



# NISSUI INTEGRATED REPORT 2022

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## Contact Information

**Nippon Suisan Kaisha, Ltd.** Corporate Communication Department

Nishi-Shimbashi Square, 1-3-1, Nishi-Shimbashi,

Minato-ku, Tokyo, 105-8676 Japan

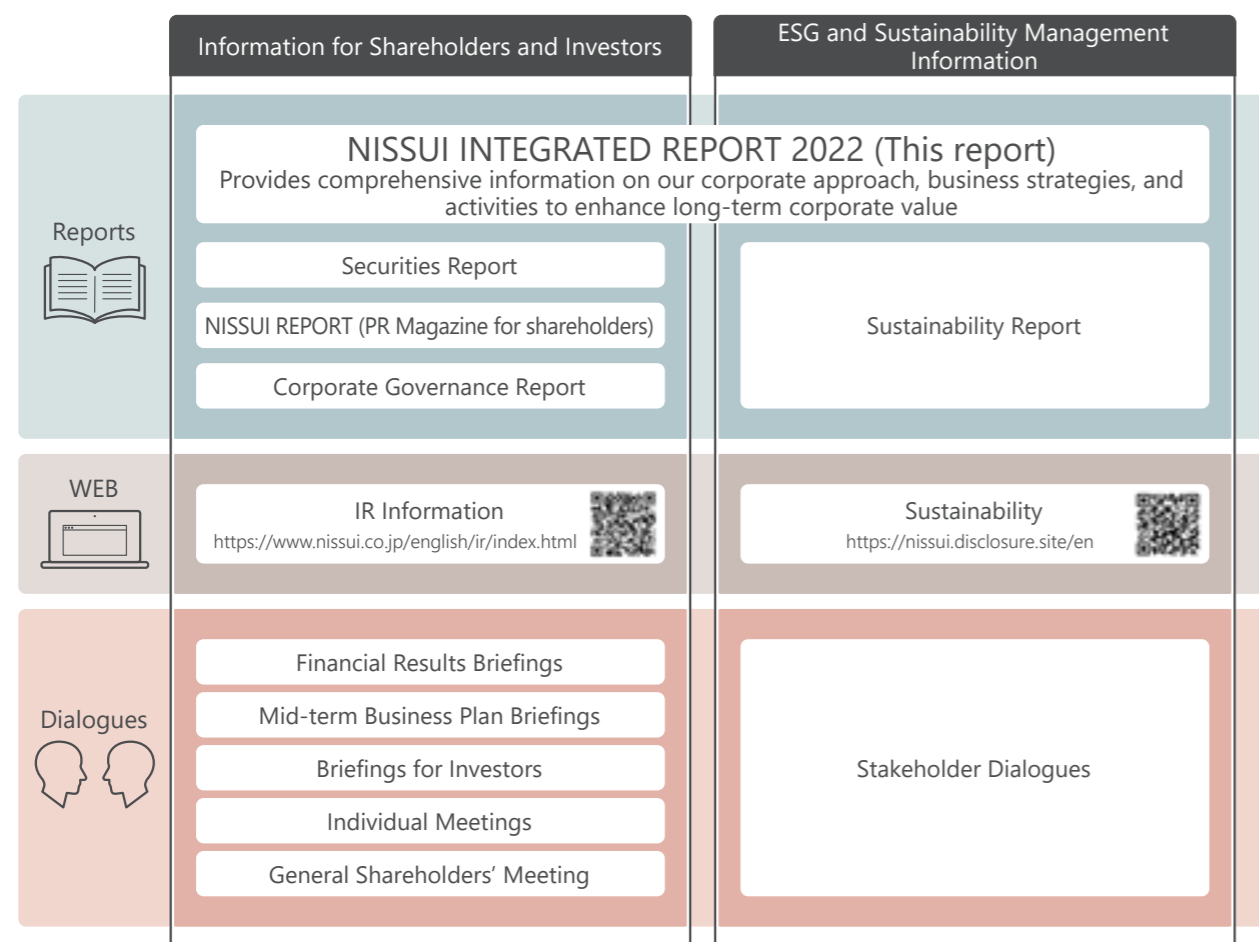
<https://www.nissui.co.jp/english/index.html>



Scan for inquiries.



## Our Communication Tools



### ▶ Editorial Policy

Nippon Suisan Kaisha, Ltd. issues an integrated report as a communication tool mainly for our shareholders and investors starting this fiscal year. This report conveys our approach to corporate value enhancement by describing the Group's new vision announced in April 2022, and our strategy and business performance, linked to ESG and sustainability information. The Company discloses information in different media as well as this report, which we hope you will find useful for a deeper understanding of the Company.

### Report Period

The report mainly covers activities conducted from April 1, 2021, to March 31, 2022. However, when appropriate, exceptions to this general rule are made, as when citing past circumstances and data or using recent examples for illustration purposes.

### Report Boundary

This report represents domestic and overseas group companies of Nippon Suisan Kaisha, Ltd. (NISSUI).

### Referenced Guidelines

- International Integrated Reporting Council (IIRC) "The International Integrated Reporting Framework (2021)"
- Global Reporting Initiative (GRI) "GRI Sustainability Reporting Standards in 2016"
- Ministry of the Environment "Environmental Reporting Guidelines (2018)"
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Ministry of Economy, Trade and Industry "The Guidance for Collaborative Value Creation"

### ▶ Disclaimer Regarding Forward-looking Statements

The business projections and other forward-looking statements contained in this report are based on certain reasonable assumptions of management and are derived from the information currently available to the Company. Please be advised that actual business performance may significantly differ from these business projections due to various factors.

Issued: October 2022

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### ▶ Wishes on the front cover picture

The front cover is designed to link our strengths in the value chain and the Connecting Frame, a motif from the shape of our brand symbol. It describes the concept Nissui Group wants to deliver through this report.

## BRAND STORY

Food is at the root of all joy.

Whether you are alone or with others, food brings warmth to your heart and gives you the power to live tomorrow and beyond.

Given this power of food, it doubtlessly has potential that has yet to be tapped.

We at Nissui are committed to exploring how food can bring us health in addition to good taste.

As part of that, we will look for the ways in which food, through the seas and land, connects and nurtures all life, including human life.

Because we have brought so many joyful things into being, we are confident that we can make the world in which we live one filled with joy.

A new voyage for Nissui will begin, a voyage toward a new future in food that connects people to the planet and its resources.

### BRAND MOVIE

<https://youtu.be/ltNno83tYZk?list=TLGG0edTv7ZJSOwwNjExMjAyMg>



## BRAND SYMBOL

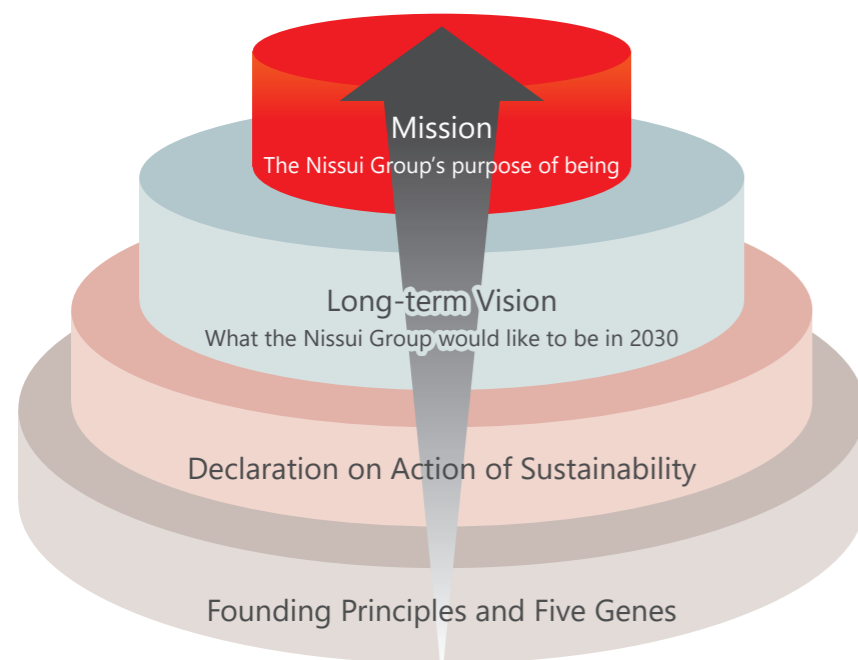


This is the brand symbol that represents the Nissui brand.

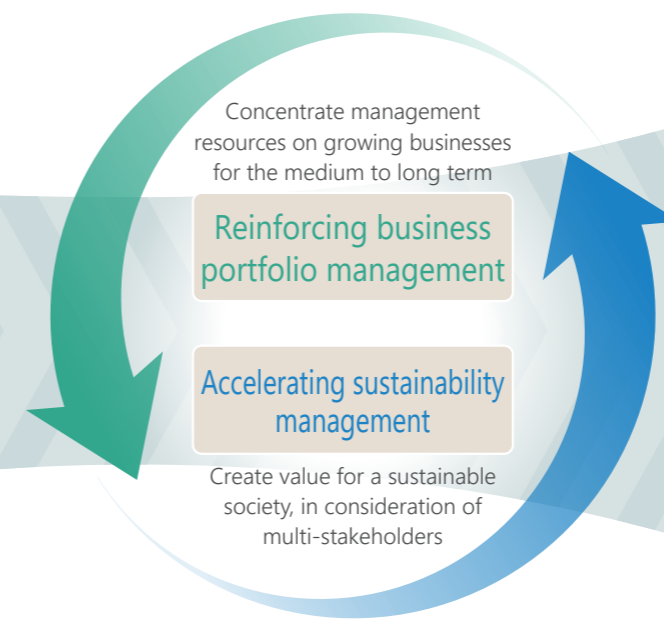
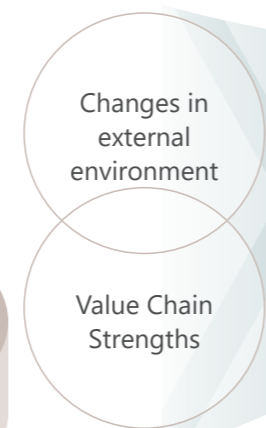
The tagline is a message that expresses the Nissui's vision in simple terms to be an "entity that continues to pursue new possibilities of food for people and for the earth."

# Business Philosophy Framework, Mission, and Long-term Vision

Nissui has re-defined its mission (purpose of being) based on the "Founding Principles and Five Genes" and "Declaration on Action of Sustainability," and clarified its long-term vision, the "vision toward 2030."



- Our Founding Principles  
[▶ https://www.nissui.co.jp/english/corporate/founded/index.html](https://www.nissui.co.jp/english/corporate/founded/index.html)
- Five Genes / Declaration on Action of Sustainability  
[▶ https://nissui.disclosure.site/en/themes/126](https://nissui.disclosure.site/en/themes/126)



## Mission (Purpose of Being)

### Thoughts behind the mission

- Shift toward a "food solutions" company
- Pioneering spirit natured, developed and honed by the Ocean
- The commitment to move towards a sustainable future in sight

**Mission**

With the wellbeing of the ocean and people as our compass, we are driven to offer the world better food choices.

We are determined to harness the power of our pioneering spirit and industry expertise to create a healthier, more sustainable future through innovative food solutions.

## Long-term Vision "Good Foods 2030"

### A leading company that delivers friendly foods for people and the Earth

What people ask for in food has become increasingly diverse. As well as tasting good, they want food to be healthy, convenient, and environmentally friendly. Looking ahead as well, it will likely become necessary to respond to various needs that have not yet been uncovered.

We will pursue the new possibilities of various foods, and aim to be a leading company that creates innovative food solutions that enrich the heart and the body, and solve social issues.

# Long-term Vision and the KPIs of the Mid-term Business Plan

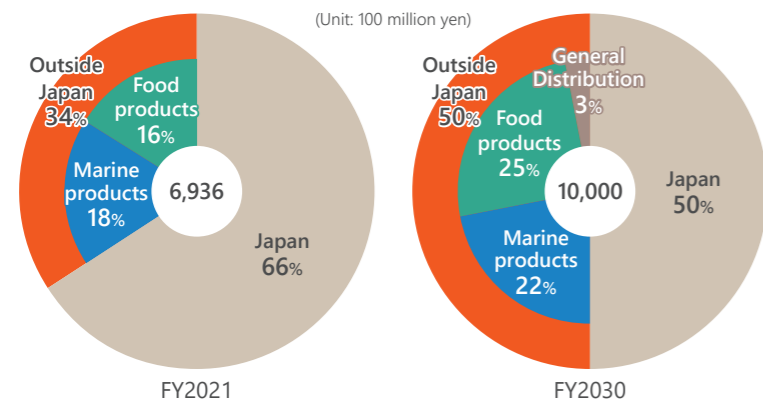
We have positioned the Mid-term Business Plan "Good Foods Recipe1," which covers the three years from FY2022 to FY2024, as "moving up toward higher level" to realize the long-term vision for 2030 "Good Foods 2030."

## Positioning of the Long-term Vision and the Mid-term Business Plan "Good Foods Recipe1"



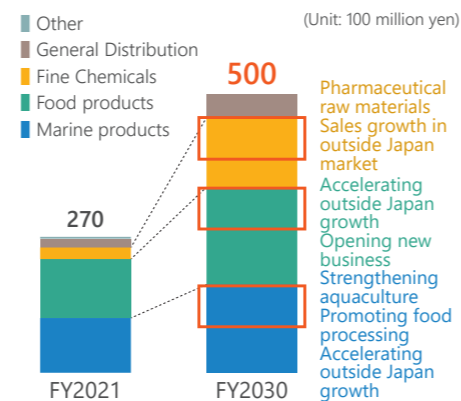
We will aim to become a company capable of earning 1 trillion yen in sales and 50 billion yen in operating profits by FY2030 by accelerating the growth and differentiation of the aquaculture and fine chemicals businesses.

Sales by overseas location



(Note) Fine chemicals sales are included in Japan figures

Operating profits make-up



Values	Themes	Goals	FY2021 Results	Mid-term Business Plan (Good Foods Recipe1) KPI for FY2024	Long-term Vision (Good Foods 2030) KPI for FY2030		
Financial Value	Capital strength to compete in the world	Growth and profitability	Sales (100 million yen)	6,936 →	7,900 →	10,000	
			Operating profit (100 million yen)	270 →	320 →	500	
			Ordinary profit (100 million yen)	323 →	350 →	-	
			Profit attributable to owners of parent (100 million yen)	172 →	225 →	-	
		Capital efficiency	ROIC	- →	5.5% or more →	7.0% or more	
		Overseas expansion	Ratio of global sales	34% →	Approx. 38% →	50%	
Social Value	Solve health problem	Expand health category products	Sales of Health Category Products	- →	Expanded by 130% →	Expanded by 300%	
	Sustainable procurement	Responsible procurement	Assessment of Tier-1 suppliers	- →	Nissui only 100% →	Group companies 100%	
Value in Human Capital	Diverse human capital playing an important role	Employee engagement	Employee engagement score*	- →	Improved by 10% →	Improved by 20%	
		Promotion of active female participation	Ratio of female managers*	6.1% →	10% →	20%	
Environmental Value	Actions toward climate change and ocean environment	Sustainable procurement	Sustainability of marine resources	Procurement of sustainable marine resources	71% →	80% →	100%
		Zero CO <sub>2</sub> emissions	CO <sub>2</sub> emissions (Scope 1, 2)	- →	Reduced by 10% →	Reduced by 30%	
			Carbon-neutral in 2050	- →	Achieve		
		Zero plastic emissions	Usage of plastics*	- →	Reduced by 10% →	Reduced by 30%	

\*Figures are for Nissui only

# Six Strategies of the Mid-term Business Plan "Good Foods Recipe1"

We will work toward the achievement of the Mid-term Business Plan with six strategies.

## 1. ▶P49

### Evolving Towards Sustainability Management

Taking initiatives to achieve 2030 Vision in all business segments

- Strengthening health appeal
- Reducing GHG emission
- Reducing plastic emission
- Sustainable use of marine product resources
- Responsible procurement
- Human capital diversity

## 2. ▶P29

### Acceleration of Global Expansion

We will expand mainly in Europe and the US and establish a business base in Asia as well. We will supply EPA around the world and actively conduct M&As

**Ratio of sales in overseas locations**

- Marine & food products**
  - Growth in the UK market and entering the German and Benelux markets
  - Strengthening the alternative protein business
  - New businesses
  - Expanding areas of marine products trading
- Marine & food products**
  - Entering the household frozen shrimp category and expanding the frozen fried white fish category for foodservice
  - Developing Asian foods business
  - Strengthening access to fishery resources
- Food products**
  - Developing foodservice market in Thailand and Vietnam
- Fine chemicals**
  - Overseas sales of EPA pharmaceutical raw materials
  - Strengthening overseas sales of functional materials (including EPA ingredients for pharmaceuticals)

## 3.

### Opening New Businesses & Business Boundary Areas

Strengthening planning & marketing capabilities and maximize customer value along with R&D functions

**"Innovative food solutions"**

- Individual/convenience categories
- Logistics platform for marine products
- Alternative proteins
- Health Category Products

**Pursuing the nutrient function of materials Evolution in aquaculture technology**

## 4.

### Innovating Productivity

Improve quality and speed of value creation and reform productivity in all areas with DX

#### Digital Transformation (DX)

Overwhelming differentiation in Growth Focused areas

- Radicalizing our aquaculture business model (Fish counter, fish weight estimation systems, aquaculture environment water quality monitoring system)
- Passing down marine products processing technology using IT
- Transition towards smart factories (Food products: SmartWork2025 campaign\*, production functions for LIMS introduction for fine chemicals, etc.)

**Utilizing IT**

#### Operation reform

- SCM operation optimization, prediction of demands using AI
- Smart marketing (SFA)
- Strengthening data utilization in R&D
- Optimizing white-collar work (work reform PJ such as RPA and paperless)
- Workstyle reform

▶P54

\*SmartWork2025 campaign: Initiative proposing long-term goals for 2025 aimed at reducing production steps and improving material productivity

## 5. ▶P17

### Financial Strategy

In addition to improving profitability in each business, we will carry out actions to enhance capital efficiency

#### ROIC Improvement

**Asset-light**

- Operation capital Monthly CCC management\*
- PP&E Optimization of PP&E use
- Other assets Sell assets such as cross-shareholding stocks

**Business portfolio optimization**

- Business evaluation through ROIC
- Deepening of business portfolio screening
- Appropriate exchanging of business portfolio

#### Cash allocation

**Returns to shareholders**

- Payout ratio 30% or more

**Operating Cash-Flow**

- Strengthen cash generation

**Investment**

- Plan to invest around 120 billion yen based on completion (110 billion yen on a cash basis), 25 billion yen of which will be allocated to M&A, primarily for the growth of the international business.

\*CCC: Cash conversion cycle

## 6. ▶P61

### Strengthening Governance

Optimizing structure of Board of Directors and executive compensation structure to achieve the long-term vision and the mid-term business plan

#### Corporate governance

**Optimal structure of Board of Directors**

- Considering diversity
- Considering Inside/outside ratio
- Considering required skills

**Compensation for directors**

- Performance-linked compensation structure

**Group governance**

**Strengthening of management**

- Restructuring nomination and compensation systems of Group companies

**Building effective Board of Directors in subsidiaries**

- Improving the board of directors' effectiveness and risk management ability through dispatched directors

**Strengthening Internal audit for oversea subsidiary**

- Carrying out audit focusing on important risk factors

**Strengthening investment management**

- Strengthening screening prior to investment execution
- Strengthening monitoring after investment execution

Message from the President

Pursue the possibilities of "food" and open the way to the unknown



S. Hamada  
Representative Board Member,  
President & CEO

To be a corporate group that seeks global growth with "food"

Our thoughts behind the rebranding and new corporate name

In April 2022, Nippon Suisan Kaisha, Ltd. (Nissui) formulated its long-term vision, "Good Foods 2030," to clarify our vision toward 2030 and took a new step forward with the announcement of the three-year Mid-term business plan, "Good Foods Recipe 1," as "the first recipe" to realize that vision. At the same time, we redefined our mission and introduced a new brand symbol and tagline. For the logotype, we used the word "Nissui" to make it easily recognizable outside Japan.

This represents our intention to aim for growth by pursuing new possibilities of "food" together with our Group companies around the world.

We also plan to change our corporate name from "Nippon Suisan Kaisha, Ltd." to "Nissui Corporation" in December 2022.

We are a corporate group that started business as a fishery, but we now develop not only the fishery business, but also a wide range of businesses such as the food business and the fine chemicals business. In the course of our deliberations on the rebranding and long-term vision, we held numerous discussions about

what our stakeholders and society expected of us and what we should offer. Ultimately, we reached the conclusion that the essence of our Group is "the provision of foods" that are not confined to marine products, and that offering the good taste and abundance of those "foods" will lead to good health and a sustainable future. Our new mission expresses our continuing commitment toward the future, in addition to our global outlook and attitude toward innovation that we have nurtured throughout our history of over 110 years, as a corporate group that continues to pursue the possibilities of "food."

On the other hand, we will never lose our gratitude toward and respect for the oceans. It is Fisheries Business that has built the foundations of our present global business, from access to marine resources to R&D, production and quality control, and marketing. We want to create the kind of synergies and value that only Nissui Group can realize, by leveraging those business foundations to deliver innovative food solutions. Sharing

this aspiration as our new mission, we hope to globally develop innovative food solutions globally which can enrich our lives and help solve social issues.

So, what do we mean by the innovative food solutions that we will deliver? They are "innovative food solutions," even by us. We do not mean the emergence of foods that have never been seen before. We see it as "discovering new possibilities of food," such as adding value to existing foods from new perspectives and initiatives that will lead to a new food culture.

The President, I will speak to our Group companies and share these thoughts with employees to help them to fully understand and take in our vision. In doing so, I will lay the groundwork for all of us to create innovative food solutions together. To this end, together with all our employees, we will think about and take on this challenge of innovative food solutions.

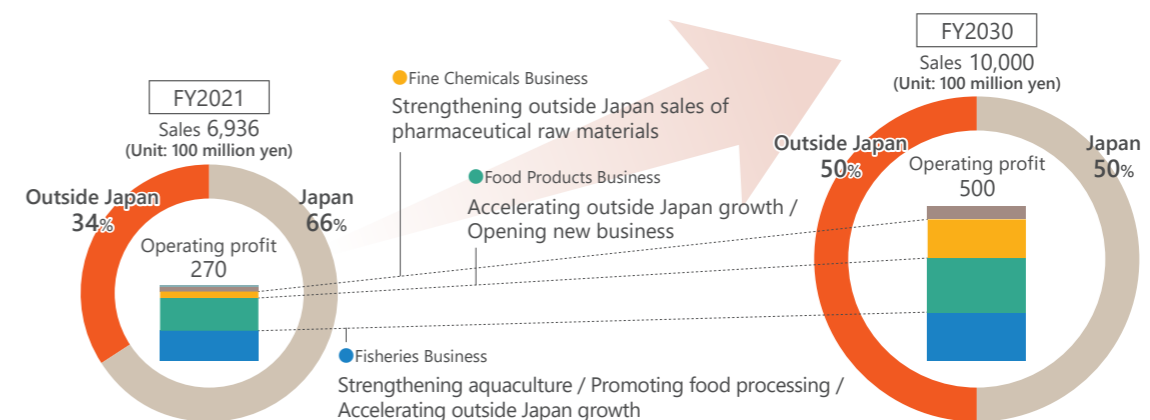
Enhance corporate value with business portfolio management and sustainability management

Business portfolio management to win in the world

In our long-term vision, "Good Foods 2030," we aim to create four types of value, namely financial value, environmental value, social value, and value in human capital. The reinforcement of business portfolio management and the acceleration of sustainability management are the core pillars of our efforts to

achieve this aim. I will now discuss our concrete strategies for the creation of these four types of value.

The key theme in financial value is our aim of building the capital strength to compete in the world. To this end, we have set targets of 1 trillion yen in sales, 50 billion yen in operating income, and a global sales ratio of 50% in FY2030. Pursuing the improvement of capital efficiency through a "selection and concentration" approach by concentrating investment in growth areas,



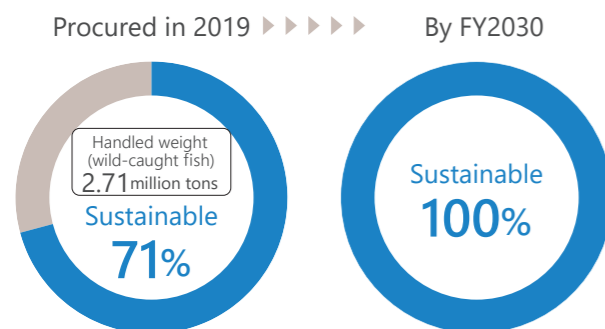
## Message from the President

we will improve the profitability of each business and strengthen their capacity to generate cashflow.

To achieve this, we added two new indicators, ROIC and cash conversion cycle (CCC), to our Group-wide KPIs, which we will use to clearly identify the “growth areas” for further investment and “areas requiring further strengthening.” These areas will be divided into four quadrants, namely “Growth Focused,” “Growth Potential,” “Improvement Required,” and “Core,” based on the two axes of growth potential and capital efficiency. We will use this information in our deliberations and management decisions in the Company’s Board of Directors. At the same time, we will also strengthen screening prior to investment execution and monitoring after investment execution.

I believe that the weighted allocation of assets to Growth Focused areas will lead to more efficient asset management and, in turn, to the enhancement of profitability as a company. We will endeavor to achieve optimal cash allocation through ongoing investment of cash generated into Growth Focused areas for sustainable growth and through the return of profits to shareholders. In this process of selection and concentration, we may be forced to withdraw from some businesses and to close certain plants. This will have a significant impact on our Group employees working in those plants. For this very reason, I believe that it is my role as President to indicate clear directions for growth and the business areas that we will focus on and, through the appropriate allocation of management resources, that is, people, goods, money, and information, give energy and care to achieving those aims.

Results of Survey of Procured Marine Resources Sustainability and Targets



### Sustainability that is important in terms of both risks and opportunities

Given the Nissui Group’s high dependence on natural capital, themes related to environmental value are critical in terms of both risks and opportunities, and we need to maintain a sense of crisis in our approach to them.

Regarding actions on climate change, in November 2021, Nissui declared its endorsement of the TCFD (Task Force on Climate-related Financial Disclosures) recommendations. A cross-divisional project was formed in which many discussions have been held on climate change risks and opportunities and their financial impact. According to estimates for 2030, although transition risks and physical risks such as carbon tax and capital investments will have a certain degree of financial impact, we are growing increasingly confident that we will be able to maintain growth by taking measures against risks and capturing opportunities. Going forward, the steady implementation of measures with the aim of consistent resilience will be key to advancing decarbonization throughout the entire value chain. In our long-term vision, we have set the 2030 target of reducing our CO<sub>2</sub> emissions (Scope 1 & 2) by 30% (in total compared to the FY2018 level). We have also made the major decision to achieve carbon-neutral (Scope 1 & 2) in 2050. Realistically, achieving carbon neutrality will be an extremely difficult task for the fisheries industry. Fishing vessels, for example, will need to move away from heavy oil to alternative fuels. To achieve this goal, technological breakthroughs as well as cooperative initiatives by government, private sector and academia will be crucial. We will keep our eyes peeled for new opportunities in this regard.

Another major challenge for environmental value is initiatives to enhance the sustainability of marine resources. For this, we have set the 2030 target of 100% procurement of sustainable marine resources. In 2017, Nissui was the first large fishery companies worldwide to conduct a resource status survey on wild-caught marine products procured by Group companies both in Japan and outside Japan. In our second such survey, conducted in 2020, we confirmed that resources controls were being conducted on 71% of wild-caught marine products procured. With the aim of raising this ratio to 100% by 2030, we will commence surveys of species that have never even been surveyed before. For any species of concern, where possible, we plan to replace them with

other species that can be confirmed as sustainable, such as certified products. For species that will be difficult to replace, we will participate in activities to improve their marine resource status. Even with individual companies making their hardest solo efforts, this will not be enough to resolve marine resource issues completely. It will be essential for stakeholders to cooperate with each other to establish a platform for ensuring the soundness of procurement. Nissui Group will actively contribute to the building of such a platform. The business of the Group both depends greatly and has a tremendous impact on natural capital. Going forward, we will work on identifying risks and opportunities through our responses to the TNFD (Taskforce on Nature-related Financial Disclosures) and on enhancing the resilience of our business by reflecting those risks and opportunities in our management. The use of plastic has a major impact on marine environmental conservation, as exemplified by the problem of marine plastics. We will address this issue by working toward the 2030 target of reducing our usage of plastic by 30% (compared to FY2015, per unit).

