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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.

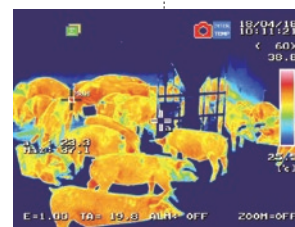
The Smart Pig Farming System

Cameras, microphones, and environmental sensors placed in pig houses to monitor pig rearing situations in real time

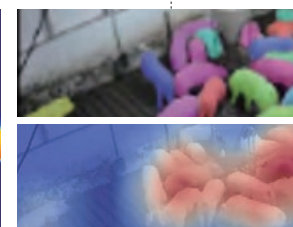


A pig house of Interfarm Co., Ltd.

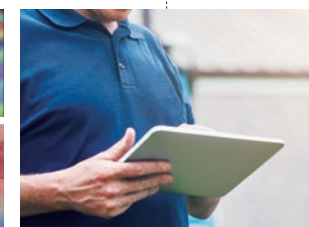
Data is collected 24 hours a day through IoT



Factors such as piglet health and the breeding potential of mother pigs is analyzed using AI



Efficient and effective rearing is made possible



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.

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.

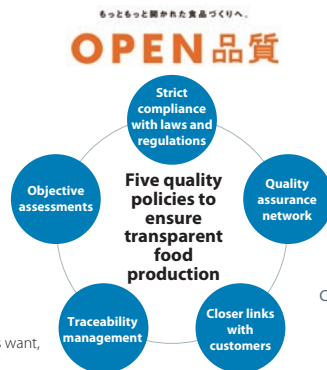
NH Foods Group quality policies

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

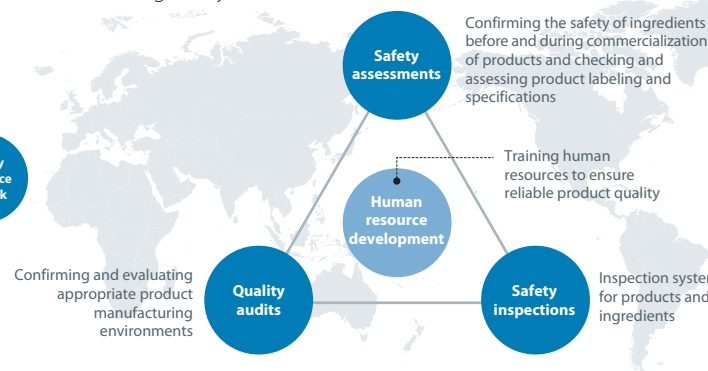
Open = Disclosing all the information that customers desire
Quality = Delivering the value that customers want, including safety, security, and flavor



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.

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

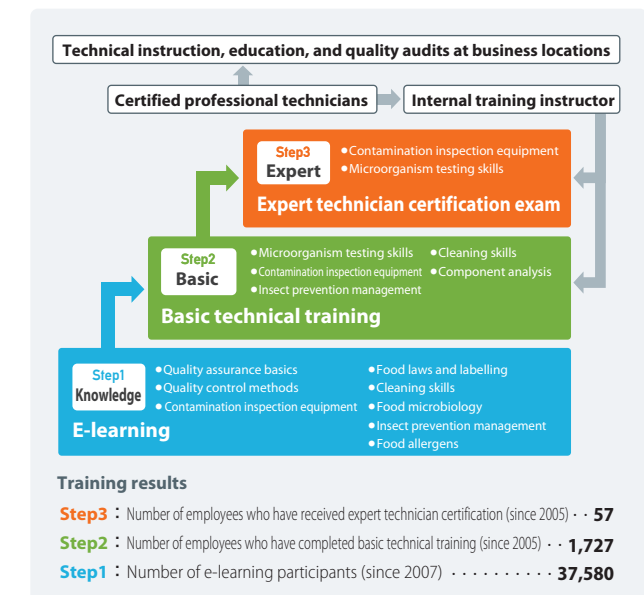
continually improve the level of our quality assurance.

