

Risk Management

The Maruha Nichiro Group engages in Enterprise Risk Management (ERM) with the purpose of improving corporate value and fulfilling the trust of stakeholders given that risk management is considered an important element of corporate management.

Role of risk management

For the Maruha Nichiro Group, risk management activities function to eliminate and mitigate factors blocking the implementing of the Group Philosophy. We consider risk management, along with implementing management strategy, to form the “wheels of a car” for achieving business objectives. We are working to increase trust from stakeholders by implementing preventive countermeasures against inherent business risk, mitigating these risks, and proper information disclosure at the same time.

ERM framework

The Maruha Nichiro Group has established a system which the Legal Affairs & Risk Management Department plays a central role, whereby the risk management

supervisors and risk management staff of Maruha Nichiro Corporation Departments and each group company cooperate to carry out risk management operations.

The Legal Affairs & Risk Management Department prepares a risk matrix based on the evaluation and analysis of risks identified by each department of Maruha Nichiro Corporation and by each group company to sort and determine the priority of risks for the Maruha Nichiro Group. In this manner, the department routinely manages the various latest risks facing the Group’s business activities and uses its findings to improve operations.

The Legal Affairs & Risk Management Department also plays a central role in the group’s crisis management in response to emergency situations. This includes preventing the spread of risks and crises before they materialize as well as contingencies such as major accidents, incidents or large-scale disasters that could threaten the continuity of the Group.

Risk assessment and the PDCA cycle

The Maruha Nichiro Group regularly identifies risks that impact the Group. In turn, these risks are evaluated and analyzed according to level of impact, based on the impact actual risks and predicted risks have, and possibility of occurrence, which determines the frequency of risk materialization. The results are assessed comprehensively together with management vulnerabilities.

Serious risks determined to have a high priority after sorting are assigned countermeasures based on the nature of the risk, which are then approved by the Managing Executive Officers’ Committee. On top of this, we have established a system whereby the Legal Affairs & Risk Management Department monitors the progress of

Risk management framework



Main expected risk

Risk item	Main relevant risk	Main initiatives
COVID-19 pandemic	<ul style="list-style-type: none"> Shutdown of operations due to employee infections Downturn in overseas fisheries business Downturn in sales to restaurants and institutional buyers 	<ul style="list-style-type: none"> Prevention of employee infections using thorough sanitary controls, staggered working hours, and working from home, etc. Optimization through review of underperforming businesses
Natural disasters and accidents, etc.	<ul style="list-style-type: none"> Shutdown of operations and inability to supply products due to damage to production facilities or interruptions in logistics functions, etc. 	<ul style="list-style-type: none"> Diversify production and storage sites and formulate business continuity plan (BCP)
Information management	<ul style="list-style-type: none"> Leakage, loss or alteration of personal information or important information Stoppage of IT systems 	<ul style="list-style-type: none"> Development of rules and manuals and employee training Build and operate system management framework Dealing with Cyberattacks
Compliance	<ul style="list-style-type: none"> Occurrence of costs to respond to legal or regulatory violations Declining trust from customers 	<ul style="list-style-type: none"> Development of rules and manuals and employee training Whistleblowing system and internal auditing Establish Maruha Nichiro Group Compliance Committee and engage in activities
Supply safe and secure foods	<ul style="list-style-type: none"> Declining trust from customers due to quality complaints or troubles associated with products 	<ul style="list-style-type: none"> Implement PDCA activities about quality assurance and quality control Enhance plant inspections, guidance and quality and food hygiene management training Continue with food defense management and education
Practice sustainable procurement	<ul style="list-style-type: none"> Growing risk of incomplete raw materials procurement due to delayed response to social and environmental issues in the supply chain 	<ul style="list-style-type: none"> Raise awareness among suppliers of the Basic Policies of Procurement and Supplier Guidelines, etc. Monitor suppliers

*Business risks can be found in segment pages (pp. 32 to 41). Due to space limitations, only certain risks are introduced here. For details, see our securities report.

countermeasures implemented by Maruha Nichiro Corporation Departments and each group company while providing assistance. In this manner, the organizational PDCA cycle is functioning effectively.

