits, safety assessments, and safety inspections.

Quality audits

In order to supply customers with safe, quality-assured products, we conduct quality audits which check various quality-related factors at production areas, manufacturing plants, and sales locations in both Japan and overseas.

We also ensure that outsourcing partners, including ones located overseas, understand the Group's approach to quality and request improvements when necessary.

Conducting remote audits

During the COVID-19 pandemic, we have carried out remote quality audits to confirm the status and appropriateness of management rules and to check that they are being applied at manufacturing plants. The checking of documentation is carried out combining tools such as cameras and video conferencing systems, while plant inspections are carried out by combining video capture tools, such as handheld cameras and smart glasses, which have been adopted as an occupational safety measure that enables employees to keep both hands free, with video conferencing systems.

An inspection using smart glasses

An inspection using a video conferencing system

Number of audits (fiscal 2020)

Number of quality audits conducted at NH Foods Group plants **115**

Safety assessments

We confirm quality standards certification for product ingredients, standards details, manufacturing methods, allergens, expiration dates, and other matters using the Group's original *Seijitsu-kun* product information management system.

Departments engaged in development, production, and quality assurance also check information such as product descriptions and cooking instructions from the customer's perspective.

Safety inspections

In order to supply customers with safe products, inspection and research departments in Japan and overseas are working together to enhance inspection systems.

Our safety inspections confirm that products contain no microorganisms that may be harmful to the human body, unlabeled food allergens, agrichemicals, animal medicines, or other foreign materials. We also ensure product safety through regular inspections.

Acquiring international certifications for safety and reliability

We are further raising the level of our quality assurance system by supplementing internal assessments with objective assessments from external organizations.

We have acquired external quality assurance certifications including HACCP, ISO 9001, ISO 22000, and SQF, and we will continue to raise the level of our quality assurance efforts.

Business locations with external certifications (as of the end of Fiscal 2020)

Total number of business locations with external certifications **155**

Number of new certifications acquired in fiscal 2020 **11**

*1 **Fresh & Tasty Critical Control Point (FT-CCP):** An original NH Foods Group initiative focused on critically controlling freshness and taste.

*2 **Misleading information about quality or advantage: Misleading information about quality:** Advertising that claims without foundation that the quality of a product or service is better than it actually is or that it is significantly better than a product or service offered by a competitor.
Misleading information about advantage: Advertising that claims without foundation that the terms and conditions of a product or service are better than they actually are or that a product or service is significantly cheaper than a product or service offered by a competitor even when this is not the case.

Food safety and reliability

We communicate with customers to increase satisfaction and improve products and services.

Communicating with customers

To promote consumer-oriented management, the NH Foods Group follows a communication cycle of "listening, understanding, and using" to increase customer satisfaction and improve products and services.

Consumer-oriented voluntary declaration

In 2017, NH Foods Ltd. released its Consumer-Oriented Voluntary Declaration and started advancing consumer-oriented initiatives. In August 2020, amid rapid change in the social environment, the Consumer-Oriented Voluntary Declaration was revised to make it clear that we value customers and that because customer perspective is the starting point of our operations, we will make even greater efforts to realize two-way communication with customers.

WEB Consumer-Oriented Voluntary Declaration

Systems for reflecting customer comments in business

The Group has created systems for reflecting customer comments and opinions in business by establishing Customer Support Desks to receive customer comments by telephone, email, mail, and so on. Responses to indications and inquiries received from customers are handled primarily by the NH Foods Ltd. Customer Service Department and Customer Support Desks established at each Group company, and VOC* activities that make use of customer comments are conducted for employees and executives.

* **VOC:** Voice of Customers & Consumers

Listening to customer comments

In addition to receiving opinions through Customer Support Desks, we are advancing other activities that keep us constantly receptive to customer feedback and that value two-way communication, such as the Consumer Delegate Committee, an original external monitoring body established by NH Foods Ltd., and the Nipponham Family Circle.

A product review session by the Consumer Delegate Committee

Interviews with committee members

Understanding customer comments

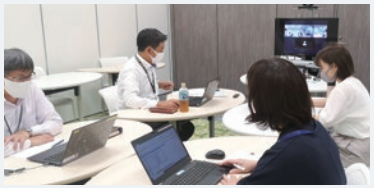
We carry out activities that enable Group employees to hear recorded feedback from customers at morning assemblies and other occasions. NH Foods Ltd.'s Customer Service Department has also established a monitoring room that enables directors and other upper management members, including the president, to listen to customer comments directly.

Customer comment listening activities (at a plant)

President Hata in the monitoring room

Using customer comments

In order to use customer comments to develop and improve products and services, we hold regular review sessions between relevant departments within the Company. We strive to improve the quality of management, products, and human resources in a way that values our connections with customers and society.



A development and improvement meeting

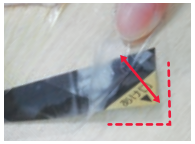
A customer-orientated study session

TOPICS **An example of using customer comments to make improvements: *Bishoku no Teiban Sliced White Thigh Ham***

After receiving a comment from a customer saying that "The packaging is always difficult to open. I am elderly, so I don't have enough strength to open it properly," we made the size of the tab used to open packets larger and also changed its shape to make it easier to open.

Before

After



Health and nutrition We are enhancing research and information sharing efforts that maintain and improve health.

Basic views

In recent years, consumers have become increasingly interested in health and we think that responding to their health-conscious needs is an important duty of a foods manufacturing company.

We have made "Food diversification and health" into one of our Five Materialities (key issues) and going forward we will continue to focus on developing health-conscious items and disseminating information that helps extend healthy lives.

Number of health-conscious items (as of September 2021)

19 sugar-free and reduced salt products

Roast Chicken for Salad – Plain
Healthy Kitchen Zero Roast Ham
Healthy Kitchen Green Label Reduced Salt Roast Ham, etc.

13 lactic acid probiotic and dietary fiber-rich products

Bifidobacterial Yogurt
Chicken Dango Containing LAC-Shield Yam
Mozuku and Kagome Kombu Soup, etc.

8 calcium-rich products

Skinless Winny, ROLF Baby Cheese (With Added Calcium and Iron), etc.

4 high-protein non-fat products

ísey SKYR

Health support through research

Advancing research into imidazole dipeptides, which may be able to boost stamina and protect cognitive functions

We are supporting physical health through research into the constituents of meat.

Within this research, we used the fact that birds can fly continuously without rest as a starting point to focus on imidazole dipeptides (IDPs), a useful component found abundantly in chicken meat. For many years, NH Foods Ltd. Research and Development Center has been working with partners such as the Japan Institute of Sports Sciences and University of Tsukuba to conduct academic-industrial collaborative research into the relationship between IDPs and sports performance.

For example, the research has confirmed that runners who ingest IDPs experience improvements in stamina, showing that IDPs are beneficial for running and jogging. This led to the development of *Imida-No-Chikara*, which contains IDPs for their fatigue-reducing effects, and the product is used by a large number of athletes

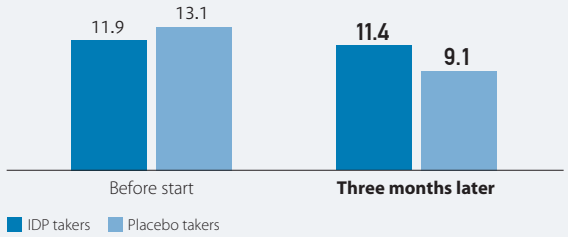
In recent years, we have been conducting research on elderly people who are worried about memory deterioration. The results of experiments suggest that ingesting IDPs can limit the decline of cognitive functions, especially memory.

We have been conducting joint research with the University of Tokyo, Kyushu University, and the National Center of Neurology and Psychiatry regarding the use of IDPs to counteract the deterioration of cognitive functions and to protect against forms of dementia, with the exception of Alzheimer's, and we have obtained a joint patent. As we have an exclusive license for this technology, going forward we plan to market it as an ingredient, as well as develop and market foods with functional claims that offer a boost to cognitive functions.

What are imidazole dipeptides?

Imidazole dipeptides are dipeptides that have an imidazole base, such as carnosine, anserine, and balenine. They are found in abundance in the muscle tissue of animals. Chicken breast meat is a foodstuff that contains particularly high quantities. It is also found in human muscle tissues and humans with high levels of IDPs have been proven to perform well at sports.

Delayed memory recall test (WMS-LM2) Scores



(Chart created based on Table 3 from Hisatsune. T et al., *Journal of Alzheimer's Disease 50* [2016] 149-159)

Notes

Participants had to recall a 150-word text within a set time.

Results

- Scores declined for participants who took the placebo.
- On the other hand, scores for participants who took IDPs were kept low (they maintained their cognitive functions).

Health and nutrition

We are tackling food allergy issues with the aim of realizing a society where all people can enjoy food with peace of mind.

Food allergy initiatives

The NH Foods Group has been tackling food allergies for over 20 years based on our desire for people with food allergies and people without allergies to be able to enjoy delicious food with peace of mind.

We not only develop allergen-free foods, but we are also engaged in a wide range of initiatives including developing allergen testing kits, sharing recipes, and providing information through seminars.

Developing, manufacturing, and selling allergen-free products

Since 1996 we have been engaged in the research and development of allergen-free products and in 2007, we established a special-purpose factory in in Sakata City, Yamagata Prefecture where seven specified allergen ingredients are not used. Raw materials and products handled in the factory undergo strict checks using testing kits to ensure they do not contain food allergens before they are used in manufacturing processes. We offer a wide variety of products that meet customers' needs, from ham and sausages through to hamburgers and rice flour bread. We also sell products that can be stored at room temperature, which are useful for disaster preparation stocks and for traveling.

Allergy-friendly products 29 items (as of April 2021)

The *Minna-No-Shokutaku* series of allergen-free products

Project A – a collaborative project tackling food allergies

Since September 2018, NH Foods Ltd. has been participating in Project A, a collaborative project with fellow food product manufacturers Otafuku Sauce Co., Ltd., Kenmin Foods Co., Ltd., Nagatanien Co., Ltd., and House Foods Corp. This project involves activities such as sharing food allergy information, raising awareness concerning food allergies, and promoting allergy-friendly products. To date, initiatives have included holding Food Allergy Lecture and Tasting Parties for the media and for dieticians and nutritionists, as well as regularly sharing recipes that are suitable for people with allergies.

In May 2021, we created a supplementary reader for elementary schools that encourages children to learn about food allergies to deepen their interest and understanding of the topic, and these have been distributed to interested schools for free.

Although children encounter food allergies during childhood through school meals and the like, they do not have many opportunities to learn about these food allergies. We aim to provide educational facilities with information that will foster an interest regarding food allergies in children while they are young.

Fruit sandwiches made using an allergen-free recipe

The supplementary reader for elementary schools

Encouraging society through fund activities

We aim to use business resources and our abundant experience to help solve issues facing society and improve the environment, so in January 2015, we established the Nipponham Foundation for the Future of Food as a foundation that specifically targets food allergies. In April 2017, it gained public interest incorporated foundation status.

A lot is still unknown about the root causes of food allergies and there are currently no ways of preventing or treating them. The disease-like nature of allergies has a huge impact on quality of life so there is huge demand for research into solving this issue. The foundation provides research grants to researchers and research groups studying food allergies and recipients have already produced results that have potential to be applied to society, such as the development of an edible wheat that has had the main allergen constituents removed. It also engages in initiatives that increase understanding about food allergies across society, such as holding seminars, primarily for dieticians and nutritionists, hosting cooking contests, and publishing booklets.

Nipponham Foundation ニッポンハム食の未来財団

Research grants given

	FY2019	FY2020	FY2021
Total amount of funding (hundred thousands of yen)	629.9	613.9	614.0
Projects funded	22	23	21

Note: Totals include grants for both individual and joint research

Regional and social contribution activities

We are actively communicating with communities all over the world.

Basic views

The NH Foods Group operates approximately 600 business locations in Japan and other countries across the globe. Each country and region in which we do business has its own culture and customs developed over long histories. We strive to properly understand, respect, and adhere to these cultures and customs, and recognizing the importance of dialogue with local communities, we actively communicate with people in the regions in which our business sites are located with the aim of contributing to the sustainable development of regional societies.

Raising awareness through food education

Eating means to receive life. It is for this reason that we feel it is important to feel gratitude for the gift of life nurtured by nature. We also believe that properly conveying this importance is our mission as a business enterprise that is involved with food. In 2008, we formulated our Food Education Policies and our food education slogan of *Enjoy Eating* and we began implementing a variety of food education activities, such as factory tours.

Food education through in-class lessons

Since 2006, we have been cooperating with NPO the Association of Corporation and Education to provide elementary schools across Japan with wiener sausage making workshops as in-class lessons that consist of both lectures and experiences. For the lectures, we have arranged two programs- "Eating Balanced Meals" and "Muscles Need Protein." In the experience sections, we teach students to enjoy eating and value food in a way that engages all five senses.

Note: In fiscal 2020 and 2021, activities were suspended due to COVID-19 pandemic

An in-class lesson held in 2019

Learning through work experience and social participation

We operate sausage factory pavilions at KidZania Tokyo and Koshien, which are facilities that enable children to experience work and social participation just like at a real job.

At these pavilions, children learn the keys to making delicious sausages as well as the importance of proper hygiene when handling food by making real sausages. We also try to foster feelings of gratitude for the gift of life and an appreciation of the importance of food.

Food education activities at elementary schools (Thailand)

Thai Nippon Foods Co., Ltd. is a Thailand-based company that primarily manufactures processed foods for the Japanese market. It is working to reduce waste by composting food residue generated through its manufacturing processes. This compost is supplied to elementary schools around Ayuthaya, where the company is based, and used in food-based activities in which the children create vegetables gardens within their school's grounds. The vegetables produced are then used in school meals provided to the children, giving them opportunities to experience both the joy of growing and the joy of eating.

In fiscal 2020, we donated 9,150 kg of compost to 32 elementary schools.

Kids spread compost made from recycled food residue over the school vegetable garden

The company has also donated the Fried Chicken Karaage to provide around 1,500 school meals at schools in the Ayuthaya region. In this way, it is supporting the healthy growth of the children who will be responsible for the future of the region.

Regional and social contribution activities

We are supporting communities by developing future generations and through food.

Fostering the next generation of human resources

Supporting development of next-generation human resources in collaboration with Obihiro University of Agriculture and Veterinary Medicine

In December 2017, the NH Foods Group concluded a comprehensive collaboration agreement with Obihiro University of Agriculture and Veterinary Medicine to foster the next generation of human resources and promote the livestock industry, and in 2018, we began hands-on training and lectures at the university for the university's students and instructors.