The first key theme of social value is the solution of health issues. We have set a goal of expanding our sales

in the health category products (compared to FY2021) by 300% by FY2030. Our definition of “health category products” is products and raw materials that have clear evidence that they contribute to health, including EPA, foods that are certified as health functional food products, such as food for specified health uses (FOSHU), and products that are sold as health-promoting foods using certain evidence, such as protein of fast-twitch skeletal muscles. Under this definition, we will work on expanding markets for such products.

Further, alternative proteins have the potential to lead to a new food culture by contributing to health as well as reduction in carbon footprint, and we expect this area to grow going forward. We ourselves will also actively work on this area.

There have been criticisms that IUU fishing, which is a problem unique to the fisheries industry, has been linked to human rights issues. We believe that respect for human rights in the supply chain will lead to the creation of social value as well as environmental value. To this end, we have set a target of assessing 100% of the Group’s primary suppliers as another target of our social value goals.

## Our innovation gene that has continued since the company’s establishment

### Nurture a robust corporate culture that enables diverse human capital to flourish and take on challenges

We view each and every one of our employees as a valuable asset that supports Nissui Group’s sustainable growth, and we will strive to create value through the active participation of our diverse human capital. Such ways of thinking are essential to the enhancement of medium- to long-term corporate value. At the same time, they are themes in which I sense some concerns. It is for this reason that we decided to set goals for value in human capital in the long-term vision.

R&D has been a focus of the company since its establishment, and we have produced many outcomes since our establishment of Japan’s first private fishery research organization (Hayatomo Fishery Research Institute) in 1920. Even when business has been tough, we have maintained our stance of not cutting R&D expenses and have continued to invest in it. This has

allowed us to build a significant advantage. It is my ambition to turn the R&D Group into an organization that moves more aggressively. Getting out of the lab, seeing and hearing external ideas about design thinking, open innovation, and the like, and communicating with people outside the company are bound to give our researchers a great deal of stimulation. Such initiatives will offer junior employees opportunities to grow and flourish, and we hope to continue them going forward. On the other hand, I do not think that simply increasing investment in R&D alone is enough to generate innovation. For example, Nissui, the core company of the Group, began calling for new business ideas within the company two years ago, and a number of very impressive ideas have come from employees outside the R&D Group since then.

I believe that an important factor in laying the groundwork for the generation of innovation is that diverse human capital plays an active role throughout the company. In particular, active participation by female



## Message from the President

and foreign-national employees will be a critical factor in the growth of the Nissui Group. To this end, as for promotion of active female participation, we set a target of the ratio of female managers for 20% or more by FY2030 (Nissui only) in the long-term vision.

Human capital development is also key. Throughout its history, the Company has overcome many difficulties, such as the Pacific War and the 200-nautical miles issue. However, compared with the past, I have the impression that the willingness to take on new challenges among today's employees has weakened. As a launchpad for human capital development, we established the Business Development Department and began calling for new business ideas from within the company, as mentioned above, with the intention of fostering an entrepreneurial spirit. However, both of these initiatives have only just begun, and it will be some time before they start to produce outcomes. Nevertheless, once the percentage of employees with that entrepreneurial spirit starts to increase to 10% or 30% as a result of these initiatives, the atmosphere of the company as a whole will likely change significantly. Indeed, I have great expectations of that happening.

In the Mid-term Business Plan, one of our key themes contains the phrase "business boundary areas." There is no denying that the vertically segmented business structure of the Fisheries Business Group, Food Products Business Group, and Fine Chemicals Business Group, has had its problems in the past. I have experienced the rebuilding of loss-making businesses numerous times in the past, and this has given me a real sense that the key to business management and improvement of earnings lies in employees working actively across the organization. The experience of

strengthening ties among employees and drawing out the collective strengths of the organization has become a major asset for me personally. For this reason, I want to make our company one that is open and in which people can discuss things freely without the barriers of position or department. There are employees among us who are able to think creatively in a well-balanced manner that is not constrained by boundaries between businesses. If we can create mechanisms that enable the abilities of such people to be put to use, they are certain to contribute greatly not only to business boundary areas but also to the creation of new businesses and innovation.

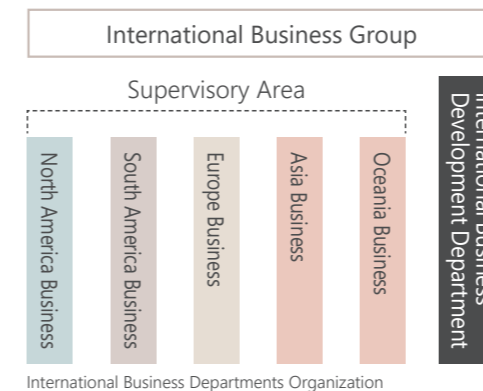


Examples of new businesses

We have declared a 20% improvement in our employee engagement score as a goal for value in human capital, and the initiatives I have mentioned so far will likely help to increase employee engagement. To this end, I believe that we need to re-examine our various systems, including our human resources systems.

we should do to compensate for areas where not enough is being done. I also feel that we have become much more serious about initiatives for new businesses.

We have declared six strategies in the Mid-term Business Plan. Among those six strategies, the acceleration of global expansion strategy is, as one would expect, particularly important for the Nissui Group to achieve growth toward higher level. In March 2022, we established international business departments to oversee the outside Japan business overall, and for the FY2030 target of a global sales ratio of 50%, in the



International Business Departments Organization

Mid-term Business Plan, we will aim to achieve a ratio of 38% in FY2024.

We are targeting the American and European markets in particular, with plans to enter the Spanish, German, and Benelux markets and to expand our share in the North American market. In addition, while keeping an eye on changes in the external environment, we will build a platform for sustainable growth on a global basis through outside Japan M&As and the restructuring of our outside Japan locations.

Amid the likelihood of various cost rises going forward, "innovating productivity" another theme that we will continue to pursue without sanctuary, and there is much room for improvement in this regard. There are still many analogue operations on the ground in production and in our administrative divisions, so digital transformation (DX) and the use of IT will be key. Refining our aquaculture business model with DX, improving the efficiency of SCM operations, and making use of AI for demand forecasting are some of the issues that need to be addressed, and we intend to work on them steadily.

In addition to sharing and embedding our newly defined mission and long-term vision throughout the Group, in the area of governance, we will proceed with reforms of the composition of the Board of Directors and a review of the executive compensation structure. The reinforcement of Group governance will be essential for accelerating global growth in particular. We will reconstruct the Nomination and Compensation Committee of our Group companies and dispatch officers of Nissui to Group companies as Board Members in an effort to improve the effectiveness of their Boards of Directors and strengthen their risk management.

We will also see a need to strengthen the auditing of outside Japan subsidiaries and, in addition to adding



more people, elevate our knowledge of the regulations in the individual countries. Understanding of outside Japan cultures and values is also necessary for the identification of potential risks, so in that respect as well, diversity and human capital development will be crucial. We will share examples of success stories in the different areas and pursue Group synergies. The reinforcement of Group governance will, I believe, further elevate the superiority of our global and local links, which are our strength.

### Aim for sustainable enhancement of corporate value

With 2030 as a waypoint, the Nissui Group will start on our journey toward our next 100 years. We possess a manufacturing spirit cultivated on the ocean and pride as a manufacturer. While passing that spirit and pride onto the next generation, we will transcend the frameworks of the past to deliver innovative food solutions to more people around the world and contribute to rich, healthy lives and to the realization of a sustainable society. To this end, we will enhance our four values (economic value, environmental value, social value, and value in human capital) to enhance our corporate value.

A year and a half has passed since I had the honor of being appointed Representative Board Member and President. I am deeply conscious that there is no one behind me, and the fact that I have now prepared for that has been a major change for me. I will place importance on governance for the sake of making appropriate management decisions, and I want to create more opportunities to engage with our shareholders and investors. I hope our stakeholders will look forward to the Nissui Group's next leaps ahead, and I ask for your kind guidance and support.

## Moving up toward higher level

### Building a platform for new growth

For the new Mid-term Business Plan, we set our targets and formulated growth strategies by backcasting from the vision set out in the long-term vision. In past mid-term business plans, we were unable to break free from thinking that was bound by actual results. This time, by first clarifying our goals for FY2030, I believe that we have been able to change our thinking by asking ourselves how we should proceed to achieve those goals and what

Message from the CFO

Without easing investment for growth, we will improve capital efficiency and enhance cash generation.



Shinya Yamamoto

Board Member, Managing Executive Officer  
Chief Financial Officer  
In charge of Corporate Administration Group

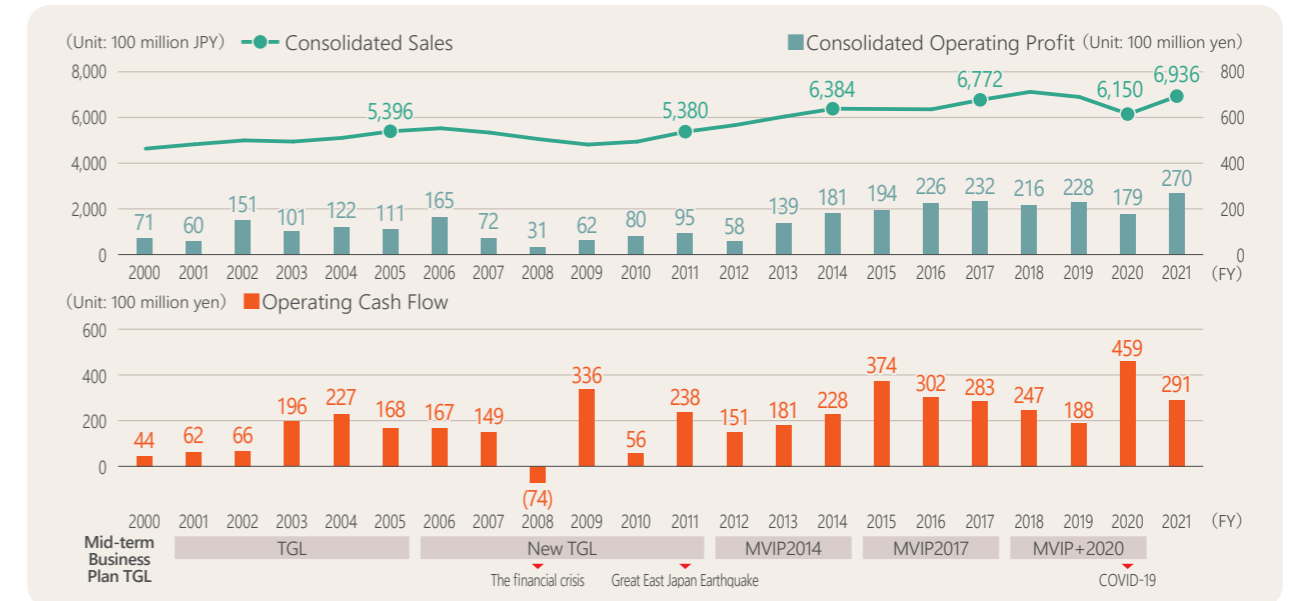
Toward the realization of the long-term vision

In the long-term vision, "Good Foods 2030," the Nissui Group has set financial value targets of 1 trillion yen in sales, 50 billion yen in operating income, and 50% for the ratio of global sales. To realize this vision, in addition to the organic growth and profitability improvement of our existing businesses, we will need to pour management resources into Growth Focused areas proactively and effectively. Looking back on our past, we can see that, although the Nissui Group actively invested outside Japan after 2000 for the sake of growth, some investments were made ahead of expectations, and there were times when earnings were not stabilized. Since 2010, in addition to winding up those unprofitable businesses, we have raised our capacity to handle governance and risk management and strived to grow

our core businesses while strengthening our corporate constitution. Through these efforts, we have made dramatic, stable improvements in our consolidated earnings.

While earnings have improved, there has been no significant improvement in operating cash flow. Increases in taxes paid have been a factor, but I do believe that we still have ample room to enhance our cash flow generation. To further enhance our cash flow generation and also make effective use of management resources, spreading and strengthening business portfolio management within the Group will be critical. Alongside sustainability management, we will promote this for the realization of the long-term vision.

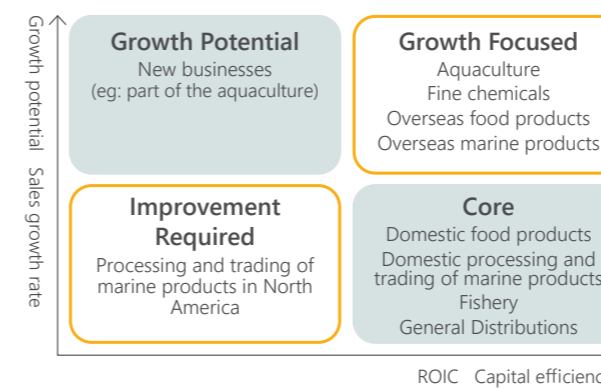
FY2000-2021 Changes in Sales, Operating Profit, and Operating Cash Flow



Reinforcing of business portfolio management

From FY2022, we have introduced ROIC as a KPI of capital efficiency, and we are extending it to our various locations. Business portfolio management involves evaluating existing businesses with analysis of 4 quadrants on the two axes of sales growth rate and ROIC. This is being shared and discussed among all Executive Officers.

Evaluation of Existing Businesses through Analysis of 4 Quadrants



For businesses categorized as having low growth and low investment efficiency in this analysis, in addition to the analysis, we will comprehensively evaluate them from various angles, including their vision alignment, inter-business synergy, sustainability, and best-owner

perspectives. We will then discuss future directions, such as rebuilding, business restructuring, and withdrawal, and take action accordingly. At present, the ROIC hurdle rate is set uniformly for all businesses based on our WACC, but we will consider possibilities such as setting separate hurdle rates by business and/or area, in the hope of evolving to better management.

Specifically, toward 2030, we intend to make priority allocations of management resources to the "aquaculture business," "outside Japan marine products and food products business," and the "fine chemicals business." As well as being areas with market growth potential, these businesses are domains in which we will be able to demonstrate our strengths in the technologies and expertise we have cultivated to date. On the other hand, in this fiscal year, we sold our listed subsidiary, NISSUI PHARMACEUTICAL, whose synergy with the Nissui Group was limited. By proceeding with action such as the sales of businesses that have little potential synergy with the Group, we will pursue the transformation to a more appropriate business portfolio.

At the same time, I believe it is important to promote "selection and concentration" of the items, categories, and other constituent elements of each business for efficient management.

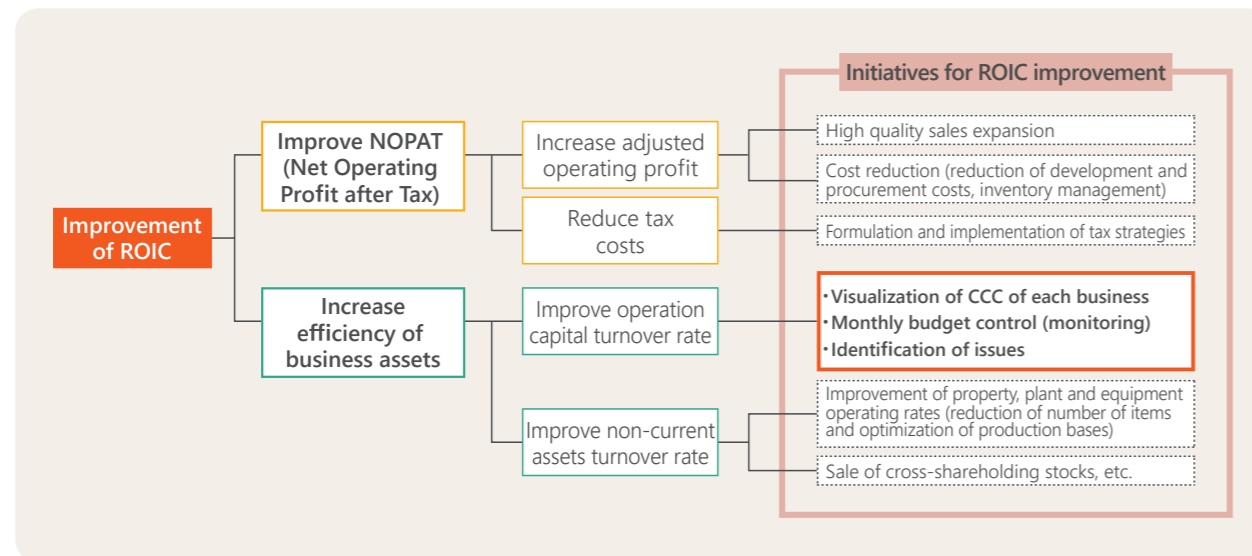
## Message from the CFO

### Internal penetration of ROIC

In an effort to extend ROIC to our various locations, we have focused particularly on operation capital and launched an initiative that aims to improve the cash conversion cycle (CCC) as an internal KPI. As mentioned above, although earnings have been improving in recent years, the improvement of operating cash flow has been limited. We hope to enhance cash flow generation by increasing the turnover rate of operation capital. Our first step has been to make the CCC of the individual businesses visible and to identify any issues, after taking the characteristics of each business into account. For example, in the aquaculture business, long stocking periods tend to result in a longer CCC, but we will give

concrete consideration to what can and should be done to improve CCC without losing profitability, including comparing our operations with those of other companies engaged in aquaculture. This process has only just begun, but the CCC of each business is monitored on a monthly basis, and we will work to promote internal penetration through activities such as holding explanatory meetings to deepen understanding of ROIC and CCC, and sharing the details of initiatives of each business and group company at regular meetings. In addition to operation capital, we will also undertake asset-lightening efforts, such as cutting back on items and categories, optimizing production bases, and selling cross-shareholding stocks.

Enhancing cash flow generation through internal penetration of ROIC



## Promotion of sustainability management

In the long-term vision, "Good Foods 2030," besides financial value, we have set KPIs for the creation of environmental value, social value, and value in human capital. One important perspective in this regard will be how each business contributes to the creation of these types of value. In the belief that businesses that create not only financial value but also social value, environmental value, and value in human capital are the businesses that will be able to achieve sustainable growth, we intend to actively inject management resources into such businesses.

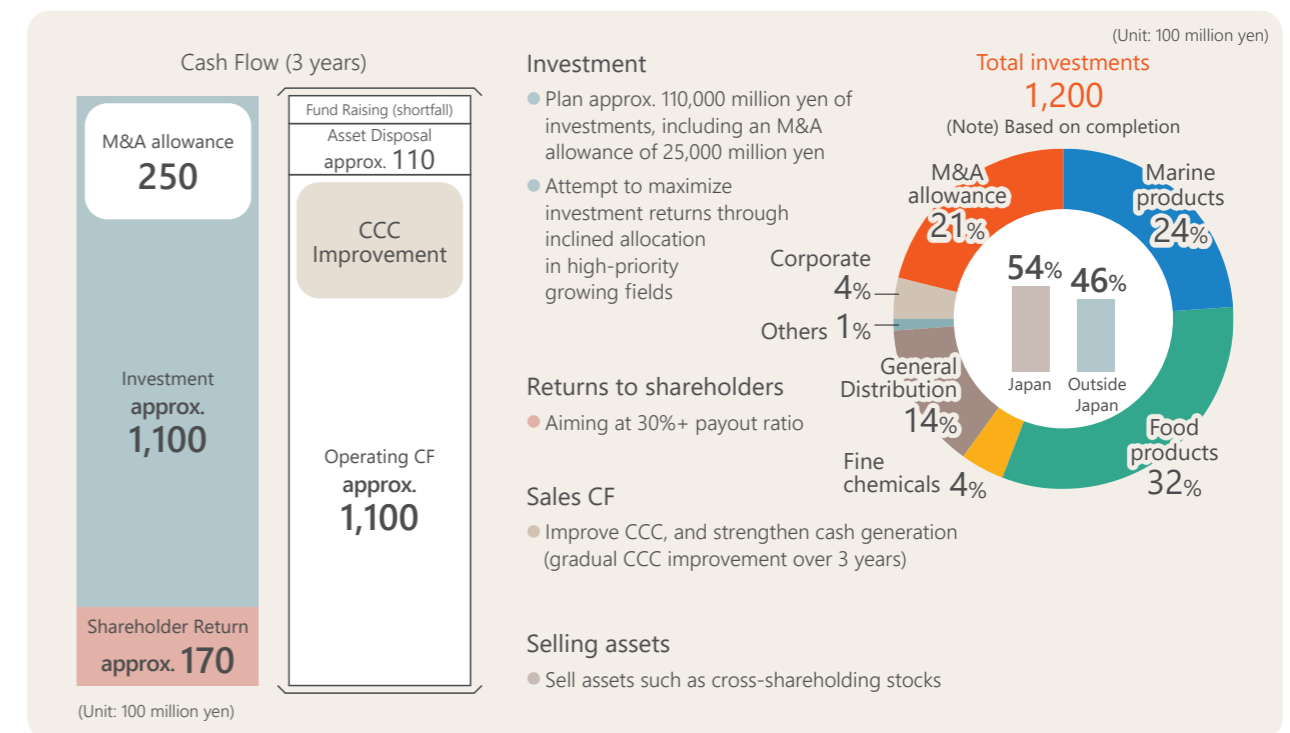
For example, we believe that sustainable procurement of marine resources will not only lead to the continuity and sustainability of the Nissui Group, but it will also set us apart from our competitors. In this context, we believe that, in our approaches to CO<sub>2</sub> reduction (climate change response), reduction of plastics, and verifiably sustainable marine resources, ROIC should be assessed from medium- to long-term perspectives. We also view efficient aquaculture that is considerate of the marine environment and contributions to health using the functions of fish in a similar light.

## Cash allocation and returns to shareholders

Regarding cash allocation, we will strive for a balance between growth and financial security and actively conduct the growth investments needed to realize our long-term vision without significantly increasing our borrowing levels. Under the Mid-Term Business Plan "Good Foods Recipe1," we will generate just over 120 billion yen in cash over three years, including through CCC improvement and the sale of assets such as cross-shareholding stocks, and allocate it to investment and the returns to shareholders. We are planning investments of around 120 billion yen based on completion (110 billion yen on a cash basis), 25 billion yen of which will be allocated to M&A, primarily for the growth of the outside Japan business. Other than business investments, we will invest in human capital, R&D, sustainability actions, and branding, in our aim to

build up a stronger Nissui Group. To achieve these aims, flexible financing at stable low interest will be key. To this end, we are considering obtaining an external credit rating. A certain level of owned capital is essential to the process of obtaining a credit rating, and we hope to deepen our discussions on our optimal capital structure, including our capacity to respond to business risks.

Regarding returns to shareholders, during the period of the Mid-Term Business Plan "Good Foods Recipe1," we will raise our payout ratio to 30% or more and conduct stable dividends. In the medium to long term, we will consider additional returns to shareholders, such as share buybacks, taking the expectations of the capital markets into account.



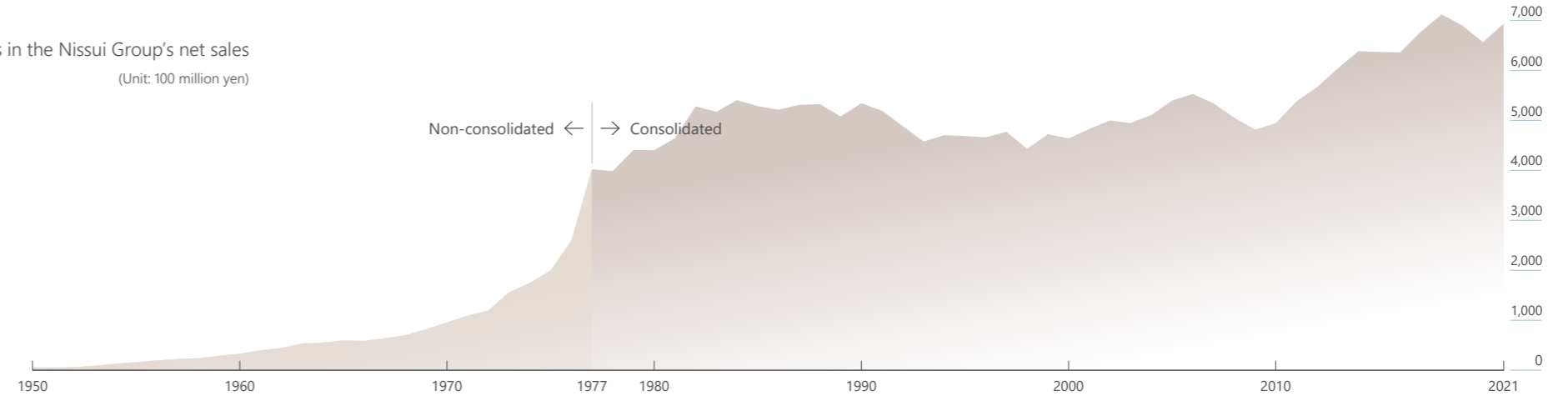
The world has become increasingly uncertain and unpredictable, due to environmental problems, Russia's invasion of Ukraine and other world affairs, and economic developments such as the weakening yen and inflation. Under such circumstances, the Nissui Group has taken a new step forward by formulating its mission and long-term vision and renewing its brand. To enhance our

corporate value through the creation of innovative foods, we will work to concentrate our management resources on areas in which we can leverage our strengths and realize a sustainable society, and in doing so, respond to the expectations of our stakeholders.

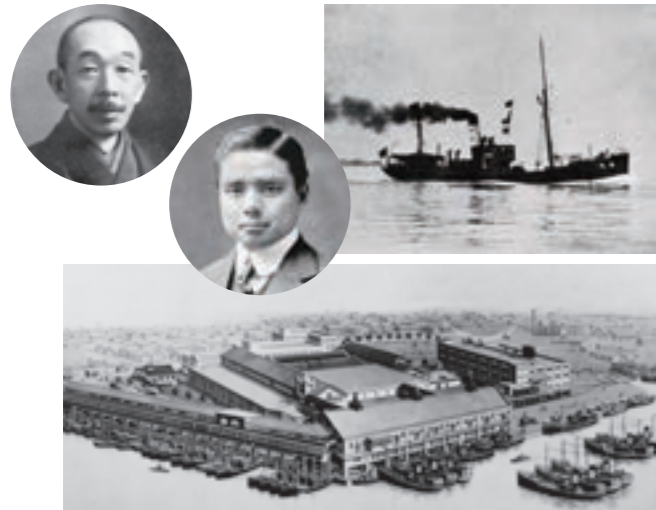
## Nissui Group's History

Founded in 1911 by trawling, Nissui has developed a variety of businesses originating from fisheries. As the days of fisheries came to an end, we strengthened accessibility to marine resources instead and turned marine resources into customer value for global rollout. We have thus achieved growth by shifting our business model.

Changes in the Nissui Group's net sales  
(Unit: 100 million yen)



### Establishment and Growth



In 1911, capitalist Ichiro Tamura and entrepreneur Kosuke Kunishi built and introduced Minato Maru, a cutting-edge British trawler at the time. They established the Tamura Steamship Fishery Company in Shimonoseki. The company focused on research and development to develop the fisheries business industrially, and materialized deep-sea fishery by installing wireless telegraph equipment, commercializing diesel trawlers, and adopting on-board rapid freezing equipment. The fish caught were not only sold but also processed into fish paste products and fish meal to make full use of the catch. We also created a nationwide refrigerated warehouse network to adjust the supply-demand balance of marine products we caught.