Prompt and reliable communication of risk information

We have multiple information communication routes to ensure prompt and reliable communication of important risk information to top management. Risk information within the Group is not only reported to the President & CEO of Maruha Nichiro Corporation via the regular organizational route, but also flows from risk management staff appointed in Maruha Nichiro Corporation Departments and each group company directly to the relevant departments of Maruha Nichiro Corporation’s Corporate Management Division and Legal Affairs & Risk Management Department.

The Legal Affairs & Risk Management Department actively promotes risk communication with each department and group company, along with education and training, in aiming to improve and maintain this structure. Through these activities, we strive to enhance risk awareness across the entire group and promote prompt

response, and cultivate a corporate culture that never conceals information.

Business continuity plan (BCP) formulation Pandemic Response

We have developed the “Maruha Nichiro Group New Influenza Response Rules” and are ensuring thorough dissemination within the group.

We have also developed manuals that outline the establishment of an emergency response headquarters in the event of a novel influenza outbreak, and practical methods on infection prevention among employees and a Business Continuity Plan (BCP).

In addition, in response to the COVID-19 pandemic in 2020, we have established an emergency response headquarters and disseminated circulars as appropriate. The entire Group is taking preventive measures against the spread of infection including instructing all employees to take measures including handwashing, gargling, and wearing masks, in addition to working from home, staggered working hours, avoiding the 3Cs (close contact, confined spaces, and crowded places), and disinfecting offices.

Major earthquake countermeasures

In preparation for major earthquakes, we have established the Maruha Nichiro Group Business Continuity Plan (BCP) Regulations, which we have made improvements to continuously. We are seeking improvement through regular drills and revision of the plan to achieve a more effective system as well as gradually implementing BCP at group companies.

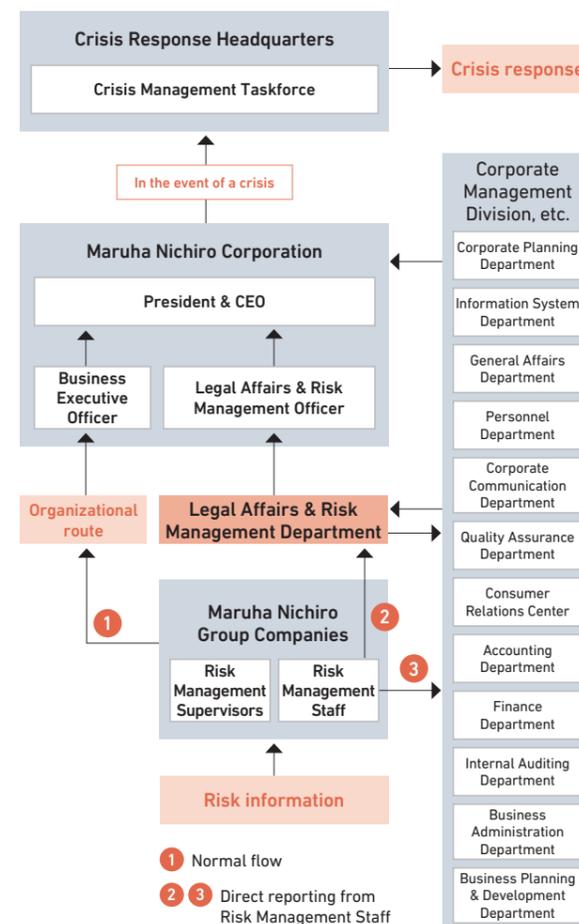
“Safety Confirmation System Operation Test” continued implementation

The Maruha Nichiro Group has introduced the “Safety Confirmation System,” which employs the e-mail and call functions of cell phones and fixed-line phones as a tool to ensure safety of employees and their families, as a first priority, and ensure communication between the company and employees in order to continue operations and ensure early recovery in the event of an emergency such as an earthquake disaster or a new strain of influenza. To ensure that we can promptly and reliably provide safety confirmation in the event of an emergency, we conduct safety confirmation system operation tests in May and November every year.

Moreover, in July 2019, the company introduced a new system (“substitute registration”) that allows other employees to separately confirm by phone or in person the safety of employees who have had trouble accessing the system, and then record the results in the system on their behalf.

In November 2019, the response rate to the “Safety Confirmation System Operation Test” was 93.2%, which rose to 98.6% in May 2020 and then to 99.0% in November 2020.

Flow of risk information



Due to space limitations, only a few of these activities are introduced here. For details, see our corporate website or securities report.