

Progress of the Medium-term Management Plan and Basic Strategies and “For the ocean, for life MNV 2024”

	FY2014-FY2017	FY2018-FY2021	FY2022-FY2024
			Next Medium-term Management Plan
	Challenge toward 2017	Innovation toward 2021	For the ocean, for life MNV 2024
Basic strategies	<p>Enhancing profitability by promoting unit management</p> <ul style="list-style-type: none"> ● Practice of Growth Initiative ● Enlarging profit globally ● Improve financial condition <p>Regain trust by rebuilding a Group governance structure</p> <ul style="list-style-type: none"> ● Rebuilding a quality assurance system that includes food safety management ● Rebuilding the risk management system ● Strengthening Group governance 	<p>Further Increase Profitability</p> <ul style="list-style-type: none"> ● Optimize the value chain, fully leveraging broader accessibility to marine resources ● Realize cost saving opportunities in processed food business <p>Invest in Growth</p> <ul style="list-style-type: none"> ● Extend the global seafood value chain ● Proactively invest in processed food manufacturing facilities ● Invest in business areas in line with medium- to long-term growth <p>Strengthen Business Foundation</p> <ul style="list-style-type: none"> ● Build a strong balance sheet that supports business priorities ● Enhance R&D and technical capability ● Improve human resources, brand management, and IT infrastructure 	<p>Integration of Business Strategy and Sustainability</p> <ul style="list-style-type: none"> ● Maruha Nichiro Value (MNV) is defined as the Group's approach to value creation that integrates business strategy and sustainability. <p>Implementation of management for creating value</p> <ul style="list-style-type: none"> ● Developing governance system for value creation ● Identifying materiality and setting financial/non-financial KGI ● Resource allocation based on our business portfolio ● Strategic investment to businesses of growth driver ● Maximizing the value chain across departments <p>Strengthening our business foundation for sustainable growth</p> <ul style="list-style-type: none"> ● Creating and delivering health value based on diversified needs from consumers ● Developing innovation ecosystem ● Investing in human resources ● Strengthening corporate branding ● Managing risk of Intellectual property and utilizing intangible assets ● Developing foundation for promoting DX and utilizing digital technology
Management targets	<p>Net sales: 900.0 billion yen</p> <p>Operating Income: 20.0 billion yen</p> <p>Ordinary Income: 19.0 billion yen</p> <p>Overseas ordinary income margin: 25%</p> <p>Balance of interest-bearing debts: 275.0 billion yen</p> <p>Equity ratio: 20.0%</p>	<p>Net sales: 1 trillion yen</p> <p>Operating Income: 31.0 billion yen</p> <p>ROA: 5.7%</p> <p>D/E ratio: 1.5x</p> <p>Equity ratio: 30.0%</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="background-color: #4a7c9c; color: white; padding: 5px; display: flex; justify-content: space-between;"> MNEV*: 9.5 billion yen + EBITDA: 46.5 billion yen + </div> <div style="background-color: #4a7c9c; color: white; padding: 5px; display: flex; justify-content: space-between;"> Net Sales: 960.0 billion yen + ROIC: 4.3% + </div> <div style="background-color: #4a7c9c; color: white; padding: 5px; display: flex; justify-content: space-between;"> Operating Income: 27.0 billion yen + ROE: 9.0% + </div> <div style="background-color: #4a7c9c; color: white; padding: 5px; display: flex; justify-content: space-between;"> Net D/E ratio: ≤1.2x </div> </div>
Main issues	<ul style="list-style-type: none"> ● Enhance access to marine resources ● Improve profitability in the processed foods business segment ● Reorganization of production sites 	<ul style="list-style-type: none"> ● Resolving business structural issues in marine product businesses (fishery and aquaculture) ● Strategic investment in growth driver businesses ● Further strengthening the value chain across business units ● Lack of KPIs for sustainability 	<p>Management targets</p> <p>*Our approach to economic value (MNEV) creation</p> <div style="display: flex; align-items: center; justify-content: center; gap: 10px;"> <div style="background-color: #e0e0e0; padding: 5px;">MNEV</div> <div style="font-size: 24px;">=</div> <div style="background-color: #e0e0e0; padding: 5px;">MNEV Spread</div> <div style="font-size: 24px;">×</div> <div style="background-color: #e0e0e0; padding: 5px;">Invested Capital</div> </div> <div style="text-align: center; margin: 5px 0;"> </div> <div style="display: flex; align-items: center; justify-content: center; gap: 10px;"> <div style="background-color: #e0e0e0; padding: 5px;">Return on invested capital (ROIC)</div> <div style="font-size: 24px;">=</div> <div style="background-color: #e0e0e0; padding: 5px;">Weighted average capital cost (WACC)</div> </div>

- About Maruha Nichiro Corporation
- President's Message
- Business Model as a Strength
- Strategies to Maximize MNV
- Performance Highlights
- Unit Strategies
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Progress of strategic investment in growth driver areas

In order to maximize MNV, it is essential to promote integrated value creation management that combines economic value, environmental value, and social value, as well as to conduct a review of the business portfolio. We will conduct strategic investment in the growth driver areas identified in our medium-term management plan taking into account market growth potential and risks, aiming to maximize economic value, which is the foundation for ensuring business continuity.

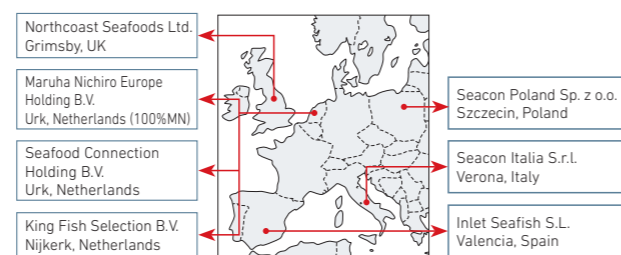
Strengthen sales and distribution of marine products in the European market

Expand the network of marine products distribution throughout Europe with Seafood Connection Group

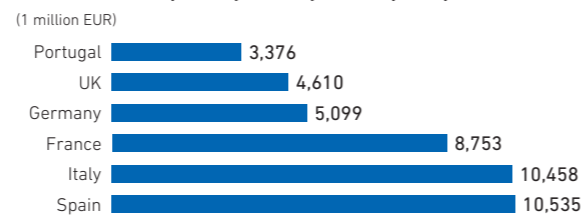
In Japan, the culture of eating fish has firmly taken root but the history of eating fish in Europe is also longstanding. This is especially true in countries along the Mediterranean Sea, where people have been eating various marine products such as sardines, herring, squid, and octopus since the times of ancient Greece and Rome. In addition to the traditional food culture, the demand for marine products has increased further in recent years driven by increased health consciousness and the popularity of Japanese cuisine.

Seafood Connection Holding B.V. (hereafter, Seacon), the Group's key company responsible for the sales of marine products in Europe, is responding to this robust demand. Since our capital investment in 2013, Seacon has been progressively expanding its presence in the Netherlands, where its headquarters are located, surrounding countries, and major seafood-consuming nations in Europe such as Spain and Italy. In June 2022, Seacon acquired 100% of the shares of Northcoast Seafoods Ltd. in the UK. As a result, there are now 12 Seacon sales and manufacturing sites. In the future, we will continue to pursue the strengths and synergies of each site, driving the expansion and further growth in the European market. This expansion will lead the way for the Group's growth in the global markets, which are key growth driver areas.

European locations of the Maruha Nichiro Group



Seafood consumption by country in Europe (top 6 countries)



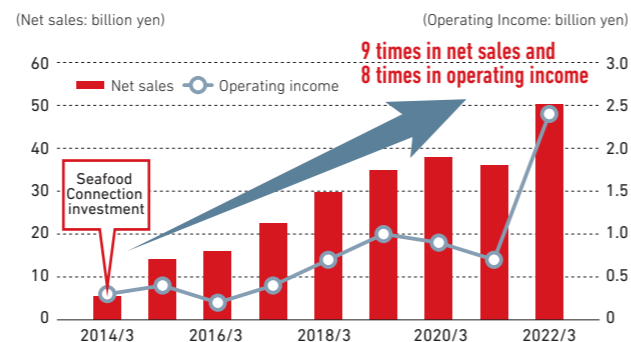
Strategy for creating synergy after M&A to support business growth

While we have cultivated the European market through M&A, the foundation for the Group is still not sufficient. As such, we are working to enhance organizational capabilities for moving business in the same direction as a whole.

We are working on strengthening three key aspects to enhance our Group's organizational capabilities: (1) Managing economic value (including cash flow management and finance), (2) Developing human resources (human capital), and (3) Establishing governance, which includes system improvements. To further enhance the Group's competitiveness, we are promoting a balanced approach which also utilizing intangible assets, such as Group management know-hows.

The integration of human capital is crucial, but it is essential to take into consideration the circumstances specific to Europe. Even though countries in Europe are connected by land, they have different languages, histories and cultures. As with Seacon, each Group company consists of human resources with varying backgrounds and ideas. To bring together diverse talents, share a common way of thinking and culture, and drive business growth, we actively promote personnel exchanges among Group companies. Additionally, we are strengthening development efforts, such as inheriting business expertise and standardizing marketing knowledge, which will play a role in our continued growth in the European region.

Performance of Seacon



Key themes in growth driver areas

Expansion into Overseas Markets	Frozen Foods and Nursing Care Foods	Fine Chemicals	Pet Food
Overseas Extending supply and lineups of processed food from subsidiaries in North America Overseas Extending supply and lineups of marine products from a subsidiary in Vietnam Overseas Expanding sales and distribution of marine products in European Market Overseas Enhancing accessibility to marine resources	Developing R&D / Technology and product lineups in frozen food and nursery food segment Overseas Launched project to enter North American market Overseas Enhancing development and sales of frozen food to Vietnamese market	Expanding business for pharmaceutical ingredients Deepen and diversify existing products Overseas Secure rights to access to ingredients	Enhance R&D for expanding product lineups Overseas Strengthen development and sales to the emerging market in Asia Overseas Strengthen sales in the North America and Europe

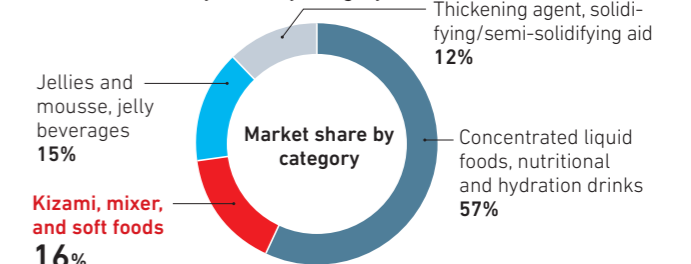
Growing nursing care foods and expansion into China

The market of food for the elderly in Japan is growing each year, and it is expected to exceed 150 billion yen in FY2026. The "kizami (minced), mixer (blended), and soft food" field, in which the Group has launched products, accounts for 20.7 billion yen, or 16% of the total market, which grew 106% YoY in FY2021. Of the Group, Maruha Nichiro Corporation and Yayoi Sunfoods Co., Ltd. are involved in this field, with a top overall market share at 26%.

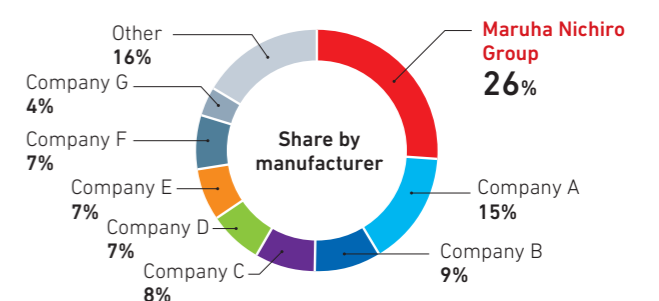
As of the end of 2021, there were over 200 million people aged 65 or older in China. The population of people of age 60 or older in China is expected to exceed 400 million in 2035. We have fully launched our business targeting the Chinese market where the population is ageing. We launched sales of products under the "Kaigo Ryohin (Nursing Care Goods)" brand for medical care at hospitals, including general hospitals, in March 2023. From June onwards, sales for elderly care related facilities were launched. At the same time, we will also start trial sales for in-home nursing care use, and accelerate initiatives, including product development, toward full-scale business launch and expansion.

Currently, there are few hospitals and medical facilities in China that provide easily consumable meals, which offer gradual changes in viscosity and hardness, for elderly people with declined masticatory ability, and the product lineup for home care is limited. Our future investment plan will be examined based on the sales trend. Our goal is to reach a sales level comparable to that in a domestic Group company in five to six years at Yantai RiLuDa Foodstuffs Co., Ltd. (45% owned by MN), a Group company with employees dispatched from the Company, and one cooperating company. We believe that we are the first Japanese company to enter the Chinese market with easy-to-eat, frozen mousse products. By bringing delicious and healthy nursing care foods to the nursing care frontline in the Chinese market, we will strive to achieve a link between business and sustainability.

Food for the elderly share by category



Kizami, mixer, and soft food share by maker



Source: Seed Planning FY2022 Food Market Comprehensive Analysis Survey for the Elderly/III

Examples of "Kaigo Ryohin" (Nursing Care Goods) (both are frozen)



Seafood, meat, vegetables, and other ingredients are made into a mousse and made into a single plate of main dish and side dish.

Our Approach to Economic Value (MNEV) Creation

Maximizing MNV (Maruha Nichiro Value) creation through agile financial management practices



Director and Managing Executive Officer of Maruha Nichiro Corporation

Seiichi Hiroshima

Ambitions upon taking office

I took the position of Managing Executive Officer responsible for Finance in April 2023. When I first joined the Company, I was assigned to a department in charge of overseas joint ventures and I was involved in the shrimp joint venture business. After spending three years in Japan, I was assigned to Mozambique. After that, I worked in legal affairs, accounting, and corporate planning. I later returned to accounting, building a career that continues to this day. I was in the Corporate Planning Department for the longest and was involved in corporate evaluations related to M&As. I was in the middle of the integration of Maruha and Nichiro, which gave me valuable experience. Finance and accounting may have a solitary image, but when a project arises, it is common to form cross-company teams and the

experience of handling the project in front of me as a team has led me to where I am today.

As Managing Executive Officer responsible for Finance, I am always conscious of the fact that we still have a long way to go in terms of our financial strength. While our equity ratio has improved to 28%, our borrowings exceed 300.0 billion yen. Although we have nine business units and our business domains are extremely broad, our equity ratio is still below the average of the food sector, which is in the upper 50% range, and the average of the entire manufacturing industry, which is in the mid 40% range. The average for the wholesale sector is in the mid-30% range, and as a company involved in the food industry, we are conscious of the standards in the food sector.

Recently, our earning power has been growing yearly, and we have developed a structure that can generate stable operating cash flows. During the four years of the previous Medium-term Management Plan, operating cash flows averaged 27.0 billion yen per fiscal year, totaling just under 110.0 billion yen, and our financial base has become more stable. We believe that our strength lies in the fact that we are now capable of generating operating cash flows of 40.0 to 50.0 billion yen per year under normal circumstances.

Results for FY2022

In the previous fiscal year, net sales exceeded 1 trillion yen, and operating income, ordinary income, and profit attributable to owners of parent were all the highest for Maruha Nichiro since the integration.

Overall, the Marine Products Business Segment led the way. First, in the Aquaculture Business Unit and the Marine Products Trading Unit, restaurant demand and commercial sales recovered as the economy settled following the COVID-19 pandemic. Another factor contributing to profit growth was the successful acquisition of additional access rights for Alaska pollock in the North American operations of the Overseas Business Unit, which enabled increased production of Alaska pollock fillet products. In addition, the pet food business in Thailand in the Overseas Business Unit also performed extremely well due to rising demand, resulting in a 4.2 billion yen increase in operating income for the Overseas Business Unit compared to the previous year.

