

In Medium-Term Management Plan 2023, which started on April 1, 2021, we are working toward Vision2030 by advancing a sustainability strategy that combines business strategy with the achievement of our materialities. We will strive to solve social issues through our businesses to contribute to the sustainability of both society and the Company.

### Basic policy

There has been a growing call for companies to tackle social issues through their business activities. Within this environment, the NH Foods Group is pursuing sustainability by implementing a variety of ESG (Environmental, Social, Governance) initiatives. We also recognize that we are expected to play a role in achieving the UN's Sustainable Development Goals (SDGs), so we are advancing activities aimed at solving issues related to each of these goals.

In April 2021, we formulated Vision2030 (→p.5), which outlines our ideals for 2030, as well as the NH Foods Group's five materialities

(→p.22) which are initiatives that need to be engaged as a priority in order to realize our vision. We will implement our business strategy and materialities in a way that also advances our sustainability strategy so that we can contribute to solving social issues through our businesses.

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

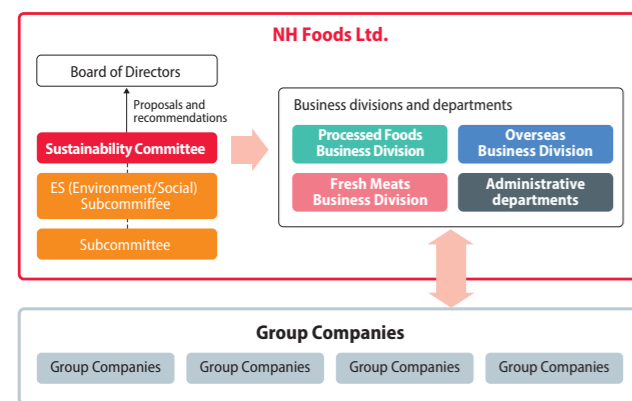
### Sustainability promotion framework

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

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

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

#### Sustainability promotion framework



#### Promotion system

Organization entity	Role	Organization	Frequency
Sustainability Committee	Develop the Group's sustainability policy and determine 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
ES (Environment / Social) Subcommittee	Formulate specific strategies that correspond to discussions by the committee and develop measures to be carried out by business divisions	<ul style="list-style-type: none"> <li>Director in charge of sustainability</li> <li>Head of departments and sections</li> </ul>	4 times / year
Subcommittee • CSR Procurement Taskforce	Consider specific details and carry out promotional activities related to important CSR procurement themes	<ul style="list-style-type: none"> <li>Procurement personnel</li> </ul>	4 times / year

\* Audit & Supervisory Board Member (Outside) Tokushi Yamasaki

### Stakeholder engagement

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

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

#### Communicating with our key stakeholders

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

#### Holding exchanges of opinions with animal welfare experts

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

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

#### Main initiatives and organizations of which the Group is a member

- TCFD** (Task Force on Climate-related Financial Disclosures)  
A task force established by the Financial Stability Board which aims to encourage companies to disclose financial information related to climate change.
- RSPO** (Roundtable on Sustainable Palm Oil)  
An international non-profit organization which has built and operates a certification system that has become the standard for sustainable palm oil, and which encourages the production and distribution of such oil.
- ASSC** (The Global Alliance for Sustainable Supply Chain)  
An NGO that is promoting the creation of sustainable supply chains in Japan through international cooperation.
- CGF** (The Consumer Goods Forum)  
An international industry association for major manufacturers of foods and consumer goods and major retailers. As of July 2021, it has around 400 member companies from over 100 countries.

## Contributing to a sustainable environment

### Medium- to long-term targets for 2030

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

We are working to reduce CO<sub>2</sub> emissions by switching to fuels that produce relatively low CO<sub>2</sub> emissions at our plants, such as natural gas, and by promoting the use of renewable energy (such as solar power and boilers that use animal and plant-derived oil as fuel) at our plants.

We are reducing the amount of discharge we produce by advancing

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

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

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

Additionally, the targets we have set for reducing CO<sub>2</sub> emissions, reducing waste discharge, raising waste recycling rates, and reducing water consumption are for Japan only. For overseas business locations, we will gather further data for each location and consider how to respond.