After relocating to Tobata in 1930 to expand the business scale, we grew to become a marine products company that seamlessly engages in fisheries and storage, processing, distribution, and sales of marine products. In 1937, we became part of the Nissan Konzern.

### Reconstruction and Expansion



Under the Fishery Control Ordinance, the fishing business was taken over by Nippon Kaiyo Gyogyo Tosei K.K and the ice-making, freezing and refrigerating, and processing businesses were transferred to Teikoku Suisan Tosei K.K in 1943. During the Pacific War, more than 80% of our fishing boats were requisitioned, which forced our business to slow down.

In 1945, the Fishery Control Ordinance was lifted and we restored the company name Nippon Suisan. We resumed various types of fisheries and the production of fish paste products, canned foods, and other processed foods. Aiming to secure resources and fishing grounds, as well as to build a highly profitable business structure, we enhanced the production function by investing in on-land plants and large trawlers. The company thus advanced through the period of rapid economic growth.

Meanwhile, coastal countries started to declare territorial waters. This cast concerns over such declaration's impact on deep-sea fishery, the pillar of our business at the time. To address the issue, we expanded the processed foods business. Our ways of expanding the business scale included embarking on fisheries at overseas locations and purchasing marine products in Japan and overseas.

### Withdrawal and Stagnation



The adoption of the 200 nautical mile system of United States and Soviet Union (at that time) in 1977 forced Japanese deep-sea fishery businesses to withdraw from fishing grounds. Being no exception, Nissui phased out of the fishing business. From the early 1980s, we aspired to be a comprehensive food company and diversified our business. Specifically, we developed locations for better access to overseas marine resources, started research on EPA, made our way into the formula feed and chilled foods businesses, and set up the General Distribution Department. Despite such efforts, we were unable to improve the balance sheet and stopped paying dividends in 1991. Although we withdrew from most of the fishing business, performance remained sluggish.

### Transformation and Evolution



Fighting with our back to the wall, we set the slogan of "selection & concentration" in FY1996 & worked on a fundamental reform. This turned around the company to profitability, and for FY1998, we were able to pay dividends for the first time in nine years. Since FY2001, we have been managing the Group from an increasingly global perspective. To transform marine resources into customer value, we went back to the management philosophy of the founding days. Based on the accessibility to marine resources through fisheries and aquaculture, we promoted a seamless business model, where every process up to processing and sales is completed within the Group, and built global supply chains of Alaska pollock and farmed salmon/trout. Part of the investment, however, did not produce expected results and put a squeeze on profits. We had to give up paying dividends again in FY2012. By restructuring unprofitable businesses and strengthening governance, risk management, and other structures, we resumed dividend payment in FY2014.

Today, drivers for our growth include business expansion in Europe, profitability of aquaculture in Japan, and overseas rollout of the EPA business.

## At a Glance

### Fisheries Business

(Unit: 100 million yen)  
 Net sales **2,877** Operating profit **127**

Features

Global procurement of white fish



Value-added with salmon/trout food processing



R&D for complete aquaculture and onshore aquaculture

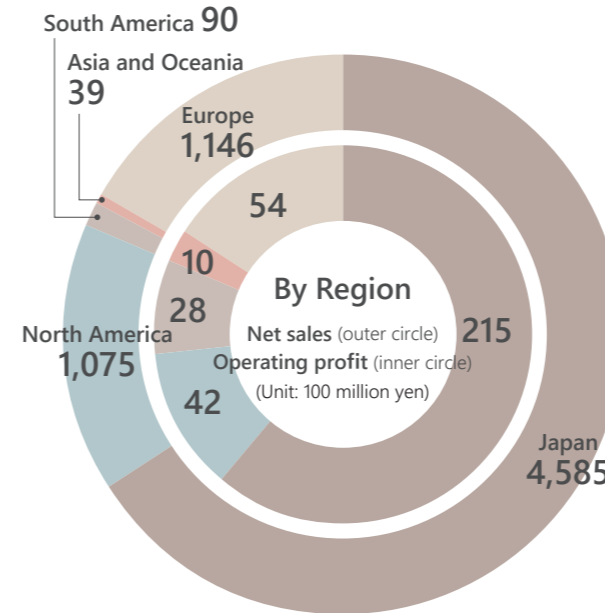
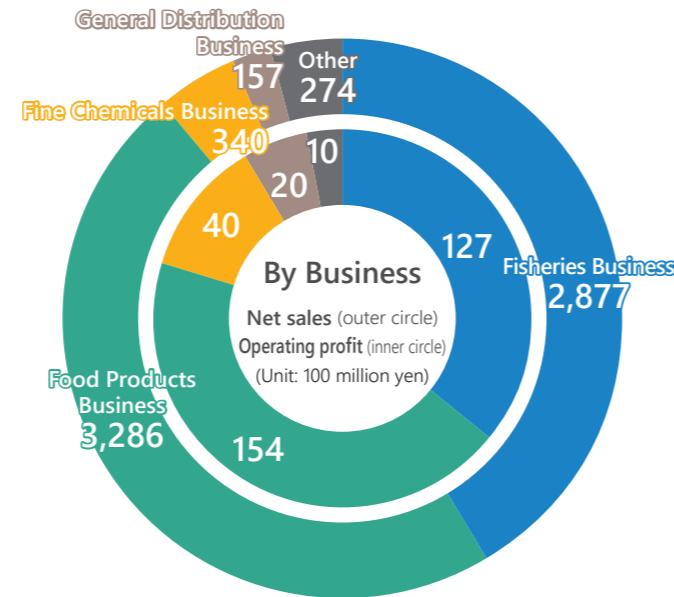


Advancing breeding technology, deploying technology to other fish, reducing the usage of antimicrobial



Net sales for FY2021 **6,936**

Operating profit **270** (Unit: 100 million yen)



(Note) Company-wide expenses included in the actual operating profit are excluded from the figures in the operating profit pie chart

### Fine Chemicals Business

(Unit: 100 million yen)  
 Net sales **340** Operating profit **40**

Features

Obtained in 1990 the world's first approval for manufacturing high-purity EPA as pharmaceutical raw materials



### General Distribution Business

(Unit: 100 million yen)  
 Net sales **157** Operating profit **20**

Features

Cold/refrigerated storage **23** locations Capacity **420** thousand tons



Osaka Maishima Logistics Center, Nissui Logistics Corporation

### Food Products Business

(Unit: 100 million yen)  
 Net sales **3,286** Operating profit **154**

Features

USA Frozen prepared marine foods for household use **No. 1 manufacturer share\*1**



Japan Market for household use frozen rice balls **No. 1 manufacturer share\*2**



Japan Market for household use chikuwa (processed fish cake with tube-like shape) **No. 1 manufacturer share\*3**



Marugoto Oishii Futotikuwa (Wholly tasty big chikuwa)

Japan Market for household use fish sausages **No. 1 manufacturer share\*4**



\*1 August 2021–August 2022 monetary amount share in IRI's category of frozen prepared marine foods for household use in the United States  
 \*2 August 2021–August 2022 monetary amount share in INTAGE Inc. SRI+'s category of frozen rice balls for household use  
 \*3 February 2021–August 2022 monetary amount share in INTAGE Inc. SRI+'s category of chikuwa for household use  
 \*4 December 2018–August 2022 monetary amount share in INTAGE Inc. SRI+'s category of fish sausages for household use

## Nissui Group's Value Creation Process

The Nissui Group aims to become by 2030 a **"leading company that delivers friendly foods both for people and the earth."** To achieve this vision, we have set KPIs for financial value, social value, value in human capital, and environmental value.

By strengthening business portfolio management and embarking on new businesses, we will maximize value through capital reallocation.



KPIs for 2030

### Financial capital

- Total assets: **505,700** million yen
- Free cash flow: **11,800** million yen

### Manufacturing capital

- Aquaculture bases: **71**<sup>\*1</sup>
- GFSI certified business locations: **30**

### Intellectual capital

- R&D expenses: **4,700** million yen
- R&D human capital: **133** persons
- Tokyo Innovation Center
- Oita Marine Biological Technology Center, Central Research Laboratory

### Human capital

- Number of employees (consolidated): **9,662** persons
- Selected as a Health & Productivity Stock for four consecutive years
- Selected as a Semi-Nadeshiko Brand

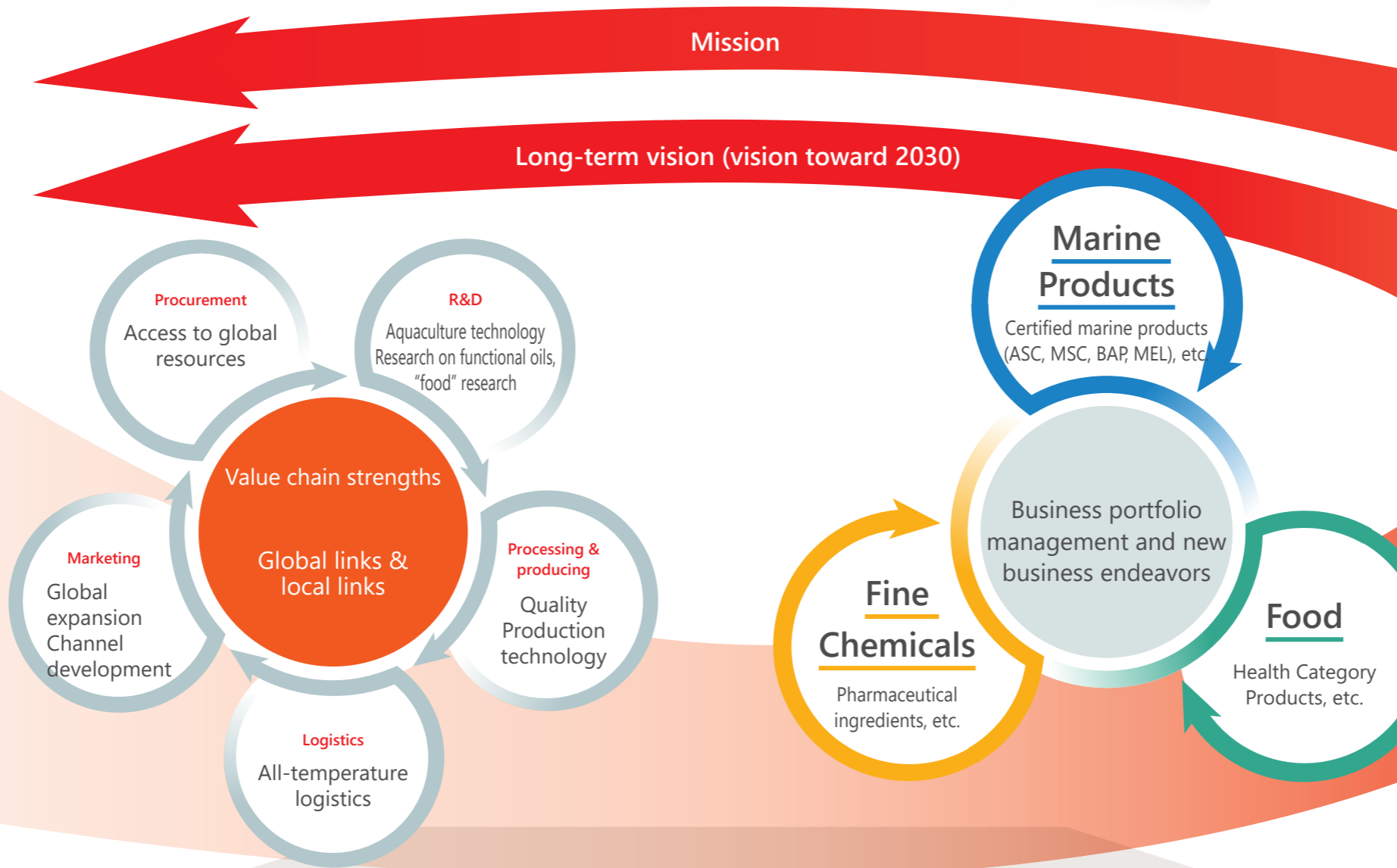
### Social capital

- Trust and Nissui brand built on more than **110** years of history

### Natural capital

- Sustainable procurement rate of marine resources: **71%**
- Global supply chain (procurement of marine resources from **48** countries or more)

Changes in the external environment



#### Financial Value

Capital strength to compete in the world

- Sales: **1** trillion
- Operating income: 50,000 million yen
- ROIC  $\geq$  **7.0%**
- Ratio of global sales: **50%**

#### Social Value

Solve health problem

- Sales of Health Category Products: Expanded by **300%**

Responsible procurement

- Assessment of Tier-1 suppliers: **100%**

#### Value in Human Capital

Diverse human capital playing an important role

- Employee engagement score\*: Improved by **20%**
- Ratio of female manager\*: **20%**

#### Environmental Value

Sustainability of marine resources

- Procurement of sustainable marine resources: **100%**

Actions toward climate change and ocean environment

- CO<sub>2</sub> emissions (Scope 1, 2): Reduced by **30%**
- Achieve carbon-neutral in **2050**
- Usage of plastics\*: Reduced by **30%**

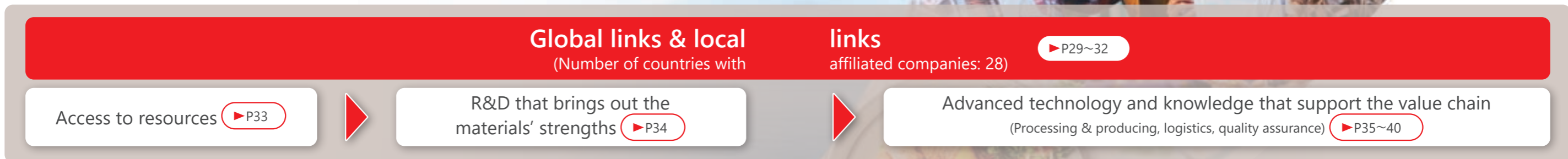


<sup>\*1</sup> Subjects are subsidiaries, and 1 aquaculture area is counted as 1 base  
<sup>\*2</sup> GFSI (Global Food Safety Initiative): a private consortium of global food companies collaborating and working together to improve food safety and strengthen consumer confidence in food products through initiatives such as certification of food safety management standards

\*Figures are for Nissui only

## Nissui Group's Strength: Value Chain

The Nissui Group's strength lies in its value chain, which includes processing, production, quality assurance, and a wide range of product rollout channels. Our accessibility to resources allows us to procure marine products and other materials from around the world, and our R&D brings out the potential of materials for adding higher value. Through the synergy of our three main businesses – Fisheries, Food, and Fine Chemicals –, we will maximize the value of our materials and provide innovative food solutions to people worldwide.

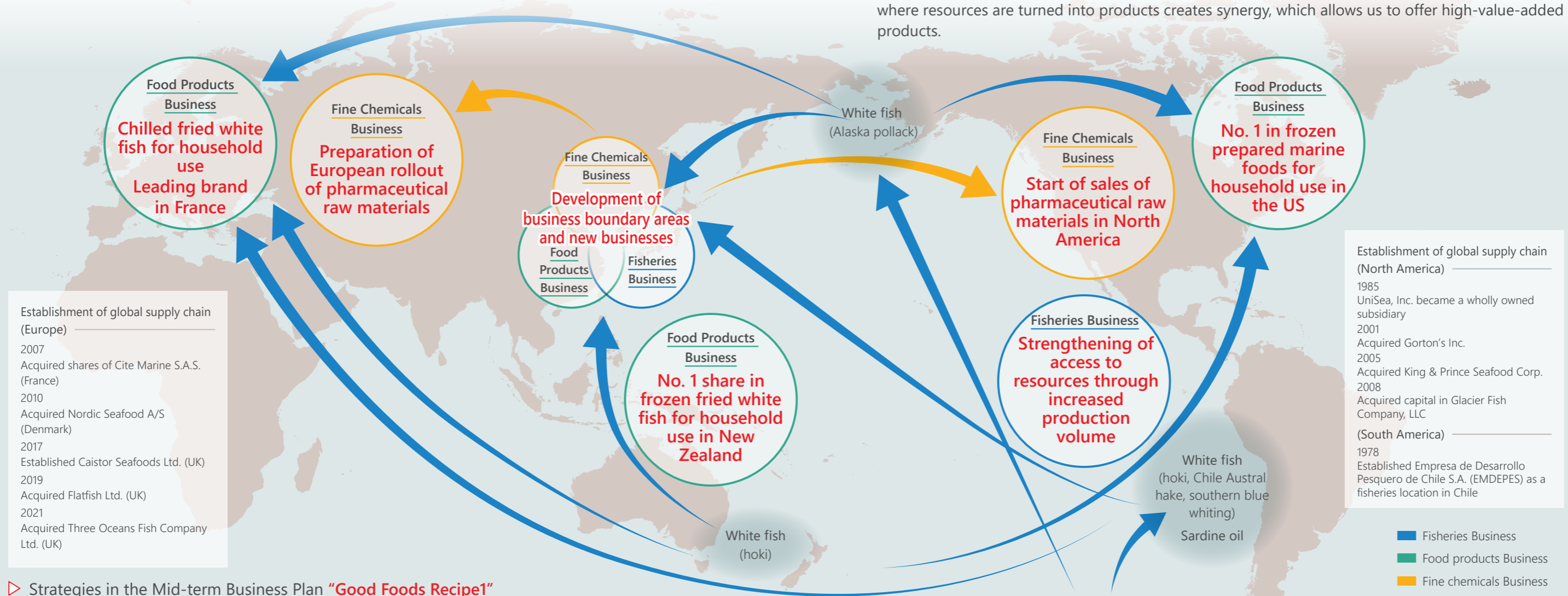


\*1 Subjects are subsidiaries, and 1 aquaculture area is counted as 1 base  
\*2 Goma Tonyu Jitate no Minna no Mikata DHA (DHA-Contained Drink with Sesame Soymilk Flavor)

## Nissui Group's Strength: Value Chain

### Global Value Chain Delivers innovative food solutions to the World Across Borders and Business Boundaries

Nissui Group has established "global links," a vertically integrated global value chain where access to marine resources through fisheries and aquaculture, as well as processing and sales, is completed within the Group, and "local links" that connect regional functions with one another. The process where resources are turned into products creates synergy, which allows us to offer high-value-added products.



**Establishment of global supply chain (Europe)**

- 2007 Acquired shares of Cite Marine S.A.S. (France)
- 2010 Acquired Nordic Seafood A/S (Denmark)
- 2017 Established Caistor Seafoods Ltd. (UK)
- 2019 Acquired Flatfish Ltd. (UK)
- 2021 Acquired Three Oceans Fish Company Ltd. (UK)

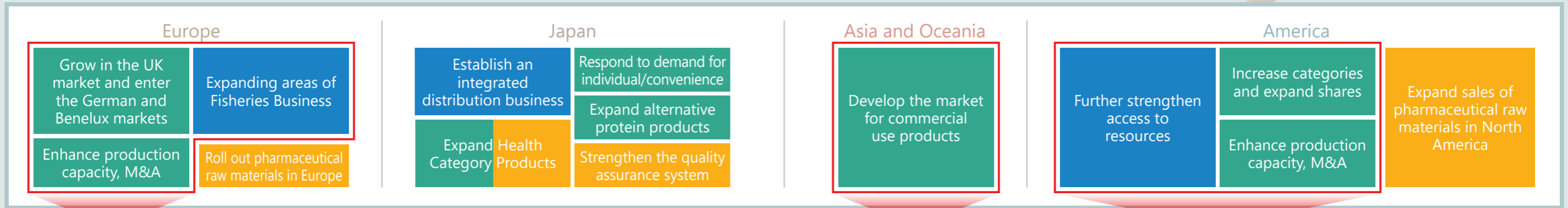
**Establishment of global supply chain (North America)**

- 1985 UniSea, Inc. became a wholly owned subsidiary
- 2001 Acquired Gorton's Inc.
- 2005 Acquired King & Prince Seafood Corp.
- 2008 Acquired capital in Glacier Fish Company, LLC

**(South America)**

- 1978 Established Empresa de Desarrollo Pesquero de Chile S.A. (EMDEPES) as a fisheries location in Chile

#### Strategies in the Mid-term Business Plan "Good Foods Recipe1"



**Ratio of global sales** 34% (2021) → **Approx. 38%** (2024 plan) → **50%** (2030 target)

(Note) Sales from the Fine Chemicals Business are not included in the ratio.



## Nissui Group's Strength: Value Chain

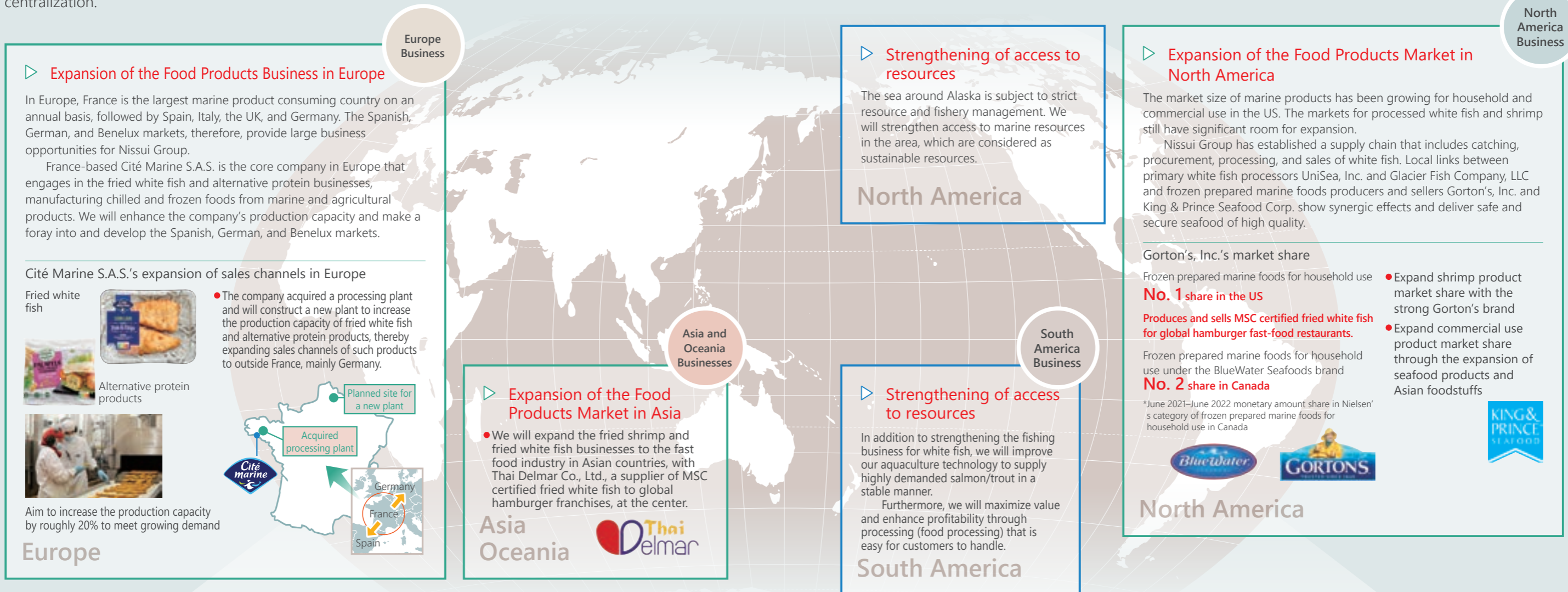
### Local Links That Accommodate Diverse Values and Cultures Around Food and Governance Framework that Supports Global Growth

Different countries and regions have different values and food cultures, depending on climate, religion, and long-standing customs and cultures. In some parts, delegating to local management can be more effective than applying a standardized management style, but management with a strong central grip is important for sound global growth. In March 2022, we established International Business Group, which supervises the overall international business. Taking advantage of the diversity in Nissui Group, we will accelerate global business development while maintaining the balance between delegation and centralization.

To achieve growth toward higher level, accelerating global development is essential. We will establish a framework to promote the international business, strengthen access to resources, and work to expand the processed foods business that has high profitability and growth potential.



**Masahide Asai**  
Board Member, Executive Officer  
International Business Operating  
Officer, General Manager of Business  
Supervisor in South America, In charge  
of International Business Development  
Department, Strategic Sales  
Department (joint), President of  
Nippon Suisan America Latina S.A.  
(N.A.L.)



## Nissui Group's Value Creation

### Strengthening of Access to Resources

Climate change raises concerns over changes in natural marine resources' habitats, as well as decreases in such resources. Unstable supply may cause significant market price fluctuations and affect the procurement of raw materials for our products. To achieve stable raw material procurement and highly profitable marine products business that can adapt to climate change, we work toward the sustainable use and procurement of natural resources and advancement of aquaculture technology.

#### Natural Marine Resources

##### ▶ Strengthening of Access to Alaska Pollack Resources

Although the sea around Alaska is subject to strict fisheries management, we will strengthen access to resources in the area and work toward stable procurement.

##### ▶ Survey of Procured Marine Resources Sustainability

Survey of marine resources sustainability and handling of certified products

Marine Eco-Labels  
▶ <https://nissui.disclosure.site/en/themes/170>

#### Aquaculture

##### ▶ Advancement of Aquaculture Technology



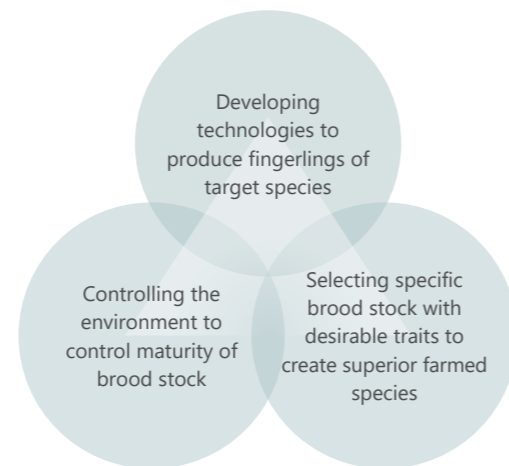
### Research on Cutting-Edge Fish Rearing to Produce Better Farmed Fish

In many cases, aquaculture depends on fingerlings obtained from natural resources. To minimize dependence on natural resources for aquaculture, we are working on the development of maturity control technologies to artificially extract gametes (eggs and sperm) from target species brood stock. In addition, we are advancing research on genetics and breeding.

Nissui also conducts research and development to identify and select individuals with desirable traits for farmed fish, control fish broodlines through DNA analysis and develop efficient methods for rearing fish using genetic analysis.



Brood stock are reared in large tanks whose water temperature, daylight length and other conditions can be controlled.



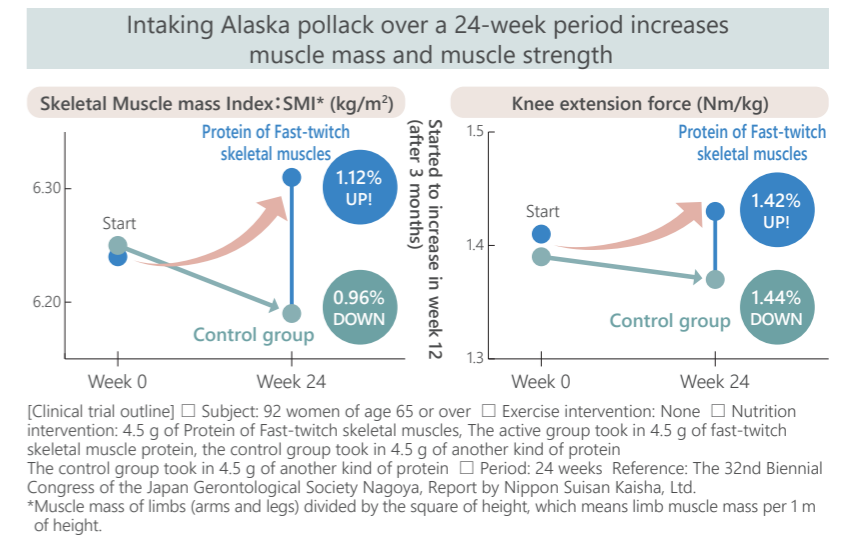
### R&D That Brings Out the Potential of Materials ▶P51

We have laid emphasis on R&D since the establishment. Accumulated knowledge and know-how have created high entry barriers and produced a variety of results. To create innovative food solutions, we are advancing technology development in the fields of fisheries and aquaculture, food products, and fine chemicals. This takes place through open innovation with Japanese and overseas companies and research institutions.

