



NH Foods Group

# Sustainability Report 2022

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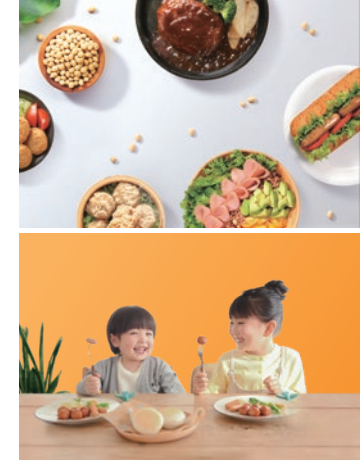
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## Editorial policy

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. This year, we have focused on initiatives that reflect the Group's unique approach to each of our Five Materialities.

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We formulated Vision2030 as our vision for the NH Foods Group in 2030 to enable us to continue delivering *Joy of Eating*, which is at the heart of the Group's corporate philosophy. Under the vision's corporate slogan of "unleash new potentials for protein," we will tackle the ongoing challenge of transforming the Group. Fiscal 2021 saw the manifestation of issues relating to food production and procurement, driven by the combination of the COVID-19 pandemic and the crisis in Ukraine. As a corporate Group that is responsible for food infrastructure that is essential for life, this year reaffirmed the importance of stable food procurement and supply. It has renewed our determination to further evolve so that we can fulfill our social responsibilities as a group of food companies while also realizing sustainable growth in a way that is beneficial for society and the environment.

We are working steadily on the Five Materialities identified for achieving our vision.

Regarding the environment, it is crucial that we address climate change. We have set the target of reducing CO<sub>2</sub> emissions derived from fossil fuels by at least 46% compared to fiscal 2013 by fiscal 2030 and we are developing measures for achieving carbon neutrality. Furthermore, we recognize that reducing greenhouse gases emitted by livestock, such as methane, is an important challenge. Additionally, we have updated the packaging for *Schau Essen*, which has reduced

plastic usage by 28%, leading to a reduction in annual CO<sub>2</sub> emissions of approximately 4,000 tons. We aim to lead the industry in terms of solving environmental issues.

We have also been addressing animal welfare by formulating core values and a code of conduct, as well as committing to eliminating gestation crates at all our pig farms by fiscal 2030. While we also have to overcome economic challenges, we will provide consumers with new choices by launching value added meat brands.

March 2022 marked the 80th anniversary of the founding of the Group. While it is currently difficult to predict the future, we will advance structural reforms in order to further develop existing businesses and create new businesses. The efforts of our employees will be essential to achieving this. I intend to return to the starting point of our corporate philosophy, which states, "Our company is a place where employees can feel truly happy and fulfilled," to improve employee engagement. This will include realizing well-being for all employees by building organizational structures that enable people to work with peace of mind while maintaining their mental and physical health, as well as work environments which enable each individual to demonstrate their capabilities and work with enthusiasm.

Going forward, you can count on the NH Foods Group to take on further challenges. We look forward to your continuing support.

## Taking on the challenge of realizing our vision while fulfilling our mission as a foods company

**Yoshihide Hata**

President and Representative Director





# Solving social issues with a future-oriented approach

## Nobuhisa Ikawa

Representative Director and Executive Vice President  
(Director in Charge of Sustainability)

### Engaging materialities

We have identified the Five Materialities for realizing Vision2030 and we are working to continuously enhance corporate value by combining sustainability strategy with business strategy.

One of the challenges we must address when engaging these materialities is promoting awareness of sustainability. In February 2022, we carried out the *Schau Essen* topknot cut campaign, which showcased the reduction in plastic use achieved by the new packaging to wider society, helping to raise awareness not only within the industry and among consumers, but also among employees. We will expand these kinds of initiatives while also keeping up to speed with the ideas being generated by employees at our workplaces, so that we can further raise motivation to pursue sustainability throughout the Group.

## Reducing greenhouse gas emissions

We are tackling global warming by advancing measures to achieve carbon neutrality. This includes setting the target of reducing fossil fuel-derived CO<sub>2</sub> emissions by at least 46% compared to fiscal 2013 by fiscal 2030. The changes to the *SCHAU ESSEN* packaging mentioned previously have resulted in a reduction in plastic use of 28%, thereby reducing annual CO<sub>2</sub> emissions by approximately 4,000 tons. In addition to this, we are advancing energy-saving initiatives such as installing solar power generation equipment at business locations and on idle land, using livestock manure for biomass power generation, and using the waste animal and plant-derived oils generated through food production processes as fuel. We are also continuously working to reduce greenhouse gas emissions caused by livestock in Japan by advancing joint research with universities and other organizations into curbing methane emissions, and overseas by testing the feasibility of potential methods in Australia.

## Addressing animal welfare

Interest in animal welfare has been growing in recent years. In November 2021, we formulated the NH Foods Group Animal Welfare Core Values and NH Foods Group Animal Welfare Code of Conduct to raise awareness among employees. We plan to eliminate gestation crates at all our pig farms in Japan by fiscal 2030 and develop fresh meat brands that meet the

higher animal welfare standards expected by society. While there are still some challenges that we need to overcome, we will continue to move forward together with our stakeholders.

## PIG LABO smart pig farming system

We believe that it is the social responsibility of the NH Foods Group to make the livestock industry in Japan more sustainable. The industry is facing various challenges, including securing personnel, cultivating successors to take over rearing businesses, and improving work environments, so utilizing digital technologies to advance reforms is an urgent issue. Pig rearing is particularly labor intensive, requiring human attention at every stage from mating through to birth. We are utilizing digital technologies to solve these issues through the development of PIG LABO, a smart pig farming system that includes AI and cameras. Verification testing has already been completed and we are now working on the actual implementation. This is the beginning of a new era for the livestock industry.

## Contributing to local communities

One of our materialities is “co-creation and shared prosperity with local communities and society as a whole through food and sports,” and we are working to achieve this by contributing to regional communities, particularly in areas where we have business locations. Within these, Hokkaido is home to around 20% of the Group’s business



locations, including the Hokkaido Nippon Ham Fighters, a professional baseball team in Japan. We will contribute to the local economy in Hokkaido by opening the Hokkaido Ballpark F Village, which will include the new ES CON FIELD HOKKAIDO ballpark, in March 2023 as a hub for exploring new business opportunities, as well as through other efforts such as marketing Hokkaido brands overseas.

# What the NH Foods Group aims for

Our mission is to contribute to a happy and healthy life by delivering the *Joy of Eating*.

We formulated the NH Foods Group Vision2030 as a milestone toward fulfilling our corporate philosophy and identified the Five Materialities (key issues) as the social issues to be addressed on a priority basis toward the realization of this vision.



## 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.

## Vision2030

# 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.**

Protein makes up one-fifth of the human body and is an essential nutrient. We supply around 6%\* of the protein consumed by Japanese population, so Vision2030 incorporates not only our existing values of safety, reliability, and deliciousness, but also our desire to continue providing consumers with enjoyable day-to-day diets by harnessing free and innovative ideas to expand the potential of protein, leading to the creation of diverse ways to enjoy food.

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

## Five Materialities (key issues)



**Materiality 1**  
**Stable procurement  
and supply of proteins**

→ P.07



**Materiality 2**  
**Food diversification  
and health**

→ P.13



**Materiality 3**  
**Contributing to a  
sustainable environment**

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**Materiality 4**  
**Co-creation and shared  
prosperity with local  
communities and society as a  
whole through food and sports**

→ P.25



**Materiality 5**  
**Employee development  
and respect for diversity**

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## Materiality

## 1

# 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 through consideration for the environment and social aspects such as human rights and animal welfare in our supply chains.



Materiality 1  
Stable procurement and supply of proteins

MENU

08

Every single product is  
made from soy.

\\ This is made from soybeans! //

**NatuMeat  
Hamburger Steak  
(demi-glace style)**

Recreates the flavor and texture of meat.  
Includes an original recipe demi-glace sauce.

**Protein: 11.7g  
per 150g pack**

\\ This is made from soybeans! //

**NatuMeat  
Sausage-type**

Enjoy a sausage-type product  
with a rich, smoky flavor.

**Protein: 12.8g  
per 70g pack**

# Providing soybean protein for a variety of dining occasions

## Using plant-based ingredients to recreate the texture and flavor of meat

As diets become more diverse, there is growing need for a wider selection of protein sources. We have been developing products using soy, an ingredient that is rich in protein, sometimes referred to as “field-grown meat.” We use various methods to ensure it has the same texture and flavor as real meat to deliver products that are being chosen by a growing number of consumers.

\\ This is made from soybeans! //

**NatuMeat Ham-type**

A ham-type product that is perfect  
for salads. It delivers the same soft  
texture as ham.

**Protein: 9.1g  
per 60g pack**

\\ This is made from soybeans! //

**NatuMeat  
Chinese dumpling**

Juicy shumai dumplings  
with a meaty flavor.

**Protein: 15.5g  
per 180g pack**

\*Nutritional information is current  
as of August 2022.

## We are expanding protein options by launching a succession of plant-based soy meat products

We deliver plant-based soy meat products in a wide range of categories, including processed foods such as ham, sausages and hamburgers, for both consumers and commercial use.



### Messages from employees



Sales

#### Ryuhei Nishiumi

Sales Group  
Nippon Pure Food, Inc.

I am responsible for sales to restaurant chains. One business partner decided to switch a large portion of its meat-based menu items to soy meat, as it is both healthy and environmentally friendly. When I heard this, I gave tasting samples of our products to their buyers. They thought our products were delicious and decided to use them. Currently I am supporting business partners in growing sales of their soy meat menu items through delicious proposals.

#### Tomohiro Aoishi

Ham & Sausages Products Department, Product Management Division, Processed Foods Business Division  
NH Foods Ltd.

I am responsible for developing consumer products for the *NatuMeat* series. There are a lot of customers who like to eat ham and sausage-type soy meat products just as they are, so it is important that we get rid of the soy meat's distinctive plantlike smell. I have participated in the creation of over 100 prototypes that aim to achieve the right texture and flavor. The *DINNER WURST* that we launched this year has been highly praised by customers for its substantialness and nice texture. My goal for the future is to realize a level of quality that will win over customers who still think that meat and soy meat are too different.



Product development

#### Kenichi Watanabe

Product Management Division, Processed Foods Business Division  
NH Foods Ltd.