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.

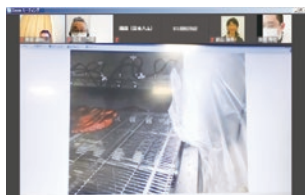
We also ensure that outsourcing partners, including ones located overseas, understand the Group's approach to quality and request improvements when necessary.

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.



^{*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.

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

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.



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

Isey 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

What are imidazole dipeptides?

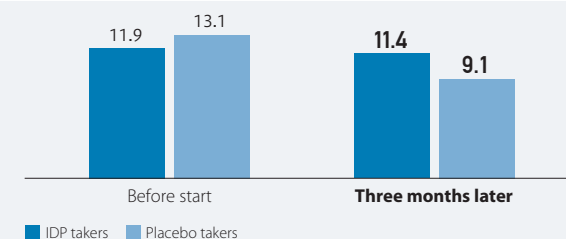
Imidazole dipeptides are dipeptides that have an imidazole base, such as carnosine, anserine, and balenine. They are found in abundance in the muscle tissue of animals. Chicken breast meat is a foodstuff that contains particularly high quantities. It is also found in human muscle tissues and humans with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

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.

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 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 dietitians 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 dietitians and nutritionists, hosting cooking contests, and publishing booklets.



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



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

priority issue at F Village and there will be a focus on activities that contribute to children's learning, play, and growth.

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 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.

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.

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髪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：女同性愛者(Lesbian：レズビアン)、男同性愛者(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。

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.



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 purchases 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.).



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.

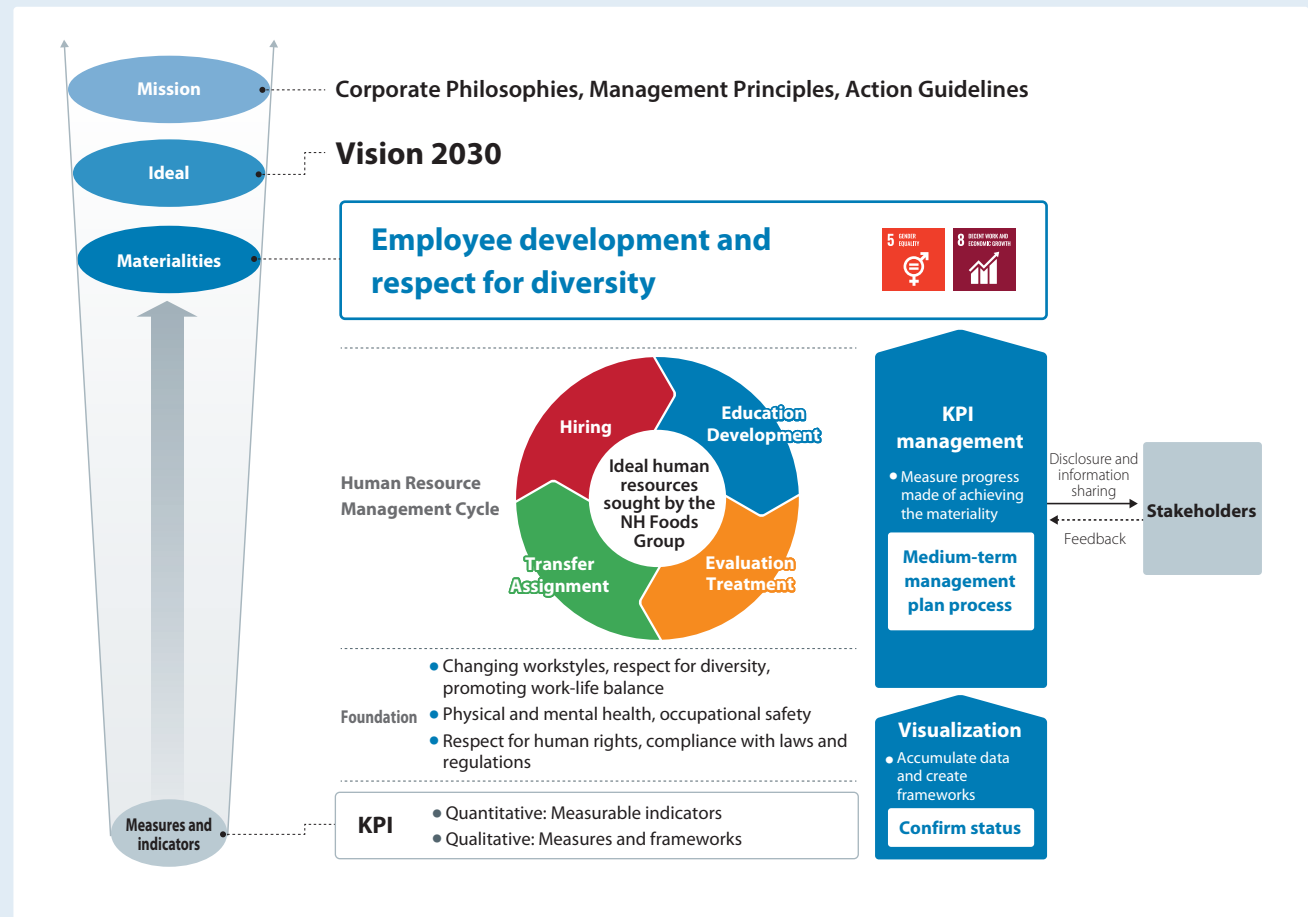
We aim to be “a place where employees can feel truly happy and fulfilled,” where each individual is respected and can grow while demonstrating their abilities.