Through training that includes on-site experience in animal health management, disease prevention, and food sanitation, this program provides the young people who represent the future of the livestock industry with knowledge they cannot get from university classes. It is also contributing to training the next generation of human resources and promoting the livestock industry by fostering livestock raising practitioners who can work internationally, providing more practical education programs for students, and sharing information that will help people apply the results of research in society.

Normally, we also provide a hands-on training program in which students can tour the farms and processing lines of each Group company to observe the flow of operations. However, in order to prevent the spread of COVID-19 infections, in 2020, we held special remote lectures instead.

Career education support for children

We are working to communicate the satisfaction of work and knowledge about food to the elementary, junior high, and high school children who will lead the future.

Also, as children at elementary schools in areas such as rural mountainous regions and remote islands have fewer opportunities to learn about work compared to children living in urban areas due to challenges such as transportation issues, there is rising demand for remote classes. Since 2019, NH Foods Ltd. has been partnering with Professionals for All Schools to carry out remote lessons that encourage elementary school students to come up with ideas for reducing food loss.

In the past, we carried out activities in which junior high school students visited our workplaces but we have switched to holding remote classes since 2020 in order to prevent the spread of COVID-19 infections.

Remote lessons for children living in rural areas and remote islands

Supporting communities through food

Donating to Kodomo Shokudo

Kodomo Shokudo are venues primarily run by communities or local governments that provide low-price or free meals to children who, for various reasons, do not have enough to eat or are forced to eat alone. We donate our products to local Kodomo Shokudo as ingredients for meals.

Supporting food banks with Liverpool FC (UK)

In April 2019, NH Foods Ltd. became an official partner of the English Premier League club Liverpool FC and it is providing food-related support, including for the club's food bank activities.

As a company that is involved with both food and sport, it is collaborating with the club on activities that support local communities as part of efforts to achieve the materiality of "Co-creation and shared prosperity with local communities and society as a whole through food and sports."

Disaster recovery support

We support regions that have been hit by large-scale natural disasters such as earthquakes and severe rainfall through activities including monetary contributions and donations of Group food products as needed. In fiscal 2020, we donated 10 million yen to assist areas hit by torrential rain in Kyushu through the Japanese Red Cross Society.

Pick up

Regional contribution and urban development through a new ballpark and sports

The NH Foods Group has many business locations in Hokkaido Prefecture and in April 2021 it launched the Hokkaido Project to promote community engagement activities under the brand of the Hokkaido Nippon-Ham Fighters (a professional baseball team in Japan).

Aiming for urban development that contributes to the SDGs

Fighters Sports & Entertainment Co., Ltd. (FSE) is aiming to realize urban development that contributes to the achievement of the SDGs through efforts centered on ES CON FIELD HOKKAIDO, which will be the home ground of the Hokkaido Nippon-Ham Fighters baseball team from March 2023, and its surrounding area, including the Hokkaido Ballpark F Village (F Village). The company's direction for this project focuses on three aspects: children, community, and collaboration with partners.

As a company based in Hokkaido Prefecture, FSE aims to contribute to regional development and co-exist alongside local communities through sports and entertainment. Going forward, it will use F Village, a central part of the development, as a base for expanding and evolving the scope of activities, including realizing urban development for the future and revitalizing the regional economy together with local people and a variety of partners from industry, government, and academia who are involved in the project. In particular, children who will lead the future of the region are a priority issue at F Village and there will be a focus on activities that contribute to children's learning, play, and growth.

Hokkaido Ballpark F Village, which is due to open in March 2023

Additionally, in times of disaster we plan to open the ballpark to the public as an evacuation space and it will be equipped with disaster preparation supplies, such as food, drinks, and blankets, as well as clean water and wastewater facilities designed to support 35,000 people for three days. The stadium will also feature an eco-friendly design that will reduce energy consumption and resource use.

Recognition for these efforts includes a five-star ranking on the DBJ Green Building certification system, which is administered by the Development Bank of Japan to support real estate projects and businesses that excel at showing care for the environment and society. Five-star ranking is awarded to buildings in Japan that demonstrate the highest level of consideration for the environment and society.

Following this assessment, NH Foods Ltd. issued sustainability bonds, which limit the use of funds raised to projects that contribute to environmental or social sustainability. The funds raised through this issuance will be used for expenditures related to construction of the new baseball stadium and for refinancing.

DBJ Green Building 2020 Plan

DBJ Green Building certification

Contributing to communities and fostering future generations through a women's pro golf tournament

Every year in July we hold the Nippon Ham Ladies Classic women's professional golf tournament. The 2021 tournament was the fifth such tournament and a portion of proceeds from entry fees and goods sales were donated to Hokkaido Prefecture, where the tournament was held and which helped stage the tournament, and local governments (Tomakomai, Chitose, and Kitahiroshima).

The tournament also focuses on fostering future generations of golfers through initiatives that give local and young golfers a chance to participate in a tournament, including allowing tour rookies who have just passed the pro test to enter and inviting local amateurs to take part.

Presenting the donations at the tournament's award ceremony

Commending tour rookies who took part in the tournament having just passed the pro test

Respect for human rights

We have formulated a Human Rights Policy that contains our basic views and guidelines concerning human rights.

Basic views

Based on the belief that our employees are the "precious assets" of NH Foods Group, we see our employees as "human resources" and are well aware that respecting fundamental human rights is one of our main social responsibilities.

In order to reiterate the Group's approach and responsibilities concerning respect for human rights to society and to meet the expectations of society, in December 2020, we formulated the NH Foods Group Human Rights Policy which is based on the Guiding Principles on Business and Human Rights decided by the United Nations Human Rights Council.

We implement Group-wide initiatives in accordance with this Human Rights Policy with the aim of remaining a Group that is widely trusted within society.

Implementation framework

In order to raise awareness, we carry out in-house human rights awareness activities that are mainly led by NH Foods Ltd.'s Human Resources Department in cooperation with the Compliance and Sustainability Departments, and the Audit and Compliance Departments also conduct interviews concerning human rights issues when visiting business sites.

Furthermore, in fiscal 2021, we appointed a director responsible for human rights who has been coordinating with relevant departments to build a structure for practicing human rights due diligence. Also, the ES (Environment/Social) Section Meeting, which comprises the heads of business divisions, the Human Resources Department, and the Sustainability Department, addresses matters such as monitoring risk and considering response measures.

NH Foods Group Human Rights Policy

1. Basic principles

The NH Foods Group regards the "Guiding Principles on Business and Human Rights" of the United Nations as a framework, and supports and respects international standards including the "International Bill of Human Rights" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work."

2. Scope of the policy

The Policy is applicable to all directors, officers and employees of the NH Foods Group. We will also encourage business partners of the NH Foods Group to support the Policy and make efforts to respect human rights.

3. Human rights due diligence

The NH Foods Group will strive to develop and implement a human rights due diligence system to identify negative impacts on human rights. If we identify that the NH Foods Group's practices have caused or contributed to a negative impact on human rights, we will endeavor to prevent or reduce such impacts.

4. Dialogue and discussion

The NH Foods Group will seek to improve human rights measures through dialogue and discussion with relevant stakeholders.

5. Education for directors/officers and employees

The NH Foods Group will organize an appropriate education for its directors, officers and employees.

6. Information disclosure

The NH Foods Group will disclose appropriate information regarding our efforts for respecting human rights.

7. Person in charge

The NH Foods Group will designate a director or an officer to be in charge of implementing the Policy and supervise its implementation.

8. Position of the policy

The Policy will promote our efforts to respect human rights and complement the NH Foods Group Global Action Standards.

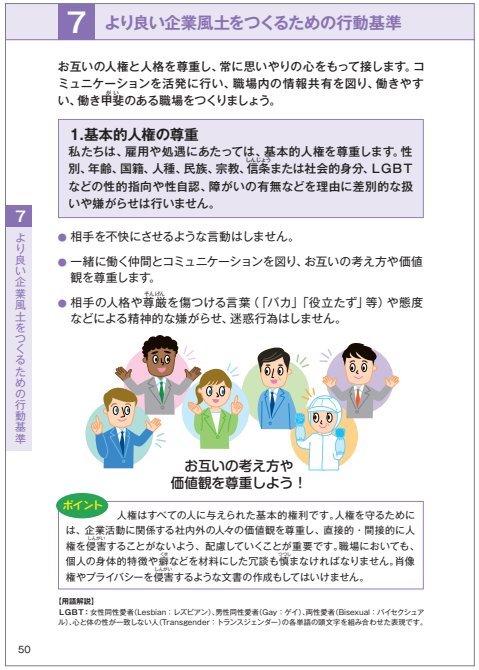
9. Compliance with applicable laws

The NH Foods Group will comply with national and regional laws applicable to our operations, and if there is any discrepancy, we will pursue measures to respect the international principles of human rights.

Respect for human rights — We are fostering understanding within the Group and advancing external partnerships.

Action standards and the CSR procurement policy

The NH Foods Group Action Standards (Japan version) expresses specific behavior that is expected of Group officers and employees. It demands respect for basic human rights and forbids discriminatory action or harassment on the grounds of gender, age, nationality, religion, creed, social status, or disability. We have also formulated the NH Foods Group CSR Procurement Policy and the NH Foods Group CSR Procurement Guidelines in order to tackle human rights-related risks that may occur at business partners and within supply chains.



7 より良い企業風土をつくるための行動基準

お互いの人権と人格を尊重し、常に思いやりの心をもって接します。コミュニケーションを活発に行い、職場内の情報共有を図り、働きやすい、働き甲斐のある職場をつくりましょう。

1.基本的人権の尊重
私たちは、雇用や処遇にあたっては、基本的人権を尊重します。性別、年齢、国籍、人種、民族、宗教、信条または社会的身分、LGBTなどの性的指向や性自認、障がいの有無などを理由に差別的な扱いや嫌がらせは行いません。

- 相手を不快にさせるような言動はしません。
- 一緒に働く仲間とコミュニケーションを図り、お互いの考え方や価値観を尊重します。
- 相手の人格や尊厳を傷つける言葉（「バカ」「役立たず」等）や態度などによる精神的な嫌がらせ、迷惑行為はしません。

お互いの考え方や
価値観を尊重しよう！

ポイント
人権はすべての人に与えられた基本的権利です。人権を守るためには、企業活動に関係する社内外の人々の価値観を尊重し、直接的・間接的に人権を侵害することがないよう、配慮していくことが重要です。職場においても、個人の身体的特徴や癖などを材料にした冗談も慎まなければなりません。肖像権やプライバシーを侵害するような文書の作成もしてはいけません。

【用語解説】
LGBT：女性同性愛者（Lesbian：レズビアン）、男性同性愛者（Gay：ゲイ）、両性愛者（Bisexual：バイセクシュアル）、心と体の性が一致しない人（Transgender：トランスジェンダー）の各単語の頭文字を組み合わせた表現です。

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NH Foods Group Action Standards (Japan version)

Participation in external organizations

In September 2020, we joined the Global Alliance for Sustainable Supply Chain (ASSC)* in order to actively exchange opinions with NGO stakeholders, and we are now exchanging opinions regarding solutions for social issues related to human rights.

We are also participating in the Social Sustainability Working Group organized by the Consumer Goods Forum (CGF), an international industry association for major manufacturers of foods and consumer goods and major retailers. Through this group, we are sharing the latest information on human rights due diligence and case studies by member companies, and we also hold discussions regarding collaborative initiatives to eliminate forced labor.

* An NGO that is promoting the creation of sustainable supply chains in Japan through international cooperation.

An exchange of opinions with the ASSC

Outside director's message

It is important that we change mindsets and modify behavior based on the NH Foods Group Human Rights Policy.

Yasuko Kono
Outside Director

We are experiencing a time of great change. Companies now need to take the initiative to tackle human rights issues. In Japan, the formulation of the National Action Plan on Business and Human Rights, followed by revisions to the Corporate Governance Code, are the manifestation of a proactive approach to respect for human rights while in Europe, companies are now legally obligated to carry out human rights due diligence to prevent human rights risks in advance.

Steps must be taken to prevent human rights violations in every aspect of corporate activities, including in supply chains for procuring raw materials and ingredients and in dealings with business partners involved in the supply of products and services. Companies are required to check whether violations have occurred, take swift action when necessary, and then disclose information about what has happened.

At the end of 2020, NH Foods Ltd. formulated and released the NH Foods Group Human Rights Policy. First, we will start by fostering a proper understanding of this policy and then we will work to change mindsets and modify behavior. As reports related to these efforts increase, the interest of consumers and society at large will grow.

It is time to show the world our dignity as a group where caring about others comes naturally and where the demands of society are addressed head on.

Supply chain management

We are carrying out responsible procurement in collaboration with suppliers.

Basic views

When putting the Corporate Philosophies into practice and addressing the Five Materialities (key issues), the NH Foods Group believes that it is more effective to actively promote initiatives not only within the Group, but also in cooperation with partners throughout the supply chain in order to create a sustainable society. We are working to strengthen collaboration with suppliers in order to carry out responsible procurement that takes into account the safety of products and services, as well as social and environmental issues.

CSR procurement policy and guidelines

To express our approach on CSR in the supply chain in a more concrete manner, we established the NH Foods Group CSR Procurement Policy and the NH Foods Group CSR Procurement Guidelines, a detailed statement of guiding principles, in April 2017. In 2021, we are creating a code of conduct for suppliers in order to further strengthen our partnerships with them.

WEB NH Foods Group CSR Procurement Guidelines

CSR procurement implementation framework

NH Foods Ltd. has established the CSR Procurement Task Force comprising personnel from the Sustainability Department and business divisions to consider policy and future response measures. The details of these considerations are then reported to the ES (Environment/Social) Section Meeting and the Sustainability Committee. Also, personnel from the Sustainability Department, which is in charge of these efforts, and business divisions visit suppliers directly to explain our policy and guidelines.

The NH Foods Group CSR Procurement Policy

The NH Foods Group is proceeding with initiatives on Corporate Social Responsibility (CSR) procurement activities, collaborating with business partners and creating relationships of trust based on the principles of coexistence and coprosperity.

1. Comply with laws and social norms and build a system for compliance

We comply with laws and regulations and social norms. In addition, we build a system for such compliance.

2. Securing the quality and safety of products and services

We work to raise the safety and quality of products following the NH Foods Group Quality Assurance Policy.

3. Fair and impartial transactions

We judge quality, service, results, price, reliability, etc. in a comprehensive manner. Also, we establish fair and impartial opportunities for entry into the market.