I am developing commercial-use soy meat products for restaurants, prepared foods manufacturers, and convenience stores. In regard to commercial-use products, in addition to our own original brands, we have also developed many products for the private brands of our business partners, so we have experience of developing and marketing a wide range of products in accordance with the needs of each brand. In recent years, I have participated in the challenge of developing new products such as *Vegetable Curry with Soy Protein*, which provides half a day's intake\* of vegetables, and *Fish-style Fries*, which recreates the flavor and texture of fish. In the future we plan to grow sales by selling through overseas channels.

\* Half of the 350g, which is the daily vegetable intake standard recommended by the Ministry of Health, Labour and Welfare's Health Japan 21 program (based on raw vegetable weight)



Product development

# Advancing animal welfare

Animal welfare efforts are gradually gaining ground in Japan. We understand the importance of the bounty of nature, so we are advancing animal welfare initiatives that take social movement and expectations into account.

## What is animal welfare?

Animal welfare is an approach that aims to reduce the stress and suffering of livestock and make them more comfortable throughout their entire lifespan, from birth through to processing.

We benefit from the bounty of nature on a daily basis, so we believe that it is important to operate businesses in a way that takes animal welfare into account.

We are also aware that reducing stress and controlling illness in our animals by rearing them in comfortable environments can lead to improved food safety.



## // Improving animal rearing environments in Japan and overseas //

### Activity 1

#### Reducing the stress of pregnant pigs

Interfarm Co., Ltd. is working to reduce the stress of pigs being raised at its Oshamambe Chirai and Oshamambe Ayame Farms in Hokkaido by eliminating gestation crates for pigs. Reducing the stress of mother pigs raises productivity.



Oshamambe Chirai Farm



### Activity 2

#### Installing environmental quality monitoring cameras at all farms and processing plants

We are installing cameras with the goal of enhancing the quality of livestock rearing and rearing environments. We aim to install cameras at all of our farms and processing plants in Japan by 2023.



### Activity 3

#### Overseas initiatives

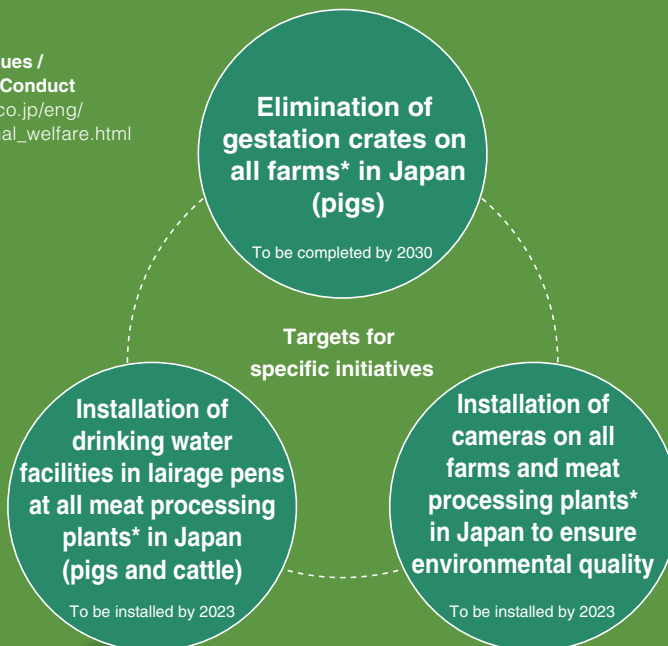
Whyalla Beef Pty. Ltd., one of the largest and most technically advanced feedlot operations in Australia, is establishing low-stress rearing environments for its cattle through efforts such as installing sunshades to protect the cows from the sun and providing water and feed in a way that takes into account safety and sanitation. Breeders & Packers Uruguay S.A. (BPU), which is engaged in the processing, and sale of beef in Uruguay, has been advancing animal welfare initiatives in collaboration with a wide range of business partners, including partners engaged in production, rearing, and logistics, since its establishment. Each year, it is audited and certified by external institutions. Ege-Tav, our chicken rearing business in Turkey, is working to make its farms stress-free for chickens, including by paying attention to the rearing space, environmental temperature, and ventilation of its farms.



## Formulation of Animal Welfare Core Values and specific targets

Recognizing our moral and ethical responsibility in ensuring animal health and welfare standards are maintained throughout our business processes, in November 2021, we formulated the NH Foods Group Animal Welfare Core Values. At the same time, we also set specific targets for animal welfare initiatives. In January 2022, we formulated the NH Foods Group Animal Welfare Code of Conduct that firmly sets out the conduct we expect in accordance with Group business processes.

**NH Foods Group**  
**Animal Welfare Core Values /**  
**Animal Welfare Code of Conduct**  
[https://www.nipponham.co.jp/eng/csr/nhgroup/supply/animal\\_welfare.html](https://www.nipponham.co.jp/eng/csr/nhgroup/supply/animal_welfare.html)



\* For companies in which the NH Foods Group holds a majority stake

## Exchanging opinions with stakeholders

In recent years, concern regarding the welfare of livestock animals has been growing so we have been regularly exchanging opinions with animal welfare experts. On November 4, 2021, we held an exchange of opinions on animal welfare with Chihiro Okada, the director of the Animal Rights Center Japan (NPO), and Sayuri Kitaho, also from the Animal Rights Center Japan, at the Tokyo Branch Office of NH Foods Ltd.



An exchange of opinions with Animal Rights Center Japan

The experts shared their thoughts on animal welfare and the activities carried out by their organization and we explained some of the rearing and processing initiatives carried out by the Group and received their feedback on these. We will use the valuable opinions we received through this exchange to advance further efforts going forward.

### Opinions from the Animal Rights Center Japan (excerpts)

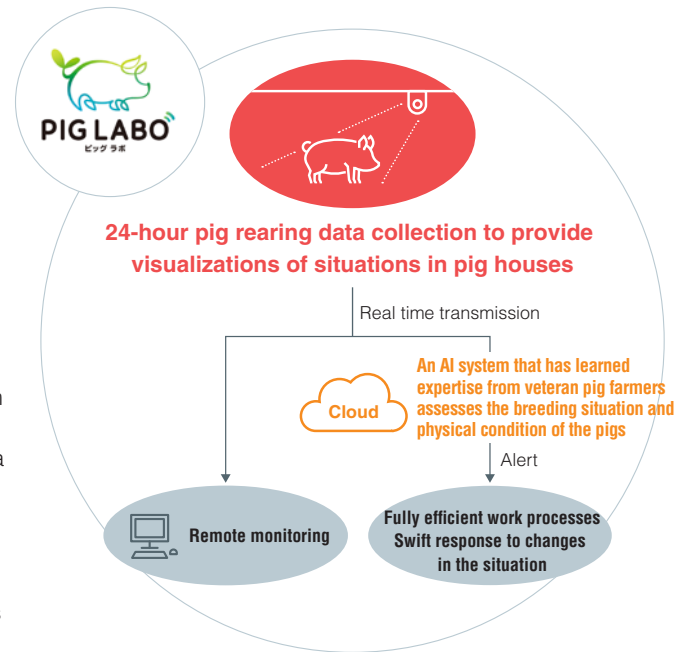
- The Group's animal welfare initiatives and its disclosure of animal welfare information have become more specific, so I feel that steady progress is being made. Although Japan is still lagging behind international standards, I think NH Foods is ahead of the curve within Japan.
- While I understand that costs such as investment in facilities may be an issue, I would like to see animal welfare efforts continue to advance, one step at a time.
- Products that take animal welfare into account, such as free-range eggs, have become normalized overseas and it feels like awareness is growing in Japan, particularly among younger farmers. We will continue working to convince consumers and retailers of the value of these products through our own activities.

## Activities report

### Activity 1

#### Utilizing the latest AI and IoT technology to realize smart pig farming

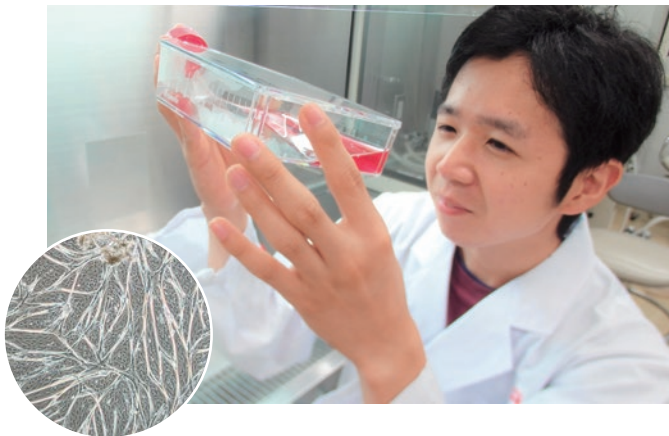
As Japan's population shrinks, personnel shortages are becoming more severe in the livestock industry. Pig rearing in particular consists of many tasks that require experience, so the passing down of skills has become a pressing concern. Therefore, the NH Foods Group and the NTT DATA Group have been conducting the joint development of PIG LABO, a pig rearing support system that utilizes AI and IoT technology. It uses cameras and sensors placed in pig houses to monitor a variety of data related to pig rearing and it can also make assessments regarding aspects such as piglet health and estrus in sows. Going forward, in addition to installing the system in pig farms owned by the Group, we will also develop it for use outside of the Group with the aim of solving issues facing Japanese pig farms and the livestock industry.



### Activity 2

#### Conducting research into cultured meat to provide a stable supply of animal protein

With demand for meat growing worldwide, we are developing technologies that use cultured animal cells to manufacture food with the aim of providing a stable supply of animal protein into the future. As part of this effort, since 2019, we have been conducting joint research on cultured meat with IntegriCulture Inc., a startup company engaged in animal cell culture. Additionally, the NH Foods Ltd. Research and Development Center is tackling technological issues including culturing methods and cell quality to culture cells more efficiently.



### Activity 3

#### Carrying out sustainable procurement with suppliers

As enforced labor, child labor, and environmental destruction are becoming evident all over the world, there is a growing trend toward an approach to procurement in which companies work with suppliers to tackle social issues throughout the entire supply chain.

In fiscal 2017, the NH Foods Group formulated the NH Foods Group CSR Procurement Policy and the NH Foods Group CSR Procurement Guidelines and since then, we have been requiring suppliers to carry out self-assessments of whether their procurement activities are in line with our policy and guidelines and then sharing the results. In cases where we find an improvement is required, we work with the supplier in question to make said improvement.

