

Activity

01

**Promoting initiatives that
take animal welfare
into consideration**

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.

Formulating core values, guidelines, and targets

We formulated the NH Foods Group Animal Welfare Core Values and the NH Foods Group Animal Welfare Code of Conduct, which firmly sets out the conduct we expect under the core values, to promote business that takes animal welfare into consideration. We have also set targets to be achieved by fiscal 2030.

These provide a foundation for each Group company to organize specific management frameworks and procedure manuals in line with the characteristics of its business. Furthermore, Nippon Clean Farm Ltd., which operates the Group's pig rearing business, is holding internal workshops and has established an animal welfare consultation channel in order to raise awareness of animal welfare among employees and raise the effectiveness of initiatives.



A free-range sow gestation house (Nippon Clean Farm Ltd.)



Sunshades installed to protect cattle from direct sunlight (Whyalla Beef Pty. Ltd.)

Main initiatives

Nippon Clean Farm Ltd. is working to reduce the stress of pigs being raised at two of its farms in Hokkaido by eliminating gestation crates. Reducing the stress of mother pigs raises productivity. We are also installing cameras at farms and meat processing plants with the goal of enhancing the quality of livestock rearing and rearing environments.

Furthermore, in the overseas business, Whyalla Beef Pty. Ltd., which operates a cattle business in Australia, is prioritizing safety and sanitation at its feedlots while also reducing stress in the rearing environments of its cattle through efforts such as installing sunshades to protect the cows from direct sunlight and improving methods for supplying water and feed.

Animal welfare targets

Measures	Indicators	Progress (as of June 2023)
Elimination of gestation crates (pigs)	Complete at all farms* in Japan by fiscal 2030	9.5%
Installation of drinking water facilities in lairage pens at meat processing plants (pigs and cattle)	Complete installation at all meat processing plants* in Japan by fiscal 2023	Cattle: 100.0% Pigs: 88.8%
Installation of cameras at farms and meat processing plants to ensure environmental quality	Complete installation at all farms and meat processing plants* in Japan by fiscal 2024	Cattle meat processing plants: 100% Pig farms and meat processing plants: 100% Chicken farms and meat processing plants: 20%

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

Participating in a symposium in Japan

At the Nikkei Animal Welfare Symposium hosted by Nikkei, Inc. in February 2023, the president and representative director of Group company Nippon Clean Farm Ltd. participated in the closing session. In addition to explaining the Group's animal welfare initiatives, he exchanged opinions with other members of the panel, sharing a producer's perspective on matters such as the current situation at farms and how to promote animal welfare in Japan going forward.



Comment from an expert

Engagement in animal welfare

Kenichi Takeda

Associate Professor Institute of Agriculture,
Academic Assembly Shinshu University



Food companies that handle livestock in Japan have started engaging in animal welfare (AW). Although for some companies, this is limited to just formulating an AW policy, there are also companies that are incorporating global trends into their activities, such as changing animal rearing methods and investing large amounts in the associated facilities and equipment. Among these, I think that the NH Foods Group is a leading presence. In addition to formulating a policy, it is also implementing specific measures and setting targets with defined deadlines.

This kind of engagement has raised the evaluation of its AW initiatives in terms of BBFAW*, which sends a message to investors and leads to an improvement in corporate value.

However, what about initiatives covering the entire food supply chain? The most important element is the understanding of the consumers who will be eating the end products. I think the intrinsic value of the products can only be recognized if consumers sympathize with rearing methods and understand what is being done in terms of AW. AW cannot be implemented without a cost in terms of both money and labor. A management system in which a company is paying this cost without the understanding of consumers will not succeed.

While it is important to have a shared attitude toward AW within the Group, I think that implementing regular food education activities for consumers under the theme of AW will result in a big step forward for AW.

* Business Benchmark on Farm Animal Welfare: An NPO established in the UK in 2012 that sets benchmarks for companies concerning livestock animal welfare.

Activity 02

Carrying out sustainable procurement with suppliers

We cooperate with suppliers to solve any social issues (such as forced or child labor, or environmental destruction) that manifest throughout the entire supply chain. As part of these efforts, we formulated the NH Foods Group Sustainable Procurement Policy and NH Foods Group Sustainable Procurement Guidelines. In addition to voluntarily complying with this policy and these guidelines, we also explain them to suppliers and request their understanding and cooperation.