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

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

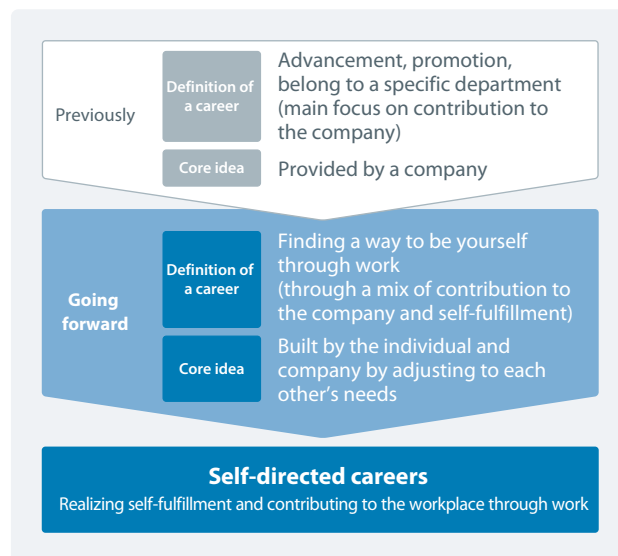
Enhancing job satisfaction for employees

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.

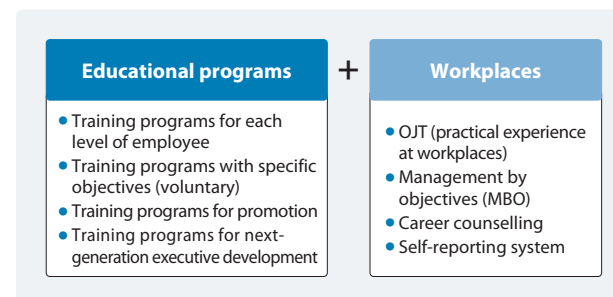
We also actively recruit mid-career employees all year round so that we can secure personnel who have advanced expertise and wide-ranging experience.



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	<ul style="list-style-type: none"> • Life career Money, health and nursing care
II . 39	<ul style="list-style-type: none"> • 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 knowledge 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	<ul style="list-style-type: none"> ● 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 assessment 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.