

# Addressing Climate Change (TCFD)

The effects of climate change are becoming increasingly serious and climate change is considered to be a contributing factor in the frequent abnormal weather patterns and natural disasters currently occurring. The Nichirei Group's business benefits from nature. Therefore, in addition to its importance as a social challenge, we see climate change as a potential threat to business continuity.

In June 2020, the Nichirei Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and announced its participation in the TCFD Consortium. The Group has positioned climate change initiatives as one of the material matters it identified for achieving its vision for 2030. As such, we are actively promoting initiatives to help resolve social issues related to climate change.

In addition to appropriately responding to risks posed by shifts in the external environment caused by climate change, we will consider numerous scenarios in which climate change could give rise to business opportunities, and conduct timely disclosure.



## 1 Governance

The Nichirei Group has established a Group Sustainability Committee that formulates sustainability strategies, including initiatives related to climate change, and manages the progress of those strategies. The committee (chaired by the representative director, president of the holding company), also comprises the officer responsible for climate change initiatives, all other officers including outside directors and outside Audit & Supervisory Board members, as well as relevant personnel from the strategic planning and sustainability divisions of each operating company. Climate change-related strategies and targets discussed by the committee are reported to the Board of Directors by the officer responsible for climate change initiatives. Strategies, targets and plans are reviewed as appropriate. The Group Environmental Protection Committee was responsible for these matters until FY2022. In April 2022, to respond to a wider range of sustainability issues, including climate change, we established a Sustainability Management Division within the holding company. This organization took over the functions of the Group Environmental Protection Committee, and began serving as the secretariat for the Group Sustainability Committee. The Group Sustainability Committee also discusses the details of various scenario analyses that have been conducted since 2019. The latest disclosure includes content discussed at a committee meeting held in July 2022.

## 2 Strategy

In FY2023, we conducted a scenario analysis on the procurement of rice and chicken.

### Material Risks and Opportunities by Business and Scenarios Identified in 2020

Business	Scenario	Risks	Opportunities
Foods Business	Baseline scenario	Chicken	<ul style="list-style-type: none"> <li>Changes in weather patterns</li> <li>Increased demand for frozen and processed foods</li> </ul>
		Rice	
	1.5°C scenario	General abnormal weather	<ul style="list-style-type: none"> <li>Increased demand for ethical products that are compliant with the Sedex platform and are created using globally certified raw materials</li> <li>Increased demand for the curtailment of food loss within the supply chain through the development of eco-friendly products and technological development</li> </ul>
		Flooding, rising sea levels	
Common	1.5°C scenario	Low-carbon policies	<ul style="list-style-type: none"> <li>Development and expansion of demand for products created using sustainable raw materials</li> </ul>
		Environmental countermeasures within the supply chain	
Logistics Business	Baseline scenario	General abnormal weather	<ul style="list-style-type: none"> <li>Increase in sales resulting from expanding customer base through strengthened disaster countermeasures and greater resilience</li> <li>Cost reduction achieved through a modal shift that improves transportation efficiency</li> </ul>
	1.5°C scenario	Low-carbon policies	

Note: The bioscience business is characteristically resistant to the impact of climate change. Accordingly, we have not currently identified any material factors in our bioscience business.

Climate Change Scenario in FY2022 [https://www.nichirei.co.jp/sites/default/files/inline-images/ir/integrated/pdf/p58\\_p61.pdf](https://www.nichirei.co.jp/sites/default/files/inline-images/ir/integrated/pdf/p58_p61.pdf) (Japanese only)  
 Climate Change Scenario in FY2021 [https://www.nichirei.co.jp/sites/default/files/inline-images/ir/integrated/pdf/p21\\_p24.pdf](https://www.nichirei.co.jp/sites/default/files/inline-images/ir/integrated/pdf/p21_p24.pdf) (Japanese only)

### Rice and Chicken Procurement Risks and Opportunities

We examined the risks and opportunities created by climate change in relation to the procurement of rice and chicken, using the "Introduction to Information Disclosure on Climate-related Risks and Opportunities for Food, Agriculture, Forestry and Fisheries" issued by the Ministry of Agriculture, Forestry and Fisheries; and the Representative Concentration Pathway (RCP) scenarios described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). The analysis showed that, in terms of transition risks (risks related to transitioning to a low-carbon economy), both rice and chicken would be impacted by increasing costs associated with the introduction of a carbon tax and low-carbon production methods.

For physical risks (risks related to the physical impact of climate change), we conducted the following investigation to clarify how a temperature rise would affect our suppliers in terms of the impact on production volume.

### Physical Risk Impact Assessment (Analysis of Estimated Change in Yield by Climate Scenario)

We analyzed future yield forecasts for each climate scenario, in terms of changes in rice and chicken production. For each climate scenario, we used the IPCC RCP scenarios (2.6, 4.5, 6.0, and 8.5).

#### Rice Analysis Criteria

Area	Kanto, Tohoku and Hokkaido production regions: 11 zones
Climate scenarios	RCP 2.6, RCP 6.0
Data used	ISIMIP (the Inter-Sectoral Impact Model Intercomparison Project)

#### Chicken Analysis Criteria

Area	Japan: 6 zones, Thailand: 2 zones, Brazil: 1 zone
Climate scenarios	Japan: RCP 2.6, RCP 8.5 Overseas: RCP 4.5, RCP 8.5
Data used	Bias corrected climate scenarios over Japan based on CDFDM method <sup>1</sup> using CMIP5 <sup>2</sup> (National Institute for Environmental Studies)

1. CDFDM method: Cumulative distribution function-based downscaling method  
 2. CMIP5: Coupled Model Intercomparison Project Phase 5

For chicken yield, the analysis used the following formula (based on material published in 2006). According to the literature, meat production decreases when the average temperature rises to 23°C or higher.

$$y = -0.3239x^2 + 15.042x - 74.632$$

y = Meat production volume when production volume for temperatures below 23°C is 100  
 x = Average temperature during the season to be analyzed (unit is °C)

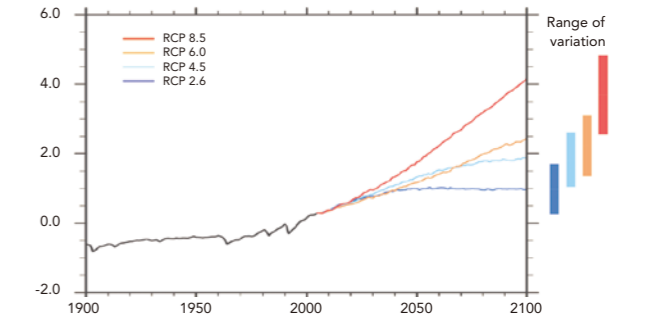
Source: Yamazaki, et al., Animal Science Journal Vol. 77 (2), p. 231-235 (2006)

Using 2020 as the base year, we carried out a rice yield simulation (through to 2090) for our major domestic suppliers. The table below shows the results of analyzing climate scenarios RCP 2.6 and RCP 6.0 for yields in 2030, 2050, and 2080, when the base year is 1.00. (Values are the average of 12 simulations, combining four global climate models and three yield models.) Even in the scenario where temperatures rise (RCP 6.0), yields increase, rising to between 1.11 and 1.50 in Hokkaido in 2080.

#### Average Value of Yield Simulations When the Yield for the Base Year (2020) Is 1.00

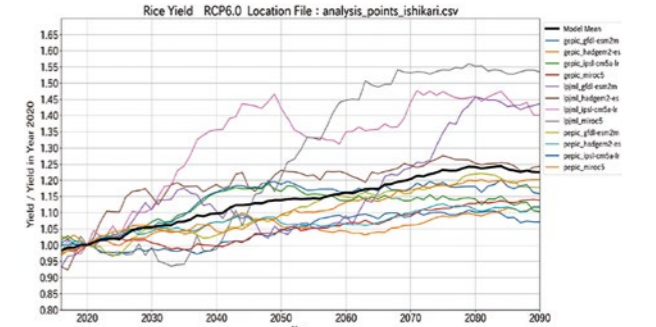
	RCP 2.6			RCP 6.0		
	2030	2050	2080	2030	2050	2080
Ishikari area	1.06	1.15	1.13	1.06	1.14	1.24
Hokkaido Kamikawa area	1.09	1.27	1.26	1.13	1.26	1.50
Sorachi area	1.04	1.09	1.10	1.04	1.08	1.11
Ibaraki Prefecture	0.99	1.04	1.02	1.02	1.04	1.09
Kanto Gunma Prefecture	1.01	1.05	1.02	1.03	1.05	1.11
Tochigi Prefecture	1.00	1.05	1.02	1.02	1.03	1.09
Aomori Prefecture	1.02	1.06	1.06	1.03	1.06	1.10
Akita Prefecture	1.02	1.05	1.03	1.03	1.06	1.10
Tohoku Yamagata Prefecture	1.01	1.05	1.03	1.04	1.05	1.10
Miyagi Prefecture	1.02	1.06	1.04	1.04	1.06	1.13
Iwate Prefecture	1.03	1.07	1.05	1.03	1.06	1.11

#### Trends in Global Average Temperature Deviation (°C)



Source: IPCC <https://www.ipcc.ch/report/ar5/wg1/>

#### Analysis Model Example (Ishikari Area, Hokkaido, RCP 6.0, Rice Yield)

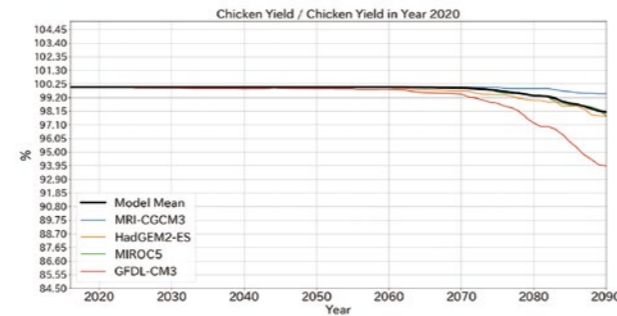


Using 2020 as the base year, we carried out a chicken yield simulation (through to 2090) for our major domestic and overseas suppliers. The table below shows the results of analyzing climate scenarios RCP 2.6 and RCP 8.5 for domestic yields and RCP 4.5 and RCP 8.5 for overseas yields in 2030 and 2050, when the base year is 100. (Four global climate models are used for domestic suppliers, and 21 for overseas. The average value of the simulations is for the period of each year when the average temperature is the highest. The results shown for all domestic suppliers are from July to September.) In Iwate Prefecture, yields do not decrease even in the RCP 8.5 scenario, but under the same conditions yields in Miyazaki and Kagoshima prefectures decrease to 95-97% by 2050. In Thailand, the yield values decrease to 92% by 2050 in the RCP 8.5 scenario.

**Average Value of Yield Simulations When the Yield for the Base Year (2020) Is 100**

		RCP 2.6		RCP 8.5	
		2030	2050	2030	2050
Iwate Prefecture	Kuji City	100.00	100.00	100.00	100.00
	Hachimantai City	100.00	100.00	100.00	100.00
	Karumai-cho, Kunohegun	100.00	100.00	100.00	100.00
Miyazaki Prefecture	Hyuga City	99.30	98.40	99.00	97.40
	Koyugun	99.20	98.00	98.80	96.90
Kagoshima Prefecture	Kagoshima City	98.80	97.10	98.10	95.10

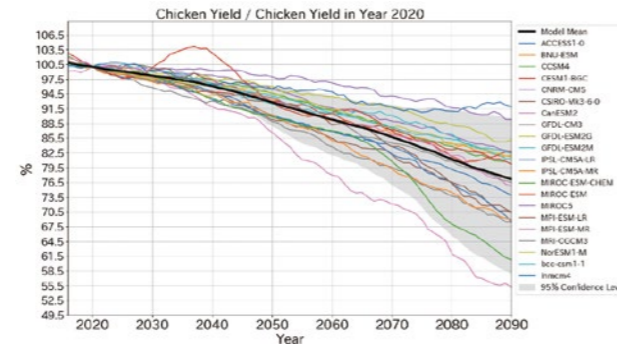
**Analysis Model Example (Karumai-cho, Kunohegun, Iwate Prefecture, RCP 8.5, Chicken Yield from July to September)**



**Average Value of Yield Simulations When the Yield for the Base Year (2020) Is 100**

		RCP 4.5		RCP 8.5	
		2030	2050	2030	2050
Brazil (January to March)	Paraná	99.8	99.3	99.6	98.4
Thailand (April to June)	Lop Buri	98.4	95.6	97.5	92.6
	Chon Buri	98.3	95.6	98.1	92.7

**Analysis Model Example (Thailand, RCP 8.5, Chicken Yield from April to June)**



**Financial Impact and Strategy**

For Nichirei Foods, cooked rice products account for about 10% of net sales, while chicken products account for about 30%. For Nichirei Fresh, the chicken business accounts for about 40% of net sales in the meat and poultry products business.

In these most recent investigations, even in the scenario of continued global warming, rice yields increase in our current supply areas. However, according to the Ministry of Agriculture, Forestry and Fisheries, there are reports that higher temperatures can lead to deterioration in rice quality, such as an increase in unripe grains, giving rise to concerns about procuring rice that is suitable for processing.

In some areas, chicken yields would decrease in the 2050 temperature increase scenario. However, the chicken farms where we currently procure chicken meat are equipped with air conditioning. Yields are therefore not likely to decrease due to an increase in temperature. However, there could be an increase in cost and amount of energy used to run the air conditioning systems to ensure temperatures suitable for chicken farming.

If climate change mitigation measures are strengthened (transition scenario), tighter regulations on greenhouse gas (GHG) emissions could increase the cost of raw material procurement.

On the other hand, we expect decarbonization measures to be promoted in the agriculture and livestock farming sectors as outlined in the Ministry of Agriculture, Forestry and Fisheries' Act to Promote Environmental Burden Reduction Activities for Establishment of Environmentally Harmonized Food System (effective July 1, 2022). By working with our suppliers and reducing GHG emissions related to raw materials, we believe we could gain an advantage even in the transition scenario. We will use life cycle assessments (LCAs) to evaluate the environmental impact of each product, as well as develop livestock feeds that reduce such impact. We will also gather data from external research institutions to work toward breeding rice with a higher temperature tolerance and higher yield.

**3 Risk Management**

Nichirei ensures that appropriate divisions manage the impact that a variety of risks (including climate change-related risks) have on business management from a comprehensive standpoint employing both rational and optimal methods. The risks are also discussed and reviewed by the Group Risk Management Committee, which is chaired by the representative director, president. The committee has been managing our responses to major risks related to business operations. However, due to the need to respond more quickly and accurately to various ESG-related issues, we established the Group Sustainability Committee as a separate entity in FY2023 to deal with ESG-specific risks and opportunities, including climate change.

The Group Sustainability Committee works with the strategic planning and sustainability divisions of each operating company to identify important ESG-related issues and risks. The most important themes are then discussed by the committee. Specifically, the risk associated with climate change is positioned as a major risk for the Group. The committee discusses and manages business risks and opportunities arising from scenario analyses.

**4 Indicators and Targets**

We have set forth the following as material matters: climate change initiatives; and realizing sustainable food procurement and resource recycling.

**Nichirei Group Material Matters (Materiality)**

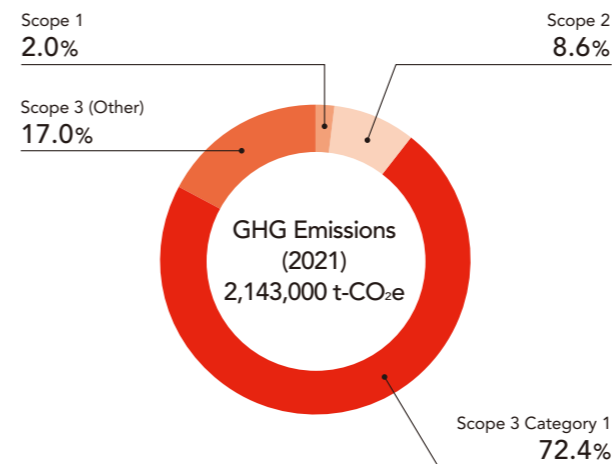
**Material Matter: Climate change initiatives**

Group Measures	Promote reduction of CO <sub>2</sub> emissions per unit of production and utilization of renewable energy at food factories and logistics centers, and disclose information based on the TCFD recommendations.
Group KPIs	FY2025: 30% reduction in CO <sub>2</sub> emissions (compared with FY2016; Scope 1 and 2 in Japan) FY2031: 50% reduction in CO <sub>2</sub> emissions (compared with FY2016; Scope 1 and 2 in Japan)

**Material Matter: Realizing sustainable food procurement and resource recycling**

Group Measures	Conduct sustainable resource procurement and help to realize a circular economy.
Group KPI	FY2031: 100% implementation rate of ESG due diligence for main raw materials and major suppliers

**Nichirei Group GHG Emissions (Scope 1, 2 and 3 in Japan)**



As part of its low-carbon policy, the Nichirei Group is promoting measures to reduce Scope 3 emissions.\* As shown in the figure on the left, the highest proportion of Scope 3 emissions comes from raw material procurement (category 1). We therefore recognize that, in order to achieve a reduction in Scope 3, supplier efforts to reduce GHG emissions are essential.

A cooperative relationship with suppliers is also essential to realizing sustainable procurement. Based on the Nichirei Group Sustainable Procurement Policy, we will promote initiatives that follow the Nichirei Group Supplier Code of Conduct and the Nichirei Group Supplier Guidelines established in April 2022. We will also address human rights and environmental issues, including Scope 3 emissions.

\* See the next page for Scope 1 and 2 reduction efforts in Japan.

# Decarbonization and the Elimination of CFCs

## The Nichirei Group Environmental Policy The Nichirei Group Environmental Policy and Biodiversity Policy <https://www.nichirei.co.jp/english/sustainability/environment/policy.html>

The Nichirei Group formulated the Nichirei Group Environmental Policy under the following theme: “If the Nichirei Group is to pass on to future generations the natural abundance that is the source of food and good health and to continue providing freshness and good taste—together with its stakeholders, it must use its superior products and first-class logistics network to reduce the environmental impact of its business activities throughout the entire supply chain and help create a sustainable society.”

The Nichirei Group Environmental Policy focuses on three priority issues: climate change initiatives, promotion of sustainable recycling, and symbiosis with nature. For climate change initiatives, we recognize that food and logistics companies are greatly affected by climate change. We are implementing the following initiatives as part of our low-carbon policies.

## Long-term Environmental Goals and Low-carbon Policies

We will implement low-carbon policies to address one of our material matters and in pursuit of our long-term environmental goals. We will actively implement the following three measures during the 10 years from 2021 through 2030.

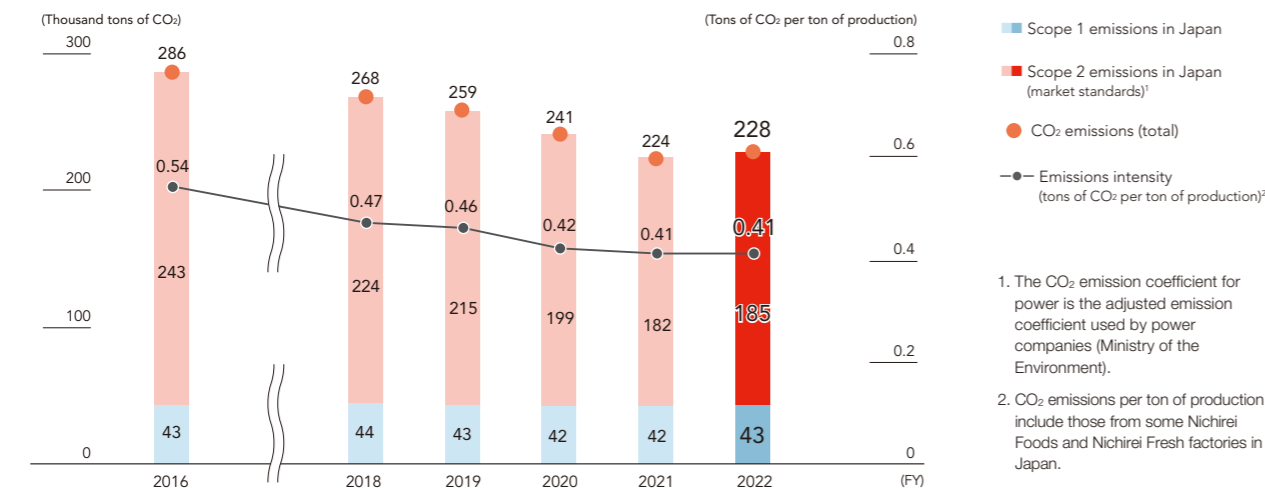
Having endorsed the TCFD recommendations, the Nichirei Group is promoting the following low-carbon policies:

Pillar of low-carbon policy	Overview	Target scope
1 The establishment of long-term CO <sub>2</sub> reduction goals	<ul style="list-style-type: none"> <li>50%* reduction in Scope 1 and 2 CO<sub>2</sub> emissions (compared with FY2016) in Japan in 2030</li> </ul>	Scope 1 and 2 in Japan
2 The promotion of CO <sub>2</sub> reduction countermeasures overseas	<ul style="list-style-type: none"> <li>Start data collection and other efforts at overseas worksites</li> <li>Review and promote CO<sub>2</sub> reduction countermeasures at overseas worksites</li> </ul>	Scope 1 and 2 Overseas
3 The promotion of Scope 3 CO <sub>2</sub> reduction countermeasures	<ul style="list-style-type: none"> <li>Promote Scope 3 data collection and other efforts</li> <li>Review and promote Scope 3 CO<sub>2</sub> reduction countermeasures</li> </ul>	Scope 3

\* In June 2021, the target was revised upward from 30% to 50%.

## Nichirei Group CO<sub>2</sub> Emissions

In FY2022, we reduced our CO<sub>2</sub> emissions by 20.2% compared with FY2016.



## Renewable Energy Procurement

### Utilizing Electricity Generated from Solar Power

The Nichirei Group is working to reduce CO<sub>2</sub> emissions by installing solar power generation equipment on the premises of food factories and on the rooftops of refrigerated logistics warehouses. We will further strengthen these initiatives as part of Medium-term Business Plan Compass Rose 2024.



Solar Power Generation and CO<sub>2</sub> Emission Reduction

	Power Generation	CO <sub>2</sub> Emission Reduction
FY2020	2,068 Mwh	1,003 t
FY2021	2,149 Mwh	986 t
FY2022	2,974 Mwh	1,408 t

### Purchase of Green Energy

Since 2007, the Nichirei Group has been purchasing and stockpiling Renewable Energy Certificates (RECs)\* every year. As a result, in FY2021, the head office building (Nichirei Higashi Ginza Bldg.) shifted to renewable energy (making use of RECs) for all of its power usage. In addition, since March 2020, Nichirei Foods has purchased RECs to cover all electricity used in production lines for *Honkaku-Itame-Chahan* (fried rice). It is also making the shift to renewable energy.



\* Green power is power generated from renewable energy sources, such as biomass, solar and wind. The CO<sub>2</sub> emission reductions achieved through the use of power generated from renewable energy are traded in the form of RECs.

## Eliminating Chlorofluorocarbons (CFCs)

### Switching to Natural Refrigerants

By 2030, we will have switched to natural refrigerants for 75% of equipment used by Nichirei Logistics Group (based on tons of equipment excluding leased equipment), including overseas facilities, and 100% of the freezers used by Nichirei Foods at its food factories and investee factories in Japan.



### Initiatives to Prevent Refrigerant Leaks

Nichirei Logistics Group works to reduce refrigerant leakage from existing refrigerators. In addition to carrying out regular inspections for refrigerant leakage, in FY2022 it introduced detectors capable of 24-hour measurement.

## Change of Fuel for Manufacturing Equipment

Food factories use heat energy in a variety of manufacturing processes, including frying and baking. For the boilers that create the heat energy used in manufacturing, we are systematically switching from kerosene and heavy oil to city gas and propane, which produce fewer CO<sub>2</sub> emissions.



# Conserving Water Resources and Biodiversity, and Using Less Plastic

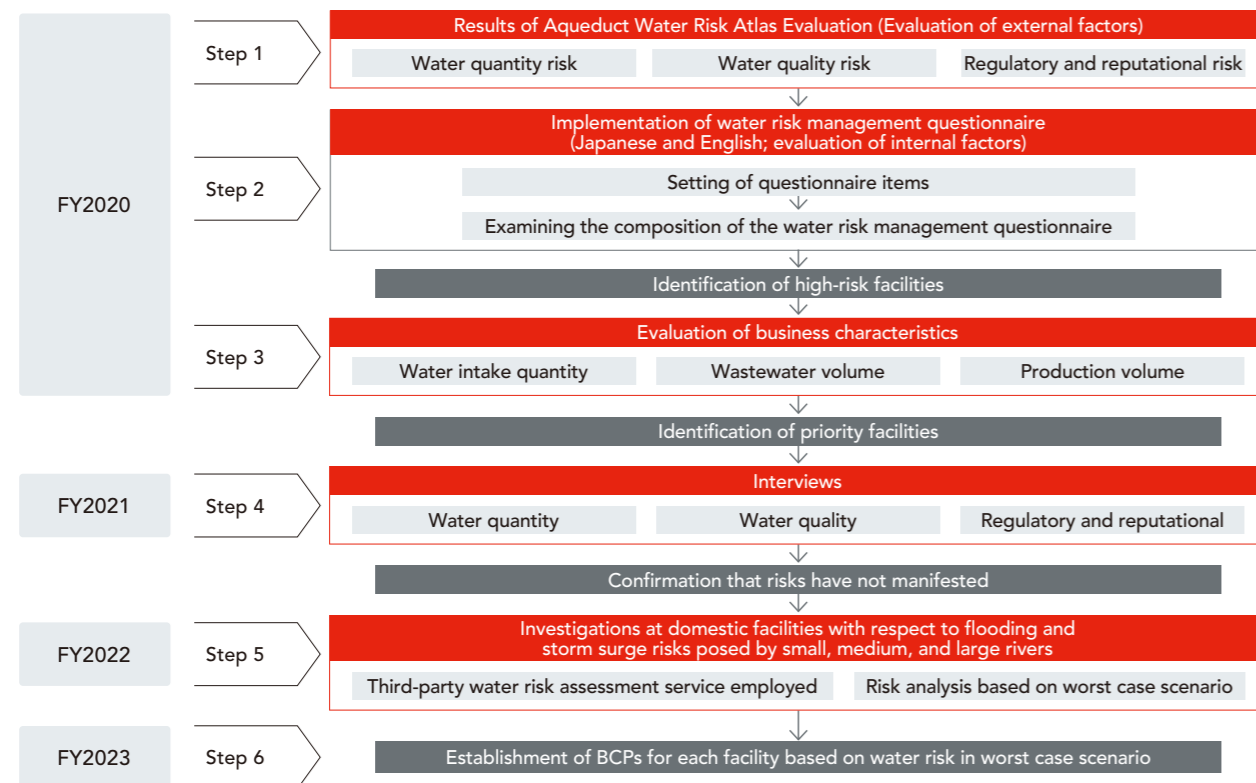
## Initiatives for Conserving Water Resources <https://nichirei.disclosure.site/en/themes/166>

As one factor in achieving its goal of building sustainable supply chains, the Nichirei Group recognizes the importance of water resources in producing raw materials and conducting business, and strives to conserve such resources.