In fiscal 2022, we expanded the scope of this initiative to include suppliers to all Group companies, and we also advanced measures to strengthen relationships with suppliers, such as renaming the NH Foods Group CSR Procurement Guidelines as the NH Foods Group Sustainable Procurement Guidelines and formulating content that requires cooperation from suppliers.

#### Sustainable Procurement flow





## Materiality

## 2

## 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.





**“Feedback from consumers”**

- I'm truly happy to be able to eat delicious wheat flour-free brownies that I can find in the frozen foods section of a supermarket!
- My child has a severe allergy so I have to be very careful what I feed him. The *Minna-No-Shokutaku* series is safe, trustworthy, and also delicious. It's a lifesaver!

Make you happy!

NH Foods Group Food Allergy Care

# Getting closer to everyone's food needs

Food allergies occur when a person's immune system is hypersensitive to a certain food, so ingesting this food triggers a reaction such as a rash, difficulty breathing, or digestive problems. They often occur in children and have become a challenge that is familiar to most people. In fact, in Japan, around one in 10 infants and around one in 20 preschool children suffer from allergies\*. We are working to create delicious products that everyone can eat, regardless of whether they have food allergies or not.

\* Source: Sicherer SH, et al. 2018, 'Food allergy: A review and update on epidemiology, pathogenesis, diagnosis, prevention, and management,' *J Allergy Clin Immunol.*, 141, 41-58.

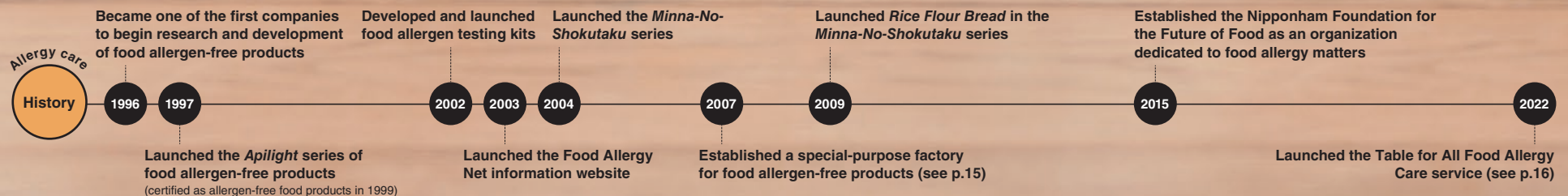
**I am impressed at how the Group is using its combined capabilities to create high-quality products**

The market for food allergen-free products may be small but there is certainly demand. I think it is fantastic that the NH Foods Group has been launching products that have been developed by listening to consumers for 25 years. I am also impressed at how even though the range of ingredients is limited, the Group is using its combined capabilities to create high-quality products that have a flavor and texture that rivals regular food products.



**Manami Taki**  
Registered dietitian  
for food allergies

Expert's comment



## Producing food allergen-free products at a special-purpose factory

For some people with food allergies, even ingesting the smallest amount of allergen can have a serious effect. We want to deliver products that people feel completely comfortable eating, so we have established a special-purpose factory in Sakata City, Yamagata Prefecture, where specified allergen ingredients are not used. The plant has taken a variety of measures to prevent contamination during production processes in order to supply food allergen-free products.

### The food allergen-free product manufacturing process



Ingredients that have cleared the screening process are labelled

#### Strictly screened ingredients

Testing kits are used to ensure that ingredient deliveries have not been contaminated with allergens.

Process 2

#### Thorough hygiene controls

We practice thorough hygiene controls, including ensuring that each time an employee enters the factory they carefully brush themselves down with a lint roller, wash their hands, take an air shower, put on gloves, and sanitize their hands with alcohol.

#### Careful attention paid to factory entrances

We ensure that there is not even the slightest chance of contamination through rules regarding areas such as what ingredients can be used in lunch boxes and the brushing of teeth after eating.



#### Product manufacturing

Appropriate quality management is practiced to create delicious products.

Process 3

Process 4



#### Contamination checks

Finished products are tested once again to ensure that they are completely allergen-free.

### I will deliver the Joy of Eating, so that everyone can eat surrounded by smiles

As a special-purpose factory for food allergen-free products, we aim to create products that everyone can enjoy, regardless of whether they have food allergies or not. It is difficult to recreate the delicious flavor and texture of foods without using ingredients containing allergens, but when I receive a word of thanks from a customer, it makes me extremely happy. Going forward, I will continue to deliver the Joy of Eating, so that everyone can eat surrounded by smiles.



**Momo Sugawara**  
Product Development  
Promotion Section  
Nipponham Northeast Ltd.

Worker's comment

Make you happy!

To everyone's tables



## We are advancing initiatives to get closer to everyone's food needs

In February 2022, we launched Table for All Food Allergy Care, a comprehensive food allergy care platform that brings together the results of 25 years of initiatives to provide a service that more fully meets the needs of people struggling with food allergies. It provides useful information from medical professionals who specialize in food allergies, free diet consultations with nationally registered dietitians, and an ample selection of over 600 food allergy-free recipes, and it can even be used to buy food allergen-free products.

We are also considering adding products from other companies to the lineup with the aim of realizing a platform that gets even closer to people with food allergies and their families.

## Table for All Food Allergy Care

Check the website!

Table for All  
Food Allergy Care  
<https://www.food-allergy.jp/>  
(Website in Japanese only)



Allergen-free recipes



Online diet consultations



Researcher's comment



Ayako Yamada

NH Foods Ltd. Research & Development Center

### We are carrying out basic research to find ways to prevent allergies

I am carrying out my research not only with NH Foods Ltd., but also together with people who have food allergies, their families, and medical professionals.

As our efforts to address food allergies in the past mean that people have great expectations of the Group, I will do my best to deliver the results of our research to the people who need them.

## Conducting research into ways to prevent food allergies

The root causes of food allergies remain largely unknown and there are currently no ways of preventing them.

Research carried out to date has revealed that the exposure of inflamed skin (such as atopic dermatitis or other types of eczema) to foods can lead to development of an allergy, and that eating foods early in the weaning period can help prevent allergies.

We are working with partners such as universities and public institutions to advance research into ways to prevent food allergies. This year, we reported that protease-digested egg-white products can help to prevent allergies, even when put into contact with inflamed skin. We expect that this research will contribute to the establishment of safe methods to prevent food allergies.

## Activities report

### Activity 1

#### Developing foods with functional claims that help maintain cognitive functions

Why can birds fly continuously without resting? This was the starting point that has inspired our research into imidazole dipeptides (IDPs). These compounds are reported to be able to help middle-aged and elderly people to maintain their memory (the ability to store and recollect information), which tends to decline with age, and also to possess antioxidant properties which can temporarily alleviate physical and mental fatigue. We have been conducting research focused on IDPs for over 20 years. In 2019, we obtained patents\* related to the memory maintaining properties of IDPs and in 2021, we achieved a commercial implementation as *IMIDEA*, a food with functional claims that contains IDPs. It comes as a stick-shaped jelly, making it easy to incorporate into daily diets, and provides support for both body and mind.

\*In Japan and Europe



Examples of NH Food Group products eaten during the trial

### Activity 3

#### Making “aging design” a reality by understanding aging mechanisms

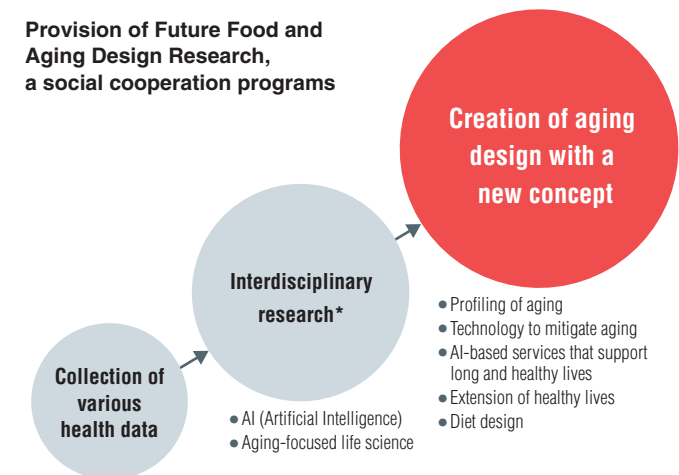
“To control the effects of aging using cutting-edge technologies.” This is the dream guiding a project being conducted by the University of Tokyo Graduate School of Frontier Sciences. NH Foods Ltd. has established Future Food and Aging Design Research as a social cooperation program and is implementing food intervention studies on middle-aged and elderly subjects to gather health information and improve dietary habits. The data collected through the studies will be comprehensively analyzed using AI technology and it is expected that this will lead to an understanding of the mechanisms of aging and the identification of indicators for measuring the effects of aging. The ultimate aim is to provide services that will empower elderly people to realize long and healthy lives through their own efforts, which we have named “aging design.”

### Activity 2

#### Preventing frailty in elderly people through a mix of protein and exercise

Frailty is a condition that occurs as bodily and mental functions decline with age, and it is often one of the final steps before an individual starts needing nursing care. We are working with the Kansai Medical University on joint research into frailty. This involved a trial in which individuals requiring nursing care or support received daily nursing care that included short periods of functional training, and also took appropriate exercise and ate processed foods containing high levels of protein. The results showed that the program had an effect on preventing frailty by improving gripping strength and walking speed. The trial participants also received information about things like how to think about diet and how much their muscle mass had increased during the trial, enabling them to really feel the effects of the program on their own bodies. This led to changes in behavior, including the tendency to choose foods with high protein content.

#### Provision of Future Food and Aging Design Research, a social cooperation programs



\*Interdisciplinary research: The advancement of joint research in multiple related academic disciplines all aimed at achieving a shared goal

## Activities report

### Activity 4

#### Expanding our range of health-conscious items

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 will continue to focus on developing a variety of health-conscious items, including high protein, non-fat, and reduced salt products.



**Healthy Kitchen Zero Roast Ham**  
Sugar-free, high-protein



**Bifidobacterial Yogurt**  
Contains Bifidobacterium lactis HN019 With added calcium and iron



**Healthy Kitchen Green Label  
30% Reduced Salt Bacon**  
Reduced salt



**Roast Chicken for Salad-Plain**  
Sugar-free

Number of health-conscious items

**77** items in total

As of June 2022



**Isey SKYR-Vanilla**  
High-protein, non-fat



**Skinless Winnie**  
With added calcium

### Activity 5

#### Responding to food diversity overseas



Halal-certified products  
Manufactured and sold by PT  
NH Foods Diamond Indonesia, Ltd.  
**riverland Beef Bratwurst**  
**riverland Beef Nugget**

#### Meeting religious dietary requirements

Each of our overseas Group companies is working to provide foods that meet religious dietary requirements. They are obtaining Islamic halal and Jewish kosher certification and strive to fully understand and respect religious needs regarding food. Currently we are manufacturing halal and kosher-certified products at seven locations\*<sup>1</sup>.