4. Respect for human rights

We respect and give serious consideration to international standards and opinions regarding human rights.

5. Occupational safety and health

We make a safe environment where employees can work with peace of mind.

6. Concern for the global environment

We work to decrease the environmental impact of our supply chain following the NH Foods Group Environmental Policy as we head toward bringing about a sustainable society.

Supplier engagement initiatives

We launched our CSR procurement initiative in fiscal 2018. As a first step, we visited suppliers in Japan directly to explain the Group's CSR Procurement Policy and Guidelines in order to gain their understanding and cooperation, and to share our future plans and direction.

We also had them fill out a self-assessment questionnaire (SAQ) covering topics such as human rights, labor, environment, and corruption prevention and asked that they share the results with the Group. In cases where it is recognized that a supplier's efforts in a certain area were insufficient, we are confirming the situation with said supplier and requesting that they make improvements.

Assessed suppliers

End of FY2019

- Raw materials suppliers in Japan corresponding to 80% of procurement costs

End of FY2020

- Packaging and secondary materials suppliers in Japan corresponding to 60% of procurement costs
- Raw materials, packaging, and secondary materials suppliers overseas corresponding to 60% of procurement costs

Main future initiatives

- Create a code of conduct for suppliers
- Expand scope of supplier assessments in Japan and overseas
- Regularly communicate with suppliers (dialogue)
- Build an internal structure for supporting and assisting suppliers making improvements

We will work to lower procurement-related risk and realize sustainable procurement primarily through the above initiatives.

Note: Engagement with each company in Australia is planned for the future.

Supply chain management — We are strengthening initiatives for promoting responsible procurement.

Status of critical suppliers in Japan

We position critical suppliers as suppliers with large transaction amounts and suppliers with non-replaceable materials

Number of critical suppliers	162 companies
Percentage of critical suppliers to all primary suppliers	15.4%
Percentage of critical suppliers purchaces by value to total procurement amount	82.2%

Note: Scope of information: NH Foods Ltd., Nippon Luna, Inc., Hoko Co., Ltd., Marine Foods Corporation

Initiatives in Japan (results and targets)

	Scope	Companies informed of policy	Proportion of procurement costs
FY2018	Tier 1 raw materials suppliers	36	59.2%
FY2019	Tier 1 raw materials suppliers	71	81.5%
FY2020	Tier 1 packaging and secondary materials suppliers	22	60.2%
FY2021	Tier 1 packaging and secondary materials suppliers	33	80.5%

Sustainable resource procurement initiatives

Procuring sustainable palm oil

We think it is important to procure raw materials in a sustainable manner that takes into account both the environment and society. Therefore, we aim to procure sustainable palm oil for 100% of the palm oil used in our business by fiscal 2030.

To achieve this, we joined the Roundtable on Sustainable Palm Oil* (RSPO) in August 2020 and in fiscal 2020 we purchased six tons of RSPO certified palm oil under the book & claim system.

* An international non-profit organization which has built and operates a certification system that has become the standard for sustainable palm oil, and which encourages the production and distribution of such oil.

Procuring sustainable marine resources

Marine Stewardship Council (MSC) certification, which covers natural marine products, and Aquaculture Stewardship Council (ASC) certification, which covers farmed marine products, are awarded to products that have been produced in a sustainable manner which takes into account the environment, ecosystems, and regional communities.

Our processed marine products business has obtained CoC (Chain of Custody: management of processing and logistics processes) certification for the distribution and processing of MSC and ASC certified products and we will continue to expand the range of certified products we handle going forward.

Packaging and container material initiatives

Using FSC certified paper

We use FSC certified paper* as a packaging material for products such as the *Irodori Kitchen* series, *Hoko ROLF Baby Cheese* (*seasoned cod roe flavor*), and Nippon Luna, Inc.'s *Lassi* series. Going forward, we plan to expand our use of FSC certified paper to include packaging for gift products and other items.

* The Forest Stewardship Council (FSC) certifies paper and other products that are made using wood from sustainably managed forests (forests where there is no excess logging, illegal labor practices, etc.).

Used in the labels and stickers

Irodori Kitchen Roast Ham

Used for the cardboard sheet inside

ROLF Baby Cheese for Adults (seasoned cod roe flavor)

Used in the cups

Lassi series

Human resource management strategy

We are promoting human resource management aimed at achieving "Employee development and respect for diversity."

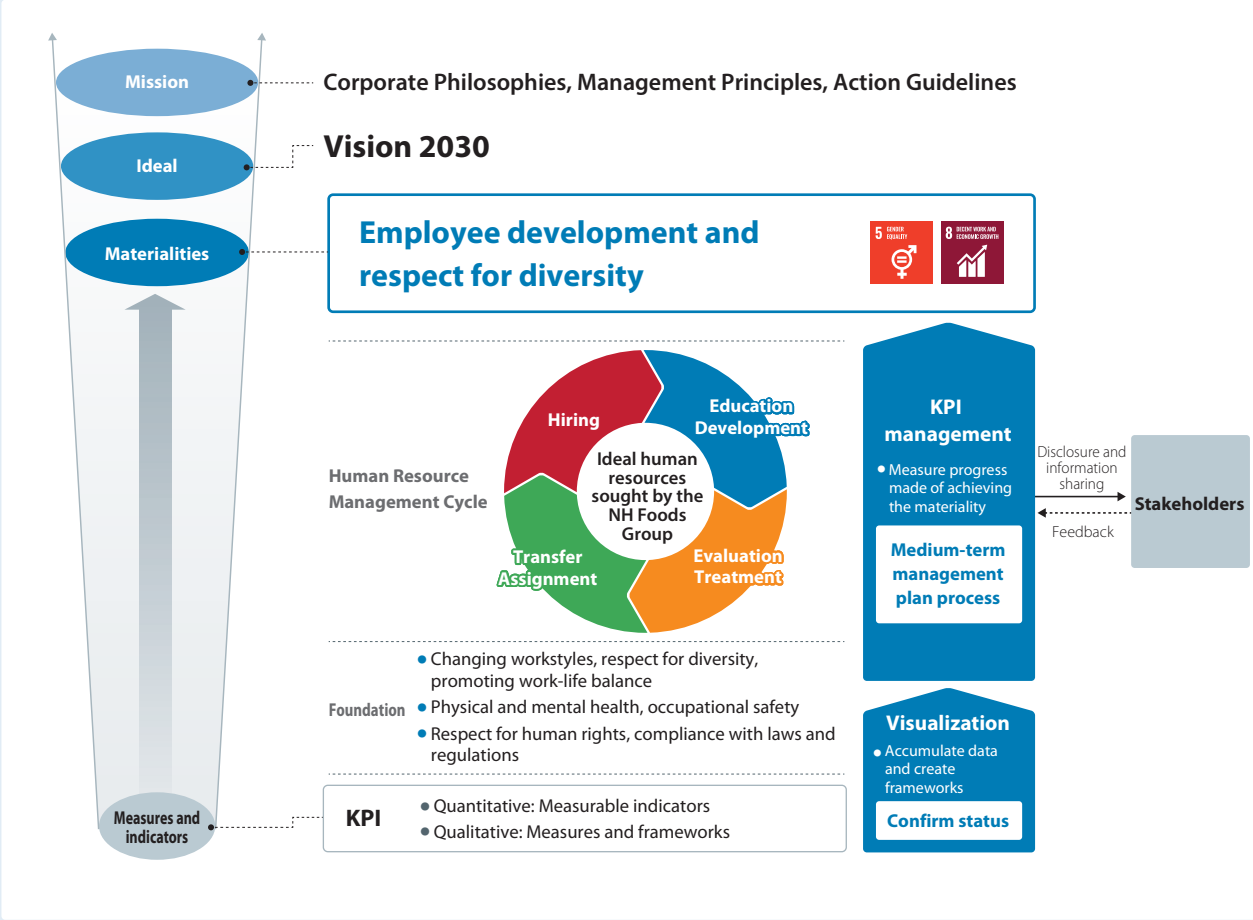
"Employee development and respect for diversity" is one of the NH Foods Group's the Five Materialities.
We aim to be "a place where employees can feel truly happy and fulfilled," where each individual is respected and can grow while demonstrating their abilities.

Human resource management based on materialities

We have identified "Employee development and respect for diversity" as one of our Five Materialities. In order to achieve this, we have linked it to two social issues and set six key phrases for solving these issues.

In order to promote these initiatives, we will establish a system for quantitative and regular monitoring of progress, or KPI management, in order to implement a PDCA cycle. In fiscal 2021, each Group company in Japan will identify issues concerning human resources. We will then use this as a base for considering human resource measures and KPI, as well as for creating a framework for monitoring and managing measurable data. Furthermore, in fiscal 2022, we plan to consolidate KPI management for the Group's businesses in Japan.

See p. 53.



Human resource management strategy

We are advancing the initiative based on six key phrases.

Advancing the initiative based on two social issues and related six key phrases for solving these issues

As the business and social environments around the Group change, we need to enhance job satisfaction for employees in order to develop and grow sustainably into the future. In order for the Group to become a corporate group that is chosen by people both within and outside the Group, it is essential to respect the diversity of all employees, including those with various limitations, so that they can play an active role.

Two social issues and six key phrases

Social issues	Key phrases
Enhancing job satisfaction for employees	Create a corporate culture and frameworks that encourage employees to take on challenges and actively engage in activities
	Create frameworks for developing the abilities of employees
Respect for diversity	Create frameworks that respect diversity and enable employees to demonstrate their capabilities
	Create workplaces where employees can maintain a healthy work-life balance
	Create workplaces where employees can work with peace of mind and take care of their mental and physical health
	Create frameworks for respecting the human rights of employees

Human resources development based on the "ideal human resources"

We formulated the "ideal human resources" sought by the NH Foods Group in 2013 as a policy and guide to growth for carrying out our Corporate Philosophies. We believe that by indicating the ideals that employees should pursue as their objectives and positioning them as clear growth targets, everyone will be able to carry out their work duties while feeling a sense of growth.

We place "ideal human resources" that we seek at the root of our human resource management systems, and work to develop all Group employees.

Ideal human resources sought by NH Foods Group

Absolute reliability	**Human resources capable of two-way communication, both internally and externally** Understand our social mission, including quality (of products/people) and compliance, and can build relationships of trust with all people
Novel creativity	**Human resources who are not satisfied with the status quo but who can create something new in terms of products and services** Create new value, and increase brand value by leading in the vanguard of the times
Willingness to take on challenges	**Human resources who can constantly strive to reach higher goals** Proactively achieve ambitious goals for the continuous growth of the NH Foods Group

Message from the director responsible for human resources

The entire Group is working together toward "Employee development and respect for diversity."

Kohei Akiyama

Executive Officer in charge of the Human Resources Department, Legal Affairs Department, General Affairs Department and Secretarial Office and responsible for promoting corporate communications

We have set "Employee development and respect for diversity" as one of our materialities concerning employees and the entire Group is working together to achieve it. We have broadly divided our efforts into the themes of sharing materialities and advancing KPI management, human resources systems reform, and workstyle and office reform.

First of all, to share materialities and advance KPI management, we got each Group company to consider their own issues and measures concerning human resources development and respect for diversity respectively, and we are regularly gathering quantitative data and managing the progress of these. Going forward, we are reforming human resources systems based on the three key phrases of "pursuing challenges and a sense of growth," "balanced abilities and duties," and "self-directed careers." We will then carry out similar initiatives at Group companies.

We are also initiating reform workstyles and offices. In order to ensure that the Group will be the group of companies chosen by people both within and outside the Group, it is essential to build environments where all employees can participate fully, including employees with limitations. Since last year, we have been actively incorporating a company-wide smart IT platform into our efforts.

Enhancing job satisfaction for employees

We are creating a corporate culture and frameworks that encourage employees to take on challenges and actively engage in activities.

Basic views

One of our Corporate Philosophies states "Our company is a place where employees can feel truly happy and fulfilled." We are working to build frameworks and a corporate culture that enable each individual employee to find satisfaction and pride in their daily work and to continuously take on challenges.

Improving job satisfaction

Defining satisfaction

We think that job satisfaction is when an individual can demonstrate their own capabilities in a way that leads to the development and growth of the Group and contributes to society, and when the value created by this makes life feel worthwhile.

An employee who feels pride and a sense of satisfaction in their work will be more motivated when carrying out their daily duties.

We hope that the NH Foods Group will continue to be more than just a workplace to our employees, but also a place where they can realize self-fulfillment and contribute to society.

Building a framework for measuring satisfaction

We are building a framework for measuring satisfaction through initiatives such as the introduction of a self-reporting system which includes interviews on whether employees find their own work satisfying.

The conversations between supervisors and their team members that are held as part of this self-reporting system are a source of motivation, and by analyzing measurable indicators and reflecting these in various systems, we aim to be a group of companies where employees feel satisfied.

Contributing to achieving the Corporate Philosophies and a corporate culture that encourages taking on challenges

Contributing to achieving the Corporate Philosophies

All employees are aware of the NH Foods Group's Corporate Philosophies, as well as our management strategy Vision 2030 "Unleash new potentials for protein."

However, in order to realize these, it is essential that all employees make a contribution, and in order to make a contribution, employees should not only be aware of them, but also need to take them to heart and reflect them in their habitual behavior.

A corporate culture that encourages taking on challenges

One of the qualities of the "ideal human resources" sought by the Group is the spirit to constantly take on challenges.

This willingness to take on challenges without fear of failure is essential to the development of the Group, so we need to create a framework for systemizing and maintaining this willingness so that it becomes deeply rooted in our corporate culture.

Implementation through management by objectives

NH Foods Ltd. has introduced a management by objectives (MBO) target management system which sets objectives for managing the progress of operations, delivering results, developing human resources, and realizing communication between supervisors and their teams. The use of this system is being reflected in the allocation and treatment of employees.

This target management system has been introduced as a framework for encouraging employees to continuously take on challenges in order to ensure that working toward Vision 2030 becomes habitual behavior.

Management by objectives requires employees to understand and engage with "Unleash new potentials for protein," so that it becomes an objective that they can realize through their daily work. We believe that by requiring employees to constantly take on challenges, we can realize Vision 2030 through each employee achieving their own targets.

Going forward, we will use the self-reporting system as a tool for communication between the Company and employees in order to build a framework for measuring whether employees feel they are contributing to achieving our Corporate Philosophies and are taking on challenges.

Management by objectives

Aim: Help employees develop the skills needed for their work in a natural way by raising their motivation to contribute, deepening their understanding of their work, and engaging them in their job (self-learning).
Objectives: Objectives will be set in accordance with the items below and decided based on conversation between the employee and their supervisor.