### Water Risk Assessment

In FY2020, the Group conducted water risk assessments at all of its facilities (152 facilities in Japan and overseas) and identified facilities where water risk was high as a result of internal and external factors. In FY2021, interviews were conducted at the three facilities identified as having high water risk, and the Group confirmed at that time that there were no water risks in terms of quantity, quality or regulatory and reputational risks. In FY2022, investigations were conducted at facilities in Japan with respect to river flooding and storm surge risk due to typhoons and heavy rains.

### Water Risk Assessment



## Initiatives for Conserving Biodiversity

### Protecting Endangered Orchids

Since FY2004, the Nichirei Group has helped in the conservation and regeneration of the endangered orchid *Cypripedium macranthos* var. *macranthos* and other species through research on and the breeding of orchids and other plants in Fujimi-machi, Nagano Prefecture. In 2014, some artificially propagated orchids of this species flowered and, in FY2020 they produced 32 blooms. Consequently, Nichirei entered a biodiversity conservation partnership agreement with Fujimi-machi, Nagano Prefecture, and the Fujimi-machi Atsumorisou Regeneration Committee in February 2019. The Group will provide the technologies necessary for the conservation and regeneration of *Cypripedium macranthos* orchids and cover a portion of the costs. In June 2021, the Committee began selling artificially propagated blooms and seedlings, which it hopes will help prevent excessive picking of wild indigenous species. In our artificial pollination efforts, we avoid mixing plants from the same lineage as much as possible in order to preserve genetic diversity.



## Conserving Biodiversity and Maintaining Sustainable Production: MSC Fisheries Certification at Clam Fishery

About 60% of Japan's imported clams are sourced from wetlands along the Yellow Sea coast of China. Since 2006, Nichirei Fresh has procured clams from China for use as a premium ingredient. In recent years, however, we have become concerned about the declining yield of clams and the deterioration of the natural environment.

In 2016, Nichirei Fresh collaborated with Dandong Taihong Foodstuff Co., Ltd., a supplier of clams, and the World Wide Fund For Nature (WWF) in a fisheries improvement project.

In 2021, the shellfish fishery of the Yalu Estuary received Marine Stewardship Council (MSC) certification for sustainable fishing that considers the rich natural environment of the Yellow Sea coast, which is indispensable as a resting and feeding place for migratory birds. The certification was the first example of a shellfish fishery improvement project in China involving cooperation between participants in the supply chains of China and Japan.

Nichirei Fresh will continue to increase the number of products that bear the MSC certification\* for sustainable fishing.

\* MSC certification requires that wild seafood used has been caught using methods that do not deplete the natural supply.

### Key Elements of the Coastal Wetland Ecosystem of the Yalu River Estuary



## Plastic Reduction Initiatives

### Reducing Plastic Used in Frozen Food Containers and Packaging

Since 2006, Nichirei Foods has been striving to reduce the amount of plastic used for household-use frozen food product containers and packaging. Recently we achieved a reduction of over 200 tons for seven items (series) of products, compared with before these initiatives began. While continuing to reduce plastic use by reviewing product containers and packaging, we will also work toward reducing our CO<sub>2</sub> emissions.



### Initiatives for Thinner Packaging

Fiscal year	Products	Measures
FY2007	Imagawa-Yaki (Japanese waffles)	Elimination of trays
FY2010	Yaki-Onigiri (grilled rice balls) 10-pack	Elimination of trays
FY2012	Honkaku-Itame-Chahan (fried rice)	Thinner packaging
FY2015	Yaki-Onigiri (grilled rice balls) 10-pack	Thinner packaging
FY2016	Honkaku-Itame-Chahan (fried rice)	Thinner packaging (second reduction)
FY2019	Ebi-Pilaf (shrimp pilaf) and Chicken Rice	Thinner packaging
FY2021	Ebi-to-Cheese-no-Gratin (shrimp gratin) and Ebi-to-Cheese-no-Doria (shrimp rice gratin)	Thinner trays, reduced tray handle width
FY2022	Yaki-Onigiri (grilled rice balls)	Elimination of trays for entire lineup

### Switching to Biomass Film and Ink

Since FY2020, we have used biomass film and ink on some product packaging and trays. Biomass ink is made from renewable, plant-derived materials, and its use helps reduce environmental impact.



# Building a Sustainable Supply Chain

The Nichirei Group is working to build a sustainable supply chain. On April 1, 2022, the Group established the Nichirei Group Human Rights Policy, the Nichirei Group Sustainable Procurement Policy, the Nichirei Group Supplier Code of Conduct, and the Nichirei Group Supplier Guidelines. These policies are based on the United Nations Guiding Principles on Business and Human Rights and the Ten Principles of the United Nations Global Compact as well as on The Nichirei Pledge, which is the Group's basic sustainability policy. They also provide the foundation for "realizing sustainable food procurement and resource recycling," one of the Group's material matters. Going forward, we will continue to promote the Nichirei Group Supplier Code of Conduct and Guidelines. We will evaluate risk factors in the supply chain and work with suppliers to mitigate these risks in accordance with the potential impact on business.

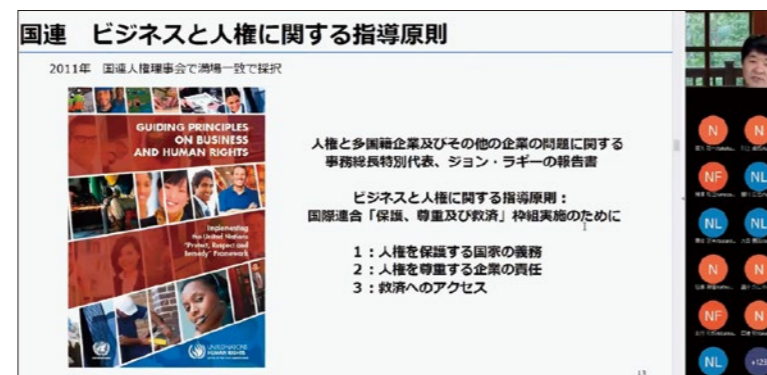
We will work to build a sustainable supply chain by sharing values and building close relationships within the Group and with suppliers.

Policy	Key Points for Amendment and Enactment
Nichirei Group Human Rights Policy	Respect for human rights in the Group and throughout the supply chain, implementation of human rights due diligence, introduction of system for filing grievances, etc. <a href="https://www.nichirei.co.jp/english/corpo/management/humanrightspolicy.html">https://www.nichirei.co.jp/english/corpo/management/humanrightspolicy.html</a>
Nichirei Group Sustainable Procurement Policy	Respect for human rights throughout the supply chain, reduction of environmental impact, consideration for animal welfare and biodiversity, etc. <a href="https://www.nichirei.co.jp/english/sustainability/social/supplychain/supply.html">https://www.nichirei.co.jp/english/sustainability/social/supplychain/supply.html</a>
Nichirei Group Supplier Code of Conduct	Clarification of requirements for suppliers based on the Nichirei Group Sustainable Procurement Policy <a href="https://www.nichirei.co.jp/english/sustainability/social/supplychain/regulation.html">https://www.nichirei.co.jp/english/sustainability/social/supplychain/regulation.html</a>
Nichirei Group Guidelines Supplier	Explanation of items in the Nichirei Group Supplier Code of Conduct <a href="https://www.nichirei.co.jp/english/sustainability/social/supplychain/guideline.html">https://www.nichirei.co.jp/english/sustainability/social/supplychain/guideline.html</a>

## Initiatives for Sustainable Procurement

### Study Sessions on Sustainability for Management

In FY2023, we are inviting experts to participate in study sessions on sustainability for management. We plan to hold five such sessions. At the third session, Mr. Hidemi Tomita of LRQA Sustainability K.K. gave a lecture on sustainable procurement and human rights. A total of 139 people\* attended the event, which created greater awareness of human rights issues in the supply chain.



Online study session

\* Including 85 directors from the holding company and operating companies and 54 officers from related divisions

### Regenerating Marine Habitats

In June 2022, Nichirei Fresh joined Fukuoka Uoichiba Co., Ltd. and the Amakusa Fisheries Cooperative in launching the *Inochi-no-Umi-Project*. This initiative focuses on regenerating *Zostera* beds, which are areas of the seabed where this type of marine eelgrass grows. The project is funded using a portion of sales of natural shiba shrimp caught in Amakusa City, Kumamoto Prefecture. *Zostera* beds are a spawning and nursery ground for marine life. They play an important role in the marine ecosystem. However, *Zostera* beds are declining in number each year, which impacts the habitat of marine life and causes water quality to deteriorate.

Nichirei Fresh will use the expertise and experience it has gained overseas to protect ecosystems in Japan that support seafood and the marine environment, and engage in sustainable procurement of marine products.



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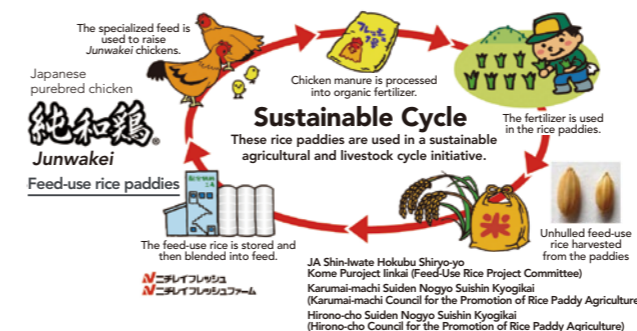
### Sustainable Regional Agricultural and Livestock Cycle through *Junwakei* Chicken

<https://www.nichireifresh.co.jp/product/livestock/detail/?id=347> (Japanese only)



High-speed manure processing plant

Organic fertilizer made from chicken manure



In 2009, Nichirei Fresh launched a feed rice project in collaboration with the Japan Agricultural Cooperative in Iwate Prefecture and farmers from Karumai and Hirono in 2009, and in the 13 years since then the project has been implementing a sustainable regional agricultural and livestock cycle through the production of the *Junwakei* breed of chicken (a crossbreed of two native Japanese species). When the project was first launched, paddies for feed rice covered around 15 hectares. By FY2022, this area had expanded to around 249 hectares yielding a harvest of roughly 1,700 tons.

Manure from the poultry farm is made into organic fertilizer at an on-site high-speed manure processing plant. This fertilizer is spread over the feed rice paddies that were previously fallow rice fields, providing nutrients for the soil. Rice harvested from these paddies is fed to *Junwakei* chickens as formula feed. Moreover, waste heat energy from the manure processing plant is used to heat the chicken coops.

### Initiatives for Sustainable Palm Oil (RSPO Oil Credits)

In August 2018, the Group became a member of the non-profit organization Roundtable on Sustainable Palm Oil (RSPO), which promotes the production and use of sustainable palm oil. We are advancing efforts to ensure that the palm oil used to make our products is from sustainable sources. Since 2018, Nichirei Foods' factories (at consolidated subsidiaries in Japan and overseas) that use palm oil have been purchasing RSPO oil credits (via the book and claim method) corresponding to 100% of the palm oil they use.





**We will dynamically promote sustainability management by developing human resources and building organizations that can create new value and help resolve social issues.**

## Yutaka Karino

Executive Officer;  
in charge of Legal Affairs, General Manager of  
General Affairs & Public Relations,  
General Manager of Human Resources,  
General Manager of Secretarial Office

### Human Resource-related Initiatives during Medium-term Business Plan WeWill 2021

During WeWill 2021, we mainly addressed four issues: work style reforms, construction of a new personnel data platform, health management and revision of the officer remuneration system.

For work style reforms, we enlisted the cooperation of our labor union in Group-wide efforts to reduce overtime and to increase the rate of use of annual paid leave in line with policies we formulated in FY2018. Telework was rapidly adopted, partly due to the impact of the COVID-19 pandemic, but this style of work has been difficult to roll out to our logistics centers and food production facilities, where more than half of our employees work. Meanwhile, in departments at the Head Office and other business sites where telework has been adopted, figuring out methods for communication between supervisors and their staff has been an issue, so we will continue to develop rules for new work styles.

For the new personnel data platform, we completely reviewed our core systems, constructed a new platform linked to our talent management system, and started full-scale operation in February 2022.

For health management, we enhanced our organization by increasing the number of public health

nurses in our workforce to focus on follow-ups to employee checkups. As a result of this and other measures, we were recognized by the Ministry of Economy, Trade and Industry under the Certified Health & Productivity Management Organization Recognition Program under the large enterprise category for the sixth consecutive year.

For revision of the officer remuneration system, we aim to enhance governance by making our management team acutely aware of sustainable growth and medium-to long-term improvement in corporate value. We therefore revised the system, adding a new stock compensation component and incorporating ROIC and our ESG evaluation as KPIs.

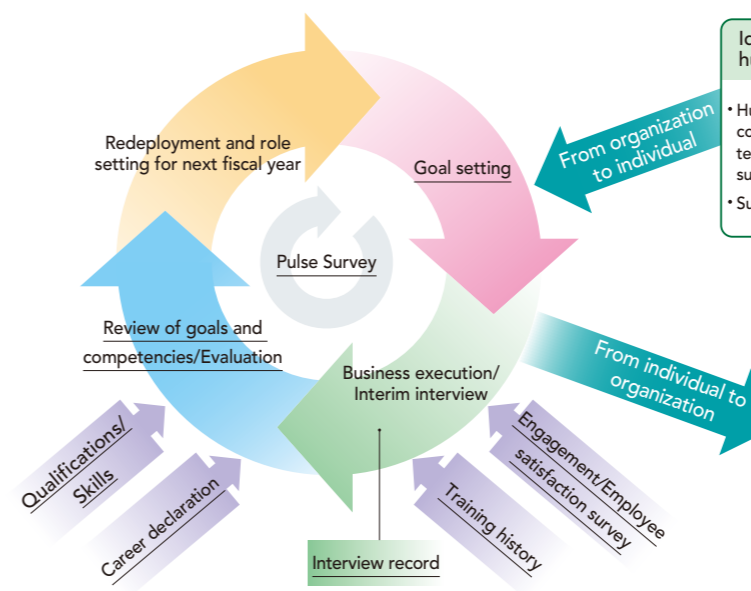
### Establishing a Human Resources Policy Linked to Our Sustainability Policy

For the Nichirei Group to conduct sustainability management and realize its Vision for 2030, the Company needs to show employees what it expects of the Group's human resources and make clear what the Company must do to make those expectations a reality. We have revised our approach to human resources and our human resources policy from this standpoint.

We view our human resources as critical to our Sustainability Policy. Based on this, the Group Human Resources Policy consists of three principles:

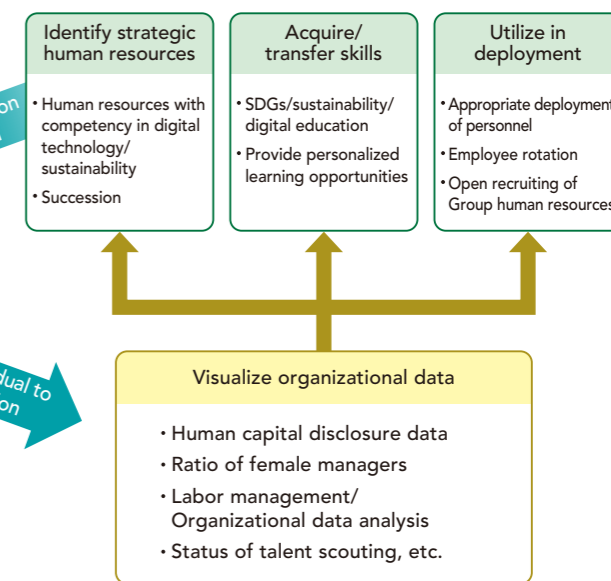
### Improving Employee Performance

Visualize and centrally administer data on employee skills, orientation, performance and other matters, and take timely measures to maximize and enhance employee performance.



### Optimizing the Organization's Human Capital Portfolio

Based on employee data shared throughout the Group, visualize the organization's status on a dashboard. Based on analysis results, take the personnel measures required to optimize the human capital portfolio.



"Encourage empathy; use business to resolve social issues," "Generate value by linking knowledge, digital technologies," and "Cultivate a safe, secure corporate culture to tackle challenges." The Nichirei Group's businesses and the work each employee handles are all connected to consumer and customer issues, thus ultimately to social issues. Behind the Sustainability Policy is our desire to keep our employees attuned to this connection and encourage them to take on new challenges in seeking out new value, without fear of failure.

### Human Resources Strategy under Medium-term Business Plan Compass Rose 2024

We have reorganized our human resources strategy from five perspectives. Upon a foundation of "improving job satisfaction" and "health management"—two perspectives we previously emphasized—we added the three perspectives of "diversity, equity and inclusion," "new value creation," and "personalized learning opportunities."

"Diversity, equity and inclusion" means providing fair opportunities and promoting an environment, culture, personnel system design and other elements that enable each individual to play an active role. We also plan to invest in femtech to support the advancement of female employees, although this will overlap

somewhat with "health management." In addition, we intend to consolidate information on individuals on our new personnel data platform, and use it for matching and scouting talent. "New value creation" predicated on sustainability entails cross-fertilizing various kinds of knowledge and ways of thinking, while new value in the digital realm is generated by combining various kinds of knowledge. We will focus on training for each of these types of value creation. We will begin by conducting DX training for all employees during Compass Rose 2024. The "personalized learning opportunities" we provide will be tailored to the issues individuals face in advancing their careers, and will complement conventional rank-based training. For example, the training we will conduct for general manager candidates at the holding company is oriented toward dialogue with Company officers. This should also be effective in promoting the advancement of female employees, which we have made a KPI for the Group's material matters.

The revision of our human resources policy will make it easier for all employees to understand the linkage between the policy and our measures. Management is sincerely committed to the human resources policy, in the belief that it will serve as a guide for the career tracks of all employees. We therefore intend to conduct activities to promote awareness and mutual communication.

# Cultivating Human Resources and Improving Work Satisfaction

In conducting business, the Nichirei Group places the greatest importance on human resources. To realize our vision for 2030 based on our Sustainability Policy, we need to make our stance on human resources clear. We therefore established the Nichirei Group philosophy on human resources. We have also determined the kind of human resources we need and the organization that we aim to be under the Group Human Resources Policy.

We have set out five human resource-related strategies based on our philosophy and the Group Human Resources Policy. We will consider and then implement specific human resource initiatives, share information, and check their progress.

## Our Philosophy on Human Resources

### Human Resources Are Critical to Our Sustainability Policy

- They are key to helping us support good eating habits and health, which will lead to a more sustainable society
- Through diversity and motivation, they boost the Group's development
- Their strategies, linked to those of management, underpin the social value of our human resources and promote behavioral change

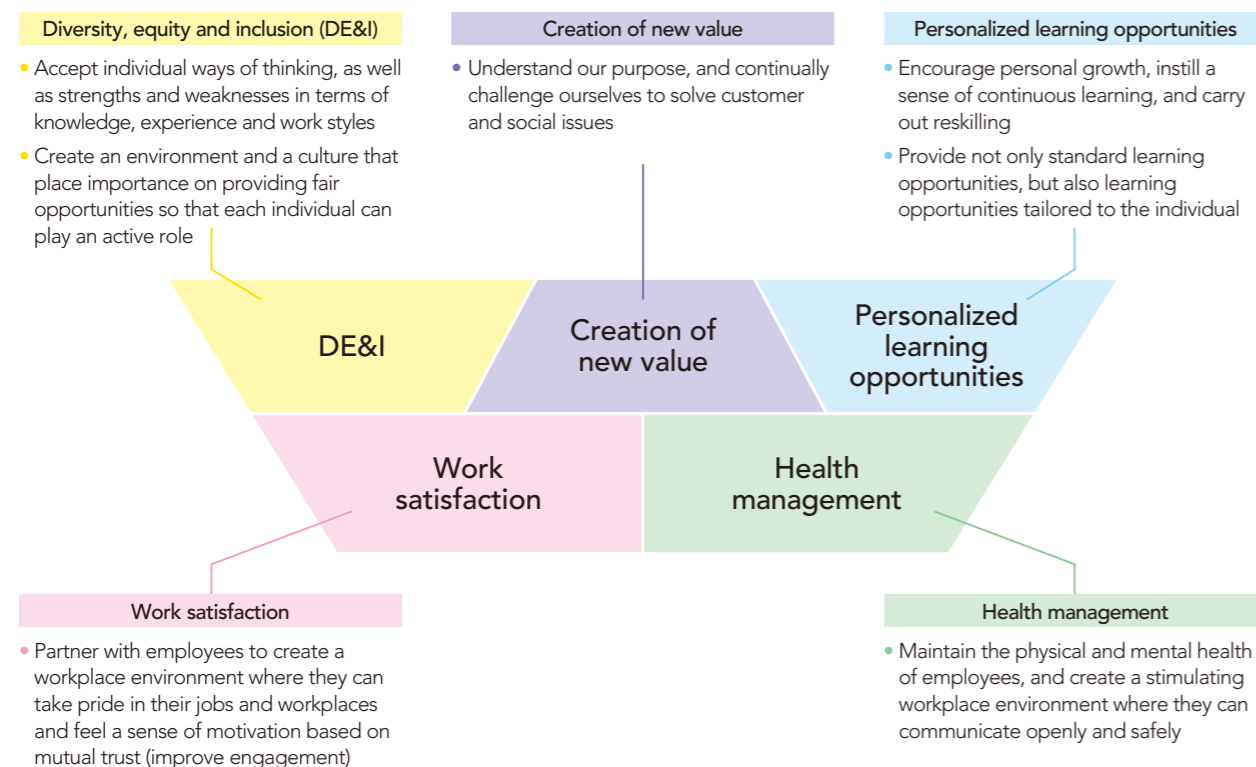
## Group Human Resources Policy

(The Kind of Human Resources We Need and the Organization That We Aim to Be)

Encourage empathy; use business to resolve social issues	Develop proactive human resources by aligning employee aspirations with the Group's targeted social impact, based on the idea that food connects people
Generate value by linking knowledge, digital technologies	Create an organization that contributes to good eating habits and health by incorporating a range of perspectives, as well as using data and digital technologies in response to environmental change
Cultivate a safe, secure corporate culture to tackle challenges	Communicate work-related ideas, develop mutual trust, and cultivate a corporate culture that can tackle challenges without fear of failure

## Human Resources Strategies

(Five Perspectives to Help Bridge the Gap between the Ideal Situation and Now)



## Development of Education for Digital Transformation (DX)

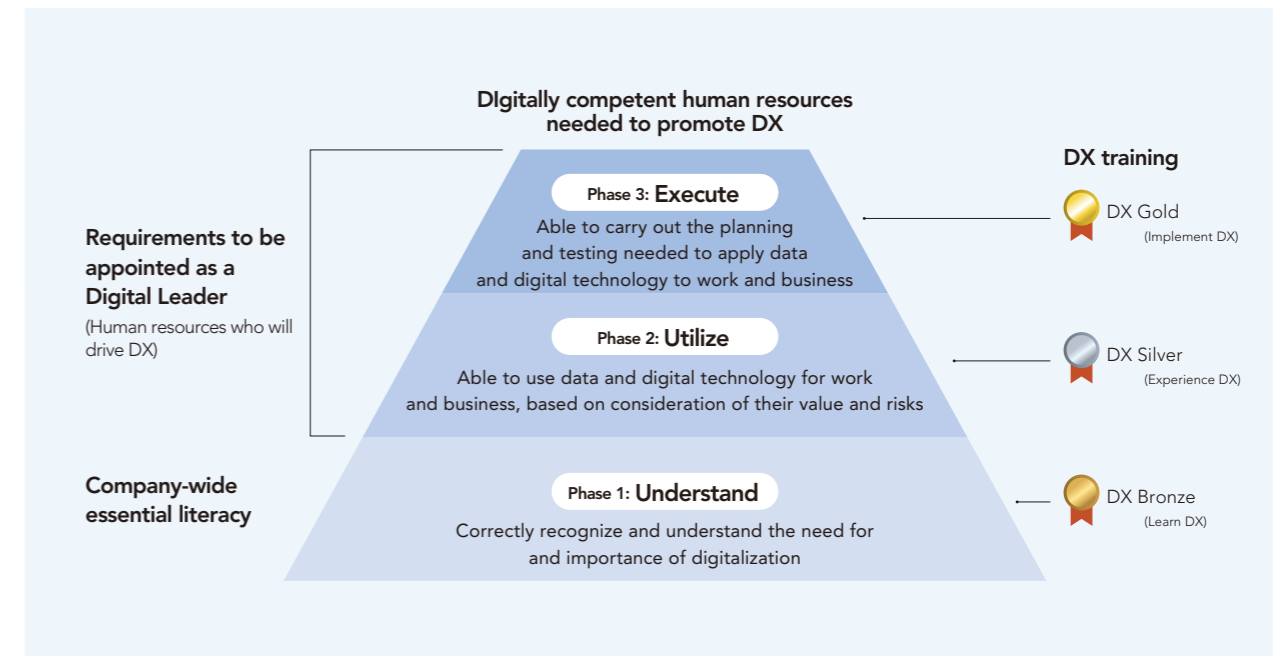
Medium-term Business Plan Compass Rose 2024, which began in FY2023, promotes the use of data and technology within the Nichirei Group as a high-priority human resource development measure. We continue to provide educational opportunities in line with this aim.

As global digitalization continues to accelerate, the use of data and technology will increasingly be needed to help resolve issues for consumers, business partners and society. That is why we believe that being prepared will enhance the Nichirei Group's competitiveness.

Specifically, in the final year of Compass Rose 2024 we aim to appoint a Digital Leader at each department of our main companies in Japan to promote the use of data and technology. The DX program will be implemented in tiers, from DX Bronze (the basic course for acquiring essential digital literacy) to DX Silver and DX Gold. Of the three, the DX Bronze course is being rolled out for all employees (approximately 3,500 people) at our main companies in Japan. We expect all employees to complete the DX Bronze program by FY2024.

Promoting DX is a vital business transformation initiative for realizing the Nichirei Group's vision. We will work as one to move that transformation forward.

