

# NH Foods Group

## Five Materialities (key issues)

The NH Foods Group has designated the social issues that must be prioritized in order to realize Vision2030 as the Five Materialities.



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 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.



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.



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.



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.

# Measures, indicators, and progress of the Five Materialities (key issues)

We have identified the Five Materialities as social issues that must be prioritized in order to realize Vision 2030. We have formulated a policy, measures, and indicators for each initiative addressing each materiality. For qualitative measures, the year of achievement is set to 2030, and for quantitative measures, the year of achievement is set for each measure. We will continue to promote these initiatives through dialogue with our stakeholders. Here we share the main items within these measure and indicators and results achieved in fiscal 2022.
















For details, please visit the NH Foods Group website.  
<https://www.nipponham.co.jp/eng/csr/nhgroup/materiality-list/>

Materiality 1		Stable procurement and supply of proteins		<div>2</div> <div>9</div> <div>12</div> <div>17</div>			
Social Issues	Policies	Measures and Indicators	FY2022 Results				
Stable procurement and supply of proteins	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.	<div><div></div><div>Promote sustainable procurement</div><div>–Disseminate policies to critical primary suppliers and achieve a 100% implementation rate for SAQ*1 by FY2023</div><div>–Disseminate policies to critical primary suppliers and achieve a 100% implementation rate for SAQ, and disseminate policies to critical secondary suppliers and implement SAQ by FY2030</div></div>	Implemented SAQ at 59 critical suppliers. Return rate: 100%				
		<div><div></div><div>Promote initiatives that take animal welfare into consideration</div><div>–Eliminate gestation crates on all farms*2 in Japan (pigs), achieving an implementation rate of 9.5% by FY2023 and 100% by FY2030</div></div>	Implementation rate: 9.5%				
		<div><div></div><div>–Install drinking water facilities in lairage pens at all meat processing plants*2 in Japan (pigs and cattle) by FY2023</div></div>	Installation rate Cattle: 100.0% Pigs: 88.8%				
		<div><div></div><div>–Install cameras on all farms and meat processing plants*2 in Japan to ensure environmental quality by FY2024</div></div>	Installation rate Cattle (meat processing plants): 100.0% Pigs (meat processing plants, farms): 100.0%, chickens: 20.0%				
Greater choice of protein	In response to lifestyle changes, etc., we will promote the expansion and sale of plant-derived protein products and pursue new alternative proteins.	<div><div></div><div>Expand sales of plant-derived protein products</div><div>–Achieve a shipment amount of ¥1 billion by FY2023 and ¥10 billion by FY2030</div></div>	Shipment amount: ¥660 million (+191.0% YoY)				
Food safety and reliability	We will promote the acquisition of third-party certification for food safety and training on food safety for our employees in order to deliver safe and secure products.	<div><div></div><div>Promote acquisition of third-party certification (FSSC22000, SQF, BRC, JFS, etc.)</div></div>	Third-party certifications acquired: 130				
		<div><div></div><div>Develop human resources through specialized technical certification and other training</div><div>–Achieve the number of employees who have taken e-learning courses of 46,000 by FY2023 and 67,000 by FY2030</div></div>	Employees who have completed e-learning: 43,801				
Materiality 2		Food diversification and health		<div>3</div> <div>9</div> <div>17</div>			
Social Issues	Policies	Measures and Indicators	FY2022 Results				
Food allergy support	We are working to improve the quality of life of those with food allergies and their families by expanding our products and services, primarily centered around food.	<div><div></div><div>Expand our lineup of food allergy-related products and raise awareness of food allergies</div><div>–Achieve a shipment amount of ¥1.9 billion by FY2023 and ¥4 billion by FY2030</div></div>	Shipment amount: ¥1.16 billion (+7.4% YoY)				
Health promotion	We will promote the development of products that both taste good and contribute to health, 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.	<div><div></div><div>Research and commercialize new ingredients for improving cognitive function</div><div>–Supply the equivalent of 1.65 million meals per year by FY2023 and 3 million by FY2026</div></div>	Provision of IMIDEA materials and products: 1.68 million meals				
		<div><div></div><div>Develop products that contribute to health</div></div>	Shipment amount: ¥9.54 billion (+5.0% YoY) Number of health-conscious products: 115 (+9.0% YoY)				
Food diversification	We will contribute to a variety of dietary lifestyles by providing products that respond to various cultures and values.	<div><div></div><div>Develop and sell products that respond to a diverse range of cultures, religions, etc.</div></div>	Halal and kosher certification acquired at overseas Group companies				