#### Nissui's R&D Generates New Value

##### ▶ Protein of Fast-twitch skeletal muscles

We have been focusing our attention on the functionality of white fish and conducting joint research with the academia on muscle increase effects of fast-twitch skeletal muscles protein from Alaska pollack. Effects of the protein contained in Alaska pollack have been unveiled one after another, and basic research on fisheries over the years is generating high added value.



##### ▶ Open Innovation

###### Developing a sustainable next-generation aquaculture system

Japan Science and Technology Agency's JST-Mirai Program

The project targets mackerel, which is consumed in Japan and overseas and highly nutritious. By linking fish rearing with feed development and designing a platform that takes full advantage of the link, we aim to create a system that can halve the period until catching mackerel to six months. This system can be applied to other fish species. It is expected to help not only ensure protein intake but also maintain Japan's fish consumption culture, where people enjoy a variety of fish in each season.

###### Supporting young researchers

Leave a Nest Grant Nissui Award

We have set up a grant system to support young researchers, and solicit a wide variety of research projects that create innovative food solutions. In FY2021, the Nissui Award was given to a project by Ms. Kazue Ojiro from the University of Shizuoka. The project conducts a comprehensive analysis of human gustatory and olfactory receptors to establish a high-sensitive technology that visualizes tastiness.

### Delving into Research for Finding New Functionality

In 2022, Dr. Zhi-Hong Yang, one of our researchers, won the Orloff Science Award for her research on the role of intracellular complement in human inflammatory diseases.

Dr. Zhi-Hong Yang is a member of the Lipoprotein Metabolism Laboratory in the U.S. National Institutes of Health (NIH). The laboratory is led by Dr. Alan T. Remaley, a leading expert in the field of lipid science. In cooperation with various research institutions, she continues to publish results of a number of research projects in the fields related to functional lipids.



Left, Nissui's researcher won the Orloff Science Award at the National Heart, Lung, and Blood Institute (NHLBI) in NIH. Right, Dr. Zhi-Hong Yang from Nissui delivering a lecture when she won an award from the American Oil Chemists' Society in 2018.

## Fisheries Business

We have built a value chain of marine products, which covers the process from fishing and aquaculture to processing and sales.

By strengthening access to resources and improving profitability through food processing, we will maximize the value of marine resources and achieve sustainable growth.



**Seiji Takahashi**  
Representative Board Member, Senior Managing Executive Officer  
Commissioned Fisheries Business Operating Officer

### FY2021 Overview

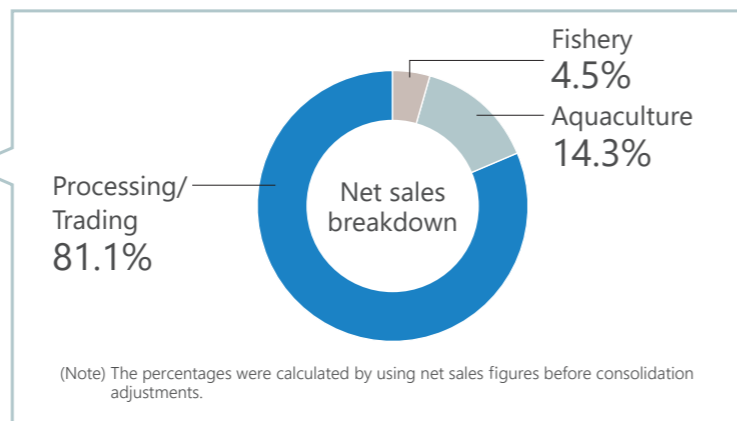
(Unit: 100 million yen)

Net sales

**2,877**  
(up 15.2% YoY)

Operating profit

**127**  
(up 116.0% YoY)



### Summary

In FY2021, performance of the aquaculture business improved in and outside Japan. Sales of marine products also improved following the recovery of economic activities.

Meanwhile, profit from the fisheries business decreased due to rising fuel prices, although the catch was strong. Sales and profit from the Alaska pollock processing business in North America increased substantially thanks to rebound consumption and strong fish prices, despite some struggles.

### Business Environment

#### Risks

- Global warming changes the state of marine resources. This may lead to decreases in catches and stricter fishing restrictions imposed by countries seeking to secure resources
- Typhoons, red tides, and other natural disasters undermine aquaculture performance
- Rising feed and crude oil prices increase production costs

#### Opportunities

- Demand for marine products increases in response to higher awareness toward health worldwide
- Aquaculture business that does not depend on natural resources attracts more attention

#### Strategies

- Strengthen accessibility to resources through active capital investments and M&A
- Establish an aquaculture business that yields stable profit
- Promote "food processing" to meet diverse needs
- Expand sales channels by acquiring marine product certifications

### Mid-term Business Plan

### Good Foods Recipe1

#### Stabilize and expand the aquaculture business

##### Kurose Buri (Yellowtail)

- Achieve 100% full life cycle farming
- Expand by shifting to large tanks
- Achieve the shipment of two million artificial fingerlings
- Gain market share around the world by expanding export

Aim to double the operating profit to **4,000 million yen** for the aquaculture business in Japan (compared with FY2021)

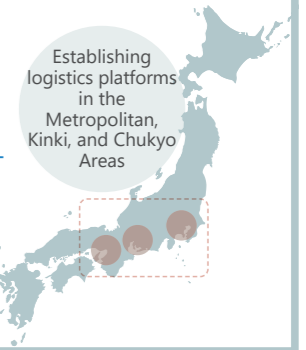
#### Promote food processing

##### Salmon/trout farming business in South America

- Enhance profitability by improving productivity and establishing a structure for fillet production increase

##### Initiatives in Japan

- Establish logistic platforms in the Metropolitan, Kinki, and Chukyo Areas and further promote "food processing" as requested by the market



### Integrated logistic business

Marine product counters in mass retailers and delivery businesses are increasingly outsourcing the processing of fillets, raw fish, and other marine products. This is due to a decrease in fresh fish processing workers and difficulty in passing down the skills. In addition, rapidly expanding e-commerce requires the logistics functions, such as pickup and delivery.

Nissui has such functions within the Group. We therefore aim to achieve a low-cost operation by establishing a "distribution platform" that brings these functions together and centrally managing the platform with information technology.

By optimally and efficiently operating diverse functions in need, such as processing, pickup, and delivery, we will smoothly supply marine products and other foods and contribute to society through innovative food solutions.

#### Expanding business opportunities by offering functions retailers need in an integrated manner

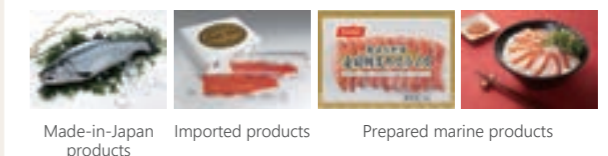
#### Undertake marine product logistic functions as a package

Engage in a series of functions on behalf of customers, from inventory management to delivery

- **Product storage function** to manage inventory
- **Processing function** to process marine products on behalf of back rooms
- **Pickup function** to collect and ship on behalf of logistics centers



Expansion of handling of aquaculture/frozen products and high value-added (food processing) products of Nissui and the Group companies



#### Advantages

In addition to the income for undertaking the above functions, we intend to expand the handling of Nissui Group marine products and promote food processing in the future.

Aim to raise the rate of food processing to **40% or more** by FY2030

## Food Products Business

We offer tasty and convenient processed foods based on an accurate understanding of changes in society and customers' lifestyles. We thus aim to create friendly and innovative food solutions for both people and the earth.



**Koji Umeda**

Board Member, Managing Executive Officer  
Commissioned Food Products Business Operating Officer, in charge of Marketing Planning Department, Strategic Sales Department (joint)

### FY2021 Overview

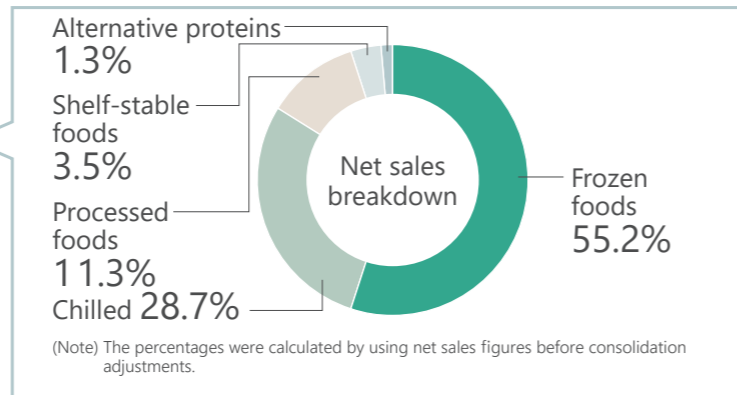
(Unit: 100 million yen)

Net sales

**3,286**  
(up 9.1% YoY)

Operating profit

**154**  
(up 9.9% YoY)



### Summary

In FY2021, markets for both household and commercial use products expanded in America and Europe, and sales and profit exceeded the level before the COVID-19 pandemic. In Japan, lift of restrictions on activities turned around the performance of commercial use products, and production of chilled products was optimized. Despite strong sales, costs increased due to rising raw material prices, soaring crude oil prices, and the impact of exchange rates.

### Business Environment

#### Risks

- Raw material prices soar due to abnormal weather, decrease in harvests and catches, etc.
- Political and economic changes and conflicts push up raw material prices and disrupt logistics
- Spread of infectious diseases decreases demand for foods for the food service industry

#### Opportunities

- Demand for food increases in countries around the world
- Needs for individual and convenience grow substantially
- Awareness toward health grows worldwide

#### Strategies

- Roll out a new category of products in response to needs for individual and convenience, which are growing substantially under the COVID-19 pandemic
- Expand Health Category Products that take advantage of the functionality of marine resources in which we have a competitive advantage
- Restructure and strengthen the production function of food plants in Japan

### Mid-term Business Plan

Good Foods Recipe1

#### Meet diverse needs

- Develop products by taking advantage of our know-how in frozen and chilled products and expanding the frozen/chilled meal (Q-DISH) category
- Promote convenience with the assembly category, such as fish and frozen vegetables with sauces

#### Expand Health Category Products

- Pursue functionality of materials and deploy product strategies focusing on health
- Expand the sales of Health Category Products by 130%



Foods labeled as functional foods



### Q-DISH Business

Our lifestyles have changed due to the COVID-19 pandemic in the past two years, characterized by the so-called stay-at-home demand and an increase in opportunities to drink at home. This has been expanding the market for ready-made foods in sealed packages distributed at chilled temperatures. These foods are convenient because one package contains one serving, and they are popular among consumers for long shelf lives and tastiness.

Convenience stores are expanding their sales floors for such foods, in order to offer a wider range of products. Businesses other than convenience stores are also showing increasing interest.

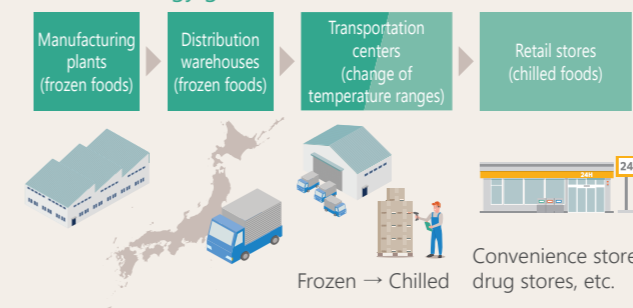
By combining the strengths of our conventional processed foods business at frozen and chilled temperatures, the Q-DISH Business will realize innovative food solutions that are tasty, easy to prepare, and convenient.

Providing innovative food solutions by taking advantage of know-how in chilled and frozen foods

#### Offer a variety of menus, including Japanese, Western, and Chinese foods, in packages that contain one serving each

- Meet growing demand for eating at home with easy-to-prepare, microwave-heated meals
- Improve taste by reducing additives
- Long shelf lives reduce food waste

Combine the strengths of food processing technology developed in the Chilled Business and freezing technology gained in the frozen foods business



Q-DISH product samples



## Fine Chemicals Business

Our strength lies in the R&D capabilities developed since the founding, as well as in innovation.

Nissui's unique and advanced refining and processing technologies deliver Health Category Products, mainly functional lipids (EPA, DHA), to people of all generations in the world.



**Shinya Yamashita**  
Board Member, Managing Executive Officer  
Commissioned Fine Chemicals Business Operating Officer,  
in charge of R&D Group

### FY2021 Overview

(Unit: 100 million yen)

**Net sales**  
**340**  
(up 30.8% YoY)

**Operating profit**  
**40**  
(up 69.7% YoY)



(Note) The percentages were calculated by using net sales figures before consolidation adjustments.

### Summary

In FY2021, we obtained the FDA certification, which had been delayed due to the COVID-19 pandemic, and started to export pharmaceutical raw materials to North America. Mail-order sales, especially sales of "Goma Tonyu-shitate Minna no Mikata DHA" functional food (helps maintain memory) remained strong and contributed to profit. Sales of PCR testing agents also grew substantially from the previous year.

### Business Environment

#### Risks

- Catch of anchovies, source of fish oil ingredients, decrease due to climate change
- Political and economic changes, conflicts, etc. push up raw material prices and disrupt logistics

#### Opportunities

- Demand for unwellness (health supplements/nutritional products) and treatment (pharmaceuticals) is expected to continue to grow

#### Strategies

- Ensure stable procurement of raw materials by taking advantage of strong relationships with suppliers and world-class stockpiling capacity
- Achieve cost leadership with advanced refining technology and mass production
- Continue with post-EPA research and development

### Mid-term Business Plan

### Good Foods Recipe!

#### For pharmaceutical raw materials

- Prepare for the European Medicines Agency (EMA) certification, with an eye on shipment to Europe
- Conclude long-term contracts with priority customers
- Introduce systems that meet international standards for quality management and production management

#### Health Category Products

- Produce highly refined fish oil as raw materials suitable for adding to foods. The oil is rich in highly unsaturated fatty acids EPA and DHA, which oxidize quickly and are difficult to handle
- Launch a series of functional Health Category Products that capitalize Nissui's know-how in food manufacturing technology



### Overseas rollout of pharmaceutical raw materials

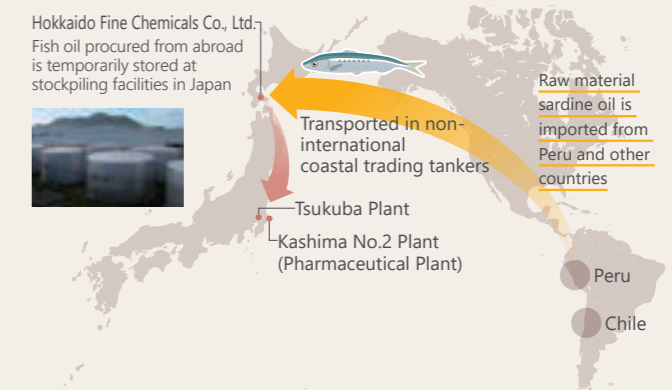
In 2018, the results of REDUCE-IT, a large-scale clinical trial concerning the effects of EPA for pharmaceuticals, were published in the United States. The results proved that pharmaceuticals with an EPA purity of 96.5% prevents the expression of cardiovascular diseases. In light of aging populations and increases in chronic diseases across the world, the market for pure EPA pharmaceuticals is expected to expand especially in the field of cardiovascular diseases.

Nissui has obtained the cGMP certification essential for supplying pharmaceuticals to the United States, and started to export pharmaceutical raw materials in 2021. With an eye on Europe as the next market, we are preparing for the European Medicines Agency (EMA) certification. To sell EPA in the global pharmaceutical market, we have been working to strengthen the quality assurance function by establishing the Pharmaceutical Quality Assurance Department.

### <Pharmaceutical raw materials> Strengths that support stable growth of global sales

#### Procurement of raw materials

- Nissui procures both fish oil and meal. This is benefits for local fish oil suppliers. Therefore, Nissui can build strong relationships with them
- Our facilities in Japan can stockpile roughly three years' worth of fish oil, which enables stable procurement and storage of raw material oil



#### Cost competitiveness

- We have established a seamless production system that covers the entire process from raw material procurement to commercialization of active pharmaceutical ingredients. Without intermediate procurement costs, we can achieve cost leadership through mass production



#### Combination of technology with production output

- Our technology to achieve high EPA recovery rate ensures cost advantage of mass production
- We operate two production plants to be prepared for contingencies: Fine Chemicals General Plants Tsukuba Plant and Kashima No.2 Plant

## Engagement with Investors

## To Build a Strong, Sustainable Business Model

We invited Ms. Setsuko Yano, ESG Macro Research Analyst in the Equity Investment Group of Asset Management One Co., Ltd., to sit down with Nissui's CEO, Shingo Hamada, and CFO, Shinya Yamamoto for a three-way discussion about building a strong, sustainable business model.



### Ten years to achieve a financial position that enables stable profits

**Yano:** My current position is ESG Macro Research Analyst, but prior to that, I spent over 20 years looking at Nissui as an analyst assigned to the food industry. Because you make a conscious effort to listen to investors' feedback, and you work diligently to enhance corporate value, yours is the kind of company that makes me want to cheer you on. I know that you went through some difficult times, but I think it is wonderful that you have started giving careful explanations about volatility, and that, even if you post poor single-year results, you are now able to bounce back.

**Hamada:** After the 200 nautical mile system was enforced in 1977, things were very tough for us for some time. From the early 2000s, we accelerated our outside Japan expansion, and we have been able to build up the global connections that are now our strength. Some of our investments at that time failed to meet expectations, and it is true that there was major volatility. However, over the past ten years, we have wound up those investments and we finally have a structure that allows us to make stable profits.

**Yano:** I imagine the improvement of your business model involved much hardship. I have a strong image of Nissui as a company that takes on challenges, and I am

impressed by your foresight in developing an international perspective. However, I do believe that you have potential to take your profitability to the next level. Moreover, companies these days are being called on to step up their disclosures of non-financial information, and, what's more, those disclosures need to be of a highly convincing quality based on global standards. My feeling is that Nissui has room to raise external recognition of your ESG efforts.

### Changing gears toward innovative food solutions

**Yamamoto:** Ms. Yano, you have always given us valuable feedback. In recent times, questions and comments from investors have started to shift from short-term perspectives to more medium- to long-term perspectives regarding substantive corporate value enhancement. From an investor's viewpoint, what is your view of the recent changes in the equity market?

**Yano:** My view is that it is in a period of transition. The equity market is shifting toward the belief that, together with companies, it needs to engage more than ever on the enhancement of environmental and social sustainability. There is an expectation that companies' philosophies and strategies should, to a certain extent, be consistent with global values.

**Hamada:** We have long held a sustainability approach in our global business. We believe that, if we are not serious about sustainability, we will not be accepted outside Japan, and for this reason, we have made sustainability a pillar of our newly established mission and our long-term vision toward 2030.

**Yano:** I feel a great empathy toward your new mission and long-term vision. I also sense your strong ambition to change gears. When companies only have their eyes on Japanese society, there is a tendency to overlook changes in the global external environment. Because you have a global value chain, I believe that you are aware of the gap between Japan and the world as an issue, and the way that you have incorporated the opinions of future generations and your outside Japan subsidiaries in the process of formulating your mission has, I believe, made that mission even more valid. In the process of building sustainable food systems, new and existing players will be jumbled together, and the industry map will be redrawn through innovation. That situation is bound to present both risks and opportunities.

**Hamada:** I completely agree. There are still so many more possibilities in food, as well as things that are not yet visible to us. By declaring innovative food solutions as our mission, we want to offer innovative foods, approaches, and functions of foods.

### Acceleration of business portfolio management

**Hamada:** When viewed from an investor's perspective, what do you see as the challenges for the Nissui Group?

**Yano:** I am excited about your aquaculture and fine chemicals businesses, but the reality is that there are major variations in profitability and volatility among your individual businesses and subsidiaries. In the course of improving volatility, if you want to become a company that can compete in the world, I do think that you need to take your uniqueness to new heights.

**Hamada:** Because we are a company that deals in marine resources, our prices tend to be governed by market conditions. However, we have improved volatility through reforms to our business model, such as raising profit margins by increasing the percentage of those resources that are turned into food products. Some of our businesses will generate larger profits by increasing their scale to a certain extent, while others will become more profitable by developing value-added products that will win the support of customers. As an example of these value-added products, our brand, Kurose Buri (Yellowtail), is a delicious, farmed yellowtail that we supply even in spring and summer, which has been extremely well received by customers. Increasing our profitable products, processing methods, and raw

materials within our existing businesses is something that we will pursue in our Mid-term Business Plan. Currently, our three core businesses are Fisheries Products, Food Products, and Fine Chemicals, but in preparation for various changes in the environment, our challenge will be the development of new businesses, by seeking out the seeds of new business pillars and nurturing them. On the other hand, it is important to consider investment timeframes, so we hope to strengthen our portfolio management using CCC and ROIC.

**Yano:** Sharing CCC and ROIC with investors would be beneficial. Businesses that have high capital efficiency absolutely have a competitive advantage. In your mid-term business plans to date, you have probably thought in cumulative terms, such as achieving X billion yen with A, B, and C, but to compete globally, it is crucial that you continue to refine your competitive advantages that will ensure sustainable growth. In that respect, I would ask you to be more cognizant of efficiency indicators as a yardstick for measuring those advantages, and that you be more discerning about results.

### Demonstrating uniqueness in climate action as well

**Yano:** In your long-term vision, you have also declared goals for environmental value, social value, and value in human capital. There is much that overlaps between the core materiality of my company and the themes that Nissui has declared.

**Hamada:** We have declared our goal of becoming carbon neutral by 2050. As well as sustainability targets, we have taken every opportunity to explain the new long-term vision and mid-term business plan to our outside Japan subsidiaries directly. They were surprised by our carbon-neutral goal at first, but they have agreed with it. In Japan as well, I have explained our goals directly to our employees at what we call "One Table Meetings." Many employees are keen to be actively involved in this goal, which I find very heartening. By explaining things steadily and surely, I have gained a sense that our culture will change. Taking action against climate change involves risks for the Nissui Group, but at the same time, it also presents major opportunities, which is why we have commenced TCFD disclosures from this year.

**Yano:** Compared with other sectors, my impression has been that many companies in the food industry were initially slightly reluctant to commit to becoming carbon neutral. In that respect, I think your declaring goal of becoming carbon neutral is a wonderful expression of your commitment. I also found your TCFD disclosures very satisfying to read, as they convey clearly what kind of risks and opportunities you face. In terms of concrete

## Engagement with Investors



strategies for solutions, there are some things that you are already working on, such as on-land aquaculture and alternative proteins. Having said that, when it comes to the stage of raising profit margins, I did find your disclosures to still lack persuasiveness. In those areas where you talk about radicalization and evolution, I hope you will share with investors more concrete milestones, such as “what volume by when and how.” Also, ideally, it would be good if you could show your uniqueness, that is, what makes you different from other companies.

**Hamada:** You're right. Our explanations have lacked concreteness in that regard. We hope to make improvements in our disclosures next year and beyond. The Group's business is highly reliant on natural capital, particularly marine resources. To identify not just the risks but also the business opportunities, we believe that it is important to conduct sustainability surveys of marine resources. We have conducted such surveys twice in the past, in 2016 and 2019, releasing the results of the 2016 survey in 2018 and the results of the 2019 survey in 2021. We have confirmed that resources controls are being conducted on 71% of wild-caught marine products procured, but we will continue to conduct these surveys and make use of them in our strategies.

**Yano:** Your surveys of the state of resources of the marine products you handle have rated highly in ESG surveys conducted by evaluation agencies. How do you put these survey results to use?

**Hamada:** Naturally, we use them internally, but we also present them at SeaBOS\*, which is an initiative of the world's major marine products companies, and they have been praised highly by SeaBOS member companies. Instead of keeping the survey data to ourselves, we make it available not only to SeaBOS members, but to anyone in the industry, so they can see what the resources status of certain species is in certain sea zones.

**Yano:** That's wonderful. The provision of facts about natural resources that are evaluated by global criteria is precisely what is needed today. There are still many elements of natural capital-related facts that have not been elucidated. Under these circumstances, the fact that you make this data so widely available is also of immense significance in terms of promoting the sustainability of society as a whole. I am sure that this kind of leadership initiative will help to elevate the value of the Nissui brand globally. Next year, the TNFD framework will be finalized, and I hope that you will use your facts and data as a TNFD initiative as well.

\* SeaBOS (Seafood Business for Ocean Stewardship) An initiative for promoting the sustainable fisheries business. Nissui is a founding member of SeaBOS.

### Human capital development is a challenge for the realization of the vision

**Hamada:** Human capital has been attracting increasing attention in recent years, hasn't it? This is an area that we also see as a challenge, which is why we set KPIs for value in human capital in our long-term vision.

**Yano:** What is important in the use and enhancement of human capital is to tie it to management strategies. I believe that you have many brilliant people working for Nissui. However, I would recommend that you take the time to check whether you have the right people working in the right positions for you to achieve the strategies you want to pursue. You should also draw up a skills map to make the skills that each person possesses visible and check whether your personnel strategies are consistent with your business strategies. It is also important to increase the number of people who possess management-oriented thinking by giving them management experience from an early stage.

**Hamada:** I agree that it is extremely important to give people management experience. However, to be honest,

we are still at the stage of exploring how and where we should make investments in that regard. We do have many excellent, hard-working people. We have made a start on the skills visualization process, but there may be people who possess skills but have not been able to demonstrate them, and the empowerment of our female employees is also a major challenge. Human capital development is the most time-consuming and difficult of challenges, but it is also the most important. We hope to keep working steadily on this theme.

**Yano:** Strategic investment in human capital is also crucial. There is a particularly strong need for people skilled in digital (DX) technologies, so you will need to engage in reskilling and nurture these people more and more on the ground.

**Yamamoto:** Skills visualization is also imperative for considering which people to reskill and how. I also think that there is room for productivity improvements in many different areas, so we plan to work actively on DX.

### Meticulous dialogue with investors is important

**Hamada:** In the course of accelerating our global expansion, at the same time, Group governance has become a challenge. We have established the frameworks, but could I ask what points investors look at when evaluating governance?

**Yano:** Investors look at whether a company has set up the frameworks and mechanisms for realizing their long-term visions and goals, and we then evaluate them from the dual angles of “executive mechanisms” and “risk avoidance mechanisms.” Governance is not something that can be evaluated simply by ticking boxes on a checklist, such as it being okay as long as a company has

a majority of outside directors. We see potential in companies that are convincing in terms of what areas of governance they have viewed as “challenges” to date in working toward their goals. In dialogues with investees, if they speak frankly about their order of priority in business strategies and their challenges, the governance challenges also materialize, which makes it easier for us as investors to express constructive opinions. That kind of dialogue is critical.

### Toward the creation of innovative food solutions

**Hamada / Yamamoto:** This discussion has allowed us to view the various risks and challenges from slightly different angles than we have to date. We will properly evaluate the advantages and faults of our businesses and business models and what we have done so far, and, hopefully, bring a better sense of variety and balance to our business by implementing business portfolio management. We would love the opportunity to hold this kind of dialogue again in the future and to hear your views.

**Yano:** I have great hopes for your mission of innovative foods. Our corporate message is “Creating a sustainable future through the power of investment,” and I hope that, by continuing to hold constructive dialogue into the future, together we can create the future you envisage and a sustainable society.



