



NH Foods Group

Sustainability Conference



Unleash new potentials for protein

NH Foods Group Vision 2030

October 6, 2022 NH Foods Ltd.



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10:00–10:10

Yoshihide Hata
President and Representative Director

- 03 Pursuing Sustainability and Raising Corporate Value
- 06 Vision and Materiality for Fulfilling Our Corporate Philosophies
- 07 Structure for Pursuing and Promoting Sustainability

10:10–10:30

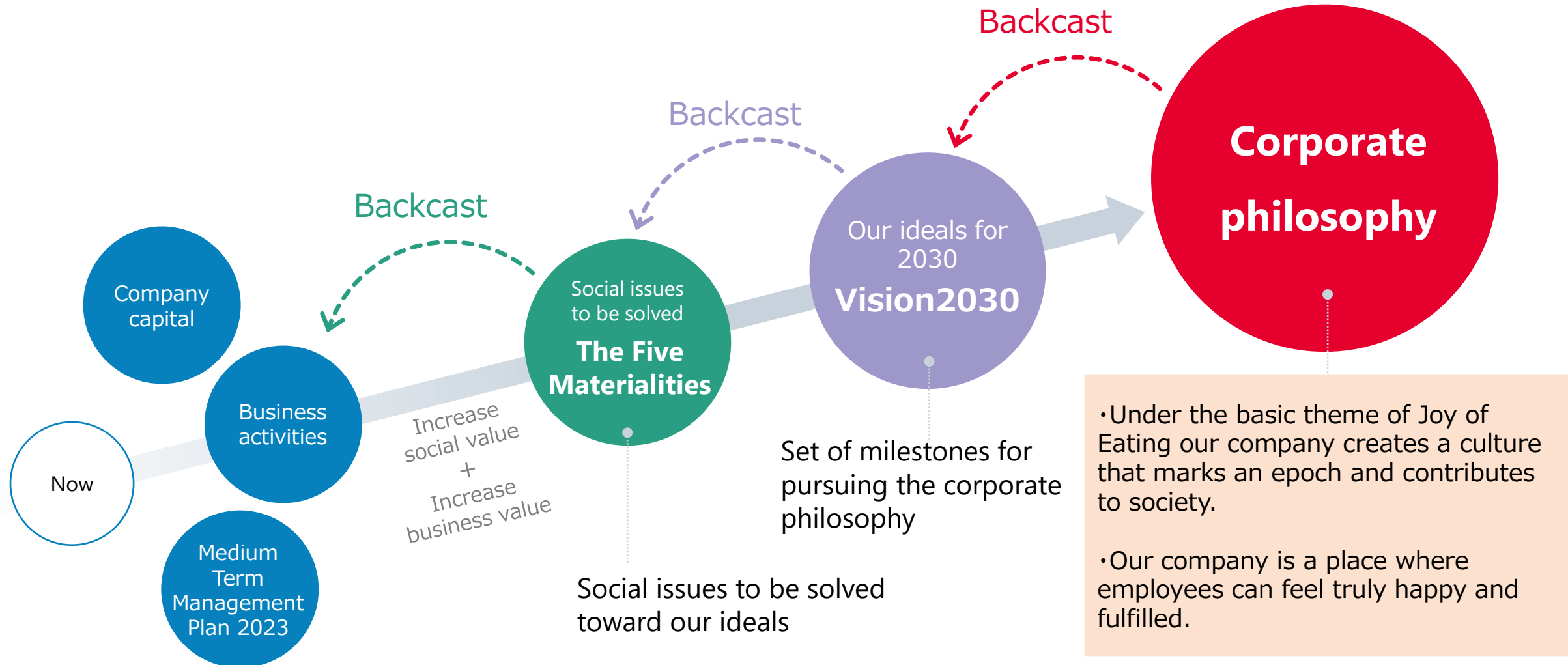
Nobuhisa Ikawa
General Manager of Corporate Planning Division (in charge of sustainability)

- 10 Pursuing NH Foods Characteristics and Sustainability
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Pursuing Sustainability and Raising Corporate Value



We used a backcasting approach to formulate Vision2030 as a set of milestones for pursuing the corporate philosophy.



Medium-term Management Plan 2023 and 2026 —Grand Design

Address social issues by executing materiality measures

- Stable procurement and supply of proteins
- Food diversification and health
- Contributing to a sustainable environment
- Co-creation and shared prosperity with local communities and society as a whole through food and sports
- Employee development and respect for diversity

Sustainability strategies

DX Strategy

Create new value

- Dramatic efficiency improvements in existing business areas
- Business optimization
- Data-based decision-making
- Creation of new business models based on digital data

Business model transformation through
the convergence of three strategies
Maximize corporate value

Business strategies

Increase business value (financial value)

- Structural reform and strengthening of existing businesses
- Business development in growth areas
- Pursuit of an optimal portfolio
- Production system optimization

**Transform
business
models**

Corporate Philosophies

Under the basic theme of *Joy of Eating* our company creates a culture that marks an epoch and contributes to society.
Our company is a place where employees can feel truly happy and fulfilled.

Vision

Unleash new potentials for protein

NH Foods Group Vision 2030

Five Materialities

Stable
procurement
and supply
of proteins

Food
diversification
and health

Contributing to
a sustainable
environment

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

Employee
development
and respect
for diversity

Corporate Philosophies

Under the basic theme of Joy of Eating our company creates a culture that marks an epoch and contributes to society.

Our company is a place where employees can feel truly happy and fulfilled.