Moreover, we believe that we have become a Company whose corporate structure is not affected by the market price of marine products, although we have often been pointed out as a Company with high volatility in terms of business performance, etc. There are more

		FY2021 results	FY2022 results	FY2024 plan (last FY of Medium-term Management Plan)	FY2027 target (last FY of next Medium-term Management Plan)
MNEV	(billion yen)	10.5	14.0	9.5~	11.0~
Net Sales	(billion yen)	866.7	1,020.5	960.0~	1,000.0~
Operating Income	(billion yen)	23.8	29.6	27.0~	31.0~
EBITDA	(billion yen)	42.6	47.4	46.5~	50.0~
Ordinary Income	(billion yen)	27.6	33.5		
ROIC	(%)	4.3	4.8	4.3~	5.0~
ROE	(%)	11.2	11.0	9.0~	9.0~
Net D/E ratio	(times)	1.4	1.5	~1.2	~1.0

MNEV = MNEV spread × invested capital (→p.25)

and more examples of past overseas investment projects coming to fruition, as exemplified by our pet food business in Thailand. Net sales of overseas business exceeded 200.0 billion yen in the previous fiscal year, and the business now generates nearly half of our operating income. Of course, meticulous due diligence is essential, but I believe we have been able to manage our Group companies from a risk management perspective while preserving their existing strengths, rather than leaving them to the management team after acquiring an overseas company.

We are currently expecting declines in both net sales and operating income, as we expect a significant decrease in profits at our Overseas Business Unit this fiscal year. This is because we believe that the pet food business, which was strong in the previous fiscal year, will be affected by the fact that this fiscal year is an adjustment phase for dealers in terms of inventories purchased under the influence of the COVID-19 pandemic. That being said, as a medium- to long-term trend, we expect the pet food business to grow as projected in our Medium-term Management Plan because it is highly likely that the pet food business will grow by 5-7% annually, and it will continue to be positioned as a profitable business.

Our response to the global trend of high costs will depend on how well the price hikes we have already implemented penetrate the market. Because price increases have been penetrated thanks to the persistence of the sales department and the strengthening of brand power, we will continue to carefully control prices while monitoring the supply-demand balance and other factors.

Efforts and challenges for the penetration of MNEV (Maruha Nichiro Economic Value)

One year has passed since the introduction of MNEV. Although the underlying concept itself has been around for more than 20 years, it is difficult to say whether people in our Company are familiar with it. Speaking of ROIC (Return on Invested Capital) is a concept that I am deeply attached to, as I tried to introduce it more than 10 years ago when I was in the Corporate Planning

Department, but failed because it was not understood at all within the Company. I even created a reverse ROIC tree and proposed it within our Company, but it was abandoned because at the time the mainstream approach was still to judge profits in absolute terms, and ROIC itself, which measures profitability, was still an unfamiliar concept.

Because we have been promoting MNEV in an internal environment that is not familiar with it, we have no choice but to steadily promote internal penetration of the MNEV, and we have established an Internal Penetration Subcommittee in the value creation management implementation project, of which I am the owner. The Corporate Planning Department, Corporate Branding Department, and Personnel Department are in charge of the subcommittee, and another feature of the subcommittee is that the Personnel Department has been added as a member in order to share the recognition that MNEV is meaningless unless it is reflected in personnel evaluations in the future. In the previous fiscal year, we held internal briefings by job level for the purpose of linking the budget to the value creation management we are currently pursuing. The hierarchy includes Unit Directors, Deputy Unit General Managers, Department Heads, and Managers of each business unit, and we told them at the briefings that the concept is important because it is linked to their respective budgets. In the current fiscal year, we have implemented initiatives to train people involved in the business portfolio and are implementing training on management indicators such as ROIC.

One of our Outside Directors commented, "What is the meaning if there is an increase in debt despite the adoption of ROIC?" This is correct, and the fact that this kind of discussion has occurred within our Company is in itself a positive thing, I think it is easy to understand the idea that there is such a return as a result of investing a certain amount of money, but I have heard that it is often difficult to understand in situations where the spread must be positive beyond this framework. We will promote understanding through means such as training to increase the number of people who understand MNEV, which will lead to sustainable financial management and growth for the Company.

Our Approach to Economic Value (MNEV) Creation

Strengthening our financial position and practicing strategic cash outflows to become a company that is well regarded by the capital market

While the improvement of our equity ratio mentioned above remains important, we also recognize that the time has come for us to go on the offensive with regard to investment for growth. As the Managing Executive Officer responsible for Finance, I believe that our growth potential is not being viewed by the capital market as expected. A decade ago, when the owner's equity was not as abundant as it is now, it was no wonder that the capital market did not value it highly. However, I believe that we can confidently tell people inside and outside our Company that "our growth potential is greater than what the capital markets are giving us, and not just to this extent."

I feel that the reason why the capital market's evaluation of our Company deviates from our expectations is because the growth strategy is not properly understood. We recognize that our explanations have been inadequate, and it is important not only to explain but also to have a dialogue from the viewpoint of the other party, in such a way as to make them understand that we are not a company with high volatility influenced by market conditions, but a company with the potential and ability to continue providing value to society.

Although our PER is currently around 7x, looking at our past performance, I think it is difficult for people to trust us if we tell them that we will definitely be profitable in the future. It has been 15 years since the integration, and the average net income for the first eight years after the integration was 2.8 billion yen. It was only 2.8 billion yen. For the second eight years, the average was

14.6 billion yen, and in FY2022 it was 18.6 billion yen. If there are no unexpected circumstances, we have the ability to generate stable net income of about 18.0 to 20.0 billion yen every year. While we had a negative legacy and had to deal with it for nearly 30 years, now our equity ratio has increased and we have transformed ourselves into a muscular company that can generate cash stably. We intend to repeatedly communicate this fact to increase confidence in our Company.

Of the 115.0 billion yen in cash flow from operating activities during the period of the Medium-term Management Plan, we expect to use 100.0 billion yen for investment in business strategy and sustainability strategy. The former is generally progressing as planned, with the actual amount in FY2022 of 34.0 billion yen and the plan for this fiscal year assuming 35.5 billion yen. However, cash flow from operating activities stumbled from the first year and turned negative. This was due to an increase in working capital as a result of the purchase of marine products and meat products whose market prices rose. But because we procured goods, sales exceeded 1 trillion yen and there was also a large increase in profit. In the previous fiscal year, cash flow from operating activities was almost zero due to a temporary increase in working capital, and we need to return this to a normal for the current fiscal year.

Cash flow allocation plan during the period of the Medium-term Management Plan

We place a great deal of emphasis on the current and projected status of inventories in each business division's operations briefing, but this has not yielded results yet over the near term. The number of units that

have increased their inventories is limited and we will continue to closely monitor them, especially the relevant units. The D/E ratio will not improve without normalizing cash flow from operating activities. We are placing the highest priority on normalizing cash flow from operating activities.

Regarding shareholder returns, although we acquired 5.0 billion yen of treasury shares in the previous fiscal year and increased the dividend by 10 yen to 65 yen, we recognize that this is still insufficient. Compared to the average dividend payout ratio for companies listed on the Tokyo Stock Exchange, which is around 30%, the dividend payout ratio is about 10 percentage points lower, and DOE is also below 2%, which is low to say the least. This is an issue that must be addressed, and the dividend increase and treasury share acquisition are the first steps. There has been some reluctance to return profits to shareholders, and perhaps it is part of the nature of a company that has long been engaged only in negative liquidation. Now that we have increased our owners' equity and have become a profitable company, we must fulfill our responsibility to our stakeholders in terms of shareholder returns. Although we have not set any specific KPIs in our Medium-term Management Plan, we intend to make it clear for the next Medium-term Management Plan how we will return profits to our shareholders.

Value generated from the linkage of business and sustainability

Creating environmental and social value does not always produce immediate economic benefits, so it is important to control the overall allocation of investments and adopt the perspective of making individual decisions for each investment separately. However, we believe that sustainability initiatives will always lead to economic returns when considered from a medium- to long-term perspective. The Group produces pet food in Thailand, and we were once notified by a Western customer that they would not buy from a company suspected of IUU fishing. In fact, there was no involvement with such kind of fishing, but we spent a considerable amount of money to establish a system to guarantee that we would not be involved in any way, and our efforts were well received by our customers, mainly in Europe and the United States, and we began to receive many orders. Eight years have passed since the start of our initiatives, and in light of the fact that the pet food business became the driving force of the Group in the previous fiscal year, we recognize that this is a good example of how investment in sustainability ultimately contributes to economic value.

We have a 100.0 billion yen investment plan for our business strategy and sustainability strategy, and as I mentioned earlier, we believe that this is an individual decision, not a monetary one. Of course, there is always

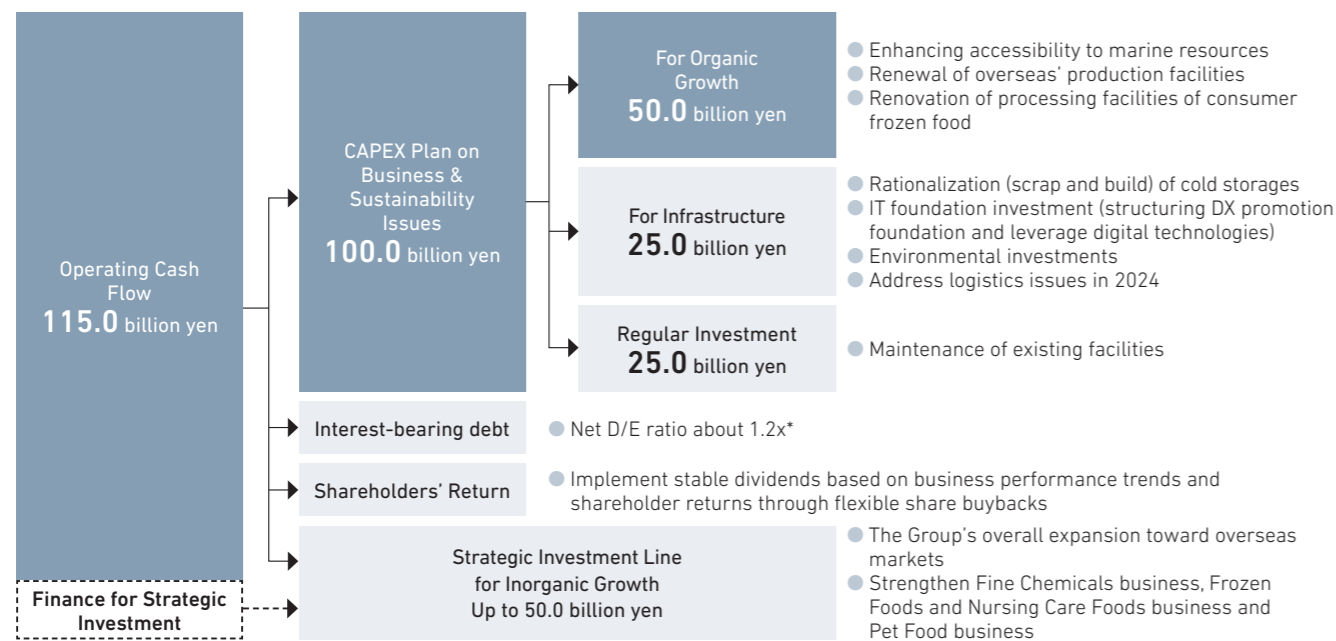


the option of increasing the amount, and there are also cases where we may have to reduce the amount depending on the cash flow situation. Nevertheless, we are committed to achieving carbon neutrality by 2050, so we have allocated 800.0 million yen in the previous fiscal year and 1.0 billion yen this fiscal year for investments in CFC-free logistics facilities. We are aware that we are making steady progress in the preparations that need to be made.

We are not only investing in physical assets, but also in intangible assets, such as human capital that will support the next 100 years. It is difficult to visualize the effects of human resources development, and I believe that we are in a transitional period in which various ways of thinking are emerging. What if the total cost related to human resources development is estimated and quantified by discounting it to present value? We are exploring the possibility of introducing such a concept that would allow us to summarize the total amount of human capital, which would make it possible to see which part of the budget should be increased or decreased. We would like to examine within our Company a concept that would enable us to efficiently invest the budget in human resources development as well.

Having overcome a period of instability in our financial base, we are now moving forward to a stage of growth. We will achieve stable cash flow, invest in growth, and strengthen of our financial base to maximize MNV. We ask for your support for Maruha Nichiro as we promote the integration of management strategy and sustainability.

Cash flow allocation plan (FY2022 to FY2024)



* Excluding impacts by strategic investments for inorganic growth

Human Capital Management Underpinning Sustainable Growth

— Change maker of the new era

Maruha Nichiro designates human resources who contribute to achieving the long-term Corporate Vision and creating new values as change makers, and actively makes human resources investment.

Message from the Executive Officer responsible for human resources

Human resources development strategy

We are reviewing and implementing measures to develop necessary human resources towards 2027 with consideration of the growth scenario of each business based on both internal and external environments. In recent years, there is a demand to promptly provide the necessary human resources. In order to make this possible, it is essential to match the skills required for each position with what each employee is looking for (career plan). Recognizing these issues, we are steadily implementing the visualization of human resources and development of human resources. By visualizing the shortage of human resources in the Company, we will reinforce training programs and identify important positions. At the same time, we will supplement the shortage in human resources that will likely to take time to address through active external recruitment. Through the above measures, we aim to build a foundation for developing the necessary human resources to achieve the next medium-term plan by the end of FY2024, and to create a system that enables the recruitment, placement, and training of human resources linked to our management strategy by April 2025.

Furthermore, starting FY2023, we have implemented a system that links human resources evaluation with each KPI of environmental value and social value listed in the sustainability strategy set forth in our Medium-term Management Plan. By reflecting this in personnel evaluations, we hope to improve the sustainability literacy of our employees and contribute to improving the feasibility of our sustainability strategy.