Employee type	Objective items	Number set
Manager	Operational objectives	1-2 items
	Human resources development	1 item
	Taking on challenges or organizational reform	1 item
General employee	Operational objectives	1-2 items
	Human resources development or teamwork	1 item
	Improve work processes or transform self	1 item

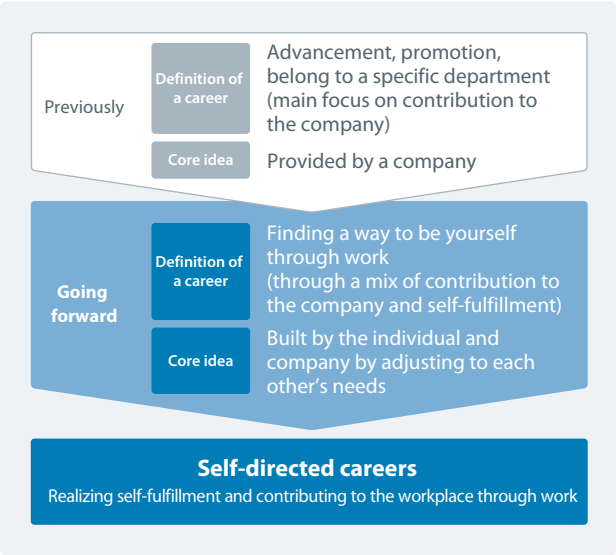
Enhancing job satisfaction for employees

We are creating frameworks for developing the abilities of employees.

We believe that employees' job satisfaction comes not only from contributing to society, but also from pursuing challenges and acquiring a sense of growth. We are supporting employees in taking control of their own growth by effectively implementing human resource management cycles and encouraging individuals to self-direct their own careers.

Self-directed careers

We are supporting employees to plan their own careers and grow with the aim of realizing self-directed careers. As part of this, we are shifting the way they think about their careers from seeing them as something provided by a company into seeing them as something that an individual and a company build together by adjusting to each other's needs.



Recruiting human resources

In order to secure diverse human resources who relate to the Group's Corporate Philosophies and can participate actively, we carry out recruitment activities that closely reflect changes in the environment and the needs of the people we are looking to recruit.

We also actively recruit mid-career employees all year round so that we can secure personnel who have advanced expertise and wide-ranging experience.

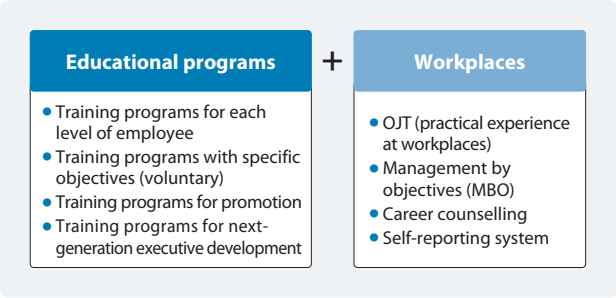
We are enhancing initiatives such as online company briefings and interviews

Education and training

In regard to employee education, in addition to offering a variety of training programs for each level of employee, we are also enhancing voluntary training programs with specific objectives in order to encourage individuals to self-direct their careers. In training for each level of employee, we are working to improve management ability in order to strengthen on the job training* (OJT) within an employee's everyday work. We are also carrying out selection-based training for each level in order to cultivate next-generation executives.

We have also introduced Dimension (a tool that applies numerical values to various ability requirements derived from the "ideal human resources" sought by the NH Foods Group) in order to appropriately assess employee growth and we also implement a PDCA cycle to measure the effects of our training and education efforts and gauge whether they are helping employees to grow.

* Developing skills through actual work experience.



Career development support

We have introduced and continuously implement a variety of career development support systems that enable employees to actively plan their own careers, such as career consultations for new employees and an in-house recruitment system and a self-reporting program for all employees.

We also carry out age-based career boost seminars that help employees integrate their work careers and life plans. By encouraging self-directed careers, we are helping employees realize self-fulfillment and contribute to the Company through improved productivity.

Career boost seminars

Age		Content
I.	29	• **Life career** Money, health and nursing care
II.	39	• **Work career** Work, human resources systems
III.	49	Both points covered in accordance with employee level
IV.	55	

Enhancing job satisfaction for employees

We are creating frameworks for developing the abilities of employees.

Cultivating expertise

The Group is growing its operations to cover every area concerning foods, from fresh meat and processed foods to health foods. We need employees who can contribute to workplaces by leveraging expert knowledge and experience in each business and operation.

We not only support employees in acquiring and maintaining official certifications, we also encourage them to update their knolwedge and cultivate expertise through their daily business activities, and we reward this expertise appropriately.

Award system	We have just introduced the award system that employees of in business sector who achieve significant results to motivate.
Benefit and support systems	• Allowance for nationally recognized qualifications • Allowance for professional qualifications • Financial support system for acquiring certifications related to daily duties • Incentive systems for acquiring certifications

Appropriate assessments and benefits, and feedback

We think that the goal of human resources assessment is to develop employees. Its main function is to encourage the development of employees' abilities and guide them to the most appropriate behavior for their work through methods such as aptitude reviews that assess ability and performance reviews that assess the results of work. Therefore, taking a one-sided approach in which an employee is only informed of the assesment result is unlikely to engage said employee, making it difficult to achieve the goal of development.

We are advancing human resources development by carrying out appropriate human resources assessments and then providing employees with useful feedback in a timely manner.

Objective assignment and promotion processes

We are clarifying the standards and process to promote employees or assign them to certain roles.

As important human resources matters that have a direct impact on management and operations, promotions and assignments have to be transparent. Also, as a promotion is an important decision in an employee's career, we will help employees to direct their own careers by making the conditions for promotion clear.

Talent management

After undergoing training programs for each level of employee, talent pool employees participate in selective training programs.

Through this training they will acquire knowledge, expand their personal networks, and gain a higher, broader perspective. At the same time, they are deliberately assigned to roles and duties that are different from their previous roles and duties in order to build up experience.

Selection	Select employees to join the talent pool (assessments at every level and performance reviews, etc.)
Education	Encourage employees to participate in selective training programs in order to widen horizons and gain a higher perspective
Transfer	Assign employees to different types of jobs or businesses than before to allow them to gain experience

Outside director's message

"Employee development and respect for diversity" are issues connected to improving productivity and realizing innovation.

Hideo Arase
Outside Director

We formulated Vision 2030 after identifying the Five Materialities (key issues) that will enable us to realize a sustainable company. Specific initiatives and targets related to these have been incorporated into Medium-Term Management Plan 2023-2026 and I think it is important that we execute these through our business.

Vision 2030 contains the message of "Unleash new potentials for protein," which calls on each Group employee to be creative and original in our thinking, to pursue outside the box innovation, and to reflect these in our actions. This cannot be achieved unless each of us grows as an individual. I think it is the responsibility of management to create an environment in which everyone can grow and to make it clear where the growth opportunities are.

The current state and methodology of the NH Foods Group's overall human resources development is inconsistent. The direction and progress of our efforts is being discussed as an important management issue at venues such as meetings of the Board of Directors and Executive Appointments Committee. "Employee development and respect for diversity" is a materiality that is receiving a lot of interest and addressing these issues will contribute to improving productivity and realizing innovation. Promoting active participation by women is one area where we have been noticeably lacking as an industry leader and we have plenty of room to improve. It is crucial that we show the leadership needed to change the structures formed through past ways of thinking and methods and that all of us actively understand, engage, and persist with these efforts.

Respect for diversity

We are creating frameworks that respect diversity and enable employees to demonstrate their capabilities.

Basic views

The active participation of diverse human resources will drive the future growth of the Group. In order to create workplaces where anyone can work comfortably and a more diverse range of human resources can participate fully, we are transforming workstyles that enable a work-life balance to raise creativity and realize diversity to expand the variety of talent available. We are advancing the following specific initiatives.

- Promote active participation by women
- Encourage the recruitment of people with disabilities
- Implement re-employment systems (such as employing the elderly and rehiring former employees)

Promoting active participation by women

We have worked to create environments where women can participate actively by improving frameworks and systems that support the balancing of work with family commitments such as child and nursing care. As a result, the percentage of female managers and percentage of women in supervisory positions is rising.

We will continue to promote the active participation of women by monitoring the situation in order to identify issues and then formulating and implementing measures to address these issues.

Percentage of women in supervisory positions (NH Foods Ltd.)

FY2016	FY2017	FY2018	FY2019	FY2020
3.4%	3.3%	3.8%	4.6%	6.5%

Encouraging the recruitment of people with disabilities

Nipponham Career Consulting Ltd., which is engaged in career development support, established an Osaka office in April 2019 to support the employment of persons with disabilities. In November 2019, it was certified as a special-purpose subsidiary of NH Foods Ltd. As of the end of fiscal 2020, the employment rate of people with disabilities at NH Foods Ltd. was 2.5%, exceeding the legally stipulated minimum.

The Osaka office is engaged in sorting, delivery, and collection at the mail center, preparing business cards and other printed materials, converting these materials into a PDF format, and replenishing stock of items sold in-house. Going forward we plan to expand the scope of operations that are aligned with the skills of persons with disabilities as we work to create workplaces in which diverse human resources can participate.

Employment rate of people with disabilities (NH Foods Ltd.)

FY2016	FY2017	FY2018	FY2019	FY2020
1.9%	1.8%	2.1%	2.4%	2.5%

Re-employment systems (the elderly whom continued employing and rehiring former employees)

Employing the elderly

As we enter an era of 100-year lifespans, we think that companies have a social responsibility to re-employ the elderly whom continued employing and provide them with a suitable employment environment. We are offering opportunities to participate actively in the workplace again to retired people who are motivated to work, so that their advanced expertise and experience can add depth to the Group's human resources.

Re-employment rate (NH Foods Ltd.)

FY2016	FY2017	FY2018	FY2019	FY2020
68.8%	65.5%	93.8%	72.7%	100.0%

Rehiring former employees

This is a system for rehiring people who left previous roles due to reasons such as the transfer of a spouse, childbirth, or nursing care, providing they meet certain requirements.

Eliminating unconscious bias

As part of our efforts to create workplaces where diverse human resources can fully demonstrate their abilities, we are holding seminars on removing unconscious bias from workplaces, particularly for management personnel, so that we can become a Group where all employees can participate actively.

A seminar on unconscious bias

Respect for diversity

We are creating workplaces where employees can maintain a healthy work-life balance.

In an environment where the workforce is expected to shrink in the future, we need to secure and retain exceptional human resources.

In order to do this, we are reducing total working hours, providing support for balancing work with childcare, nursing care, and hospital visits, and enabling flexible workstyles. In this way, are creating workplaces that provide employees with a healthy work-life balance.

Working hour initiatives

We believe that it is essential to reduce scheduled working hours and overtime work, and to increase the use of annual paid leave in order to reduce total working hours. Therefore, we will continue to advance initiatives to achieve this.

Specifically, we are working to reduce working hours by establishing a Company-wide Working Hours Committee and holding working hours management meetings for each department. We are also carrying out training that incorporates the concept that reducing work hours is an effective way to improve productivity. We also encourage employees to take some of their annual paid leave for employee events or on special days as celebratory leave.

Status of working hours and use of annual paid leave (NH Foods Ltd.)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Annual actual working hours	2,161	2,116	2,087	2,052	2,040
Scheduled working hours	1,912	1,891	1,880	1,870	1,850
Overtime working hours (average)	347.5	325.4	290.2	278.2	286.7
Average number of days of annual paid leave taken	11	13	13	15	13

Initiatives for balancing work and family commitments

In order to provide workplace environments that enable employees to balance work and family commitments such as child and nursing care, we are enhancing systems that support this balance, including childcare and nursing leave, special paid leave, and shortened working hours, and we are also sharing information and carrying out awareness-raising activities to foster a corporate culture that makes it easy to use these systems.

Childcare initiatives

We have prepared a Childcare Guidebook which not only targets employees balancing work with childcare but also their supervisors. In fiscal 2021, we revised the number of days of paid leave that can be taken for nursing to a number above the legally stipulated minimum.

Also, at the end of fiscal 2020, NH Foods Ltd. and 10 Group companies received Kurumin certification from the Ministry of Health, Labour and Welfare in recognition of their efforts to support women balancing work and family commitments.

Usage of child and nursing care-related systems (NH Foods Ltd.)

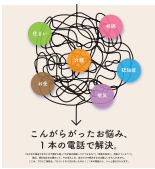
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Before and after childbirth leave (number of leave takers)	26	40	30	42	57
Spousal childbirth leave (number of leave takers)	28	52	27	30	29
Number of childcare leave takers	63	76	70	73	96
Male	5	8	4	5	12
Female	58	68	66	68	84
Rate of employees returning to work (%)	91.3	97.0	97.1	97.0	98.8
Shortened working hours for childcare (number of users)	59	64	91	98	81
Nursing leave (number of leave takers)	58	59	118	145	139

Nursing care initiatives

We hold nursing care seminars for Group employees to provide them with basic knowledge regarding nursing care and inform them of our in-house systems. In fiscal 2020, we held seminars for 76 employees responsible for labor management in preparation for an increase in the number of employees who will need to balance work with nursing care in the future. We are also providing online video seminars that provide participants with knowledge regarding nursing care for when this is needed.

Since April 2021, we have been providing a consulting channel that enables NH Foods Ltd. employees to discuss their nursing care concerns with an external contact on a trial basis. Once we have identified the needs for this based on how much it is used, we will consider expanding it to include Group companies.

Atmosphere at a nursing care seminar held in 2020



A poster for the external nursing care consulting channel

Flexible workstyle initiatives

To date, NH Foods Ltd. has been promoting flexible workstyles that support employees balancing work with child and nursing care and as part of these efforts, it has been trialing work-from-home and child and nursing care flextime systems for interested employees. Also, in fiscal 2020, the work-from-home system trial was accelerated to include all general employees and employees of partner companies due to the spread of COVID-19 in Japan.

Respect for diversity

We are creating workplaces where employees can work with peace of mind and take care of their mental and physical health.

Health promotion activities

Health and Safety Declaration

In 2016, we announced the Group's Health and Safety Declaration and began implementing full-fledged health management which positions employees' health as an important foundation of management.

Health and Safety Declaration

The Group has made striving to be "a place where employees can feel truly happy and fulfilled" one of its Corporate Philosophies.

In addition, the Group brand statement pledges that we will "aspire to share the pleasures of good eating and the joys of health with people around the world," and we support people's mental and physical well-being through food and sports as one of the five important issues in the implementation of CSR initiatives.