Increase employee engagement centered on the corporate philosophies

► Employee outreach

- Instill corporate philosophies
- Fair evaluation and compensation
- Opportunities for active participation



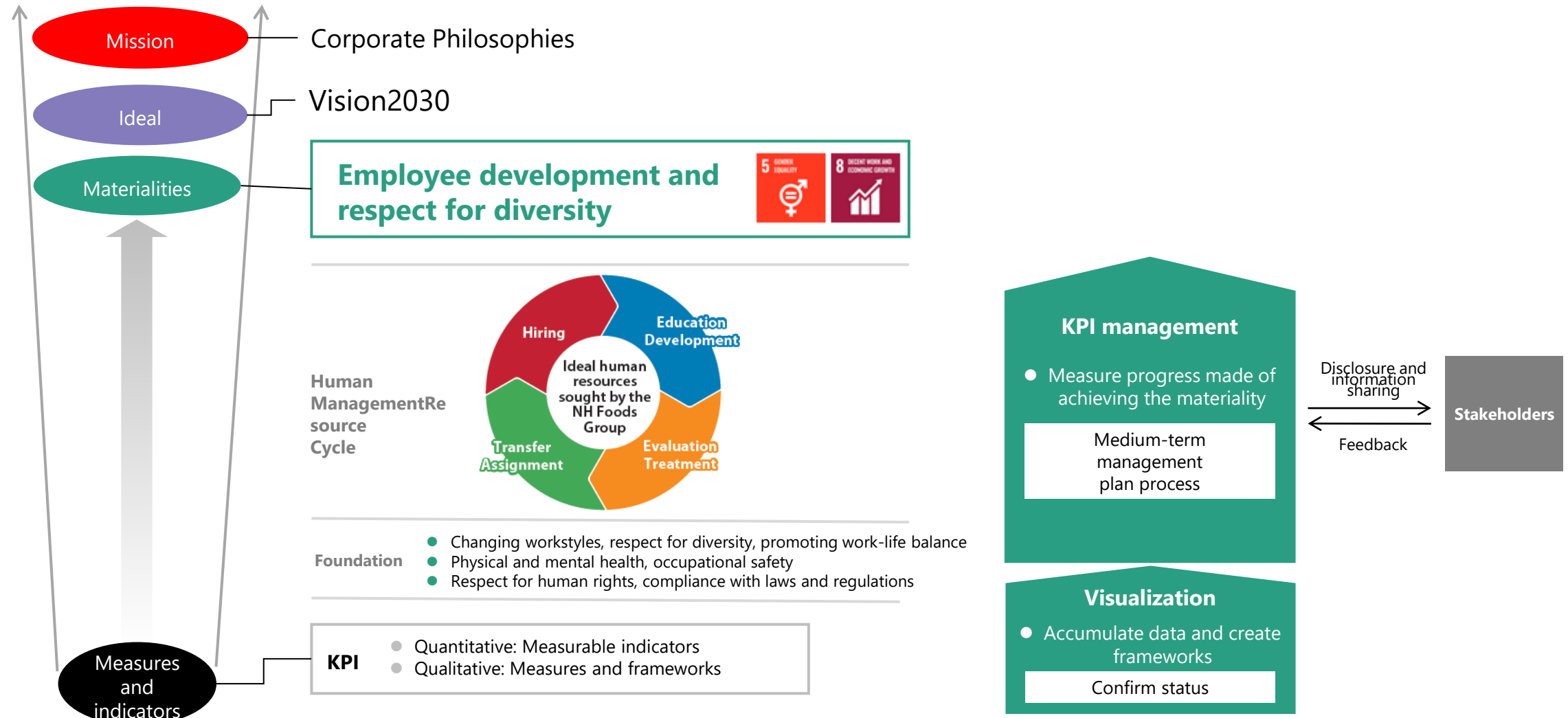
► Expectations of employees

- Sharing the corporate philosophies
- Contributing to business performance
- Employee growth

Pursuing sustainability together with employees

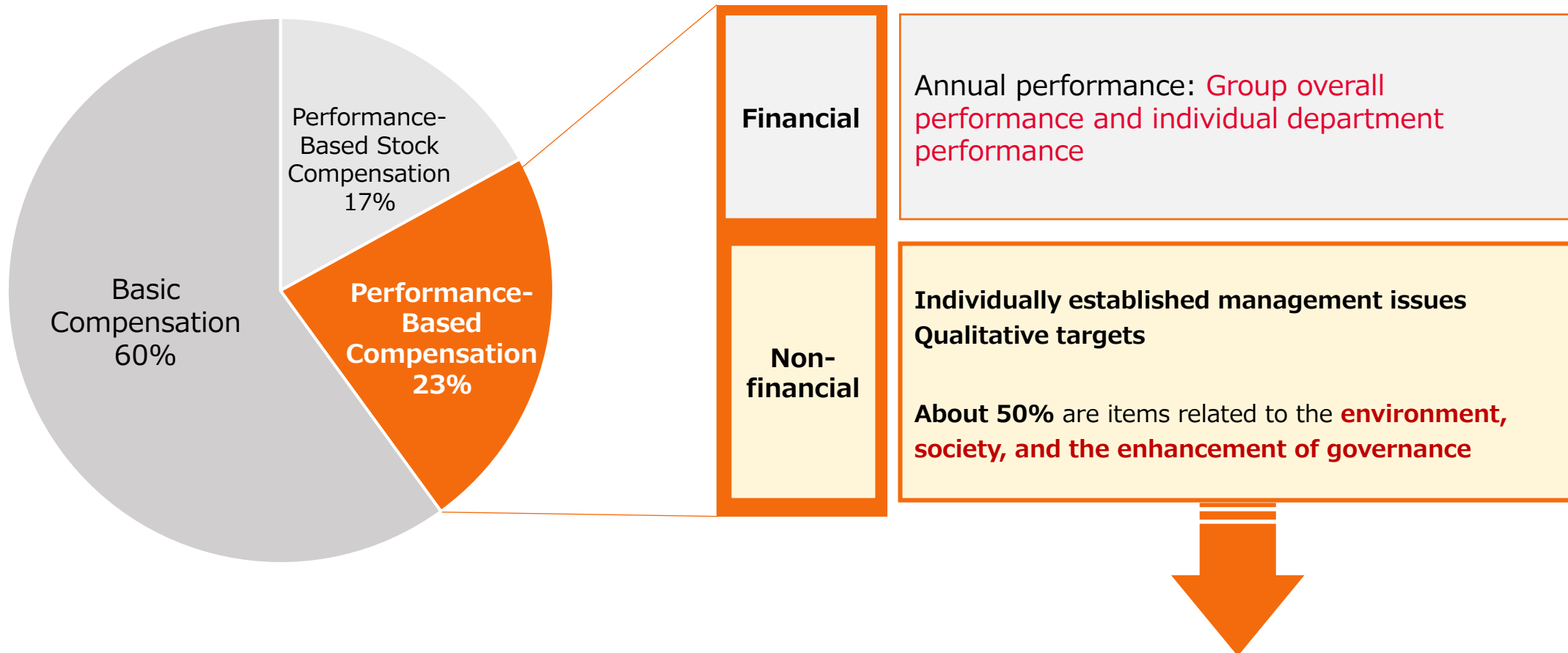
Structure for Pursuing and Promoting Sustainability (Employees)