**Setsuko Yano**  
ESG Macro Research Analyst  
Equity Investment Group  
Asset Management One Co., Ltd.



**Shingo Hamada**  
Representative Board Member and President  
Chief Executive Officer (CEO)



**Shinya Yamamoto**  
Board Member, Managing Executive Officer  
Chief Financial Officer (CFO), In charge of  
Corporate Administration Group

## Value Creation for a Sustainable Society

### Actions to the Risks and Opportunities Arising from Climate Change



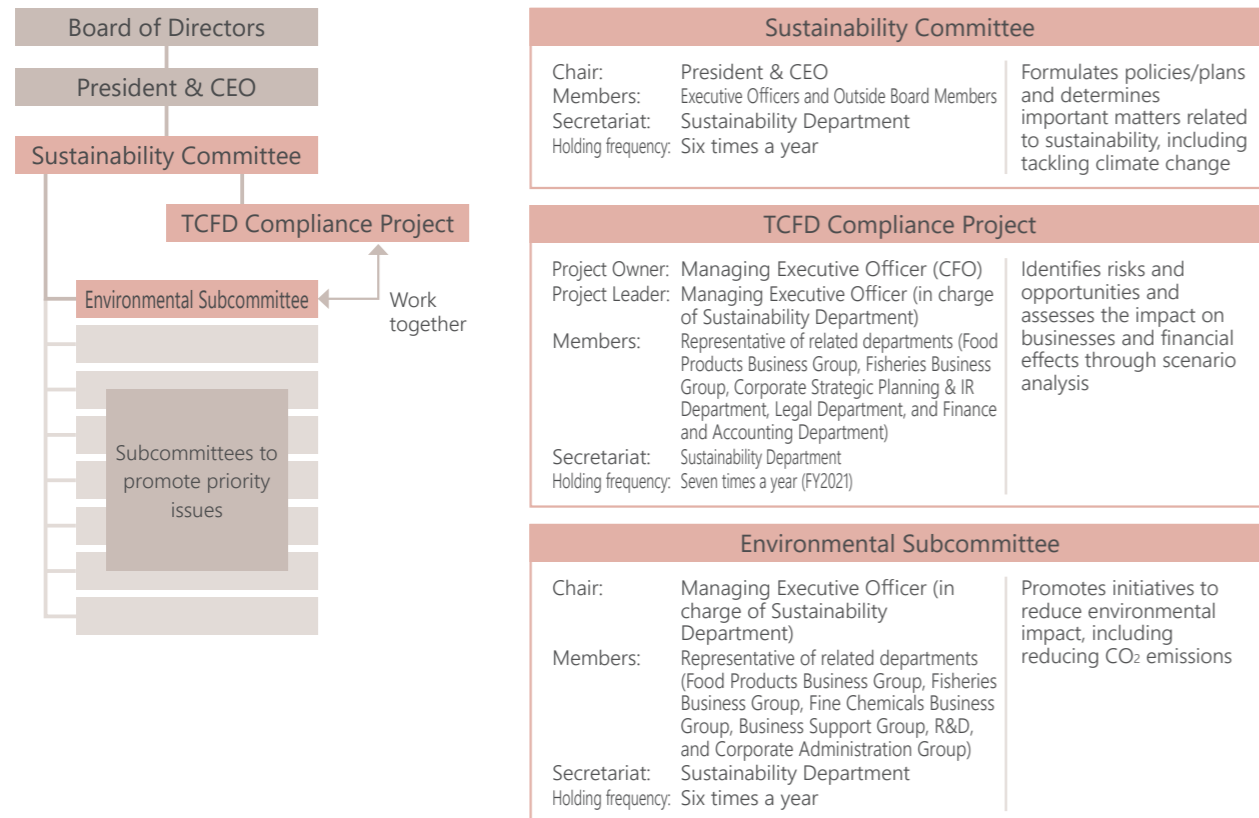
The basic corporate stance of Nissui, whose business relies on the bounty of nature, is to respect natural resources and interact with the earth and sea with gratitude. Conservation of the global environment is indispensable for business continuity, among others. In November 2021, we declared its support for recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium with the understanding that tackling climate change is an important management issue. We will identify the risks and opportunities related to climate change, assess the impact on businesses as well as financial effects through scenario analysis and take countermeasures to enhance business sustainability.

#### Governance ▶ P69

The Nissui Group is promoting sustainability management aimed at realizing sustainable growth and higher corporate value. As an organization serving as its driving force, we established the Sustainability Committee, which consists of all Executive Officers and Outside Board Members and is chaired by the President & CEO.

In each of the eight subcommittees set up on a theme-by-theme basis under the Sustainability Committee, the subcommittee's chairperson (i.e., Executive Officer) designated by the Committee's chairperson and members appointed by the subcommittee's chairperson address each sustainability-related issue in a cross-departmental manner. At the meeting of the Sustainability Committee, which is convened six times a year, specific targets, policies and measures for sustainability-related issues are examined based on reports and proposals made by each subcommittee, and the Board of Directors' opinions and advice are reflected in its initiatives through periodic reports made to the Board of Directors.

In regards to the climate change problem, risks and opportunities are analyzed and countermeasures are studied in the "TCFD Compliance Project," which was launched in FY2021 as a cross-departmental project in which the Managing Executive Officer (CFO) serves as the project owner. Findings of its studies are reported to the Board of Directors following deliberation at the Sustainability Committee, and the Board of Directors' opinions and advice are reflected. A meeting of the TCFD Compliance Project was convened seven times in FY2021. As for measures to mitigate climate change, such as reducing CO<sub>2</sub> emissions, the Environmental Subcommittee under the Sustainability Committee promotes initiatives of the Nissui Group as a whole. Also, we revised its officers' compensation system in FY2022 to fulfill its vision targeted in 2030 and its business plan, adding the level of achievement of sustainability targets—such as the sustainability of marine resources and the reduction of CO<sub>2</sub> emissions at the Nissui Group's business locations—to the list of performance indicators for Executive Board Members' variable compensation component.



### Strategy

In FY2021, we conducted an analysis of two climate change scenarios based on the TCFD recommendations with respect to the Fisheries Business Group and the Food Products Business Group, identified climate change risks and opportunities, assessed the financial impact and looked into countermeasures against them. We will take countermeasures against significant risks and opportunities that have been clarified to help reduce risks and steadily seize opportunities in pursuit of a climate change resilient state.

#### ▶ Overview of Scenario Analysis in Strategy

In 2021, we conducted a climate change scenario analysis in accordance with the TCFD recommendations. We broadly analyzed the value chain as a whole, focusing on the Fisheries Business Group and the Food Products Business Group. Using a 1.5°C/2°C temperature-rise scenario and a 4°C temperature-rise scenario for the world, we identified the risks and opportunities, assessed the financial impact in 2030 and looked into countermeasures against them.

As a result, we found that in the 1.5°C/2°C scenario, operating costs attributable to the introduction of carbon tax serve as an obstacle to business growth, but efforts to proactively reduce greenhouse gas emissions and improve the efficiency of production activities and the acquisition of new customer demand can translate into business growth. In the 4°C scenario, we found that the physical risks associated with the increasing severity of natural disasters serve as an obstacle to business growth, giving rise to the need to minimize the impact on earnings by dealing with such risks through initiatives to make the aquaculture business more sophisticated. Moving forward, we plan to proceed with analysis by expanding its scope to include other businesses.

Scenario	Description of Outlook of the World
1.5°C/2°C scenario (RCP2.6)	<ul style="list-style-type: none"> <li>Social demand for decarbonization leads to tougher regulations and stronger requests to take action for decarbonization targeting the corporate sector and value chains as a whole</li> <li>Social demand for decarbonization gives rise to the need to procure raw materials produced through carbon-free processes and engage in sustainable fishery and aquaculture operations</li> <li>Due to changes in preferences among consumers and retailers, low-carbon manufacturing/products and transaction and sale of items from sustainability-conscious sources are required</li> </ul>
4°C scenario (RCP8.5)	<ul style="list-style-type: none"> <li>In conjunction with the increasing severity of natural disasters, aquaculture, manufacturing, logistics and other business sites are at a higher risk of being struck by disasters, and there is a higher risk of suspension of supply/operation, etc. in the event that they are struck by disaster</li> <li>Changes in flora and the marine environment brought about by the increasing severity of natural disasters and the rise in temperature lead to a higher risk of the harvest of crops and the catch /production volume of marine resources decreasing</li> <li>Frequent occurrence of natural disasters leads to higher demand for disaster foods, and changes in temperature lead to deterioration in people's health, making them want more products that meet their needs in terms of health</li> </ul>

#### 1.5°C/2°C Scenario

Risks / Opportunities	Classification	Main risks and opportunities that are expected	Impact on business	Timing of impact	Financial impact	Main countermeasures
Transition risk	Regulations	Impact of tougher environmental regulations	Increase in costs of dealing with introduction of carbon pricing Increase in costs of dealing with tougher regulations on energy-saving, greenhouse gas emissions, etc.	Medium-term	High	<ul style="list-style-type: none"> <li>Set emissions reduction target for each business location</li> <li>Introduce renewable energy sources more widely, invest in energy-saving equipment</li> <li>Reduce plastics in containers and packaging</li> <li>Execute modal shift and improve transportation efficiency</li> <li>Consider introducing ICP (Internal Carbon Pricing)</li> </ul>
	Reputation	Deterioration in reputation among investors and financial institutions in cases where action against climate change is inadequate	Growing requests to become Fluorocarbon-free due to tougher regulations against Fluorocarbon	Short-term	Medium	<ul style="list-style-type: none"> <li>Switch to natural refrigerants</li> </ul>
Opportunities	Products and services	Changes in consumers' purchasing behavior (greater environmental awareness, consideration for sustainability)	Increase in demand for sustainability-conscious products	Short-term	High	<ul style="list-style-type: none"> <li>Continue to conduct survey on status of procured marine resources</li> <li>Handle more environmentally-friendly products and certified products</li> </ul>
			Increase in demand for alternative protein sources due to growing demand for low-carbon products	Medium-term	High	<ul style="list-style-type: none"> <li>Develop and expand alternative protein products</li> </ul>
			Increase in demand for marine resources as a low-carbon food source	Long-term	Medium	<ul style="list-style-type: none"> <li>Conduct LCA (Life Cycle Assessment) and proactively disclose information</li> </ul>

Timing of impact was divided into short-term (within 3 years), medium-term (3 to 10 years) and long-term (10 to about 20 years).



## Value Creation for a Sustainable Society

### 4°C Scenario

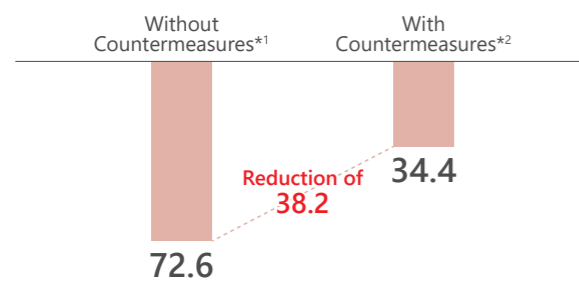
Risks / Opportunities	Classification	Main risks and opportunities that are expected	Impact on business	Timing of impact	Financial impact	Main countermeasures
Physical risk	Acute	Increase in business suspension risk and administrative costs due to increasing severity of wind and flood disasters	Damage due to manufacturing/logistics sites being struck by disaster	Short-term	High	<ul style="list-style-type: none"> <li>Hedge risks by dispersing bases</li> <li>Review the content of insurance to prepare against physical damage</li> <li>Review BCP and conduct in-house drills</li> </ul>
			Damage due to destruction of aquaculture facilities	Short-term	Low	<ul style="list-style-type: none"> <li>Introduce submersible fish cages and reinforce facilities</li> <li>Enhance on-land aquaculture solutions</li> </ul>
	Chronic	Procurement risk of raw materials due to abnormal climate	Higher cost of procurement of raw materials	Short-term	Medium	<ul style="list-style-type: none"> <li>Reduce risks by dispersing places of production and diversifying suppliers</li> </ul>
			Decrease in catch of wild-caught fish and farmed fish	Medium-term	Medium	<ul style="list-style-type: none"> <li>Build procurement networks</li> <li>Enhance on-land aquaculture solutions</li> <li>Develop high-temperature-tolerant breeds and explore places suited to aquaculture</li> </ul>
Opportunities	Products and services	Increase in demand through products and services for dealing with disasters and climate change	Increase in aquaculture demand in association with decrease in natural resources	Short-term	High	<ul style="list-style-type: none"> <li>Enhance on-land aquaculture solutions</li> <li>Develop high-temperature-tolerant breeds and explore places suited to aquaculture</li> </ul>
			Decrease in costs based on smart aquaculture solutions	Short-term	Medium	<ul style="list-style-type: none"> <li>Improve efficiency and save labor by utilizing AI and IoT</li> </ul>
			Increase in demand for products that meet demand for health	Short-term	Medium	<ul style="list-style-type: none"> <li>Expand sales of health category products</li> <li>Pursue functionality of marine products</li> </ul>

Timing of impact was divided into short-term (within 3 years), medium-term (3 to 10 years) and long-term (10 to about 20 years).

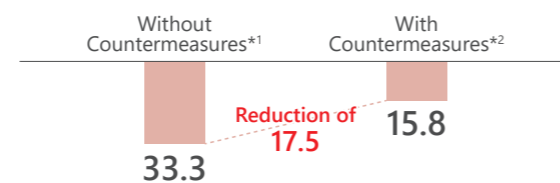
### Impact of Carbon Pricing

For carbon pricing, whose impact was particularly large in terms of financial impact, estimates were made on the premise of the following basis of calculation. Future CO<sub>2</sub> emissions (Scope 1 and Scope 2) were calculated based on the sales forecast for 2030, and the amount of impact in terms of operation cost was calculated by multiplying it with the carbon price according to IEA's forecast with respect to each scenario, i.e., 2°C scenario and 4°C scenario. This revealed that a reduction in total CO<sub>2</sub> emissions by 30%, which is our target for 2030, will translate into a Group-wide reduction amounting to 3,820 million yen in the 2°C scenario and 1,750 million yen in the 4°C scenario.

2°C Scenario (operation cost reduction in 100 millions of yen)



4°C Scenario (operation cost reduction in 100 millions of yen)



Carbon tax: Assumed to be USD120/t-CO<sub>2</sub> in the 2°C scenario and USD55/t-CO<sub>2</sub> in the 4°C scenario, assuming an exchange rate of USD1.00=JPY115 in both scenarios  
 \*1 Without Countermeasures: With respect to Scope 1 and Scope 2 emissions, per-unit CO<sub>2</sub> emissions released are assumed to be at a similar level as in the base year, i.e., FY2018.  
 \*2 With Countermeasures: With respect to Scope 1 and Scope 2 emissions, CO<sub>2</sub> emissions are assumed to be reduced by 30% from the FY2018 level through the achievement of the 2030 target.

### Reflection in Strategy

In response to the scenario analysis results, we have been reflecting the countermeasures—starting with high-priority ones—in its Mid-term Business Plan “Good Foods Recipe1” to ensure consistency with its strategy.

Basic Strategy	Item	Description
Sustainability Strategy	Reduction of greenhouse gas emissions	<ul style="list-style-type: none"> <li>Switch fuels, utilize renewable energy sources, promote energy-saving and promote modal shift</li> <li>Shift from designated CFCs to natural refrigerants</li> <li>Expand sale of alternative protein products</li> </ul>
	Reduction of plastics	<ul style="list-style-type: none"> <li>Switch all aquaculture floats to a lower risk of outflowing out into the ocean</li> <li>Reduce plastics in containers and packaging, switch to biomass-based materials, etc.</li> <li>Reduce plastics in distribution materials, promote recycling</li> <li>Suppress release of waste plastics associated with business activities</li> </ul>
	Sustainable use of marine resources	<ul style="list-style-type: none"> <li>Survey on sustainability of marine resources</li> <li>Enhance acquisition rate of various marine eco-label certifications and expand handling of certified raw materials</li> </ul>
	Boosting appeal in terms of health	<ul style="list-style-type: none"> <li>Expand health category products</li> <li>Pursue functionality of materials</li> </ul>
Global expansion strategy	Business growth centering on the U.S. and Europe	<ul style="list-style-type: none"> <li>Enhance ability to access resources</li> </ul>
New business development strategy	New businesses	<ul style="list-style-type: none"> <li>Expand health category products</li> <li>Expand alternative protein products</li> </ul>
	Enhancement of existing businesses	<ul style="list-style-type: none"> <li>Commercialize on-land aquaculture</li> </ul>
Innovations of productivity strategy	Differentiation in priority growth fields	<ul style="list-style-type: none"> <li>Refine aquaculture business model</li> <li>Shift to smart factories</li> </ul>

### Risk Management ▶ P69

We have established the risk management rules to prevent risks that may hinder business activities from arising, minimize the occurrence of losses and make best efforts to preserve its management resources and continue its businesses. The Risk Management Committee, which is chaired by the President & CEO, builds and operates a risk management system and periodically makes reports to the Board of Directors. Significant business risks, including the impact of climate change (global temperature rise), are deliberated and updated by the Board of Directors each year.

### Metrics and Targets

In our long-term vision “Good Foods 2030,” we have presented our aim to reduce total CO<sub>2</sub> emissions by 30% in 2030 compared to the FY2018 level and realize carbon neutrality by 2050. To fulfill the target on a Group-wide, global scale, we will engage in initiatives proactively by formulating a CO<sub>2</sub> emissions reduction plan, such as implementing energy-saving measures at each business location, replacing equipment with highly efficient units with low energy usage, and using renewable energy sources. We calculated Scope 3 emissions by dividing emissions into 15 categories in accordance with the guidelines by the Ministry of the Environment, which are consistent with the Greenhouse Gas Protocol. Going forward, we will pursue greater accuracy of data, look into ways to reduce Category 1 emissions -which are large in volume- and make other such efforts to further promote the reduction of CO<sub>2</sub> emissions in the Nissui Group.

Furthermore, we will promote initiatives also with respect to wild-caught marine resources to be procured, plastics, food loss and waste, water, etc. by announcing their respective targets and measures to realize sustainable use.

#### CO<sub>2</sub> Emissions (Scope 1 and Scope 2) Reduction Target: Compared to FY2018/Total Emissions

Reduce CO<sub>2</sub> emissions by **30%** by 2030 → **Achieve carbon neutrality by 2050**

#### Targets and Measures to Realize Sustainable Use

- Long-Term Vision
  - ▶ [https://www.nissui.co.jp/english/ir/management\\_policy/policy.html](https://www.nissui.co.jp/english/ir/management_policy/policy.html)
- The vision Targeted in 2030
  - ▶ <https://nissui.disclosure.site/en/themes/150>
- Calculating CO<sub>2</sub> Emissions for the Entire Supply Chain (Scope 3)
  - ▶ <https://nissui.disclosure.site/en/themes/88>

## Mid-to-long-term Sustainability Goals

In our long-term vision, we aim to create four types of value, namely social value, value in human capital, environmental value, and financial value, and position sustainability management as a core pillar of our efforts to achieve this vision. Viewing sustainability issues from the dual angles of risk and opportunity, we will strengthen our non-financial capital by engaging in the creation of social value, value in human capital, and environmental value, and connect them to the creation of financial value.

Themes	Goals	Initiatives in business segments			KPIs		Outcome	
		Marine Products	Food Products	Fine Chemicals	FY2024	FY2030		
Solve health problem	Expand Health Category Products	Protein of Fast-twitch skeletal muscles Pursuing the functionality of ingredients		Expanding the pharmaceutical ingredient business EC sales of Health Category Products	Sales of Health Category Products (Compared to FY2021)	Expanded by 130%	Expanded by 300%	Social Value
Sustainable procurement	Responsible procurement	Human rights due diligence targeting the entire value chain			Assessments of Tier-1 suppliers	Nissui only 100%	Group companies 100%	
Diverse human capital playing an important role	Employee engagement	Improving employee engagement participation Promoting female Fostering global talent			Employee engagement score <sup>※</sup> (Compared to FY2021)	Improved by 10%	Improved by 20%	Value in Human Capital
	Promotion of active female participation				Ratio of female manager <sup>※</sup>	10%	20%	
Sustainable procurement	Sustainability of marine resources	Research of the current state of marine Sustainable procurement of Increasing percentage of obtainment and handling of		products we handle marine products certification certified materials	Procurement of sustainable marine resources	80%	100%	Environmental Value
Actions toward climate change and ocean environment	Zero CO <sub>2</sub> emissions	Reducing CO <sub>2</sub> emissions (eg: energy saving + utilizing renewable energy)			CO <sub>2</sub> emissions (Scope 1,2) (Compared to FY2018) Unit: Absolute quantity	Reduced by 10%	Reduced by 30%	
	Zero plastic emissions	Smart aquaculture	Alternative protein	Usage of fish oil byproducts as fuel				
		Replacing all aquaculture floats	Reducing switching to	plastic packages or biomass plastic	Usage of plastics <sup>※</sup> (Compared to FY2015) Unit: Per Unit	Reduced by 10%	Reduced by 30%	
		Regulating plastic waste resulting from business activities						

※ Figures are for Nissui only

Social Value

Solving Health Issues

Health and Nutrition Initiatives  
<https://nissui.disclosure.site/en/themes/218>

**Why**

World average healthy life expectancy (2019)  
63.7 years old\*

\* Source: WHO "World health statistics 2021"

**What**

- Expanding Health Category Products
- Expanding pharmaceutical raw materials business
- Pursuing the nutrient function of fish and ingredients (R&D)
- Developing post EPA products

**Target by 2030**

Sales of designated Health Category Products:

**300%**

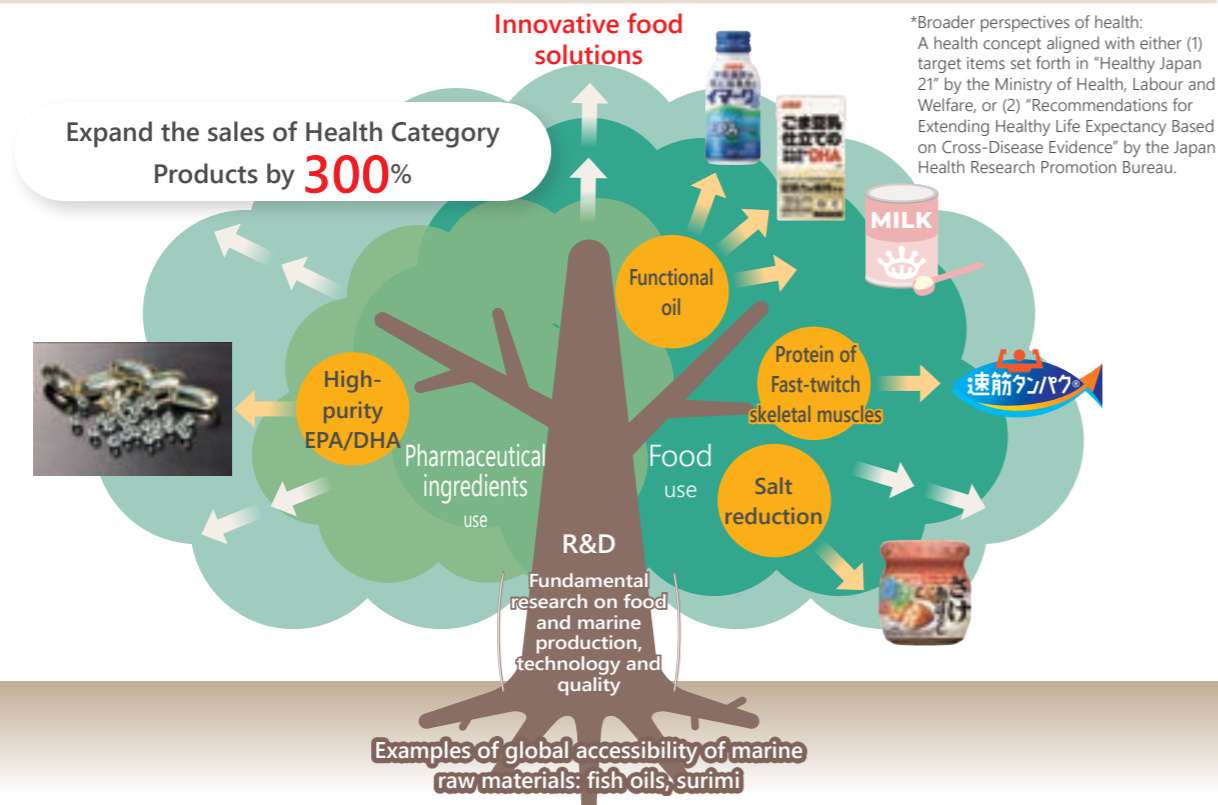
As Japan and other developed countries face an ongoing aging-society, the question of how to reduce the gap between "average life expectancy" and "healthy life expectancy," the period when people can live in good health, is a shared challenge. Developing countries, on the other hand, are still suffering from nutritional deficiencies. Nissui is committed to contributing to the world health challenges through our research and product development of health ingredients using marine resources gifted from the ocean.

Expanding Health Category Products

Nissui intends to continue development and 300% its sales of designated Health Category Products by 2030, building on the strengths it has accumulated since its establishment, such as access to marine raw materials and R&D.

**Health Category Products (definition)**

Products that fall under the category of "Broader perspectives of health\*" defined by the Nissui Group, and support customers' healthy lifestyle through innovative food solutions verified by either the national government, academic societies, or Nissui. (Examples: EPA/DHA, Protein of Fast-twitch skeletal muscles, salt reduction)



EPA  
<https://www.nissui.co.jp/english/corporate/rd/research/health/epa.html>

Alaska Pollock's Protein of Fast-twitch skeletal muscles  
<https://www.nissui.co.jp/english/corporate/rd/research/health/protein.html>  
 Salt reduction  
<https://www.nissui.co.jp/english/corporate/rd/research/food/mikaku.html>

Sustainable Procurement

Sustainable Procurement  
<https://nissui.disclosure.site/en/themes/107>

**Why**

Respect for human rights in the supply chain

Risk management in raw materials procurement

**What**

- Human rights due diligence
- Assessment of suppliers
- Suppliers awareness raising
- Internal education

**Target by 2030**

Assessment of Key Tier-1 suppliers

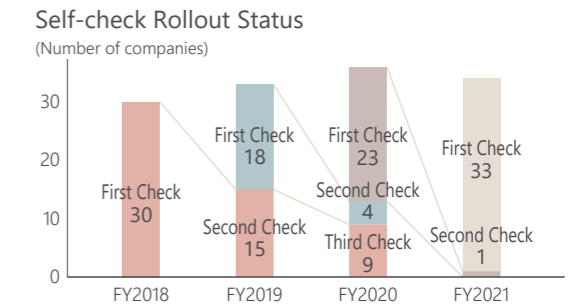
**100%**

The Nissui Group procures agricultural, livestock, and fisheries products from around the world, and we are aware that all of our business activities are only possible on the principle of respect for human rights. We recognize that sustainable procurement is also important from a risk management perspective, and therefore in 2016 we established the Nissui Group Basic Procurement Policy and the Nissui Group Supplier Guideline. Although the supply chain of marine products is particularly complicated, we will continue to implement due diligence initiatives for human rights as a company that delivers food to customers around the world, and cooperate with our suppliers to reduce human rights risks promptly.

Respect Human Rights in Our Supply Chain

Supplier Self-checks and Hearings

Based on procurement items, country of origin, transaction amount, transaction volume, and business dependency, we selected primary suppliers that we prioritize for verification and have conducted self-checks for 104 companies (total 133 companies) from FY2018 to date. We hold briefings in advance for those participating suppliers and ask for their understanding for our company policy toward sustainable procurement. We evaluate self-check results focusing on their respect for human rights and the environment, and provide feedback. In addition, for those companies that did not meet our standards required for the human rights and environment sections, we conducted interviews either in person or online to learn their intentions and understand their actual situation, and provided advice (for 17 companies, total 22 times since FY2018).



Revision of Supplier Guideline and Training for Purchasing Employees

The Supplier Guideline was revised in June 2022. To encourage our suppliers to take specific concrete actions, the guidelines focus on human rights and make our expectations clear. We also had briefings for employees who have contact with suppliers before the guidelines were sent out to primary suppliers. We explained the social issues related to human rights, the requests from stakeholders, the need of the guidelines, and the revised points. Total of 220 employees participated.

Assessment of Tier-1 suppliers

For Nissui's 508 Tier-1 suppliers, we plan to have the purchasing employees distribute and explain the Supplier Guideline, collect signatures on the letter of agreement, and conduct self-checks. In the future, we will roll out the system to the Group's remaining suppliers to reduce human rights risks in our global supply chain.