\*<sup>1</sup> Three meat processing companies in Australia have obtained halal and kosher certification for their factories, our meat processing company in Uruguay has obtained halal and kosher certification for production, and our food product manufacturing companies in Thailand, Malaysia, and Indonesia have acquired halal certification for food products.

#### Responding to gluten-free needs

Day-Lee Foods, Inc., which manufactures and sells processed foods in the U.S., has been selling gluten-free Rice Flour Bread since April 2020. It is currently sold in supermarkets and other stores across the U.S. Rice Flour Bread is manufactured at our special-purpose factory for allergen-free products in Japan using 100% domestically produced rice flour, so it has been able to acquire the GFCO\*<sup>2</sup> Gluten-Free Certification Mark.

\*<sup>2</sup> Gluten-Free Certification Organization: A U.S.-based certification organization with the strictest standards for what constitutes gluten-free.



Gluten-free-certified products  
Imported and sold by Day-Lee Foods, Inc.

**Gourmet White  
Dinner Rolls**

Materiality

3

## 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.



# Changing Challenges!

## Working to reduce plastic use

Packaging that keeps products safe and fresh ends up as waste once it has been used. Reducing plastic waste contributes to solving the marine plastic issue and reduces the amount of CO<sub>2</sub> generated when waste is burned. The NH Foods Group is working to reduce the volume of plastic it uses through initiatives that alter packaging while still ensuring product quality.

### What is the environmental impact of plastic?

It is estimated that globally, around eight million tons of plastic waste finds its way into the sea each year. Plastic is derived from petroleum, so it does not decompose naturally. It is also a threat to biodiversity, as plastic that has been broken into pieces by waves and UV rays is eaten by creatures and enters the food chain, accumulating inside birds, animals, and even humans.



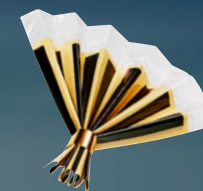
Previous packaging

New packaging

### Case 1

SCHAU ESSEN  
has its

**topknot** cut



Plastic reduced by

**28%\*1!**

Annual CO<sub>2</sub> emissions cut by

about **4,000 tons\*2**

\*1 Comparison refers to SCHAU ESSEN 127g double pack with drawstring (comparison of film weight)

\*2 Value as of January 20, 2022, calculated using shipment quantities in fiscal 2020 (based on research by NH Foods Group)

# SCHAU ESSEN cuts its *topknot* for the *SDGs*

Schau Essen was first launched in 1985 with development centered on its drawstring-style packaging. Now, we are staying ahead of the competition by changing this packaging for the first time in 37 years with the goal of reducing its environmental impact. The new packaging has been named Eco-Pirottype packaging. Changes to the design have reduced the amount of material used by about 28%, which is expected to cut annual CO<sub>2</sub> emissions by approximately 4,000 tons.

On February 1, 2022, the day the new packaging was launched, we placed advertisements in six national newspapers in Japan and released a video online. The campaign makes use of the fact that the fan shaped section at the top of the packaging resembles the topknot haircut worn by sumo wrestlers and with the support of the Japan Sumo Association, it features a motif based on the traditional topknot-cutting ceremony held for sumo wrestlers when they retire. The catch copy playfully frames the “Schau topknot cutting” as an event of great importance to society and the campaign has successfully raised awareness of the environment and SDGs among consumers.

Going forward, we will continue to search for memorable ways to let people know about the NH Foods Group's initiatives.

## New packaging for key wiener products!



SCHAU ESSEN  
CHEESE



SCHAU ESSEN  
HOT CHILI



Houjun



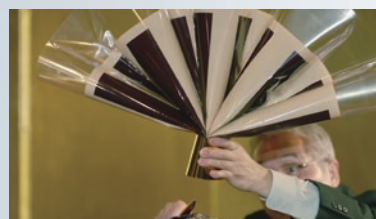
Mori-no-Kaori

“Using less plastic makes it environmentally friendly.”

(Saitama prefecture, female)

“I’m grateful that they are trying to help the global environment.”

(Female, 50's)



“Removing the drawstring part has made it easier to store.”

(Saitama prefecture, female)

“As an environmental impact statement, I completely agree.”

(Osaka prefecture, 50's, male)



“Congratulations on an excellent decision!”

“The new packaging is easier to open!”

(Aichi prefecture, 30's, female)

\\ Take a look! //

## Links to the TV commercial

Schau Essen topknot cut  
(30-second version)  
NH Foods Group TV commercial



Schau Essen topknot cut  
NH Foods Group TV commercial



(Website in Japanese only)





New tray (paper)

Switching to paper trays and shrinking the exterior packaging has reduced plastic use by

**36.9%** <sup>\*1</sup>

<sup>\*1</sup> Compared to the previous version of the same product

Case 2

## Kanade Specialty Margherita

We have replaced the plastic trays used in the packaging of the Kanade series of chilled pizzas with paper.



Now on a  
paper tray.

Previous tray  
(plastic)



Previous tray

New tray



Case 3

## Hanetsuki Gyoza

We have removed parts of the previous tray, including the part used for sauce sachets, making it smaller.

Shrinking the tray size and the exterior film has reduced plastic use by

**20.0%** <sup>\*2</sup>

<sup>\*2</sup> Compared to the previous version of the same product

Switching to paper containers has reduced plastic use by

**94.1%** <sup>\*3</sup>

<sup>\*3</sup> Compared to the previous version of the same product

Case 4

## Nippon Luna Inc. Ísey SKYR series

We have switched the containers of Ísey SKYR, a series of Icelandic high-protein dairy products that we launched in Japan in March 2020, from plastic to paper.

New container  
(paper)



Previous container  
(plastic)

## Activities report

### Activity 1

#### Reducing Group-wide CO<sub>2</sub> emissions through the installation of solar panels at facilities

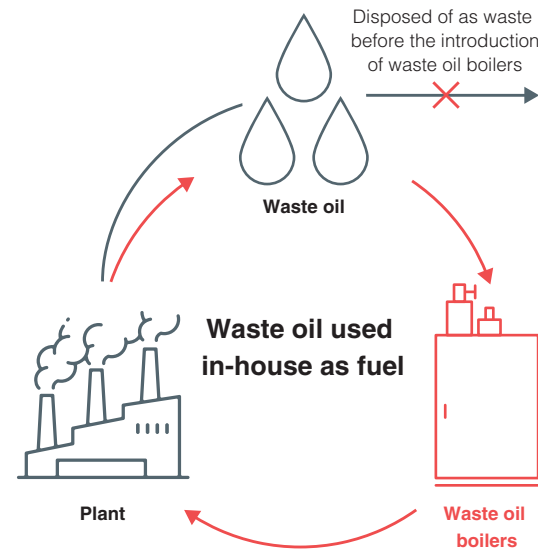
We are installing solar panels on the rooftops of our business locations. As of July 2022, the total estimated annual power generated by the 13 business locations that have had panels installed is 3,900 million kilowatt-hours. This is equivalent to the annual electricity consumption of around 1,330 regular households and is expected to reduce CO<sub>2</sub> emissions by around 1,700 tons per year\*.

Going forward, we will advance initiatives with a view to realizing offsite solar power generation, including on idle land.

\* CO<sub>2</sub> emissions reductions are calculated using the emission factors of the power company supplying each location.



Solar panels installed at the Isesaki Plant of Nippon Pure Food, Inc., which engages in the manufacture and sale of processed meat and meat extract seasonings



### Activity 2

#### Using waste animal and vegetable oils generated by manufacturing processes as boiler fuel

Usually, boilers at plants use fossil fuels such as fuel oil or natural gas, but we are working to reduce CO<sub>2</sub> emissions by introducing waste oil boilers that use waste animal and vegetable oils generated by our food product manufacturing processes as fuel. In fiscal 2021, we installed waste oil boilers at four plants, including at Nipponham Delicatessen Ltd., which manufactures processed foods. These boilers reuse the waste oil from deep fryers used to make products such as fried chicken karaage. This initiative is expected to reduce CO<sub>2</sub> emissions by around 2,200 tons per year.

### Activity 3

#### Starting the trial introduction of environmentally friendly hybrid trucks and electric sales vehicles

In February 2022, NHJF Corporation, which engages in the sale of fresh meat and other products to the restaurant industry, introduced hybrid trucks as part of efforts to reduce CO<sub>2</sub> emissions. Additionally, NH Foods Marketing Ltd., which engages in the sale of ham, sausages, and other processed foods, is trialing a switch to electric vehicles for the cars it uses for sales activities. It will verify the effects of these trials and consider a full introduction in the future.



A hybrid truck



An electric sales vehicle

## Activities report

### Activity 4

#### Contributing to the reduction of household food loss by expanding our range of products that can be stored at room temperature

According to Japan's Ministry of Agriculture, Forestry and Fisheries, out of the 5.22 million tons of food loss recorded in fiscal 2020, 47% was discarded by households\*. Therefore, creating products that will reduce household food loss is an important undertaking for food companies. We are working to expand our lineup of products that can be stored for long periods at room temperature. In addition to being environmentally friendly, these products are also useful as emergency food during times of disaster. Going forward, we will continue to carry out research on multiple fronts to expand this initiative to cover other products.

\* Source: Report on food loss volumes released by the Ministry of Agriculture, Forestry and Fisheries



#### Ajiwai Range series

Lineup includes Nikujaga, Beef Stew, Hamburger, and Soup Curry. Uses the "fresh heating" technique to realize foods that are as delicious as if they have just been made.



#### Nikomi Hamburger

An emergency food product modeled on the rations used by the Japan Ground Self-Defense Force. Can be stored for up to five and a half years.



#### Hoguseru Oniku Pulled Pork

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. The meat can be pulled and flavored while still in the tray and it is also microwavable, making tidying up afterwards simple.



### Activity 5

#### Restoring forests for future generations through participation in Afan Woodland Restoration Activities

Under its vision of "Expanding Japan's richly diverse woodlands for a healthy, peaceful, enriching society," the C.W. Nicol Afan Woodland Trust is an organization that engages in activities such as purchasing deteriorated forests, restoring these as a habitat for diverse life, and providing educational activities for children. We identify with the group's aims and since 2005, we have been supporting its activities as an official sponsor and participating in reforestation efforts.