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

Priority issue	Target	Scope
Responding to climate change	Reduce fossil fuel-derived CO <sub>2</sub> emissions <b>by more than 46%</b> compared to FY2013 levels (FY2013: 550,518 t-CO <sub>2</sub> → <b>FY2030: 297,279 t-CO<sub>2</sub></b> )	All business sites in Japan
	Strive to create innovative technologies by advancing and supporting research and development aimed at reducing livestock-derived greenhouse gas emissions	
Saving and recycling resources	Reduce waste discharge per production unit <b>by 5%</b> compared to FY2019 levels (FY2019: 134.6 kg/t → <b>FY2030: 127.9 kg/t</b> )	All processing and production sites in Japan (55 sites)
	Increase the waste recycling rate <b>to more than 92%</b> (FY2019 rate: 84.1%)	All business sites in Japan
	Reduce water consumption <b>by 5%</b> compared to FY2019 levels (FY2019: 15.2 m <sup>3</sup> /t → <b>FY2030: 14.4 m<sup>3</sup>/t</b> )	All processing and production sites in Japan (55 sites)
Addressing biodiversity	Action on water risk	Identify which of our business sites in both Japan and overseas are in regions with high levels of water risk, take action to lower this risk in accordance with the situation in each region, and use water resources in a sustainable manner
	Expanding the handling of certified goods	Realize sustainable resource procurement by handling certified products <ul style="list-style-type: none"> <li>● Ensure that <b>100% of palm oil used is RSPO certified</b> (including book &amp; claim)</li> <li>● Increase the number of seafood products that are certified (MSC/ASC)</li> </ul>

### Responding to climate change risk

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

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

This analysis will be the basis for incorporating measures for reducing CO<sub>2</sub> emissions derived from fossil fuels, such as the use of renewable energy, into our business plans. We will also carry out comprehensive information disclosure.

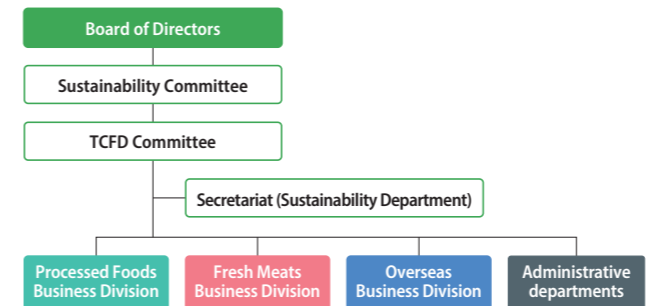


\*1 Japan Climate Initiative: A network that aims to strengthen the distribution and exchange of information among companies, local governments, NGOs, and others in Japan in order to achieve a low-carbon society. CDP Worldwide-Japan, WWF Japan, and the Renewable Energy Institute serve as the secretariat.

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

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

### TCFD Committee implementation framework



### Reducing greenhouse gas emissions from livestock

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

### Procuring sustainable palm oil

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

To achieve this, we joined the Roundtable on Sustainable Palm Oil (RSPO)\*4 in August 2020 and in fiscal 2020 we purchased six tons of RSPO-certified palm oil under the book & claim system.

\*4 An international non-profit organization which has built and operates a certification system that has become the standard for sustainable palm oil, and which encourages the production and distribution of such oil.

### Procuring sustainable marine resources

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

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

## Stable procurement and supply of proteins

### Expanding our lineup of plant-derived protein products

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

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

#### NatuMeat series



### Research and development of cultured meat

With meat consumption growing globally, we are working to fulfill our responsibility to provide animal protein into the future by developing technologies that use cultivated animal cells to manufacture food.

As part of this effort, since 2019 we have been advancing joint research related to cultured meat with IntegriCulture Inc., a startup company engaged in cell cultivation. In addition, the NH Foods Ltd. Research and Development Center is taking up technological issues including cultivation methods and cell quality to cultivate cells more efficiently.

### Animal welfare initiatives

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

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

Also, the Nippon White Farm Group, which rears and processes

chickens, has started giving chickens electric shocks to stun them before processing to reduce stress on the birds.

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

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

### Supplier engagement initiatives

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

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

#### Assessed suppliers

##### Ended of FY2019

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

##### Ended of FY2020

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

#### Main future initiatives

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

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

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

### Initiatives in Japan (results and targets)

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

### Respect for human rights

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

In order to reiterate the Group's approach and responsibilities concerning respect for human rights to society and to meet the expectations of society, in December 2012, we formulated the NH Foods

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

### Contributing to communities through the Hokkaido Project

The NH Foods Group has many business locations in Hokkaido Prefecture and in April 2021, it launched the Hokkaido Project to promote community engagement activities under the Hokkaido Nippon-Ham Fighters brand.