We are using KPI management to measure the rate of progress on initiatives related to the materialities.



Structure for Pursuing and Promoting Sustainability (Management, Executive Officers)

Breakdown of officer compensation



Increase management ESG commitment to promote enhancement of corporate value

Pursuing NH Foods Characteristics and Sustainability



11 Review (Materiality and Initiative Progress)

Activating materiality to address social issues

Medium-Term Management Plan 2023
2021→

2022→

Medium-Term Management Plan 2026

Medium-Term Management Plan 2029

Our ideals for 2030
Vision2030
Unleash new potentials for protein

Materialities

Initiatives and targets

● Completed initiative ● Target

Stable procurement and supply of proteins	● Formulating animal welfare policies and guidelines	● Installation of drinking water facilities (for cattle and pigs at all pens located at processing plants) ● Installation of environmental quality monitoring cameras at all farms and processing plants	● Elimination of gestation crates (pigs) from all farms
	● Sustainable procurement Implementation of supplier surveys	● Implementation of human rights due diligence and engagement with suppliers through supplier surveys	● Informing important primary and secondary suppliers about our policies ● Implementation of SAQs
	● Smart pig farming	● Implementation of PIG LABO (smart pig farming)	
	● Development of plant-based protein products (<i>NatuMeat</i>) ● Research into new proteins (cultured meat, meat alternatives)	● Expansion of sales of plant-based protein products (shipment value: to ¥10 billion)	● Development of plant-based protein products
Food diversification and health	● Commitments made at the Tokyo Nutrition for Growth Summit 2021 ● Development of foods with functional claims	● Expansion of the allergy care platform, implementation of educational activities	● Development of food allergy-related products (shipment value: ¥4 billion) and implementation of educational activities
	● Launch of a food allergy care platform		
	● e-commerce site for food allergy-related products	● Food allergy prevention research	
		● Expansion into the aged care business and family food (pet food) business	● Development of cognitive function improvement products (number of meals: 3 million per year)

12 Review (Materiality and Initiative Progress)



Medium-Term Management Plan 2023
2021→

2022

Medium-Term
Management Plan
2026

Medium-Term
Management Plan
2029

Our ideals for 2030
Vision2030
Unleash new potentials
for protein

Materialities

Initiatives and targets

● Completed initiative ● Target

Contributing to a sustainable environment	● Setting medium-term environmental targets	● Exploration of initiatives towards the achievement of carbon neutrality ● Joint research into the reduction and recovery of livestock-related GHGs	
	● Analysis of TCFD scenarios	● Disclosure of TCFD information under the framework	
	● Setting CO ₂ reduction targets (Japan)	● Exploration of ways to use renewable energy, including information disclosure on the use of waste-oil boilers and solar power, and fuel conversion ● Establishing carbon-neutral farms	● Fossil fuel-derived CO ₂ emissions in Japan ● Waste emissions per unit of production in Japan ● Waste recycling ratio in Japan ● Water use per unit of production in Japan and overseas ● RSPO-certified palm oil utilization ratio
	● Reducing packaging materials	● Change in the materials used for <i>Ishigama Kobo</i> pizza products (paper trays) ● Use of plant-derived biomass packaging for <i>Sakurahime</i> chicken farm packs	>New targets ● Water consumption overseas ● See p.29 for data on Fossil fuel-derived CO ₂ emissions overseas
Co-creation and shared prosperity with local communities and society as a whole through food and sports	● Creating Hokkaido brands based on raw materials from Hokkaido	● Establishment of the Hokkaido Project Promotion Department ● Establishment of the Hokkaido Ballpark F Village	
	● Contributing to communities through sport (e.g. community contribution activities linked to financial results)	● Support for the Hokkaido Marathon as a partner	Utilization of the Group's major production and sales sites and the Hokkaido Nippon-Ham Fighters baseball team as starting points for the promotion of harmonious coexistence with communities in Hokkaido
	● Implementation of food education activities and hand-made food classes	● Participation in the Sapporo Autumn Fest	
Employee development and respect for diversity	● Establishing and applying KPIs for priority items	● Creating systems to enable employees to engage actively and reach their full potential (improvement of work motivation, appropriate assessment and remuneration, objective promotion processes) ● Respect for diversity, creation of environments and systems to enable employees to engage actively and reach their full potential (improvement of work motivation, appropriate assessment and remuneration, objective promotion processes)	>New targets ● Career development for women ● Promotion of employment for people with disabilities ● Reduction of total working hours ● Support for physical and mental health, etc. See p. 38