### Activity 6

#### Planting a total of around 2,700 trees in Thailand and recycling waste food

Thai Nippon Foods Co., Ltd. manufactures a wide range of chicken and pork processed dishes for the Japanese and global markets. In fiscal 2021, the company planted 50 trees of various species, including Burma padauk, acacia, and maca, on sites it has agreements with. Over the past six years, the company has planted a cumulative total of around 2,700 trees. The company also contributes to the effective use of resources by utilizing the food processing by-products from its manufacturing operations as fertilizer for the soil of planting sites.



Materiality

4

# 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.



# HOKKAIDO BALLPARK F VILLAGE

## Aiming for sustainable urban development with the local community

March 2023 will see the opening of Hokkaido Ballpark F Village in Kitahiroshima, Hokkaido, which will contain ES CON FIELD HOKKAIDO, the new ballpark of the Hokkaido Nippon-Ham Fighters (a professional baseball team in Japan).

The project will not only provide a venue for watching baseball games but also aims to realize sustainable urban development that combines sports value with Hokkaido value.



# What is *F Village*?

## A co-creative community space that will bring diverse people together and generate regional vitalization and social contribution

Hokkaido Ballpark F Village is centered around the new ES CON FIELD HOKKAIDO ballpark and aims to become a space that brings diverse people together, regardless of age and nationality, to facilitate exchange and build a community. It will also generate social value, including as a place that nurtures future generations and as a regional disaster response hub.

The project's central concept is "co-creative community spaces." We will advance sustainable urban development together with fans, members of the local community, and various industrial, academic, and governmental partners who are supporting the project.

### The concepts behind the name



The name incorporates "Hokkaido Ballpark," the term we have been using since the inception of the project, and "F" the first letter of many words that have connections to the project, such as "Fighters," "Fan," and "Future." These elements are combined with the star mark, which is the symbol of Hokkaido, and the term "Village" which expresses our intention to develop a new Hokkaido landmark that people will want to visit.

### Relevant SDGs



### F Village map

Name: Hokkaido Ballpark F Village  
Location: Kitahiroshima, Hokkaido Prefecture  
Site area: Approx. 32 hectares

### Tower 11

1F: Food hall  
3-5F: Natural hot spring and accommodation facility

Children's play space (indoor and outdoor)

Kids' playground

### Experience-based agricultural education facility

An educational facility where both children and adults can have fun while learning about agriculture.

### Certified childcare support center

A certified childcare center that combines kindergarten and daycare functions. It also has capacity to care for sick children and provides an environment where children can expend their energy freely and safely.

### Senior residence and medical mall (Scheduled to open in spring 2024)

This facility will contribute to regional healthcare by helping people of all ages, from young people to seniors, to maintain their health.



Intergenerational exchange

Disaster preparation

Promotion of local businesses

Agricultural education

Nurturing of future generations

Food education experiences

F Village

Educational institutions

Local residents and tourists

Private enterprises

Government

Fans

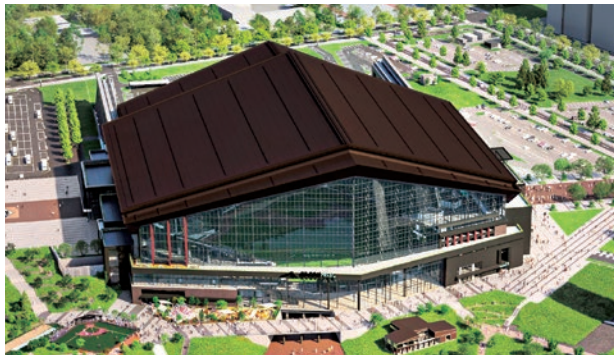
Residences

## Aiming to create social value through regional disaster preparation and reduced environmental impact

### Disaster preparation

#### Preparing for emergencies in cooperation with public and private partners

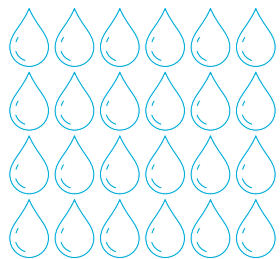
We have concluded a memorandum of understanding on disaster preparation with Kitahiroshima, Hokkaido. In the event of a disaster, such as an earthquake or heavy rains, each F Village facility can provide evacuation spaces, beds, food, and other necessities as a regional disaster response hub that can accommodate around 10,000 people.



The ballpark's field and concourses can be opened as a temporary evacuation center with capacity for

around  
**10,000 people**

Evacuation spaces, beds, food, and other necessities provided by accommodation facilities, restaurants, and commercial facilities within F Village



Clean water and wastewater facilities that can support

around  
**35,000 people for 3 days**



It will have dedicated disaster preparation storage units containing supplies, such as food, drinks, and blankets



A visitor shuttle bus

An electric cart

Forklift unit

### Reducing environmental impact

#### Actively introducing clean mobility

We will work to reduce the environmental impact of the project by actively using electric vehicles (EV) for the visitor shuttle buses connecting F Village with Kitahiroshima Station, the nearest rail station, and for vehicles used in facility operations.

#### Message

The central theme of the ballpark project is "co-creative community spaces." Rather than working to only realize co-creation within the NH Foods Group, we believe the best route is to co-create with diverse partners from Japan and overseas, and that this will lead to the creation of new value. Together with our business partners, we will use the provision of a variety of spectator experiences centered around baseball and Hokkaido's abundant natural environment as driving forces behind the development of a site that will become a symbol of Hokkaido to many people. As we approach our opening in spring 2023, we look forward to seeing you here.

#### Ken Maezawa

Director of Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd.  
Executive Director and Business Operation General Manager of  
Fighters Sports & Entertainment Co., Ltd.



## Activities report



### Activity 1

#### Providing fun food opportunities through decorative cooking experience-based classes

Nipponham Customer Communications Ltd., which is responsible for our department store and service promotion businesses, provides cooking and decorative cooking classes that use ham and wieners. Participants learn from a repertoire of over 100 decorative ways to cut and fold food, including flowers made using ham and animals and vehicles made using wieners. The food educational content and required ability level are adapted in accordance with the participants, and classes emphasize the importance of showing gratitude for food as the bounty of life nurtured within abundant nature. These activities provide opportunities to look forward to and enjoy eating in a way that engages all five senses and help make everyday meals and lunch boxes more attractive.

\* Applications for decorative cooking classes can be made all year round through the dedicated webpage.



Decorative Cooking Classes  
(Japanese only)  
[https://www.nipponham.co.jp/kazarigiri\\_kyoshitsu/](https://www.nipponham.co.jp/kazarigiri_kyoshitsu/)



### Activity 2

#### Launching a development project that incorporates Generation Z perspectives

Generation Z comprises people who are currently between the age of 10 and 20 and this age group is generally highly conscious of the global environment and social issues, including the SDGs. We are working to develop products in a way that incorporates Generation Z perspectives by launching a collaborative product development project with the Tokyo Communication Arts College (a member of the Jikei Group of Colleges). The first round of this project was carried out with the theme of home-use products for Hoko Co., Ltd.'s Rolf brand of cheeses. We are also working to ensure that this project is an educational opportunity for the students.



### Activity 3

#### Donating Thai Nippon Foods products and water to households impacted by flooding

In October 2021, heavy rains in Thailand caused flooding, leading to huge amounts of damage. Thai Nippon Foods has been donating its products and stockpiles of water to approximately 2,000 households in the Bang Ban and Bang Pa-in districts of Ayutthaya province (about 60% of households impacted by flooding in the districts). It has also provided employees living in affected areas with daily necessities such as water and rice.

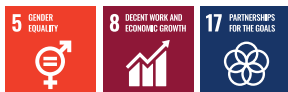


Materiality

5

## Employee development and respect for diversity

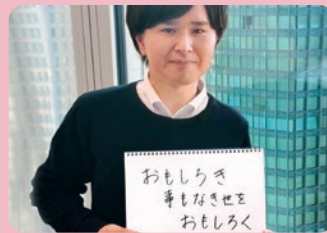
The NH Foods Group aims to be a place where employees can feel truly happy and fulfilled. Based on a deep respect for individuals, we strive to create workplaces where employees can thrive and demonstrate their unique strengths.



# Positive *and* Lively

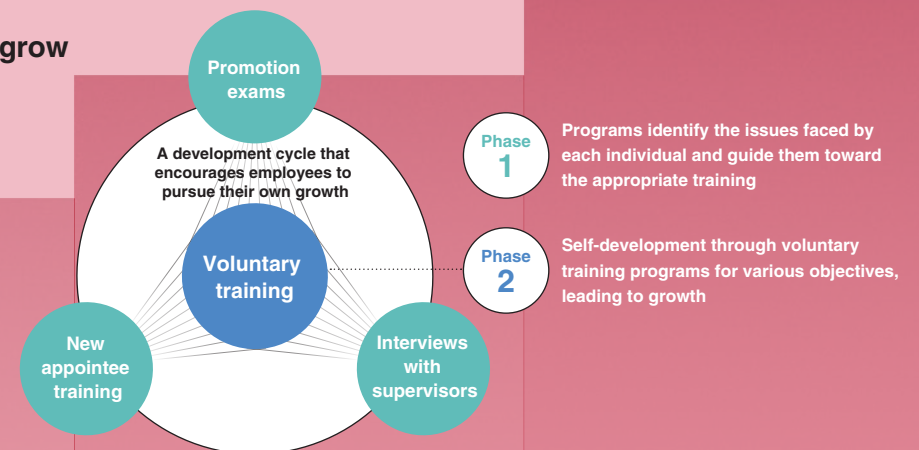
Realizing employee development that builds careers and facilitates the pursuit of challenges and growth

These are the words that motivate me



## Establishing systems that enable employees to wholeheartedly participate and grow

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 aim to create workplaces where diverse employees can wholeheartedly participate by establishing systems that help them to build a career in a direction they have chosen and to grow. Our programs, such as new appointee training, promotion exams, and interviews with supervisors, identify the issues faced by each individual and then guide them toward the appropriate training. We have set up voluntary training programs for various objectives to build a development cycle that encourages employees to pursue their own growth. Also, from 2022, we have been enhancing the curriculums of programs such as rank-based training programs, career boost seminars, and distance learning courses.