To achieve this, the first thing that is necessary is that we ourselves maintain good mental and physical health.

Accordingly, as a business enterprise, we have positioned employee health as a vital management foundation and take measures to create health management systems and healthy work environments. We also provide support for the voluntary health maintenance and improvement activities of employees and their family members.

Building a health management system

In 2019, the Group companies located at the Osaka Head Office and Tokyo Branch Office concluded comprehensive industrial health contracts and began implementing initiatives such as a support program for returning to work, follow-up action after physical examinations, consultation and guidance from industrial physicians, and workplace inspections. We have also established an external consultation channel for discussing mental healthcare and we are establishing frameworks that enable employees to discuss mental health freely.

Promoting physical health

We are promoting physical health by advancing initiatives incorporating two aspects of healthcare, response (follow-up action after physical examinations) and prevention (diet, exercise, and not smoking). For prevention in particular, we are supporting activities to improve and maintain employees' health through initiatives such as prohibiting smoking during regular working hours and holding seminars that encourage employees to review exercise and eating habits.

Atmosphere at a seminar held in 2019

Promoting mental health

As part of our efforts to promote mental health, we conduct annual stress checks for all Group employees.

Individuals are given feedback on the results of their stress check and encouraged to monitor and deal with their stress. Group analysis is also used to provide feedback to individual workplaces with the aim of creating more pleasant workplace environments. We also support workplaces in using this feedback more effectively through videos explaining how to consider and use the analysis results.

Maintaining safe workplace environments

Daily safety activities

We have built a database regarding the occurrence of occupational accidents and countermeasures taken which is shared on a regular basis in order to avoid similar accidents and to prevent accidents by carrying out countermeasures across the Group. We also regularly hold study sessions and lectures, especially for employees responsible for safety, in order to build knowledge and strengthen coordination.

Safety activities at manufacturing plants

We have introduced occupational health and safety management systems at Group manufacturing plants and proactively implement PDCA cycles. We also work to prevent accidents through regular meetings of the Health and Safety Committee, which acts as a venue for sharing information from each workplace such as the status of inspections, progress made on countermeasures, and opinions from employees. In regard to safety efforts concerning machinery in particular, in addition to taking engineering-based measures, we also focus on thorough employee education in order to realize workplace environments that are considerate of workers.

Governance

61 Management approach
62 Corporate governance
66 Compliance
67 Risk management
68 Information security

Management approach We are building the most appropriate governance structure based on our Fundamental Policy.

Management approach

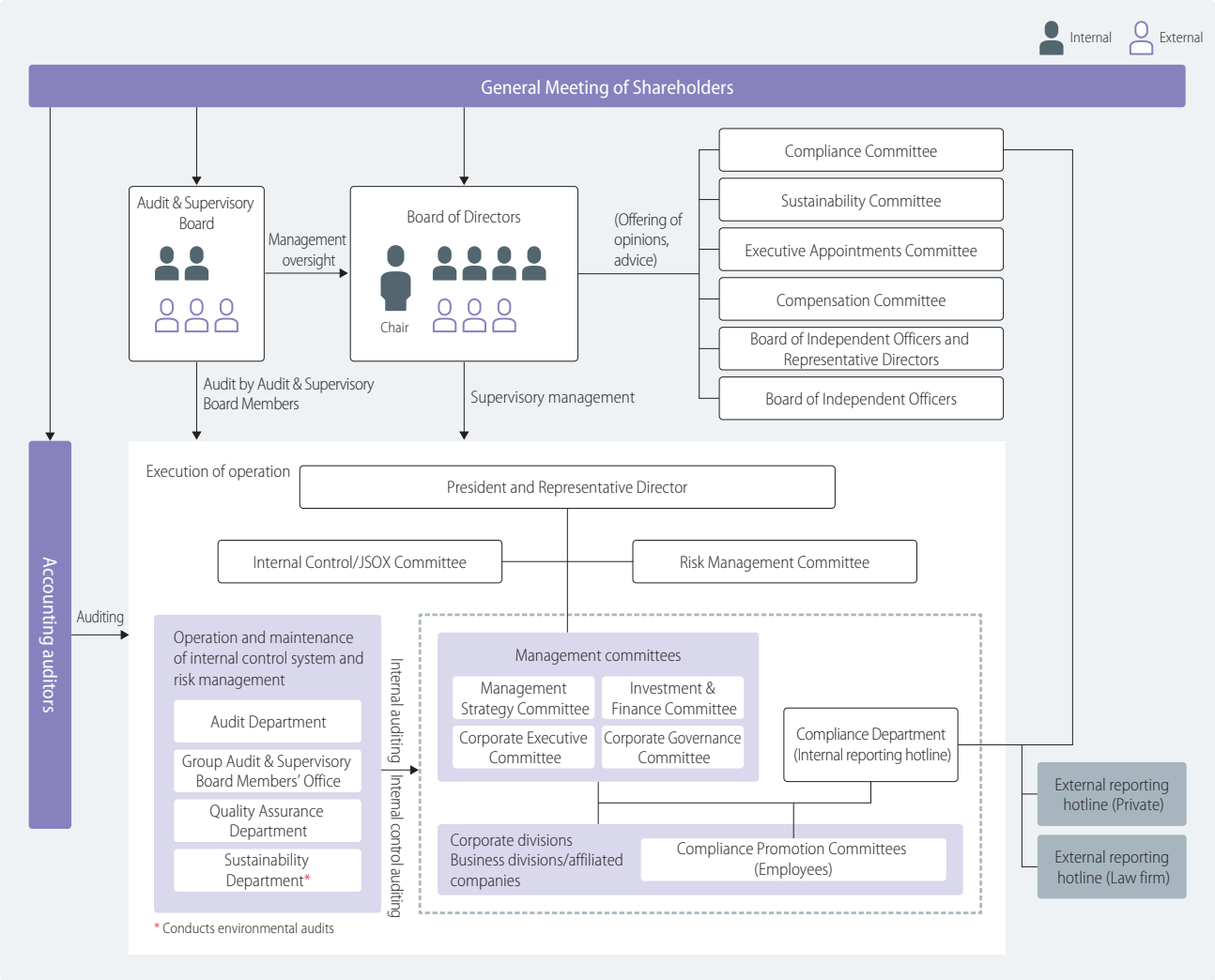
The NH Foods Group is working to fulfill its social responsibilities as a group of companies and achieve the Group Corporate Philosophies by building the most appropriate governance structure for the Group based on the NH Foods Group Fundamental Policy on Corporate Governance. The application of this structure aims to enhance management transparency and efficiency across the entire Group, to ensure timely and proper decision making as well as appropriate business operations, to enable proactive and courageous business judgments, and to clarify responsibilities.

NH Foods Group
Fundamental Policy on Corporate Governance

Company has enacted the "NH Foods Group Fundamental Policy on Corporate Governance" setting forth its basic views on and framework of corporate governance of the Company.

NH Foods Group
Fundamental Policy on Corporate Governance

Corporate governance system



Corporate governance

We have clarified the responsibility and authority of the management supervisory and business execution functions.

Directors and the Board of Directors

The Company clarifies that responsibility and authority regarding the management supervisory function lies with directors and responsibility and authority regarding the business execution function lies with executive officers.

We have set the number of directors to at least three but no more than 12 to ensure prompt and proper decision making and minimize the scope of liability of that body. We also appoint more than one outside director to ensure transparency. Currently, the Board comprises eight directors (seven men and one woman), which includes three outside directors. A director's term is one year for the purpose of facilitating annual accountability. The Board of Directors meets once a month with the president and representative director as chairperson, and makes decisions on the matters set forth in the laws, regulations, and the Articles of Incorporation, as well as other important matters. In FY2020, it discussed the new medium-term management plan and materialities.

Audit & Supervisory Board members and the Audit & Supervisory Board

The Audit & Supervisory Board carries out part of the supervisory function of the Company in cooperation with the Board of Directors. As an independent body entrusted by shareholders, it audits the execution of duties by directors. We have set the number of Audit & Supervisory Board members to at least three but no more than five to enable it to fully perform its supervisory function toward the Board of Directors. Also, in principle, over half of the members are outside Audit & Supervisory Board members. Currently, the Board comprises five members (all men), which includes three outside members.

The Audit & Supervisory Board should comprise individuals who have expertise in finance, accounting, and legal affairs, and there should be at least one member who has appropriate knowledge of finance and accounting in particular. The Audit & Supervisory Board meets once a month and discusses important matters concerning auditing.

Optional committees

To enhance the objectivity and transparency of management, the Company has established the following optional committees as advisory bodies to the Board of Directors.

	Objective and details	Meetings in FY2020
Compliance Committee	To ensure thorough compliance and raise society's trust in the Group by comprehensively confirming and reviewing Group-wide compliance and making proposals to the Board of Directors and management committees.	4 (100% attendance)
Sustainability Committee	To comprehensively review the sustainability initiatives of the Group, and report and make proposals to the Board of Directors.	3 (100% attendance)
Executive Appointments Committee	To strengthen the supervisory function of the Board of Directors by enhancing the transparency and objectivity of decisions on the selection of candidates for the positions of representative director, director, and Audit & Supervisory Board member, as well as discussions regarding the dismissal and/or removal of the President and Representative Director and other management members (executive directors and executive officers).	5 (100% attendance)
Compensation Committee	To strengthen the supervisory function of the Board of Directors by enhancing the transparency and objectivity of decisions regarding compensation for corporate officers (including executive officers).	3 (92.3% attendance)
Board of Independent Officers and Representative Directors	To facilitate exchanges of opinion among independent officers and representative directors as a forum for making proposals regarding improvements to the Group's corporate value and reforms to corporate culture.	2 (100% attendance)
Board of Independent Outside Officers	To facilitate discussions between independent directors and Audit & Supervisory Board members as a forum for exchanging information and sharing understandings from an independent and objective perspective.	2 (100% attendance)

Composition of optional committees (as of April 1, 2021)

Position	Name	Compliance Committee	Sustainability Committee	Executive Appointments Committee	Compensation Committee	Board of Independent Officers and Representative Directors	Board of Independent Outside Officers
President and Representative Director	Yoshihide Hata	◎	◎		○	○	
Representative Director	Tetsuhiro Kito	○	○			○	
Representative Director	Nobuhisa Ikawa	○	○			○	
Director	Fumio Maeda	○	○				
Director (outside)	Yasuko Kono*	○	○	◎	○	○	◎
Director (outside)	Atsushi Iwasaki*		○	○	◎	○	○
Director (outside)	Hideo Arase*		○	○	○	○	○
Director (outside)	Akihiko Shiba*			○		○	○
Director (outside)	Masayuki Kitaguchi*	Observer				○	○
Director (outside)	Tokushi Yamasaki*		Observer			○	○

◎ Chairperson ○ Committee member * Independent officer

Notes: 1. In addition to the above, the Compliance Committee also includes the corporate officer in charge of the Compliance and Audit Departments, corporate officer in charge of the Human Resources and General Affairs Departments, general manager of the Compliance Department, labor union representatives, and external experts.
2. In addition to the above, the Sustainability Committee also includes the general manager of the Overseas Business Division, corporate officer in charge of the Human Resources and General Affairs Departments, and external experts.

Corporate governance

We are strengthening the auditing and internal control functions of the entire Group.

Auditing system

Internal audits and audits by Audit & Supervisory Board members

The implementation of internal audits has been assigned to 19 employees of the Audit Department and is carried out in coordination with Audit & Supervisory Board members and accounting auditors. These audits include site visits to plants, business offices, and other facilities, as well as at both domestic and overseas subsidiaries, to evaluate their accounting and business operations. The results of internal audits are reported to the Board of Directors.

Accounting auditors evaluate the effectiveness of internal controls by holding discussions with the Audit Department to gauge the status of internal audits. They also exchange information concerning audit results.

With regard to audits by Audit & Supervisory Board members, members attend meetings of the Board of Directors, Management Strategy Committee, and other boards and committees in order to confirm business execution by directors. Each quarter, Audit & Supervisory Board members also exchange opinions and proposals with the President and Representative Director, and exchange opinions with outside directors.

Also, in order to monitor the status of business execution, at least one full-time Audit & Supervisory Board member and one outside Audit & Supervisory Board member participate in interviews with directors twice a year, and executive officers and the heads of major departments and divisions once per year, in order to confirm the situation regarding matters such as business execution, governance and compliance initiatives, workstyle reform, and human resources development.

Audits of domestic and overseas Group companies are conducted annually at key business sites mainly selected based on an audit plan formulated at the beginning of each fiscal year, and biannually at other sites. During these audits, interviews are held regarding matters such as the progress of business execution, response to material risks, compliance initiatives, progress on workstyle reform, and requests for the Group.

Audit & Supervisory Board members exchange information once per month with the accounting auditor and the internal audit departments, and observe audits by the internal audit departments and audits by the accounting auditor (including the year-end inventory audit).

Establishment of the Group Audit & Supervisory Board Members' Office

In April 2021, we established the Group Audit & Supervisory Board Members' Office to strengthen the Group's auditing and internal control functions and to establish an audit structure that also oversees affiliated companies. The office will coordinate with the Audit Department and Audit & Supervisory Board members to conduct preparatory training for newly appointed Audit & Supervisory Board members at Group companies and support the development of new auditing tools, as well as facilitate information sharing aimed at improving the quality and effectiveness of audits.

Accounting audits

The Company has concluded an auditing contract with Deloitte Touche Tohmatsu LLC, to carry out audits in accordance with the Companies Act of Japan and the Financial Instruments and Exchange Act. In addition, the department in charge of accounting holds discussions with accounting auditors as necessary with the aim of improving the transparency and correctness of accounting procedures.

Names of CPAs who performed audits	Name of auditing firm
Wakyu Shinmen	Deloitte Touche Tohmatsu LLC
Koichi Sekiguchi	Deloitte Touche Tohmatsu LLC
Shunsuke Matsumoto	Deloitte Touche Tohmatsu LLC

Notes: Assistants who helped with accounting audits included 17 CPAs, 11 CPA-certified individuals, and 33 other individuals.

Cross-shareholdings

In principle, the Company does not hold shares in cross-shareholdings. However, we may hold shares in cross-shareholdings in cases where it is recognized that cross-shareholding is essential to the sustainable growth of the Group or to improving corporate value, such as for reinforcing alliances in order to maintain business transactions and expand our business, and for smooth fund raising.

Once a year, we review all cross-held shares and closely examine whether factors such as the benefit of holding these shares, the risk of stock price fluctuations, and the credit risk of the issuing company are worth the capital cost, and then comprehensively determine whether holding such shares is appropriate or not.