Social Value

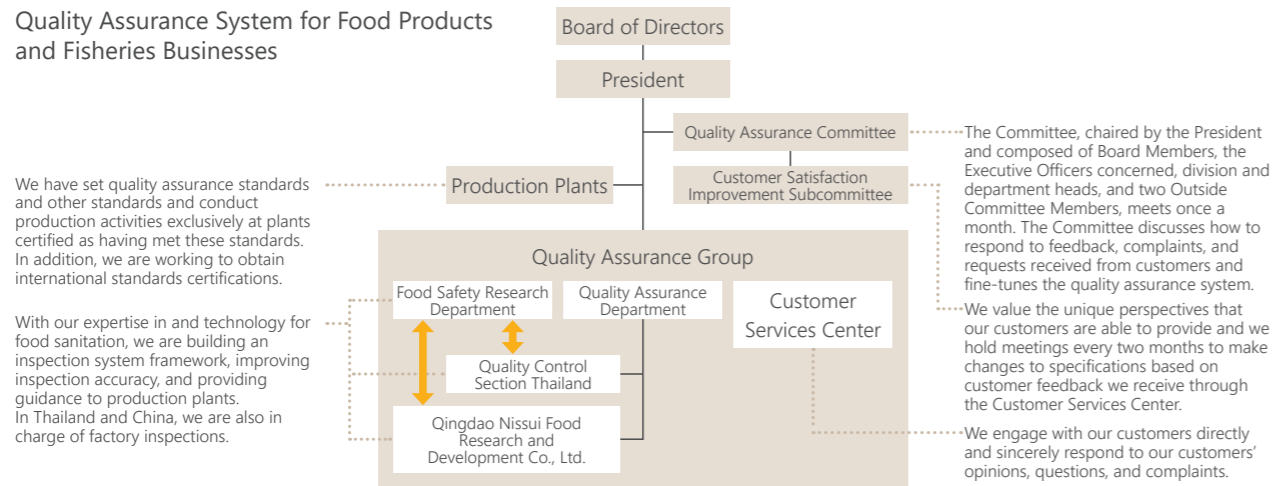
# Quality Assurance

- Approach to and Systems to Ensure Safety and Security
  - ▶ <https://nissui.disclosure.site/en/themes/97>
- Initiatives to Ensure Safety and Security
  - ▶ <https://nissui.disclosure.site/en/themes/98>

## Approach to and Systems to Ensure Safety and Security

Since its founding, Nissui has remained constant in our commitment to “food safety and security.” We have systems in place to assure quality at a global standard in all of our food, marine, and fine chemical businesses, and we believe that by continuously providing safe products, we will become a company trusted by customers around the world.

### Quality Assurance System for Food Products and Fisheries Businesses



## International Standards Certification for Food Safety Management Systems

For higher quality assurance, 30 business sites in Nissui have acquired GFSI\* certifications, such as FSSC22000, BRC, and IFS. Going forward, we will continue to actively promote acquiring certifications for food safety management systems.

### Status of GFSI Certifications

Business	Number of certified business sites				
	FSSC 22000	BRC	IFS	BAP	Total
Food Products	8	7	5	—	20
Marine Products	4	3	—	1	8
Fine Chemicals	2	—	—	—	2
<b>Total</b>	<b>14</b>	<b>10</b>	<b>5</b>	<b>1</b>	<b>30</b>

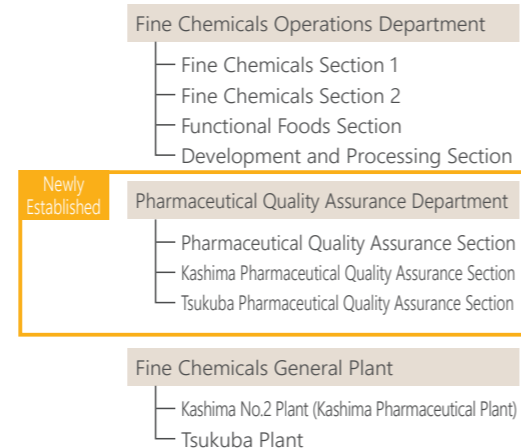
As of June 2022

\*GFSI (Global Food Safety Initiative): a private consortium of global food companies collaborating and working together to improve food safety and strengthen consumer confidence in food products through initiatives such as certification of food safety management standards

## Pharmaceutical Quality Assurance Department Established at the Fine Chemicals Business Group

In March 2022, the Pharmaceutical Quality Assurance Department was established at the Fine Chemicals Business Group as a quality assurance department with the same authority as the production department. The Pharmaceutical Quality Assurance Section was established at the Head Office, and the Quality Assurance Sections, which are responsible for quality control and quality assurance, were set up at the Kashima No.2 Plant (Kashima Pharmaceutical Plant) and the Tsukuba Plant. The establishment and functioning of this system will strengthen our quality assurance capabilities in the pharmaceutical field. We also conduct management reviews regularly to observe Good Manufacturing Practice (GMP), a requirement for pharmaceutical production.

### New Organizational Structure of Fine Chemicals Business Group



## Introduction of Quality Control System at Fine Chemicals Pharmaceutical Plant

Kashima No.2 Plant (Kashima Pharmaceutical Plant) and Tsukuba Plant introduced the Laboratory Information Management System (LIMS) as a quality control system in compliance with GMP. This system, which keeps a record of all information and all aspects of workflow, prevents human error, data falsification, and fraud, and enables the company to meet international standards that require the completeness and accuracy of electronic records. It is also expected to improve work efficiency by shifting to a paperless process and reducing the need for double-checking.

FY	Initiatives
2021	U.S. Food and Drug Administration (FDA) review passed and shipments of pharmaceutical raw materials to the U.S. began.
2022	Established Pharmaceutical Quality Assurance Department and introduced LIMS
2023	European Medicines Agency (EMA) certification expected
2024	Kashima No.2 Plant (Kashima Pharmaceutical Plant) liquid combustion equipment* scheduled to be completed

\*Liquid combustion equipment: Equipment that combusts and decomposes a wide variety of waste liquids and inhibits the generation of dioxins and other substances.

## Labor Safety

- Labor Safety
  - ▶ <https://nissui.disclosure.site/en/themes/182>

### Production Implementation of Risk Assessment in Businesses (New/Existing)

Members of the Occupational Safety and Health Subcommittee under the Risk Management Committee support the Nissui Group companies in Japan in their initiatives. This includes participation in safety patrols and Safety and Health Committee meetings, and safety education on risk assessment methods and concepts.

Strictly observing laws and regulations, Nissui and our Japan/outside Japan group production plants work together to regularly conduct risk assessments on tools, machinery, equipment, and work methods when handling chemical substances or receiving machinery. Clarifying the potential risks by defining in words the process that may lead to a disaster, we evaluate and study the resulting risk level based on the criticality and urgency of the injury. This allows us to develop effective measures to prevent disasters.

### Fisheries Ensuring a Safe Fisheries Work Environment

Sealord Group Ltd., a New Zealand-based fishing company, has ensured good working environment aboard its fishing vessels, as well as supports and welcomes Ministry for Primary Industry placed observers on board their vessels to independently verify standards are met and maintained. Moreover, fishing vessels operated by Australian Longline Pty Ltd. are certified under the Responsible Fishing Vessel Standard (RFVS), and the At Processors Association (APA), with which Glacier Fish Company, LLC in North America is affiliated, is certified under the Fish Standard For Crew certification. These recognitions show that our operation maintains high standards of vessel management and safety systems for our crews on board fishing vessels. (All three companies are accounted for using equity method)



The vessel Antarctic Aurora Australian Longline Pty Ltd.

### General Distribution Ensuring Labor Safety at Logistics Sites

Nissui Logistics Corporation, which is responsible for the Group's logistics functions, conducts safety training using VR and sensors to help employees learn points for safe forklift operation and further develop their ability to foresee the danger that arises when rules are not followed, thereby preventing industrial accidents.

## Value in Human Capital

### Employee Engagement

**Why**  
To provide opportunities for our employees to demonstrate their fullest potential for higher productivity and innovation  
**Acquiring and Retaining Outstanding Talent**

**What**

- Raising employees' awareness of our mission
- Flexible work styles
- Career development

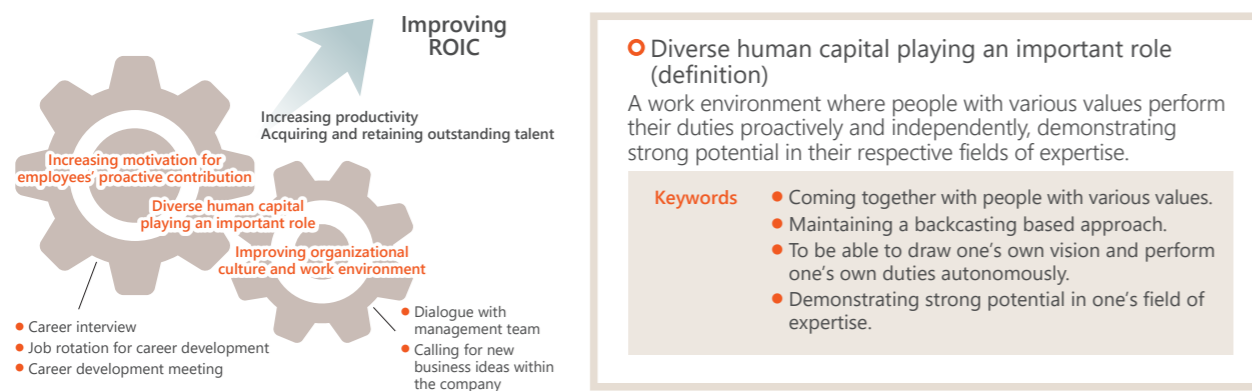
**Target by 2030**  
Employee engagement score\*: Improved by **20%**

We believe that the most important factor in increasing corporate value is "human capital." Our continued sustainable growth depends on our employees' engagement. We support our employees to be able to fully demonstrate their potential, feeling a sense of reward and job satisfaction toward the success of our mission through proactive work. We will continue to reform our organization and culture to increase productivity across the company, and thus improve ROIC.

\*Employee engagement score: The score represents the "trust and contribution" between the company and its employees based on a survey which measures employees' commitment, contribution motivation, and loyalty, mainly covering the corporate philosophy, scope of business, and organizational culture. This is to check whether individual growth and organizational growth are attained simultaneously.

### Engagement for Individual Growth and Organizational Growth

Our employee engagement survey was first conducted in FY2021 to measure our status in the practice of "diverse human capital playing an important role," one of the themes of our vision toward 2030. Based on the survey results, we will implement necessary measures to raise employees' motivation for proactive contribution to the Company and to improve the organizational culture and workplace atmosphere.



#### ▶ Dialogue with Management Team

Starting in FY2022, we hold "One Table Meetings" where the President engages in dialogue with employees in Nissui and its Group companies in Japan. Through dialogue, we work to clearly convey our intention for rebranding and transformation, promoting our mission and long-term vision, and deepening employees' understanding of our mid-term business plan.



#### ▶ Career Development Support

Recognizing that organizational growth relies on self-direction and action by each and every employee, Nissui has been implementing various personnel policies based on our "Independence and Autonomy" policy. We promote our employees' career development through the "career interview system," in which employees review their career objectives through interviews with their supervisors and discuss what they can do and what they will do in the future to meet their career goals. In FY2022, we also started a "job rotation for career development" in which employees are transferred proactively to improve their job skills during their first ten years with the Company, as well as "career development meetings" conducted in each department.

### Diversity & Inclusion

Diversity  
▶ <https://nissui.disclosure.site/en/themes/148>

**Why**  
To accelerate global expansion and to respond to more diverse and more complex risks and opportunities  
**Ratio of female managers in FY2021: 6.1%**

**What**

- Reform of organizational culture
- Selective transfers and appointments for career development as a part of succession planning
- D&I training

**Target by 2030**  
Ratio of female managers: **20%**

Strengthening diversity and inclusion (D&I) initiatives is a key management issue to respond to changes in the external environment and accelerate global expansion. We seek to foster a robust organizational culture in which diverse human capital can explore the unknown by promoting D&I.

### Nissui Selected as a Semi-Nadeshiko Brand for the First Time

In March 2022, Nissui was selected for the first time as a Semi-Nadeshiko Brand, which is second only to the Nadeshiko Brand in the Nadeshiko Brand initiative, in which the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) jointly select TSE-listed enterprises that are outstanding in terms of encouraging women's success in the workplace. Going forward, we will continue initiatives to promote the success of female employees and to become a better company through human resource development and work-style reforms which create a corporate culture that leverages such human capital, regardless of age, nationality, or work history, as well as gender.



### Gender Diversity in the Company's Decision-making Body

Based on discussions in the 30% Club Japan, which the Company joined in January 2021, we are incorporating specific actions into our initiatives that will lead to solutions for problem areas. In FY2022, we set a new quantitative target to increase the number of female executive officers and general managers to 10% in FY2024. We will further promote activities for women's participation in management within Nissui.



### Initiatives for Eliminating Unconscious Bias\*

We understand that when promoting women's participation in the workforce, we need to overcome fixed attitudes toward gender roles and prejudices and stereotypes regarding gender. We also believe we need to reform mindsets and raise the understanding of both men and women to prevent adverse effects due to unconscious bias. We conducted an unconscious bias diagnosis targeted at all Executive Officers, department managers (i.e., General Managers and Managers) and female employees in FY2020, and based on the results, e-learning and workshops on eliminating unconscious bias were held in FY2021.

\*Unconscious bias: prejudices and assumptions one holds unintentionally

### Global Human Capital Development

Nissui has operated the "global personnel registry system" since FY2016 to establish an organizational structure which supports our expansion outside Japan, looking ahead to our business portfolio in 2030. Registered employees receive training for transfers outside Japan and short-term assignments, as well as selective training, to build up a population of global human capital.

## Environmental Value

### Sustainable Use of Marine Resources

Sustainable Use of Natural Marine Resources  
<https://nissui.disclosure.site/en/themes/212>

**Why**

**Harvest from the world's marine resources: 81.2 million tons**  
(Out of which, sustainable level of marine resources: 65.8%\*)

**Total volume of wild-caught fish Nissui Group procured: 2.71 million tons**  
(Volume within the total wild catch of the world: equivalent to 2.7%)

**What**

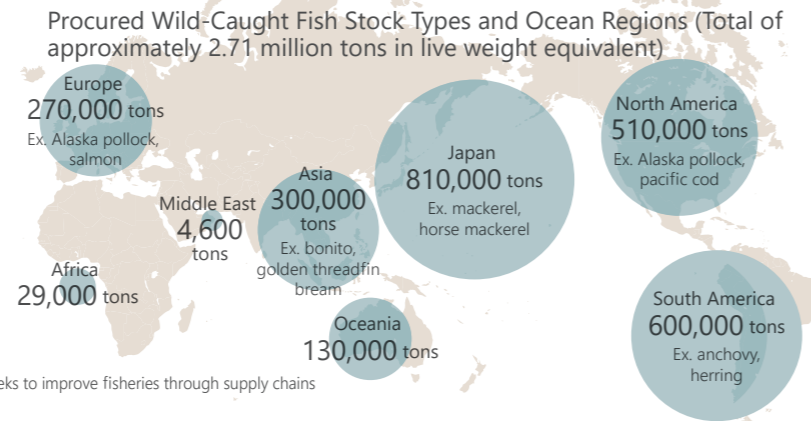
- Conduct survey of procured marine resources sustainability
- Increase certification rate and expand procurement of certified ingredients
- Join SeaBOS, roundtables, and other global initiatives
- Study and develop alternative materials

**Target by 2030 Procurement of sustainable marine resources: 100%**

The State of World Fisheries and Aquaculture 2020 (Figure 19) by the Food and Agriculture Organization of the United Nations (FAO) shows that fisheries catch at biologically sustainable levels is only 65.8%. We will work to increase our procurement from sustainable fisheries through regular surveys.

### Second Survey of Procured Marine Resources Sustainability (2019)

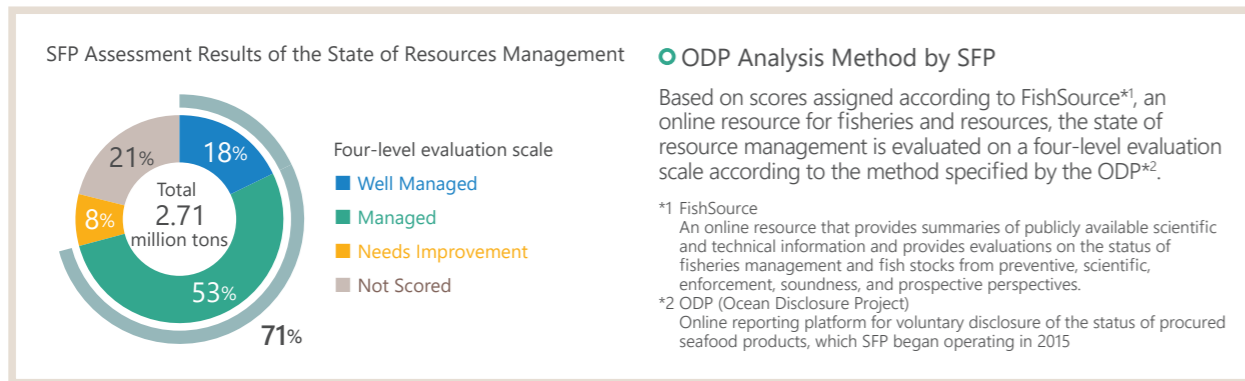
The survey results show that Nissui Group (20 companies in Japan and 20 companies outside Japan) procured a total of 2.71 million tons (live weight equivalent) of wild-caught fish from 471 stocks in 21 ocean regions across the world in 2019. Individual resource analysis, including evaluation of stock management status, is outsourced to an external organization (SFP\*) to obtain external assurance.



\* SFP (Sustainable Fisheries Partnership): A US based NGO that seeks to improve fisheries through supply chains

### Assessment Results of the State of Resources Management

The SFP analysis showed that about 71% of the procured items were "well managed" or "managed." Conversely, 8% of resources were shown to be in need of improvement, and 21% could not be scored and therefore were not assessed. We see this as issues to be addressed.



### Actions Going Forward

We will make every effort to base our marine resources procurement decisions on verified sustainability, such as certified products and fish species/producing regions with good stock status. We aim to ensure the sustainability of those resources that are difficult to replace through participation in the supplier roundtable and support for the FIP\*. We are also working to improve our handling of items that are difficult to trace back to their place of origin by seeking cooperation from suppliers.

\*FIP (Fishery Improvement Project): A project, in which fishers, seafood business companies, distributors, NGOs, and other stakeholders work together to improve the sustainability of fisheries

### Management of farmed Fish

Promoting Aquaculture  
<https://nissui.disclosure.site/en/themes/144>

### Management of Fish Health Ensured by Our Research Base

The Nissui Group has established N-AHMS (NISSUI Aquaculture health management system), a system to manage the health of fish. Global aquaculture standards emphasize factors such as reduced medicinal products usage doses and animal welfare. Daily health management of fish is therefore essential. The Oita Marine Biological Technology Center of the Central Research Laboratory, the secretariat of N-AHMS, specializes in aquaculture, and supports the health of fish from scientific aspects with a full-time research staff. We will strengthen its competitiveness in the global market through maximizing this advantage in the future.



\*N-AHMS has an in-house certification system for inspectors and instructors engaged in health checks of fish to ensure higher accuracy and reliability of health checks of fish.

### Reduction of Antimicrobial Usage

The Nissui Group is working on reducing the use of antimicrobials in aquaculture. We also serve as a member of the SeaBOS\* task force to reduce the use of antimicrobials, and collaborate with other member companies and scientists toward our mission.



\*SeaBOS (Seafood Business for Ocean Stewardship): An initiative aiming at sustainable fishery business. Nissui joined SeaBOS as a founding member

### Prevention of Fish Escape

We aim to reduce the escape of fish to zero with the understanding that fish escaping from farming sites has the risk of affecting the ecosystem. We are committed to preserving biodiversity in the ocean by standardizing inspection of facilities, approaches to employee training, and countermeasures in the event of escaped fish across the Group.

### Welfare of Fish

To minimize stress on fish, all fishes are killed in a short time when they are unloaded. In salmon farming, stunning\* is executed before killing the fish.

\*Stunning: Desensitizing the fish by rendering it unconscious before killing it to prevent it from getting stressed

## Environmental Value

### Decarbonized Society

Reducing Environmental Impact  
<https://nissui.disclosure.site/en/themes/88>

**Why** P45

**Climate change scenario analysis results**

- Higher operation costs due to carbon tax (1.5°C/2°C scenarios)
- Procurement risk of marine products due to changes in the marine environment (4°C scenario)

**What**

- Introduce energy-saving, high-efficiency equipment
- Install more solar power generation facilities
- Utilize electricity derived from renewable sources
- Replace freezer facilities with fluorocarbon-free units (1.5 billion yen investment plan)

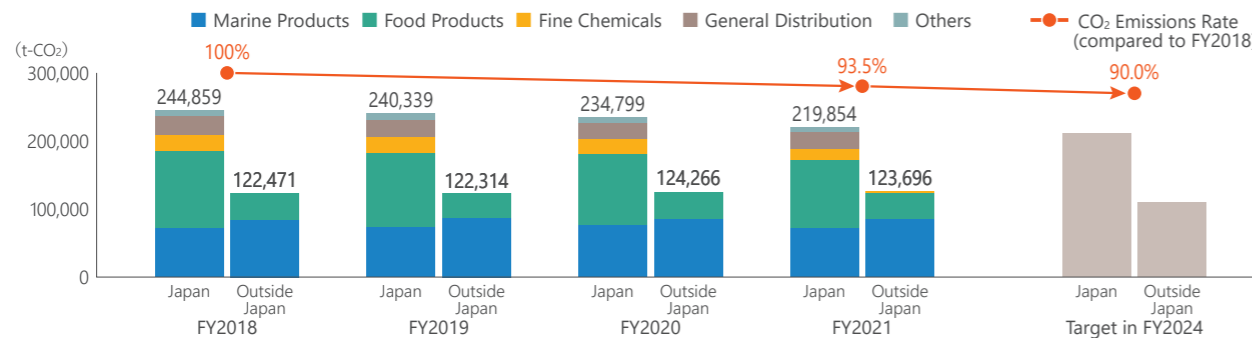
**Target by 2030**

CO<sub>2</sub> emissions (scope 1, 2): **Reduced by 30%**  
**Achieve carbon-neutral in 2050**

[Other Environmental Benchmarks]  
**Zero use of refrigerant with CFC, HCFC**

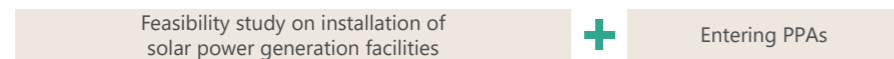
A scenario analysis according to the TCFD recommendations identified various risks and opportunities. In particular, we set a CO<sub>2</sub> emissions reduction target to mitigate the financial impact identified as a risk, and are looking into a long-term plan to meet this target. We will take action with specific measures, such as the use of renewable energy.

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



### Expanding Use of Renewable Energy

We are expanding the use of renewable energy sources across the Group. We explore every feasible opportunity to install solar power generation facilities along with the possibility of entering PPA\*s.



\*PPA (Power Purchase Agreement): A company enters into an agreement to purchase electricity derived from renewable sources from a supplier rather than investing its own capital.

### Shift to CFC/HCFC-free Refrigerants

Nissui makes group-wide efforts to review the use of refrigerants. We seek zero use of CFCs and HCFCs by FY2030, and intend to increase the ratio of natural refrigerants, not only HFCs.

### Modal Shift

Carry Net Co., Ltd., which is responsible for the transportation function, is undergoing a modal shift which reduces the environmental impact of transportation by shifting from conventional truck transportation to utilizing ferries and other non-international coastal trading vessels. In FY2021, Carry Net's modal shift plan between Kawasaki and Fukuoka was approved as a plan for advancement of integration and streamlining of distribution business under the provisions of the Act on Advancement of Integration and Streamlining of Distribution Business of the Ministry of Land, Infrastructure, Transport and Tourism. This plan involves shifting part of our truck transportation to marine transportation using RORO vessels\* that primarily transport cargo, operated by our partner MOL Ferry Co., Ltd. This enables us to reduce ground transportation distance from approx. 1,100 km to approx. 120 km and CO<sub>2</sub> emissions by 71%.

\*RORO vessels (Roll-on/Roll-off ship): a cargo ship with a deck for vehicles, designed to carry loaded trucks and trailers as they are

### Reduction of Plastics

Plastic Problems  
<https://nissui.disclosure.site/en/themes/156>

**Why**

Annual plastic outflow volume into the ocean Estimated 8 million tons\*1

Procurement risk of containers and packaging

Expectation for lower carbon

Cost reduction

**What**

- Reduce plastic containers and packaging
- Reduce plastic waste from production sites
- Switch over to aquaculture floats with lower risk of plastic outflow into the ocean
- Participate in GGGI\*2 and other global initiatives

**Target by 2030**

- Plastic usage in containers and packaging: **Reduced by 30%**

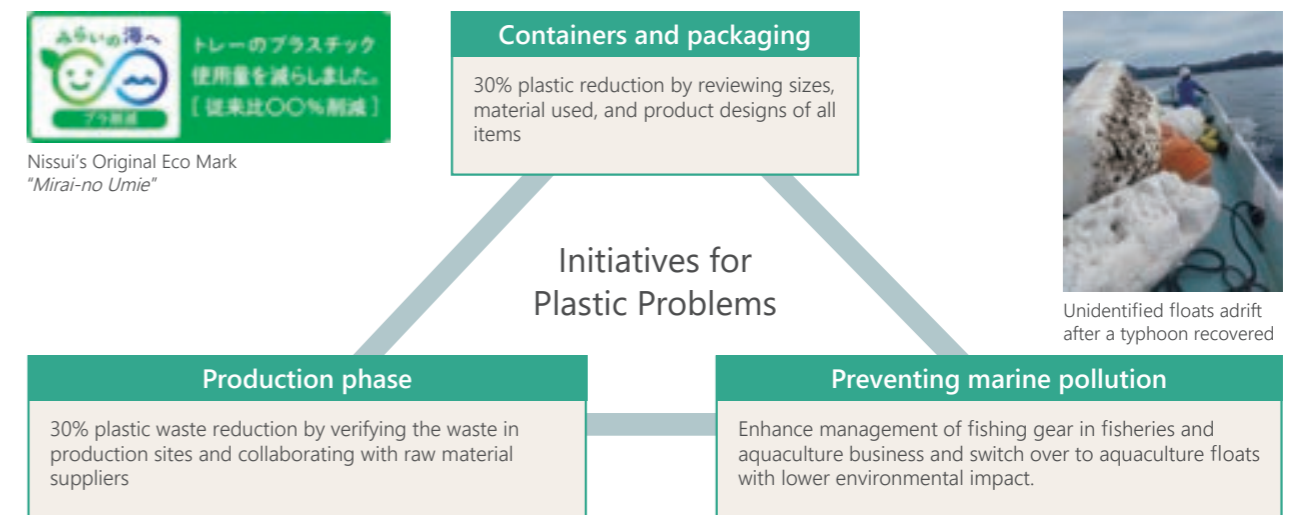
[Other Environmental Benchmarks]  
**Plastic waste: Reduced by 30% (compared to FY2017)**  
**Complete aquaculture float switchover in FY2024**

Plastic materials are found everywhere in the world, and recently the problem of marine plastics has been drawing significant attention. Furthermore, being made from petroleum, plastic is also a major contributor to the global warming challenge. Nissui is working on reviewing the use of plastic and preventing outflow into the ocean.

\*1 Source: The Ministry of the Environment, "Annual Report on the Environment, the Sound Material-Cycle Society and Biodiversity in Japan"  
 Ellen MacArthur Foundation & McKinsey Company, "The New Plastics Economy"  
 \*2 GGGI (Global Ghost Gear Initiative): A global organization working on the problem of lost, abandoned, and otherwise discarded fishing gear

### Reducing Plastics Throughout the Whole Operation

Our initiatives are based on three perspectives: reducing the use of plastic in containers and packaging, reducing plastic waste at the production phase, and preventing marine pollution.