13 Pursuing NH Foods Sustainability

Vision

Unleash new potentials for protein

NH Foods Group Vision 2030

Integrated business and sustainability strategies



Unique sustainability strategies

NH Foods' unique approach following the Five Materialities

Stable procurement and supply of proteins

- Smart livestock farming
- Animal welfare
- Cultured meat

Food diversification and health

- Food allergy care
- Testing kits
- Plant-based protein

Contributing to a sustainable environment

- Reducing fossil fuel-derived CO₂ emissions
- Reducing plastic
- Reducing livestock-derived GHG

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

- Co-creation with local communities in Hokkaido
- Social activities and community contribution

Employee development and respect for diversity

- Culture of taking on challenges
- Employee development
- Respect for diversity

Materiality

Stable Procurement and Supply of Proteins



Stable procurement and supply of proteins

Materiality initiatives 1

- Improve protein intake as a power of life (in Japan)
- Control livestock diseases
- Promote Sustainable procurement (Carry out due diligence regarding human rights)
- Promote initiatives that take animal welfare into consideration
- Develop and utilize new technologies such as smart livestock farming
- Develop alternative meat technologies
- Promote acquisition of third-party certification
- Develop human resources through specialized technical certification and other training

Three examples

Smart livestock farming

Animal welfare

Cultured meat

Creating a new form of pig farming and changing the future of the livestock industry

A New Challenge for the NH Foods Group



2022

Started test sales of PIG LABO Breeding Master with estrus detection function

2029

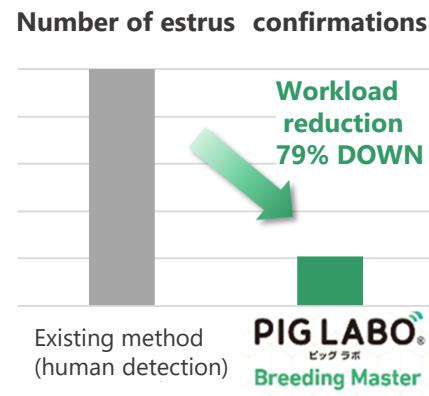
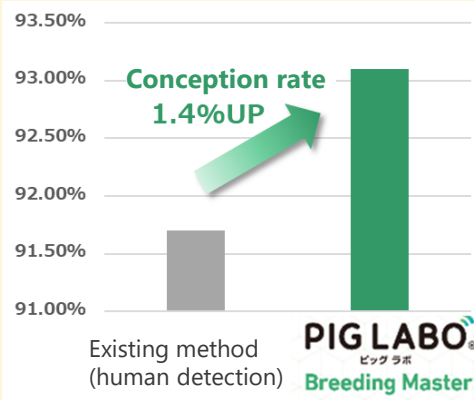
Completed a total support system for all stages from breeding to raising to shipping

17 Smart Livestock Farming (PIG LABO) 2

Japan's first AI estrus detection system PIG LABO Breeding Master

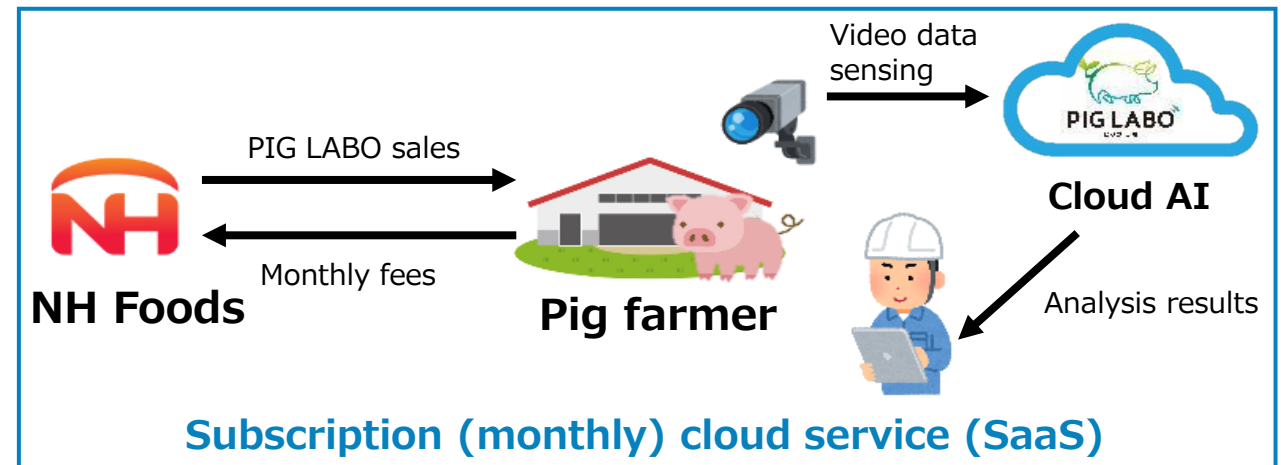


Test sales launched October 12, 2022



AI matches fertility detection by experienced workers!
Reduces labor!

Total support
at all stages



Aiming to achieve both animal welfare and production efficiency

1) Animal welfare initiatives, targets, and progress

Initiative	Target	Progress (as of September 2022)
Eliminate gestation crates (pigs) from all farms	All domestic plants* by the end of FY2030	9.5%
Install drinking water facilities for cattle and pigs in all pens located at processing plants	All domestic plants* by the end of FY2023	Cattle: 50% Pigs: 78%
Install environmental quality monitoring cameras at all farms and processing plants	All domestic plants* by the end of FY2023	Pig farms: 43% Cattle processing sites: 80% Pig processing sites: 100%

*Companies in which NH Foods Group owns majority interest

2) Employee awareness methods

- Distribute Group policies and guidelines
- Establish management guidelines and operating procedures at each company
- Educate employees on animal welfare
- Establish a consultation desk for animal welfare

3) Future direction

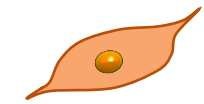
- **Continue advancing animal welfare**
- **Use branding to enhance added value**