If we determine that holding certain shares has become less necessary, we will dispose of such shares in an appropriate manner, taking into consideration matters such as stock price and market trends. There are also cases where even though the holding of certain shares has been recognized as significant, they may be disposed of based upon an agreement with the issuing company.

When exercising the voting rights of cross-held shares, we deliberate on each proposal offered by the issuing company and respect such proposals as long as they do not disregard the interests of shareholders. However, if any incidents of misconduct (including misconduct by management members) or antisocial behavior occur at an issuing company, we will exercise our voting rights with the aim of improving said company's corporate governance.

Corporate governance

We have appointed multiple outside directors and outside Audit & Supervisory Board members to ensure transparency.

Reasons for election and attendance of outside directors and Audit & Supervisory Board members

Name	Reason for election	Attendance
Yasuko Kono Outside Director	Yasuku Kono is expected to utilize her abundant experience and knowledge concerning consumer affairs to aid the general management of the Group and to provide valuable advice regarding the promotion and implementation of the Group's Five Materialities, which are social issues that should be addressed in order to realize the Group's Vision2030. She has already provided valuable and timely advice regarding "Create value through dialog with consumers" and "Pursue sustainability," which were management policies in Medium-Term Management Plan 2020.	Board of Directors meetings: 100% (18/18)
Atsushi Iwasaki Outside Director	Atsushi Iwasaki is expected to utilize his expert knowledge and abundant experience as a certified public accountant to aid the general management of the Group and to provide valuable advice regarding "Shift to a sustainable business model with profitability," a management policy in Medium-Term Management Plan 2023 that was formulated by backcasting from the achievement of Vision2030. He has already provided valuable and timely advice regarding "Increase existing businesses efficiency to boost profitability," which was a management policy in Medium-Term Management Plan 2020.	Board of Directors meetings: 100% (18/18)
Hideo Arase Outside Director	Hideo Arase has served as a director in charge of overseas business at a major manufacturer of medical equipment and possesses abundant experience of and deep insight into global corporate management that can adapt to change. He is therefore expected to aid the general management of the Group and to provide valuable advice regarding "Establish a growth model for Overseas Business," a management policy in Medium-Term Management Plan 2023 that was formulated by backcasting from the achievement of Vision2030. He has already provided valuable and timely advice regarding "Change gears in overseas market deployment," which was a management policy in Medium-Term Management Plan 2020.	Board of Directors meetings: 100% (18/18)
Akihiko Shiba Outside Audit & Supervisory Board member	Akihiko Shiba provides advice in a timely manner to ensure the legality and appropriateness of Group management from an objective and fair perspective based on his expert standpoint and abundant experience as an attorney-at-law. He has also served as a member of the Executive Appointments Committee.	Board of Directors meetings: 100% (18/18) Audit & Supervisory Board meetings: 100% (18/18)
Masayuki Kitaguchi Outside Audit & Supervisory Board member	Masayuki Kitaguchi provides advice in a timely manner to ensure the legality and appropriateness of Group management from an objective and fair perspective based on his expert standpoint and abundant experience as an attorney-at-law and certified public accountant. He has also served as an observer at meetings of the Compliance Committee.	Board of Directors meetings: 100% (18/18) Audit & Supervisory Board meetings: 100% (18/18)
Tokushi Yamasaki Outside Audit & Supervisory Board member	Tokushi Yamasaki provides advice in a timely manner to ensure the legality and appropriateness of Group management based on his expert standpoint and abundant experience as a former food sector securities analyst. He has also served as an observer at meetings of the Sustainability Committee.	Board of Directors meetings: 100% (18/18) Audit & Supervisory Board meetings: 100% (18/18)

Outside director's message

A transformation is needed within the Company so that all employees are conscious of the vision and incorporate it into their work.

Atsushi Iwasaki
Outside Director

When the Company started its new medium-term management plan in April 2021, we also formulated Vision 2030 "Unleash new potentials for protein" as a milestone in the pursuit of our Corporate Philosophies. The formulation process fostered discussions that took into account the nature of the Company and we moved to further spread this consciousness through methods such as newspaper ads. However, at present these efforts have been insufficient, so we need to realize a transformation within the Company to make all employees conscious of the vision to the extent that they incorporate it into their work.

At the same time, we need to make revisions to our Five Materialities (key issues) while keeping them consistent with Vision 2030. An overview of our materialities is included in this report and each materiality is something that both the Company and our stakeholders recognize as important. As an outside director, my role is to monitor efforts to achieve these materialities through reports on the state of progress made on KPI and other means.

We need to change our approach as a company so that instead of considering the sustainability of the Company and society as a tradeoff, we are thinking of how to realize them both simultaneously. I am looking forward to seeing specific ways of achieving this discussed at the Sustainability Committee and other forums.

Corporate governance

We are developing next-generation executives who can enhance corporate value in a sustainable manner.

Plan for the development of next-generation executives (selection, transfer, and training)

Human resources characters required for executives

The Group is working to continuously enhance corporate value by establishing the Plan for the Development of the Next Generation Executives and defining five "Human resources characters required for executives" (integrity, devotion, deliberation, endeavor, and empathy). The assessment of corporate officers involves executive officers creating a commitment sheet that incorporates these five requirements, followed by an interview with the President during which the setting and achievement of targets is confirmed. NH Foods Ltd. is also working to cultivate the next generation of human resources who possess the five requirements by introducing programs such as a selection, training, and transfer program and an executive behavioral characteristics analysis program on a company-wide basis.

We will enhance the pool of potential executives by revising human resources systems, to create more opportunities for potential next-generation leaders. We will then develop training for each level of the workforce based on this.

Developing next-generation executives

The Group implements next-generation executive planning initiative in accordance with the process in the Guidelines for Strategic Development of Managerial Human Resources to Improve Corporate Value released by the Ministry of Economy, Trade and Industry. Our plan started in 2018 and as of May 2021, we are engaged in Phase 4 – "Evaluation of the results of development, and reassessment and reevaluation of related measures." In fiscal 2021, our new executive officers participated in a young managers forum with a view to cultivating next-generation executive experience and creating useful contacts outside of the Group.

As part of our newly established training programs for each employee level, we plan to hold talks on the latest trends in corporate governance at meetings of the Board of Directors and talks by managers at meetings of the Corporate Executive Committee. We are also introducing a voluntary program for managers run by an external educational institution so that officers can continue to improve their abilities after being appointed and can maintain and further develop the five requirements of our managers. Additionally, we conduct 360-degree evaluation for employees who are the heads of major departments and divisions or above, which incorporates feedback from superiors, peers, and people working under them. These are useful for self-development.

We are carrying out succession planning for CEO and management positions through measures such as disclosing our requirements of executives, applying various external assessment systems, and carrying out education and training. Each year we make improvements, and the details of these improvements are discussed by the Executive Appointments Committee and confirmed by the Board of Directors.

Guidelines for the strategic cultivation of management leaders who can raise corporate value

	Item
Phase 1 Definition of the character of management leader human resources Formulation of a management leader human resources strategy	●Formulation of the five human resources characters required for executives ●Articulation of the Plan for the Development of the Next-Generation Executives in the NH Foods Group Fundamental Policy on Corporate Governance ●Addition of five requirements to the corporate officers' commitment sheet
Phase 2 Identification and evaluation of human resources, and selection and retention of candidates	●Formulation of a corporate officer candidate selection and deselection scheme ●Appointment of outside officers
Phase 3 Formulation and implementation of a human resources development plan, and conditioning and support for the development environment	●Conduct an executive behavioral characteristic analysis program for new executive officers ●Addition of employees who are subject to 360-degree evaluations (August 2021) ●Implementation of officer interviews by outside officers
Phase 4 Evaluation of the results of development, and reassessment and reevaluation of related measures	●Systemization of education and training programs for officers (from April 2021)

Overview of the program for cultivating next-generation executives

Talent management		Five Human Resources Characters Required for Executives	Executive
Selection	Select employees to join the human resources pool (assessments at every level and performance reviews, etc.)	Integrity	Implement programs such as selection, training, and transfer and an executive behavioral characteristic analysis program on a company-wide basis to cultivate the Next Generation of human resources who possess the five Human Resources Characters Required for Executives in a planned manner.
Training	Encourage employees to participate in selective training programs in order to widen horizons and gain a higher perspective	Devotion	
Transfer	Assign employees to different types of jobs or businesses than before to allow them to gain experience	Deliberation	
		Endeavor	
		Empathy	

Compliance We actively work to fulfill our social responsibilities in a just and sincere manner.

Compliance promotion framework

Important information concerning compliance is centrally managed by the Compliance Department which reports in real time to directors, Audit & Supervisory Board members, executive officers, and the heads of relevant departments and divisions and also presents reports to the Board of Directors and Compliance Committee.

Additionally, the Compliance Committee, which is responsible for verifying compliance status and considering compliance policies across the Group, the Compliance Promotion Committees, which advance compliance initiatives at each Group company and business division, and the Compliance Leader Conference, which comprises representatives from the Compliance Promotion Committee of each Group Company and considers specific measures, all coordinate to share the latest information and to work thoroughly toward better compliance management.

In fiscal 2020, the Compliance Committee met four times and the Compliance Leader Conference met three times.

Setting global action standards

We have established the NH Foods Group Global Action Standards as shared global standards and based on this, we formulated the NH Foods Group Action Standards (Japan version) for Japan.

Ensuring corruption prevention

We formulated the NH Foods Group Action Standards (Japan version) for Group companies in Japan and the NH Foods Group Overseas Governance Policy for Group companies overseas with a particular focus on preventing bribery. We also prohibit the provision of entertainment or gifts to public officials with the purpose of unjust profit, either directly or indirectly through agents or the like.

Identifying potential risks through regular visits to business sites

Members of the Compliance Department regularly visit our business sites and solicit feedback from employees. The goal is to identify potential risks, avoid them, take preventive measures, detect problems early, and solve them.

Employee awareness-raising activities

We work to entrench compliance awareness through the entire Group by leveraging various opportunities to carry out awareness-raising activities.

Compliance training is conducted for each level of employee and involves content such as learning about harassment issues and compliance violations and discussing case studies as a group. Also, all employees attend Compliance Competitions held at each business location and Group company, which include compliance study sessions and other events.

Additionally, each office holds office study groups to learn about harassment prevention and vitalizing workplace communication using video materials and case studies.

Establishing consultation channels

We have established consultation channels which all Group employees can access freely in order to share opinions, whistle blow, or seek advice about workplace issues. This includes one in-house channel and two external channels. In 2018, we also established the Auditor Consultation Channel to facilitate the reporting of illegal and illicit activities by Group officers.

Additionally, the NH Foods Group Whistleblowing Rules clarify that the identity of whistleblowing individuals should be protected and that unfair treatment toward these individuals is strictly prohibited. All Group employees are made thoroughly aware of these regulations. Consultations and reports can also be made through these channels anonymously to protect the individual making them.

FY2020 Compliance Training (Group companies in Japan)

Number of attendees **1,370**

Number of attendees ranked manager and higher **1,102**

FY2020 Compliance Competition

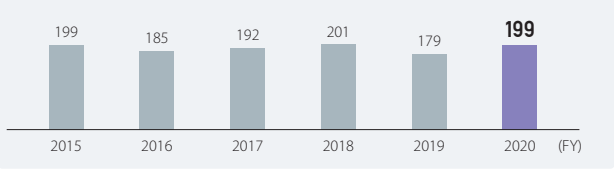
Number of attendees **20,545**

Note: Total number of participants in training programs for each employee level, such as new employee training, manager training, and Group president training. Manager training is attended by heads of departments and divisions.

Response steps

1. **Initial check**
   When a report is made, we check if it is anonymous or otherwise confirm the name and workplace of the individual making the report
2. **Investigation into the incident**
   Once we have the understanding of the individual making the report, we investigate the incident
3. **Feedback**
   We provide feedback to the individual making the report regarding the result of the investigation, response methods, corrective measures, and other matters
4. **Resolution**
   If necessary, we provide support to the relevant companies to implement corrective measures and measures to prevent reoccurrences

Number of consultations received (including whistleblowing reports)



Risk management We anticipate various risks and constantly implement preventative measures.

Risk management system

The risk management systems adopted by the Group are based on the "Risk management rules" outlining basic policies and management systems concerning risk management, with the President and Representative Director as the highest management executive.

The Risk Management Committee established by the President and Representative Director works to identify and assess various risks, as well as specify priority risks, and consider countermeasures. Based on the policies of the Committee, individual business divisions and departments coordinate risks relating to their own particular business domains and functions. Results are reported to the Board of Directors through the Committee. When events occur that may have a significant impact on the Group's business activities, units for taking countermeasures organized the expected severity of the risks are established, and prompt and appropriate action is undertaken.

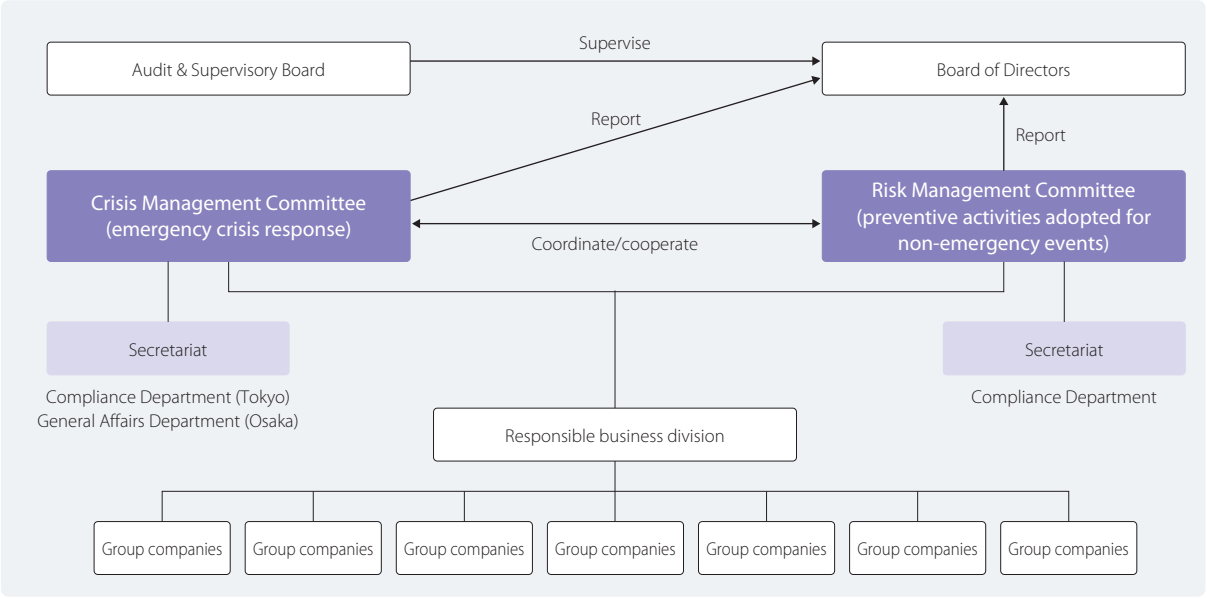
Not all risks are managed under the above frameworks. Product market risk arising from daily business activities is handled by individual business divisions, and financial risk by the Accounting & Finance Department and related business divisions.