### Development of Education for DX



## Promoting the Advancement of Female Employees

At Nichirei Foods, we launched an internal project to promote the advancement of female employees. We send out video messages, and conduct surveys in order to gain an accurate grasp of the current situation. We also hold "Women's Agura" roundtable discussions with female executives. We held these discussions 23 times in FY2022, with 94 employees taking part. The sessions gave participants an opportunity to consider their future careers and helped them to create a communication network for sharing concerns with peers and supporting each other. These activities have created a foundation for enabling female employees to take on various challenges. By continuing to promote the project, we will support the career aspirations of female employees and help improve work satisfaction for all employees, regardless of gender.



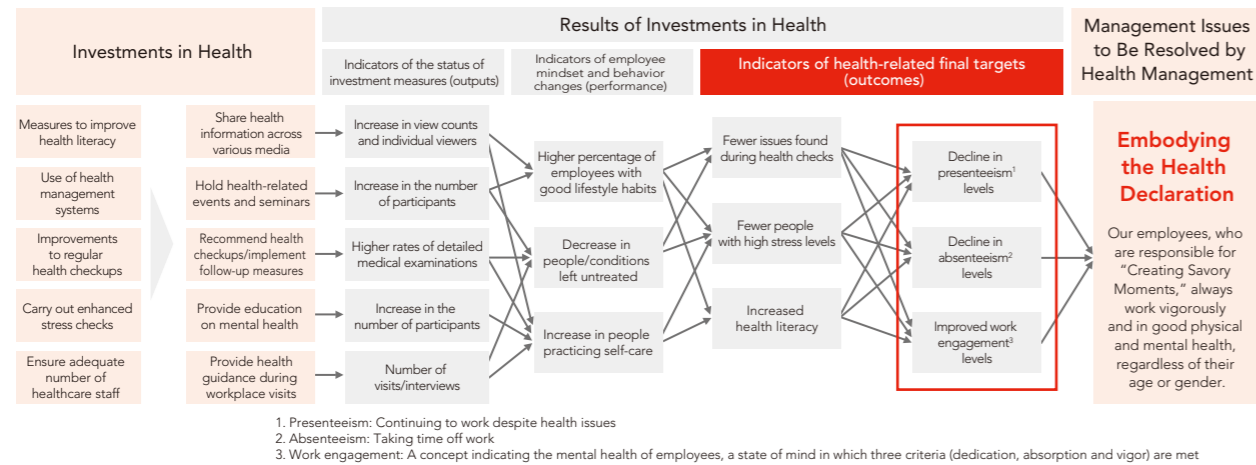
Since 2015, the Nichirei Group has been promoting initiatives based on the concept that the health and wellbeing of employees is fundamental to increasing their work satisfaction. The maintenance and improvement of employee health has been set as a management issue, and the Nichirei Health Promotion Center plays a key role in our efforts.

**The Nichirei Group Health Declaration** Creating Savory Moments. With that core value deep in our hearts, every single person who works at Nichirei Group will strive for good health maintenance.

### Basic Policy

1. We will promote the creation of a workplace that has a lively cooperation between labor and management, based on the ideal that states that good work has its basis in a healthy mind and body.
2. Each of our employees will work hard to increase his/her health awareness, and will take an active role in creating a work environment that promotes good health.
3. We will strive for health management based on the three pillars of "health maintenance and improvement," "mental health measures," and "safety and hygiene control."

### Health Management Strategies

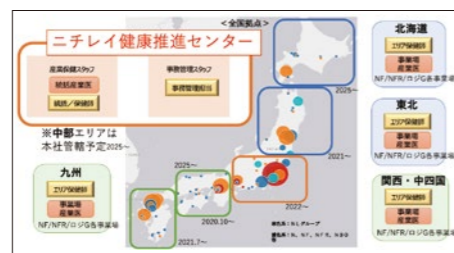


### Main Initiatives

<b>Improve health literacy (use of seminars and intranet)</b>	To provide employees with specific health promotion opportunities and help them avoid lifestyle-related diseases, we have been holding regular health-related events since FY2017. In questionnaires, more than 92% of participants at each seminar responded that the event was beneficial. In addition, in June 2021 the Nichirei Health Insurance Association introduced a subsidy program for outpatient smoking cessation treatment. It is working with the Health Promotion Center to support employees who want to quit smoking. In March 2022, we conducted a survey of all employees in an effort to promote women's health. Based on the results, we formulated our Women's Health Promotion policy. By FY2024, we will introduce online medical care for female employees (menstruation and menopause) in order to better visualize ways in which improvements in physical condition can contribute to increased work productivity.
<b>Enhancing our occupational health system</b>	We will gradually increase the number of regional public health nurses by FY2028. Our aim is for employees to have access to the same level of health promotion services anywhere in the country.
<b>Promoting mental health</b>	Having started with stress checks, we now implement a fully integrated mental health strategy. In addition to helping employees with mental health concerns, we promote good mental health via self-care and line care* and work to revitalize workplace communication. We also offer e-learning courses about self-care and line care, and hold webinars 10 times a year, with over 400 employees taking part. * Line care: A system in which managers/supervisors are attentive to changes in employees, provide opportunities for consultation, and work to make the workplace environment better.
<b>Ensuring health management and follow-up measures</b>	Since FY2019, we have achieved a 100% annual health check rate for our employees, even during the COVID-19 pandemic. In addition, we follow up after health checks with interviews and guidance from public health nurses via e-mail or other online tools, based on the individual employee's diagnosis by an occupational physician. We continue to provide timely guidance to remote employees.
<b>Countermeasures against COVID-19</b>	We are building a support system for preventing COVID-19 infections and handling confirmed cases. Occupational health staff at the Health Promotion Center work closely with the Group Countermeasures Headquarters, the Nichirei Health Insurance Association and the Nichirei Labor Union.



Sharing of information on the intranet



Nichirei Health Promotion Center website plan



In-house mental health seminars

### Management Framework

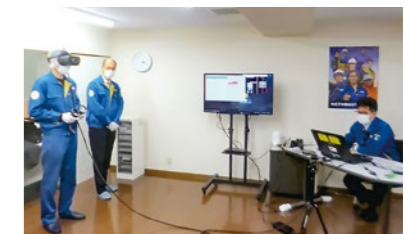
The Nichirei Group established health and safety committees to fulfill the requirements of Japan's Industrial Safety and Health Act, and is working to promote health and safety management aimed at preventing occupational accidents and managing the health of employees. At our head office, as well as at each branch office, we strive to eliminate long working hours and reduce overtime work, while at food factories and refrigerated warehouses, we do our best to prevent accidents. This is in addition to other workplace environment improvement efforts we undertake, tailored to the conditions of each workplace.

### Renovation of Safety and Quality Training Centers That Use Virtual Reality (VR)

Aiming to further improve safety and quality at its work sites, Nichirei Logistics Group completed renovation of its Nagoya training center in June 2022, following renovation of the Tokyo training center in September 2021.

We work to promote safe behavior at worksites through interactive education that involves active trainee participation. These activities are aimed at achieving zero accidents by building a safe and secure workplace environment for everyone at Nagoya Nichirei Service. Renovation involved creating an open design classroom to provide trainees with a relaxed classroom environment.

For practical training, instructors participate in safety checks twice per month at each worksite, with training tailored to actual onsite conditions. We have also introduced training that utilizes digital technologies such as VR.



(Upper photo) Training textbooks created by Nagoya Nichirei Service  
 (Lower photo) VR training

### Safety at Food Factories

Nichirei Foods has identified three priority measures for safety-related activities at food factories: safety patrols, near-miss-related activities and the mandatory observation of safety rules.

Monthly safety patrols are tailored to each factory, with effective checklist items determined based on work site feedback. Patrols are conducted mainly in the early morning and late at night, when fewer managers are on staff. We also ask employees to share work-related issues and opinions.

Held as needed, near-miss-related activities are designed to reinforce reporting practices and inform employees about possible dangers through the sharing of information about accident near misses. Activities reconfirm evaluation criteria, thus ensuring consistency in methodologies for classifying an incident as a near-miss. Preventive steps are then taken as needed.

### Occupational Health and Safety Initiatives for Foreign Technical Interns

Foreign technical interns working in Japan at the Nichirei Group undergo training including occupational health and safety training. This helps to prevent occupational accidents and facilitates health management for those adjusting to life in another country, while at the same time helping them improve their Japanese-language skills. Our goal is to create workplaces where all Nichirei Group employees can work safely and healthily with purpose.



Bilingual poster in Japanese and Vietnamese



Japanese language speech contests



## Basic Policy on Quality Assurance

The Nichirei Group's basic policy on quality assurance is to ensure the quality and safety of the food products and services it provides, so that they are safe for consumers. At the same time, we are maintaining and improving Group-wide levels of quality control, quality assurance and customer satisfaction.

We aim for further enhancements by implementing the PDCA cycle in our quality management system and food safety management system, and encouraging improvements when deficiencies are found through internal audits and quality audits at factories.

Quality Assurance Approach and Improvement Cycle



### Regular Audits (FY2019–FY2022)

Quality Assurance Audit	FY2019		FY2020		FY2021		FY2022	
	Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas
Number of Annual Group Audits (Japan/Overseas)	66	38	52	20	40	10	46	16
Annual Group Implementation Rate (Compared with plan)	97%	100%	87%	80%	58%	28%	66%	48%

Regular audits are conducted by each operating company based on an annual plan. The plans are formulated by rationally and objectively evaluating the magnitude of possible risks (based on risk management), ascertaining whether or not certification of international standards has been obtained, and determining the quantity of products handled annually and product characteristics. The PDCA cycle is also used in regular audits. Audit results are used as a reference when determining audit policies and target worksites when developing audit plans for the upcoming year.

Note: Since FY2021, we have not been able to conduct as many regular audits as planned due to restrictions on movement caused by the COVID-19 pandemic. However, we have worked to expand and review our use of remote audits in order to confirm compliance with requirements and ensure safety.

## Quality Control Based on International Standards

The Nichirei Group offers products and services with a variety of distinguishing characteristics. In addition to having internal rules and regulations that support these characteristics, we are working to acquire international standard certification, while strengthening our quality control system to ensure we continue to provide safe products and services.

### Certification Status (FY2019–FY2022)

Certification	Operating Company	Rate of Certification <sup>4</sup>			
		FY2019	FY2020	FY2021	FY2022
ISO 9001 (Quality management system)	Nichirei Foods	3/15	3/15 <sup>5</sup>	3/15 <sup>5</sup>	3/15
	Nichirei Fresh	8/9	8/9	5/8	5/8
	Nichirei Logistics Group	104/115	81/115	83/117	86/117
FSSC 22000, <sup>1</sup> ISO 22000, <sup>2</sup> SQF <sup>3</sup> (Food safety management system)	Nichirei Foods	14/15	14/15	14/15	15/15
	Nichirei Fresh	6/8	7/7	7/7	7/7
	Nichirei Logistics Group	2/115	2/115	2/117	2/117
ISO 14001 (Environmental management system)	Nichirei Foods	11/15	11/15	11/15	10/15
ISO 13485 (Medical devices and in vitro diagnostics)	Nichirei Biosciences	2/2	2/2	2/2	2/2

1. FSSC 22000: An international management system for food safety that is based on ISO 22000  
 2. ISO 22000: An international standard for food safety management systems (for reducing food safety risks). It is based on hazard analysis and critical control points (HACCP) food sanitation control techniques  
 3. SQF (Safe Quality Food): Certification providing assurance that the product being purchased meets strict international food safety and quality standards such as HACCP. Program recognized by the Global Food Safety Initiative (GFSI) in countries outside of Europe.  
 4. Rate of certification: Certified worksites ÷ Total worksites of consolidated subsidiaries in Japan (food factories, logistics centers, etc.)  
 5. Switching to FSSC 22000

## Food Safeguard (Food Defense) Initiatives

To prevent intentional contamination of food products, the Nichirei Group believes it is critically important to foster strong bonds of trust with employees at worksites, creating environments in which accidents are unlikely. Furthermore, it is necessary to employ both procedures and physical safeguards, as well as verification methods in the event of an accident. We have established food safeguard (food defense) systems tailored to each product type. In-house rules covering visitors and contractors, as well as self checks, are in place, and audits of our plants are conducted regularly to confirm safety. We are also working to improve the workplace environment based on employee satisfaction surveys and interviews. We have installed cameras and face recognition systems at all of our plants in Japan and overseas. To protect the safety of food, we have created a system that is based on the distinguishing characteristics of each product and enables follow-up investigations should issues arise. If an issue does arise, a link is established with our food crisis management system, which facilitates the dissemination of accurate information and quick responses.

## Building a Traceability System

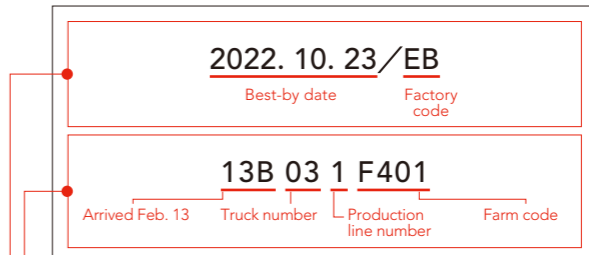
To always provide safe, reliable and high-quality food, the Nichirei Group conducts rigorous quality control and inspections, from ingredients to final products and has built a traceability system suited to the distinguishing characteristics of each product. In the event of an accident, enhanced traceability prevents damage from spreading and enables rapid investigation of the cause. We also provide prompt and accurate information to alleviate consumer concerns.

Building a traceability system requires collaboration and cooperation on the part of ingredient suppliers, manufacturers and distributors in our supply chain. The Nichirei Group regularly holds study sessions to deepen shared awareness with regard to quality-related information. To digitalize and link information, we are also promoting the utilization of our proprietary system for central control.

### Traceability of Frozen Green Soybeans (Illustration)

**Information Contained in the Trace Code**

The trace code allows a product to be traced back to its place of origin (cultivation). Trace codes printed on Nichirei Foods' frozen green soybeans record cultivation and production management data. Simply by checking the trace code, the entire history of a product can be tracked, from cultivation management conditions in the field to production conditions at the factory. Nichirei Foods is using trace codes to conduct ongoing improvements based on its discussions with local producers, in order to better respond to customers' needs.




The information displayed in this row can be used to trace the following:

- The farm at which the product was harvested
- The truck used to transport the harvested product
- When the product arrived at the processing factory
- Production line number

The information displayed in this row can be used to trace the following:

- Date when the product was packaged
- The factory at which it was packaged



## Safe Workplaces, Better Service

Nichirei Logistics Group sets themes four times a year designed to prioritize safety and quality at warehouses. Accident prevention activities are conducted under these themes at all domestic facilities (114 locations).



# Stakeholder Engagement

The Nichirei Group engages in global business activities, and as such recognizes the importance of maintaining dialogue with its diverse stakeholders. We work to promote understanding of our business through various methods of communication with stakeholders and by disclosing information. The Group works to build corporate value by reflecting the expectations and concerns of stakeholders in its business activities to establish long-term relationships of trust.

Stakeholder	Objective	Issues Recognized	Means and Method of Communication
Customers	Better customer satisfaction and corporate branding: to be achieved through prompt, appropriate and sincere responses to consumer requests and feedback	<ul style="list-style-type: none"> <li>Quality assurance for products and services</li> <li>Proper delivery of information</li> <li>Supply of delicious food and a rich variety of meal options</li> </ul>	<ul style="list-style-type: none"> <li>Customer Service Center</li> <li>Customer satisfaction surveys</li> <li>Websites</li> <li>Social media</li> </ul>
Shareholders and Investors	Deeper understanding of the Company and higher corporate value: to be achieved through timely and appropriate disclosure	<ul style="list-style-type: none"> <li>Maintaining and improving corporate value</li> <li>Appropriate distribution of profits</li> <li>Timely and appropriate disclosure of information</li> </ul>	<ul style="list-style-type: none"> <li>General Meetings of Shareholders</li> <li>Financial results briefings</li> <li>Business information sessions, facility tours</li> <li>Detailed interviews with individual investors in Japan and overseas</li> <li>IR website</li> <li>ESG website</li> <li>Integrated Report</li> <li>Shareholder Report</li> </ul>
Business Partners	Strong, favorable, and stable long-term relationships with business partners throughout the supply chain	<ul style="list-style-type: none"> <li>Sustainable procurement</li> <li>Mutual development achieved through customer intimacy</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable procurement survey for suppliers</li> <li>Meetings and seminars with participation from business partners</li> </ul>
Employees	Favorable labor-management relations; greater employee motivation; a dynamic organizational climate	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Job satisfaction</li> <li>Workstyle reform</li> <li>Health management</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of an internal reporting center</li> <li>Establishment of an employee assistance and mental health consultation center</li> <li>Labor-management council</li> <li>Health and safety committee</li> <li>Symposiums involving management and employees</li> <li>PR brochures</li> <li>Intranet</li> <li>Employee award system</li> <li>Employee satisfaction survey</li> <li>Employee stress checks</li> </ul>
Local Communities	Stable, enduring business operations as a trusted and respected company: to be achieved by building favorable relations with local communities.	<ul style="list-style-type: none"> <li>Harmonious coexistence with local communities</li> <li>Preservation of local environments</li> <li>Educational activities in local communities</li> </ul>	<ul style="list-style-type: none"> <li>Social contribution activities</li> <li>Participation in local events</li> <li>Volunteer activities</li> <li>Dietary education activities (ethical consumption)</li> <li>Food factory and distribution warehouse tours</li> <li>Sponsorship of sporting events</li> </ul>
Trade Organizations, NGOs and NPOs	Collaboration with other companies: to be achieved through participation in associations and other entities relating to trade organizations; resolution of social issues through collaboration and cooperation with NGOs and NPOs in Japan and abroad.	<ul style="list-style-type: none"> <li>Human rights</li> <li>Climate change</li> <li>Food loss</li> <li>Sustainable procurement of food</li> </ul>	<ul style="list-style-type: none"> <li>TCFD Consortium</li> <li>Japan Frozen Food Association</li> <li>Japan Association of Refrigerated Warehouses</li> <li>Japan Fisheries Association</li> <li>World Wide Fund for Nature</li> <li>Roundtable on Sustainable Palm Oil</li> <li>Caux Round Table Japan</li> <li>The Consumer Goods Forum</li> <li>The UN Global Compact</li> </ul>

## Participation in International Initiatives

### ■ Joined the UN Global Compact

In November 2021, the Company joined the UN Global Compact, a global initiative to realize sustainable growth in the international community.

We will continue to contribute to resolving social issues through our business operations, create new value, and support the realization of a sustainable society in accordance with the ten principles of the UN Global Compact in the areas of human rights, labor, the environment and anti-corruption.

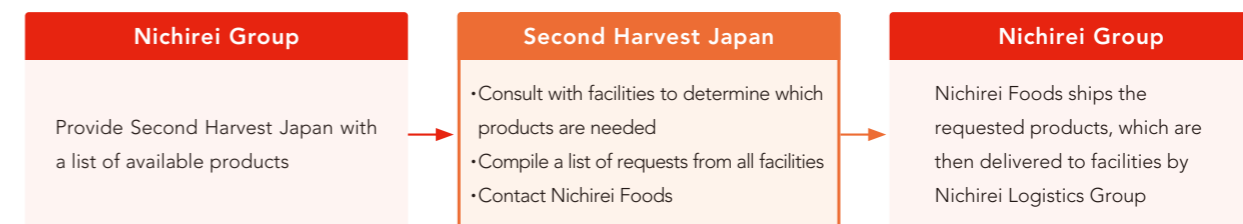


## Main Activities to Reduce Food Loss

### ■ Food Bank

Since 2006, Nichirei Foods and Nichirei Logistics Group have supported the activities of the NPO Second Harvest Japan. So far, we have donated a total of more than 20,000 cases of frozen foods to various welfare facilities, including foster homes, mother and child support centers, and disability support facilities.

In addition to supplying these products, we also provide temperature-controlled logistical support to ensure that the items can be consumed with peace of mind.



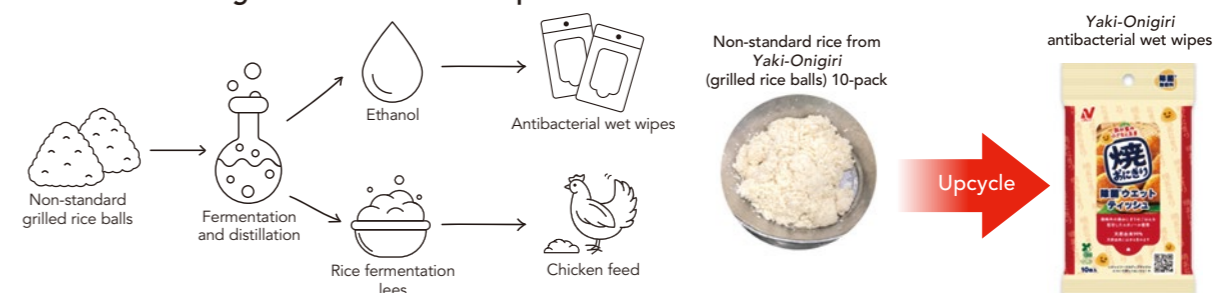
### ■ Taking on the Challenge of Upcycling Products

#### Upcycling non-standard rice from *Yaki-Onigiri* (grilled rice balls) 10-pack

Nichirei Foods has worked to reduce food loss by making donations to children's cafeterias and food banks. We also make use of the food residue generated during the production process by recycling it into fertilizer and feed. As a company that deals with food, however, we also want to add "social value" to food residue by upcycling it as part of our efforts to create a more abundant society.

As a first step, we have collaborated with Fermentation Co., Ltd., a company that uses proprietary fermentation technology to upcycle non-standard products and by-products generated during the food and beverage manufacturing processes, as well as agricultural non-standard products. We provide antibacterial wet wipes made by transforming non-standard rice from our long-selling product *Yaki-Onigiri* (grilled rice balls) 10-pack.

#### Creation of *Yaki-Onigiri* Antibacterial Wet Wipes





■ **Kuniko Shoji**

Outside Director since 2018

■ **Mana Nabeshima**

Outside Director since 2021

## The Open, Constructive Discussions in Drawing Up the New Medium-term Business Plan Drove Home Once Again the Transparency of Nichirei's Governance and the Effectiveness of Its Board of Directors.

The Nichirei Group is working to strengthen its corporate governance.

Efforts to formulate Medium-term Business Plan Compass Rose 2024 began in FY2022. We asked two of our outside directors their candid impressions of our governance system and their expectations for the Nichirei Group in the future, based on the progress of those discussions.

### The Nichirei Group's Corporate Culture and Board of Directors

#### Q What is your impression of the Nichirei Group's corporate culture and the Board of Directors?

**Nabeshima:** One year has passed since I was appointed an outside director, and I have the impression that Nichirei is a very trustworthy company with high-quality products and services.

Rather than engaging in a particularly wide range of businesses, it focuses on its core competencies and functions dependably.

**Shoji:** I also appreciate that the Company has

steadily built up its businesses and technologies. On the other hand, I sense that steadiness makes it slightly difficult for the Company to be adventurous.

**Nabeshima:** All attendees, including Audit & Supervisory Board members, have their say at Board meetings. The backgrounds of Board

members are truly diverse, and all remarks are to the point. Moreover, opinions expressed at the Board of Directors meetings are immediately reflected in improvements, which is commendable and vividly shows Nichirei's trustworthiness.

#### Q What aspect of the discussions at the Board of Directors left a particularly strong impression?

**Shoji:** I was very impressed by our lively discussions when formulating the medium-term business plan Compass Rose 2024. Aside from the Board of Directors, the Group Strategy Committee also has outside directors as members, and we held discussions there as well. In 2019, Nichirei formulated its long-term management goals toward 2030. Although the numerical targets of Compass Rose 2024 are of course important, the plan was drawn up with this Vision for 2030 in mind. We were able to have thorough discussions premised on how to increase corporate value based on Nichirei's purpose in society. It took about half a year to devise the "compass rose" concept that gives the plan its name, as well as the essential strategies and themes for Nichirei from the twin perspectives of economic and social value. With this plan in particular, I feel that we made great progress over the past year by emphasizing an ethical perspective.

**Nabeshima:** It was my first time to participate in discussions on a medium-term business plan, so I have no basis for comparison. However, as for agenda items at Board of Directors meetings, I was

impressed by our discussions on establishing the Sustainability Policy. I formerly had the impression that corporate sustainability policies were aimed solely at reducing environmental impact, but hearing the opinions of people with a wide range of knowledge made clear the approach of helping to resolve social issues. After many discussions, we reached a consensus.

**Shoji:** The Sustainability Policy was discussed by the Management Committee before the Board of Directors in order to incorporate diverse, multifaceted perspectives.

At Nichirei, outside officers can participate as observers at meetings of the Management Committee as well as the Board of Directors. The agendas of both are divided according to the importance and scale of the matters covered, and can be viewed before the meetings on the Company's intranet, along with supporting materials. Participating in Management Committee meetings and reviewing materials in advance gives us an understanding of the background for efficient discussions at the Board of Directors.

### The Role Required of an Outside Director and Personal Points of Focus

#### Q How do you view the role of an outside director?

**Shoji:** I am aware that the role required of outside directors is to prevent corporate misconduct, increase competitiveness and profitability, and contribute to improvement in corporate value over the long term. Personally, I emphasize compliance, propriety and efficiency. When it comes to compliance, simply observing the law is not enough in this day and age. An ethical perspective is required. When we were drawing up the medium-term business plan, I kept in mind my role in considering the environment and

society as I gave my opinions.

**Nabeshima:** I believe my role as an outside director is to keep track of whether the Nichirei Group is conducting business in line with its Mission and Vision. In addition, as is generally expected of outside directors, I try to check whether the business portfolio will lead to an increase in corporate value, whether it is being managed appropriately, and whether it is consistent from an external perspective. I also pay attention to whether

management decisions are made based on appropriate information, using my input from outside Nichirei's industry to compare common practices in Japan and overseas. My background is in finance, with experience including climate change

countermeasures, overseas assignments, and handling private equity. I realize I am expected to use that perspective in my role, so I try to be particularly proactive in giving my opinion on overseas acquisitions and climate change.

**Q What are your thoughts on the operation of the Nominating Advisory Committee and Remuneration Advisory Committee?**

**Shoji:** The Nominating Advisory Committee created a skill matrix last year, starting by selecting the items to be included. The matrix clearly shows what kind of human resources we will need in the future, but the skill items themselves are only as of this moment, so we should continue to review them as necessary. We also agree on the importance of a succession plan, and intend to discuss that further at committee meetings.