In addition to the above initiatives, we also plan to develop and secure human resources who specialize in the field of sustainability. One of our material issues, preserving biodiversity and ecosystems, falls in line with our brand statement and the maximization of the three values of the current Medium-term Management Plan. We believe that proper conservation of natural resources and ecosystems and their sustainable use are important initiatives to further strengthen the Company's competitiveness. Against this background, as a human resource



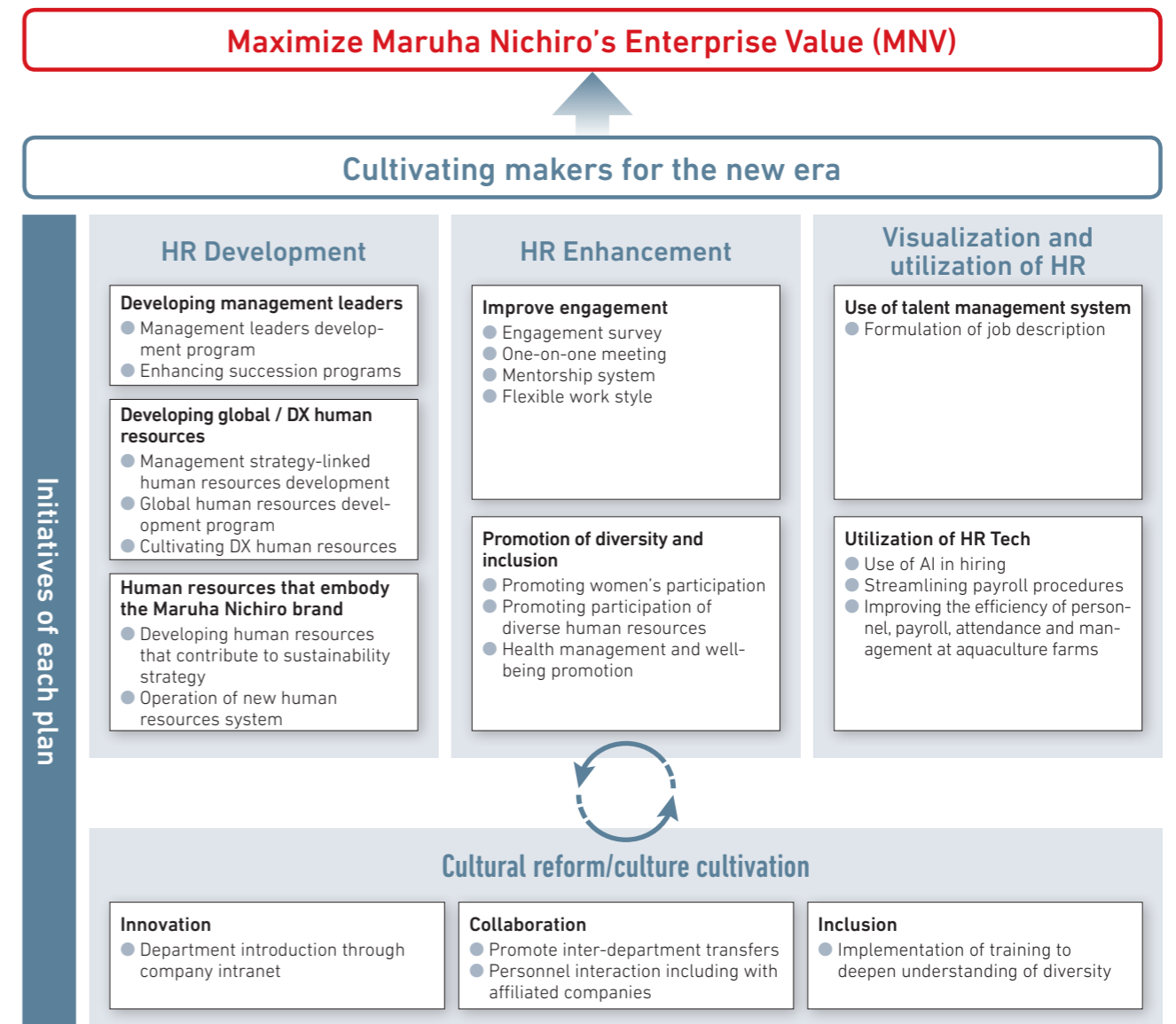
Executive Officer
Isao Wakamatsu

strategy for the conservation of marine resources and the future of the fisheries industry, we are actively developing and securing human resources who are familiar with international fishery business and aquaculture certification standards and fisheries administration in Japan and overseas.

Internal environment improvement strategy

The Company will implement a variety of measures as part of its internal environment improvement strategy. Initiatives include promoting the active participation of diverse human resources, promoting health management/well-being, and achieving flexible working styles, which will lead to fostering a company culture that enables individual strengths to be fully demonstrated and further transforms the Company into one that facilitates innovation and collaboration. Our goal is to improve enterprise value and realize sustainable growth through win-win relationships between the Company and our employees.

Maruha Nichiro human resources strategy system




Cultivating human resources | **Launch of operation of new human resources system**
 Medium-term Management Plan's economic value, environmental value, and social value linking KPIs and personnel evaluations

In order to constantly provide new value to the world and demonstrate our presence, we need to combine the knowledge we have accumulated internally and link it to innovation. As one of the aims to support this, we launched a new human resources system in FY2022. The evaluation system is characterized by a mechanism that links the Medium-term Management Plan and target management, and the establishment of new challenge targets as additional points in order to foster a corporate culture that promotes and encourages initiatives to take on challenges.

In recent years, the concept of sustainability has become mainstream, and in addition to economic value, environmental value and social value are now a point of emphasis. To ensure the realization of the Medium-term Management Plan with the theme of integrating business strategy and sustainability, starting in FY2023, we incorporated these perspectives into the individual goals of all employees so that they can share the importance of improving not only economic value but also environmental value and social value, and to encourage action. We aim to achieve the Medium-term Management Plan as a whole by incorporating the KPI targets of each Department Head in the key areas of each department from among the materiality of environmental value and social value, by having all employees break down and select issues that are closely related to them and set these as their individual goals.

Human Capital Management Underpinning Sustainable Growth

— Implementation of strategies for developing value-creating human resources

Details of initiatives can be seen at this URL 

Diversity & Work-styles 

Growth Opportunities 

We practice materiality-linked PDCA management to maximize MNV. In order to achieve the ideal state (KGI) defined according to our materiality, we will put efforts into various measures.

Building work environment that diversified employees can work with a sense of security

Relevant Materiality and Achievement Target (KPI)

- 2024:** Establish Maruha Nichiro Human Resource Development Program and set 2030 targets (MN*)
- 2030:** Percentage of female employees by maintaining 50% female recruitment ratio (MN*) 35% or more
- 2030:** Female management job ratio(MN*) 15% or more
- 2024:** Establish employee engagement assessment methodology and set 2030 targets (MN*)

*MN=Maruha Nichiro Corporation

HR Development

Developing globally competent human resources

As part of our management strategy aimed at maximizing enterprise value, we are working on the priority themes of expanding our operations in overseas markets and strengthening our access to resources throughout the Group. To realize these themes, we are operating and promoting the renewed "Global Human Resource Development Program" from FY2018. Participants were selected from volunteer applications (career-track employees who are at least in their second year and age 35 or under). The program consists of mandatory courses including adapting to different cultures, leadership, management and resilience, as well as elective courses unique to the Company including the global work seminar and the overseas training system.

Example of the training program

Global work seminar
Lecture-style seminars by employees with experience working overseas

Overseas training system
A system that allows employees to be seconded to an overseas affiliated company for a year

Participants in the global human resources development program to date

FY2018	FY2019	FY2020	FY2021	FY2022
33 persons	43 persons	44 persons	48 persons	58 persons

Employees who have met the four criteria, including attendance in mandatory courses and meeting the internal standards for TOEIC and TSST within three and a half years of the training period, make a final presentation to management before becoming certified for course completion. In addition to improved language skills, the pool of human resources who have learned skills such as cross-cultural management, presentations in global markets, and negotiation is growing. We are cultivating managerial human resources who can utilize our governance overseas by systematically assigning those who completed the training program to manage overseas subsidiaries and core business operations to grow their experience.

Developing management leaders

Since FY2018, we have been implementing a program that selects qualified personnel from a wide range of departments and positions, including General Managers, Section Managers, and non-managers, to systematically cultivate these human resources as management candidates. In addition to position-based training, we provide growth opportunities by allowing employees to build their careers as necessary, enabling the development of next-generation management personnel.

HR Enhancement

Promote participation of women and diverse human resources

In order to maximize MNV by strengthening the development and sales efforts from a diverse range of perspectives, we are actively promoting the active participation of women, among others. Since FY2022, we have achieved a female new employment ratio of over 50%. In addition, the rate of women taking childcare leave continues to be in the 100% range. Through these efforts, the ratio of female employees has been growing year by year. As of April 1, 2023, the ratio of female employees reached 28.1%. Going forward, we aim to increase this ratio to 35% by the target year of 2030. We will strive to promote women's active participation in various fields, including promoting women to managerial positions, further incorporating customer-oriented management such as assignment of non-regular employees overseas, as well as promoting decision-making and participation in management that reflect diverse opinions.

Flexible work style

Maruha Nichiro is creating a framework that allows employees to work while flexibly handling life events. Flextime without core hours has been implemented at the Head Office and branch offices since FY2018 and at the department level since FY2021. In terms of remote work, we have permitted working from home starting in FY2022. These systems also support the realization of a positive balance between work and childcare for employees with a child or children. This not only encourages female employees, but also male employees to take childcare leaves (short-term leave included), and as a result the Company acquired "Kurumin" certification in 2023.

Improve employee engagement

The Maruha Nichiro Group positions employee engagement as an important factor in increasing enterprise value. Since FY2021, we have conducted a pulse survey on a monthly basis to assess the level of employee engagement. There was no significant change in the company-wide engagement level over the past year. However, the results are used by Managers as a tool to reflect on their own management, and are used to grasp the level of engagement from a company-wide perspective.

In the future, we will expand this survey to target the entire Group in FY2023. In FY2024, we will establish an approach to evaluate Group employee engagement, and set targets by FY2030. In addition, we believe that it is of utmost importance to foster the corporate culture at right in order to increase the engagement of all employees for them to fully demonstrate their individual strengths.

As such, in FY2021, with the goals of improving psychological safety, improving the quality of the relationship between employees and their supervisors, and supporting the growth of employees, we introduced one-on-one meetings between employees and their supervisors, and conducted training for Managers to learn about teaching and coaching based on employee needs.

In addition, in FY2022, with the aim of building interpersonal relationships that transcend organizational affiliation and foster awareness of human resource development at an early stage, we have introduced a mentorship system involving employees in their third or subsequent years at the company under the age of 35 serving as mentors to new hire employees as mentees.

Results of Maruha Nichiro Corporation employee engagement survey

	FY2021	FY2022
Response rate (annual average)	94%	89%

* Targeted scope: Full-time employee of Maruha Nichiro Corporation (excluding Managers, general staff, seconded employees, employees assigned overseas, and employees on leave)
* Target period excludes April in both FY2021 and FY2022

Corporate culture that Maruha Nichiro aims for

- A culture that respects individual careers and lives, including various life events
- A culture of independent career ideas that allows individuals to convey their will and match it to the Company's purpose
- A culture of high psychological safety where one can take on challenges and make mistakes, and receive accurate feedback
- A culture that understands and respects diversity

Cultural reform/culture cultivation

Encourage male employees to take childcare leaves

To build a workplace environment where diversity is respected and where all employees can play an active role with peace of mind, we will foster a workplace culture that makes it easy for all employees, regardless of gender, to participate in childcare. The Company has endorsed the "Male Employee Childcare Leave 100% Declaration" and joined the "Ikuboss Corporate Alliance" with the aim of establishing a state of better well-being through improving work-life balance for all employees, whether it is someone in the phase of childrearing or management.

In FY2022, we held a management seminar on the promotion of men's childcare leave targeting General Managers, Deputy General Managers, and Section Managers, which was attended by about 350 participants. To encourage male employees to take childcare leave, we have started providing income support to those returning to work after April 2023.



Intellectual Capital Strategy for Creating Innovation

Since its founding, the Maruha Nichiro Group has been expanding marine products as one of its core businesses. However, as wild marine resources continue to be depleted, we are promoting innovation while recognizing that it is our Group's mission to continuously provide marine products.

Strategic research and development for creating innovation

The Group has increased its research and development expenses with a focus on marine products. As a result of research and development, we are conducting development centered on technologies related to aquaculture and marine product processing. In addition to the continuous provision of marine products, we have also developed farmed marine products that differentiate us from our competitors with extra added-value, including Jabara Citrus tuna, greater amberjack with function claims, and melt-in-your-mouth yellowtail. We recognize that it is important to have high added-value in order to increase the profit level while preserving marine resources.

In recent years, soaring labor costs and securing human resources at aquaculture sites have become important issues. We are actively promoting the automation and efficiency of aquaculture operations, including the use of AI, to not only reduce the burden on workers but also focus on cost reduction. As for marine product processing technology, we have unique initiatives underway, such as the development of substitute products for the rare soft shell shrimp. Our strength lies not only in the sale of marine products, but also marine product processing technology resulting in higher added-value.

In our development of technology, we aim to both ensure the speed of this development and accumulate it in-house by selectively utilizing external collaboration and in-house technology development as necessary.

Main innovations

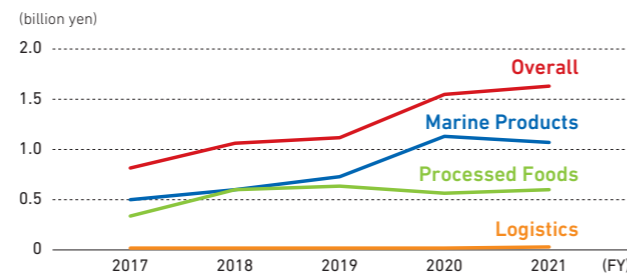
Technology	Summary
Jabara Citrus tuna	A technique to farm tuna that maintains vivid body colors by using feed containing Jabara Citrus, a specialty product of Kitayama Village, Wakayama Prefecture.
Functional labeled amberjack	A technology for cultivating amberjack that contains high concentrations of DHA and EPA. Sold as Japan's first product labeled as food with functional claims in the fresh fish category.
Melt-in-your-mouth yellowtail	A technology for cultivating farmed yellowtail that contains a high amount of the same fatty acids as Matsuzaka beef and Iberico pork, making the fish stay fresh longer and melt in your mouth.
Medicine for fish disease	Developed the therapeutic medication for treating Beko disease in farmed yellowtail that significantly impairs their commercial value jointly with Hayashikane Sangyo Co., Ltd. and the University of Tokyo
Fish counting device	Jointly developed an apparatus for accurately measuring the number of farmed fish using AI-assisted image analysis with Synkom Co., Ltd.
Bird-proof fish cage	Developed a large bird-proof fish cage for tuna aquaculture to deter birds from interfering with feeding
Fish measurement method	Developed technology to measure abdominal thickness without harming the fish
Soft shell shrimp substitute products	Technology related to substitute products for freshly molted shrimp that can be eaten with the shell, which is distributed as a rare product

Accumulation of intellectual property

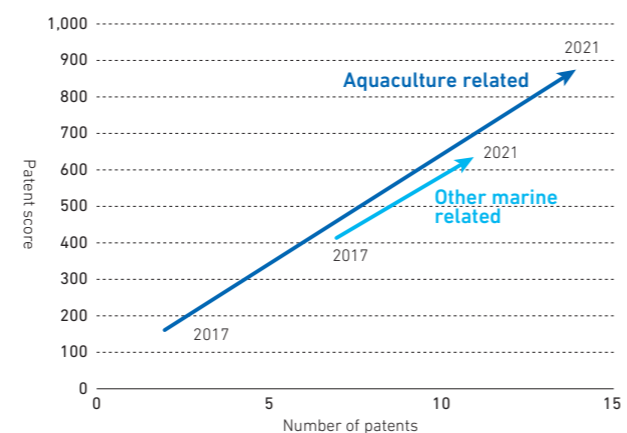
We have filed patent applications for the technologies we have developed, and by obtaining patent rights, we are working to ensure the continuity of our business operations and to secure advantages over our competitors. Compared to FY2017, the number of patents related to aquaculture has increased 7 times, and other marine products-related patents increased 1.5 times. Along with this, the patent score, which indicates patent value, also increased significantly.

Going forward, it will be important to expand the flow of technology development and acquisition of patent rights to other fields such as Frozen Foods and Fine Chemicals. We believe that in addition to patent rights, we must also shift to an intellectual property mix that includes brand perspectives, such as strategic acquisition of trademark rights.

Trend in R&D Expenses by Area (Maruha Nichiro Group)



Number of patents owned by Maruha Nichiro Corporation and changes in patent scores (comparison between FY2017 and FY2021)



*Patent score: An indicator of the level of interest in a patent provided by Patent Result Co., Ltd. It is calculated based on the applicant's willingness to obtain rights, the examiner's perception of the patent as a leading technology, and the level of attention from competitors.