# Supporting people pursuing challenges!

Fostering a corporate culture of bravery

Creating a future hit brand myself

## The Young Employees' New Product Proposal Forum

The New Product Proposal Forum is a competition for young development staff who want to share their ideas for new products. Employees who win preliminary rounds held in each area get a chance to give a passionate presentation regarding their idea with the hope of getting it made into an actual product in the following year. Since the forum began in 2018, 14 ideas have been launched as products. We will continue to explore new avenues of creativity to create value through new forms of deliciousness.



### Winner's Comment

Messages from the 2022 winners

Developing a product from my own idea

My development theme originated from a desire to have ramen that can be eaten with just one hand and that even tastes delicious cold. I then got creative with the ramen soup stock and noodle ingredients to create a flavor that tastes good when cold, but in a different way to when it is warm. I would like to continue developing products in a free-thinking manner.

**Shinnosuke Teraoka**  
Product Development Section  
Kanto Plant  
Nipponham Processed Foods Ltd.



I wanted people to eat Nippon Luna's yogurt all year round, regardless of the season, so I developed a menu in which it is part of a main meal, rather than a dessert. This was a completely new field for me, but I was able to get people from various divisions to help. Going forward, I want to use these connections to develop interesting new food products.

**Maho Kai**  
Product Development Department  
Production Business Division  
Nippon Luna, Inc.



From training to practical application!

Accelerate value creation through DX

## DX training for cultivating IT human resources

Digital transformation (DX) capabilities will be essential for accelerating business development going forward, including making existing businesses more efficient and establishing new businesses. Since last year, we have been carrying out DX training for selected personnel to cultivate in-house IT human resources and to realize specific reforms and results. Members are mostly selected from young employees who represent the next generation and in addition to acquiring DX-related skills, they also engage in value creation and business improvement activities in accordance with themes based on actual business processes under the guidance of expert instructors.



Anyone can try, regardless of career experience and areas of responsibility

## N-VIP New Business Proposal System

We want to see passionate, innovative, and enterprising employees demonstrating their abilities. N-VIP\* is a system that enables employees to take on the challenge of developing a business, regardless of their career experience or areas of responsibility.

\* Nipponham Group Venture Incubation Program

*Ouchi Fes*, a line of food experience kits that enable people to make various dishes at home, was developed through the system and it is now available to buy on Meatful, a direct-to-customer food entertainment website.  
<https://www.meatful.jp/>  
(Website in Japanese only)



Incorporating diverse values



Take on the challenge of using your creativity to develop a business

## Activities report

### Activity 1

#### Supporting employees to balance work with child and nursing care

We are enhancing various systems, such as childcare and nursing leave and shortened working hours, so that each employee can maintain a healthy work-life balance and continue to work with peace of mind. We are also ensuring that employees are aware of these systems, and we are making them easier to use through the formulation of a child and nursing care guidebook for both employees using the systems and their supervisors. In addition to this, NH Foods Ltd. has established an external consultation service which employees can consult about their nursing care concerns.

Since major amendments were made to Japan's Child Care and Family Care Leave Act in April 2022, we have seen an increase in male Group employees taking childcare leave.

#### Voice: An employee's story

During the COVID-19 pandemic, my wife had returned to her hometown to give birth and I was worried as I did not know when I would be able to meet my child for the first time. My boss told me that this was the perfect time to take childcare leave, so I decided to take it. I spent one month with my wife at her parent's house, concentrating on looking after the baby, meaning I was able to support her through the life-changing experience that comes with childbirth. My colleagues not only provided support in terms of work but were also warm in their treatment of me.



**Kei Ohno**  
Corporate  
Planning  
Department  
NH Foods Ltd.

### Activity 2

#### Creating workplaces where a more diverse range of employees can participate fully

We believe that incorporating diverse perspectives and values into our operations will produce results in terms of business, so we are working to ensure the diversity of our workforce. In particular, we are working to promote active participation by women, and NH Foods Ltd. has set the target of having women in at least 20% of supervisory positions by fiscal 2030. To achieve this, we have been establishing systems that support the balancing of work and childcare and work environments which enable female employees to participate fully. As a result, in fiscal 2021, women accounted for 8.5% of supervisory positions throughout the Group. Going forward, we will advance measures to achieve our target.

#### Voice: An employee's story

We develop and manufacture products for a major chain of convenience stores. For around seven years, I was in charge of product development in an industry that requires us to constantly respond to social changes and new needs, and my successor is also a female manager. I am now the general manager of a plant, tasked with ensuring high quality manufacturing and creating an employee friendly work environment. I also want to be a role model to cultivate a culture in which everyone feels able to take on challenges. We have a lot of non-Japanese employees, so we aim to realize a company in which a diverse workforce can leverage their individuality to participate, regardless of gender, nationality, or age, in order to create new value and a competitive edge.

#### Sachiko Kanayama

Director, Kansai Plant  
Premium Kitchen Co., Ltd.



#### Voice: An employee's story

We manufacture and sell processed meat (chicken and pork) and vegetable (including plant-based meat) products. I am responsible for the General and Legal Affairs Department and my main duties include streamlining expenses, providing company-wide support for dealing with emergency situations, such as handling COVID-19 countermeasures, managing the employee cafeteria as part of efforts to improve employee satisfaction, and planning, establishing, and promoting sustainability activities. Our sustainability activities have been well received by the local community and they have been shared throughout the NH Foods Group, which has become a source of pride for our employees and is inspiring further action. When I see our employees enjoying and taking satisfaction in their work, it also gives me a sense of achievement and fulfillment.



#### Pennapa Munmak

Senior Manager  
GA & LAW Division  
Thai Nippon Foods Co., Ltd.

## Activities report



Cleaning culture flasks  
(Research & Development Center)

Separating the red flesh and fat of  
meat for testing  
(Research & Development Center)



### Activity 3

#### Demonstrating abilities through work that takes into account individual requirements related to disabilities

We are creating workplaces that enable employees with disabilities to work dynamically and independently in a way that takes into account their individual requirements. At the Osaka office of Nipponham Career Consulting Ltd., employees with disabilities are able to demonstrate their capabilities through a diverse range of over 120 duties, including sorting, delivery, and collection at the mail center, preparing business cards and other printed materials, and data entry. Also, at the NH Foods Ltd. Research & Development Center, employees with disabilities are participating in work such as assisting in research tests, inspecting deliveries, and managing the facility's sanitation.

### Activity 4

#### Selected as a 2022 Certified Health & Productivity Management Outstanding Organization for efforts to maintain employees' physical and mental health

We aim to provide workplaces where all employees can demonstrate their abilities and grow while maintaining both physical and mental health. All employees undergo stress checks, and the findings of Group analysis of stress check results are used to improve work environments. In addition to this, we are working to raise the health literacy of employees to make them more conscious of preventative health measures and to encourage changes in behavior.

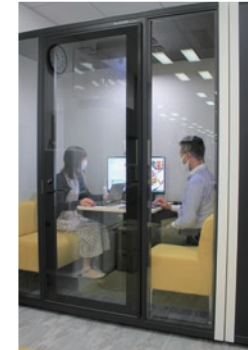
In recognition of these efforts, NH Foods Ltd. and Nipponham System Solutions Ltd. have been selected as 2022 Certified Health & Productivity Management Outstanding Organizations in the large enterprise category and Kyodo Foods Co., Ltd. was selected in the SME category.



NH Foods Ltd.

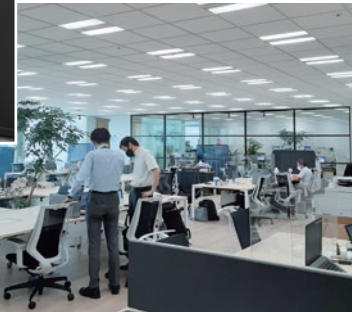


Kyodo Foods Co., Ltd.



A private workspace  
(Tokyo Branch Office)

Using a desk-sharing workspace  
(Osaka Head Office)



### Activity 5








#### Encouraging employee friendly work environments through flexible workstyles and office reforms












As part of Group efforts to promote flexible workstyles, NH Foods Ltd. has introduced flextime and work-at-home systems. We have also incorporated Microsoft Office 365 into internal systems, establishing an appropriate environment for remote working that enables any employee to work in an advanced and productive manner wherever they are. The Osaka and Tokyo branch offices responded to an increase in the number of meetings held online through tools such as Teams and Zoom by installing private workspaces that can be used by one or two employees at a time. Some offices have also set up desk-sharing workspaces which enable workers to choose where they sit depending on the work they are doing.

# Measures and Indicators of the Five Materialities

We have formulated 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	   	Stable procurement and supply of protein	<p>We will contribute to the health and physical development of people through the stable delivery of protein, which provides the power to live.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Improve protein intake as a power of life (in Japan)</li> <li>• Control livestock diseases</li> <li>• Promote Sustainable procurement (inform important primary suppliers of policies and have 100% SAQ* implementation, disseminate policies to important secondary suppliers and implement SAQ by FY2030)               <ul style="list-style-type: none"> <li>* SAQ (Self-Assessment Questionnaire)</li> </ul> </li> <li>• Carry out due diligence on suppliers regarding human rights</li> <li>• Promote initiatives that take animal welfare into consideration               <ul style="list-style-type: none"> <li>– Elimination of gestation crates on all farms* in Japan (pigs) (by the end of FY2030)</li> <li>– Installation of drinking water facilities in lairage pens at all meat processing plants* in Japan (pigs and cattle) (by the end of FY2023)</li> <li>– Installation of cameras on all farms and meat processing plants* in Japan to ensure environmental quality (by the end of FY2023)</li> </ul> </li> <li>* For companies in which the NH Foods Group holds a majority stake</li> <li>• Develop and utilize new technologies such as smart livestock farming</li> </ul>
		Greater choice of protein	<p>In response to lifestyle changes, we will promote the expansion and sale of plant-derived protein products and pursue new alternative proteins.</p>	<ul style="list-style-type: none"> <li>• Expand sales of plant-derived protein products (FY2030 shipment amount: ¥10 billion)</li> <li>• Develop alternative meat technologies</li> </ul>
		Food safety and reliability	<p>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.</p>	<ul style="list-style-type: none"> <li>• Promote acquisition of third-party certification (FSSC22000, SQF, BRC, JFS, etc.)</li> <li>• Develop human resources through specialized technical certification and other training               <ul style="list-style-type: none"> <li>– Number of employees who have taken e-learning courses (FY2030 target: 67,000)</li> <li>– Number of employees who have completed basic technical training (FY2030 target: 2,400)</li> </ul> </li> </ul>
Food diversification and health	  	Food allergy support	<p>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.</p>	<ul style="list-style-type: none"> <li>• Expand our lineup of food allergy-related products (FY2030 shipment amount: ¥4 billion) and raise awareness of food allergies</li> <li>• Research and disseminate information on food allergies</li> </ul>
		Health promotion	<p>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.</p>	<ul style="list-style-type: none"> <li>• Research and commercialize new ingredients for improving cognitive function (supply the equivalent of 3 million meals per year by FY2026)</li> <li>• Develop products that contribute to health</li> <li>• Disseminate information on extending healthy life expectancy</li> </ul>
		Food diversification	<p>We will contribute to a variety of dietary lifestyles by providing products that respond to various cultures and values.</p>	<ul style="list-style-type: none"> <li>• Develop and sell products that respond to a diverse range of cultures, religions, etc.</li> </ul>