### Aiming for urban development that contributes to the SDGs

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

As a company based in Hokkaido Prefecture, FSE aims to contribute to regional development and co-exist alongside local communities through sports and entertainment.

Group Human Rights Policy which is based on the Guiding Principles on Business and Human Rights decided by the United Nations Human Rights Council.

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

In order to raise awareness, we carry out in-house human rights awareness activities that are mainly led by NH Foods Ltd.'s Human Resources Department in cooperation with the Compliance and Sustainability Departments, and the Audit and Compliance Departments also conduct interviews concerning human rights issues when visiting business sites. Furthermore, in fiscal 2021, we appointed a director responsible for human rights who has been coordinating with relevant departments to build a structure for practicing human rights due diligence.

Also, the ES (Environment/Social) Section Meeting, which comprises the heads of business divisions, the Human Resources Department, and the Sustainability Department, addresses matters such as monitoring risk and considering response measures.

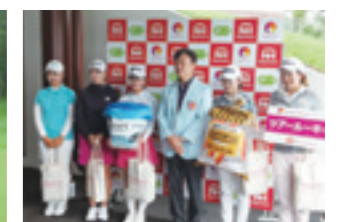
### Contributing to communities and fostering future generations through a women's pro golf tournament

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

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



Presenting the donations at the tournament's award ceremony



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

## Food diversity and health

### Providing products and information connected to health

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

We have made “food diversity and health issues” into one of our five materialities (key issues) and going forward we will continue to focus on developing health-conscious items and disseminating information that helps extend healthy lives.

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

##### 19 sugar-free and reduced salt products

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



##### 13 lactic acid probiotic and dietary fiber-rich products

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



##### 8 calcium-rich products

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



##### 4 high-protein non-fat products

Isey SKYR



### Advancing research and development

Under Medium-Term Management Plan 2023, the Research and Development Center is working with business divisions to advance

#### Four themes

##### Initiatives to create new business from a technological starting point

Initiatives such as the establishment of the business scheme of the health food and materials business, including imidazole dipeptide

##### Realization of research outcomes to solve social issues

Initiatives such as the development of new test kits, compliance with international standardization, and the development of food allergy prevention foods

##### Address social issues by solving the Group's issues

Initiatives such as ensuring the Group's food safety and extending shelf lives

##### Promotion of innovative long term vision themes

Initiatives such as research and development of new protein resources and exploration in the pharmaceutical and medical fields

research and development on four themes in order to respond to the diversification of diets and accelerate the creation of health value.

### Food allergy initiatives

We use milk constituents and egg whites as binding agents in processed foods such as ham and sausages. Therefore, we advanced research and development into products that do not use these allergens and we have been selling allergen-free food products since 1997. We have expanded the lineup of these products from ham and sausages to include foods like hamburgers and rice flour bread and as of April 2021, we offer 29 different items.

We are also participating in Project A, a collaborative project among five food manufacturers\* which involves promoting allergy-friendly products, jointly developing recipes, sharing food allergy information, and raising awareness concerning food allergies. In May 2021, we began distributing supplementary readers on food allergies to elementary schools. Furthermore, through the Nipponham Foundation for the Future of Food, we grant around ¥60 million a year to researchers who are focusing on food allergies and have advanced initiatives that increase understanding about food allergies in society, such as publishing booklets and holding seminars and cooking contests.

\* Otafuku Sauce Co., Ltd., Kenmin Foods Co., Ltd., Nagatanien Co., Ltd., House Foods Corp. and NH Foods Ltd.

### The Minna-no-Shokutaku series of allergen-free products



### Extending healthy lives

As we enter an era of 100-year lifespans, finding ways to make the duration of peoples' lives in which they are healthy longer has become a social issue. We have been conducting joint testing with the Kansai Medical University's School of Sanitation and Public Health in the area of preventing frailty\* by “promoting health through food and exercise,” with the aim of extending people's healthy lives. On our website, we have created a page dedicated to extending healthy lives through foods and sports which provides information on eating habits and moderate exercise that can help prevent frailty.