**Nabeshima:** Naturally, skill matrixes differ from one company to another. "Innovation/marketing" was

one of the items listed. I think a strategic approach is also necessary at the Board of Directors level.

**Shoji:** In the Remuneration Advisory Committee, our review of the policy for deciding officer remuneration started from the design of the system itself, and we changed the KPIs for evaluation for performance-linked bonuses to coincide with the start of the new medium-term business plan. With major changes including the addition of new ESG evaluation items, I feel that the system has become quite progressive for a Japanese company.

**Expectations for the Nichirei Group**

**Q What are the challenges in implementing Compass Rose 2024?**

**Nabeshima:** I think very highly of the approach taken in Compass Rose 2024 of promoting both social and economic value through sustainability management. In addition, since taking on social issues generates innovation, I think it is moving in a good direction for growth. We set definite targets in

drawing up the plan and established a Sustainability Committee and a dedicated department to achieve them, so aside from my expectations for the future, I feel we have gotten off to a tangible start. In switching to renewable energy, the division of roles between the holding company and operating



**“ Nichirei should aim to be a company respected by society, where its employees are happy in their work. ”**

“

**Nichirei's Sustainability Policy was the product of lively discussions.**



companies has become clearer, and the form that their cooperation will take has become apparent. I think a challenge in implementing the plan will be identifying issues. Nichirei needs not only people who resolve issues, but also people who point out problems. Social and corporate requirements for human resources are changing, so Nichirei must diversify its human resources by placing the right person in the right position, reskilling, or bringing in people from outside in cases where the Company immediately needs a higher level of skills in a highly specialized field.

**Shoji:** Compass Rose 2024 was developed through exhaustive discussions, but as the COVID-19 pandemic has shown, situations can easily change in unpredictable ways in terms of both timing and content. It is important to constantly think about how to stay aligned with society as it changes going forward while conducting business. The plan may need to be revised in the future, but it will be

important to do so without hesitation when the need arises.

**Nabeshima:** Nichirei's long-term management goals toward 2030, which were established prior to Compass Rose 2024, include an overseas sales ratio of 30%. Investments by the Group's operating companies, especially overseas corporate acquisitions, often appear on the Board of Directors' agenda. This shows these companies' stance of aggressive expansion, but at the same time a more strategic approach is necessary. I think it is important to also make top-down decisions on which countries and continents to target for expansion. For its frozen foods, temperature-controlled logistics and other businesses, Nichirei can seek corporate acquisitions and other projects after identifying which regions have the highest growth rates.

**Shoji:** I agree. Going forward, I think it will be necessary to thoroughly discuss what specific steps Nichirei will take to expand its overseas business.

**Q What do you expect from the Nichirei Group in the future?**

**Nabeshima:** I want the Nichirei Group to be a place where employees can put their skills and ideas to work. I want them to take on greater challenges to meet the demands of society and consumers. Areas related to food are very broad, so I think many employees can find possibilities for expansion outside their existing businesses—it could take the form of a sort of "side business" within the Company. I would like employees who are so inclined to take on such challenges. I also think there is still hidden potential in marketing and e-commerce, so I would like Nichirei to improve its brand management.

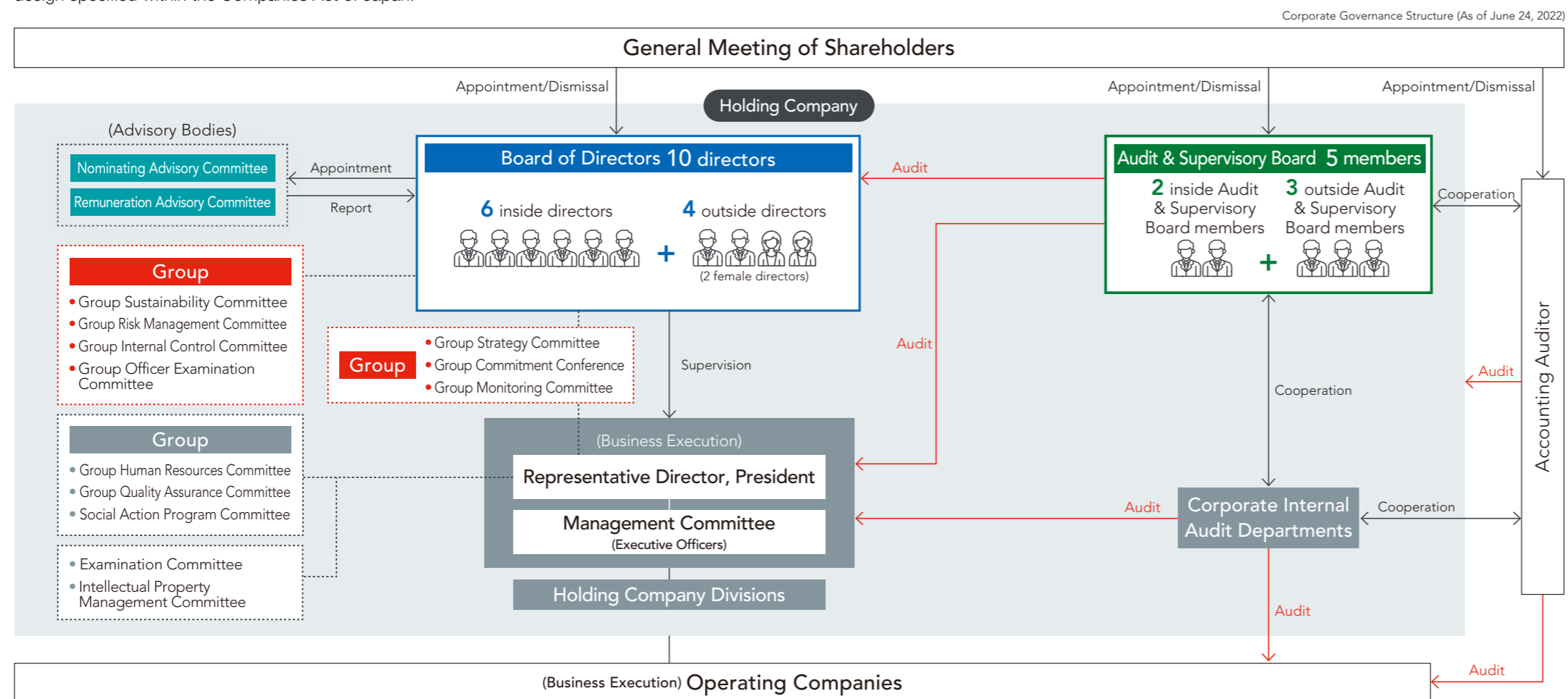
**Shoji:** When all is said and done, I would like Nichirei to be a company that is respected by society. I would also like it to be a company where employees are happy in their work. No company can embody every one of its employees' desires, but they should be able to express themselves freely. Such a corporate culture will lead to employee happiness and fulfillment that goes beyond mere work-life balance. I would like the Nichirei Group to aim to be a place where its employees can achieve what they themselves most value.

### Basic Policy and Structure

On the basis of its holding company structure, the Group engages in business through its Group companies across a wide range of fields that includes processed foods, marine products, meat and poultry products, logistics and biosciences. In pursuit of sustainable growth and the enhancement of corporate value over the medium to long term, the Company's Board of Directors formulates Group strategies and supervises the business execution of operating companies.

The holding company adheres to the principles of the Corporate Governance Code and views the achievement of fair and transparent management as an important management issue. Accordingly, under the supervision of the Board of Directors, we will continue to strengthen governance by promoting appropriate resource allocation, speeding up decision-making and ensuring thorough compliance.

In addition, we have established ourselves as a company with an Audit & Supervisory Board system, an institutional design specified within the Companies Act of Japan.



- Board of Directors**  
▶ Please refer to the next page for details.
- Audit & Supervisory Board**  
▶ Please refer to the next page for details.
- Nominating Advisory Committee**  
▶ Please refer to the next page for details.
- Remuneration Advisory Committee**  
▶ Please refer to the next page for details.

**Group Sustainability Committee\***  
\* Newly established in FY2022  
Chairperson: Kenya Okushi, Representative Director, President

The committee deliberates on efforts to realize a sustainable society and works to maximize the Nichirei Group's corporate value by balancing social and economic value.

**Group Risk Management Committee**  
Number of meetings held in FY2022: 2  
Chairperson: Kenya Okushi, Representative Director, President

The committee uses the most appropriate and rational methods to comprehensively manage uncertainties that could damage the Nichirei Group's corporate value.

**Group Internal Control Committee**  
Number of meetings held in FY2022: 1  
Chairperson: Kenya Okushi, Representative Director, President

The committee supports the business operations of Group companies and improves efficiency by establishing, operating, monitoring and improving internal control systems at each Group company.

**Group Officer Examination Committee**  
Number of meetings held in FY2022: 1  
Chairperson: Consulting lawyer

The committee ensures the fairness of rewards and punishments for directors and executive officers of the holding company and four core operating companies.\*

**Group Strategy Committee**  
Number of meetings held in FY2022: 2  
Chairperson: Kenya Okushi, Representative Director, President

The committee works to maximize the Nichirei Group's corporate value through deliberation and decision-making on strategies and quantitative targets for the medium to long term or the next fiscal year for the holding company and four core operating companies.

**Group Commitment Conference**  
Number of meetings held in FY2022: 1  
Chairperson: Kenya Okushi, Representative Director, President

The conference works to maximize the Nichirei Group's corporate value by clarifying and making decisions related to the next fiscal year's management policy and budget for the holding company and four core operating companies, and through the promotion of Group-wide efforts to achieve management targets.

**Group Monitoring Committee**  
Number of meetings held in FY2022: 3  
Chairperson: Kenya Okushi, Representative Director, President

The committee works to maximize the Nichirei Group's corporate value by monitoring the status of business execution, budgets, and the progress of the "check and act" part of the PDCA cycle for each Group company. In this way, it ensures the holding company and four core operating companies fulfill their responsibilities regarding matters to be reported.

**Group Human Resources Committee**  
Number of meetings held in FY2022: 2  
Chairperson: Yutaka Karino, Executive Officer

Under a basic policy of creating an employee-oriented workplace and promoting diversity and health management, the committee works to create new value by improving work satisfaction through the monitoring of human resource policies and health promotion initiatives at Group companies, sharing information about effective measures, and promoting cross-departmental development.

**Group Quality Assurance Committee**  
Number of meetings held in FY2022: 2  
Chairperson: Junji Kawasaki, Director, Executive Officer

The committee works to achieve the product and service quality expected by customers and society.

**Social Action Program Committee**  
Number of meetings held in FY2022: 1  
Chairperson: Yutaka Karino, Executive Officer
















The committee promotes social contribution activities that are unique to the Nichirei Group, such as education on food and logistics and contribution to local communities and environmental protection as a good corporate citizen, by leveraging the business characteristics of Group companies.

**Management Committee**  
Number of meetings held in FY2022: 23  
Chairperson: Kenya Okushi, Representative Director, President

The committee works to maximize the Nichirei Group's corporate value by discussing matters other than those to be resolved by the Board of Directors as well as matters to be deliberated on before resolution by the Board.

\* Four core operating companies: Nichirei Foods Inc., Nichirei Logistics Group Inc., Nichirei Fresh Inc. and Nichirei Biosciences Inc.

## Board of Directors Composition

Classification	Directors							Audit & Supervisory Board Members							
Name															
Board of Directors Meeting Attendance	19/19	19/19	19/19	18/19	15/15 <sup>1</sup>	19/19	15/15 <sup>1</sup>	15/15 <sup>1</sup>	15/15 <sup>1</sup>	15/15 <sup>1</sup>	19/19	19/19	19/19	19/19	
Nominating Advisory Committee Meeting Attendance	6/6					6/6	4/4 <sup>1</sup>								
Remuneration Advisory Committee Meeting Attendance	6/6					5/6	4/4 <sup>1</sup>								
Audit & Supervisory Board Meeting Attendance									11/11 <sup>1</sup>		16/16	16/16	16/16		

### Experience and Skills

Corporate Management	●		● (Logistics)	● (Processed foods)	● (Marine, meat and poultry products)				●	●				
ESG/Sustainability	●	●				●	●	●	●	●	●	●	●	●
Global	●		●	●	●	●		●	●				●	●
Innovation/Marketing	●	●	●	●	●				●					
Financial Accounting/ Finance						●		●						●
Legal Affairs/ Compliance		●					●			●	●	●	●	●

1. Mr. Tanabe, Ms. Nabeshima, and Mr. Kato were newly appointed at the 103rd General Meeting of Shareholders held on June 22, 2021. Their attendance reflects meetings of the Board of Directors, Nominating Advisory Committee, Remuneration Advisory Committee or Audit & Supervisory Board held after that date.  
 2. As Mr. Suzuki, Mr. Hama, Mr. Hamashima and Mr. Katabuchi were newly appointed at the 104th General Meeting of Shareholders held on June 24, 2022, their attendance for FY2022 is not presented.

### Overview of Board of Directors

Composition	10 directors (4 outside directors)
Number of Meetings in FY2022	19
Description of Operations	Promotes proper allocation of Group resources, swift decision-making and thorough compliance through supervision of the Group's strategy planning and business execution of operating companies. After discussion by the Group Strategy Committee, which meets twice a year, the Board of Directors formulates and approves the Group's strategies and conducts quarterly checks of the status of implementation at each Group business. It also engages in highly effective supervision of executive directors and executive officers.

### Overview of Audit & Supervisory Board

Composition	5 Audit & Supervisory Board members (3 outside Audit & Supervisory Board members)
Number of Meetings in FY2022	16
Description of Operations	As a body that is independent from the Board of Directors, the Audit & Supervisory Board communicates with directors, the corporate internal audit departments and other departments of the holding company in accordance with the annual audit policy and audit plan to gather information and prepare the audit environment.

### Status of the Establishment of Voluntary Committees, Their Composition, and the Attributes of Their Chairpersons

Committee	Role	Chairperson	Number of Meetings in FY2022
Nominating Advisory Committee	Discusses the suitability of candidates for senior management and directors/Audit & Supervisory Board members, as well as successor plans, and reports its findings to the Board of Directors.	Kuniko Shoji Outside Director	6
Remuneration Advisory Committee	Discusses the remuneration system, remuneration levels, the appropriateness of remuneration amounts, and other related matters, and reports to the Board of Directors.	Kenji Hamashima Outside Director	6

### Skill Matrix

The Nichirei Group believes that in order for the Board of Directors to effectively fulfill its roles and responsibilities, it must be composed of members with sufficient knowledge and experience, both internal and external, in fields related to business management. We have designated the following knowledge and experience as important from a corporate management perspective. In addition to having appropriate experience in all of the following areas, the Company selects director candidates based on the areas in which the Company has particular expectations.

#### Skills Required for Decision-making in Management (Contributing to Medium- to Long-term Corporate Value)

Corporate Management	Demonstrated leadership in corporate management as a top executive; management experience at a listed company with diverse stakeholders
ESG/Sustainability	Experience and expertise in promoting ESG initiatives; knowledge of and experience in making value judgments about ESG and social significance and sustainability for companies; knowledge and experience in promoting corporate sustainability; experience and expertise in human resource development related to continuously developing diverse human resources
Global	Cross-cultural communication skills and a high level of ability to get things done in overseas business as well as knowledge and expertise about markets, economies and business in specific countries and regions gained through experience including the management of local subsidiaries
Innovation/Marketing	Knowledge and expertise that contribute to promoting innovation; experience and expertise in sales and marketing

#### Skills Required for Supervision in Management (Contributing to Ensuring Continuity of Management)

Corporate Management	Demonstrated leadership in corporate management as a top executive; management experience at a listed company with diverse stakeholders
Financial Accounting/ Finance	Expertise in financial accounting related to financial reporting and auditing; experience and expertise in corporate financing and management
Legal Affairs/ Compliance	Experience and expertise in legal compliance, regulatory compliance, internal controls, and promotion of norms and corporate behavior required by society; experience in the legal profession; expertise and network related to quality assurance

## Efforts to Ensure Meaningful Discussions

Nichirei distributes materials for use at Board of Directors meetings to each director and Audit & Supervisory Board member at least three days in advance of meetings in order to ensure meaningful discussions.

When internal communication and coordination are required to accurately provide Company information in response to instructions from independent outside directors or independent outside Audit & Supervisory Board members, the secretary in charge acts as the contact point to ensure necessary coordination with relevant departments.

Newly appointed directors and Audit & Supervisory Board members are given training as necessary on the Companies Act of Japan and other related laws, management strategy, financial analysis and other such matters. Additional training on legislative revisions and management issues is provided as necessary after new members assume office. Moreover, explanations of the Group's businesses and tours of the major facilities are provided to outside officers as necessary.

## Evaluations of Effectiveness

### Board of Directors Evaluations

As necessary, and with the assistance of outside experts, the Company conducts analyses and evaluations of the Board of Directors' activities to ensure its decision-making is effective. Summaries of the results are subsequently disclosed.

<b>Evaluation Procedure</b>	Subjects: Directors and Audit & Supervisory Board members (15 individuals in total) Period: January–February 2022 Method: Self-assessment involving questionnaires conducted by third-party experts
<b>Evaluation Results for FY2022</b>	Although some of the methods of management by Nichirei's Board of Directors changed due to COVID-19 as in the previous fiscal year, discussions were free and lively and the atmosphere conducive to speaking up. Moreover, there were many positive opinions to the effect that the Nichirei Board of Directors has achieved a considerable degree of overall effectiveness, reflecting efforts such as further improving the content and timing of materials in order to enhance discussions.

### Issues to Be Addressed

Issues Identified	Evaluation and Opinion	Future Approach
<b>1. Institutional Design</b>	The current institutional design of a company with Audit & Supervisory Board system was deemed appropriate, and many respondents were of the opinion that there was no need to transition to a different institutional design. However, several respondents said that it is necessary to clarify the pros and cons of the current design and examine it again, and to consider transitioning to another institutional design, taking into account changes in the business environment going forward.	Although we do not consider a change in the institutional design to be necessary at this time, the Nominating Advisory Committee confirmed at its meeting held in May 2022 that it will continue to address the issue of the effectiveness of the current institutional design of a company with an Audit & Supervisory Board system. The committee considers it a medium- to long-term issue and will look at it in light of management strategies, changes in the business environment going forward and Corporate Governance Code requirements. The Nominating Advisory Committee will continue to hold concrete and lively discussions, including comparing the company with an Audit & Supervisory Board system with other institutional designs, and will report and deliberate on these issues at Board of Directors meetings as appropriate.
<b>2. Agenda Items for the Board of Directors</b>	While many respondents were of the opinion that agenda items for meetings of the Board of Directors were appropriate, there was also concern that meetings are becoming longer due to the large number of agenda items and the time required to deliberate on each one. Some were also of the opinion that the agenda items could be reevaluated (further narrowed down). In addition, several respondents mentioned that one of the roles of the Board of Directors is to set the direction of medium- to long-term management strategies.	In order to prevent lengthy meetings and to ensure sufficient time for the deliberation of important agenda items, such as setting the general direction of corporate strategy, which is listed as one of the roles and responsibilities of the Board of Directors in the Corporate Governance Code, we decided to create an annual agenda schedule and reorganize the current agenda items. We also decided to review the agenda items and consider issues related to institutional design mentioned above.

<b>3. Size and Composition of the Board of Directors</b>	The size and composition of the Board of Directors was evaluated positively as a whole. However, many respondents expressed the need for more female directors (especially female inside directors). In addition, some expressed a desire for an academic expert to join the board as an outside director, and several others wanted a person with expertise in DX.	Through the development of a skill matrix, the Company identifies the skills and other attributes that the Board of Directors should possess in light of management strategies and discloses them in the Corporate Governance Report. In addition, for "securing and developing a diverse array of human resources," which is one of the material matters identified as necessary for achieving our long-term management goals (vision for 2030), we have set achieving a ratio of female line managers at Nichirei Corporation of 30% as a KPI and are working toward that goal. Increasing the number of female managers will link with efforts to appoint female inside directors and ensure diversity of the board. We will continue to review the size and composition of the Board of Directors and revise the skill matrix as appropriate in response to changes in management strategies and the business environment.
<b>4. Training for Officers</b>	While many respondents gave a positive assessment of training opportunities (provision of basic training, etc.) designed to help them fulfill their roles on the Board of Directors, some commented that training and knowledge acquisition opportunities were not always adequate during FY2022. Several respondents expressed the desire for more opportunities for knowledge acquisition and learning in order to keep pace with the rapidly changing external environment.	In addition to identifying the knowledge required due to a changing external environment, we will continue to consider ways in which we can provide opportunities for the acquisition and study of such knowledge. For example, we have organized study sessions by outside experts on sustainability management, a material matter, and will conduct five sessions in 2022.

## Activities Aimed at Strengthening the Nichirei Group's Corporate Governance Structure

	FY2002	FY2006	FY2007	FY2013	FY2016	FY2017	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Group Structure</b>		Shift to holding company system									
<b>Separation of Management Supervision and Execution</b>		Implementation of executive officer system									
<b>Outside Directors</b>		Shift to three independent outside directors								Four outside directors	
<b>Female Outside Directors</b>		One First female outside director appointed				Two				Three	Two
<b>Outside Audit &amp; Supervisory Board Members</b>				Three							
<b>Establishment of Voluntary Committees</b>											
<b>Evaluation of Effectiveness of Board of Directors</b>						Board of Directors effectiveness evaluations started					
<b>Officer Remuneration</b>			Retirement bonuses for directors discontinued					Revision of officer remuneration system			Revision of officer remuneration system
<b>Others</b>					Basic Policy on Corporate Governance established	Discontinuation of rules regarding the high-volume purchase of Nichirei share certificates, etc. (Anti-takeover measures)	Formulation of Group Disclosure Policy	Revision of Basic Policy on Corporate Governance (Revisions to policy on capital management and other protocols and adjustments to maximum terms of office for outside Audit & Supervisory Board members to ensure their independence)			Disclosure of skill matrix

## Officer Remuneration System

### 1 Policies and Methods for Determining Officer Remuneration and Changes

#### 1 Policies and Methods for Determining Officer Remuneration

The policy for determining individual director remuneration is for the Remuneration Advisory Committee to discuss the appropriateness of each director's remuneration each fiscal year and for the decision to be made by the Board of Directors. In these discussions, the Remuneration Advisory Committee reflects changes in the management environment and the opinions of shareholders and investors, and obtains information necessary for discussion from third-party agencies with extensive global knowledge and experience.

#### 2 Changes in Policies for Determining Officer Remuneration

We have decided to change the performance-linked bonus key performance indicator (KPI) in conjunction with the start of Medium-Term Business Plan Compass Rose 2024 in FY2023. Specifically, ROIC and profit were selected to replace REP<sup>1</sup> in order to optimize the business portfolio and improve capital efficiency and shareholder returns. In addition, we adopted a new way of utilizing ESG third-party assessments<sup>2</sup> to strengthen our response to sustainability-related issues. There are no other significant changes in the policy for determining officer remuneration.

#### (Company-wide KPIs for Performance-linked Bonuses)

Before Revision (Up to FY2022)	After Revision (From FY2023)	Reasons for Selection of KPIs
Consolidated net sales	Consolidated net sales	Expansion of size of Company
Consolidated EBITDA	Consolidated EBITDA	Improvement of ability to generate cash and profitability of core businesses
Consolidated REP	Consolidated profit	Improvement of shareholder returns
	Consolidated ROIC	Optimization of business portfolio and improvement of capital efficiency
—	ESG third-party assessment	Strengthen response sustainability-related issues

1. Retained Economic Profit (REP) is a unique business management indicator used by the Group and is calculated by deducting capital costs (capital used x WACC) from NOPAT.

2. For ESG third-party assessments, we utilize the assessments of multiple ESG assessment organizations to ensure objectivity and fairness. Specifically, we will utilize the following three types of assessment.

ESG Third-party Assessments	Reason for Selection
<ul style="list-style-type: none"> <li>FTSE4Good Index Series</li> <li>MSCI ESG Ratings</li> <li>CDP Climate Change</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate management of ESG-related risks and opportunities</li> <li>Strengthening of response to climate change</li> </ul>

### 2 Policies for Determining Officer Remuneration

#### 1 Basic Policies

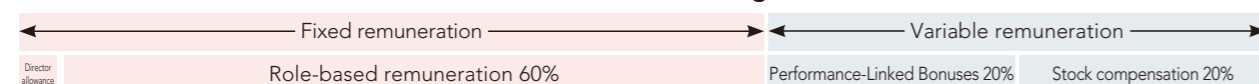
Directors (Excluding Outside Directors)	<ul style="list-style-type: none"> <li>Remuneration shall strongly encourage directors to perform their duties in accordance with the Group's Management Principles, Sustainability Policy, The Nichirei Pledge and management strategies.</li> <li>In order to achieve long-term management goals, remuneration is set to strongly motivate directors to achieve specific management goals with regard to the Group's material matters and medium-term business plans.</li> <li>In order for remuneration to serve as an incentive toward the Group's sustainable growth, the ratio of remuneration linked to short-term results, performance of duties, etc. (performance-linked bonuses) and remuneration linked to medium- to long-term results and corporate value (stock compensation) will be set in an appropriate manner.</li> <li>Directors and executive officers shall be treated in a manner befitting their positions as officers of the Company in consideration of the significance of the Group's social role and responsibilities, trends at companies competing with the Group in business and human resources, including those in the food and logistic industries, and changes in the business environment.</li> </ul>
Outside Directors	<ul style="list-style-type: none"> <li>In light of their role of supervising the Company's management from an independent and objective standpoint, outside directors are paid only basic (fixed) remuneration.</li> </ul>

#### 2 Remuneration Composition and Levels

##### ■ Remuneration for Directors Other Than Outside Directors

Basic (fixed) remuneration consists of role-based remuneration and a director allowance, and variable remuneration consists of performance-linked bonuses and stock compensation. Remuneration levels are set at appropriate amounts with reference to objective compensation market survey data (compensation levels of companies competing with the Group in terms of business and human resources, including those in the food and logistics industries), taking into consideration the responsibilities and number of directors, changes in the business environment going forward, and the opinions of third-party organizations.