Business Continuity Plan (BCP)

The Group periodically reviews and revises its disaster prevention and BCP manuals, and establishes measures to enable key operations to continue even in the event of a crisis.

However, because the current BCP primarily assumed the occurrence of large-scale natural disasters in the disaster prevention manual, it did not take into consideration the occurrence of a pandemic such as the COVID-19 outbreak that has spread on a large scale since the beginning of 2020. Going forward we will take pandemics into account as we build systems that ensure food supply chains can be maintained in times of crisis.

Risk management system



Information security

We are implementing proper information security measures in a planned manner.

Policy and views concerning information security

The Group recognizes that information security is a major issue affecting operations, conducts risk assessments for the Group as a whole, and implements appropriate information security measures in a deliberate manner. In addition to the NH Foods Group IT Security Management Regulations, which are universal IT security regulations for the entire Group, we have also established the NH Foods Group IT Security Management Rules, which sets out more detailed rules based on the regulations, and the IT Security Manual which contains information such as specific procedures. These are shared with all Group employees.

Advancing IT security measures

The Group's IT security measures are mainly led by the IT Strategy Department. In addition to security measures for networks and devices such as PCs, information security education for Group employees is conducted on a regular basis.

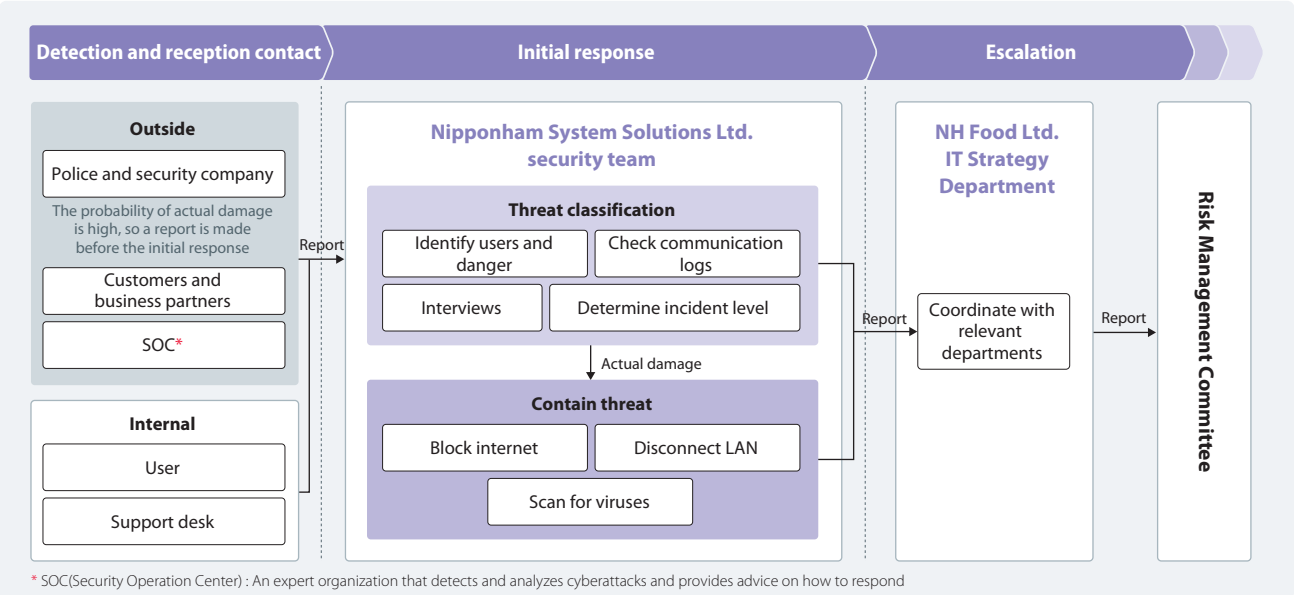
We also undergo information security risk assessments by a specialist security company and each year we formulate and implement security enhancement measures based on the results of these assessments.

This information is also reported to and approved by the Risk Management Committee and upper management.

Main IT security measures (including planned measures)

FY2018	External storage controls
FY2019	Switch to encrypted USB memory sticks
FY2020	Mounting of a virtual patching function
FY2021	Strengthening of log-in passwords for Windows PCs (planned)
FY2022	Detection of unrecognized viruses and virus spread prevention (planned)
FY2023	Introduction of privileged identity management solutions (planned)

Basic flow of response to information security incidents



* SOC(Security Operation Center) : An expert organization that detects and analyzes cyberattacks and provides advice on how to respond

Conducting information security education

We regularly conduct information security education for Group employees with the aim of raising awareness and ensuring compliance with information security policy.

Our information security education e-learning program is being implemented on a three-year cycle. In fiscal 2020, it was postponed due to the effects of the COVID-19 pandemic but in fiscal 2021 we plan to implement the program for around 10,000 Group employees in Japan.

We also run security drills each year and in fiscal 2020, we sent a targeted email attack to all Group email addresses. This was done so that we can carry out an appropriate response in the event of an actual email attack.

Furthermore, since fiscal 2020, we have been using video conferencing systems to expand information security study sessions to include overseas Group companies. A total of 25 companies have participated.

Guideline comparison chart

SR ・・・Sustainability Report　DB ・・・ESG Data Book　IR ・・・Integrated Report

The NH Foods Group refers to and reports on its sustainability initiatives on the basis of the GRI Standards and SASB Standards.

GRI Content Index

102: General Disclosures (2016)

Information disclosure		Publication place
1. Organizational Profile		
102－1	Name of the organization	SR P.5
102－2	Activities, brands, products, and services	SR P.6 Brand Websites List (in Japanese) WEB
102－3	Location of headquarters	SR P.5
102－4	Location of operations	Business Domains WEB
102－5	Ownership and legal form	SR P.5
102－6	Markets served	SR P.5
102－7	Scale of the organization	SR P.5
102－8	Information on employees and other workers	DB P.25 PDF
102－9	Supply chain	Business Domains WEB IR P.19-20 PDF
102－10	Significant changes to the organization and its supply chain	IR Information > Filing Information (in Japanese) WEB Securities Report for the 76th Period (in Japanese) P.90 PDF
102－11	Precautionary principle or approach	–
102－12	External initiatives	SR P.22
102－13	Membership of associations	–
2. Strategy		
102－14	Statement from senior decision-makers	SR P.9-10
102－15	Key impacts, risks, and opportunities	SR P.9-18 IR P.11-16,22-32 PDF
3. Ethics and Integrity		
102－16	Values, principles, standards, and norms of behavior	SR P.3-4 NH Foods Group Action Standards (in Japanese) WEB
102－17	Mechanisms for advice and concerns about ethics	SR P.66
4. Governance		
102－18	Governance structure	SR P.20,61-65
102－19	Delegating authority	–
102－20	Executive-level responsibility for economic, environmental, and social topics	SR P.15,20
102－21	Consulting stakeholders on economic, environmental, and social topics	SR P.22 Dialogues with Stakeholders WEB
102－22	Composition of the highest governance body and its committees	Corporate Governance Report P.5-10 PDF Securities Report for the 76th Period (in Japanese) P.45-49 PDF
102－23	Chair of the highest governance body	Fundamental Policy on Corporate Governance P.2-4 PDF Corporate Governance Report P.5,11-12 PDF Securities Report for the 76th Period (in Japanese) P.45-49 PDF
102－24	Nominating and selecting the highest governance body	Fundamental Policy on Corporate Governance P.2-4 PDF Corporate Governance Report P.2-3 PDF
102－25	Conflicts of interest	Corporate Governance Report P.1,5-9 PDF Securities Report for the 76th Period (in Japanese) P.45-55,64 PDF
102－26	Role of highest governance body in setting purpose, values, and strategy	SR P.20 Fundamental Policy on Corporate Governance P.3 PDF
102－27	Collective knowledge of highest governance body	–
102－28	Evaluating the highest governance body's performance	Fundamental Policy on Corporate Governance P.4-5 PDF
102－29	Identifying and managing economic, environmental, and social impacts	SR P.11-16,19-22
102－30	Effectiveness of risk management processes	SR P.67-68
102－31	Review of economic, environmental, and social topics	SR P.19-22
102－32	Highest governance body's role in sustainability reporting	SR P.19-22
102－33	Communicating critical concerns	SR P.66-68
102－34	Nature and total number of critical concerns	–
102－35	Remuneration policies	Fundamental Policy on Corporate Governance P.10 PDF
102－36	Process for determining remuneration	IR P.68 PDF Fundamental Policy on Corporate Governance P.10 PDF
102－37	Stakeholders' involvement in remuneration	–
102－38	Annual total compensation ratio	–
102－39	Percentage increase in annual total compensation ratio	–
5. Stakeholder Engagement		
102－40	List of stakeholder groups	SR P.22

SR ・・・Sustainability Report DB ・・・ESG Data Book IR ・・・Integrated Report

102－41	Collective bargaining agreements	–
102－42	Identifying and selecting stakeholders	SR P.22
102－43	Approach to stakeholder engagement	SR P.22
102－44	Key topics and concerns raised	Dialogues with Stakeholders WEB
6. Reporting Practice		
102－45	Entities included in the consolidated financial statements	Securities Report for the 76th Period (in Japanese) P.8-11 PDF
102－46	Defining report content and topic Boundaries	–
102－47	List of material topics	SR P.11-16
102－48	Restatements of information	–
102－49	Changes in reporting	–
102－50	Reporting period	SR P.2
102－51	Date of most recent report	–
102－52	Reporting cycle	–
102－53	Contact point for questions regarding the report	SR P.2
102－54	Claims of reporting in accordance with the GRI Standards	–
102－55	GRI content index	SR P.69-72
102－56	External assurance	SR P.74

103: Management Approach (2016)

Information disclosure		Publication place
103－1	Explanation of the material topic and its boundary	SR P.11-18
103－2	The management approach and its components	SR P.11-18
103－3	Evaluation of the management approach	SR P.25

GRI 200: Economic

Information disclosure		Publication place
201 : Economic Performance (2016)		
201－1	Direct economic value generated and distributed	Consolidated Financial Data WEB Securities Report for the 76th Period (in Japanese) P.2 PDF
201－2	Financial implications and other risks and opportunities due to climate change	SR P.17-18 Securities Report for the 76th Period (in Japanese) P.18 PDF
201－3	Defined benefit plan obligations and other retirement plans	Securities Report for the 76th Period (in Japanese) P.107-110 PDF
201－4	Financial assistance received from government	–
202 : Market Presence (2016)		
202－1	Ratios of standard entry level wage by gender compared to local minimum wage	–
202－2	Proportion of senior management hired from the local community	–
203: Indirect Economic Impacts (2016)		
203－1	Infrastructure investments and services supported	–
203－2	Significant indirect economic impacts	–
204: Procurement Practices (2016)		
204－1	Proportion of spending on local suppliers	–
205: Anti-corruption (2016)		
205－1	Operations assessed for risks related to corruption	SR P.66 DB P.37 PDF
205－2	Communication and training about anti-corruption policies and procedures	SR P.66 DB P.36-37 PDF
205－3	Confirmed incidents of corruption and actions taken	–
206: Anti-competitive Behavior (2016)		
206－1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	–
207: Tax (2019)		
207－1	Approach to tax	Corporate Governance WEB
207－2	Tax governance, control, and risk management	–
207－3	Stakeholder engagement and management of concerns related to tax	–
207－4	Country-by-country reporting	–

GRI 300: Environmental

Information disclosure		Publication place
301: Materials (2016)		
301－1	Materials used by weight or volume	Material Flow WEB
301－2	Recycled input materials used	–
301－3	Reclaimed products and their packaging materials	–

SR ・・・Sustainability Report DB ・・・ESG Data Book IR ・・・Integrated Report

302: Energy (2016)		
302 – 1	Energy consumption within the organization	SR P.25 Material Flow WEB DB P.5 PDF
302 – 2	Energy consumption outside of the organization	–
302 – 3	Energy intensity	DB P.5-6 PDF
302 – 4	Reduction of energy consumption	SR P.25,27 DB P.1,5 PDF
302 – 5	Reductions in energy requirements of products and services	–
303: Water and Effluents (2018)		
303 – 1	Interactions with water as a shared resource	–
303 – 2	Management of water discharge-related impacts	–
303 – 3	Water withdrawal	SR P.35 DB P.7 PDF
303 – 4	Water discharge	DB P.7 PDF
303 – 5	Water consumption	DB P.7 PDF
304: Biodiversity (2016)		
304 – 1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–
304 – 2	Significant impacts of activities, products, and services on biodiversity	–
304 – 3	Habitats protected or restored	SR P.36
304 – 4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	–
305: Emissions (2016)		
305 – 1	Direct (Scope 1) GHG emissions	DB P.2-4 PDF
305 – 2	Energy indirect (Scope 2) GHG emissions	DB P.2-4 PDF
305 – 3	Other indirect (Scope 3) GHG emissions	DB P.2-4 PDF
305 – 4	GHG emissions intensity	DB P.3 PDF
305 – 5	Reduction of GHG emissions	SR P.25-30 DB P.2-4
305 – 6	Emissions of ozone-depleting substances (ODS)	–
305 – 7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Material Flow WEB DB P.12-22 PDF
306: Waste (2020)		
306 – 1	Waste generation and significant waste-related impacts	–
306 – 2	Management of significant waste-related impacts	SR P.31-34
306 – 3	Waste generated	SR P.31 DB P.13 PDF
306 – 4	Waste diverted from disposal	Material Flow WEB DB P.13 PDF
306 – 5	Waste directed to disposal	Material Flow WEB DB P.13 PDF
307: Environmental Compliance (2016)		
307 – 1	Non-compliance with environmental laws and regulations	DB P.10 PDF
308: Supplier Environmental Assessment (2016)		
308 – 1	New suppliers that were screened using environmental criteria	–
308 – 2	Negative environmental impacts in the supply chain and actions taken	–

