

Minutes of Sustainability Conference (Main Q&As)

Date & Time : Thursday, October 6, 2022 10:00 to 11:30

Presenters : President and Representative Director	Yoshihide Hata
Representative Director and Executive Vice President	Nobuhisa Ikawa
Director and Executive Officer	Masahito Kataoka
In charge of Accounting & Finance Department	
Executive Officer	Kohei Akiyama
In charge of Human Resources Department, Legal Affairs Department, Public & Investor Relations Department	

Source: See “NH Foods Group Sustainability Conference (October 6, 2022)”
https://www.nipponham.co.jp/eng/ir/library/events_materials/

○Q&A○

Q1. Quantitative Targets and Challenges for Greenhouse Gas Scope3

Our company has a primary industry as a livestock manufacturer, so it is not easy to resolve this issue. A mechanism and a roadmap for disclosure are being developed.

Q2. Quantitative Targets and Evaluation Standards for the Hokkaido Project

In Hokkaido, Nippon Ham is a "Fighter's" and is considering measures that will enable the Nippon Ham brand to penetrate the people in Hokkaido. We believe we can report it next year, including the evaluation method.

Q3. Branding by Investing in Animal Welfare

We recognize as normal capital expenditures, such as a maternal stall for hogs, and installation of cameras and do not expect passing through costs. We add functionality that leads to consumers' motivation to purchase, and work with distribution that will be endorsed to fit the Japanese market to make it a brand.

Q4. Efforts for livestock feed in response to GHG

For A. cattle, we propose as a separate brand based on the assumption that the feed price will increase by 5-6 times. The market formation in Japan is an issue, but we will take on challenges in advance.

Q5. Investing in ESG

The largest investment is GHG, but we can streamline within the normal investment and absorb costs. The forecast for three years is ¥248 billion, which remains unchanged. Though there is an acceleration of investment in the maternity stall, it is expected to be absorbed in the current plan. Of the 248 billion yen, 93 billion yen is for basic capital investment, which includes about 15-16% environmental investment.

Q6. Development and Challenges of Cultured Meats

For commercialization in 2030, we require technological progress by cooperation with the start-up, verification of mass production, examination of investment effectiveness, etc. We will start from overseas and move forward in Japan with the approval after the Ministry of Health, Labour and Welfare establish the system. We work as the mission of a protein supplier.

Q7. Plant-based Meat Business

Karaage (fried chicken) and nuggets are highly evaluated for its flavor and texture. New fried white fish, etc. were also developed. Leveraging our expertise, we aim to differentiate ourselves from competitors by proposing it along with menus, rather than as a material. It is more acceptable in overseas, and we will develop while watching test sales in North America.

Q8. Non-Financial Items of Executive Compensation

It is chosen from among the five materiality, business strategy, and functional strategy items, and about 50% of the non-financial items in the evaluation compensation were items that lead to improved ESG. We will discuss the future percentages and items by the Executive Compensation Review Committee.

Q.9 Strengthening Human Capital and Challenges

Among the 33 initiatives aimed at promoting materiality, we will intensively address the following issues as "satisfaction" is evaluation and treatment, and "diversity" is women's active participation and total working hours. Work engagement will also lead to the growth of our company by working on the basis of the results of the analysis.