19 Research and Development of Cultured Meat

Successfully developed an edible alternative to animal serum, the main component of culture solution (patent pending)

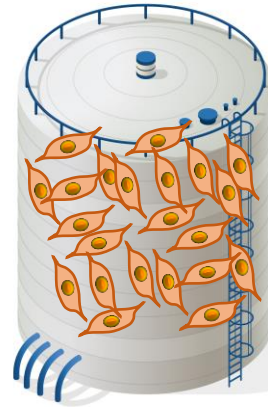
Cultured meat manufacturing process

Technical successes



Seed cell

Proliferate in edible culture solution



Forming \Rightarrow Food

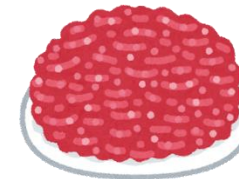
▼ Benefits: Lower cost, mass procurement

Animal blood component (serum) is expensive and difficult to procure

Alternative food ingredients can be procured in large volume (stable supply) at low cost

Future challenges

- Make all of the culture solution edible
- Increase cell yield
- Increase culture scale



Depth 3.5 x width 2.5 x height 0.5 (cm)

Cultured meat prototype using alternative edible components in the culture solution instead of blood components (chicken)

Materiality

Food Diversification and Health



Food diversification and health

Materiality initiatives 2

- Expand our lineup of food allergy-related products
- Research and disseminate information on food allergies (increase communication tools)
- Expand sales of plant-based protein products
- Research and commercialize new ingredients for improving cognitive function
- Develop products that contribute to health
- Disseminate information on extending healthy life expectancy (increase communication tools)
- Develop and sell products that respond to a diverse range of cultures, religions, etc.

Two examples

Food allergy care *Table for All*
(comprehensive platform
for gluten-free foods)

**Plant-based
protein
products**

Testing kits

22 Table for All Comprehensive Platform for Food Allergy Care

The food industry's first* comprehensive platform for food allergy care
utilizing 25 years of accumulated expertise

Table for All

Something
for everyone
to eat.

- 1 Food allergy information
- 2 Online nutrition consultation
- 3 Products for food allergy care (early April)
- 4 Recipes for food allergy care
- 5 Print media
- 6 Social media
- 7 Events and seminars



Free nutritional consultation by a nutritionist



Consulting
with
smartphones
with ease



Nutritionists
specializing in
food allergies
respond



Get advice
that **suits**
your child

¥0

Be available
free of
charge

More than 600 different recipes



Chukadon



Colorful
Cream bread



Western style
Chirashi sushi

*We conduct our own research using data from major food manufacturers, non-profit organizations, e-commerce specialists, and recipe site operators. We have the only comprehensive platform covering the various elements of food allergy care (as of February 9, 2022)

23 Table for All Comprehensive Platform for Food Allergy Care

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NH Foods Group Vision 2030

Product brands for people with food allergies Minna no Shokutaku®



Loin ham



Sausage



Rice flour bread (gluten-free)

Export to North America



Rice flour bread



Hamburgs, meatballs



Sweets, desserts



Rice flour noodles and pasta



Manufactured in a dedicated facility for safety and peace of mind



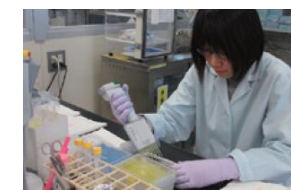
Stringent raw material verification



Thorough contamination prevention



Comprehensive quality control



Pre-shipment re-inspection

To the table

1

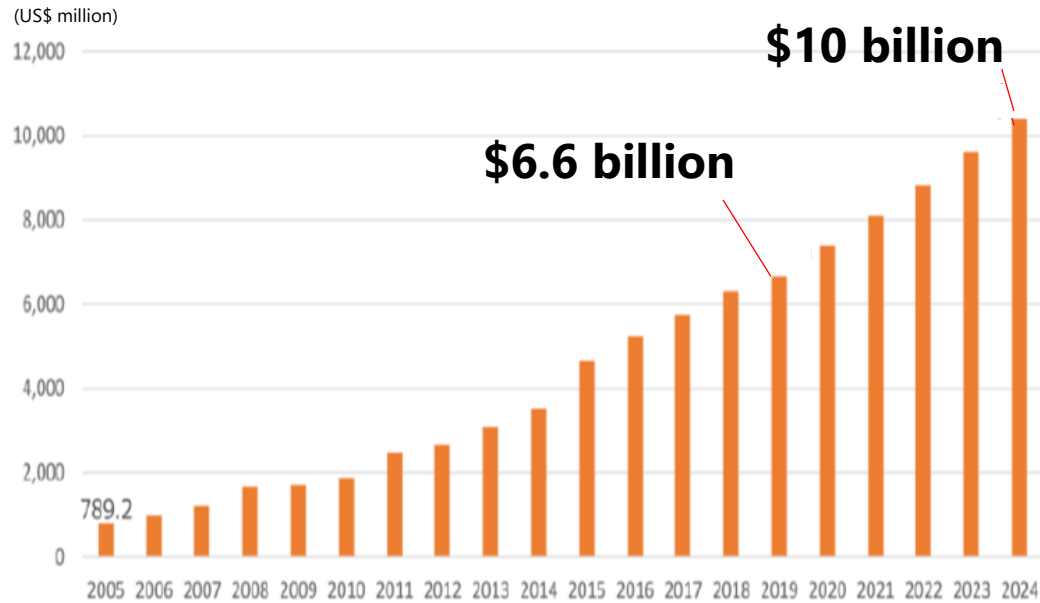
2

3

4

24 Growing Overseas Business for Certified Gluten-Free Products

Gluten-free market growth forecast



The global gluten-free market is steadily growing, especially in the US and Europe, and is expected to be roughly US\$10 billion (¥1.4 trillion) in 2024.