Developing a system for intellectual property protection

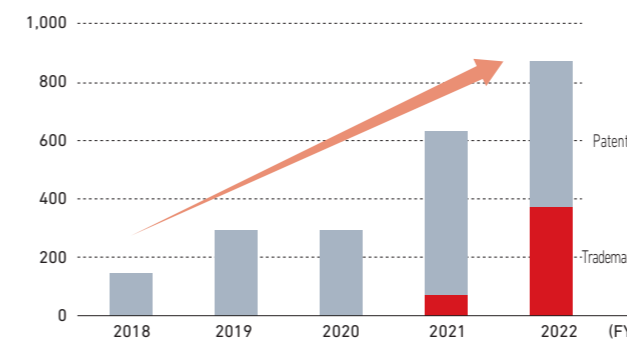
The Group is creating a system for intellectual property protection to safeguard the technology it has developed. In FY2018, the specialized Intellectual Property Group was established within the Corporate Planning Department. Since then, we have worked to strengthen the structure by continuously increasing the number of employees. Moreover, we also put efforts into fostering personnel with expertise. At the end of FY2022, 50% of staff in the Intellectual Property Group are either a patent attorney or 1st grade Certified Specialist of Intellectual Property Management.

Promoting intellectual property awareness internally and strengthening incentives

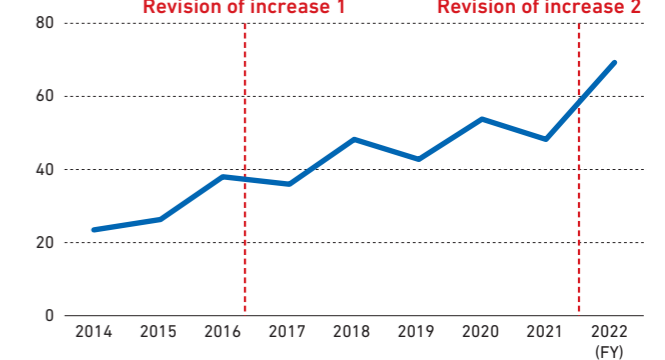
We conduct intellectual property training each year in an effort to increase awareness and knowledge of intellectual property among the whole Group. The training was initially intended for the business divisions and R&D departments. Since FY2021, we officially began offering the training as a webinar, which significantly increased the number of participants to include Group companies and persons in charge at regional locations, gradually increasing from 143 people in FY2018 to 633 and 873 (total) in FY2021 and FY2022, respectively. In addition, starting in FY2021, we started providing the training as part of basic training organized by the Personnel Department for new employees in an effort to promote the importance of intellectual property among employees regardless of their job placement.

Moreover, we have made two revisions to increase the amount of the monetary reward for inventions when employees file for a patent application. As a result, we continued to increase the amount of the reward per inventor and increased new patent applications, which proves the effectiveness of the enhanced incentive.

Number of participants in intellectual property training (persons)



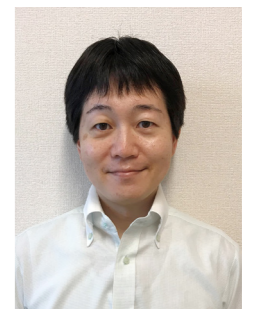
Changes in monetary reward paid per inventor (thousand yen)



Message from Representative

Intellectual capital, including intellectual property and intangible assets such as technology, know-how, brands, and trust created through our open innovation and branding activities, are the source of our competitiveness. We must grow these intellectual capital for the Group's value creation management, which requires a strong system that integrates these factors into the business and management.

We have promoted awareness on intellectual property and intangible assets at each business site through collaboration with the business divisions and R&D departments. On the other hand, the awareness of intellectual property and intangible assets from a management perspective is not sufficiently widespread. In the future, we will promote awareness among top management, such as through reforming the mindset of management personnel and department heads and publicizing the need for management personnel who are well-versed in intellectual property and intangible asset investment and utilization strategy in order to establish a strong system that integrates the above with management.



Group Manager
Intellectual Property Group
Corporate Planning
Department
Yasuo Hatsugai

Strengthen Corporate Brand Communication

In the Medium-term Management Plan “For the ocean, for life MNV 2024”, one of the measures to strengthen our management foundation for sustainable growth is “Strengthening corporate brand.”

Since 2018 when it introduced a new corporate brand strategy, Maruha Nichiro Corporation has been working as a whole to promote the “Maruha Nichiro” brand and enhance corporate value through various branding activities that leverage Maruha Nichiro’s unique strengths, both inside and outside the company, under the brand statement “For the ocean, for life.”

■ Conveying our aspirations and commitment

With the aim of increasing the value and the further growth of the Maruha Nichiro brand, we are continuing to communicate externally through corporate TV commercials, radio commercials, and web movies to foster deeper, broader understanding of our brand appeal and crystallize our uniqueness and originality based on the new corporate brand strategy launched in FY2018.

In our corporate commercials, we have been developing a series introducing Maruha Nichiro’s value chain since 2018, and in March 2023, we created a successor series focused on sustainability. By connecting one of the Company’s researchers at our Central Research Institute engaged in fish breeding at a land-based aquaculture facility with a family with a baby, we expressed our focus on “life and the future” and incorporated Maruha Nichiro’s commitment to sustainability as we work toward more environmentally friendly aquaculture for a sustainable society.

Corporate commercial “Sustainability” version



未来に、幸あれ。

Details of our commercials and filming behind the scenes can be found at this QR code (Japanese only)



■ “SAKANA X (Sakana Cross)” actions for fish across the future

For over 140 years, Maruha Nichiro has been finding new ways to make the joy of eating fish more accessible, ethical, and delicious for everyone. We believe fish has the power to enrich lives, and we’re taking new steps to make it happen since 2022.

Sakana means fish in Japanese, while the “X” represents change and the future—a transformative point that multiplies fish’s value by crossing it with new perspectives that interest, motivate, and drive you. This fresh cross-collaboration of ideas opens the doors to a healthier choice for people worldwide. Going forward, we are taking on new challenges that expand what’s possible for fish and achieving unexpected potential through exhibiting “SAKANA X” themed booths at various events, posting fish recipes on owned media, fan community sites, and Instagram.



Details of “SAKANA X” actions can be found at this QR code (Japanese only)



Umito.



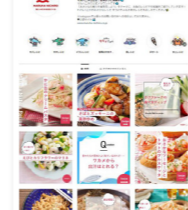
Umito. is the name of our official owned media introducing detailed information on the ocean and fish in an easy-to-understand manner in the form of an online magazine. (Japanese only)

Oishiine!!



Oishiine!! is the name of our official community site for Maruha Nichiro fans used as a venue to communicate with our customers. (Japanese only)

Instagram



Our official Instagram account features quick and easy, not to mention trendy, recipes for fish to spread the idea of fish as food. (Japanese only)

■ Crystallizing “SAKANA X” with ongoing sponsorship activities

As one of the “SAKANA X” actions, we are working to expand and strengthen “SAKANA X SPORTS.” In January 2022, we became an official partner of DeNA Sports, and in addition to our previous sponsorship of the YOKOHAMA DeNA BAYSTARS, a professional baseball team, we became a sponsor of the KAWASAKI BRAVE THUNDERS, a professional basketball team of the B.LEAGUE, and S.C.SAGAMIHARA, a professional soccer team of the J.LEAGUE.

By combining sports and fish, we are providing excitement, fun, and vitality through sports, while also continuously promoting the diverse value of fish, such as its health benefits and deliciousness, both inside and outside the company. We are engaged in efforts to popularize and promote fish consumption, including supporting athletes through seafood, distributing canned fish and fish sausages to children attending exercise lessons.

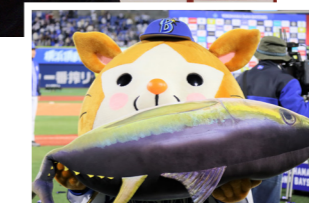
To enhance the value of fish, we plan to expand our efforts beyond sports through various initiatives such as “SAKANA X WELLNESS,” to a wider range of internal and external audiences through “SAKANA X” and develop proactive communication activities, thereby increasing the value provided by the Maruha Nichiro brand.



Presenting egg-to-harvest bluefin tuna to the MVP player of our sponsored game as a hero award



“My Birth fish” at the “SAKANA X” booth



Sampling of our products and other items to visitors at our sponsored games



Exhibiting the “SAKANA X” booth at our sponsored games



Distributing our products and “SAKANA X” tabloid magazine to children at SC Sagamiara Kids Dream Day 2022 to promote fish consumption

Message from Representative

Starting in 2018, we embarked on full-fledged efforts to strengthen our corporate brand and since then, we have been stepping up communication both inside and outside the company by various means to further penetrate the Maruha Nichiro brand.

First and foremost, we are strengthening our inner brand as part of these efforts. We are taking measures so that employees can understand and like our brand, and each and every one of them can embody the Maruha Nichiro brand outside the company and become a dynamic advertising beacon. Communication activities such as “SAKANA X” are closely linked to these inner measures. Going forward, we will continue to strengthen our corporate branding, demonstrate Maruha Nichiro’s unique superiority, and continue our activities to contribute to society to every extent possible.



General Manager
Corporate Branding
Department
Yoshiyuki Usuda

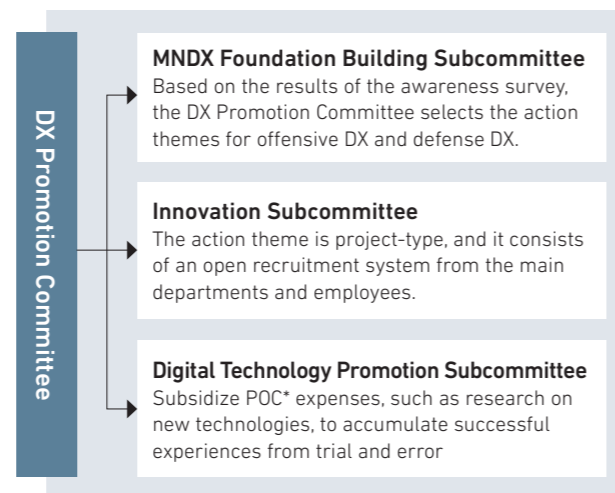
Building DX Promotion Foundation and Utilizing Digital Technology

One of the pillars of the Medium-term Management Plan is “Building DX Promotion Foundation and Utilizing Digital Technology.” We are working to establish a system for promoting DX under the leadership of management and strengthen the foundation for creating business transformation and new technologies. In order to realize our goal of data-driven management, we have established new functions responsible for internal data optimization management and started creating a framework for utilizing data internally and externally.

Basic approach and promotion framework

The DX Promotion Committee, which was established in FY2022 to serve as a control tower, is composed of all full-time Officers, including all Unit Directors who lead the creation of value on the frontline. After establishing subcommittees under the DX Promotion Committee, we are working to create an organization that can continuously create new value by improving production and innovation, striking a balance between “Defensive DX” centered on operational reforms, and “Offensive DX” centered on utilization of new technologies.

In July 2023, the establishment of this promotion framework and the efforts of MNDX (Maruha Nichiro Digital Transformation) were recognized by our certification as a “DX Certified Business Operator” by the Ministry of Economy, Trade and Industry.



*POC stands for proof of concept. POC is a series of verification work to confirm the feasibility of ideas and technologies used in services and products. POC is carried out at the stage prior to full-scale development and introduction

Survey of current situation and promotion of MNDX

In FY2022, the first year of the Medium-term Management Plan, we conducted an awareness survey (2,010 respondents) to solicit proposals from all Officers and employees from the perspectives of “Defensive DX” where operations are re-examined leads to increase productivity, and “Offensive DX” that leads to value creation and increased competitiveness. This represents the first step toward employees taking ownership of these initiatives. Based on these results, since the start of FY2023, the Innovation Subcommittee has been promoting 32 projects and the Digital Technology Promotion Subcommittee seven projects.

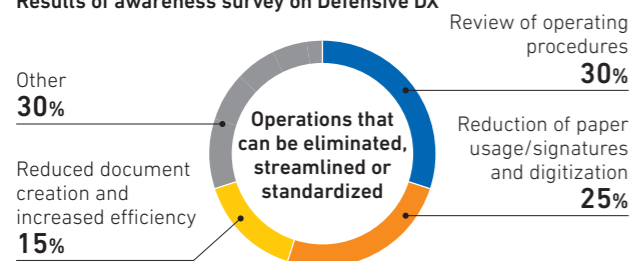
Defensive DX

The survey on the current situation indicated that the majority of opinions in Defensive DX call for (1) elimination of paper-based work and signatures, and (2) standardization of document creation and business procedures. Each is now being promoted as a reform project. By digitizing and pursuing paperless operations, we have achieved a reduction of 975 hours/month as of April 2023.

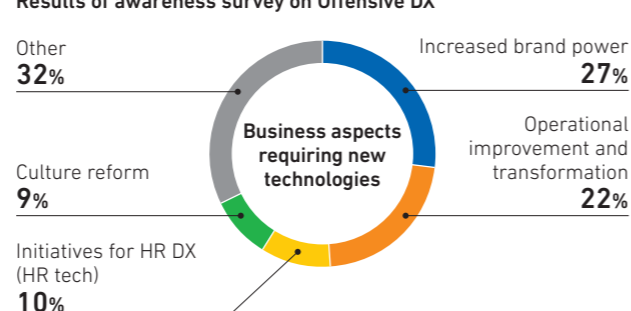
Offensive DX

In the survey on Offensive DX, opinions were received for “improving brand power” and “business improvement and reform.” Among them, we decided to work on company-wide “digitization of information indispensable for strategy planning and execution in sales,” which was widely shared in the opinions and is closely related to DX. In order to improve the productivity of sales activities and our ability to make customer proposals, we are working to review operations using digital technology with the goal of increasing the time spent outside the Company by sales department employees by approximately 12% (18 hours per month/person).

Results of awareness survey on Defensive DX



Results of awareness survey on Offensive DX

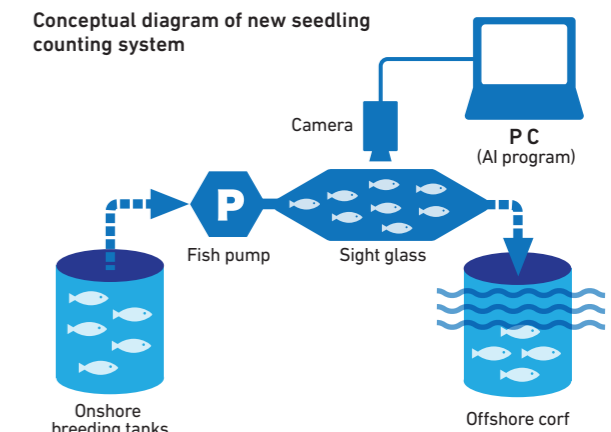


Utilize digital technologies

In the utilization of digital technologies, the number of cases where the results of POC are being introduced into actual operations is increasing. This includes development of a new seedling counting system in the aquaculture business and the automation of optimal production planning at plants utilizing the technology of a start-up company.