##### Guideline for the Ratio of Remuneration for Directors Excluding Outside Directors



Remuneration Composition	Purpose/Description
Role-based Remuneration	<ul style="list-style-type: none"> <li>Basic remuneration performance of duties</li> <li>Set according to the significance of the role of each director</li> </ul>
Director Allowance	<ul style="list-style-type: none"> <li>Remuneration for the responsibilities of making and supervising the execution of management decisions</li> <li>Set at a uniform amount for all directors</li> </ul>
Performance-linked Bonuses	<ul style="list-style-type: none"> <li>Remuneration for motivating directors to achieve annual financial and strategic goals</li> <li>The amount paid when achieving goals ("standard amount") is set as a percentage of role-based compensation</li> <li>Paid within a range of 0-200% of the standard amount according to degree of achievement</li> </ul>
Stock Compensation (Restricted Shares)	<ul style="list-style-type: none"> <li>Remuneration for encouraging management from a long-term/Group-wide perspective and the perspective of shareholders and investors</li> <li>Value of shares issued each fiscal year ("standard amount") is set as a percentage of role-based compensation</li> <li>Restricted shares are issued annually in an amount equal to the standard amount, and restrictions are lifted upon a director's retirement</li> </ul>

##### ■ Remuneration for Outside Directors

Only basic (fixed) remuneration is paid to outside directors. The level of remuneration is set at an appropriate amount, taking into consideration the time and effort spent by each outside director fulfilling expected roles and functions, as well as objective compensation market survey data (compensation levels of companies similar in business type and size to that of the Company).

#### 3 Performance-Linked Bonuses

The amount of money to be paid to each individual as a performance-linked bonus varies within a range of 0% to 200% of the base amount for each position, depending on the achievement of Company-wide, business and individual performance targets.

Amount of individual bonus = Base amount by position × Performance evaluation coefficient (0-200%)

Performance evaluation coefficient = (a) Company-wide performance evaluation coefficient + (b) Business performance evaluation coefficient + (c) Individual performance evaluation coefficient

Evaluation Weight	(a) Company-wide Performance Evaluation					(b) Business Performance Evaluation			(c) Individual Performance Evaluation
	Net sales	EBITDA	Profit	ROIC	ESG	Net sales	EBITDA	ROIC	
Representative Director, President	10%	40%	10%	20%	20%	—			—
Director (In Charge of Business)	10%	20%	10%	10%	10%	30%			10%
Director (In Charge of Function)	5%	30%	5%	15%	15%	5%	15%	10%	30%

#### 4 Procedures for Determining Remuneration

In order to ensure appropriateness and objectivity in matters related to remuneration for individual directors, the Remuneration Advisory Committee, comprising mainly independent outside directors, discusses matters first and reports its findings to the Board of Directors, which then makes its decisions.

The amount of officer remuneration for FY2022 is presented in the 104th Annual Securities Report.

[https://www.nichirei.co.jp/sites/default/files/inline-images/ir/pdf\\_file/yuhohh-pdf/yuho\\_22.pdf](https://www.nichirei.co.jp/sites/default/files/inline-images/ir/pdf_file/yuhohh-pdf/yuho_22.pdf) (Japanese only)

## Approach to Cross-Shareholdings

Cross-shareholdings are only utilized when it is determined that they will contribute to improvement of the Company's corporate value: for example, by maintaining and strengthening trade and cooperative relationships. In addition, every year the Board of Directors reviews the economic rationale of individual shareholdings of this type from a medium- to long-term perspective. If the importance of a particular shareholding is determined to have diminished, the shares are sold. In conducting such reviews, the Board of Directors carefully examines and makes a comprehensive judgment on whether the benefits, such as profits from transactions, and dividends or risks are commensurate with the cost of capital, followed by consideration of a qualitative evaluation of the strategic importance of the shareholding.

In regard to the exercise of voting rights for cross-shareholdings, the Company will review all the details of the relevant proposals in the investee company's shareholders meeting agenda, and if any of the following apply to the investee company, the Company will make a decision after carefully examination on a case-by-case basis:

- (1) The investee has engaged in acts that will lead to a loss of shareholder value
- (2) The investee's performance or stock price has deteriorated significantly
- (3) There are other serious doubts with respect to agreeing to the proposal



## Approach to Internal Control

[https://www.nichirei.co.jp/english/corpo/governance/internal\\_control.html](https://www.nichirei.co.jp/english/corpo/governance/internal_control.html)

The Group recognizes that developing and operating an internal control system to facilitate operational effectiveness and efficiency, ensure the accuracy of financial reports, comply with laws and regulations pertinent to business, and to safeguard its assets will translate into higher corporate value.

In terms of the development of systems necessary to ensure that the execution of the duties by the directors complies with laws and regulations and the Articles of Incorporation, and other systems prescribed by ordinance of the Ministry of Justice as systems necessary to ensure the propriety of operations of the Company and the operations of the group of enterprises consisting of the Company and its subsidiaries pursuant to the Companies Act of Japan, the Company has established the basic policy for its internal control system. The Company will endeavor to improve the policy by reviewing it annually to adapt to changes in the business environment, etc.

## Compliance

<https://www.nichirei.co.jp/english/corpo/compliance.html>

The Nichirei Group is implementing various initiatives to promote highly ethical business activities in compliance with the laws and social norms of all the countries in which it operates. We have established a code of ethics, which serves as a guideline for officers and employees for following laws and regulations and the Articles of Incorporation and for acting in accordance with corporate ethics, and a code of conduct, which sets forth basic matters to be observed by everyone working for the Nichirei Group to ensure thorough compliance. The code of conduct also includes information concerning prevention of corruption-related matters that have been deemed important from the perspective of international compliance, including insider trading bans and the prohibition of engagement or trading with antisocial forces. In addition to providing this information, the Group conducts compliance training for officers and employees aimed at ensuring a more pervasive understanding of compliance management and a more universal compliance management framework.

### Nichirei Group Code of Conduct (Table of Contents)

1. Compliance with Laws and Regulations Concerning Respect for Human Rights and Labor
2. Environmental Protection
3. Compliance with Laws and Regulations and Internal Regulations
4. Management and Preservation of the Company's Property
5. Prohibition on Personal Use of the Company's Property
6. Prohibition on Insider Trading
7. Ensure the Reliability of Financial Information
8. Management and Use of Information
9. Prohibition of Personal Acts Conflicting with the Company's Interests
10. Prohibition on Unfair Benefits Given to/Received from Public Officers or Business Partners
11. Prohibition on Involvement/Trade with Antisocial Forces
12. Compliance with/Reporting of and Consultation on Code of Conduct

## Educating Employees about the Code of Conduct to Ensure Compliance

The Nichirei Group aims to continue to operate and develop as a company that is widely trusted and favorably received by society due to the high ethical standards of its officers and employees. In order to foster a sense of ethics in each and every officer and employee, the Code of Conduct (in addition to the Management Principles and The Nichirei Pledge) is included at the beginning of the employee handbook, so that officers and employees can refer to it anytime, anywhere as a basis for their actions.

In addition, we have created a monthly series of slideshow-style materials designed to help employees understand case studies related to the code of conduct, and post them on the Group's intranet.

The Nichirei Group is committed to continue providing compliance training, including offering e-learning sessions to educate and train employees, based on its in-house educational rules.



Presentation materials related to the Code of Conduct

## Establishment of the Nichirei Group Global Governance Basic Rules

In 2021, we established the Nichirei Group Global Governance Basic Rules, which are based on existing policies and rules and have been reorganized for overseas subsidiaries to make them easier to understand. Laws and cultures differ in Japan and overseas, and companies acquired through M&As have their own corporate climates built up over time. These rules therefore only incorporate the most important concepts for Nichirei, while respecting the autonomy of each company. The rules are available in five languages (Japanese, English, Chinese, Vietnamese and Portuguese), and are gradually being applied, disseminated and implemented. Through these efforts, we will strengthen the governance of overseas subsidiaries in order to achieve our vision for 2030 of an overseas sales ratio of 30%.



## Initiatives to Prevent Bribery and Corruption

The Nichirei Group has established the Bribery and Corruption Prevention Standards and the *Bribery and Corruption Prevention Manual*. They clarify the basic matters that all officers and employees must follow to prevent bribery of public officials and others. In addition to Japanese laws and regulations, the documents provide an overview of laws and regulations in major countries such as the United States, the United Kingdom, and China, and present specific matters that require caution in a Q&A format.

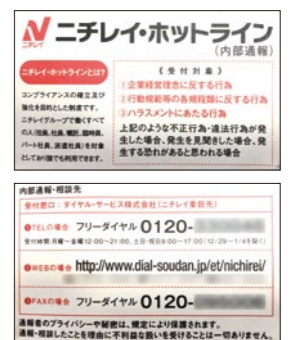
For overseas subsidiaries, the Nichirei Group Global Governance Basic Rules stipulate the prohibition of bribery, and we are raising awareness of applicable laws and regulations of each country and the bribery and corruption standards among employees.

## Internal Whistleblower Hotline and Consultation Service

In October 2003, we introduced an internal whistleblower hotline and consultation service (Nichirei Hotline) to respond to reports and consultations from employees regarding actions that violate laws and regulations, the Articles of Incorporation, internal rules, or actions that are ethically questionable. In FY2016, we updated our internal whistleblower hotline system in response to the requirements of Japan's Corporate Governance Code, which specifies that internal whistleblower hotline systems are to be independent from company's management, and introduced monitoring/checking functions through Audit & Supervisory Board members and outside officers. In 2022, we updated the system again in line with the amended Whistleblower Protection Act that went into effect in June of that year and in compliance with the government guidelines. The response system is being redesigned to strengthen whistleblower protection and confidentiality, and to expand the scope of whistleblowers.

To ensure that all officers and employees are aware of the new hotline, the Company created promotional posters for display at workplaces nationwide and distributed reminder cards to all employees. All reports and consultations received by the Nichirei Hotline are investigated by the administration office to confirm the facts and, if necessary, corrective measures are taken in accordance with the Group Whistleblowing Regulations. Whistleblowers are assured anonymity and any adverse treatment is prohibited, including retaliation by the Company, those who are the subject of complaints, or any other party. The whistleblower may also receive feedback from the administration office if he or she so requests.

The status of response to whistleblowing and consultation is regularly reported to the Board of Directors and monitored to ensure that it is being properly managed.



### Number of Internal Reports Received

FY2018	FY2019	FY2020	FY2021	FY2022	Five-year Total (FY2018-2022)
35	12	21	27	20	115

Nichirei Hotline card

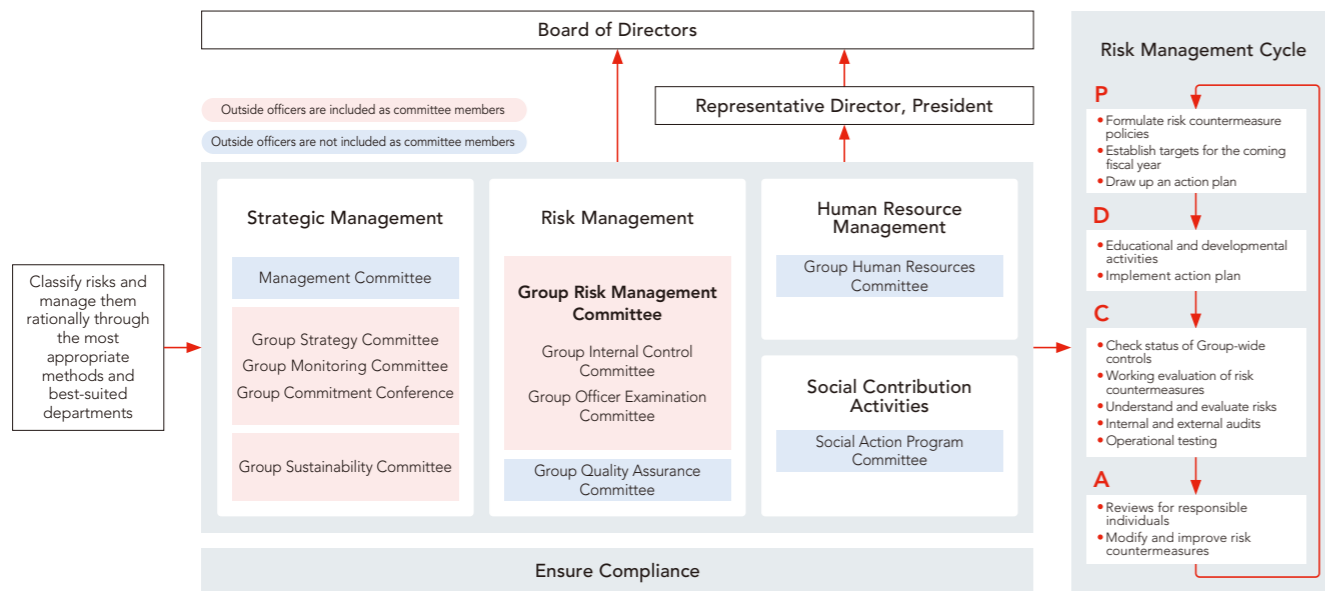
# Risk Management

## Approach to Risk Management

<https://www.nichirei.co.jp/english/corpo/riskmanagement.html>

The Nichirei Group has established the Group Risk Management Committee, chaired by the representative director, president, to manage the various risks associated with its business activities in the most appropriate and rational way from a comprehensive standpoint, and to maximize the Group's corporate value. The committee identifies and evaluates Group-wide risks, and Nichirei and its operating companies take countermeasures to these risks on their own accord based on the established risk management cycle. Important items are reported to the Board of Directors of Nichirei Corporation, the holding company, which considers countermeasures.

## Risk Management Structure



## Important Risks and Countermeasures of the Nichirei Group

Risk Category	Risks	Countermeasures and Initiatives	Management System
1. Economic conditions and business environment	<ul style="list-style-type: none"> <li>Market in Japan: Long-term contraction of total demand due to declining population/new demand due to changes in household composition and lifestyles</li> <li>Overseas markets: Rise of different needs in each region underpinned by factors including economic growth</li> <li>Growing expectations and demands for the achievement of a sustainable society</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of innovation and creation of new value to solve social issues</li> </ul>	<ul style="list-style-type: none"> <li>Strategic management</li> </ul>
2. Situation in Ukraine	<ul style="list-style-type: none"> <li>Impact on financial markets</li> <li>Rising energy prices and impact on supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Close monitoring and minimization of impact on business activities</li> </ul>	<ul style="list-style-type: none"> <li>Strategic management</li> </ul>
3. Impact of COVID-19	<ul style="list-style-type: none"> <li>Further global economic stagnation and supply chain disruptions</li> <li>Interruption of business activities due to an outbreak within the Group</li> <li>Labor shortages due to restrictions on cross-border movement of workers</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of various infectious disease control measures that place the highest priority on employee health and safety</li> <li>Promotion of automation that uses advanced technologies</li> <li>Creation of new business opportunities in line with changes in people's lifestyles and values</li> </ul>	<ul style="list-style-type: none"> <li>Strategic management</li> <li>Group Risk Management Committee</li> </ul>
4. Food quality issues	<ul style="list-style-type: none"> <li>Food quality problems, such as not meeting sanitation and pesticide and animal drug residue standards, contamination with foreign materials, and specified livestock infectious diseases</li> <li>Occurrence of large-scale product recalls</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of a food safety management system</li> <li>Appropriate quality and production control of raw materials and products, traceability system, food defense, training and proper allocation of personnel</li> </ul>	<ul style="list-style-type: none"> <li>Group Quality Assurance Committee</li> </ul>
5. Securing and developing diverse human resources	<ul style="list-style-type: none"> <li>Securing and developing the necessary human resources</li> <li>Responding to labor shortages due to Japan's declining birthrate and aging population</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of workplace environment and productivity</li> <li>Promotion of health management</li> <li>Investment in human capital</li> </ul>	<ul style="list-style-type: none"> <li>Group Human Resources Committee</li> </ul>
6. Information security	<ul style="list-style-type: none"> <li>System outages, leakage or falsification of important information due to operational problems or cyberattacks in systems used for business purposes</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of firewalls and intrusion detection and authentication systems</li> <li>Establishment of internal rules and regulations, e-learning and other training for employees, and an information management structure</li> </ul>	<ul style="list-style-type: none"> <li>Group Risk Management Committee</li> </ul>
7. Price fluctuations of commodities and raw materials	<ul style="list-style-type: none"> <li>Significant fluctuations in raw material prices (including meat, poultry and marine products) due to market conditions and yields</li> </ul>	<ul style="list-style-type: none"> <li>Cost reduction through productivity improvements</li> <li>Development of products with enhanced value and expansion of distinctive products</li> <li>Procurement and sales balanced with supply and demand</li> </ul>	<ul style="list-style-type: none"> <li>Strategic management</li> </ul>

8. Fluctuations in crude oil prices, etc.	<ul style="list-style-type: none"> <li>Increase in electricity, diesel oil, heavy oil and other fuel procurement costs due to soaring crude oil prices; increase in procurement costs of commodities and raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Cost reductions through the introduction of new technologies and improvement of operations</li> </ul>	<ul style="list-style-type: none"> <li>Strategic management</li> </ul>
9. Impact of exchange rate fluctuations	<ul style="list-style-type: none"> <li>Fluctuations in currencies including the U.S. dollar, Thai baht and euro that impact procurement prices of commodities and raw materials, as well as the impact of currency translation on the results of overseas subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>Use of forward exchange contracts, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic management</li> </ul>
10. Changes in laws and regulations, etc.	<ul style="list-style-type: none"> <li>Changes in laws, regulations and soft laws in Japan and overseas</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of trends in laws and regulations in each country and region, and thorough compliance with such laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Strategic management</li> </ul>
11. Sustainable food procurement	<ul style="list-style-type: none"> <li>Growing social demands for consideration of human rights and the workplace environment in the supply chain, management of natural marine resources, reduction of food loss, and resolution of the marine plastic problem, as well as changes in and establishment of laws, regulations and soft laws</li> <li>Difficulty in ensuring stable procurement of raw materials and other resources or damage to social credibility due to inadequate efforts or those deemed insufficient</li> </ul>	<ul style="list-style-type: none"> <li>Development of a Sustainable Procurement Policy, Supplier Code of Conduct and Guidelines, and implementation of ESG questionnaires for business partners</li> <li>Handling of MSC/ASC-certified marine products</li> <li>Implementation of initiatives related to the procurement of sustainable palm oil and conducting of a sustainable-cycle poultry business</li> </ul>	<ul style="list-style-type: none"> <li>Group Sustainability Committee</li> </ul>
12. Climate change	<ul style="list-style-type: none"> <li>Social demand for reduction of greenhouse gas emissions, and strengthening of regulations such as the imposition of a carbon tax and other policies (our fundamental technologies are for freezing and refrigeration, and we consume energy, mainly electricity)</li> <li>Impact of rising temperatures and extreme weather associated with global warming on supply chains, including raw material procurement, production and logistics</li> </ul>	<ul style="list-style-type: none"> <li>Switching from fluorocarbon to natural coolants, use of renewable energy sources through installation of solar power generation equipment and the purchase of green power certificates</li> <li>Ongoing climate change impact assessment and information disclosure in accordance with TCFD recommendations</li> </ul>	<ul style="list-style-type: none"> <li>Group Sustainability Committee</li> </ul>
13. Large-scale natural disasters	<ul style="list-style-type: none"> <li>Extensive damage to roads, ports and railroads at or near the Group's sites, market contraction, supply chain disruptions, or restrictions on business activities due to factors such as a massive earthquake or localized rain storms</li> </ul>	<ul style="list-style-type: none"> <li>Seismic retrofitting work; deployment of emergency generators; establishment of an employee safety confirmation system, disaster prevention manuals and business continuity plans (BCPs); and use of multiple data centers</li> </ul>	<ul style="list-style-type: none"> <li>Group Risk Management Committee</li> </ul>
14. Technological innovation	<ul style="list-style-type: none"> <li>Decline in competitiveness of the Group's technologies and products and services due to technological innovations, including rapid progress in digital technologies and food tech</li> </ul>	<ul style="list-style-type: none"> <li>Reform of business processes and promotion of innovation through the use of digital technologies and data</li> <li>Implementation of an innovation management system based on ISO 56002</li> </ul>	<ul style="list-style-type: none"> <li>Strategic management</li> </ul>
15. Holding of fixed assets	<ul style="list-style-type: none"> <li>Impairment loss due to deterioration of conditions at logistics centers caused by relocation of shipping companies and changes in road transportation networks</li> <li>Impairment loss due to aging and obsolescence of equipment at production plants or poor sales</li> <li>Impairment and write-down of goodwill and investment securities due to deviation from the business plan at the time of investment</li> </ul>	<ul style="list-style-type: none"> <li>Clarification of items for consideration when preparing investment plans, and the rules for post-investment verification</li> </ul>	<ul style="list-style-type: none"> <li>Strategic management</li> </ul>
16. Cross-shareholdings	<ul style="list-style-type: none"> <li>Significant changes in the market value of cross-shareholdings or in the financial position of the issuing company</li> </ul>	<ul style="list-style-type: none"> <li>→ See page 99</li> </ul>	<ul style="list-style-type: none"> <li>Yearly report to the Board of Directors</li> </ul>

## Business Continuity Plan Initiatives

### Employee Safety

#### Group Countermeasures Headquarters in Response to COVID-19

In January 2020, the Nichirei Group Countermeasures Headquarters, headed by the president, was established to respond to COVID-19. In addition to collecting, analyzing and sharing information throughout the Group, we sent out messages and notifications 50 times from January 2020 to July 2022 regarding infection prevention measures from the perspective of business continuity. We are creating a crisis management system that will help prevent infection while enabling our employees to carry out their work.

#### Confirming Safety in Emergency Situations

We have introduced a Group-wide safety confirmation system using a dedicated website. In the event of a disaster, such as an earthquake with an intensity of five or higher, messages will be sent via email to employees to check whether they are safe, and relevant local information will be provided promptly on the website. The system allows for the rapid collection and sharing of information.

### BCP for Information Systems

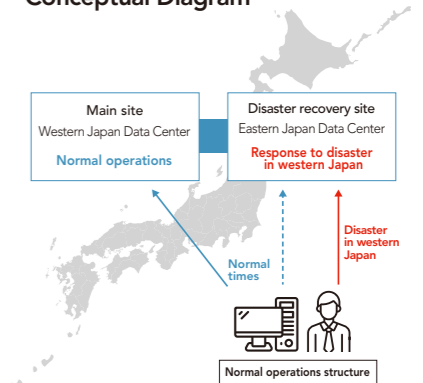
The Group's main core system is redundant for the purpose of business continuity, and includes a disaster recovery (DR) system. Specific examples are as follows.

#### Enhancing Core Logistics System BCP

As part of its risk management, Nichirei Logistics Group has been enhancing BCP support for its core logistics system since February 2018. Assuming the possibility of damage to the data center, where operations are heavily concentrated, the company created a DR system that enables rapid resumption of business. In the event of a large-scale disaster, the company can quickly resume operations through the use of two bases, each of which can switch from the system at its main site to the DR site.

Approximately one hour is needed from the activation of the system until an online restart is possible. The system is designed to ensure that customer businesses and food distribution are not affected. Nichirei Logistic Group plans to implement advanced initiatives to provide a food logistics lifeline that will contribute to the business continuity of its business partners.

#### Core Logistics System BCP Conceptual Diagram



# Directors, Audit & Supervisory Board Members and Executive Officers (As of June 24, 2022)



**1. Kenya Okushi**

Representative Director,  
President

**2. Junji Kawasaki**

Director, Executive Officer

**3. Kazuhiko Umezawa**

Director, Executive Officer

**4. Masahiko Takenaga**

Director, Executive Officer

**5. Wataru Tanabe**

Director, Executive Officer

**6. Kenji Suzuki**

Director, Executive Officer

**7. Kuniko Shoji**

Outside Director

**8. Mana Nabeshima**

Outside Director

**9. Itsuo Hama**

Outside Director

**10. Kenji Hamashima**

Outside Director

**11. Tatsushi Kato**

Audit & Supervisory  
Board Member

**12. Tetsuro Katabuchi**

Audit & Supervisory  
Board Member

**13. Yuhiko Saito**

Outside Audit & Supervisory  
Board Member

**14. Kiyoshi Asahina**

Outside Audit & Supervisory  
Board Member

**15. Muneaki Kiyota**

Outside Audit & Supervisory  
Board Member

**16. Yutaka Karino**

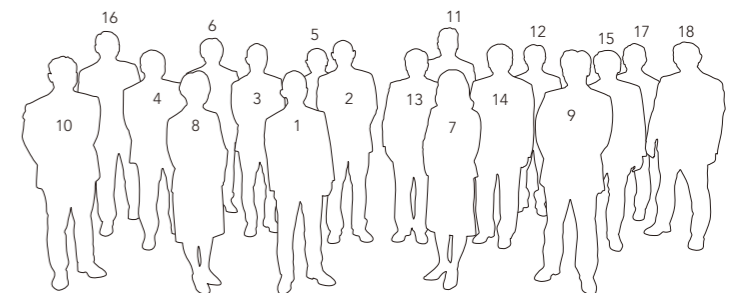
Executive Officer

**17. Hideo Yokoi**

Executive Officer

**18. Yuichi Takaku**

Executive Officer



To prevent the spread of COVID-19, participants removed their masks only for the moment this photograph was taken.

# Officer Career Summaries (As of June 24, 2022)

## Directors




**Kenya Okushi**  
Representative Director, President

Significant concurrent positions outside the Company  
Chairman, Japan Frozen Food Association

Number of years in office	5
Number of shares held	25,615

\* Three years in office since being appointed representative director in 2019.



**Junji Kawasaki**  
Director, Executive Officer

In charge of Innovation Planning & Development and Quality Assurance, General Manager of Technology Management

Number of years in office	5
Number of shares held	8,798



**Kazuhiko Umezawa**  
Director, Executive Officer

Significant concurrent positions outside the Company  
Representative Director, President, Nichirei Logistics Group Inc.

Number of years in office	4
Number of shares held	17,973



**Masahiko Takenaga**  
Director, Executive Officer

Significant concurrent positions outside the Company  
Representative Director, President, Nichirei Foods Inc.

Number of years in office	3
Number of shares held	18,411



**Wataru Tanabe**  
Director, Executive Officer

Significant concurrent positions outside the Company  
Representative Director, President, Nichirei Fresh Inc.

Number of years in office	1
Number of shares held	3,554



**Kenji Suzuki**  
Director, Executive Officer

In charge of Accounting & Tax, Business Management and Real Estate Division, General Manager of Finance

Number of years in office	New appointment
Number of shares held	2,363

## Outside Directors



**Kuniko Shoji**  
Outside Director

Significant concurrent positions outside the Company  
Outside Director, MEDIPAL HOLDINGS CORPORATION  
Outside Director, DIC Corporation  
Professor, Kanagawa University of Human Services Graduate School, School of Health Innovation

Number of years in office	4
Number of shares held	1,600




**Mana Nabeshima**  
Outside Director

Significant concurrent positions outside the Company  
Representative Director, Wakiyai Co., Ltd.