Note: Forecast estimates for 2020 onward
Source: Created by JFOODO based on Euromonitor data
(Ministry of Agriculture, Forestry and Fisheries homepage)

Planned product development and certification



The Gluten-Free Certification Organization (GFCO) was founded in the US by an association of people with celiac disease and other gluten-related diseases. GFCO certification is based on strict criteria and is trusted by consumers worldwide to ensure food safety for people with celiac disease and gluten intolerance.

Test sales to start on the West Coast



Participated in US and international exhibitions in March 2022

25 New Developments in Plant-based Protein Products (Soy Meat)

Sales target for plant-based protein in 2030

We will creatively be developing products to build a ¥10 billion business

Full-fledged development of soy meat exports

- Use processing technologies for products for the US market
- Use the sales network of Day-Lee Foods (L.A.)
- Deep-fried chicken and thin meat cuts not widely distributed in the US
- Anticipate developing mainly for commercial use
- Exports to begin in September



Soy meat: produce in Japan, process in plants, export to the US

(Introduce menu concepts

Innovating soy meat seafood alternatives

- Developed an alternative white fish for a fish-style fry (patent pending)

⇒ Begin with commercial use, expand to consumer use
Demand expected to grow to preserve marine resources and counter rising prices for marine products



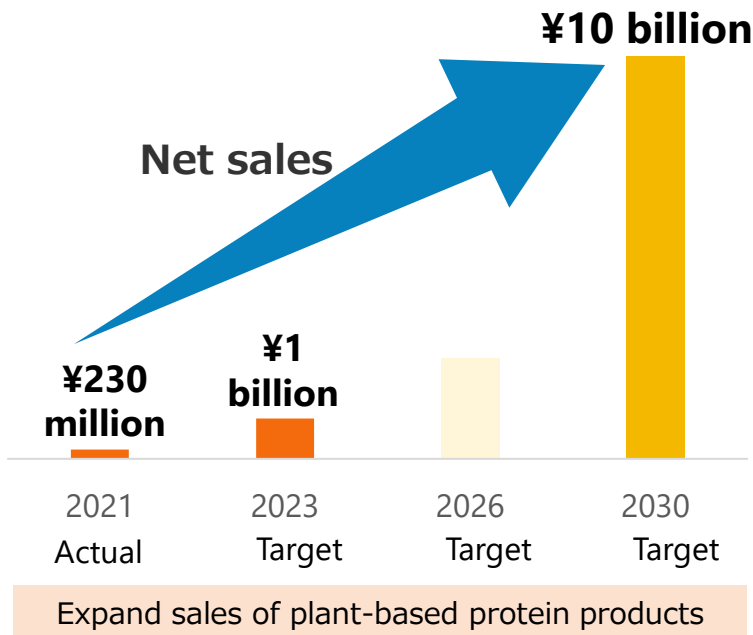
Soy fish & chips



Soy fried fish sandwich

NatuMeat

- 11 product offerings



26 Testing Kit Business

The NH Foods Group Research & Development Center develops, manufactures, and sells food test kits and animal diagnostics (foot-and-mouth disease test kits)

Food allergy test kits

Authorized
by
country



FASTKIT
Elisa Ver. III



FASTKIT Slim

Food safety & security

Food poisoning bacteria test kit

Inter-
national
certification



NH ImmunochromatO

Mold poisoning food test kit



MycoJudge

MycoCatch

Veterinary in vitro diagnostic products

National epidemic prevention

Post
epidemic
prevention
guidelines



**Foot-and-mouth
disease test kit**

Widely used by food companies (manufacturers, distributors), administrative agencies (public health centers, health laboratories, livestock health centers), and inspection centers.

We plan to release our highly accurate FASTKIT Elisa Ver. III Walnut allergen test kit for processed foods in FY2022 in response to regulation to label walnuts as an allergenic ingredient for the growing number of people with walnut allergies.

Materiality

Contributing to a Sustainable Environment



Contributing to a sustainable environment

Materiality initiatives 3

- Reduce CO₂ emissions from fossil fuels
- Promote research and technological development to control and reduce greenhouse gases from livestock
- Reduce water consumption
- Reduce waste emissions and improve the waste recycling rate in Japan
- Use environmentally friendly materials (recycled materials, biomass materials, etc.) and reduce the amount of packaging materials used
- Identify areas with high water risk, survey actual conditions in these areas, and respond to issues
- Promote the reduction of food loss from manufacturing, sales, and distribution
- Raise the ratio of RSPO-certified palm oil used by FY2030 (including book & claim)
- Increase the number of products certified for sustainable fishery resources (MSC/ASC)
- Promote forest conservation activities

Three examples

Reducing fossil fuel-
derived CO₂ emissions

Reducing plastic use

Reducing livestock-
derived GHG

29 Reducing CO₂ Emissions from Fossil Fuels

Medium-term environmental targets

CO₂ emissions from fossil fuels by FY2030
(Domestic) **Cut by over 46%** versus FY2013 (Overseas) **Cut by over 24%** versus FY2021

1) Installing solar power systems at business sites

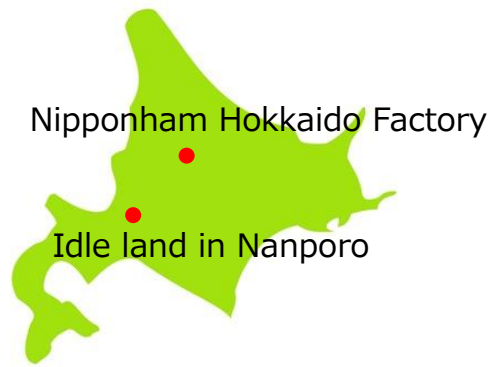
14 sites as of September 2022
9 more planned for this fiscal year

■ CO₂ reduction capacity of 22 sites
Approx. 2,500 t-CO₂/year



Plans to install large-scale solar power generation facilities on land next to the Nipponham Hokkaido Factory Asahikawa Plant in 2023 and on idle land in Nanporo, Hokkaido in 2024.