Case study: Development of new seedling counting system

Counting seedlings (juvenile fish) is an essential task for optimizing “feeding amount,” “medicine dosage,” and “breeding density” after offshore placement to achieve highly accurate production planning. Conventionally, juvenile fish were counted using the “gravimetric method,” but due to the large load on the fish body and counting inaccuracies, there were problems in optimizing the medicine dosage and breeding density after offshore placement. As a result, the Central Research Institute and Maruha Nichiro Aquaculture Technology Development Center Co., Ltd. have developed a high-precision fish counting system that combines fish pump, specially shaped sight glass, and AI image recognition technology. Furthermore, the introduction of this system is expected to have various effects, such as reducing the load on fish bodies, conserving labor, and increasing the efficiency of counting work. Looking ahead, we are considering deploying this system within the fisheries industry, contributing to the improvement of quality and the realization of sustainability in the aquaculture industry as a whole.



Cultivating DX human resources

In order to secure human resources who will drive the Group’s DX, after taking inventory of employees’ digital skills, we have started a company-wide systematic human resource development plan classifying Digital Transformation Department members into three groups: DX coordinators who bridge business and engineers into, DX leaders who promote DX in the business, and DX engineers who realize DX with digital technologies. In FY2023, we are planning special training targeting management who will play a leading role in DX and specific young employees.

In the future, by actively collaborating with IT vendors and startups and venture companies, we will pursue steady human resource development that is closely related to our businesses.

In April 2023, with the aim of in-house production of know-how and technologies, we made Maruha Nichiro Solutions Co., Ltd., an IT systems Group company, a wholly owned subsidiary.

Message from Representative

The way we work has changed a great deal in the past few years. From FY2017, we took the perspective of whether there are any problems with the Company’s conventional wisdom and started to improve management operations to optimize the entire Company. In FY2020, we started the first step toward transforming our corporate culture in a short period of time, including the launch of the “New Work Style Project.”

In FY2022, we established the Digital Transformation Department to further strengthen our DX promotion foundation. In order to enhance enterprise value, we believe it is necessary to collaborate with companies that have expertise in various fields, not just relying on internal efforts. By partnering with such companies and expanding our network, we can execute transformative changes with a customer-centric perspective through fresh ideas. The larger the number of advocates who work together, the quicker MNDX can be pushed forward. We will carefully promote initiatives so that employees fully recognize the implications of business x DX.



Manager
Digital Transformation Department,
Administrative Innovation Office
Masato Takou

“For the ocean, for life” Sustainability Strategy

Details of initiatives can be seen at this URL

Sustainability Management



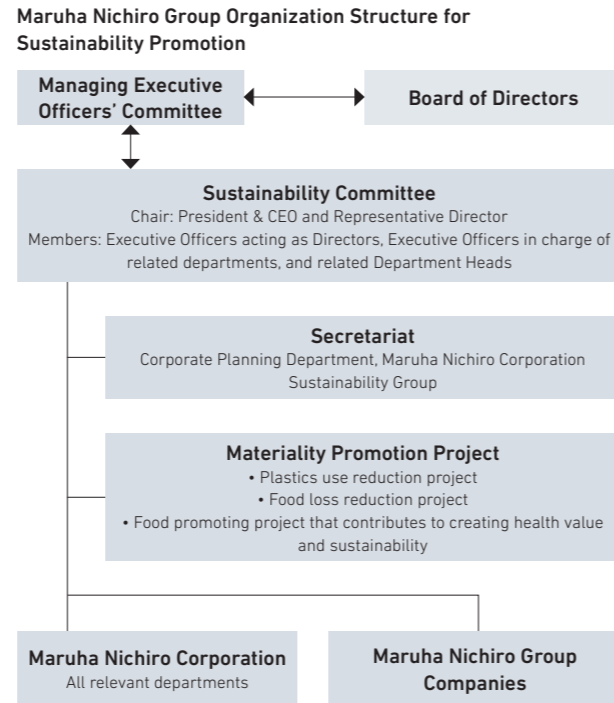
Sustainability Management

The Maruha Nichiro Group aims to create Maruha Nichiro Value (MNV) for all stakeholders in order to achieve greater enterprise value and sustainable growth through the integration of management strategy and sustainability. Under the sustainability strategy of “For the ocean, for life MNV 2024” in the Medium-term Management Plan, which started in FY2022, we are making an effort to achieve KGIs (ideal state in 2030) and KPIs for nine revised materiality, with an implementation structure led by the Sustainability Committee.

Strengthening the promotion framework for sustainability

The Sustainability Committee of the Maruha Nichiro Group is chaired by the Representative Director and President & CEO, and consists of the Executive Officers who also serve as Directors of Maruha Nichiro Corporation, officers in charge of related departments, and related Department Heads as committee members, with Outside Directors and Audit & Supervisory Board Members as observers. In order to integrate sustainability into management strategy, we must strengthen our framework for promoting sustainability. Since FY2022, the Sustainability Committee has increased its frequency of meeting from biannually to quarterly. In addition, we also involve nine Unit Directors in these meetings to incorporate business strategies into our sustainability initiatives and engage in more active discussions.

The Sustainability Committee conducts progress management of the nine materiality areas, establishes plans and targets for the Group’s overall sustainability strategy, and discusses the activity evaluation of each Group company. In FY2022, the Committee met four times as scheduled where discussions were held on the following agenda items. A cross-sectional project was formed for initiative implementation on the three themes of the materiality that were particularly relevant to the business strategy of the business unit: plastics use reduction, food loss & waste reduction, and food provision contributing to creating health value and sustainability.



Main agenda of the Sustainability Committee in FY2022

Main agenda	Content
Review of previous Medium-term Sustainability Management Plan	<ul style="list-style-type: none"> Progress on the numerical target of “Creation of Environmental Value” Progress on other materiality
Progress of materiality in the Medium-term Management Plan “For the ocean, for life MNV 2024”	<ul style="list-style-type: none"> Progress on three projects (plastics use reduction, food loss & waste reduction, and food provision contributing to creating health value and sustainability) Progress on other materiality
Reflection of non-financial indicators in personnel evaluations for FY2023	<ul style="list-style-type: none"> A part of personnel evaluation of Maruha Nichiro Corporation employees includes the progress and achievement of materiality initiatives
Implementation of TCFD scenario analysis	<ul style="list-style-type: none"> In addition to the Aquaculture Business Unit in FY2021, targets of TCFD scenario analysis have been expanded to include the Fishery Business, Marine Products Trading, Overseas Business, Processed Foods Business, and Foodstuff Distribution Business units.

Progress and KPI achievement of materiality

The results and self-evaluation on the progress of the nine materiality areas and the achievement status of the KPIs, with respect to the main KPIs, target values, and target years are as shown in the table on the right. While we have made steady progress as planned on many KPIs, there are some items where little progress has been made, such as biodiversity risk assessment. We will work with stakeholders internally and externally to implement individual initiatives and regularly report on the progress.

Progress on materiality and KPI achievement (as of March 2023)

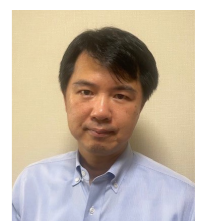
Materiality	KGI (Ideal State in 2030)	Main KPIs	Target		FY2022 results	
			Target value	Target year	Results of progress and comments	Self-evaluation
(1) Action for climate change	Establish a leading position in the industry for decarbonization and action for climate change	Formulation of CO ₂ emission reduction roadmap (Domestic G ¹)	—	2022	Established and disclosed in September 2022	★★★★★
		CO ₂ emissions reduction rate (FY2017 ratio: Domestic G)	30% or more	2030	CO ₂ emissions reduced by 8.8% from FY2017	★★★★☆
		Achieve carbon neutrality (Overall G ¹)	—	2050	Various measures underway to achieve carbon neutrality	★★★☆☆
		Reduction rate of plastic usage for container and packaging (including switching to bioplastic, recycled materials, etc.) (MN ¹)	30% or more	2030	The amount of plastic usage for container and packaging was reduced by 1.5% from FY2020	★★★☆☆
(2) Contributing to a recycling-oriented society	Circular economy through efficient use of resources is prevalent and practiced within the Group	Food loss (product waste) reduction rate (Domestic G)	50% or more	2030	The amount of food loss was reduced by 10.4% from FY2020	★★★★☆
		Recycling rate of food waste (Domestic G)	99% or more	~2024	Recycling rate of food waste: 98.4%	★★★★☆
		Establishment of fishing gear management guidelines and operational rates (Overall G)	100%	2024	Establishment of a draft and preparation of trial implementation of fishing gear management guidelines	★★★★☆
(3) Action for marine pollution by marine plastics	Practice zero discharge of plastics into the ocean by the company & supply chain	Employee participation rate in coastal cleanup (Domestic G)	30% or more	2030	Employee participation rate in cleanup: 7.9%	★★★★☆
		Resource status confirmation rate of handled seafood products (Overall G)	100%	2030	Resource status confirmation rate of handled marine products: 81.8%	★★★★☆
(4) Action for preserving biodiversity and ecosystem	Confirm that there is no risk of resource depletion in the fish stocks we handle	Conduct biodiversity risk assessment (Domestic G)	—	2024	Method for conducting biodiversity risk assessment under review	☆☆☆☆☆
		Implementation of certification level management for aquaculture farms (Domestic G)	—	2024	Formulation of draft voluntary management standards for aquaculture farms	★★★★☆
(5) Provision of safe and secure food	Providing safe food to people around the world	Major quality-related incidents ² (Domestic G)	Zero	2024	Four serious quality-related incidents occurred	★★☆☆☆
(6) Food provision contributing to creating health value and sustainability	Branded as a top food company contributing to health value creation and sustainability	Establish product standards that contribute to health value creation and sustainability and set targets for FY2030 (MN)	—	2024	Formulated definition of and basic approach to foods that contribute to health value creation and sustainability	★★★★☆
(7) Building work environment that diversified employees can work with a sense of security	A workplace environment where diversity is respected, and employees feel safe and comfortable to work	Percentage of female employees by maintaining 50% female recruitment ratio (MN)	35% or more	2030	Female recruitment ratio in FY2023 : 52%	★★★★☆
		Percentage of women on Board of Directors (MN)	30% or more	2030	Ratio of female among all Directors and Audit & Supervisory Board members: 15.4%	★★★★☆
		Female management job ratio (MN)	15% or more	2030	In April 2023, the ratio of female managers increased from 5.5% to 7.0%	★★★★☆
		Establishment of Maruha Nichiro Human Resource Development Program and targets set 2030 targets (MN)	—	2024	Establish various training programs including Global Personnel Training Program	★★★★☆
		Establish employee engagement assessment methodology and set 2030 targets (MN)	—	2024	Approach to employee engagement was established at Maruha Nichiro Corporation and expanded globally	★★★★☆
(8) Respect for human rights in business operations	Zero human rights violations (such as forced labor) by the company & supply chain	Confirmation rate of zero human rights violations in the supply chain (Overall G)	100%	2030	Tentative guidelines on the employment of Foreign Technical Intern Trainees and Specified Skilled Workers formulated	★★★★☆
(9) Development of sustainable supply chain	Working with suppliers to build a sustainable procurement network	Rate of agreement with supplier guidelines and rate of improvement in key items (Overall G)	100%	2030	Introduction and start of operation of supplier survey system	★★★☆☆

¹ Abbreviations of target organizations: MN=Maruha Nichiro Corporation, Domestic G= Domestic Group Consolidated Companies, Overall G=Global Consolidated Companies
² Serious quality-related incidents are defined as product recalls announced in newspapers or on the Company’s Website due to violations of relevant regulations and voluntary codes as specified in GRI Standards 416-2 and 417-2

Message from Representative

The Sustainability Committee was launched in 2018 to manage progress as well as share issues and information on the materiality of the entire Maruha Nichiro Group. Starting with the current Medium-term Management Plan (FY2022), the three components of economic, environmental and social values are treated as three-in-one in order to increase their effectiveness. The plan involves creating projects for materiality such as food loss & waste reduction, achieving cross-departmental planning and review of integrated reports, and incorporating non-financial indicators in personnel evaluations. The Sustainability Committee is a platform for leaders of each field to share sustainability-related initiatives and all members to hold active discussions.

Looking back on the past year, while we have mostly made progress according to plan, society’s expectations and demands concerning sustainability are increasing on a daily basis. Therefore, we will continue to promote sustainability activities while striving to improve our employees’ awareness about materiality and further accelerate the resolution of issues.



General Manager
Corporate Planning Department
Keiichi Hoshi

“For the ocean, for life” Sustainability Strategy

Details of initiatives can be seen at this URL

Health value creation



Food Provision Contributing to Creating Health Value and Sustainability

Relevant Materiality and Achievement Target (KPI)

Food provision contributing to creating health value and sustainability

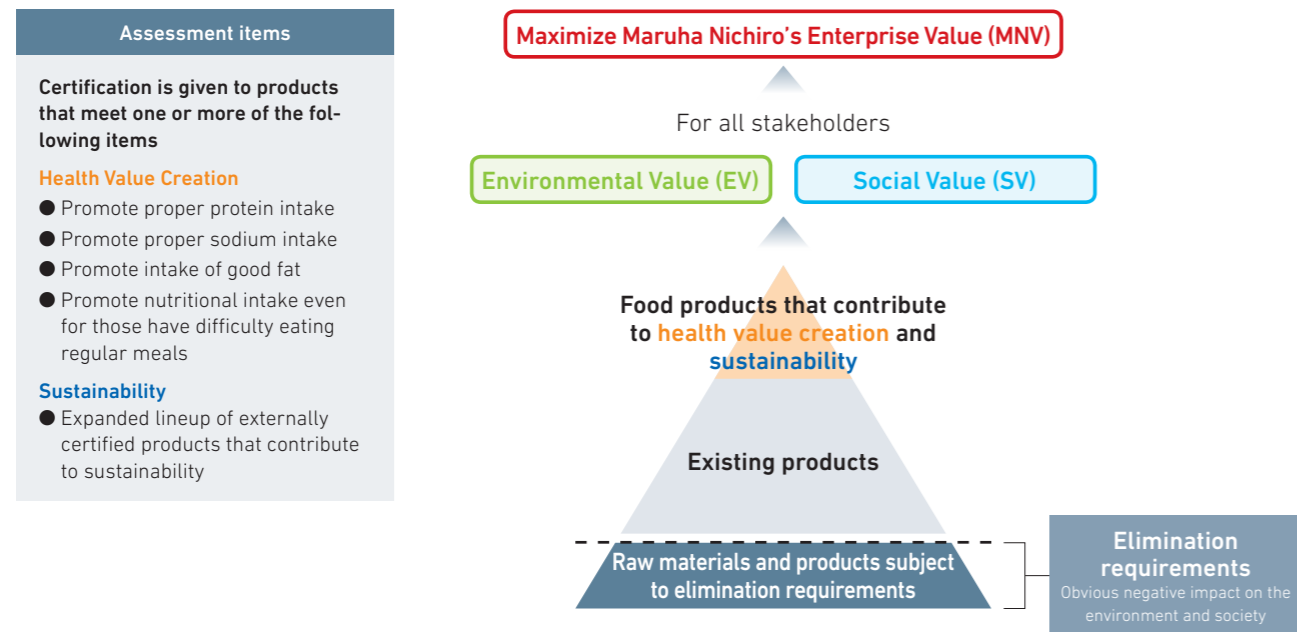
2024: Establish product standards that contribute to health value creation and sustainability and set targets for FY2030 (MN*) **2024:** Build an external evaluation method of an enterprise that contributes to the creation of health value and sustainability (MN*)

*MN: Maruha Nichiro Corporation

Establishing the concept of product standards that contribute to MNV creation

In FY2022, Maruha Nichiro launched the project of providing food that contributes to health value creation and sustainability (known as “Health Value Creation Project”, in aims of establishing, disseminating, and promoting the handling of, definitions and standards for food provision contributing to creating health value and sustainability. The Company also established a system of standards for products that contribute to MNV creation. In formulating the system, after listing the issues that Japan’s society faces, we selected issues that strongly require our business involvement, and set evaluation items for each selected issue.