Number of years in office	1
Number of shares held	1,500

- April 1977 Joined Mochida Pharmaceutical Co., Ltd.
- July 1986 Joined Johnson & Johnson Medical K.K. (currently Johnson & Johnson K.K.)
- September 2002 Joined Terumo Corporation; General Manager of Regulatory Affairs Department, Terumo Corporation
- June 2004 Executive Officer, General Manager of Regulatory Affairs Department, Terumo Corporation
- June 2010 Director, Senior Executive Officer; General Manager of Regulatory Affairs Department; General Manager of Clinical Development Department, Terumo Corporation
- April 2017 Director, Corporate Advisor, Terumo Corporation
- June 2018 Outside Director, the Company (to the present)
- March 2019 Outside Director, MEDIPAL HOLDINGS CORPORATION (to the present)
- March 2019 Outside Director, DIC Corporation (to the present)
- April 2019 Professor, Kanagawa University of Human Services Graduate School, School of Health Innovation (to the present)

- August 1991 Joined Citibank, N.A., Tokyo Branch
- October 2000 Joined Goldman Sachs Japan Co., Ltd.
- January 2015 Joined DBS Bank Ltd.
- August 2016 Representative Director and CEO, DBS Securities (Japan) Co., Ltd.
- September 2016 Country Head of Japan, DBS Bank Ltd.
- January 2020 Executive Officer; Head of Sales, HiiLo Partners Inc.
- July 2020 Vice Chairman, DIGITAL GRID Corporation (to the present)
- December 2020 Representative Director, Wakiyai Co., Ltd. (to the present)
- June 2021 Outside Director, the Company (to the present)



**Itsuo Hama**  
Outside Director

Significant concurrent positions outside the Company  
Representative Director, Chairperson, Lion Corporation

Number of years in office	New appointment
Number of shares held	—



**Kenji Hamashima**  
Outside Director


Significant concurrent positions outside the Company  
Outside Director, Inabata & Co., Ltd.

Number of years in office	New appointment
Number of shares held	—

- April 1977 Joined Lion Fat & Oil Co., Ltd. (current Lion Corporation)
- March 2008 Director, Executive General Manager of Household Products Division, Lion Corporation
- January 2009 Director, Executive General Manager of Household Products Division, responsible for Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development Department, Lion Corporation
- March 2010 Executive Director, responsible for Health Care Products Division, Household Products Division, Gift and Channel-Specific Products Division, Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development Department, Lion Corporation
- January 2012 Representative Director, President, Executive Officer, Chief Operating Officer, responsible for Risk Management, Lion Corporation
- March 2016 Representative Director, President and CEO, Chairman of the Board of Directors, Executive Officer, Lion Corporation
- January 2019 Representative Director, Chairman of the Board of Directors, Chief Executive Officer, Lion Corporation
- March 2022 Representative Director, Chairman of the Board of Directors, Lion Corporation (to the present)
- June 2022 Outside Director, the Company (to the present)


- April 1982 Joined Ushio, Inc.
- April 1999 Director, President, CEO, Ushio America, Inc.
- November 2000 Director, President, CEO, Christie Digital Systems, Inc.
- April 2004 Senior Group Executive Officer, Ushio, Inc.
- April 2007 Group Managing Executive Officer, Ushio, Inc.
- June 2010 Director, Senior Managing Executive Officer, Ushio, Inc.
- April 2014 Representative Director, Senior Executive Vice President, Ushio, Inc.
- October 2014 Representative Director, Chief Executive Officer, Ushio, Inc.
- April 2019 Corporate Advisor, Ushio, Inc.
- April 2020 Special Counselor, Ushio, Inc. (to the present)
- June 2020 Outside Director, Inabata & Co., Ltd.
- June 2022 Outside Director, Audit and Supervisory Committee Member, Inabata & Co., Ltd. (to the present)
- June 2022 Outside Director, the Company (to the present)

## Audit & Supervisory Board Members




**Tatsushi Kato**  
Audit & Supervisory Board Member

Number of years in office	1
Number of shares held	400



**Tetsuro Katabuchi**  
Outside Audit & Supervisory Board Member

Number of years in office	New appointment
Number of shares held	300



**Yuhiko Saito**  
Outside Audit & Supervisory Board Member

Number of years in office	3
Number of shares held	1,200



**Kiyoshi Asahina**  
Outside Audit & Supervisory Board Member

Number of years in office	2
Number of shares held	200

- April 1983 Appointed Public Prosecutor
- September 2012 Director-General of the Rehabilitation Bureau, Ministry of Justice
- July 2014 Chief Prosecutor, Kyoto District Public Prosecutors Office
- April 2015 Chief Prosecutor, Yokohama District Public Prosecutors Office
- September 2016 Superintending Prosecutor, Takamatsu High Public Prosecutors Office
- March 2017 Superintending Prosecutor, Hiroshima High Public Prosecutors Office
- January 2018 Retired from office
- March 2018 Registered as an attorney (Dojima Law Office) (to the present)
- June 2019 Outside Audit & Supervisory Board Member, the Company (to the present)

- April 1978 Joined Ministry of Agriculture and Forestry (currently Ministry of Agriculture, Forestry and Fisheries)
- May 1994 Planning Manager, Vegetable Supply Stabilization Fund
- May 1997 Counselor, Embassy of Japan in the United Kingdom
- January 2001 Counselor, Cabinet Secretariat (to Assistance Chief Cabinet Secretary)
- July 2003 Director of Administration Division, Forest Policy Planning Department, Forestry Agency
- July 2004 Director-General, Cooperatives Inspection Department, Minister's Secretariat
- April 2008 Director-General, Kinki-Chugoku Regional Forest Office
- April 2010 Auditor, Fisheries Research Agency
- June 2014 Advisor, International Business Division, Japan Association for International Racing and Stud Book
- June 2020 Outside Audit & Supervisory Board Member, the Company (to the present)



**Muneaki Kiyota**  
Outside Audit & Supervisory Board Member

Significant concurrent positions outside the Company  
Outside Corporate Auditor, Komori Corporation  
External Director, JCU Corporation

Number of years in office	2
Number of shares held	200

- April 1981 Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
- June 2004 General Manager of Forex Department, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
- April 2007 General Manager, Bangkok Branch, Mizuho Corporate Bank, Ltd.
- April 2009 Executive Officer, Mizuho Securities Co., Ltd.; President, Mizuho Bank (Switzerland) Ltd.
- April 2010 Director, Mizuho Securities Co., Ltd.
- June 2010 Audit & Supervisory Board Member, OKAYA ELECTRIC INDUSTRIES CO., LTD.
- June 2012 Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.
- June 2014 Director, Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.
- April 2018 Director, Senior Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.
- April 2020 Director, OKAYA ELECTRIC INDUSTRIES CO., LTD.
- June 2020 Outside Audit & Supervisory Board Member, the Company (to the present)
- June 2020 Outside Corporate Auditor, Komori Corporation (to the present)
- June 2021 External Director, JCU Corporation (to the present)

## Executive Officers



**Yutaka Karino**  
Executive Officer

In charge of Legal Affairs, General Manager of General Affairs & Public Relations, General Manager of Human Resources, General Manager of Secretarial Office



**Hideo Yokoi**  
Executive Officer

Significant concurrent positions outside the Company  
Representative Director, President, Nichirei Biosciences Inc.



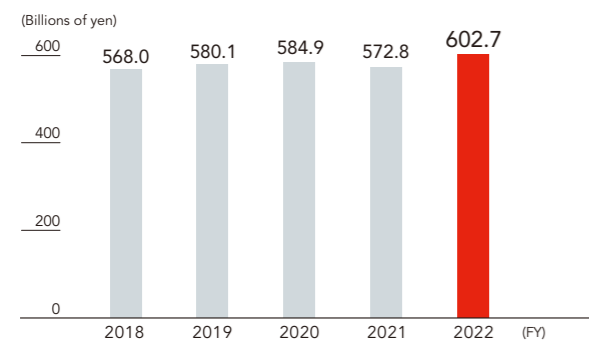
**Yuichi Takaku**  
Executive Officer

In charge of IT Strategy, General Manager of Strategic Planning, General Manager of Sustainability Management

For detailed information on each officer, see <https://www.nichirei.co.jp/english/corpo/outline>

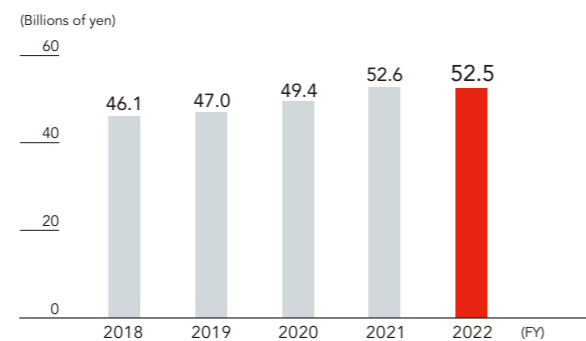
# Financial and Non-financial Highlights

## Net Sales



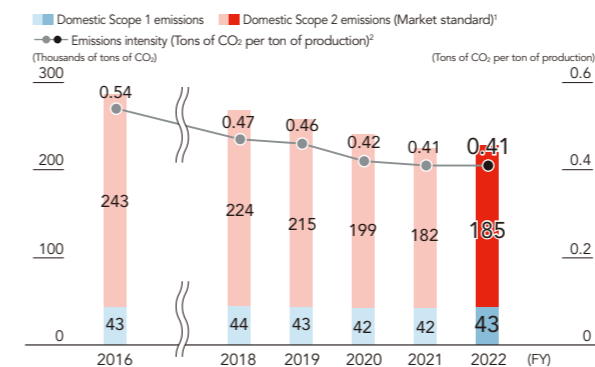
Net sales increased 5% due to firm growth in the core processed foods and temperature-controlled logistics businesses. In processed foods, sales of both household-use and commercial-use products increased, centered on mainstay categories. In the logistics business, overseas business revenues grew.

## EBITDA



Although operating profit decreased, EBITDA remained essentially unchanged from the previous fiscal year due to an increase in depreciation expenses.

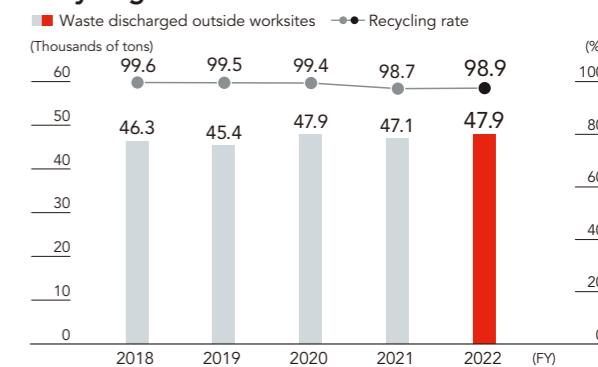
## CO2 Emissions



1. The CO<sub>2</sub> emission coefficient for electricity has been adjusted for each electric power company (Ministry of the Environment).  
2. The scope of coverage for emissions intensity per ton of production is the domestic plants of Nichirei Foods and Nichirei Fresh (excluding some plants).

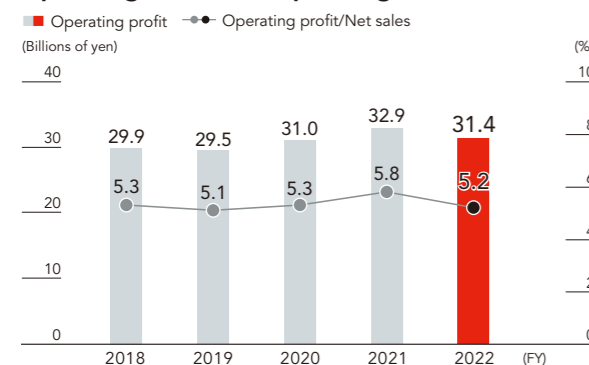
Our goal is a 50% reduction by FY2031 (compared with FY2016). In addition to promoting energy conservation in FY2022, we expanded our use of renewable energy, including the installation of solar panels and purchase of Tradable Green Certificates.

## Waste Discharged Outside Worksites and Recycling Rate



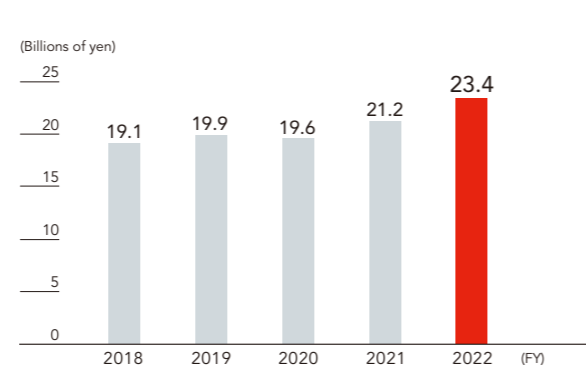
We have been actively working to reduce the amount of and recycle food residue and waste generated by our business activities.

## Operating Profit and Operating Profit/Net Sales



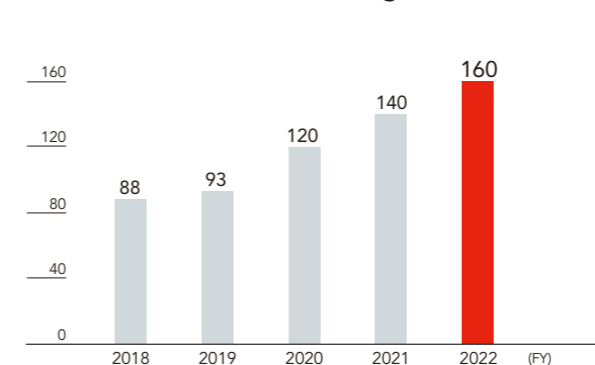
Despite growth in the temperature-controlled logistics and marine products businesses, operating profit decreased as the processed foods business faced tough conditions due to a pandemic-related slowdown in operations at a Thai production subsidiary and higher raw material and purchasing costs.

## Profit Attributable to Owners of Parent



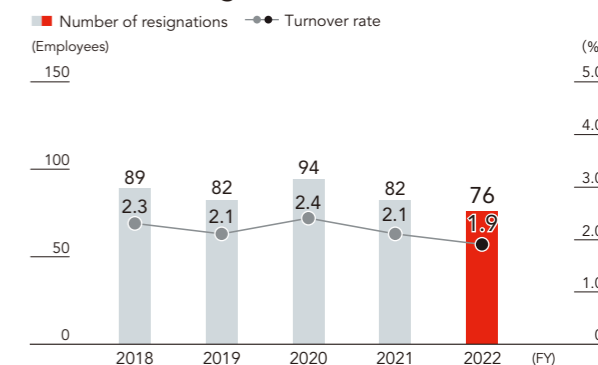
Profit increased as a result of recording gain on sales of investment securities, among other factors.

## Number of Female Line Managers



We have set a target of increasing the ratio of female line managers at Nichirei Corporation to 30% by FY2031 as a KPI for one of the Nichirei Group's material matters, and we are proactively working to promote the advancement of female employees.

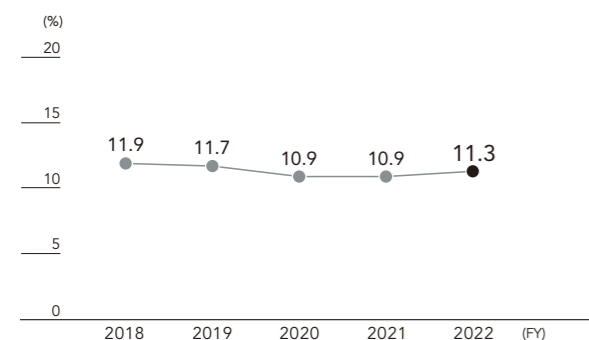
## Number of Resignations\* and Turnover Rate



We continuously strive to create a good working environment, facilitate diverse work styles and improve job satisfaction.

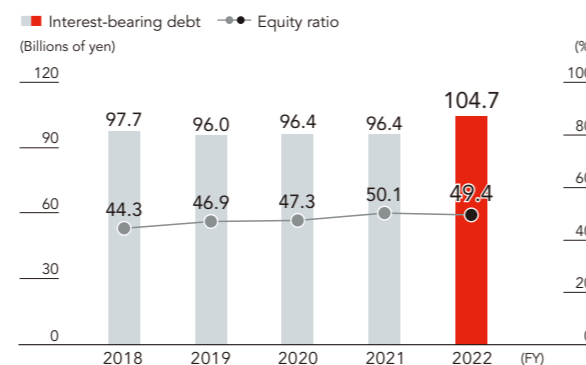
\* Total number of resignations for personal or other reasons

## ROE



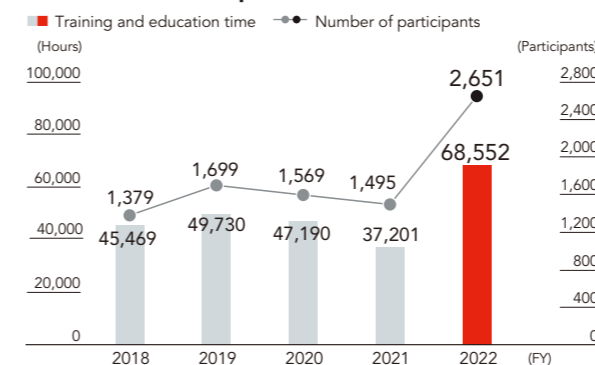
Due to steady profit, among other factors, ROE has continued to meet the medium-term business plan target of 10% or higher.

## Interest-bearing Debt and Equity Ratio



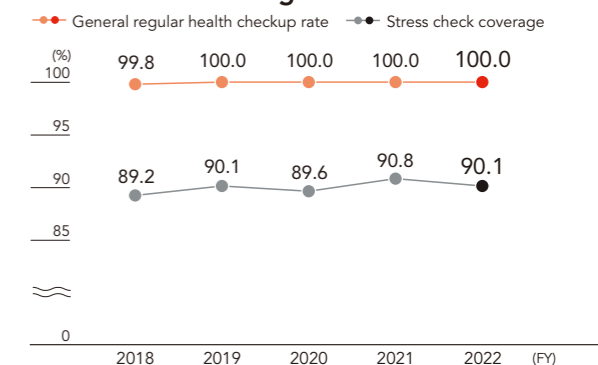
Interest-bearing debt increased ¥8.3 billion to ¥104.7 billion. The equity ratio in FY2022 was 49.4%.

## Training and Education Time and Number of Participants




We have been working to enhance the content of training and education as an investment in human resources. Due in part to the impact of COVID-19, we offer online educational programs.

## General Regular Health Checkup Rate and Stress Check Coverage



Under the Nichirei Group Health Declaration, we are striving for health management based on the three pillars of health maintenance and improvement, mental health measures, and safety and hygiene control. The general regular health checkup rate has reached 100%.

# Overview of Medium-term Business Plans

	energy 2012	RISING 2015	POWER UP 2018	WeWill 2021
<b>Concept</b>	Aim to achieve FY2013 targets by conducting business activities based on employee (1) energy/vitality, (2) ability to act/execute and (3) strong efforts/initiatives	With the goal of achieving medium-term management vision GROWTH 2016, increase the corporate value of the Nichirei Group by realizing the sustainable growth targeted in the plan	Steadily strengthen the foundation of the Group and steadily implement structural reforms to generate the potential that enables sustainable growth	Aim to realize the long-term management goals toward 2030 with a strong intention to create a distinctive future
<b>Period</b>	April 2010 to March 2013	April 2013 to March 2016	April 2016 to March 2019	April 2019 to March 2022
<b>President</b>	Toshiaki Murai	Kunio Otani	Kunio Otani	Kenya Okushi
<b>Basic Strategy</b>	Achieve sustainable earnings growth by steadily pursuing business strategies and responding promptly to the operating environment.	Each operating company will, by displaying its unique capabilities and helping to resolve social issues through business development, fulfill its "six responsibilities" and establish a foundation for sustainable growth responsive to changes in the operating environment in Japan and overseas.	<ul style="list-style-type: none"> <li>Aim for profit growth from strengthening the earnings base and improving asset efficiency in domestic businesses and for accelerated expansion of scale in the overseas business.</li> <li>Focus on business innovation and new business development for medium- to long-term growth.</li> </ul>	Through planned investments significantly higher than the previous medium-term business plan, we aim to further accelerate sustainable profit growth and create new value that supports good eating habits and health.
<b>Operating Environment</b>	<ul style="list-style-type: none"> <li>Great East Japan Earthquake and subsequent nuclear power plant accident</li> <li>Appreciation of the yen as European financial instability becomes widespread</li> </ul>	<ul style="list-style-type: none"> <li>Focus on food safety and security resulting from factors including cases of pesticide problems and meat sold after its sell-by date</li> <li>Consumption tax rate hike to 8% as Abenomics starts, and the yen depreciates</li> </ul>	<ul style="list-style-type: none"> <li>Rising nationalism in the United States and elsewhere, and slow progress of negotiations for the United Kingdom's departure from the EU</li> <li>The Paris Agreement and TPP come into effect</li> <li>Series of natural disasters in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Consumption tax rate hike to 10%</li> <li>The global COVID-19 pandemic drastically changes social conditions</li> <li>The United Kingdom leaves the EU</li> <li>Tokyo Olympics and Paralympics postponed for one year</li> </ul>
<b>Stock Price/Currency Exchange Rate (At end of plan period)</b>	Nikkei Stock Average: ¥12,397.91 Dollar/Yen exchange rate: ¥94.19	Nikkei Stock Average: ¥16,758.67 Dollar/Yen Exchange Rate: ¥112.56	Nikkei Stock Average: ¥21,205.81 Yen/Dollar Exchange Rate: ¥110.84	Nikkei Stock Average: ¥27,821.43 Yen/Dollar Exchange Rate: ¥121.68
<b>Figures</b>	Final year results	Final year results	Final year results	Final year results
<b>Net Sales</b>	¥470.1 billion	¥535.3 billion	¥580.1 billion	¥602.7 billion
<b>(Overseas Sales)</b>	¥37.5 billion	¥75.5 billion	¥79.2 billion	¥97.6 billion
<b>Operating Profit</b>	¥17.9 billion	¥21.5 billion	¥29.5 billion	¥31.4 billion
<b>(Operating Profit/Net Sales)</b>	3.8%	4.0%	5.1%	5.2%
<b>Ordinary Profit</b>	¥17.2 billion	¥21.4 billion	¥29.9 billion	¥31.7 billion
<b>Profit</b>	¥9.8 billion	¥13.4 billion	¥19.9 billion	¥23.4 billion
<b>EBITDA</b>	¥32.2 billion	¥38.0 billion	¥47.0 billion	¥52.5 billion
<b>ROE</b>	8.2%	9.1%	11.7%	11.3%
<b>EPS</b>	¥33.40	¥94.30	¥149.65	¥176.72
<b>Total 3-Year Capital Expenditures</b>	¥47.5 billion	¥64.4 billion	¥63.0 billion	¥93.0 billion
<b>Incl. Processed Foods</b>	¥15.5 billion	¥24.7 billion	¥21.3 billion	¥34.0 billion
<b>Logistics</b>	¥27.8 billion	¥34.4 billion	¥29.6 billion	¥49.9 billion
<b>Main Initiatives</b>	<ol style="list-style-type: none"> <li>Bolster earnings capacity and achieve sustainable growth of the Group by effectively allocating management resources.</li> <li>Facilitate the self-sustained growth of the core operating companies by identifying and capturing growth opportunities.</li> <li>Obtain the trust of society by providing valuable food safety and reliability.</li> <li>Strengthen the source of the Group's competitiveness by further improving management quality.</li> <li>Strengthen the Group's abilities to collect and analyze new technologies to create new business models that will ensure sustainable growth.</li> <li>Examine the possibility of acquiring treasury stock as part of a capital policy.</li> <li>Redevelop the retirement benefit system.</li> </ol>	<ol style="list-style-type: none"> <li>Bolster the earnings capacity of individual Group companies in Japan and overseas to achieve sustainable growth.</li> <li>Build a global quality assurance system.</li> <li>Allocate the Group's management resources appropriately and continue to implement a policy of providing appropriate returns to shareholders, including the acquisition of treasury stock and a dividend increase.</li> <li>Upgrade corporate functionality in the holding company structure.</li> <li>Strengthen the strategy on technological innovation in response to major changes in social and economic circumstances.</li> </ol>	<p><b>General Strategy</b></p> <ol style="list-style-type: none"> <li>Ensure sustainable earnings growth and raise capital efficiency.</li> <li>Pursue continued expansion in scale for overseas business.</li> <li>Further enhance the Nichirei Group's capabilities for quality assurance.</li> <li>Continue to strengthen corporate governance and other ESG-related efforts.</li> <li>Focus more intently on utilizing diverse personnel.</li> </ol> <p><b>Financial Strategy</b></p> <ul style="list-style-type: none"> <li>Maintain return on equity (ROE) of at least 8%.</li> <li>Provide a continual, stable dividend with a target DOE of 2.5%.</li> <li>Consider share buy-backs of around 20 million shares (approx. 7% of total issued shares)</li> </ul>	<p>See pages 448-49 for a detailed review.</p>  <p><b>Start of Medium-term Business Plan</b> <b>Compass Rose 2024</b> (April 2022 to March 2025) See pages 450-51 for details.</p>
<b>Achievements</b>	<p>Achieved the plan targets for operating profit in the core processed foods and logistics businesses; marine, meat and poultry products fell substantially short</p> <p><b>Processed Foods</b></p> <ul style="list-style-type: none"> <li>Expanded sales of prepared frozen foods for the household-use and HMR markets</li> <li>Started full-scale operation of two factories for processed poultry products in Thailand</li> </ul> <p><b>Logistics</b></p> <ul style="list-style-type: none"> <li>Expanded earnings base by starting operation of Higashi-ogishima DC and other sites</li> <li>Increased contracts for XD outsourcing</li> </ul>	<p>Made investments for sustainable growth and achieved Group targets for net sales and operating profit</p> <p><b>Processed Foods</b></p> <ul style="list-style-type: none"> <li>Strengthened the domestic in-house production system</li> <li>Expanded business scale in the United States</li> </ul> <p><b>Logistics</b></p> <ul style="list-style-type: none"> <li>Started operation of large-scale refrigerated warehouses in the Tokyo and Osaka metropolitan areas</li> </ul>	<p>Achieved Group targets for net sales and operating profit by improving profitability of processed foods and stably expanding logistics</p> <p><b>Processed Foods</b></p> <ul style="list-style-type: none"> <li>Improved profitability in Japan on expanded sales of mainstay products</li> </ul> <p><b>Logistics</b></p> <ul style="list-style-type: none"> <li>Expanded cargo pickups mainly in metropolitan areas and improved balance of transport income</li> </ul> <p><b>Meat and Poultry Products</b></p> <ul style="list-style-type: none"> <li>Increased earnings</li> </ul>	
<b>Main Investments</b>	<ul style="list-style-type: none"> <li>FY2011 (<b>Processed Foods</b>) Start of operation of GFPT Nichirei (Thailand) Co., Ltd., Surapon Nichirei Foods Co., Ltd. Kabinburi Plant Building No. 2 expansion</li> <li>(<b>Logistics</b>) Fukuoka Higashihama DC, acquisition of Transports Godfroy S.A.S. (France)</li> <li>FY2012 (<b>Logistics</b>) Higashi-ogishima DC, Kagoshima So DC</li> <li>FY2013 (<b>Processed Foods</b>) Acquisition of InnovAsian Cuisine Enterprises Inc. (USA)</li> </ul>	<ul style="list-style-type: none"> <li>FY2014 (<b>Processed Foods</b>) Newly established Funabashi No. 2 Plant</li> <li>(<b>Logistics</b>) Higashi-ogishima DC Phase 2 Building</li> <li>FY2015 (<b>Processed Foods</b>) Expanded cooked rice products production line</li> <li>(<b>Logistics</b>) Sakishima DC, Tokachi DC</li> <li>FY2016 (<b>Logistics</b>) Funabashi DC (rebuilding)</li> </ul>	<ul style="list-style-type: none"> <li>FY2018 (<b>Logistics</b>) Heiwajima DC (rental)</li> <li>(<b>Marine Products</b>) Trans Pacific Seafood Co., LTD. (Vietnam) established</li> <li>FY2019 (<b>Biosciences</b>) Global Innovation Center established</li> </ul>	