Furthermore, we monitor the procurement situation with each supplier through self-assessment questionnaires (SAQ). We ask suppliers to assess their own activities and share their results. If these self-assessments reveal points that need addressing, we work together with the relevant suppliers to make improvements. In fiscal 2022, we also asked Group companies in Japan and overseas to send questionnaires to their critical suppliers* and responses were returned by all suppliers.

Going forward, we will work toward sustainable procurement by monitoring new suppliers, as well as both primary and secondary suppliers, and by considering audits when necessary.

* Critical suppliers: We position suppliers with whom we make transactions totaling large amounts and suppliers who deliver materials, packaging, livestock products, feeds, etc. that cannot be substituted as "critical suppliers."

Sustainable Procurement flow

STEP1 Share policy and guidelines with suppliers and request self-assessment questionnaire (SAQ)



STEP2 Collect SAQ responses from suppliers



STEP3 Share evaluation results

If points that need improvement are identified



STEP4 Interviews by telephone and other channels

Activity 01 Tackling food allergies by developing walnut allergy test kits



We have been tackling food allergies for over 20 years based on our desire for people with food allergies and people without allergies to be able to enjoy delicious food with peace of mind.

In addition to developing allergen-free foods and disseminating information, we also develop allergen test kits that check if foods contain certain allergens or not. These kits are tools that help maintain food safety and are used by many food manufacturers and public institutions.

In recent years, the number of allergic reactions caused by walnuts has been rising and in March 2023, walnuts were added to the list of specified allergens that must be included on food labeling. In response, NH Foods Ltd. developed two types of kit that can detect walnut proteins swiftly and with a high degree of sensitivity, and these were launched on the market in late March.

Activity 02 Developing products that respond to diverse food needs

Preventing frailty in elderly people

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 collaborating with universities, independent administrative institutions, and other companies to advance research into preventing frailty. Also, protein intake is an important factor in countering frailty, but factors such as the weakening of chewing power mean that people tend to eat less meat as they age. Therefore, we are developing new soft meat products that can be easily enjoyed by elderly customers.



Tender Sirloin Steak

Responding to religious food needs

Some religions have laws on what foods can be eaten. For example, Islam has halal foods and Judaism has kosher foods. The global population of people who adhere to the Islamic faith is growing and by 2030, this number is forecast to reach 2.2 billion, or in other words, approximately one quarter of all people will be Muslims. Therefore, demand for halal foods is expected to continue growing.

Our overseas Group companies are manufacturing foods that have halal and kosher certification, and we will continue striving to respect and understand religious food needs and to supply religiously permissible food products.



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

Activity
01



Advancing joint development into reducing livestock-derived greenhouse gas emissions in Japan and overseas

Livestock belches and excretions contain greenhouse gases such as methane. The greenhouse effect of methane is 25 times as potent as CO₂, so countermeasures are needed on a global scale. Therefore, we recognize that livestock-derived greenhouse gas emissions are a major issue. In Japan, we are pursuing industrial-academic collaborative research through joint research projects with each of Hokkaido University, Osaka University, and Tokushima University. These efforts focus on two methods. One is curbing methane emissions, while the other is capturing and using emitted methane. Going forward, we will aim to contribute to mitigating global warming by developing and finding social applications for relevant technologies.

Reusing more than 80% of wastewater through the installation of advanced wastewater treatment equipment

Since January 2022, Nippon Clean Farm Ltd. has been using advanced reverse osmosis (RO) water treatment equipment at its Dounan business site. This equipment uses an RO filter to filter out impurities from wastewater. The filtered water is then reused for tasks such as cleaning. More than 80% of treated water can be reused which helps to reduce water intake.

Activity
02



Becomes
useable water

Activity
03



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 at the Afan Woodland in Shinano, Nagano Prefecture.

Activity
01



CH.N.F.

We will operate three establishments in the first-floor food hall as a hub for communicating the Group's message



Advancing a new style of regional development that combines recreation and community building

Hokkaido Ballpark F Village is a co-creative community space created through a partnership of diverse private, public, and academic partners. The facility is centered around a ballpark, so we are working with partners to build a new community that combines baseball with other business and markets under the concept of "a facility that offers baseball and more." 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.