System of standards for products that contribute to MNV creation



For the creation of health value, we endorse the two action plans of promoting innovation in food related industries and promoting behavioral change for personal nutrition as part of the important agenda in Tokyo Nutrition for Growth Summit 2021 hosted by the government of Japan. Given this, we have established criteria for evaluating products that contribute to health value creation including the following four items: promote proper protein intake, promote proper sodium intake, promote intake of good fat, and promote nutritional intake even for those with difficulty eating regular meals.

And we will promote an “expanded lineup of externally certified products that contribute to sustainability (MSC-certification, ASC-certification, etc.)” as the criteria for evaluating products. In addition, as a premise, we have clarified the requirement to eliminate any ties to IUU fishing (illegal, unreported, and unregulated) as well as eliminate any ties to forced or child labor that clearly have a negative impact on the environment and society. We will ensure that raw materials and products we handle are not subject to any exclusion requirements.

Promotion structure and future roadmap

We launched the Health Value Creation Project in FY2022 as a company-wide effort that brings together members from the Product Development Department, Quality Assurance Department, Consumer Relations Center, Central Research Institute, and other related departments, in addition to business units. In FY2023, we will determine the specific product standards for protein, sodium and fat intake and establish KPI for each product evaluation item in contributing to MNV creation. Following the establishment of product standards, we will urge internal members to increase the number of compliant products based on marketing data for each. Furthermore, we will review methods for external evaluation while working with agencies, such as the Strategic Initiative for a Healthy and Sustainable Food Environment by the Ministry of Health, Labour and Welfare, with the aim to meet the 2024 KPI of establishing an external evaluation method as an enterprise that contributes to health value creation and sustainability, thereby embodying our brand statement, “For the ocean, for life”.



A look at Health Value Creation Project in action

Future roadmap



Collaborative initiatives such as industry-government-academia collaboration

Participation in “the Strategic Initiative for a Healthy and Sustainable Food Environment (HSFE)” organized by the Ministry of Health, Labour and Welfare.

In January 2023, Maruha Nichiro joined “HSFE” organized by the Ministry of Health, Labour and Welfare. This initiative aims to develop a naturally healthy food environment for all through collaboration and cooperation between multiple sectors including industry, academia and government. Participating companies are required to set SMART* action goals and evaluation indicators to enable discussion and collaboration toward a more effective plan among participating businesses. Setting an action goal and evaluation indicators for improving the nutritional issue of excess sodium intake indicated in the initiative aligns with our mission of providing food that contributes to health value creation. Through our involvement, we aim to encourage behavioral change particularly in sodium intake in the dietary habits of people in Japan.

*SMART goal setting approach stands for Specific, Measurable, Achievable, Relevant, and Time-Bound as the five parameters to include in goal setting.

Message from Representative

As the Group’s philosophy, Maruha Nichiro Group aims to be an essential part of society by improving everyone’s daily life with wholesome, safe and healthy food. In terms of providing healthy food, the Group has made identifying its approach to resolve health issues for customers as a food company thereby improving everyone’s health value as a materiality in the current Medium-term Management Plan.

In 2022, the Ministry of Health, Labour and Welfare launched “HSFE” to start initiatives that focus on addressing nutritional issues in Japan. Under the slogan of “For the ocean, for life,” we believe it is also our mission to aid in resolving nutritional issues.



Food promoting project that contributes to creating health value and sustainability leader
General Manager
Corporate Branding Department
Yoshiyuki Usuda

“For the ocean, for life” Sustainability Strategy

Details of initiatives can be seen at this URL [↗](#)

Climate Change



Initiatives for Carbon Neutrality and Eliminating Plastics

Relevant Materiality and Achievement Target (KPI)	
Action for climate change 2022 Formulation of CO ₂ emission reduction roadmap (Domestic G*) 2030 CO ₂ emissions reduction rate 30% or more (FY2017 ratio: Domestic G*) 2050 Achieve carbon neutrality (Overall G*)	Contributing to a recycling-oriented society 2030 Reduction rate of plastic usage for container and packaging (including switching to bioplastic, recycled materials, etc.) (MN*) 30% or more (FY2020 ratio)

* MN = Maruha Nichiro Corporation, Domestic G = Domestic Group Consolidated Companies, Overall G = Global Consolidated Companies

Carbon Neutrality

Progress in reducing CO₂ emissions in accordance with the CO₂ emission reduction roadmap

In September 2022, in addition to assessing the current status of energy consumption across the entire Group (amount of electricity and fuel usage, details of contracts with electric power companies, etc.), we analyzed the feasibility of installing solar power generation panels and switching to renewable energy sources at each of our business sites, prioritized them, and developed a “CO₂ Emission Reduction Roadmap” as a Group-wide reduction plan.

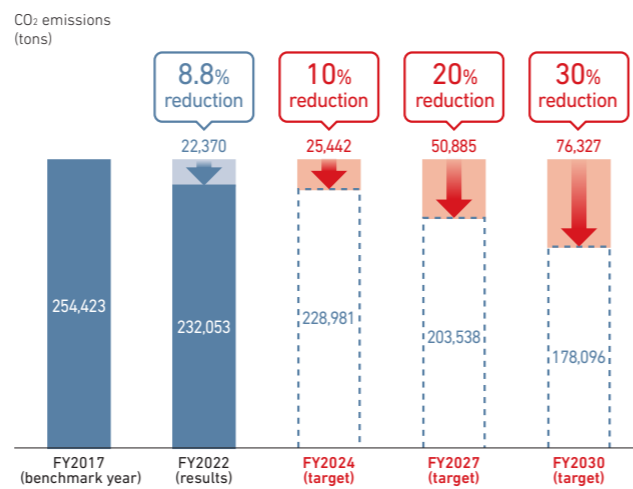
This Roadmap is divided into three phases leading up to 2030: in Phase 1 (FY2022-2024), we aim to achieve a CO₂ reduction rate of 10%, in Phase 2 (FY2025-FY2027) a CO₂ reduction rate of 20%, and in Phase 3 (FY2028-FY2030) a CO₂ reduction rate of 30% or more, with the ultimate goal of achieving carbon neutrality.

In FY2022, the first year of Phase 1, we conducted site inspections of plant and warehouse sites identified as having significant potential for the introduction of solar power generation facilities both onsite (the installation of solar power generation equipment on, e.g., the roofs of company facilities) and offsite (procurement of remote renewable electricity directly from power producers). We are proceeding with the introduction of onsite solar power generation facilities at feasible locations, and as of FY2022 we have reduced CO₂ emissions by 8.8% compared to the benchmark year of FY2017.

Utilizing sustainable energy

As a concrete initiative in FY2022, we compiled detailed data such as power-related materials and structural statements for sites subject to onsite and offsite solar power implementation. At sites subject to onsite solar power generation implementation, site inspections were conducted by installation contractors. Based on the compiled data and the results of onsite inspections, each site is discussing the specifics of implementation. In FY2023, we will continue proceeding with the introduction of onsite solar power at applicable sites. We will also discuss specifics for the implementation of offsite solar power. Through these efforts, we project that we will reduce CO₂ emissions by approximately 23,000 tons over the three-year period.

Reduction in CO₂ emissions



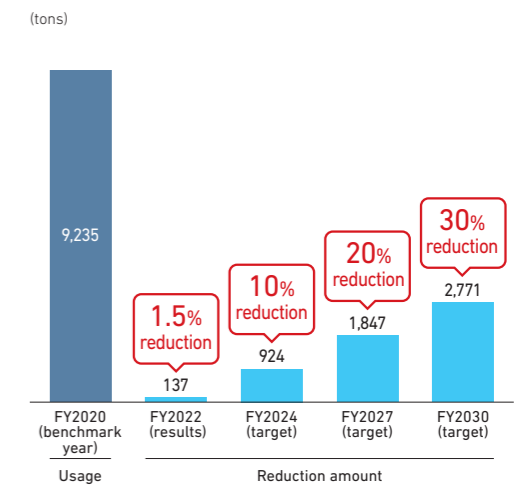
Solar panels installed at Marine Access Corporation (installed in Jan. 2023, estimated to generate approx. 650,000 kWh annually and reduce CO₂ emissions by approx. 260 tons)

“Deplastification”: Reducing the amount of plastics used for containers and packaging

Promotion framework

Since it is necessary for the entire Company to share information and cooperate on the materiality, which involves a large number of units, from FY2022 we launched a project to reduce the amount of plastics used. With the Managing Executive Officer as project owner and the General Manager of the Product Development Department as project leader, we have established targets for FY2024 and are proceeding with specific efforts to achieve the targets.

Reduction in petroleum-derived plastics



Establishing targets for reducing the amount of plastics used for containers and packaging, and status of progress

In FY2020, the benchmark year, the amount of plastic containers and packaging used amounted to approx. 9,235 tons. In order to achieve our KPI of reducing this amount by 30% by FY2030, we are aiming to reduce this amount by approx. 2,771 tons. Our target for FY2024, the target year of the Medium-term Management Plan, is a 10% reduction (approx. 924 tons) compared to FY2020 levels, and in FY2022, while we implemented various measures, we achieved a reduction of 137 tons (approx. 1.5%)

Improving product containers and packaging

Measures such as switching to environmentally friendly materials and reducing the size of packaging materials, which have been implemented in the past, as well as issues, are being shared within the project team, and we are considering utilizing these for other products. Also, multiple workshops held by a packaging material manufacturer helped promote this initiative internally, and in FY2022 the marine products division revised the tray size for fresh shrimp and began working to reduce the amount of plastic used. We regularly share information so that other business divisions can deploy the above-mentioned initiatives.



Example of improving containers/packaging (Center tray: before improvement; Right tray: after improvement)

Looking ahead

In FY2022, the main activities were ascertaining the current status of planning and sharing information among project members, resulting in only about 1.5% reduction in plastic usage. In FY2023, we will continue working to achieve the target of plastics use reduction by developing a platform for information sharing and holding workshops for product staff, so that product staff can share information on how to reduce plastic usage.

Message from Representative

The plastics use reduction project aims to reduce the amount of plastic used in the containers and packaging materials of various products, such as commercial, institutional, and marine products, by 30% by 2030, in order to realize a recycling-oriented society, which is the materiality for the creation of environmental value.

Reducing plastic, which is a material closely associated with the design of all of our products, presents various obstacles from a quality perspective, such as preventing deterioration in quality due to thinner packaging materials and ensuring resistance to impacts during shipping. This is no easy task, but we will promote the sharing of information among staff members and the permeation of an internal awareness of this topic so that all of our business divisions can take personal responsibility for realizing a sustainable society. We are making steady progress, specifically on reducing the volume of trays and the size of packaging materials, as well as using alternative materials such as biomass.

We will continue working as an entire company to promote the realization of a sustainable society.



Plastics Use Reduction project leader
General Manager
Product Development Department
Kazunori Tani

- About Maruha Nichiro Corporation
- President's Message
- Business Model as a Strength
- Strategies to Maximize MNV
- Performance Highlights
- Unit Strategies
- Corporate Governance Supporting MNV Creation
- Corporate Data

“For the ocean, for life” Sustainability Strategy

Details of initiatives can be seen at this URL [↗](#)

Human Rights



Value for Business Partners



Respect for Human Rights and Development of Sustainable Supply Chain

Relevant Materiality and Achievement Target (KPI)

Respect for human rights in business operations 2024 Rate of human rights training (Domestic G*) 100% 2030 Confirmation rate of zero human rights violations in the supply chain (Overall G*) 100%	Development of sustainable supply chain 2024 System cover rate (MN*) 100% 2030 Rate of agreement with Supplier Guidelines and rate of improvement in key items (Overall G*) 100%
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* MN = Maruha Nichiro Corporation, Domestic G = Domestic Group Consolidated Companies, Overall G = Global Consolidated Companies

Respect for human rights

History

In order for the Group to conduct its business activities it is essential to build a sustainable supply chain that takes into consideration human rights and labor practices, such as the prohibition of forced labor and child labor, as well as social responsibility and the environment. In FY2019, we began full-fledged efforts to establish a framework for human rights due diligence, and we are working to identify and assess current human rights risks in our domestic and overseas business activities. In human rights training programs for Group employees, we also strive to foster an awareness of international standards for respect for human rights.



Human Rights Risk Survey of Maruha Nichiro Certified Plants

From FY2020 to FY2021, we analyzed the results of a human rights and labor practices survey which targeted key Maruha Nichiro Corporation Certified Plants, which manufacture Maruha Nichiro brand products, and assessed the risk of human rights violations by country. Going forward, we will expand the scope of risk assessments, conduct surveys and external audits of identified risks, and work to quickly remedy discovered human rights violation risks or consider mitigation measures.

Suppliers recognized as having human rights violation risks

No. of companies (ratio)

Risk items	Issue					No issues	No response
	East Asia, Southeast Asia	China	Japan	South America	North America		
Policies and standards on human rights and labor practices in line with international norms	5(1.7%)	0(0.0%)	46(15.8%)	0(0.0%)	0(0.0%)	236(80.8%)	5(1.7%)
Recruitment and employment policies with consideration for human rights and labor practices in line with international norms	2(0.7%)	0(0.0%)	46(15.8%)	0(0.0%)	0(0.0%)	238(81.5%)	6(2.1%)
Understanding of employment conditions by migrant workers themselves	10(3.4%)	27(9.2%)	20(6.8%)	0(0.0%)	1(0.3%)	229(78.4%)	5(1.7%)
Rules on storage of migrant workers' employment-related documents such as passports	16(5.5%)	28(9.6%)	22(7.5%)	3(1.0%)	1(0.3%)	217(74.3%)	5(1.7%)
Respect for workers' rights and organization of employees	5(1.7%)	1(0.3%)	38(13.0%)	0(0.0%)	0(0.0%)	237(81.2%)	11(3.8%)

Efforts for Foreign Technical Intern Trainees

In FY2022, we formulated the Maruha Nichiro Group Guidelines on the Employment of Foreign Technical Intern Trainees and Specified Skilled Workers based on the results of a questionnaire survey conducted at the domestic Group companies regarding the employment of foreign technical intern trainees, as well as onsite interviews at some sites, discussions with supervising organizations and consultants, and guidelines from third-party organizations. In FY2023, each Group manufacturing site will conduct trial operations, and actual operations are scheduled to begin from FY2024. By conducting operations in accordance with these guidelines, we will strive to create an environment in which foreign technical intern trainees and specified skilled workers can work with peace of mind.

Development of sustainable supply chain

Introduction of Supplier Survey System and Revision of Guidelines

In FY2022, Maruha Nichiro Corporation newly introduced and began operating the Maruha Nichiro Supplier Survey System. By systemizing supplier surveys and analyses, both the Company and our suppliers are able to accumulate data and visualize issues. In addition, we partially revised the Group Procurement Policy and Supplier Guidelines issued in 2017 to clarify items on the abolition of IUU fishing, environmental considerations, and cooperation requests to secondary suppliers, and a handbook of the guidelines was also created. We will continue working to strengthen our management structure by encouraging suppliers to follow these guidelines and urging them to make improvements based on the handbook.

Confirmed status of compliance with Supplier Guidelines

In FY2022, using the new Supplier Survey System, we surveyed 1,000 of Maruha Nichiro Corporation's 1,996 suppliers to confirm the status of their compliance with the revised Supplier Guidelines (the results are shown below).