GRI 400: Social

Information disclosure		Publication place
401: Employment (2016)		
401 – 1	New employee hires and employee turnover	DB P.25 PDF
401 – 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–
401 – 3	Parental leave	SR P.58 DB P.27 PDF
402: Labor/Management Relations (2016)		
402 – 1	Minimum notice periods regarding operational changes	–
403: Occupational Health and Safety (2018)		
403 – 1	Occupational health and safety management system	SR P.59
403 – 2	Hazard identification, risk assessment, and incident investigation	–
403 – 3	Occupational health services	–
403 – 4	Worker participation, consultation, and communication on occupational health and safety	–

SR ・・・Sustainability Report DB ・・・ESG Data Book IR ・・・Integrated Report

403－5	Worker training on occupational health and safety	SR P.59
403－6	Promotion of worker health	SR P.59
403－7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR P.59
403－8	Workers covered by an occupational health and safety management system	DB P.30
403－9	Work-related injuries	DB P.29
403－10	Work-related ill health	DB P.29
404: Training and Education (2016)		
404－1	Average hours of training per year per employee	–
404－2	Programs for upgrading employee skills and transition assistance programs	SR P.52-59
404－3	Percentage of employees receiving regular performance and career development reviews	DB P.28
405: Diversity and Equal Opportunity (2016)		
405－1	Diversity of governance bodies and employees	DB P.25 Corporate Governance Report P.11
405－2	Ratio of basic salary and remuneration of women to men	–
406: Non-discrimination (2016)		
406－1	Incidents of discrimination and corrective actions taken	–
407: Freedom of Association and Collective Bargaining (2016)		
407－1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–
408: Child Labor (2016)		
408－1	Operations and suppliers at significant risk for incidents of child labor	–
409: Forced or Compulsory Labor (2016)		
409－1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	–
410: Security Practices (2016)		
410－1	Security personnel trained in human rights policies or procedures	–
411: Rights of Indigenous Peoples (2016)		
411－1	Incidents of violations involving rights of indigenous peoples	–

412: Human Rights Assessment (2016)		
412－1	Operations that have been subject to human rights reviews or impact assessments	–
412－2	Employee training on human rights policies or procedures	–
412－3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–
413: Local Communities (2016)		
413－1	Operations with local community engagement, impact assessments, and development programs	SR P.45-47
413－2	Operations with significant actual and potential negative impacts on local communities	–
414: Supplier Social Assessment (2016)		
414－1	New suppliers that were screened using social criteria	–
414－2	Negative social impacts in the supply chain and actions taken	SR P.50-51
415: Public Policy (2016)		
415－1	Political contributions	DB P.31
416: Customer Health and Safety (2016)		
416－1	Assessment of the health and safety impacts of product and service categories	SR P.40-41 Quality Assurance
416－2	Incidents of non-compliance concerning the health and safety impacts of products and services	–
417: Marketing and Labeling (2016)		
417－1	Requirements for product and service information and labeling	Quality Assurance Product Information (in Japanese)
417－2	Incidents of non-compliance concerning product and service information and labeling	–
417－3	Incidents of non-compliance concerning marketing communications	–
418: Customer Privacy (2016)		
418－1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	–
419: Socioeconomic Compliance (2016)		
419－1	Non-compliance with laws and regulations in the social and economic area	–

SR ・・・Sustainability Report DB ・・・ESG Data Book

SASB Index

FB-MP MEAT, POULTRY & DAIRY

Topic	Code	Publication place
Greenhouse Gas Emissions	FB-MP-110a.1	DB P.2-4 PDF
	FB-MP-110a.2	SR P.17-18
Energy Management	FB-MP-130a.1	DB P.5 PDF
Water Management	FB-MP-140a.1	DB P.7 PDF
	FB-MP-140a.2	DB P.10 PDF
	FB-MP-140a.3	–
Land Use & Ecological Impacts	FB-MP-160a.1	–
	FB-MP-160a.2	–
	FB-MP-160a.3	–
Food Safety	FB-MP-250a.1	–
	FB-MP-250a.2	–
	FB-MP-250a.3	–
	FB-MP-250a.4	–
Antibiotic Use in Animal Production	FB-MP-260a.1	–
Workforce Health & Safety	FB-MP-320a.1	DB P.29 PDF
	FB-MP-320a.2	–
Animal Care & Welfare	FB-MP-410a.1	–
	FB-MP-410a.2	–
	FB-MP-410a.3	–
Environmental & Social Impacts of Animal Supply Chain	FB-MP-430a.1	–
	FB-MP-430a.2	–
Animal & Feed Sourcing	FB-MP-440a.1	–
	FB-MP-440a.2	–
	FB-MP-440a.3	–

Activity Metrics

Number of processing and manufacturing facilities	FB-MP-000.A	SR P.5
Animal protein production, by category; percentage outsourced	FB-MP-000.B	SR P.5

FB-PF PROCESSED FOODS

Topic	Code	Publication place
Energy Management	FB-PF-130a.1	DB P.5 PDF
Water Management	FB-PF-140a.1	DB P.7 PDF
	FB-PF-140a.2	DB P.10 PDF
	FB-PF-140a.3	–
Food Safety	FB-PF-250a.1	–
	FB-PF-250a.2	–
	FB-PF-250a.3	–
	FB-PF-250a.4	–
Health & Nutrition	FB-PF-260a.1	–
	FB-PF-260a.2	SR P.44
Product Labeling & Marketing	FB-PF-270a.1	–
	FB-PF-270a.2	–
	FB-PF-270a.3	–
	FB-PF-270a.4	–
Packaging Lifecycle Management	FB-PF-410a.1	–
	FB-PF-410a.2	SR P.30,33
Environmental & Social Impacts of Ingredient Supply Chain	FB-PF-430a.1	SR P.51
	FB-PF-430a.2	–
Ingredient Sourcing	FB-PF-440a.1	–
	FB-PF-440a.2	–

Activity Metrics

Weight of products sold	FB-PF-000.A	Material Flow WEB
Number of production facilities	FB-PF-000.B	SR P.5

Third-party verification

NH Foods Group has been subjected to third-party verification about the appropriateness of disclosed data.

Subjects

- Stakeholder management process
- Greenhouse gas (GHG) emissions (Scope 1, 2(*), and 3)
- Energy consumption
- Water consumption
- The management systems supporting the reporting

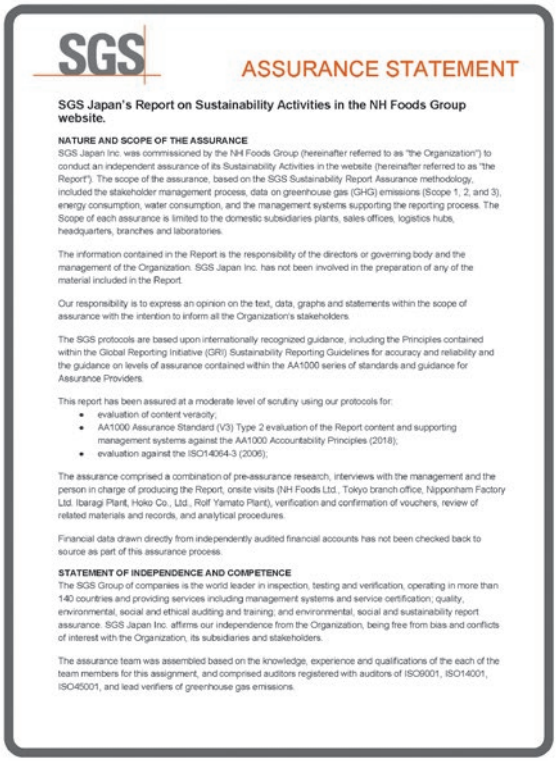
*** Greenhouse gases covered carbon dioxide, methane, and nitrous oxide**

Period covered

April 1, 2020 to March 31, 2021

The Scope of each assurance covers the domestic subsidiaries, plants, sales offices, logistics hubs, headquarters, branches, and laboratories.

Note: The information on this page is disclosed on NH Foods Group website.



SGS

ASSURANCE STATEMENT

SGS Japan's Report on Sustainability Activities in the NH Foods Group website.

NATURE AND SCOPE OF THE ASSURANCE

SGS Japan Inc. was commissioned by the NH Foods Group (hereinafter referred to as "the Organization") to conduct an independent assurance of its Sustainability Activities in the website (hereinafter referred to as "the Report"). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the stakeholder management process, data on greenhouse gas (GHG) emissions (Scope 1, 2, and 3), energy consumption, water consumption, and the management systems supporting the reporting process. The Scope of each assurance is limited to the domestic subsidiaries plants, sales offices, logistics hubs, headquarters, branches and laboratories.

The information contained in the Report is the responsibility of the directors or governing body and the management of the Organization. SGS Japan Inc. has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all the Organization's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity;
- AA1000 Assurance Standard (V3) Type 2 evaluation of the Report content and supporting management systems against the AA1000 Accountability Principles (2018);
- evaluation against the ISO14064-3 (2006);

The assurance comprised a combination of pre-assurance research, interviews with the management and the person in charge of producing the Report, onsite visits (NH Foods Ltd., Tokyo branch office, Nipponham Factory Ltd. Ibaragi Plant, Hoko Co., Ltd., Rolf Yamato Plant), verification and confirmation of vouchers, review of related materials and records, and analytical procedures.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; and environmental, social and sustainability report assurance. SGS Japan Inc. affirms our independence from the Organization, being free from bias and conflicts of interest with the Organization, its subsidiaries and stakeholders.

The assurance team was assembled based on the knowledge, experience and qualifications of the each of the team members for this assignment, and comprised auditors registered with auditors of ISO9001, ISO14001, ISO45001, and lead verifiers of greenhouse gas emissions.

ASSURANCE OPINION

Within the scope of the assurance activities employing the methodologies described above, nothing has come to our attention that caused us to believe that the information and data contained within the Report does not provide a fair and balanced description of the Organization's sustainability activities from 1 April, 2020 to 31 March, 2021.

The assurance team is of the opinion that the Report can be used by the Reporting Organization's Stakeholders. We believe that the Organization has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

The organization identifies its stakeholders as consumers, business partners, shareholders, investors, employees, government, international community, local community, and local environment, and establishes communication opportunities for each of them. The needs and expectations of the stakeholders are input to the organization through these activities, and their responses are considered. This process is continuous and effective because it is integrated into the business. Consequently, SGS Japan Inc. confirmed through the verification that the Organization supports the principle of Inclusivity.

Materiality

Based on the efforts of ISO26000, GRI, and other companies in the same industry, the Organization extracts initial evaluation items from social issues. In addition, it is the system that consolidates the opinions of stakeholders. The identified issues are evaluated by external experts and internal executive management, and have been finalized into five important issues. These five issues are reflected in the medium-term management plan and they are addressed as business activities. These processes are published in the Report. Consequently, SGS Japan Inc. confirmed through the verification that the Organization has identified important issues.

Responsiveness

The organization is engaged in various activities, taking into account the allocation of resources to the five important issues identified. Their activities have been reported to stakeholders by disclosing them in the Report. The organization implements initiatives to raise awareness among employees and communicates with external stakeholders through various means, including dialogue. Consequently, SGS Japan Inc. confirmed through the verification that the Organization addresses these issues.

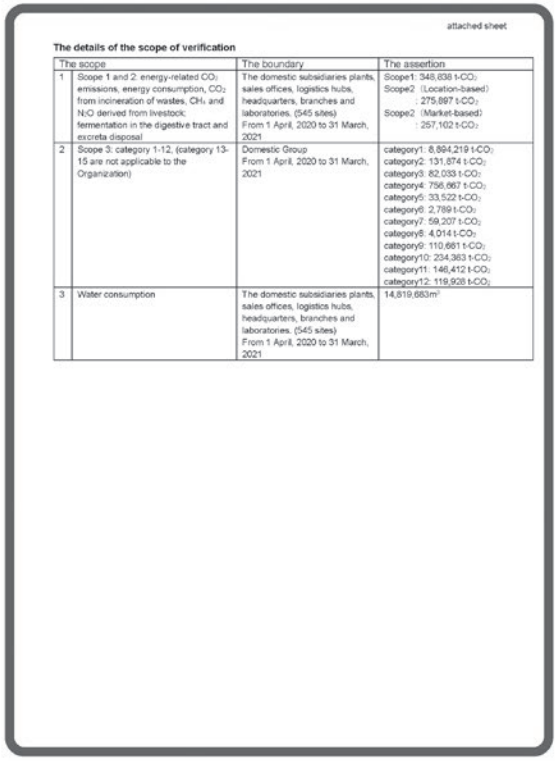
Impact

The organization reports performance results related to important issues, including detailed examples. Some, but not all, of these performance data are being assessed for impact. On the other hand, as they are not disclosed, there is room for improvement in future disclosure. Consequently, SGS Japan Inc. confirmed through the verification that the Organization supports the principle of impact.

For and on behalf of SGS Japan Inc.
Senior Executive & Director
Certification and Business Enhancement
Yuji Takeuchi

23 June, 2021

AA1000
Licensed Report
000-8/V3-RL4DS



attached sheet

The details of the scope of verification

	The scope	The boundary	The assertion
1	Scope 1 and 2: energy-related CO_2 emissions, energy consumption, CO_2 from incineration of wastes, CH_4 and N_2O derived from livestock fermentation in the digestive tract and excreta disposal	The domestic subsidiaries plants, sales offices, logistics hubs, headquarters, branches and laboratories. (545 sites) From 1 April, 2020 to 31 March, 2021	Scope1: 348,838 t-CO_2 Scope2 (Location-based) : 275,897 t-CO_2 Scope2 (Market-based) : 257,102 t-CO_2
2	Scope 3: category 1-12, (category 13-15 are not applicable to the Organization)	Domestic Group From 1 April, 2020 to 31 March, 2021	category1: 8,894,219 t-CO_2 category2: 131,874 t-CO_2 category3: 82,033 t-CO_2 category4: 756,667 t-CO_2 category5: 33,522 t-CO_2 category6: 2,789 t-CO_2 category7: 59,207 t-CO_2 category8: 4,014 t-CO_2 category9: 110,681 t-CO_2 category10: 234,363 t-CO_2 category11: 146,412 t-CO_2 category12: 119,928 t-CO_2
3	Water consumption	The domestic subsidiaries plants, sales offices, logistics hubs, headquarters, branches and laboratories. (545 sites) From 1 April, 2020 to 31 March, 2021	14,819,683m^3

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NH Foods Group Vision 2030

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