Developing and marketing protein deli dishes through an industrial-academic collaboration with a university

Naka Nippon Food, Inc. collaborated with Osaka Seikei University on a project with the theme of promoting soy meat. Together with fourth-year students from the university, it developed and marketed protein deli dishes. The students developed a lineup of dishes using the company's soy meat and the company also provided advice on matters such as marketing, sales promotion measures, and communicating with distribution partners. As a result, the developed products went on sale at four actual supermarkets for two weeks. About 300 surveys were collected from people who bought these products, which were used to analyze consumer awareness. A research paper summarizing this initiative won the grand prize out of 50 teams at the Agriculture Competition in 2022, a competition for research on Japanese agriculture and food by university students. The project has now been taken over by students from the year below and they are currently working to make improvements before launching a second round of sales.

Activity
02



Activity
03



An activity at KidZania Fukuoka

Teaching the importance of food through sausage making experiences

NH Foods Ltd. operates sausage making pavilions as an official sponsor of KidZania facilities, which are facilities that enable children to experience work and social participation, with the goal of raising the interest of children in making food and fostering an appreciation for delicious foods. After opening pavilions at KidZania Tokyo and KidZania Koshien, it set up a sausage factory* at KidZania Fukuoka, which opened in July 2022. By taking part in activities such as a sausage production experience, the children learn valuable lessons about the care that goes into making delicious sausages and the importance of hygiene management when handling foods. Going forward, we will continue to find fun ways to contribute to the healthy growth of children.

* The pavilions at KidZania Tokyo and KidZania Koshien hold sausage making workshops in which children get to make sausages by hand.

Activity
01



A round-table meeting between the fiscal 2022 award winners and the president

Fostering a corporate culture of bravery through an awards system for individuals

NH Foods Ltd. is working to foster a corporate culture that enables employees to pursue challenges and acquire a sense of growth by providing them with opportunities to take on various challenges through their work and a range of initiatives that allow them to select and learn the knowledge and skills they require.

Since 2021, it has been operating a system that recognizes individual employees who contribute to the realization of Vision2030. This initiative not only raises the motivation of award winners, but also contributes to fostering a drive to take on challenges across entire workplaces as successful examples are shared on a company-wide basis.

In addition to this company-wide awards system, the company is also enhancing initiatives such as an awards system for business divisions and departments with the goal of creating an organizational culture in which employees can independently take on challenges within a framework that ensures their efforts are evaluated appropriately.

Activity
02

Enhancing support systems for balancing work with child and nursing care

We are enhancing systems that foster work environments where employees can balance work with child and nursing care to ensure that everyone in our increasingly diverse workforce can participate fully and without hesitation. In fiscal 2022, NH Foods Ltd. introduced special leave (20 days, including five days which must be taken consecutively) for employees taking paternity or childcare leave with the aim of raising the percentage of male employees taking childcare leave to 100%. For employees who are pregnant or who have childcare or nursing care commitments, it has introduced a flextime system in addition to the previous shortened working hours system, to help employees find workstyles that fit around their life situation.

Employee interview

Factors such as colleagues taking childcare leave have created an environment which makes it easy to take leave, so requesting leave myself felt natural. Over my month of childcare leave, I got to fully experience how tough it is to look after a baby and I was also able to spend time with my wife and her parents. I'm very glad I took it. The members of my department all worked together so that the periods before taking leave and after I returned were navigated smoothly and without any serious confusion.



Shunsuke Yamagata
Quality Assurance
Department
NH Foods Ltd.

Supervisor interview

In our department, we have a buddy system in which two members are paired up to provide support for each other. This means that when one person takes leave, it does not disrupt the workflow. Also, in this case, we reorganized our work load for during the leave period as a team. When Mr. Yamagata returned to work, he understood the importance of family time, so he started exploring ways to make operations more efficient and to raise productivity. This also had a positive effect on the people around him. It was an excellent opportunity to think about work-life balance harder than I had before.



Toshiyuki Kajiyama
Quality Assurance
Department
NH Foods Ltd.

Activity
03

Introducing subscription-based e-learning to encourage self-directed learning

In fiscal 2023, we introduced a subscription-based e-learning system, which enables employees to choose freely from a range of educational courses, in order to provide support for reskilling. It differs from the self-development courses we have used to date in that it has a wide range of content and can be accessed through smartphones and tablets, meaning that all employees can use the system no matter where they are located. We think that enabling each employee to take control of their own career and acquire skills that will help them make an impact within the company will lead to not only individual growth, but also organizational growth.