\* In this context, “frailty” refers to a physical condition in which physical and cognitive functions are diminished, but not to the point of requiring nursing care.

## Employee development and respect for diversity

Employee development and respect for diversity is one of the NH Foods Group's five materialities.

We aim to create workplaces where employees can feel truly happy and fulfilled and where each individual is respected, can demonstrate their full capabilities, and grow.

### Reforming human resources systems to encourage growth

As the business environment around the Group continues to change on a daily basis, we need to innovate our corporate culture to facilitate continuous growth and development. Therefore, we are reforming human resources systems based on the three key phrases of “pursuing challenges and a sense of growth,” “balanced abilities and duties,” and “self-directed careers.”

For “pursuing challenges and a sense of growth,” we are working to create environments that encourage all employees to take on new challenges and enable them to acquire expertise and to really feel how much they are growing. For “balanced abilities and duties,” we have abandoned the approach that puts too much value on age and years of experience and shifted to a system where the treatment of employees depends on how much ability they demonstrate and whether they are fulfilling the roles expected of them. This enables talented personnel to advance more quickly. In regard to “self-directed careers,” we are supporting employees to take control of their own growth by shifting the way they think about their careers from seeing them as something provided by a company into seeing them as something that an individual and a company build together by adjusting to each other's needs.

### Respecting diversity

We are working to build environments where all employees can participate fully, including people with limitations, based on the three key phrases “promote the active participation of a diverse range of human resources,” “promote workstyle reform,” and “promote health and safety management.”

To “promote the active participation of a diverse range of human resources,” we are taking various measures, including encouraging the active participation by women, supporting employees to balance child and nursing care with work, and recruiting people with disabilities. To “promote workstyle reform,” we are working to reduce total working hours and to encourage employees to take annual paid leave, as well as raising labor productivity by being more flexible about things like where employees do their work and working hours.

To “promote health and safety management,” we are strengthening structures for managing both physical and mental health, as well as further embedding and expanding health and safety management systems with the aim of eliminating workplace accidents.

### Human resources systems overview (NH Foods Ltd.)

Environmental change	Issues
<b>Changes in the social environment</b> <ul style="list-style-type: none"> <li>Low birthrates and ageing population</li> <li>Changes to the distribution environment</li> <li>Slowdown of economic growth</li> <li>Technological progress</li> </ul>	<b>Solving issues related to current human resources systems</b> <p>Development of next generation executives, expertise, understanding, engagement, motivation, willingness to take on challenges, initiatives for each age range</p>
<b>Changes in the labor environment</b> <ul style="list-style-type: none"> <li>Decline in the working age population</li> <li>Diversification of employment patterns</li> <li>End of promotion by seniority and lifetime employment</li> </ul>	<b>Responding to the diversification of work values</b> <p>Working regions, work-life balance, welfare and benefits programs, business diversification, posting employees away from home, self-directed careers, external transfers, secondary and side jobs</p>
<b>Changes in individuals</b> <ul style="list-style-type: none"> <li>Diversification of work values</li> <li>Diversification of life values</li> <li>Era of 100-year lifespans</li> <li>Diversification of life events</li> </ul>	<b>Realizing equal and fair treatment for everyone</b> <p>Legal compliance, compartmentalized employment, basic compensation, welfare and benefits programs, being a company that is chosen by people</p>

#### Materiality: Employee development and respect for diversity

##### Job satisfaction for employees

- We are creating a corporate culture and frameworks that encourage employees to take on challenges and actively engage in activities.
- We are creating frameworks for developing the abilities of employees.

##### Respect for diversity

- We are creating frameworks that respect diversity and enable employees to demonstrate their capabilities.
- We are creating workplaces where employees can maintain a healthy work-life balance.
- We are creating workplaces where employees can work with peace of mind and take care of their mental and physical health.
- We are creating frameworks for respecting the human rights of employees.

#### Main changes

- In our target management system, we have added “taking on challenges or organizational reform” as a target for management personnel and “improve work processes or transform self” as a target for regular employees.
- We are shrinking time periods until pay rises through regular revisions to salary ranking systems.
- We have changed systems to further raise the speed at which exceptional individuals can gain promotion.
- We are expanding career options, expanding life plan seminars, recruiting internally, implementing a career challenge support system, allowing a choice of retirement age, and providing support for re-employment.