### Actual Reduction of Plastic Containers and Packaging

	FY2018	FY2019	FY2020	FY2021
Reduced Volume (kg)	4,896	15,630	33,465	33,814

### Switching over to Floats That Have a Low Risk of Becoming Plastics That Outflow into the Ocean

By the end of FY2024, the Nissui Group will cease the use of polystyrene foam floats in nylon covers for use in aquaculture and completely switch over to floats that have a lower risk of becoming plastic that outflows into the ocean.



# Corporate Governance

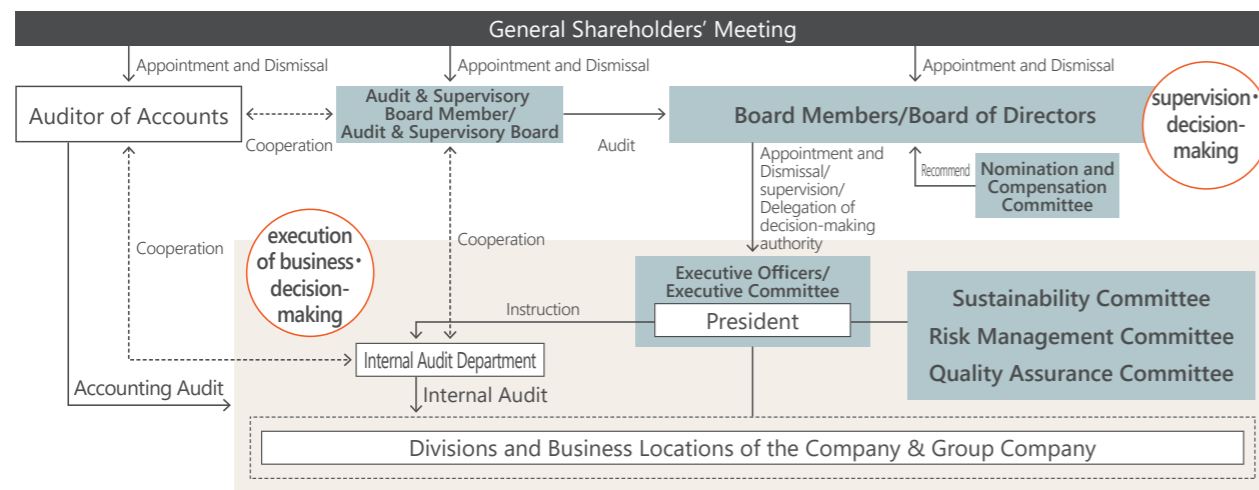
## Basic Approach to Corporate Governance

With a view to improving the profitability and the capital efficiency of Nissui and its Group companies, as well as to promoting initiatives toward sustainability to encourage sustainable growth and the medium- to long-term enhancement of corporate value, the Board of Directors will demonstrate the major direction in corporate strategies and other matters and will place greater emphasis on supervising functions while retaining important decision-making functions.

The decision-making functions have been empowered to the Executive Officers (and Executive Committee) headed by the President, to speed up the decision-making process and to further separate supervising and execution.

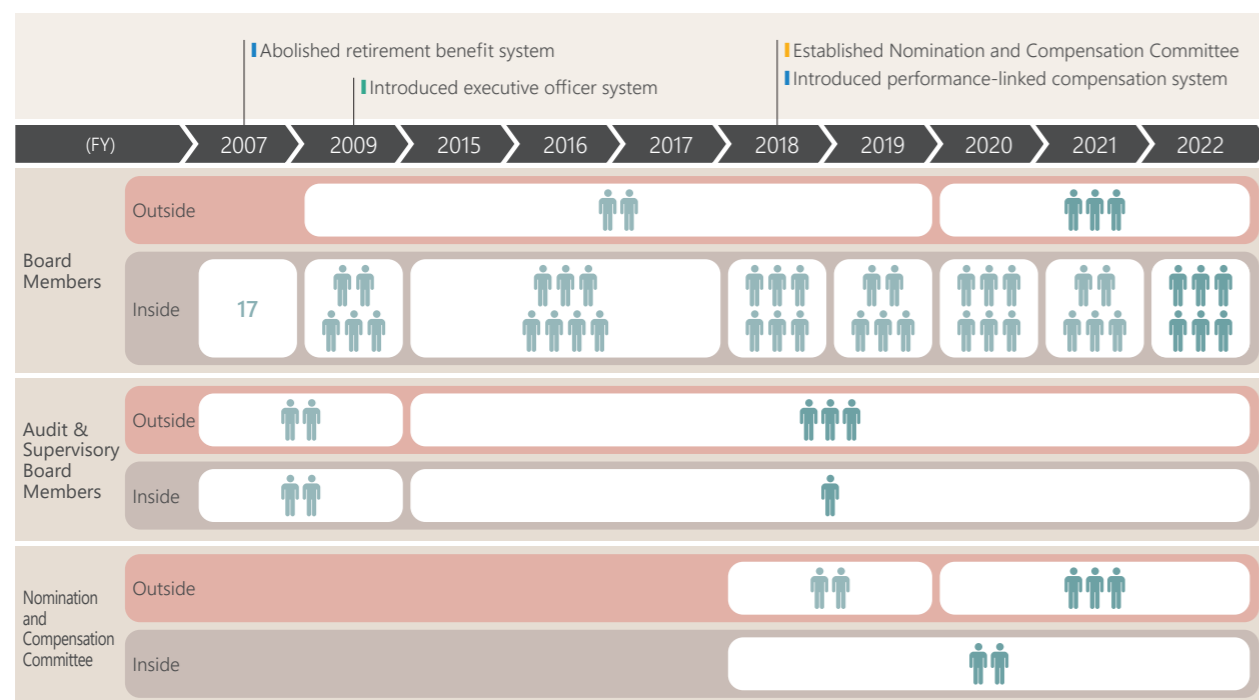
Furthermore, in addition to the above management supervising by the Board of Directors, Nissui has adopted the governance structure of a company with an audit & supervisory board, based on its belief in the effectiveness of an audit system over management comprising four Audit & Supervisory Board members including Outside Audit & Supervisory Board Members who are independent of management.

Diagram: System of Corporate Governance (as of June 28, 2022)



### Progress toward a Stronger Corporate Governance System

Optional committees Executive compensation Systems



### ▶ Board of Directors

The role of the Board of Directors is to show the overall direction of the Company such as its mission, vision and mid- to long-term management strategies, etc., and to carry out important decision-making on business operations and provide appropriate supervision, to facilitate sustainable growth and mid- to long-term increase in corporate value while addressing social issues.

In order to fulfill the abovementioned roles, the Board of Directors must be composed of members with knowledge and experience of the Company's principal businesses, as well as flexibility and creativity to promote integration between businesses, in addition to expertise and experience in such areas as "corporate management," "finance and accounting" and "corporate governance." At least one-third of the Board Members are Independent Outside Board Members as it is important to incorporate diverse perspectives, including gender diversity, in its structure.

### ▶ Nominations and Compensation Committee

The Nominations and Compensation Committee is an optional committee that serves as advisory bodies to the Board of Directors. The Committee consists of three Independent Outside Board Members and two Representative Board Members, and is chaired by an Outside Board Member.

The Nominations Committee deliberates on issues such as the selection and dismissal of candidates for officers including the President and succession planning to make recommendations to the Board of Directors.

The Compensation Committee annually examines the system and levels, etc. of compensation in comparison with industry peers of similar scale. In calculating the amount of individual compensation, the Committee determines the basic amount of compensation based on corporate performance and business performance targets including sustainability, and evaluates individual performance to make recommendations to the Board of Directors. The final amount to be paid to each Board Member, etc. is determined by the Compensation Committee delegated by the Board of Directors.

### ▶ Executive Committee

An executive officer system has been adopted to carry out even more flexible and efficient business operations. The Executive Committee consists of Executive Officers who have been appointed by the Board of Directors, and hold a meeting, at least once a month, in principle, to make timely and appropriate decisions and share information regarding major business execution upon sufficient and multifaceted deliberations, in an effort to promote the sustainable growth and enhancement of corporate value of Nissui and its Group companies.

### ▶ Audit & Supervisory Board

Nissui appoints Audit & Supervisory Board Members who have the expertise required for auditing such knowledge as financing and accounting as well as extensive knowledge in a wide range of fields. The Audit & Supervisory Board consists of four Audit & Supervisory Board members including three Outside Audit & Supervisory Board Members who are independent of management. Each Audit & Supervisory Board Member attends the Board of Directors meetings and audits the execution of duties by the Board Members and attends the Executive Committee, when necessary.

### ▶ Other Committees

#### Sustainability Committee

The Sustainability Committee, chaired by the President and comprising Executive Officers and Outside Board Members, is held six times a year. It consists of seven subcommittees to promote priority issues (Marine Resource Sustainability Subcommittee, Sustainable Procurement Subcommittee, Marine Environment Subcommittee, Plastics Subcommittee, Food Loss and Waste Subcommittee, Diversity Subcommittee and Human Rights Subcommittee) and the Environmental Subcommittee, to which Executive Officers have been appointed as Subcommittee Chairpersons, with members have been appointed by Subcommittee Chairpersons.

#### Quality Assurance Committee

The Quality Assurance Committee shares customer feedback, discusses complaints and requests received and fine-tunes the quality assurance system. The Committee, chaired by the President and composed of the Executive Officers concerned, division and department heads, and two Outside Committee Members, meets once a month.

Risk Management Committee ▶ P69



## Corporate Governance

### Roles of the Board Members and Audit & Supervisory Board Members

Name	Position and Responsibilities	Number of Years on the Board	Number of Shares Owned (As of June 28, 2022)	Attendance (FY2021)				Expected Areas of Expertise									
				Board of Directors	Audit & Supervisory Board	Nomination and Compensation Committee		Corporate management	Finance and accounting	Marketing and sales	Production and technology	R&D	International perspective	Corporate Governance	Risk management	Legal affairs and compliance	Sustainability
						Nomination	Compensation										
Shingo Hamada	Representative Board Member and President, Chief Executive Officer, Member of Nomination and Compensation Committee	5	32,800	20/20	–	5/5	8/8	○			○	○	○	○			
Seiji Takahashi	Representative Board Member, Senior Managing Executive Officer, Member of Nomination and Compensation Committee	7	19,900	20/20	–	4/4	4/4	○		○			○	○	○	○	
Shinya Yamamoto	Board Member, Managing Executive Officer, Chief Financial Officer	7	56,400	20/20	–	–	–		○				○	○	○		○
Koji Umeda	Board Member, Managing Executive Officer	2	14,200	20/20	–	–	–			○	○	○					
Shinya Yamashita	Board Member, Managing Executive Officer	1	30,600	16/16	–	–	–					○	○				
Masahide Asai	Board Member, Executive Officer	0	4,700	–	–	–	–	○		○		○					
Mikito Nagai	Outside Board Member, Chairperson of Nomination and Compensation Committee	2	–	19/20	–	5/5	8/8	○		○				○	○	○	
Yuko Yasuda	Outside Board Member, Member of Nomination and Compensation Committee	2	–	19/20	–	5/5	7/8						○	○	○	○	○
Tokio Matsuo	Outside Board Member, Member of Nomination and Compensation Committee	1	–	16/16	–	4/4	4/4	○			○			○	○	○	○
Hiroyuki Hamano	Standing Audit & Supervisory Board Member	3	6,100	20/20	17/17	–	–		○				○	○	○	○	
Shino Hirose	Outside Audit & Supervisory Board Member	6	–	20/20	16/17	–	–						○	○	○	○	○
Masahiro Yamamoto	Outside Audit & Supervisory Board Member	1	–	15/16	12/12	–	–		○					○	○	○	
Tadashi Kanki	Outside Audit & Supervisory Board Member	1	–	15/16	12/12	–	–							○	○	○	

### Effectiveness Evaluation of the Board of Directors

#### 1. Evaluation Method

The Company evaluated the effectiveness of the Board of Directors in FY2021 through the following steps:

- Conducted a fully open-ended questionnaire for all officers in order to gain an understanding of the overall state of the Board of Directors.
- Interviewed Outside Board Members and Audit & Supervisory Board Members to supplement the responses to the questionnaire referred to in (1).
- Identified the issues faced by the Company based on (1) and (2), and presented the secretariat's proposed measures to address them.
- Held a discussion participated by all executives on the basis of (3).

#### 2. Outline of Evaluation Results

##### ① Summary

In the responses, the executives generally rated the current performance of the Board of Directors high in that active exchanges of opinions were conducted between internal and outside executives under the appropriate leadership of the Chairperson. The executives also appreciated the fact that corrective measures were taken every time issues were identified through the evaluation of the Board of Directors' effectiveness, which has been conducted since FY2016. On the other hand, the responses indicate that there remain some issues for which sufficient improvement has not been achieved.

The interviews were conducted not only to supplement the written responses but also to find other companies' initiatives and compare the Company with them. In addition, the secretariat and the interviewees shared the measures taken and improvements made to date, and thereupon engaged in a candid exchange of views on measures to be taken going forward to make the Company's Board of Directors even more effective.

##### ② Discussions on Individual Issues

The following issues were discussed by all executives:

- Selection of topics to be discussed by the Board of Directors
- The efforts and support system needed to have more constructive discussions
- The necessity to revise the criteria for submitting proposals to the Board of Directors
- Method for evaluating effectiveness of the Board of Directors

Corporate Governance Report

▶ <https://contents.xj-storage.jp/xcontents/AS06310/427009fc/fd81/4bb5/85dc/02f2c0e5bf63/140120220720501897.pdf>

#### 3. Next Actions

Based on the results of the effectiveness evaluation questionnaire and relevant discussion, the Company will implement measures for improvement to render the Board of Directors even more effective.

## Corporate Governance

### Executive Compensation

#### ▶ Policy for Determining the Amounts of Executive Compensation, etc.

A basic policy for the determination of executive compensation has been established, as per the following, in accordance with the Corporate Governance Code.

1. The compensation system shall support the achievement of the Company's mission and vision.
2. The compensation system shall be designed to eliminate short-term bias and motivate the medium- to long-term improvement of corporate value.
3. The compensation system shall be effective in maintaining and securing outstanding talents.
4. The compensation system shall be designed in a transparent, fair and reasonable manner from the standpoint of accountability to stakeholders including the shareholders and employees, and shall ensure appropriate determination processes.
5. The compensation system shall be aligned to the roles and responsibilities entailed by each rank, and to performance.

#### ▶ Policy for Determining Executive Compensation

The policy for determining compensation, etc. of individual Board Members is determined by the voluntary Compensation Committee which is chaired by an independent Outside Board Member and consists of three Outside Board Members and two Representative Board Members (Chairperson: Mikito Nagai), with the aim of ensuring compensation commensurate with the company's stage. Specifically, it is determined by the Board of Directors upon deliberation of (i) the basic policy for compensation; (ii) the compensation system; (iii) the compensation levels; and (iv) compensation item composition ratio; among other things, based on comparative verification against benchmark groups. The amount of each compensation paid to individual Board Members shall be determined by the Compensation Committee delegated by the Board of Directors from the viewpoint of the objectivity and transparency of the operation of said system.

#### ▶ Executive Compensation, Calculation Method and Determination Process

Compensation of Board Members (excluding Outside Board Members) consists of three components, namely, "basic compensation," "performance-linked compensation" and "stock-based compensation." Outside Board Members and Audit & Supervisory Board Members receive only basic compensation.

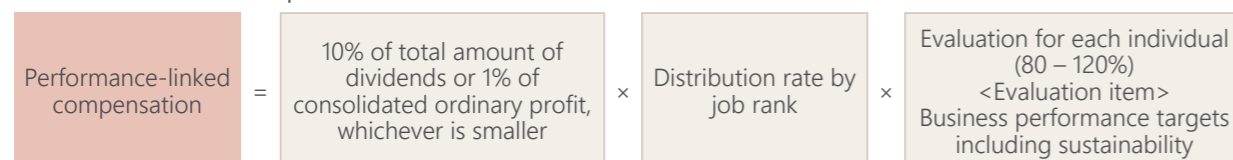
The ratio between basic compensation, performance-linked compensation and stock-based compensation of Board Members is roughly targeted at 65:30:5 when business performance targets are achieved 100%. The compensation ratio is demonstrated as a case where stock-based compensation is translated into compensation per year.

The retirement benefit system for Board Members and Audit & Supervisory Board Members was abolished on the day of the 92nd Ordinary General Shareholders' Meeting held on June 27, 2007.

##### ① Basic compensation

The basic compensation consists of three elements, namely, representative consideration, supervisory consideration, and executive consideration, and executive consideration is set according to the job rank.

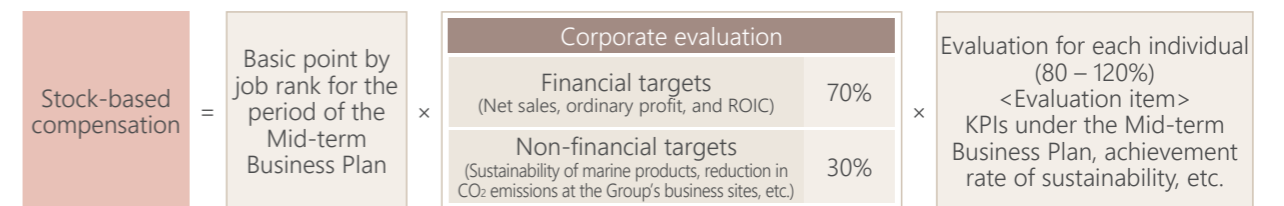
##### ② Performance-linked compensation



Performance-linked compensation is paid to Executive Officers based on the idea that the compensation is a distribution of added value generated from business for a single fiscal year.

This compensation uses "consolidated ordinary profit," which is a performance evaluation indicator, and "total amount of dividends" conscious of shareholders' perspectives as indicators, and 1% of "consolidated ordinary profit" or 10% of "total amount of dividends," whichever is smaller, is paid according to the job rank as the basic amount of the compensation. Evaluation for each individual was introduced in FY2021 with an aim to clarify the degree of contribution of each officer to the business performance for a single fiscal year. Business performance targets including sustainability were selected as items used in the evaluation for each individual, which is assessed within the range between 80% and 120%. The basic amount of performance-linked compensation paid, the distribution rate by job rank, and evaluation for each individual shall be determined by the Board of Directors after deliberation by the Compensation Committee. The amount of each compensation paid to individual officers shall be determined by the Compensation Committee delegated by the Board of Directors.

##### ③ Stock-based compensation



The Company has adopted a Board Benefit Trust framework under the performance-linked stock-based compensation plan implemented in FY2018 in which stock-based compensation is provided to Executive Officers as non-monetary compensation in order to clarify a link between compensation of Executive Officers and business performance/stock value, and to raise awareness of improving business performance and increasing corporate value over the medium to long term.

In the new Mid-term Business Plan started in April 2022, indicators to evaluate corporate business performance have been selected from both financial and non-financial (sustainability) aspects, and the ratio between them is targeted at 70:30. Financial targets include net sales, ordinary profit, and ROIC, while non-financial (sustainability) targets include sustainability of marine products and CO<sub>2</sub> emissions at the Group's business sites. The achievement rates thereof are defined within the range between 50% and 150%. The pre-determined basic point in accordance with job rank is multiplied by the achievement rates. The number of shares to be issued to individuals is calculated by reflecting the evaluation for each individual to the foregoing. As items used for evaluation of each individual, we selected KPIs and sustainability items under the Mid-term Business Plan. The achievement rates thereof are defined within the range between 80% and 120%. The corporate achievement rates and the evaluation for each individual shall be determined by the Board of Directors after deliberation by the Compensation Committee. The amount of each compensation paid to individual officers shall be determined by the Compensation Committee delegated by the Board of Directors.

#### ▶ Total Amount of Executive Compensation, etc. for FY2021

Total Amount of Compensation, etc. by Category of Officers/Type of Compensation and the Number of Officers Paid

Category of officers	Total amount of compensation, etc. (in millions of yen)	Total amount by type of compensation, etc. (in millions of yen)			Number of officers paid
		Basic compensation	Performance-linked compensation	Stock-based compensation	
Board Members (excluding Outside Board Members)	332	196	126 <sup>*1</sup>	9 <sup>*2</sup>	7 (Stock-based compensation: 7) <sup>*3, 6</sup>
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	26	26	—	—	1
Outside Board Members	36	36	—	—	4 <sup>*4</sup>
Outside Audit & Supervisory Board Members	38	38	—	—	5 <sup>*5</sup>

<sup>\*1</sup> The performance-linked compensation of Board Members includes an amount estimated to be paid in June 2022.

<sup>\*2</sup> The stock-based compensation of Board Members represents the difference between the actual payment made in July 2021 and the estimated amount recorded at the end of March 2021 (The stock-based compensation plan was deferred in FY2021).

<sup>\*3</sup> The number of Board Members to whom stock-based compensation is paid includes 3 Board Members who retired from office on June 26, 2019 and June 25, 2021.

<sup>\*4</sup> The compensation of Outside Board Members includes that of one (1) Board Member who retired from office on June 25, 2021.

<sup>\*5</sup> The compensation of Outside Audit & Supervisory Board Members includes that of two (2) Audit & Supervisory Board Members who retired from office on June 25, 2021.

<sup>\*6</sup> Status of shares issued for the Company's officers as compensation for their execution of duties during the fiscal year under review: The Company issued 39,100 shares of its common stock to seven (7) Board Members, excluding Outside Board Members, on July 21, 2021.

### Policies on the Reduction of Cross-shareholdings

#### ① Policies on the reduction of cross-shareholdings

The Company understands that collaboration with various companies is necessary to expand its business and achieve sustainable growth. Based on this understanding, if a cross-shareholding relationship with a company, in particular, is expected to lead to retaining and strengthening business ties over the medium- to long-term, considering the business relationship and costs, the Company continues the cross-shareholding in principle. However, when holding the cross-holding shares becomes less significant, the Company sells them.

#### ② Review of individual cross-shareholdings

Each year, the Board of Directors reviews all cross-shareholdings on an individual stock basis in light of underlying economic rationality, the purpose of holding, and other factors from a medium- to long-term perspective. More specifically, the Company decides whether the holding purpose is appropriate given the indices such as "achievement of targets for each individual stock and transactions for the past three years" and "percentage achievement of target ROA."

In June 2021, the Board of Directors reviewed individual cross-shareholdings, and during the fiscal year, the Company sold shares of eleven issues, comprising five listed companies and six non-listed companies, including the partial sale of cross-holding shares. In November 2021, the Board of Directors decided to begin working to sell shares of six issues in and after FY2022 in line with the Mid-term Business Plan. At present, the Company is considering the method for the sale and other details.

## Corporate Compliance

### Our Approach to Compliance

The Nissui Group is working to enforce compliance in a thoroughgoing manner including complying with laws and regulations in/outside Japan as well as various internal rules pursuant to the Code of Ethics, in order to meet the expectations of all of its stakeholders such as customers, employees, business partners and shareholders and fulfill its corporate responsibility. Having established the Ethics Subcommittee under the Risk Management Committee, we are endeavoring to implement measures for the early detection, correction and recurrence prevention of compliance issues and striving to raise employees' awareness of compliance. We are also engaged in initiatives to develop and enhance the compliance structure of the Nissui Group as a whole, not just Nippon Suisan Kaisha, Ltd. (Nissui).

For more details on the Code of Ethics and the Ethical Behavior Standards, etc., please see our website.  
 ▶ <https://nissui.disclosure.site/en/themes/117>

### Compliance Promotion Framework

The Ethics Subcommittee is convened once every two months (i.e., six times a year) in principle for the purpose of enhancing compliance in Nissui as well as its Group companies in Japan. In addition, emergency meetings are held as necessary.

The Subcommittee is chaired by an Executive Officer (CFO) designated by the President and its members are internal officers and an outside attorney. The participation of an outside attorney ensures that the Subcommittee acts as a third party.

In FY2021, the Ethics Subcommittee was convened ten times in total, where whistleblowing response, compliance activity plans, compliance questionnaire surveys, etc., were deliberated.



### Initiatives to Identify Compliance Issues

#### ▶ Overview of Whistleblowing System

We have a whistleblowing system in place, enabling employees of Nissui and its Group companies in Japan to directly notify the Ethics Subcommittee of questionable acts in terms of compliance, etc. We have established points of contact for whistleblowing both internally (i.e., the Legal Department serving as the secretariat of the Ethics Subcommittee) and externally (i.e., outside specialist), and have a mechanism whereby the Audit & Supervisory Board Members are also contacted simultaneously. Whistleblowing notices are given directly by such means as telephone, Web and email, and may be made anonymously.

In the event that a whistleblowing notice has been given, the Ethics Subcommittee conducts an investigation by selecting a person responsible for the investigation while giving consideration to ensure that the whistleblower will not be put at a disadvantage, and examines the findings of the investigation and improvement measures within the Subcommittee.

When conducting an investigation, there is a clear policy "not to look for the whistleblower," and the protection of confidentiality and the prohibition of disadvantageous treatment of the whistleblower are stringently enforced. Of note, even if a notice given to the external point of contact for whistleblowing was not anonymous, there is a system in place to report it to Nissui anonymously upon the whistleblower's request.

For harassment incidents, multiple points of contact have been established, and such incidents are handled by the Harassment Desk (Human Resources Department). The Harassment Desk also collaborates in conducting investigations into notices given via the points of contact for whistleblowing.

In regards to the minutes of the Ethics Subcommittee including the nature of and response to notices, we have a system in place for the minutes to be reported to and made available for perusal by Directors, Audit & Supervisory Board Members and Executive Officers. Also, the officer in charge makes a report regarding important whistleblowing-related matters to the Board of Directors.

The aforementioned overview of the whistleblower system is stated in Nissui's whistleblowing rules. Of note, in FY2021, the rules were reviewed to prepare for the enforcement of the revised Whistleblower Protection Act.

#### ▶ Questionnaire Survey on Employees' Compliance

Once every year, we conduct a compliance questionnaire survey covering employees for the purpose of getting a grasp of company-wide compliance trends, identifying compliance problems in the bud in each organization and making use of the findings to improve the workplace environment in the early stages.

The questionnaire survey conducted in October 2021 covered 2,505 employees (including temporary employees\*) of Nippon Suisan Kaisha, Ltd. (Nissui), of whom 2,183 employees responded, resulting in a response rate of 87%. For foreign employees, questionnaires translated into five languages (i.e., English, Spanish, Portuguese, Chinese, and Vietnamese) were distributed, to which 273 out of 317 foreigners on Nissui's payroll responded, resulting in a response rate of 86%.

Results of the questionnaire survey are sent to the officers and department heads and general managers of plants and are being used at each organization as a source of suggestions for improving workplace environments. Results of the questionnaire survey are also discussed at the Ethics Subcommittee meetings, the content of which are reflected in our compliance activities and utilized for other purposes.

\* Temporary employees: Temporary employees including directly-hired contract employees and part-timers.

#### ▶ Questionnaire Survey on Business Partners' Compliance

Once every year, we identify transactions that may put Nissui in a particularly dominant position and conduct a compliance questionnaire survey covering business partners involved in such transactions for the purpose of getting a grasp of whether or not Nissui has engaged in acts of abuse/misconduct (such as violations of the Antimonopoly Act/Subcontract Act) by exploiting its dominant position against its business partners.

The questionnaire survey conducted in November 2021 covered 176 companies, of which 143 companies responded, resulting in a response rate of 81%.

### Initiatives to Raise Awareness of Compliance

#### ▶ Compliance Training

Every year, we conduct compliance training in the form of a mandatory course for new recruits and mid-career hires.

Mainly for employees and type-II contract employees, compliance training is conducted by narrowing down the themes on an irregular basis each time an issue has arisen.

#### ▶ Sharing the Code of Ethics

The "Code of Ethics" is posted on Nissui's internal portal site. The Code of Ethics is shared with employees to raise their awareness of compliance.

### Initiatives to Develop and Enhance Compliance Framework in the Entire Group

In order to reduce compliance risks in the Nissui Group as a whole, Group companies are promoting the development and enhancement of their respective compliance frameworks.