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# 11-Year Financial Highlights

Compass Rose 2024

Nichirei Corporation and Consolidated Subsidiaries for the Years Ended March 31



		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
(Millions of yen)												
<b>Sales and Income:</b>												
Net sales	*	454,931	470,126	511,189	519,963	535,351	539,657	568,032	580,141	584,858	572,757	<b>602,696</b>
Cost of sales		368,012	378,652	417,928	446,180	454,265	448,516	475,194	486,926	485,784	473,954	<b>500,451</b>
Selling, general and administrative expenses	*	70,741	73,541	77,472	56,376	59,501	61,831	62,940	63,704	68,038	65,853	<b>70,835</b>
Operating profit		16,177	17,932	15,789	17,406	21,583	29,309	29,897	29,511	31,035	32,949	<b>31,410</b>
Non-operating income:		2,025	1,880	2,113	1,993	1,704	1,433	2,102	1,753	1,891	1,798	<b>1,444</b>
Interest and dividend income		622	575	1,060	616	664	716	817	871	896	880	<b>903</b>
Share of profit of entities accounted for using equity method		49	224	—	140	131	278	715	399	387	376	<b>116</b>
Non-operating expenses:	*	2,952	2,609	3,459	2,498	1,893	1,637	1,350	1,399	1,150	1,215	<b>1,187</b>
Interest expenses		1,445	1,438	1,295	1,138	1,053	954	898	870	791	709	<b>619</b>
Share of loss of entities accounted for using equity method		—	—	795	—	—	—	—	—	—	—	<b>—</b>
Ordinary profit		15,250	17,202	14,443	16,902	21,394	29,105	30,650	29,864	31,777	33,532	<b>31,667</b>
Extraordinary income		1,308	1,690	2,347	137	220	468	102	1,085	505	870	<b>5,188</b>
Extraordinary losses	*	2,333	5,291	1,432	1,167	1,014	1,756	1,515	1,410	2,489	2,799	<b>1,747</b>
Profit before income taxes		14,225	13,601	15,357	15,871	20,600	27,818	29,237	29,540	29,792	31,603	<b>35,107</b>
Income taxes	*	6,406	5,489	5,480	4,850	5,933	7,322	8,601	8,773	9,008	8,954	<b>10,839</b>
Profit (loss) attributable to non-controlling interests		(85)	(1,712)	978	1,504	1,195	1,744	1,538	822	1,174	1,437	<b>886</b>
Profit (loss) attributable to owners of parent		7,904	9,823	8,898	9,516	13,471	18,751	19,097	19,943	19,609	21,212	<b>23,382</b>
Depreciation and amortization		14,978	14,302	14,475	15,621	16,455	16,057	16,155	17,481	18,355	19,669	<b>21,089</b>
(Excluding leased assets)		11,177	10,522	10,748	11,871	12,658	12,347	12,543	13,910	14,690	15,894	<b>17,503</b>
Capital expenditures		12,248	13,171	24,041	24,171	16,175	13,887	24,952	24,132	27,287	37,776	<b>27,913</b>
(Excluding leased assets)		9,400	10,724	21,209	19,750	13,216	10,253	22,312	21,320	24,864	33,851	<b>25,404</b>
Research & development expenditures		1,697	1,817	1,607	1,730	1,600	1,559	1,986	2,359	2,486	2,403	<b>1,939</b>
<b>Share Information:</b>												
Profit per share	*	26.35	33.40	31.12	33.29	47.15	135.11	142.23	149.65	147.16	159.19	<b>176.72</b>
Dividends per share	*	9	10	10	10	12	28	30	32	42	50	<b>50</b>
Payout ratio		34%	30%	32%	30%	26%	21%	21%	21%	29%	31%	<b>28%</b>

Notes:

- Figures in the consolidated statements of income are based on the Securities Report and presented in million-yen units, with units less than one million yen rounded down. However, figures for items marked with an asterisk "\*" have been fractionally adjusted for convenience purposes.
- From FY2016, the accounting policy regarding standards for recording sales in the processed foods business was changed (the portion that had previously been recorded as promotional expenses has been excluded from net sales). Accordingly, the FY2015 figure has been retroactively changed to reflect the change in the accounting policy standards.
- From FY2017, profit per share (yen) and dividends per share (yen) are shown as numerical values after the reverse stock split implemented on October 1, 2016.

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# Consolidated Balance Sheets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries  
As of March 31, 2021 and 2022

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Current assets:</b>			
Cash and deposits	¥ 28,933	¥ 23,413	\$ 191,267
Notes and accounts receivable – trade	81,749	90,965	743,121
Allowance for doubtful accounts	(109)	(112)	(920)
Inventories	47,867	52,128	425,850
Other	11,131	13,904	113,591
<b>Total current assets</b>	<b>169,572</b>	<b>180,299</b>	<b>1,472,911</b>
<b>Non-current assets:</b>			
Property, plant and equipment (Note 6):			
Buildings and structures	259,690	261,489	2,136,175
Machinery and equipment	115,963	125,441	1,024,768
Land	38,683	41,075	335,557
Leased assets	37,199	36,267	296,281
Construction in progress	3,716	4,904	40,067
Other	12,117	12,866	105,112
	467,371	482,045	3,937,962
Accumulated depreciation	(293,409)	(300,939)	(2,458,454)
Property, plant and equipment, net	173,962	181,106	1,479,507
Intangible assets	8,394	14,781	120,755
Investments and other assets:			
Investment securities (Note 5)	33,663	31,086	253,953
Shares and investments in capital of subsidiaries and associates	7,244	7,492	61,205
Retirement benefit asset	52	49	403
Deferred tax assets (Note 8)	2,260	2,607	21,302
Other	10,814	10,552	86,208
Allowance for doubtful accounts	(245)	(369)	(3,015)
Total investments and other assets	53,789	51,419	420,058
<b>Total non-current assets</b>	<b>236,146</b>	<b>247,307</b>	<b>2,020,322</b>
<b>Total assets</b>	<b>¥ 405,719</b>	<b>¥ 427,606</b>	<b>\$ 3,493,233</b>

The accompanying notes are integral parts of these statements.

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Current liabilities:</b>			
Short-term borrowings	¥ 6,948	¥ 13,490	\$ 110,211
Commercial papers	–	2,000	16,338
Current portion of long-term borrowings	4,797	14,798	120,894
Current portion of bonds payable	10,000	–	–
Accounts payable – trade	28,073	29,254	238,989
Lease liabilities	3,572	3,395	27,740
Income taxes payable	5,911	4,779	39,048
Accrued expenses	35,483	34,909	285,181
Provision for bonuses for directors (and other officers)	238	198	1,623
Other	13,481	17,947	146,618
<b>Total current liabilities</b>	<b>108,506</b>	<b>120,775</b>	<b>986,646</b>
<b>Non-current liabilities:</b>			
Bonds payable	30,000	40,000	326,770
Long-term borrowings	29,010	19,882	162,428
Provision for retirement benefits for directors (and other officers)	131	102	836
Retirement benefit liability	1,996	2,029	16,576
Lease liabilities	12,093	11,149	91,086
Deferred tax liabilities (Note 8)	4,265	5,853	47,820
Asset retirement obligations	4,037	4,180	34,152
Other	5,251	5,729	46,807
<b>Total non-current liabilities</b>	<b>86,786</b>	<b>88,928</b>	<b>726,478</b>
<b>Total liabilities</b>	<b>195,293</b>	<b>209,703</b>	<b>1,713,125</b>
<b>Net assets:</b>			
Shareholders' equity (Note 7):			
Share capital			
Authorized			
- 360,000,000 shares for 2021 and 2022			
Issued and outstanding - 140,003,877 shares for 2021 and 134,007,795 shares for 2022	30,418	30,472	248,936
Capital surplus	5,795	5,495	44,892
Retained earnings	172,436	172,369	1,408,129
Treasury shares	(17,648)	(11,841)	(96,738)
<b>Total shareholders' equity</b>	<b>191,002</b>	<b>196,494</b>	<b>1,605,219</b>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	12,344	11,984	97,908
Deferred gains or losses on hedges	1,639	2,360	19,279
Foreign currency translation adjustment	(1,660)	329	2,695
<b>Total accumulated other comprehensive income</b>	<b>12,323</b>	<b>14,674</b>	<b>119,883</b>
Non-controlling interests	7,100	6,733	55,005
<b>Total net assets</b>	<b>210,426</b>	<b>217,903</b>	<b>1,780,108</b>
<b>Total liabilities and net assets</b>	<b>¥ 405,719</b>	<b>¥ 427,606</b>	<b>\$ 3,493,233</b>

The accompanying notes are integral parts of these statements.



## Consolidated Statements of Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries  
For the years ended March 31, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Net sales</b>	¥ 572,757	¥ 602,696	\$ 4,923,590
<b>Operating costs and expenses:</b>			
Cost of sales	473,954	500,451	4,088,321
Selling, general and administrative expenses	65,853	70,835	578,671
	539,808	571,286	4,666,993
<b>Operating profit</b>	32,949	31,410	256,597
<b>Non-operating income (expenses):</b>			
Interest and dividend income	880	904	7,389
Interest expenses	(709)	(619)	(5,064)
Other – net	(1,517)	3,412	27,881
	(1,345)	3,697	30,206
<b>Profit before income taxes</b>	31,603	35,107	286,803
<b>Income taxes (Note 8):</b>			
Income taxes – current	9,684	10,233	83,596
Income taxes – deferred	(730)	605	4,950
	8,954	10,839	88,546
<b>Profit</b>	22,649	24,268	198,256
<b>Profit attributable to non-controlling interests</b>	1,437	886	7,238
<b>Profit attributable to owners of parent</b>	¥ 21,212	¥ 23,382	\$ 191,018

Amounts per share (Note 9):	Yen		U.S. dollars (Note 1)
	2021	2022	2022
Net assets	¥ 1,525.76	¥ 1,630.84	\$ 13.323
Profit:			
Basic	159.19	176.72	1.444
Diluted	—	—	—

The accompanying notes are integral parts of these statements.

## Consolidated Statement of Comprehensive Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries  
For the years ended March 31, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Profit</b>	¥ 22,649	¥ 24,268	\$ 198,256
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities	3,319	(356)	(2,914)
Deferred gains or losses on hedges	837	693	5,661
Foreign currency translation adjustment	(973)	1,983	16,205
Share of other comprehensive income of entities accounted for using equity method	(224)	203	1,665
<b>Total other comprehensive income</b>	2,959	2,523	20,617
<b>Total comprehensive income</b>	¥ 25,609	¥ 26,792	\$ 218,874
<b>Comprehensive income attributable to:</b>			
Comprehensive income attributable to owners of parent	¥ 24,452	¥ 25,733	\$ 210,226
Comprehensive income attributable to non-controlling interests	1,156	1,058	8,647

The accompanying notes are integral parts of these statements.

# Consolidated Statements of Changes in Equity (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries  
For the years ended March 31, 2021 and 2022

	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
<b>Net assets at April 1, 2020</b>	¥ 30,359	¥ 5,750	¥ 156,953	¥ (17,642)	¥ 175,421
Changes during period					
Issuance of new shares	59	59			119
Dividends of surplus			(5,729)		(5,729)
Profit attributable to owners of parent			21,212		21,212
Capital increase of consolidated subsidiaries		(14)			(14)
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
<b>Total changes during period</b>	<b>59</b>	<b>44</b>	<b>15,482</b>	<b>(6)</b>	<b>15,580</b>
<b>Net assets at March 31, 2021</b>	<b>¥ 30,418</b>	<b>¥ 5,795</b>	<b>¥ 172,436</b>	<b>¥ (17,648)</b>	<b>¥ 191,002</b>
Cumulative effect of changes in accounting policies			(574)		(574)
<b>Restated balance</b>	<b>30,418</b>	<b>5,795</b>	<b>171,862</b>	<b>(17,648)</b>	<b>190,428</b>
Changes during period					
Issuance of new shares	53	53			106
Dividends of surplus			(7,063)		(7,063)
Profit attributable to owners of parent			23,382		23,382
Change in ownership interest of parent due to transactions with non-controlling interests		(352)			(352)
Purchase of treasury shares				(10,006)	(10,006)
Disposal of treasury shares		0		0	0
Cancellation of treasury shares		(0)	(15,811)	15,812	—
Net changes in items other than shareholders' equity					
<b>Total changes during period</b>	<b>53</b>	<b>(299)</b>	<b>506</b>	<b>5,806</b>	<b>6,066</b>
<b>Net assets at March 31, 2022</b>	<b>¥ 30,472</b>	<b>¥ 5,495</b>	<b>¥ 172,369</b>	<b>¥ (11,841)</b>	<b>¥ 196,494</b>

	Millions of yen					
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
<b>Net assets at April 1, 2020</b>	¥ 9,016	¥ 802	¥ (736)	¥ 9,082	¥ 6,884	¥ 191,388
Changes during period						
Issuance of new shares						119
Dividends of surplus						(5,729)
Profit attributable to owners of parent						21,212
Capital increase of consolidated subsidiaries						(14)
Purchase of treasury shares						(7)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	3,327	836	(923)	3,240	216	3,456
<b>Total changes during period</b>	<b>3,327</b>	<b>836</b>	<b>(923)</b>	<b>3,240</b>	<b>216</b>	<b>19,037</b>
<b>Net assets at March 31, 2021</b>	<b>¥ 12,344</b>	<b>¥ 1,639</b>	<b>¥ (1,660)</b>	<b>¥ 12,323</b>	<b>¥ 7,100</b>	<b>¥ 210,426</b>
Cumulative effect of changes in accounting policies						(574)
<b>Restated balance</b>	<b>12,344</b>	<b>1,639</b>	<b>(1,660)</b>	<b>12,323</b>	<b>7,100</b>	<b>209,851</b>
Changes during period						
Issuance of new shares						106
Dividends of surplus						(7,063)
Profit attributable to owners of parent						23,382
Change in ownership interest of parent due to transactions with non-controlling interests						(352)
Purchase of treasury shares						(10,006)
Disposal of treasury shares						0
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	(359)	720	1,990	2,351	(367)	1,984
<b>Total changes during period</b>	<b>(359)</b>	<b>720</b>	<b>1,990</b>	<b>2,351</b>	<b>(367)</b>	<b>8,051</b>
<b>Net assets at March 31, 2022</b>	<b>¥ 11,984</b>	<b>¥ 2,360</b>	<b>¥ 329</b>	<b>¥ 14,674</b>	<b>¥ 6,733</b>	<b>¥ 217,903</b>

The accompanying notes are integral parts of these statements.

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
<b>Net assets at April 1, 2021</b>	\$ 248,500	\$ 47,341	\$ 1,408,677	\$ (144,173)	\$ 1,560,347
Cumulative effect of changes in accounting policies			(4,689)		(4,689)
<b>Restated balance</b>	<b>248,500</b>	<b>47,341</b>	<b>1,403,988</b>	<b>(144,173)</b>	<b>1,555,657</b>
Changes during period					
Issuance of new shares	435	435			870
Dividends of surplus			(57,706)		(57,706)
Profit attributable to owners of parent			191,018		191,018
Change in ownership interest of parent due to transactions with non-controlling interests		(2,882)			(2,882)
Purchase of treasury shares				(81,742)	(81,742)
Disposal of treasury shares		0		4	4
Cancellation of treasury shares		(1)	(129,171)	129,172	—
Net changes in items other than shareholders' equity					
<b>Total changes during period</b>	<b>435</b>	<b>(2,449)</b>	<b>4,140</b>	<b>47,434</b>	<b>49,561</b>
<b>Net assets at March 31, 2022</b>	<b>\$ 248,936</b>	<b>\$ 44,892</b>	<b>\$ 1,408,129</b>	<b>\$ (96,738)</b>	<b>\$ 1,605,219</b>

	Thousands of U.S. dollars (Note 1)					
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
<b>Net assets at April 1, 2021</b>	\$ 100,844	\$ 13,394	\$ (13,564)	\$ 100,674	\$ 58,004	\$ 1,719,026
Cumulative effect of changes in accounting policies						(4,689)
<b>Restated balance</b>	<b>100,844</b>	<b>13,394</b>	<b>(13,564)</b>	<b>100,674</b>	<b>58,004</b>	<b>1,714,336</b>
Changes during period						
Issuance of new shares						870
Dividends of surplus						(57,706)
Profit attributable to owners of parent						191,018
Change in ownership interest of parent due to transactions with non-controlling interests						(2,882)
Purchase of treasury shares						(81,742)
Disposal of treasury shares						4
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	(2,935)	5,884	16,259	19,208	(2,998)	16,209
<b>Total changes during period</b>	<b>(2,935)</b>	<b>5,884</b>	<b>16,259</b>	<b>19,208</b>	<b>(2,998)</b>	<b>65,771</b>
<b>Net assets at March 31, 2022</b>	<b>\$ 97,908</b>	<b>\$ 19,279</b>	<b>\$ 2,695</b>	<b>\$ 119,883</b>	<b>\$ 55,005</b>	<b>\$ 1,780,108</b>

The accompanying notes are integral parts of these statements.

# Consolidated Statements of Cash Flows (Unaudited) (Continued)

Nichirei Corporation and Consolidated Subsidiaries  
For the years ended March 31, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 31,603	¥ 35,107	\$ 286,803
Depreciation	19,669	21,089	172,284
Impairment losses	1,273	196	1,601
Increase (decrease) in allowance for doubtful accounts	(17)	100	821
Interest and dividend income	(880)	(904)	(7,389)
Interest expenses	709	619	5,064
Share of loss (profit) of entities accounted for using equity method	(376)	(116)	(951)
Loss (gain) on sale of non-current assets	(42)	(26)	(216)
Loss (gain) on retirement of non-current assets	1,380	1,216	9,940
Loss (gain) on sale of investment securities	(144)	(3,923)	(32,050)
Decrease (increase) in trade receivables	531	(7,943)	(64,888)
Decrease (increase) in inventories	(477)	(3,902)	(31,884)
Increase (decrease) in trade payables	(234)	935	7,643
Compensation for expropriation	(565)	(1,221)	(9,979)
Other, net	(4,470)	2,461	20,106
Subtotal	47,958	43,688	356,905
Interest and dividends received	1,190	1,102	9,003
Proceeds from compensation for expropriation	565	1,221	9,979
Interest paid	(712)	(630)	(5,154)
Income taxes paid	(3,547)	(10,721)	(87,583)
Net cash provided by (used in) operating activities	¥ 45,453	¥ 34,660	\$ 283,150

The accompanying notes are integral parts of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	¥ (28,529)	¥ (21,289)	\$ (173,919)
Proceeds from sales of property, plant and equipment	1,623	142	1,166
Purchase of intangible assets	(2,124)	(1,422)	(11,622)
Purchase of investment securities	(392)	(80)	(657)
Proceeds from sales of investment securities	257	5,611	45,840
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(27)	(8,432)	(68,889)
Other, net	(3,019)	(545)	(4,455)
Net cash provided by (used in) investing activities	(32,213)	(26,016)	(212,538)
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings	2,456	5,790	47,301
Net increase (decrease) in commercial papers	(2,000)	2,000	16,338
Proceeds from long-term borrowings	409	5,454	44,563
Repayment of long-term borrowings	(955)	(4,832)	(39,478)
Proceeds from issuance of bonds	9,951	9,951	81,293
Redemption of bonds	(10,000)	(10,000)	(81,692)
Repayments of lease liabilities	(3,886)	(3,699)	(30,218)
Purchase of treasury shares	(7)	(10,012)	(81,795)
Dividends paid	(5,722)	(7,053)	(57,623)
Dividends paid to non-controlling interests	(955)	(899)	(7,351)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(878)	(7,177)
Other, net	0	0	4
Net cash provided by (used in) financing activities	(10,709)	(14,179)	(115,838)
<b>Effect of exchange rate change on cash and cash equivalents</b>	45	865	7,072
<b>Net increase (decrease) in cash and cash equivalents</b>	2,577	(4,670)	(38,154)
<b>Cash and cash equivalents at beginning of period</b>	25,434	28,011	228,831
<b>Cash and cash equivalents at end of period</b>	¥ 28,011	¥ 23,340	\$ 190,676

The accompanying notes are integral parts of these statements.

Nichirei Corporation and Consolidated Subsidiaries  
For the years ended March 31, 2021 and 2022

## Note 1: Basis of Presentation

The accompanying consolidated financial statements of Nichirei Corporation (the “Company”) and its consolidated subsidiaries (together, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

Certain amounts in the prior year’s financial statements have been reclassified to conform to the current year’s presentation.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals in yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

For the convenience of the reader, the accompanying consolidated financial statements have been presented in U.S. dollars by translating Japanese yen amounts at ¥122.41 = US\$1.00, the exchange rate prevailing on March 31, 2022.

Due to significance, only selected notes are disclosed in the consolidated financial statements. The other notes which are not selected are disclosed on EDINET.

## Note 2: Change in Accounting Policy

### Application of accounting standards for revenue recognition

The Group has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter the “Revenue Recognition Accounting Standard”), etc. from the beginning of the fiscal year ended March 31, 2022. Accordingly, the Group recognizes revenue in the amount expected to be received in exchange for promised goods and services at points where control over such goods or services is transferred to customers.

Applying the alternative handling prescribed in Paragraph 98 of “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 31, 2020), as for the revenues from the domestic sale of merchandise or finished goods, the Group recognizes revenue at the points of their shipment in cases where control over the concerned merchandise or finished goods moves to customers in a normal period after their shipment.

Major changes as a result of the application of the accounting standards are shown below.

- For charged supply materials transactions, in which the company is not obligated to repurchase the supplied goods, the Group has changed to a method of not recognizing the consideration received from recipients as revenue.
- As for the warehousing and shipping charges that were recorded as sales at the time of entry into the logistics warehouse, the Group changed the method of allocating the transaction price to the performance obligation related to the delivery service and recognizing revenue when the performance obligation is satisfied.

Regarding the application of the accounting standards, the Group follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative impact of the retroactive application of the new accounting policy to before the beginning of the fiscal year is added to or deducted from retained earnings at the beginning of the fiscal year, and the new accounting policy is applied from this initial balance.

In the consolidated balance sheet for the previous fiscal year, refund liabilities were presented as “Accrued expenses” under “Current liabilities,” but from the current fiscal year, they are included in “Other” under “Current liabilities”. The Group follows the transitional treatments set forth in Paragraph 89-2 of the Revenue Recognition Accounting Standard and the balance of the previous fiscal year is not reclassified to match with the current fiscal year.

As a result, “Current liabilities - Other” in the consolidated balance sheet for the current fiscal year increased ¥769 million (\$6,286 thousand) compared to before applying the accounting standard. In the consolidated statement of income for the current fiscal year, “Net sales” and “Cost of sales” decreased ¥7,272 million (\$59,407 thousand) and ¥7,329 million (\$59,879 thousand), respectively, and “Operating profit” and “Profit before income taxes” increased ¥57 million (\$472 thousand).

For the consolidated statement of cash flows for the current fiscal year, “Profit before income taxes” increased ¥57 million (\$472 thousand) and “Cash flows from operating activities - Other, net” decreased ¥57 million (\$472 thousand).

With cumulative impacts reflected on net assets as of the beginning of the current fiscal year, the beginning balance of “Retained earnings” in the consolidated statement of change in equity decreased ¥574 million (\$4,689 thousand).

For the impact on per share information, please refer to Note 9: Per Share Information.

## Note 3: Significant Accounting Estimates

The Company applies “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31). Under the accounting standard, items whose amount is recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which would have a significant impact on the consolidated financial statements for the following fiscal year, should be disclosed.

## Note 4: Additional Information

### Accounting estimates for the effect of COVID-19 spread

Regarding the effect of the COVID-19, it is still difficult to predict the future such as how it would spread from now on or when it would be contained, etc. The Group implemented accounting estimates based on the assumptions that it will be curbed and turn toward recovery through the fiscal year 2023 along with the vaccination progress, etc.

## Note 5: Securities

- (1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2021 and 2022:

	Millions of yen		Thousands of U.S. dollars	
	2021	2022	2022	
Equity securities:				
Acquisition costs	¥ 12,451	¥ 12,494	\$	102,073
Carrying value	29,812	29,149		238,128
Unrealized gain	¥ 17,361	¥ 16,654	\$	136,055

Non-listed equity securities amounting to ¥3,850 million as of March 31, 2021 are not included in the above table because they are not traded on the market and it is very difficult to determine their fair market value as of March 31, 2021.

Non-listed equity securities amounting to ¥1,937 million (\$15,825 thousand) as of March 31, 2022 are not included in the above table because they are equity securities without market prices, etc.

## (2) Sales of available-for-sale securities for the years ended March 31, 2021 and 2022:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Proceeds from sales	¥ 258	¥ 6,029	\$ 49,259
Gains on sales	144	3,924	32,056
Losses on sales	(0)	—	—

## (3) Impairment loss of securities for the years ended March 31, 2021 and 2022:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Available-for-sale securities:			
Stocks with market value	¥ —	¥ 1	\$ 15
Stocks without market value	10	4	40
Total	¥ 10	¥ 6	\$ 56

**Note 6: Investments and Rental Properties**

The Company and some of its subsidiaries own buildings and land for lease in Tokyo and other areas.