Going forward, we will seek cooperation on improvements from suppliers identified in the survey as problematic, expand the scope of the survey to all suppliers including those who make spot deliveries, supply packaging, etc., and promote the deployment of this system within the Group in order to achieve related KPIs.

With the aim of building a sustainable supply chain, we have established a working group on purchasing management with the Quality Assurance Department, Production Management Department, and Corporate Planning Department, and are proceeding with cooperative initiatives. The Group's business is supported by numerous suppliers, and we believe that evaluating them from ESG perspectives as well as on QCD aspects (quality, cost, delivery) will contribute to a more robust supply chain. We will organize our internal operational regulations and aim to create mechanisms to put sustainable procurement into practice.

Status of supplier survey

Targeted scope	No. of surveys	No. of responses	Suppliers recognized as having issues (%)
Domestic in-house certified plants	125 companies	125 companies	38 companies (30.4%)
Overseas in-house certified plants	162 companies	155 companies	1 company (0.6%)
Suppliers of directly managed plants (excluding certified plants)	194 companies	194 companies	39 companies (20.1%)
Suppliers of other raw materials and third party brand manufacturing suppliers	519 companies	453 companies	81 companies (17.9%)
Total	1,000 companies	927 companies	159 companies (17.2%)

Progress against KPI

Targeted scope	No. of suppliers	Ratio of agreement with the guidelines	System cover rate
Survey implemented	1,000 companies	46.4%	50.1%
Response received	927 companies		
All transacting suppliers (population parameter)	1,996 companies		

Message from Representative

Our Group conducts its business activities by procuring raw materials and products from a large number of suppliers. In FY2022, we began operating a survey system for these suppliers. Initially, penetration was slow and we had difficulty in compiling the data, but through careful explanation to suppliers and continued requests, penetration has gradually increased. We expect to expand regular implementation of supplier surveys and human rights/labor practices surveys. In order to provide customers with wholesome, safe, and healthy food, which is our Group Philosophy, it is essential that suppliers understand and cooperate with our philosophy and approach. We will carefully and patiently explain the significance of this initiative to suppliers to build a more sustainable and robust supply chain with the aim of maximizing Maruha Nichiro Value (MNV).



Deputy general Manager
Sustainability Group
Corporate Planning Department
Yusuke Sato

“For the ocean, for life” Sustainability Strategy

Details of initiatives can be seen at this URL [↗](#)

Recycling



Food Loss Reduction Initiatives

Relevant Materiality and Achievement Target (KPI)

Contributing to a recycling-oriented society

2030 Food loss (product waste) reduction rate (Domestic G*) 50% or more (compared to FY2020) ~ **2024** Recycling rate of food waste (Domestic G*) 99% or more

2030 Extended shelf life of commercial products assessed as extendable (MN*) 100%

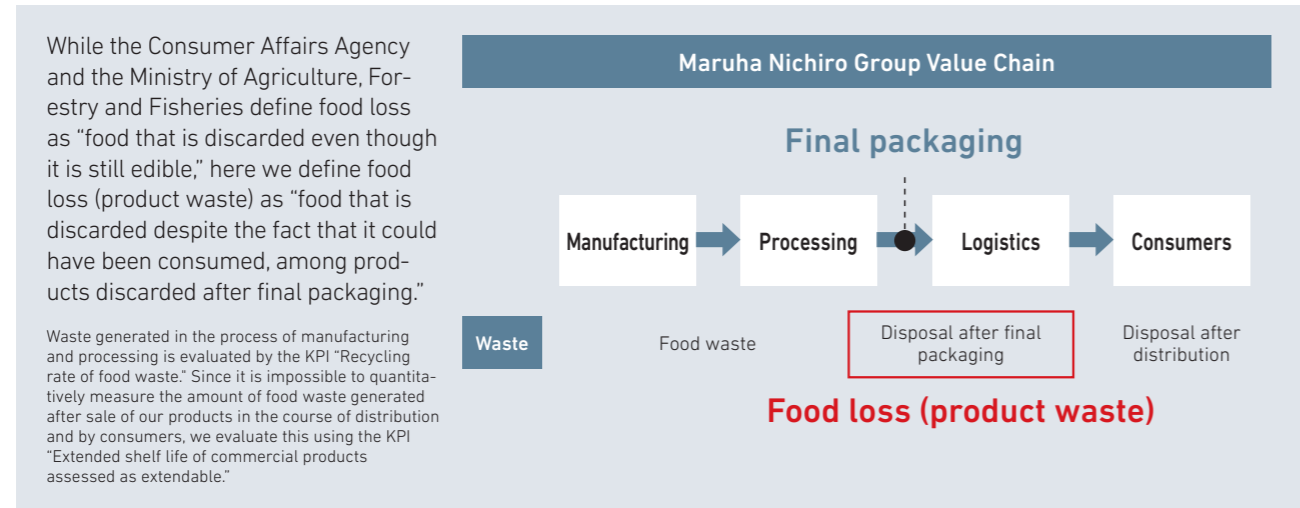
* MN = Maruha Nichiro Corporation, Domestic G = Domestic Group Consolidated Companies

Food Loss (Product Waste) Reduction Initiatives

Development of promotion framework

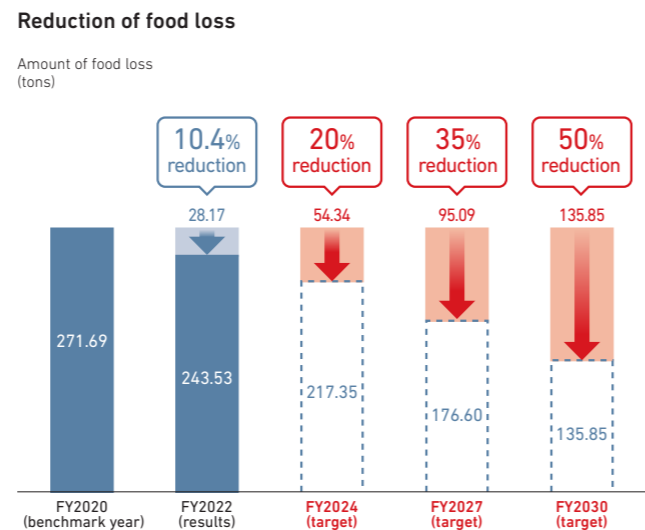
To reduce food loss throughout the Group, we launched the Food Loss Reduction Project in FY2022 with the aim of promoting measures including spreading awareness to all employees within the Group. The Executive Officer in charge of the Logistics Unit is the project owner, and the General Manager of the Logistics Department is the project leader. This project sets targets for the food loss reduction rate by FY2024, drafts a schedule for achieving the targets, and promotes related activities.

What is Food Loss?



Setting food loss reduction targets and status of progress

In FY2020, there was 271.69 tons of food loss at Maruha Nichiro’s business divisions and domestic Group companies. For the food loss reduction KPI of “Reducing the domestic Group’s food loss by 50% by 2030 compared to 2020 levels,” our target is to reduce food loss by 135.85 tons by 2030. Our target for FY2024, the target year of the current Medium-term Management Plan, is to reduce food loss by 20% (a reduction of 54.34 tons) compared to FY2020 levels, and as a result of measures such as establishing a scheme for the donation of frozen foods, we have achieved a reduction of 10.4% (28.17 tons) as of FY2022.



Surveying the current state and discussing response measures

At Maruha Nichiro Group, most food loss is generated by business divisions belonging to the Processed Foods Business Unit and Foodstuff Distribution Business Unit and by Group companies, and a large amount of food loss tends to be generated by frozen foods compared to non-frozen foods. The main reasons for this are that frozen foods, which are also often produced outside of Japan, are prone to packaging damage when shipped in transport containers, and a certain amount of waste is also generated by products left over from box-opening sampling inspections at the time of import.

Responding to food loss from exterior packaging damage

In response to food loss from exterior package damage, we have reconsidered the type of packaging, reduced banding of multiple boxes, and are promoting modularization of carton cases and pallet transportation. With regard to exterior package damage, it is necessary to standardize industry-wide criteria and reduce the burden on workers to confirm damage. Therefore, we are working to engage in dialogue and partner with the government, other companies in the industry, and upstream and downstream companies, with the aim of developing and proliferating an AI app that determine exterior packaging damage based on uniform criteria.

Examples of damaged exterior packaging



Establishing a donation scheme for frozen foods

We have been donating food to food banks since 2009. However, due to the shipment costs and lack of sufficient frozen storage facilities at food banks, we had not made progress on the donation of frozen foods, which make up a large portion of our food loss. As we considered how to overcome this problem, we formed a partnership between Food Bank Kanagawa and logistics companies that store our products. This enabled us to establish a scheme by which Food Bank Kanagawa receives our frozen products directly from the warehouse in periodic donations. As a result, donations of frozen products in addition to non-frozen products have increased dramatically, bringing the total amount of FY2022 donations to 16.87 tons. Currently, periodic donations are primarily for the remaining products following box-opening sampling inspections, for which quality can be guaranteed. In the future we intend to expand this to products with damaged exterior packaging.

Food loss generated by distribution or consumers after sale

In addition to extending the shelf-life of non-frozen foods, which we have been implementing thus far, in 2022 we began selling some frozen foods for commercial or institutional use with shelf-life extended by six months—extended from 12 months to 18 months—by checking the quality through storage testing.

We are making steady progress on reducing food loss through the implementation of various measures. In FY2023, we plan to work to drastically reduce food loss caused by damage to exterior packaging.


Message from Representative

This project began by examining the reasons for disposal and countermeasures to reduce food loss, and then visiting disposal sites together with relevant Company personnel. Almost all of the products that were discarded due to defective exterior packaging had no issues with the foods inside. Until then, it was not uncommon to mechanically dispose of any products that had even slight issues with their exterior packaging, but these site visits made us feel the necessity of revising mechanical disposal. However, since it takes time and effort to check for and determine exterior packaging defaults at logistics sites, we believe it is necessary to have an automatic tool for determining exterior packaging criteria since there is a need to set determination criteria for the industry as a whole. In addition, facilities-related issues had previously hampered the donation of frozen foods, but through the partnership with Food Bank Kanagawa from FY2022 we have established a scheme for regular frozen food donations, and expect to expand these donations going forward.



Food loss reduction project leader
General Manager
Logistics Department
Ayumu Katano

“For the ocean, for life” Sustainability Strategy

Details of initiatives can be seen at this URL 

Food Safety



Customer-oriented Management



Provision of Safe and Secure Food

Relevant Materiality and Achievement Target (KPI)

Provision of safe and secure food

2024: Zero serious quality-related incidents (Domestic G*)

*Domestic G: Domestic consolidated Group companies

Initiatives for zero quality-related incidents

Product incidents and measures to prevent recurrence

The number of serious quality-related incidents occurred in FY2022 at the Maruha Nichiro Group was four (see table at right). The products in question were promptly recalled with causes identified and corrective action taken. The causes and corrective actions were shared within the Group to ensure thorough prevention of recurrence.

Furthermore, in order to prevent “serious quality-related incidents” from occurring, the Maruha Nichiro Group has defined “complaints that lead to voluntary recalls” that can potentially lead to serious quality-related incidents and is working to eliminate them. Specifically, we have implemented three initiatives as shown at right.

First, by June 2022, in order to ensure a reliable response in the event of trouble, we established a communication system and conducted efforts to prevent defective items from being distributed with mechanical control in the event of trouble occurring at directly managed plants and domestic Group production sites.

Second, starting July 2022, we began eradicating complaints that lead to voluntary recalls by promoting the adoption of inspection equipment mainly at production sites of the Processed Foods Business Unit. Going forward, we will gradually expand the scope of this activity.

Our third effort was implemented concurrently with the second, in which we surveyed the status of trouble occurrence based on the first initiative at directly managed plants and production sites of domestic Group companies starting September 2022. We will continue working to reduce incidents that lead to quality-related incidents by identifying issues and formulating solutions.

Standardizing management method for product specification information

As Maruha Nichiro Corporation carries a wide range of products from foods that are close to raw materials, such as marine products, meat products, and agricultural products, to processed foods, we faced the issue of non-standard ways of managing product specification information for each of these foods. To address this, we are newly and gradually introducing a system that enables integrated management of product specification information since FY2023 to provide precise product specification information not only internally but also to our customers including suppliers.

Strengthening quality assurance systems at production sites

Since we handle a wide range of products, auditing and guidance at production sites serves an important purpose. Due to the COVID-19 pandemic since 2020, plant audits and guidance that used to be conducted on-site were replaced with proactive remote auditing at Maruha Nichiro Corporation in order to ensure food safety and food defense. At Maruha Nichiro Corporation, we are supplying food products at an accelerated speed both in Japan and globally. In addition to conventional on-site audits and remote audits, we will strive to further strengthen our quality assurance system, including plant audits and guidance systems, by stationing personnel responsible for quality locally in China and Southeast Asia.



Plant audit in progress

Overview of serious quality-related incidents in FY2022

Product category	Content	Company of occurrence
Commercial prepared food	Missing label of allergens	Group companies
Commercial heated meat product	Incorrect labeling of the country of origin of raw materials	Group companies
Commercial prepared food	Missing label of expiry date	Maruha Nichiro Corporation
Commercial heated meat product	Product spoilage	Group companies

* Serious quality-related incidents are defined as product recalls announced in newspapers or on the Company's website due to violations of relevant regulations and voluntary codes.

Three initiatives aimed at eradicating serious quality-related incidents

1. Initiatives to never let even one defective item leave the plant or company
2. Initiatives aimed at eradicating complaints that lead to voluntary recalls
3. Initiatives to reduce trouble in the production process

Quality-related training within the Group

To enhance the quality level of the value chain provided by the Maruha Nichiro Group, efforts from the Quality Assurance Department is essential, but it is also crucial to improve the awareness and knowledge of quality among all employees. In FY2022, we promoted remote training without compromising the quality, such as with e-learning, and continued working to ensure the competence of employees in terms of quality. As a result, a total of 64 quality-related training sessions were held, including labeling training, quality control workshops, food defense workshops, and customer service training, with a total of 8,583 employees participating. We will continue to enhance the contents of these trainings and aim to improve the literacy of employees.



Quality management training

Deepening communication with customers

The Consumer Relations Center plays a role in communicating with customers even after products have been delivered to them. Specifically, even during the COVID-19 pandemic, we have enhanced our responsiveness, such as building a system that allows people to receive customer telephone calls at home and providing information on the dedicated website of the Consumer Relations Center. We expanded the use of a chatbot automated answering service for customer questions 24 hours a day, 365 days a year on the dedicated website to all commercial products (8 categories) in February 2023. In addition, we have used the Q&A service Yahoo! Chiebukuro provided by Yahoo! JAPAN to answer various questions wherever possible since December 2019, when we acquired an official account. In turn, many customers have used this service to find answers to their questions.

As an initiative to utilize the voice of customers in the improvement or modifications of products and services, we regularly held Product Improvement Study Meetings in which executives and heads of related departments participated. In FY2022, this led to 36 improvements and modifications.

Example of a product that was transformed based on customer feedback

Product name	Fish Sausage 18g 5 pieces/pack
Date of improvement	Since March 2022
Customer feedback	“How do I remove the film?”
Details of improvement	(1) Added illustrations on product of how to open the film easily understood at a glance (2) Released a video on how to open the fish sausage



*Package shown is at the time of improvement

Message from Representative

As stated in our corporate philosophy, our business is to provide wholesome, safe, and healthy food. On the other hand, changes in the social environment in the world are affecting each process of procurement, processing, sales, and logistics, and it is becoming more difficult to provide consistent quality day by day. In the last three years, we have been unable to visit domestic and overseas production sites due to COVID-19, but from FY2023, we have been actively visiting to communicate face-to-face, identify issues firsthand, and start working to resolve them. We are also working to introduce a new system to strengthen product information management and enhance training contents to develop personnel responsible for quality assurance.