Materialities	Relevant SDGs	Social Issues	Policies	Measures and Indicators
Contributing to a sustainable environment	     	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.	<ul style="list-style-type: none"> <li>• Reduce CO<sub>2</sub> emissions from fossil fuels (FY2030 targets: 46% or higher compared to FY2013 in Japan, and 24% or higher compared to FY2021 overseas)</li> <li>• Promote research and technological development to control and reduce greenhouse gases from livestock</li> </ul>
		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.	<ul style="list-style-type: none"> <li>• Reduce water consumption (FY2030 targets: 5% compared to FY2019 in Japan, 5% compared to FY2021 overseas)</li> <li>• Reduce waste emissions in Japan (FY2030 target: 5% per production unit compared to FY2019)</li> <li>• Improve the waste recycling rate in Japan (FY2030 target: 92% or higher)</li> <li>• Use environmentally friendly materials (recycled materials, biomass materials, etc.) and reduce the amount of packaging materials used</li> <li>• Identify areas with high water risk, survey actual conditions in these areas, and respond to issues</li> <li>• Promote the reduction of food loss from manufacturing, sales, and distribution</li> </ul>
		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.	<ul style="list-style-type: none"> <li>• Raise the ratio of RSPO-certified palm oil used (FY2030 target: 100%, including book &amp; claim)</li> <li>• Increase the number of products certified for sustainable fishery resources (MSC/ASC)</li> <li>• Promote forest conservation activities</li> </ul>
Co-creation and shared prosperity with local communities and society as a whole through food and sports	   	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.	<ul style="list-style-type: none"> <li>• Promote activities for co-creation with local communities through sports (new Hokkaido Ballpark, sports/food education classes, etc.)</li> <li>• Promote community contribution activities, including cultural activities (cooperation and clean-up activities for local events, etc.)</li> <li>• Promote social welfare activities through food (supplying food to food banks and "Kodomo Shokudo"<sup>*1</sup>, etc.)</li> <li>• Support the development of the next generation through food and dietary education, etc. (in-class lessons, career development support, etc.)</li> </ul> <p><sup>*1</sup> Initiatives that provide meals to children in need</p>
Employee development and respect for diversity	  	Enhancing job satisfaction for employees	We will promote a human resources management strategy that improves the motivation of our employees.	<ul style="list-style-type: none"> <li>• Support job satisfaction</li> <li>• Foster a corporate culture that encourages employees to take on challenges</li> <li>• Carry out initiatives for fair evaluation and compensation</li> </ul>
		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.	<ul style="list-style-type: none"> <li>• Career development for women (percentage of female executives by FY2030: 20% or higher<sup>*2</sup>)</li> <li>• Promotion of employment for people with disabilities (percentage of workers with disabilities by FY2030: 2.3% or higher<sup>*2</sup>)</li> <li>• Reduction of total working hours (FY2030 targets: 1,870 total working hours, 200 overtime hours<sup>*2</sup>)</li> <li>• Support for physical and mental health (FY2030 targets: 100% of employees to undergo follow-up health checks, 12% smoking ratio, 100% stress examination coverage<sup>*2</sup>)</li> </ul> <p><sup>*2</sup> Scope: NH Foods Ltd.</p> <ul style="list-style-type: none"> <li>• Ensure respect for human rights (carry out human rights education)</li> <li>• Establish a human rights due diligence framework</li> </ul>



# Sustainability at the NH Foods Group

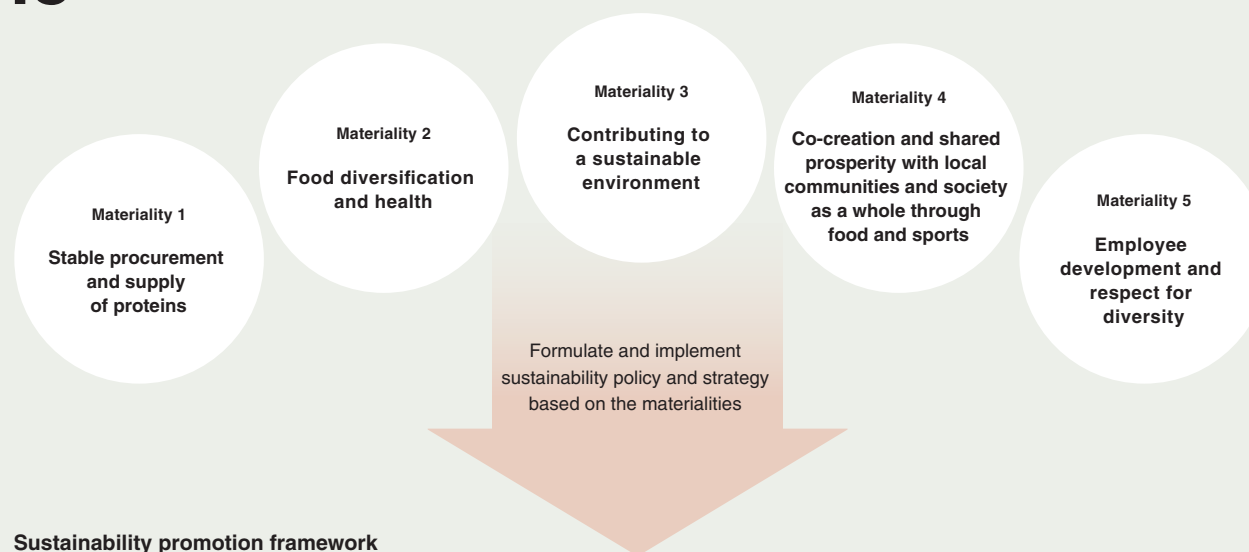
The NH Foods Group has established a Sustainability Committee with the president of NH Foods Ltd. serving as chair. In principle, the committee meets at least once every quarter. It hears the opinions of external experts and outside directors and carries out activities such as formulating sustainability policies and strategies, as well as checking the progress being made on initiatives at each Group company. Details of the committee's discussions are compiled into a report which is presented to the Board of Directors.

The ES (Environment/Social) Subcommittee and TCFD Task Council operate under the committee and comprise the director in charge of sustainability and the heads of major departments and divisions. They have been tasked with formulating specific strategies that correspond to discussions by the committee and developing measures to be carried out by business divisions.

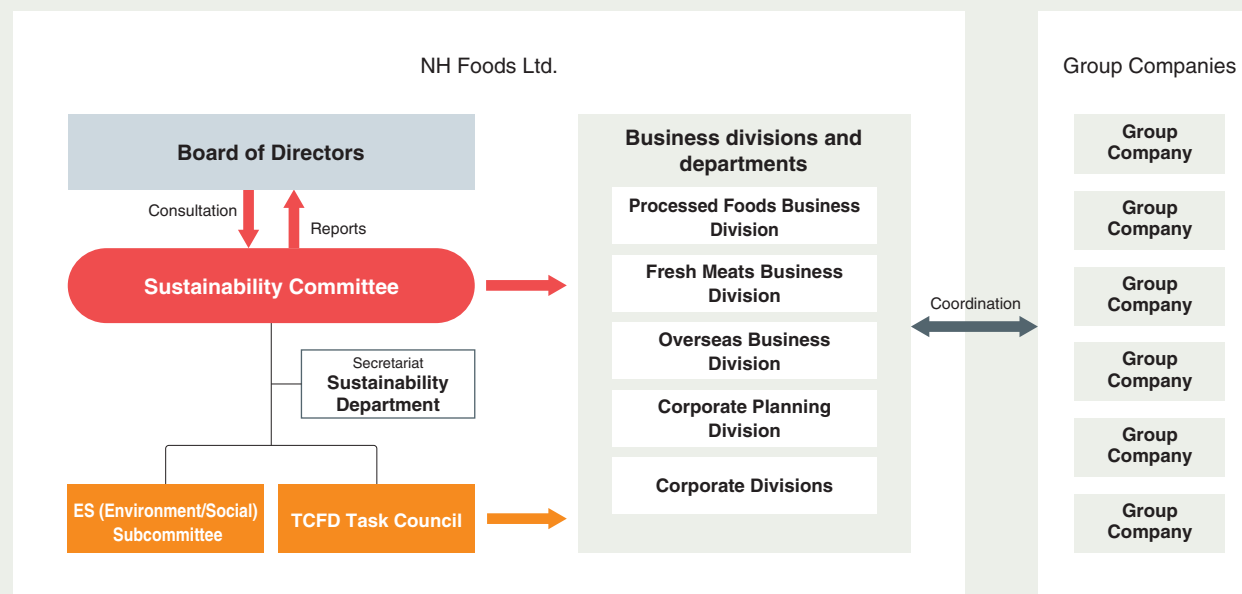
## Promotion system

Organization entity	Role	Organization	Frequency
<b>Sustainability Committee</b>	Formulate the Group's sustainability policy and consider strategy	<ul style="list-style-type: none"> <li>Director</li> <li>Outside Director</li> <li>General Manager of Business Division</li> <li>Audit &amp; Supervisory Board Member / Outside experts</li> </ul>	4 times / year
<b>ES (Environment / Social) Subcommittee</b>	Ensure the strategies determined by the Board of Directors are implemented as specific measures at business divisions and help each business division to develop these measures	<ul style="list-style-type: none"> <li>Director in charge of sustainability</li> <li>Heads of departments and sections</li> </ul>	4 times / year
<b>TCFD Task Council</b>	Evaluate the risks and opportunities accompanying climate change and formulate potential scenarios	<ul style="list-style-type: none"> <li>Director in charge of sustainability</li> <li>Officer in charge of overall management at each business division</li> <li>Heads of departments and sections and other employees responsible for TCFD</li> </ul>	8 times / year

## The Five Materialities



## Sustainability promotion framework



## Main topics discussed by the Sustainability Committee (Fiscal 2021)



### DISCUSSION 1

#### Information disclosure based on TCFD recommendations

In June 2020, NH Foods Ltd. endorsed the proposal presented by the Task Force on Climate-related Financial Disclosures (TCFD) and became a member of TCFD Consortium.