Net rent income on the property related to the investments and rental properties was ¥2,033 million for the year ended March 31, 2021.

Net rent income and gain on sales on the property related to the investments and rental properties were ¥1,786 million (\$14,593 thousand) and ¥31 million (\$255 thousand), respectively, for the year ended March 31, 2022.

Gross rent revenue and expense are included in net sales and cost of sales, respectively, on the consolidated statements of income. Gain on sales of the property is included in other income on the consolidated statements of income.

Carrying value on the consolidated balance sheet, increase or decrease during the year, as well as market value of the investments and rental properties as of March 31, 2021 and 2022:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Carrying value as of April 1	¥ 9,324	¥ 9,354	\$ 76,420
Net increase (decrease)	30	(16)	(137)
Carrying value as of March 31	¥ 9,354	¥ 9,337	\$ 76,283
Market value as of March 31	¥ 47,065	¥ 45,106	\$ 368,484

- Carrying value on the consolidated balance sheets is calculated as acquisition cost deducting accumulated depreciation and cumulative impairment losses.
- For the year ended March 31, 2021, major increase represents capital expenditures of ¥786 million. Major decrease represents depreciation of ¥510 million and change in the use of property of ¥169 million.
- For the year ended March 31, 2022, major increase represents capital expenditures of ¥1,087 million (\$8,886 thousand). Major decrease represents depreciation of ¥550 million (\$4,497 thousand) and change in the use of property of ¥460 million (\$3,763 thousand) and sales of property of ¥30 million (\$248 thousand).
- Market value of major assets is based on appraisals obtained from outside real estate appraisers. The market value of other relatively immaterial assets is based on certain valuation and other indicators properly reflected by market prices.

**Note 7: Changes in Net Assets**

## (1) Types and numbers of outstanding shares and treasury stock

## (a) For the year ended March 31, 2021

Type of stock	As of April 1, 2020	Increases	Decreases	(Number of shares)
				As of March 31, 2021
Issued shares:				
Common stock (1)	139,965,587	38,290	—	140,003,877
Treasury shares:				
Common stock (2,3)	6,739,790	2,454	316	6,741,928

## (Reasons for changes)

- The increase in the number of issued shares of common stock resulted from the following:
  - Issuance of new shares for stock-based compensation with restriction on transfer 38,290 shares
- The increase in the number of treasury shares of common stock resulted from the following:
  - Request for redemption of odd-lot stock 2,454 shares
- The decrease in the number of treasury shares of common stock resulted from the following:
  - Request for purchase of odd-lot stock 316 shares

## (b) For the year ended March 31, 2022

Type of stock	As of April 1, 2021	Increases	Decreases	(Number of shares)
				As of March 31, 2022
Issued shares:				
Common stock (1,2)	140,003,877	37,518	6,033,600	134,007,795
Treasury shares:				
Common stock (3,4)	6,741,928	3,814,668	6,033,788	4,522,808

## (Reasons for changes)

- The increase in the number of issued shares of common stock resulted from the following:
  - Issuance of new shares for stock-based compensation with restriction on transfer 37,518 shares
- The decrease in the number of issued shares of common stock resulted from the following:
  - Retirement of treasury shares 6,033,600 shares
- The increase in the number of treasury shares of common stock resulted from the following:
  - Acquisition of treasury shares based on the resolution at the board of director's meeting 3,810,000 shares
  - Increase of shares, of which restriction on transfer are released, acquired without contribution 2,363 shares
  - Request for redemption of odd-lot stock 2,305 shares
- The decrease in the number of treasury shares of common stock resulted from the following:
  - Retirement of treasury shares 6,033,600 shares
  - Request for purchase of odd-lot stock 188 shares

## (2) Cash dividends distributed

Dividends paid during the year ended March 31, 2022

Resolution	Type of stock	Source of dividends	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 22, 2021	Common stock	Retained earnings	¥ 3,731 \$ 30,482	¥ 28 \$ 0.22	March 31, 2021	June 23, 2021
Board of Directors' meeting on November 2, 2021	Common stock	Retained earnings	¥ 3,332 \$ 27,223	¥ 25 \$ 0.20	September 30, 2021	December 3, 2021

Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

Resolution	Type of stock	Source of dividends	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 24, 2022	Common stock	Retained earnings	¥ 3,237 \$ 26,444	¥ 25 \$ 0.20	March 31, 2022	June 27, 2022

**Note 8: Income Taxes**

## (1) Tax rate reconciliation for the years ended March 31, 2021 and 2022

## (a) For the year ended March 31, 2021

The Company and its consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a statutory tax rate of approximately 30.6% for the year ended March 31, 2021. Reconciliation between the statutory tax rate and the effective tax rate reflected in the accompanying consolidated statement of income is as follows:

	2021
Statutory tax rate	30.6%
Entertainment and other non-deductible expenses	0.4
Dividends exempted for income tax purposes	0.1
Inhabitants' tax per capita	0.5
Change in valuation allowance	(2.8)
Tax credit for research and development expenses, etc.	(1.2)
Tax rate differences of overseas affiliates	(0.1)
Equity in earnings of affiliates accounted for by the equity method	(0.4)
Undistributed earnings of affiliates	0.2
Other, net	1.1
Effective tax rate	28.3%

## (b) For the year ended March 31, 2022

Since the difference between statutory tax rate and effective tax rate is less than 5% of the statutory tax rate, note related to reconciliation between the tax rates is omitted.

## (2) A breakdown of tax loss carryforwards and deferred tax assets by expiry date as of March 31, 2021 and 2022

(Millions of Yen) Fiscal Year Ending March 31, 2021	2022	2023	2024	2025	2026	2027 and thereafter	Total
Tax loss carryforwards (a).....	¥ 12	¥ 8	¥ 29	¥ 38	¥ 40	¥ 749	¥ 878
Valuation allowance.....	(12)	(8)	(29)	(38)	(38)	(685)	(813)
Deferred tax assets.....	¥ —	¥ —	¥ —	¥ —	¥ 1	¥ 63	¥ 64

(Millions of Yen) Fiscal Year Ending March 31, 2022	2023	2024	2025	2026	2027	2028 and thereafter	Total
Tax loss carryforwards (a).....	¥ 7	¥ 21	¥ 28	¥ 31	¥ 43	¥ 964	¥ 1,096
Valuation allowance.....	(7)	(21)	(28)	(31)	(43)	(834)	(966)
Deferred tax assets.....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 129	¥ 129

(Thousands of U.S. Dollars) Fiscal Year Ending March 31, 2022	2023	2024	2025	2026	2027	2028 and thereafter	Total
Tax loss carryforwards (a).....	\$ 61	\$ 175	\$ 229	\$ 256	\$ 358	\$ 7,875	\$ 8,956
Valuation allowance.....	(61)	(175)	(229)	(256)	(358)	(6,816)	(7,897)
Deferred tax assets.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,059	\$ 1,059

(a) Tax loss carryforwards represent the amount multiplied by effective statutory tax rate.

(b) Since taxable income is expected for the next fiscal year, the Group considers a part of the tax loss carryforwards is recoverable.

**Note 9: Per Share Information**

Net assets per share as of March 31, 2021 and 2022 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Net assets	¥ 210,426	¥ 217,903	\$ 1,780,108
Amounts excluded from net assets:			
For non-controlling interests	7,100	6,733	55,005
Net assets attributable to common stock	203,325	211,169	1,725,102
Number of common stock used for the calculation of net assets per share (in thousands)	133,261	129,484	129,484

Profit per share for the years ended March 31, 2021 and 2022 are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Profit attributable to owners of parent	¥ 21,212	¥ 23,382	\$ 191,018
Amounts not attributable to common shareholders	—	—	—
Profit attributable to owners of parent for common stock	21,212	23,382	191,018
Average number of common stock during the fiscal year (in thousands)	133,251	132,317	132,317

Note: As described in Note 2: Change in Accounting Policy, the Group has applied the Revenue Recognition Accounting Standard and follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. As a result, net assets per share decreased ¥4.12 (\$0.03) and net profit per share increased ¥0.30 (\$0.00) for the current fiscal year.

### Note 10: Segment Information

#### (1) General information about reportable segments

Reportable segments are components of the Company and its consolidated subsidiaries for which separate financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segments and to assess their performance. Reportable segments are determined by product and service as “Processed foods,” “Marine products,” “Meat and poultry products,” “Logistics,” and “Real estate.”

General information about the segments is as follows:

- Processed foods: Production, processing and sales of frozen cooked foods, agricultural processed foods, retort-pouch foods, wellness foods, acerola and packed ice
- Marine products: Processing and sales of marine products
- Meat and poultry products: Processing and sales of meat and poultry products, and breeding and sales of chicken
- Logistics: Distribution/transportation services and distribution center functions, logistics consulting, storage services, production and sales of ice, and construction work and planning
- Real estate: Leasing of office buildings and parking lots and management of real estate

#### (2) The basis of measurement for sales, profit or loss, assets, liabilities and other items of reportable segments

Accounting policies and methods used at operating segments are the same as those applied to the Company. Profit or loss of reportable segments is equal to operating profit on the consolidated statements of income. Intercompany sales and transfers are based on third-party transaction prices.

As described in Note 2: Change in Accounting Policy, the Group has applied the Revenue Recognition Accounting Standard and changes the accounting policy for revenue recognition as well as the basis of measurement for segment profit or loss. As a result, sales of “Marine products” and “Meat poultry products” decreased ¥5,208 million (\$42,546 thousand) and ¥2,121 million (\$17,333 thousand), respectively, and sales and segment profit of “Logistics” increased ¥57 million (\$472 thousand) for the current fiscal year compared to before applying the accounting standard.

#### (3) Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2021 and 2022 were summarized as follows:

	Year ended March 31, 2021 (Millions of yen)											
	Reportable segment									Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)	Total				
Sales:												
External sales	¥ 225,180	¥ 62,987	¥ 81,685	¥ 195,723	¥ 3,077	¥ 568,654	¥ 4,103	¥ 572,757	¥ —	¥ 572,757		
Intercompany sales and transfers	269	107	2,414	16,597	1,568	20,957	796	21,753	(21,753)	—		
Total	225,450	63,095	84,099	212,320	4,646	589,611	4,899	594,511	(21,753)	572,757		
Segment profit	17,167	521	1,298	13,084	2,017	34,089	(325)	33,764	(814)	32,949		
Segment assets	138,592	26,005	19,344	181,136	16,702	381,781	8,992	390,774	14,945	405,719		
Other items:												
Depreciation	6,525	148	257	10,473	712	18,117	380	18,497	1,171	19,669		
Amortization of goodwill	103	—	—	53	—	156	90	247	—	247		
Investments in equity-method investees	2,401	—	—	3,157	—	5,558	—	5,558	1,685	7,244		
Increase in property, plant and equipment and intangible assets	13,438	322	110	19,973	2,300	36,145	66	36,212	1,617	37,829		
Outstanding balance of goodwill	951	—	—	542	—	1,493	—	1,493	—	1,493		
Impairment loss on fixed assets	¥ 222	¥ —	¥ —	¥ 32	¥ —	¥ 254	¥ 1,019	¥ 1,273	¥ —	¥ 1,273		

### Year ended March 31, 2022 (Millions of yen)

	Reportable segment									Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)	Total				
Sales:												
External sales	¥ 243,963	¥ 67,663	¥ 77,646	¥ 207,242	¥ 2,901	¥ 599,417	¥ 3,279	¥ 602,696	¥ —	¥ 602,696		
Intercompany sales and transfers	273	78	2,650	17,304	1,413	21,720	900	22,620	(22,620)	—		
Total	244,236	67,741	80,297	224,547	4,314	621,137	4,179	625,317	(22,620)	602,696		
Segment profit	14,244	956	1,167	14,626	1,653	32,648	(329)	32,319	(909)	31,410		
Segment assets	150,150	28,029	19,793	194,503	16,582	409,059	8,146	417,205	10,401	427,606		
Other items:												
Depreciation	7,474	182	249	10,817	771	19,495	325	19,820	1,268	21,089		
Amortization of goodwill	105	—	—	128	—	234	42	277	—	277		
Investments in equity-method investees	2,358	—	—	3,358	—	5,717	—	5,717	1,775	7,492		
Increase in property, plant and equipment and intangible assets	12,460	188	255	19,287	1,164	33,356	426	33,782	928	34,711		
Outstanding balance of goodwill	910	—	—	5,464	—	6,375	325	6,700	—	6,700		
Impairment loss on fixed assets	¥ 139	¥ —	¥ —	¥ 56	¥ —	¥ 196	¥ —	¥ 196	¥ —	¥ 196		

### Year ended March 31, 2022 (Thousands of U.S. dollars)

	Reportable segment									Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total	Other (*1)	Total				
Sales:												
External sales	\$ 1,992,999	\$ 552,760	\$ 634,317	\$ 1,693,017	\$ 23,703	\$ 4,896,797	\$ 26,793	\$ 4,923,590	\$ —	\$ 4,923,590		
Intercompany sales and transfers	2,234	640	21,654	141,368	11,546	177,443	7,353	184,796	(184,796)	—		
Total	1,995,233	553,400	655,971	1,834,385	35,249	5,074,240	34,146	5,108,387	(184,796)	4,923,590		
Segment profit	116,365	7,817	9,539	119,485	13,509	266,718	(2,688)	264,029	(7,431)	256,597		
Segment assets	1,226,617	228,977	161,698	1,588,954	135,465	3,341,712	66,550	3,408,263	84,970	3,493,233		
Other items:												
Depreciation	61,061	1,492	2,037	88,371	6,300	159,263	2,658	161,922	10,361	172,284		
Amortization of goodwill	859	—	—	1,052	—	1,912	350	2,263	—	2,263		
Investments in equity-method investees	19,267	—	—	27,438	—	46,705	—	46,705	14,500	61,205		
Increase in property, plant and equipment and intangible assets	101,794	1,540	2,087	157,565	9,510	272,498	3,482	275,980	7,585	283,566		
Outstanding balance of goodwill	7,440	—	—	44,643	—	52,083	2,656	54,740	—	54,740		
Impairment loss on fixed assets	\$ 1,138	\$ —	\$ —	\$ 462	\$ —	\$ 1,601	\$ —	\$ 1,601	\$ —	\$ 1,601		

(\*1) “Other” represents operating segments not disclosed as reportable segments, which include biosciences business, human resources and payroll-related services, tree planting management and cleaning services related to tree planting.

### Note 11: Subsequent Events

Not applicable.

Essential Stock Information

Stock Exchange Listing	Tokyo Stock Exchange (Prime Market) Securities code: 2871
Total Number of Authorized Shares	360,000,000
Total Number of Outstanding Shares	134,007,795 (including 4,522,808 treasury shares)
Share Unit	100 shares
Year-end Dividend Record Date	March 31
Interim Dividend Record Date	September 30
Number of Shareholders	23,648
Shareholder Register Administrator	Mizuho Trust & Banking Co., Ltd.
Annual General Shareholders Meeting	June
Auditors	Ernst & Young ShinNihon LLC

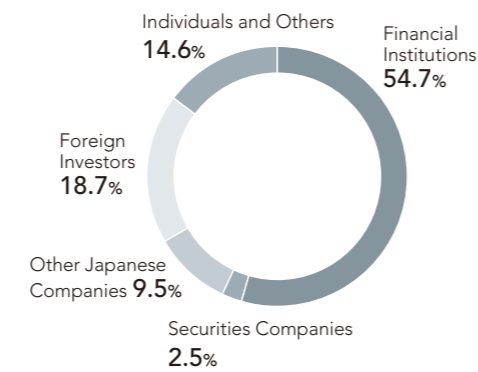
Ratings

Rating Institution	Rating
Rating and Investment Information, Inc. (R&I)	A+
Japan Credit Rating Agency, Ltd. (JCR)	A+

Major Shareholders

Shareholder Name	Number of Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,656	20.6
Custody Bank of Japan, Ltd. (Trust Account)	11,824	9.1
Nippon Life Insurance Company	5,744	4.4
Mizuho Bank, Ltd.	3,813	2.9
MUFG Bank, Ltd.	3,406	2.6
Nisshin Seifun Group Inc.	2,719	2.1
The Norinchukin Bank	2,675	2.1
The Dai-ichi Life Insurance Company, Ltd.	2,323	1.8
Fukoku Mutual Life Insurance Company	2,050	1.6
SUMITOMO LIFE INSURANCE COMPANY	1,855	1.4

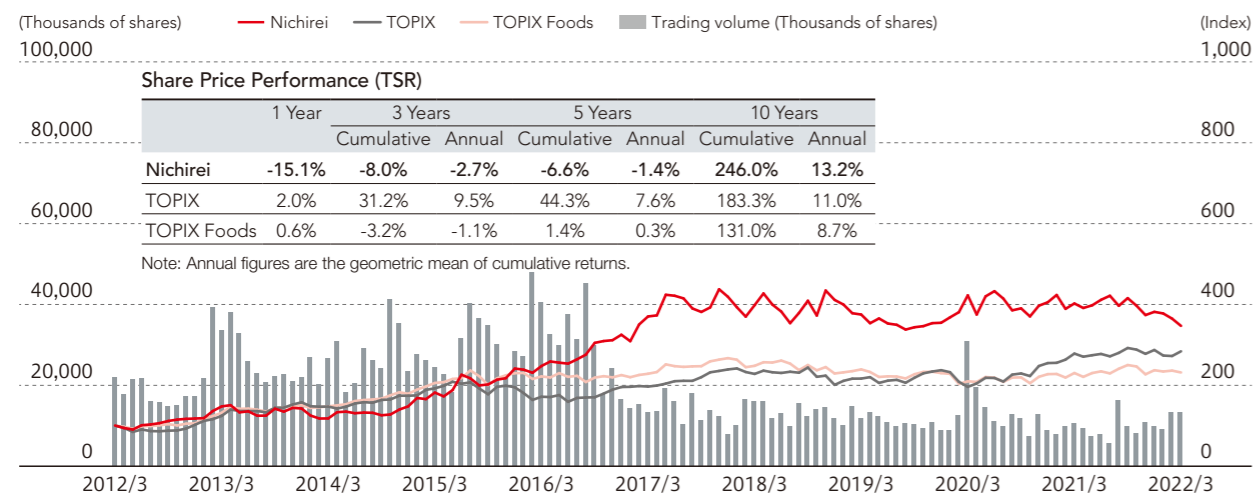
Composition of Shareholders



Note: Shareholding ratio calculated after subtracting repurchased stock (4,522 thousand treasury shares). Rounded off to the first decimal place.

Note: "Individuals and Others" includes "Treasury Stock (4,522 thousand)."

Total Shareholder Return (TSR)\*



Notes:  
1. March 31, 2012 closing prices for Nichirei and TOPIX are indexed at 100.  
2. TSR is based on a holding period to March 31, 2022.  
\* The sum of capital gains and dividends, representing the total yield on a shareholder's investment.

Corporate Data

Company Name	Nichirei Corporation
Established	December 1942*
Paid-in Capital	30,472 million yen
Head Office	Nichirei Higashi-Ginza Building, 6-19-20 Tsukiji, Chuo-ku, Tokyo 104-8402, Japan
Telephone	[+81] 3-3248-2101 (Main)
Number of Employees (Consolidated)	15,296
Business Network	14 countries and regions (Domestic and overseas offices and subsidiaries)

\* Date of establishment of predecessor Teikoku Marine Products Control Company. Reorganized as Nippon Reizo Inc. in December 1945.

External Review

Inclusion in Indexes



Continuing Adoption as a Constituent Stock of All Five ESG Indexes (Domestic Stocks) Selected by the Government Pension Investment Fund



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Recognition for Employee Health Management/ Safety and Health Management

Recognized by the Ministry of Economy, Trade and Industry under the Certified Health & Productivity Management Organization Recognition Program under the large enterprise category for six consecutive years.

Certified as an Excellent Occupational Safety and Health Enterprise by the Ministry of Health, Labour and Welfare.

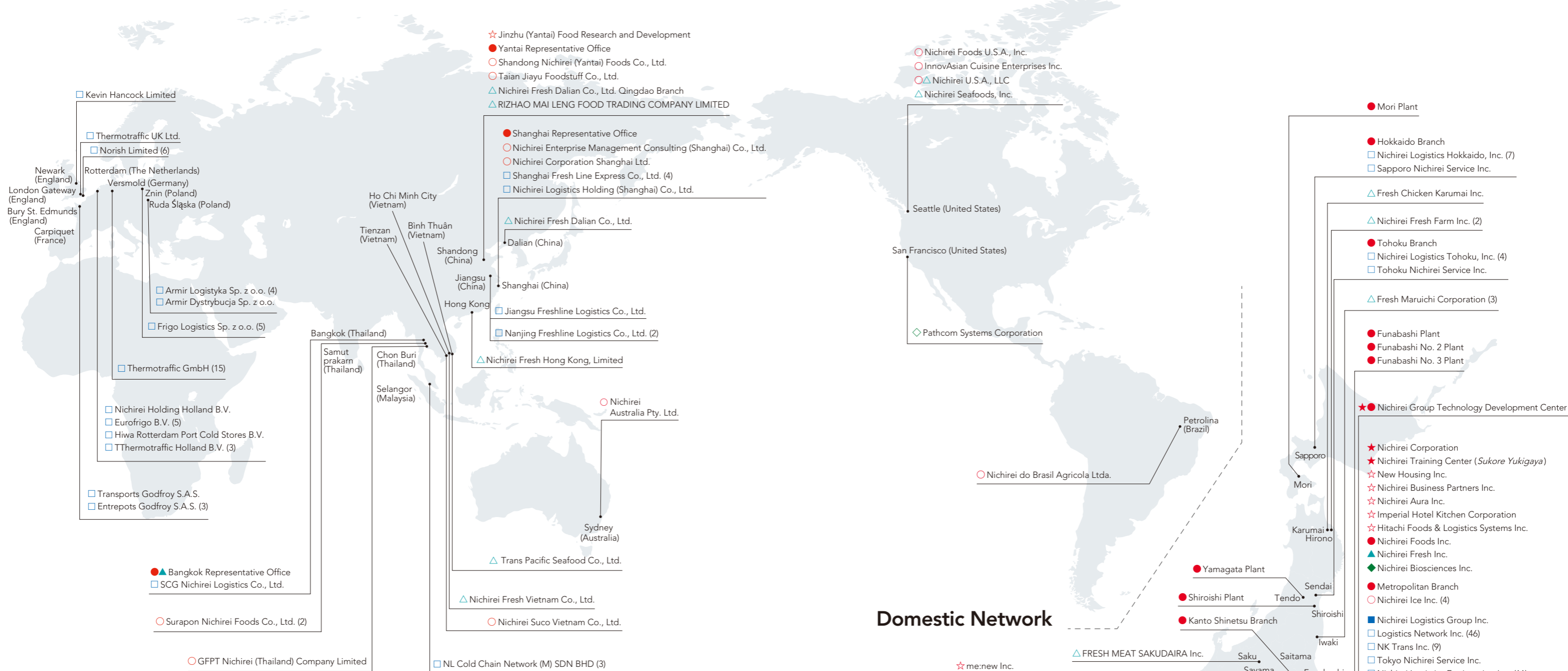


Other

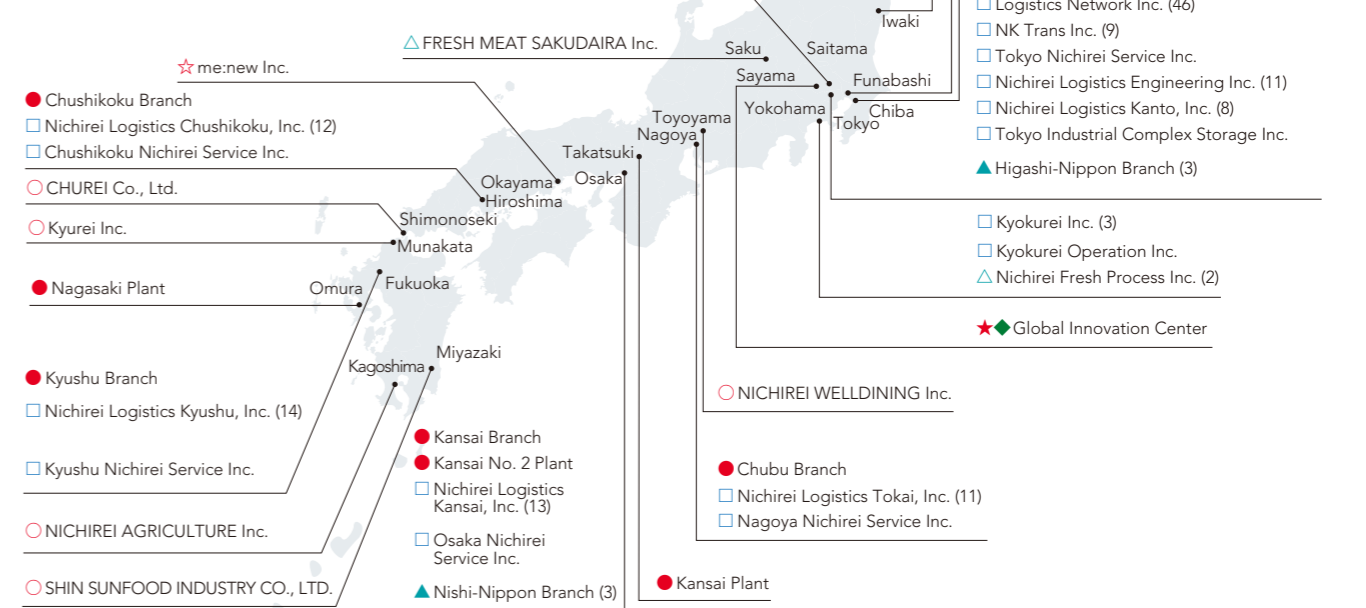
Also selected in FY2022 for the JPX-Nikkei 400, jointly developed by Japan Exchange Group, Inc. (JPX) and Nikkei Inc.







## Domestic Network



At present, the Nichirei Group conducts business in 14 countries and regions around the world.

- Nichirei Corporation ...★
- Nichirei Group companies ...☆
- Nichirei Foods Inc. ...●
- Nichirei Foods Group companies ...○
- Nichirei Logistics Group Inc. ...■
- Nichirei Logistics Group companies ...□
- Nichirei Fresh Inc. ...▲
- Nichirei Fresh Group companies ...△
- Nichirei Biosciences Inc. ...◆
- Nichirei Biosciences Group companies ...◇

Note: Figures in parentheses indicate number of facilities.

Management Strategy  
Value Creation Story  
Business Portfolio  
Medium-term Business Plan  
Business Strategy  
Sustainability  
Corporate Governance

Data