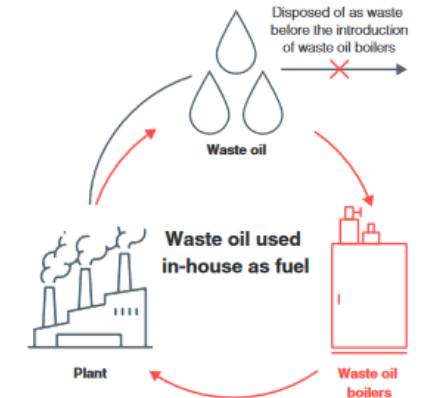
■ CO₂ reduction capacity from 2 solar power systems in Hokkaido
Approx. 2,400 t-CO₂/year



2) Installing waste oil boilers at factories

Boilers to use animal and vegetable fats and oils discharged in the food manufacturing process
Installed at 6 processed food factories as of September 2022

■ CO₂ reduction capacity from 6 sites
Approx. 2,600 t-CO₂/year



3) Convert fuels

Continue converting from heavy oils to gas

4) Biogas plant

Use methane gas extracted from factory wastewater as energy source



Oakey Beef Exports Pty. Ltd.

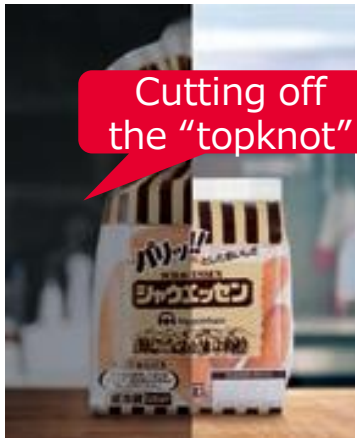
Aiming to achieve carbon neutrality in 2050

Reducing plastic use and switching to environmental materials

1) Reducing plastic use

Wieners: Replaced drawstring pouches with pillow packaging

Reduced plastic use by
28%



Cutting off the "topknot"

Packages changed for the *SCHAU ESSEN* and other core wiener products



2) Replacing plastic with paper

Chilled pizzas: Switched from plastic to paper trays

Reduced plastic use by
37%

Yogurt: Switched from plastic to paper containers

Reduced plastic use by
94%



Switched from plastic to paper trays for the *Kanade* chilled pizza series

Switched from plastic to paper containers for the *Isey SKYR* yogurt series

Chilled gyoza: smaller trays

Reduced plastic use by
20%



Hanetsuki Gyoza trays made smaller by eliminating the sauce space

Note: Plastic reduction from previous product package design

3) Use of plant-derived biomass



Replaced a portion of the plastic packaging for *Sakurahime* chicken farm packs with sugar cane-derived material

31 Reducing Livestock GHG Emissions

Advancing measures and research to reduce methane gas emissions

1) Verified at our farms: Feed additives that reduce methane production

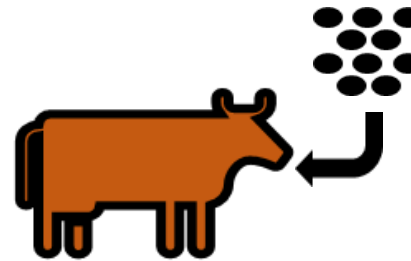
Joint research with Australian producer-owned MLA*

Anticipated results

- (1) 30%+ cut in methane production
- (2) Improved productivity from higher body weights

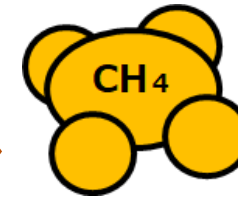
*Meat & Livestock Australia
Australian organization established with investment from beef cattle and sheep producers and staffed by academics and other experts

Additives in feed



Anticipated results

Reduced methane production



30%
DOWN

Increased body weight



0.5 kg/day
UP

2) Promote research through industry-academia collaboration

Aiming to contribute to mitigating global warming through industry-academia collaboration to develop and implement technologies that reduce of GHG emissions from livestock production

Research topics

Hokkaido University: Develop Methods to Control Methane Generation in Bovine Rumen

Osaka University: Research porous organic salts with specific adsorption capacity for methane

University of Tokushima: Research on pig greenhouse gas emissions

Materiality

Co-creation and Shared Prosperity with Local Communities and Society as a Whole through Food and Sports



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

Materiality initiatives 4

- Promote activities for co-creation with local communities through sports (new Hokkaido Ballpark, sports/food education classes, etc.)
- Promote community contribution activities, including cultural activities (cooperation and clean-up activities for local events, etc.)
- Promote social welfare activities through food (supplying food to food banks and “Kodomo Shokudo,” etc.)
- Support the development of the next generation through food and dietary education, etc. (in-class lessons, career development support, etc.)

Two examples

Co-creation with local communities in Hokkaido

Social activities and community contribution

34 Pursuing Materiality in Hokkaido

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

2,600 employees

Connection with work



**Hokkaido Nippon-Ham
Fighters**



**Hokkaido Ballpark F Village
Development**

**Locate roughly 20% of
Nipponham Group sites in
Hokkaido**

**19 years in Hokkaido,
team management with close ties to
the community**

**Opening in 2023,
embodies our materiality**

Logistics and sales	24 sites
Farms	65 sites
Plants	12 sites
Total	98 sites

Using our tangible and intangible assets and promoting harmonious coexistence with communities in Hokkaido for “Co-creation and shared prosperity through food and sports”

Aiming to be company Hokkaido loves!