In order to continue to provide safe food to customers for many years to come, we will first build a systematic and robust quality assurance system to realize our ideal state for 2030, “Providing safe food to people around the world.”



General Manager
Quality Assurance Department
Tomoyuki Okumura

Investors' Roundtable Discussion on Blue Bond Issuance



Maruha Nichiro Corporation
Director, Managing Executive Officer
Seichi Hiroshima

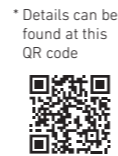
Tokio Marine Holdings, Inc.
Global Investment Department
Global Fixed Income Investment Group
Manager
Noriko Osaka

Tokio Marine Holdings, Inc.
Global Investment Department
Global Fixed Income Investment Group
Assistant Manager
Hikaru Onami

Maruha Nichiro Corporation
General Manager
Finance Department
Hiroshi Yamazaki

Issuing blue bonds to achieve sustainable business Growth and environmentally conscious land-based aquaculture

In FY2022, the Maruha Nichiro Group issued Japan's first-ever Blue Bond*. Under the Medium-term Management Plan "For the ocean, for life MNV 2024," we took on the challenge of issuing a Blue Bond to realize the synergy between business and sustainability on the financial front. We invited two representatives from Tokio Marine Holdings, which has made an investment commitment, to discuss the intentions behind the Blue Bond issuance and the growth potential of land-based aquaculture (June 2023).



Policy of diversifying financing and an encounter with blue bonds

Yamazaki: For a long time, our financing was limited to borrowing from banks, but in FY2021 we obtained an external credit rating, which enabled us to issue corporate bonds and put us in a position to diversify our financing. During the consideration process for issuing corporate bonds, we were introduced by a securities company to the blue bond, a type of bond that are specifically focused on the prevention of marine pollution and the sustainable use of marine resources.

The key consideration was whether there was a project with funding purposes that align with the issuance criteria of the Blue Bonds, and fortunately, there was an investment opportunity in land-based salmon aquaculture. We were able to take on the challenge of issuing blue bonds by contracting an external institution to determine eligibility for the issuance and obtaining a third-party evaluation. Since the integration of business strategy and sustainability was a theme of our Medium-term Management Plan, I felt that this was a very good opportunity for us to emphasize our Company's direction both internally and externally.

Hiroshima: As Yamazaki mentioned, this was immediately after the company clarified its policy to maximize enterprise value (Maruha Nichiro Value, hereafter MNV) by integrating business strategy and sustainability strategy, and I felt a high level affinity with the blue bond. I believe the same was true for the other members of the management team. Ms. Onami, what is your company's approach to sustainability bonds as a whole, including the blue bonds?

Onami: Regardless of whether a bond is a sustainability bond or not, we analyze a company from a sustainability perspective, consider the investment merits, such as return relative to risk, and then make an investment after comprehensively considering factors such as the use of funds and social significance. We felt that this project was significant in that the invested funds would be used for land-based aquaculture, which contributes to the protection of marine resources by preventing water pollution, which is an issue in sea-based aquaculture. The source of the investment funds is the premiums received from our insurance business customers, and because we need to steadily generate investment income, we frankly do not prioritize investing in sustainability bonds even if the yield is low.

Hiroshima: I see, so your investment policy is not to make an investment just because it is a sustainable bond, but to make investment decisions based on a comprehensive evaluation of factors such as profitability.

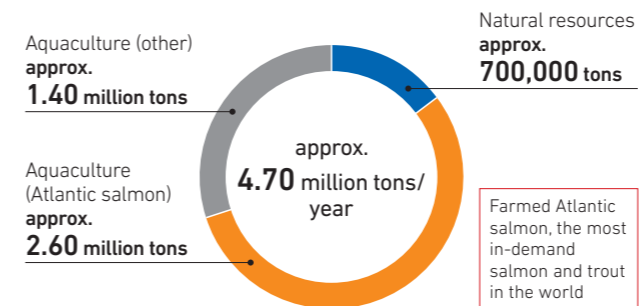
Onami: Yes, that is correct. It is commendable that your company has launched MNV, a strategy that links the enhancement of your company's enterprise value and its impact on society. Although sustainability initiatives are increasing in many companies, few have clearly articulated them in the form of a strategy, so I feel that this is a very admirable approach.

Future prospects for land-based aquaculture and challenges to overcome

Yamazaki: While the supply of wild-caught fish has remained almost the same for the past 30 years, the supply of farmed fish has been steadily increasing. However, because of the water temperature and environment suitable for maritime aquaculture, it is extremely difficult to find new locations suitable for maritime aquaculture, and the "stretch" to find suitable sites is reaching its limits.

In this environment, looking on salmon, the global supply of salmon is approximately 4.7 million tons, of which only 700,000 tons are natural and 4 million tons are farmed. Of the 4 million tons of farmed salmon, the amount of Atlantic salmon we raise through land-based aquaculture is said to be about 2.6 million tons. Among aquaculture salmon, Atlantic salmon is the most in demand species in the world.

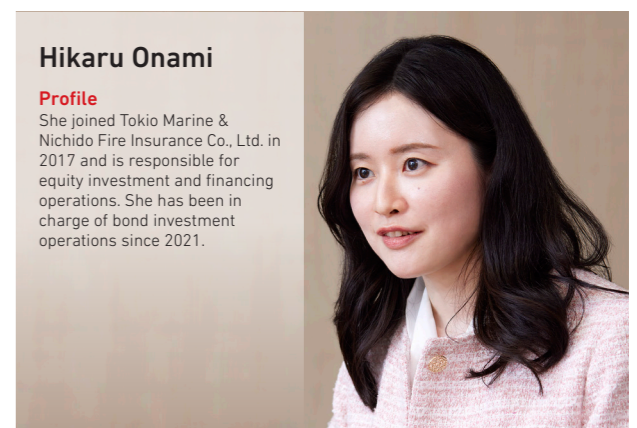
World Salmonid (Salmon and Trout) Supply and Breakdown



Source: Marine Products Power Data Book 2022 (Suisantsushin Co., Ltd.)

In Japan, there is an annual demand of approximately 60,000 tons for Atlantic salmon, and there is a sufficient market for this product in Japan. Although the risk of resource depletion for both fish and meat is being called out, and there is talk of a protein crisis, we believe that this is a business field with growth potential, including the elimination of protein shortages.

Hiroshima: We issued 20 billion yen in preferred stock in 2000, but apart from that, our capital has remained unchanged since our listing in 1949. We began



Hikaru Onami

Profile
She joined Tokio Marine & Nichido Fire Insurance Co., Ltd. in 2017 and is responsible for equity investment and financing operations. She has been in charge of bond investment operations since 2021.

considering this project with the recognition that we needed to promote diversity in procurement, so we have been prepared to tackle this challenge. We will continue to work on the optimal capital structure for the Company and the diversification of financing methods.

Onami: For this project, we had analyzed the industry and your company's financials through disclosure materials and debt IR (Investor Relations), as we normally do in the corporate bond investment process. In terms of financial soundness, which is the most important factor for us as corporate bond investors, we were aware that your company's financial burden was relatively heavy due to historical factors such as post-war reconstruction, the 200 nautical mile water area limit, and the Great East Japan Earthquake. However, as stated in your Medium-term Management Plan, "For the ocean, for life MNV 2024," we believe that by pursuing value-creating management and reinforcement of your management base while maintaining financial discipline, this will lead to improved financial indicators and enterprise value. We have determined that this approach will result in high-performance investments from both a financial and social benefitting investors in terms of returns and contributing to society as well.

Hiroshima: Perhaps you were taken aback when you performed the financial analysis. We have improved compared to a decade ago, but it is still not enough to be proud of. Dealing with the 200 nautical mile water area limit has caused enormous losses in the past. Now that it is all over, I am confident that we will only improve in the future.

Yamazaki: This was my first opportunity to engage in debt IR, and the response by investors has been positive. I got the impression that many of the questions were related to the points mentioned earlier about financial discipline and sustainability. Many investors also provided valuable insights on the significance of land-based aquaculture, and Tokio Marine appeared to have a favorable impression right from the beginning. Tokio Marine was one of the companies that gave us the courage to believe that it could positively consider investing.

Investors' Roundtable Discussion on Blue Bond Issuance



Noriko Osaka

Profile

She joined a major city bank in 1994 and was in charge of lending, bond trading, and venture investment. In 2006, she joined Tokio Marine & Nichido Fire Insurance Co., Ltd. and was in charge of venture investment and corporate financing. She has been in charge of bond investment operations since 2016.

Onami: I first looked into land-based aquaculture when I heard about the blue bond. Because this was your first bond issue, I was also impressed by the detailed explanation that was provided about the history of your company.

Hiroshima: Thank you. Investors sometimes tell me that they are not sure what we do because we have nine business units, and our business area is so broad. I often hear that we are a highly volatile company. They have the impression that we are greatly influenced by the price trends of marine products, which also seems to be a reason why they are reluctant to invest in our Company. In the past, there was a time when business performance was linked to the price of marine resources, but since the demand for fish has increased significantly around the world, volatile fluctuations in performance are no longer considered likely. We believe that we have no choice but to repeat our explanation regarding this point.

Onami: Of course, volatility was one of our concerns. However, we judged that following the Medium-term Management Plan and implementing the strategies would improve enterprise value and reduce volatility. Your company is pursuing overall stability while expanding its base to include frozen foods, nursing care foods, and pet foods, and we value that.

Hiroshima: As Ms. Onami pointed out, one of the measures in the Medium-term Management Plan was to establish a new Foodstuff Distribution Business Unit with the aim of preventing loss of profit opportunities. By sharing the latest customer needs across units, we are striving to reduce volatility by leveling out the favorable and unfavorable conditions among units to the maximum extent possible.

Osaka: I viewed this project very favorably because it was a blue bond, so the use of the funds was clear, and because it was in the area of land-based aquaculture where your Company can make the most of one of its strengths, the ability to develop aquaculture technology. Your Company was the first private company in Japan to successfully farm bluefin tuna, and the clear narrative of investing in leveraging this strength in the future

made it easier for us as bond investors to make this investment decision.

Yamazaki: I believe that the aquaculture business itself has high barriers to entry. Although there are still many issues to be addressed, including cost reduction, I believe that Atlantic salmon farming has become a dramatically profitable business because Norway and Chile, which are leading countries in aquaculture, have spent 30 to 40 years accumulating the know-how needed to reach this level. It may take time, but considering the balance of supply and demand for marine resources, I believe it's a business we should actively engage in. We will also proactively address issues related to technology development and feed."

Hiroshima: Compared to sea-based aquaculture, land-based aquaculture offers greater benefits in terms of stakeholder protection. The barriers to entry in aquaculture are high, as it is not something that can be easily done anywhere, as fisheries cooperatives have rights, known as fishing rights, to fish farms, and the same is true of the government's stance. There are only a limited number of places suitable for sea-based aquaculture, and it is very difficult for newcomers to enter the market. On the other hand, land-based aquaculture has fewer such restrictions.

Yamazaki: The biggest issue with land-based aquaculture is the cost. Atlantic salmon prefer low water temperatures of 10 to 14 degrees Celsius, and the cost of electricity to maintain that water temperature is usually extremely high. However, in Nyuzen Town, Toyama, which we selected for our project, we use deep seawater and subterranean water from the Tateyama mountain range, so costs are lower than in other locations, and it is possible to grow the fish in clean, high-quality water. We spent about two years conducting detailed research in China and Japan in selecting this site. It is very important to select a candidate site that is economically rational.

In order to be well regarded by the bond market, we believe there should be a cycle of "investing in the business" and "yielding results." We actively invested in North America and Europe in FY2022, and although the period



Director, Managing Executive Officer

Seiichi Hiroshima

when fruits can be reaped may vary, some investments have already yielded results, so we would like to create a virtuous cycle of investment models one after another and have them evaluated by investors.

Osaka: When we invest in corporate bonds, we prepare an approval request and set a limit. Basically, we set up a corporate bond investment limit for companies with which we can establish a long-term relationship through the issuance of corporate bonds. When a company's mission and the use of funds match, as a corporate bond investor, I really believe that an investment is worthwhile.

Recently, a securities company told us that blue bonds are very difficult to issue compared to green bonds. I believe it's commendable that your company has taken the initiative to issue corporate bonds for the first time, and furthermore to realize it through a blue bond, and we look forward to a long relationship with your Company in the future. We would like to support your Company in the process of solving social issues, and since we have land-based aquaculture insurance for land-based aquaculture, we would like to support your efforts through the framework of insurance products as well.

Expectations for Maruha Nichiro in the future and challenges to avoid sustainability risks

Hiroshima: We are promoting the integration of sustainability and business, but what is important is that it resonates deeply with the management team and other employees. Materiality is not issues that can be solved by someone else, but must be tackled and solved by ourselves. We are strengthening the awareness that if we cannot overcome these challenges, our business will not be viable at all, and we are trying to incorporate this awareness into our personnel evaluations.

Osaka: Generally, changes in a company can be seen in its figures, and changes in corporate vision, management issues, etc. can also be seen in statement such as those in Medium-term Management Plan. I expect that your Company's declaration of "For the ocean, for life" will take shape and will be expressed in a better form in the years to come when it is truly conveyed to your employees.

Furthermore, no matter how much social significance sustainability may have, it cannot continue without making a profit. We believe that economic rationality will ultimately lead to improved enterprise value.

Hiroshima: While the basic idea of the Medium-term Management Plan is to consider the portfolio of businesses based on the efficiency of invested capital, it is necessary to constantly monitor the business itself and the risk of losing the fishing quota from a sustainability perspective. I believe it will be important to take the approach of rebalancing the business depending on the



General Manager Finance Department

Hiroshi Yamazaki

results of the analysis of the current situation.

As we implement business portfolio reform, it is crucial to maintain a proactive stance in pursuing areas where we should be more aggressive. While we certainly value our 'cash cows,' we will also continue the cycle of clearly identifying growth areas and boldly investing funds into them.

Onami: Business portfolio reform was mentioned, and I believe that the first thing that must be done is securing marine resources. We expect your Company, as a world-leading fishery company, that not only represents your own interests but also plays a leading role in shaping the world through regulatory development and other initiatives, to take the lead in driving efforts. We hope to see your leadership in promoting initiatives involving local governments, the national government, industry peers, and fishing cooperatives, and others. I would also like to see your company take a proactive role in promoting the handling of MSC- and ASC-certified marine products, addressing the issue of foreign technical trainees, addressing human rights risks in the supply chain, which is a growing concern worldwide, and providing safe and secure food.

Osaka: Your Company issued Japan's first blue bond for this project, and the fact that no one has followed suit yet demonstrates the significance of what you have accomplished this time and the difficulty of issuing blue bonds. With your issuance as an impetus, there are now moves to issue blue bonds within the green bond framework in various parts of Japan, such as Mie Prefecture. I hope that you will lead Japan in this blue bond area by involving local governments and the national government, thereby enhancing Japan's value in the world.

Hiroshima: I think you have provided us a very significant encouragement. We will continue to strive to meet the expectations of our stakeholders, both in blue bonds and non-blue bonds, so please continue to monitor our efforts. Thank you very much for your valuable opinions today.

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