With a view to disclosing information based on TCFD recommendations, in fiscal 2021, the committee discussed matters from a range of perspectives, including analyzing potential scenarios and evaluating impact on business. Additionally, it identified risks and opportunities and evaluated the importance of each of these. It also considered future countermeasures.



### DISCUSSION 2

#### Checking progress on medium- to long-term environmental targets

In fiscal 2021, we created medium- to long-term environmental targets as new goals to be achieved in the period up to fiscal 2030 as part of efforts to solve issues such as greenhouse gas emissions generated through our value chain, food loss, and plastic use, and we are currently working toward achieving these targets.

During fiscal 2021, the Sustainability Committee discussed progress on specific measures for hitting the environmental targets, including management and various issues, based on relevant reports up to 2020. It also considered setting environmental targets for Group companies outside of Japan and disclosing results.



### DISCUSSION 3

#### The status of human rights initiatives

We recognize that our business activities may have a direct or indirect effect on human rights, so in December 2020, we formulated the NH Foods Group Human Rights Policy to demonstrate our respect for the human rights of all people connected to our businesses.

In fiscal 2021, the Sustainability Committee learned about social issues and trends concerning human rights and discussed the establishment of a human rights due diligence process ranging from the identification of human rights risks to the implementation of specific countermeasures. It also advanced considerations regarding the scope and schedule of assessments.

# 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.

## 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)

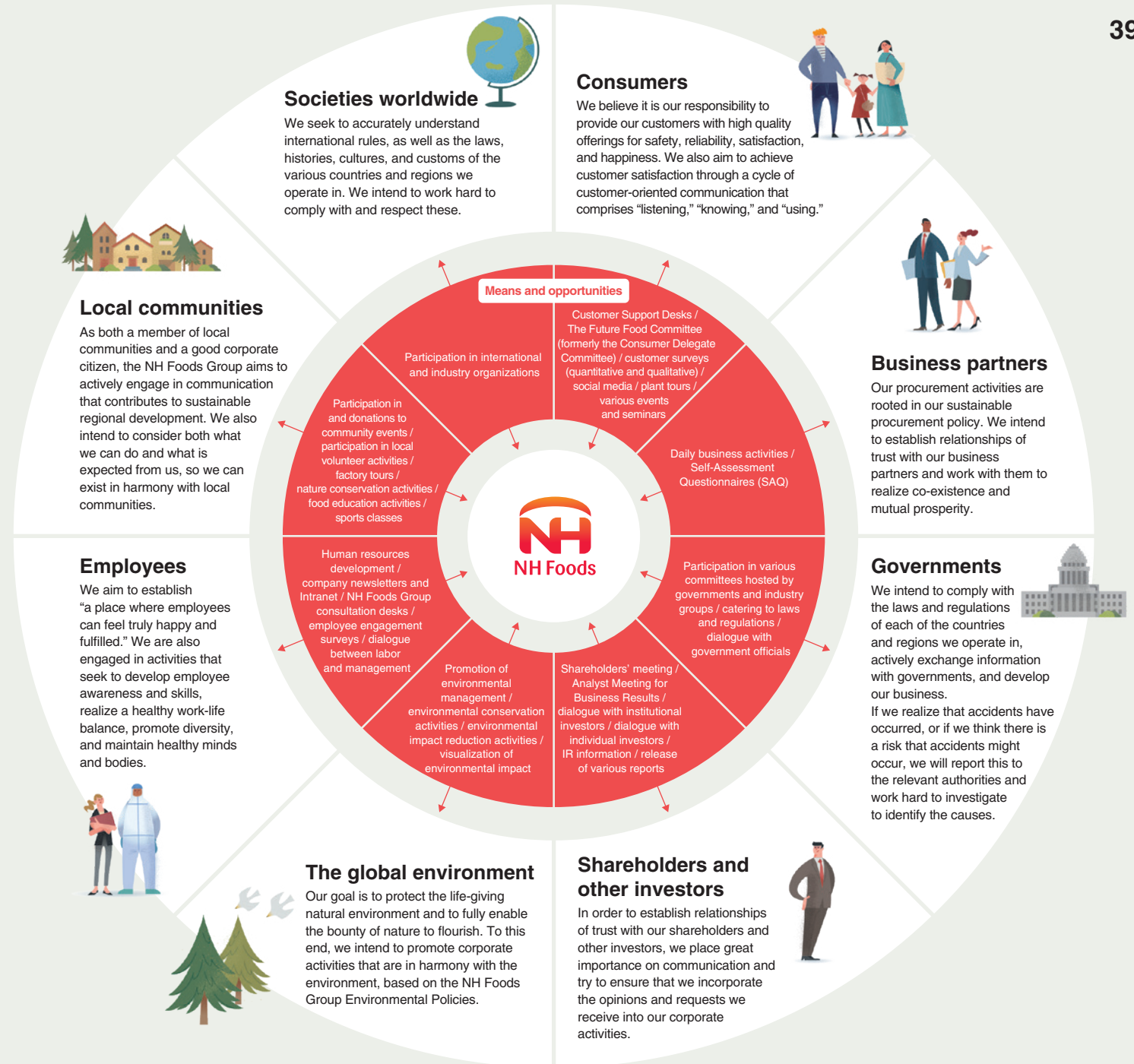
An international non-profit organization which has built and operates a certification system that has become the standard for sustainable palm oil, and which encourages the production and distribution of such oil.

### 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 2022, it has around 400 member companies from over 70 countries.



# Supporting the future of food

The NH Foods Group is implementing various initiatives on the theme of “the future of food.”

## Lifestyle

### Dinner table forecasts backed by data

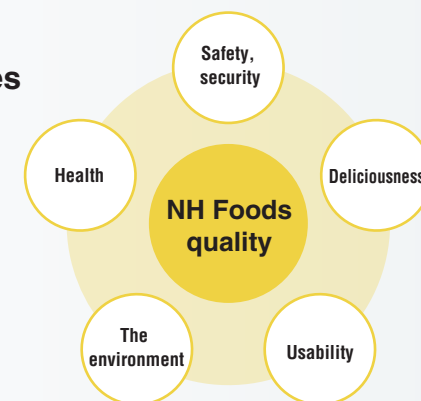
The Lifestyle Research Office is studying changes in the external environment around dinner tables, as well as changes in the values and behavior of consumers, through methods such as consumer sentiment surveys and the analysis of purchase data. It has categorized different types of dinner tables and it is sharing its “dinner table forecasts” on a Group-wide basis to help predict market sizes and set targets. Its state of dinner tables reports also facilitate product development and marketing activities.

## Quality

### “NH Foods quality” that takes social issues into account

We have formulated Quality Assurance Regulations for product development activities, which identify not only the basic quality criteria of safety and deliciousness, but also respond to social issues through the three common quality perspectives of the environment, health, and usability.

These five perspectives form the basis for food product development under the NH Foods Quality philosophy.



## With our customers

### Considering the future of food with our customers

The Future Food Committee is a unique monitoring system created by the NH Foods Group that operates on a yearly basis. It not only seeks feedback from customers regarding issues in their everyday dietary lifestyles, but also their opinions on products and services that take the future of food into account. Anybody with troubles concerning their dietary lifestyles or opinions about products and services that would be good from a forward-looking perspective can participate, regardless of age or gender.



# NH Food Group Products

Our business began with the production of ham and sausages. It has since expanded to cover a wide range of food categories, including fresh meats, processed foods, seafoods, and dairy products, and we now deliver the *Joy of Eating* to people in all kinds of places.

## Our expanding range of food categories



Fresh meats



Hams and sausages



Processed foods



Food allergen-free products



Seafoods



Fermented milk, lactic acid probiotic beverages



Cheese



Frozen foods



Extract seasonings



Health foods



Freeze-dried foods



Convenience store foods



Food inspections



# Corporate overview

## Business operations in

**19** countries and  
**508** regions worldwide\*<sup>1</sup>



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, 2022)
Settlement period	End of March
Net sales	¥775,354 million (March 2022, non-consolidated) / ¥1,174,389 million (March 2022, consolidated)
Total number of shareholders	38,728 (as of March 31, 2022)

## The vertical integration system, a world-leading business model



The vertical integration system, a system in which the entire production process, from livestock breeding and rearing through to processing and then sale is conducted within the Group, is our greatest strength. It enables us to deliver high value-added fresh meat, ham and sausages, as well as carry out a variety of other operations, such as manufacturing and selling products including seasoning extracts made from secondary livestock resources, and functional ingredients, such as collagen.

Group Companies\*<sup>2</sup> **78** | 49 in Japan, 29 overseas



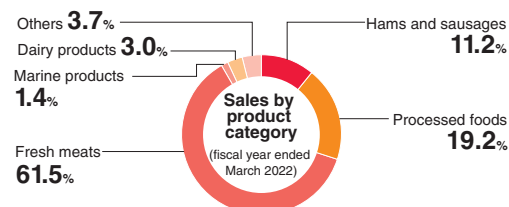
Group employees **27,649**

21,329 in Japan,  
6,320 overseas



## Group consolidated net sales

¥ **1,174.4** billion



\*1 The number of countries includes those where our representative offices are located.

\*2 Includes subsidiaries by the equity method (As of April 2022)

## Coverage

NH Foods Ltd. and its 78 consolidated subsidiaries in Japan and overseas (as of March 31, 2022).

## Period covered

April 1, 2021-March 31, 2022

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

## Publication date

September 2022

## For further information:

Sustainability Department, Corporate Planning Division,  
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.



Unleash new potentials for protein  
**NH Foods Group Vision 2030**



## Related information

Stakeholders can access a variety of information through our website.



### NH Foods Ltd. website Sustainability page

<https://www.nipponham.co.jp/eng/csr/index.html>



### Integrated Report

<https://www.nipponham.co.jp/eng/ir/library/annual/>



### Data Book

<https://www.nipponham.co.jp/eng/csr/report/#ac02>