35 Development Centered on Hokkaido Ballpark F Village

Promote materiality in Hokkaido centered on Hokkaido Ballpark F Village and enhance corporate value together with Hokkaido

Value we expect to create through the Hokkaido Ballpark F Village

Social value

New stadium contribution to the community

- Disaster prevention site
 - Evacuation and stockpile site
- Sustainable community development
 - Contribute to industry-academia collaboration and youth development
 - Job creation



Brand value

Branding centered on the new stadium

- Strengthen cooperation among Group companies
- Attractions inside the ballpark
 - Tower 11 food hall business
 - Use Nipponham Group products



Economic value

Expand and create business in Hokkaido, the "Land of Food"

- Raise business value of NH Foods
 - Increase baseball team revenue
 - Improve by changing the business model
- Increase advertising and ticket revenue
- Develop the Hokkaido brand and NH Foods global brand

Issue sustainability bonds
Ensure social nature of
the new stadium

¥10 billion for institutional investors
¥20 billion for individual investors



36 Social Activities and Community Contribution

Decorational cutting and folding classes



Decorative cutting Decorative folding

Donate our products to local children's cafeterias



Hokkaido 179 City Fan Ambassador Project



Hokkaido Nippon-Ham Fighters players serve as fan ambassadors supporting local communities

In the 10th year since its Launch in 2013, the project will cover all 179 cities across Hokkaido in 2022

Food-Counter Project: social contribution linked to sports attendance (NH Foods and Hokkaido Nippon-Ham Fighters)



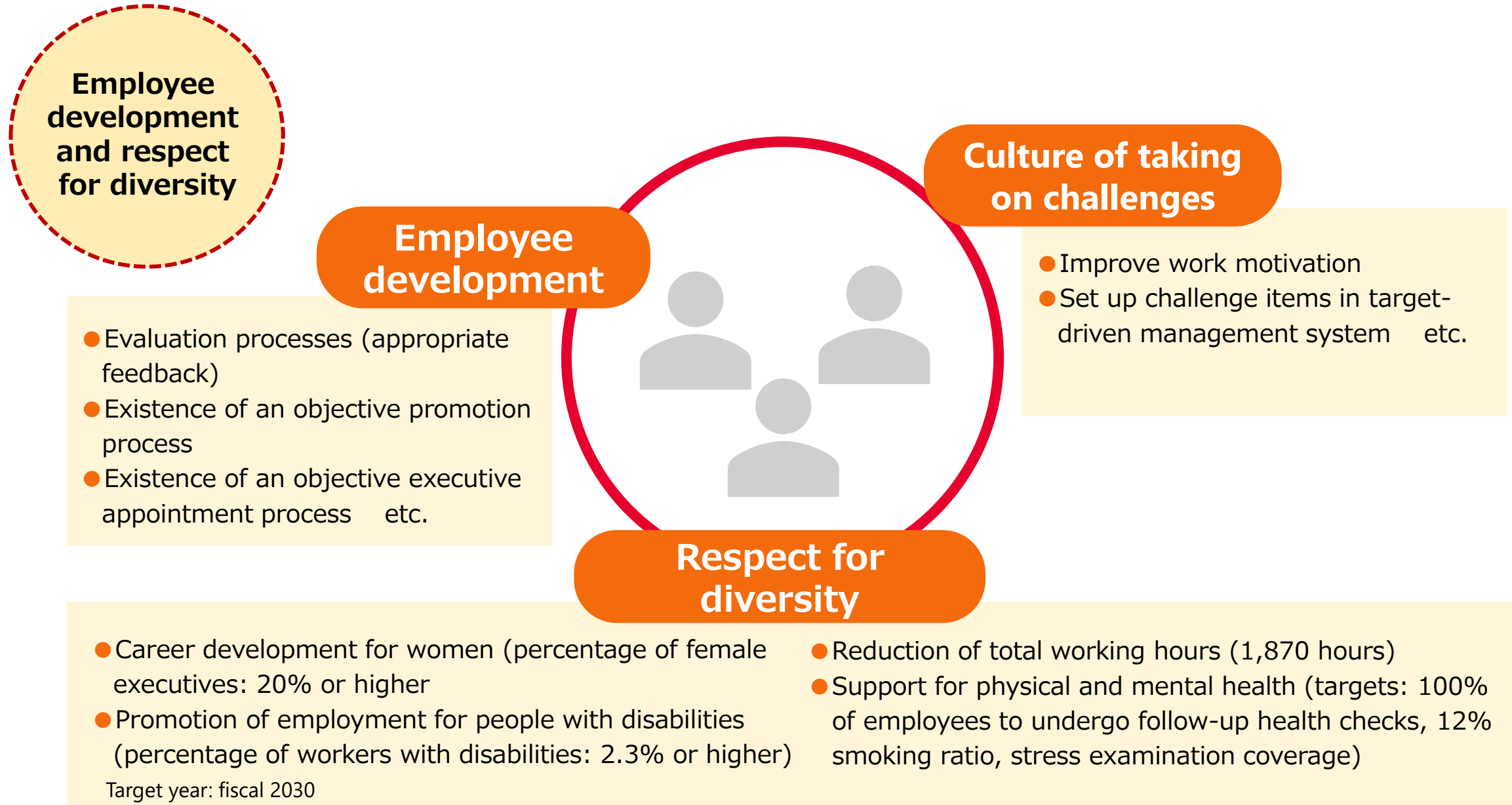
Donate NH Foods products equaling ¥1 for each spectator to assisted-living facilities and the Kodomo Shokudo network of children's cafeterias in Hokkaido

Materiality

Employee Development and Respect for Diversity



38 Initiatives to Pursue NH Foods Characteristics and Materiality 5



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Forward-looking statements

This presentation includes forecasts regarding targets, strategies and earnings. These forecasts are based on information available at the current time and contain certain assumptions about the future. They are subject to numerous external uncertainties in areas such as economic environment, market trends and exchange rates. Actual performance may differ significantly from the targets in this presentation, and investment decisions should not be based exclusively on them.