Note:\*1 SAQ: Self-Assessment Questionnaire \*2 For companies in which the NH Foods Group holds a majority stake



Materiality 3 Contributing to a sustainable environment			     				
Social Issues	Policies	Measures and Indicators	FY2022 Results				
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<ul style="list-style-type: none"><li>–Japan: FY2023 target of 15.9% or higher compared to FY2013 and FY2030 target of 46% or higher compared to FY2013</li></ul></li></ul>	18.7% reduction				
		<ul style="list-style-type: none"><li>–Overseas: FY2030 target of 24% or higher compared to FY2021</li></ul>	2.0%* reduction *Initiative started in 2022				
Resource saving and recycling	We will work to reduce the amount of water used, which 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 risks and reduce food loss.	<ul style="list-style-type: none"><li>• Reduce water consumption<sup>*3</sup><ul style="list-style-type: none"><li>–Japan: FY2030 target of 5% per production unit compared to FY2019</li></ul></li></ul>	1.3% increase				
		<ul style="list-style-type: none"><li>–Overseas: FY2030 target of 5% per production unit compared to FY2021</li></ul>	3.7% increase				
		<ul style="list-style-type: none"><li>• Reduce waste emissions in Japan<sup>*4</sup><ul style="list-style-type: none"><li>–FY2030 target: 5% per production unit compared to FY2019</li></ul></li></ul>	7.2% reduction				
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.	<ul style="list-style-type: none"><li>• Promote forest conservation activities</li></ul>	Carried out forestation activities				
Materiality 4 Co-creation and shared prosperity with local communities and society as a whole through food and sports			   				
Social Issues	Policies	Measures and Indicators	FY2022 Results				
Local community development	We will contribute to the development of local communities by collaborating with local communities through sports, local cultural activities, social welfare activities through food, support for the development of the next generation through food and dietary education, etc. 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></ul>	Activities: 36 Participating employees: 7,797 Spending on activities: ¥519,347,000				
		<ul style="list-style-type: none"><li>• Support the development of the next generation through food and dietary education, etc. (in-class lessons, career development support, etc.)</li></ul>	Activities: 191 Participating employees: 3,654 Spending on activities: ¥42,111,000				
Materiality 5 Employee development and respect for diversity			  				
Social Issues	Policies	Measures and Indicators	FY2022 Results				
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>• Foster a corporate culture that encourages employees to take on challenges</li></ul>	Implemented an award system for individual employees and N-VIP New Business Proposal System				
		<ul style="list-style-type: none"><li>• Carry out initiatives for fair evaluation and compensation</li></ul>	Provided appropriate assessments, compensation, and feedback, clarified promotion and advancement standards and processes				
Respect for diversity	We will work to improve value creativity 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<ul style="list-style-type: none"><li>–Achieve a percentage of female managers of 8% or higher by FY2023 and 20% or higher<sup>*5</sup> by FY2030</li></ul></li></ul>	Percentage of female managers: 9.8%				
		<ul style="list-style-type: none"><li>• Reduce total working hours<ul style="list-style-type: none"><li>–FY2023 targets: 1,980 or less total working hours, 240 or less overtime hours<sup>*5</sup></li><li>–FY2030 targets: 1,870 or less total working hours, 200 or less overtime hours<sup>*5</sup></li></ul></li></ul>	Total working hours: 1,970 Overtime hours: 226				

\*3 Water consumption at NH Foods Group manufacturing factories in Japan and Overseas

\*4 Waste discharges at NH Foods Group manufacturing factories in Japan \*5 Scope: NH Foods Ltd.