The status of compliance activities at each Group company is periodically reviewed through the Risk Management Committee. On top of this, since FY2020, a workshop has been held on a company-by-company basis to encourage Group companies to build a compliance framework of a higher standard suited to the nature of their respective businesses, management scale, etc. Opinions are exchanged on such matters as issues in responding to notices, response flow and future activity plans with the participation of the respective chairpersons of the ethics committees of Group companies, as well as the respective persons responsible for and persons in charge of the secretariats of such ethics committees. This workshop is conducted at about five companies per fiscal year and is scheduled to be completed at all Group companies within the scope of the workshop by FY2024.

Furthermore, in FY2021, we provided support to Group companies to make them develop a framework in compliance with the revised Whistleblower Protection Act, such as explaining the outline of the revision of the Act through workshops and distributing a sample of rules.

# Risk Management

## Our Approach to Risk Management

The Nissui Group, whose mission is to produce various food products, pharmaceutical ingredients, etc. from resources including marine products and supply them to people around the world, is striving to continue stable production and sales in order to fulfill such duty. In order to further solidify its business activities, we have established the "Risk Management Policy," and the Risk Management Committee is building and implementing a risk management system aimed at fulfilling the vision sought under the Policy. Furthermore, risks with a significant impact are identified as priority risks by the Risk Management Committee and addressed by setting up a dedicated subcommittee.

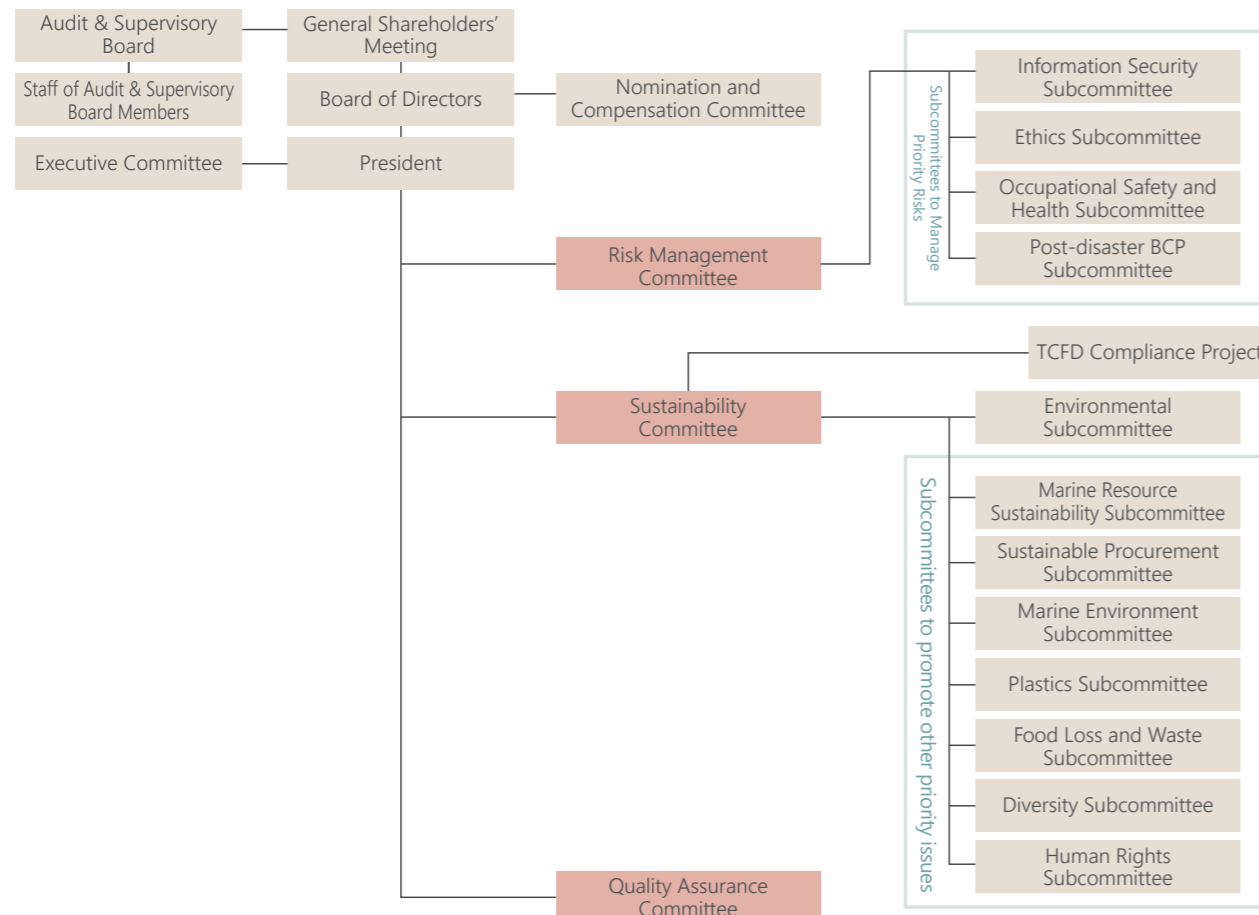
**Risk Management Policy**

Nissui and its Group's basic policy for risk management is to endeavor to prevent risks that may hinder business activities from arising, and in the event of an emergency, minimize the occurrence of losses by giving top priority to human life, give consideration to society such as providing aid to disaster victims, and make best efforts to preserve our management resources and continue our businesses and thereby maintain and improve corporate value.

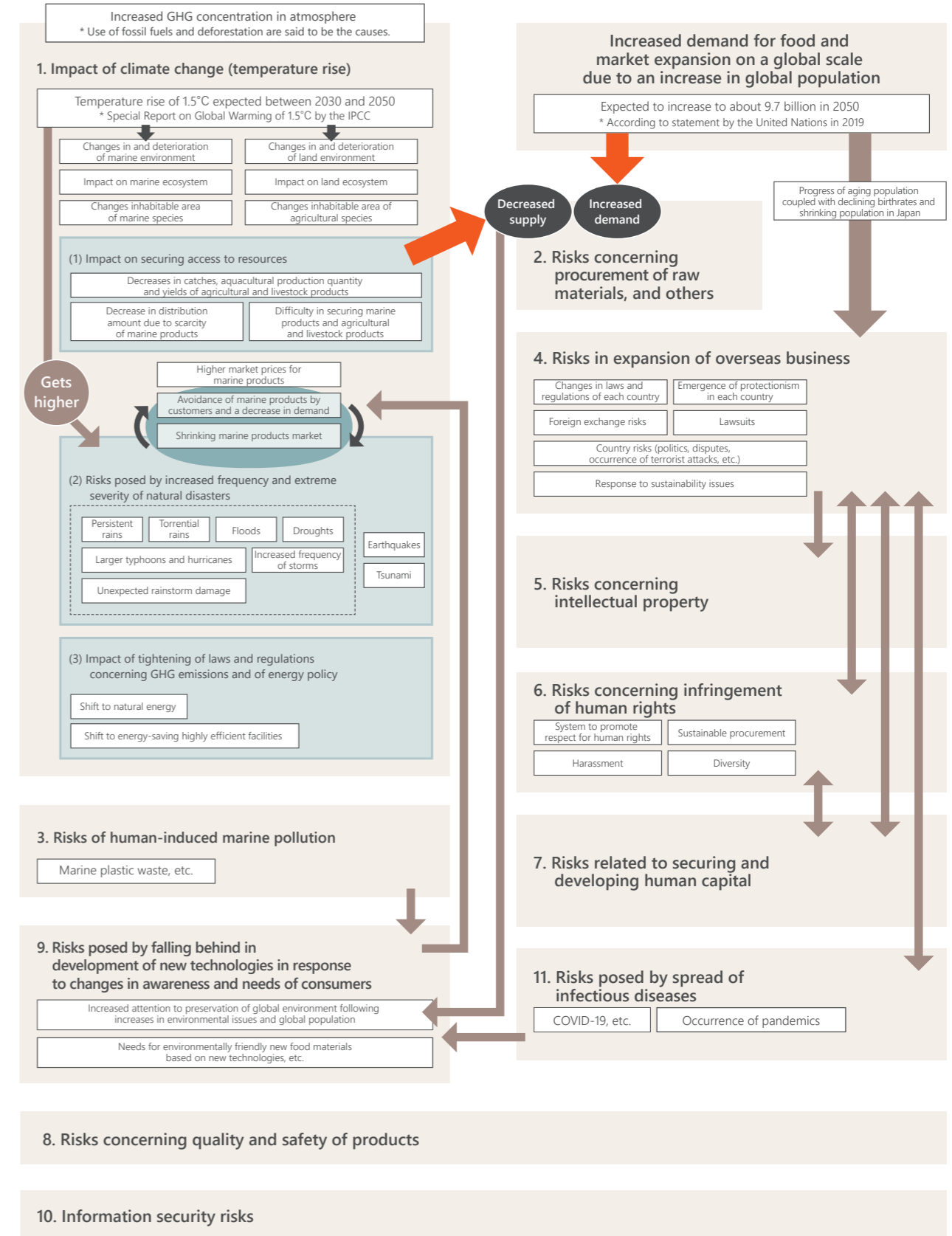
## Risk Management Promotion Framework

The Risk Management Committee, chaired by the President & CEO and comprising all Executive Officers, is convened four times a year. The Risk Management Committee strives to build, maintain and improve the risk management system of the Nissui Group based on the risk management rules. The Executive Officer (in charge of risk management) periodically reports its activities to the Board of Directors.

Promotion Framework (as of June 28, 2022)



## Relationship between each business risks



## Outside Board Members Roundtable Discussion

### Nissui's Governance Reforms Seen from an Outside Perspective



Tokio Matsuo  
Outside Board Member

Yuko Yasuda  
Outside Board Member

Mikito Nagai  
Outside Board Member

#### Could you give us your assessment of the governance structure overall and your opinion of the Board of Directors?

**Matsuo:** A year has passed since I began serving as an Outside Board Member in June 2021. My impression of the Board of Directors is that there is a determination to press forward aggressively with the strengthening of the governance structure. The atmosphere is much more open than I had imagined, and they have created an environment that allows us to speak up freely and easily. **Nagai:** It is a very lively Board of Directors, in which all Board Members, both internal and outside, are happy to speak. In terms of the evaluation of effectiveness of the Board of Directors, questionnaires and interviews are conducted with all Board Members every year, and the results is compiled for detailed discussion at the Board of Directors and to help make improvements. In that process, one by one, improvements have been made, such as transferring authority to the executive side and allocating more time for discussion about business plans and business strategies. I am highly impressed by that willingness to keep improvement. It feels like a true reflection of Nissui's corporate culture. In recent times, some companies have been conducting third-party effectiveness evaluations, but Nissui's discussion-based

efforts are producing results, so I would be happy to stay with this arrangement for the immediate future. **Yasuda:** As Mr. Matsuo and Mr. Nagai have just mentioned, a major feature of Nissui's Board of Directors is the free and open discussion by all members. This embodies the soundness of the company's management. I would say that it has much to do with the way in which President Hamada, who serves as the Chairperson, strives to create an atmosphere that encourages all Board Members to speak up, while also demonstrating firm leadership. One characteristic is that a relatively large number of the agenda items of the Board of Directors meetings are focused on execution, and they delve into quite detailed aspects of execution. We Outside Board Members are given clear and detailed explanations even of these agenda items, but I am concerned that this makes it difficult to concentrate on the key issues for the agenda items of Boards of Directors. **Matsuo:** Often, rather than the proposals themselves, the items that need to be resolved within those proposals are very detailed. I think we all need to be careful not to let the discussion fall into nitpicking about small details. **Nagai:** This point has been recognized as a problem for some time. I have expressed my views on this issue from my position as an Outside Board Member, and my

feedback has been accepted both in the effectiveness evaluation and at Board of Directors meetings. As I mentioned, considerable improvements have been made with the transfer of authority to the executive side. I do feel that the Board is being steered toward discussions of more expansive themes, such as strategies and business theories. Last fiscal year, partly because the long-term vision and the new Mid-term Business Plan were being drafted, we were able to discuss the kinds of themes that had not come up as proposals for the Board of Directors in the past, including topics such as sustainability, TCFD, and human capital. This fiscal year, I will be checking to see whether this trend has truly taken root, while also hoping to see even more improvements.



#### What were your impressions of the drafting of the long-term vision and the Mid-term Business Plan?

**Yasuda:** There was an interval of a year from the end of the previous mid-term business plan, which gave us ample time to discuss the long-term vision and the new Mid-term Business Plan. To aid those discussions, we were briefed from the initial stages on the outline of the plan, after which we held discussions at the Board of Directors. My perception is that our opinions as Outside Board Members were incorporated into the drafting process. I personally was quite surprised by the fact that the long-term vision, "Good Foods 2030," has veered considerably in the "food" direction. I commend the extremely bold and ambitious shift away from the

previous focus on products and services that leverage marine resources to a new focus on contributing to health and wellbeing and to sustainability. At the same time, the fact remains that the company is changing course toward an intensely competitive direction. **Nagai:** In our discussions, firstly, on the rebranding, including the change of corporate name, we listened to talks in various forums, and all the while, I was wondering whether the employees would be truly convinced. On this point, I found that Nissui's employees, of all generations, were more positive than I expected. On the contrary, reflecting again on the company's history, which began in fisheries, Nissui has always been a global company ever since it was founded. The opportunity that this process has given us to recognize the company's R&D genes anew could be seen as a major outcome of the brand discussions. However, the question now is, how do we establish the brand as a new identity going forward? I find the talk of "innovative food solutions" to still be somewhat vague, and I hope that there will be more effort from here on in to focus more on "foods" that only Nissui can offer and "foods" that Nissui can take the lead on. Regarding the Mid-term Business Plan, the approach of backcasting from our vision toward 2030 was a major feature. In his first year as President, Mr. Hamada spent considerable time on this. As Ms. Yasuda said, he involved us Outside Board Members in the debate from the initial stages, and he also brought in the employees and incorporated their views. That process was another unique feature, which I commend highly. Having said that, the vision toward 2030 is a very ambitious one, so when it comes to backcasting from that to formulate the Mid-term Business Plan, there is still a strong awareness of "building up," and, to be frank, it seems to me that it has not really risen beyond a long-term operational plan. Conversely, the gap between our vision toward ten years into the future and the mid-term business plans that have been built up until now has been made clear, which is in itself an important point. How do we bridge that gap? That is a question we will need to discuss seriously in the first fiscal year of the plan. **Matsuo:** We spent a long time discussing management strategies, and my initial impression was, is the aim really to become global? From a domestic perspective, Nissui is a Japanese company doing business internationally, but is it merely collecting businesses piecemeal in various countries and will it really be able to demonstrate Group synergies from a global perspective? Indeed, is it doing that now? I had the feeling that discussion with these questions in mind was lacking in the formulation of the Mid-term Business Plan. From our perspective as Outside Board Members, there were occasions when the debate became confused about whether we were discussing the domestic Japanese business or the Group as a whole.

## Outside Board Members Roundtable Discussion

However, as the debate proceeded, the executive side started to give form to their image of a global Nissui, and the drafting was moved forward with a focus on future global growth. I sincerely hope that this vision will become a reality and that the company will transform into a global Nissui Group in the true sense of the word.

In terms of aiming for the declared vision and moving the entire Group in the same direction, my greatest expectations lie with the leadership of the President. As I have said at Board of Directors meetings, I would like to see President Hamada's own voice delivered properly to the Group companies around the world and for him to act as the flagbearer for the whole of Nissui to face the same direction and to share and progress toward the same goals.

### What challenges do you see for Nissui's governance going forward?

**Yasuda:** One of the key policies included in the new Mid-term Business Plan is strengthening global governance in line with the acceleration of global business development. I see this as a major challenge for Nissui. Nissui's global expansion to date has primarily been in the form of the acquisition of outside Japan companies that operate their businesses in their own local markets. The state of the outside Japan group as it stands is more like a piecemeal collection of these kinds of local companies. These many and diverse global businesses are actually supporting Nissui's business, but from a governance and Group management aspect, it makes comprehensive management from Japan more difficult. As well as the differences in language and values, without the functioning of a common platform in the local area of "food," there are always going to be difficulties in conducting a global business. In circumstances where the operation of the acquired companies is almost completely entrusted to local management, a variety of problems will emerge in the areas of risk management, compliance, and human capital development. We need to consider how to gain a good grip on these areas moving forward. This is bound to become a prerequisite for the achievement of sound global growth.

**Nagai:** Nissui's global development, which follows a pattern of acquiring a local company and expanding the business while making use of that company's brand, is in some respects extremely unique. It is a rare outside Japan business model for a Japanese food company, and I commend Nissui for that aspect. However, because of that business model, functions such as planning Nissui's outside Japan business as a whole, the optimization of management resources, and total risk management from



the Head Office were weak, and not much had been done to develop those functions. This is something that I continued to point out as an Outside Board Member. Finally, in March 2022, an officer with overall supervision of the whole outside Japan business Group was appointed at the Head Office, and a structure of overall planning and risk management of the outside Japan business began. This could be described as a step forward.

**Matsuo:** From my own experience, I have found that when the number of subsidiaries of a company increases, as the Group stretches out in the shape of a tree, growing more and more branches of sub-subsidiaries and sub-sub-subsidiaries, the more difficult it becomes to maintain a grip on them. Even when forming a company makes it easier to do business functionally, when the shape of the organization as a whole becomes more complex and many companies are lined up side by side, there is the concern that risks will increase. So, what should be done about this? I think that what the Nissui Group will need going forward is some kind of constitution or common language, whose wording and rules would be understood in the same way by whoever hears them, and which would be used to effect governance.

In that respect, as I mentioned when talking about my expectations for the President's leadership, if the top management themselves can talk about the mission and vision in their own words, and full-scale efforts are made to embed these commonalities in the individual local companies, governance should become much easier to effect. I believe that this will be key to promoting the long-term vision and the Mid-term Business Plan.

**Nagai:** With both the mission and the vision, instead of the section in charge of planning coming up with them

and that being the end of it, it is an important job of the President, what I often call his "rule," to communicate them to the entire Group and to convince everybody to act on them. If people are convinced, it will bring out wisdom and energy in each workplace and position and drive the creation of things that did not previously exist.



**Yasuda:** It is all about the entrenchment of the mission, isn't it? For that, I think what is needed is to synergize that with the reinforcement of human capital. If the Nissui Group is going to bring "food" to the fore as its mission from now on, what kind of people will it really need to realize that mission? What kind of people will it need to compete in the global arena? Both in Japan and outside Japan, the core of the matter is that it will need to build systems for investing in and developing its people more. It seems to me that the company will need to give a great deal more thought to this point over the next few years.

**Nagai:** The new Mid-term Business Plan also includes topics about the business portfolio. If the Group wants to change its business portfolio, it should also change its human capital portfolio, and it needs to prepare for this. Expanding the outside Japan business will require an increase in the international workforce. That being said, this will require efforts to raise company-wide productivity and efficiency while shifting human capital flexibly from existing divisions and developing those human capital. I hope to promote discussion on these kinds of topics going forward.

This will also help to increase the sense of purpose that employees feel. Nissui's structure still has a strong tendency toward vertical segregation between divisions. Going forward, greater flexibility of human capital and various innovations such as rotations could also be

possibilities for creating synergies among the three core businesses and new businesses in the boundary areas between them.

### As Outside Board Members, what are your future hopes for the Nissui Group?

**Matsuo:** Nissui is a company that offers great many possibilities in terms of the diversity of its business. I believe that the breadth of its business is one of its strengths compared with other seafood companies. Also, the fact that the products that they themselves have created exist on the market and are recognized by so many people is truly a wonderful thing and something to be proud of. I hope that they will leverage those strengths to realize a culture of "innovative food solutions."

**Yasuda:** I hope that it will hold great aspirations and a sense of its mission to be an unparalleled company with the ability to solve social issues through marine resources. As a company whose backbone is its social nature and public utility, namely, that Nissui's existence is why people can enjoy delicious fish and other foods and why the ocean's resources can be protected, I hope that it will take in multifaceted perspectives and diversity and, in some cases, strive for co-creation with external parties, while accomplishing more and more abundant growth.

**Nagai:** I feel the same way as Mr. Matsuo and Ms. Yasuda, but if I may put it another way, I want Nissui to do things that only it can do. Setting its sights on things that only Nissui can do in response to social needs, such as health-consciousness and demand for individual meals, and capturing opportunities will surely be exciting. I hope that Nissui will be a company that can share that excitement and enjoyment with all its stakeholders.

# Company Officers

## Board Members and Audit & Supervisory Board Members (as of June 28, 2022)

### Board Members


Representative Board Member  
President  
Chief Executive Officer (CEO)  
**Shingo Hamada**  
(January 7, 1959)



#### Career summary, positions, and responsibilities

April 1983 Joined the Company  
March 2005 General Manager of Production Promotion Office  
April 2008 General Manager of Hachioji General Plant  
December 2011 President, Shandong Sanfod Nissui Co., Ltd. Concurrently served as General Manager of China Business Office, the Company  
March 2014 General Manager of Food Products Production Promotion Office  
June 2014 Executive Officer  
June 2017 Board Member, Executive Officer  
June 2018 Food Products Business Operating Officer  
June 2018 Board Member, Managing Executive Officer  
June 2019 Representative Board Member, Senior Managing Executive Officer  
March 2020 Chief Operating Officer  
June 2021 Representative Board Member and President (to present)  
Chief Executive Officer (to present)


Representative Board Member  
Senior Managing Executive Officer  
Commissioned Fisheries Business Operating Officer  
**Seiji Takahashi**  
(December 14, 1957)



#### Career summary, positions, and responsibilities

April 1982 Joined the Company  
November 2004 General Manager of Live and Fresh Fish Feed Department  
March 2007 General Manager of Feed and Aquaculture Department  
June 2009 Executive Officer  
March 2011 Business Supervisor in South America  
June 2015 Board Member, Executive Officer, the Company  
Business Supervisor in North America  
June 2018 Fisheries Business Operating Officer, the Company (to present)  
Outside Audit & Supervisory Board Member, CHUBU SUISAN Co., Ltd. (to present)  
June 2019 Board Member, Managing Executive Officer, the Company  
June 2021 Representative Board Member, Senior Managing Executive Officer (to present)

Board Member  
Managing Executive Officer  
Chief Financial Officer (CFO),  
In charge of Corporate Administration Group  
**Shinya Yamamoto**  
(June 6, 1961)



#### Career summary, positions, and responsibilities

April 1985 Joined the Company  
April 2013 General Manager of Finance and Accounting Department  
June 2014 Executive Officer  
June 2015 Board Member, Executive Officer  
May 2017 Representative Board Member and President, Nissui G Net Co., Ltd.  
June 2017 Board Member, Managing Executive Officer, the Company (to present)  
Chief Financial Officer, the Company (to present)


Board Member  
Managing Executive Officer  
Commissioned Food Products Business Operating Officer, In charge of Marketing Planning Department, Strategic Sales Department (joint)  
**Koji Umeda**  
(February 19, 1961)



#### Career summary, positions, and responsibilities

April 1983 Joined the Company  
March 2007 General Manager of Hiroshima Branch  
March 2009 General Manager of Shelf-stable Foods Department  
April 2013 General Manager of Fukuoka Branch  
March 2015 General Manager of Metropolitan Consumer Products Sales Department, National Account Sales Division  
June 2016 Executive Officer, General Manager of National Account Sales Division  
March 2020 Food Products Business Operating Officer (to present)  
June 2020 Board Member, Executive Officer  
June 2021 Board Member, Managing Executive Officer (to present)


Board Member  
Managing Executive Officer  
Commissioned Fine Chemicals Business Operating Officer, In charge of R&D Group  
**Shinya Yamashita**  
(June 30, 1959)



#### Career summary, positions, and responsibilities

April 1983 Joined the Company  
March 2007 General Manager of Central Research Laboratory  
March 2011 General Manager of Central Research Laboratory and General Manager of Tokyo Innovation Center  
June 2016 Executive Officer, General Manager of Central Research Laboratory  
March 2021 In charge of R&D Group  
June 2021 Board Member, Executive Officer, Fine Chemicals Business Operating Officer (to present)  
Board Member and Chairman, TN Fine Chemicals Co., Ltd. (to present)  
Board Member, NISSUI PHARMACEUTICAL CO., LTD. (to present)  
June 2022 Board Member, Managing Executive Officer, the Company (to present)


Board Member  
Executive Officer  
International Business Operating Officer,  
Commissioned General Manager of Business Supervisor in South America, In charge of International Business Development Department, Strategic Sales Department (joint), President of Nissui Suisan America Latina S.A. (N.A.L.)  
**Masahide Asai**  
(March 14, 1962)



#### Career summary, positions, and responsibilities

April 1984 Joined the Company  
March 2009 General Manager of Fisheries Business Department 2  
May 2012 Representative Director and President, Yokohama Trading Corp., Ltd.  
March 2014 General Manager of Fisheries Business Department 3, the Company  
June 2018 Executive Officer, Business Supervisor in North America, Board Member and President, NIPPON SUISAN (U.S.A.), INC.  
June 2019 Business Supervisor in South America, the Company  
Board Member and President, NIPPON SUISAN AMERICA LATINA S.A. (N.A.L.) (to present)  
March 2022 International Business Operating Officer, General Manager of Business Supervisor in South America, the Company (to present)  
June 2022 Board Member, Executive Officer (to present)


Outside Board Member  
**Mikito Nagai**  
(October 28, 1955)



#### Career summary, positions, and responsibilities

April 1978 Joined the Industrial Bank of Japan, Limited  
April 2003 General Manager of Head Office Sales Department No.2, Mizuho Corporate Bank, Ltd.  
April 2004 General Manager of Head Office Sales Department No.2 and General Manager of Head Office Sales Department No.9  
June 2004 General Manager of Sales Department No.9  
April 2005 Executive Officer, General Manager of Sales Department No.9  
April 2007 Managing Director, Officer supervising Corporate Banking Unit  
April 2009 Managing Executive Officer, Officer supervising Corporate Banking Unit  
April 2011 Director and Vice President, Officer supervising Internal Control  
April 2012 Director and Vice President  
April 2013 Senior General Manager (until April 30, 2013)  
May 2013 Vice President and Executive Officer, Nippon Steel Kowa Real Estate Co., Ltd.  
June 2013 Vice President and Director, Nippon Steel Kowa Real Estate Co., Ltd.  
June 2014 President and CEO, Nippon Steel Kowa Real Estate Co., Ltd.  
April 2019 Director and Senior Advisor, NIPPON STEEL KOWA REAL ESTATE CO., LTD. (company name changed)  
June 2019 Senior Advisor, NIPPON STEEL KOWA REAL ESTATE CO., LTD.  
June 2020 Outside Director (Audit & Supervisory Committee Member), OKASAN SECURITIES GROUP INC. (to present)  
June 2020 Board Member of the Company (to present)  
June 2021 Outside Director, Tohoku Electric Power Co., Inc. (to present)  
Outside Director, OHBA CO., LTD. (to present)


Outside Board Member  
**Yuko Yasuda**  
(September 16, 1961)



#### Career summary, positions, and responsibilities

April 1985 Joined IBM Japan, Ltd.  
September 1991 Joined Booz Allen Hamilton Inc.  
September 1993 Joined Russell Reynolds Associates Japan Inc.  
June 1996 Managing Director, Russell Reynolds Associates Japan Inc.  
April 2003 Representative in Japan, Russell Reynolds Associates Japan Inc.  
Member of Executive Committee, Russell Reynolds Associates Inc.  
April 2010 Member of The Board of Trustees, KEIZAI DOYUKAI (Japan Association of Corporate Executives)  
June 2015 Outside Director, SCSK Corporation  
June 2016 Outside Director and Audit and Supervisory Committee Member, SCSK Corporation  
March 2017 Outside Director, Showa Shell Sekiyu K.K.  
June 2018 Outside Director (Audit and Supervisory Committee Member), Murata Manufacturing Co., Ltd.  
April 2019 Outside Director, Idemitsu Kosan Co., Ltd.  
June 2020 Board Member of the Company (to present)  
Outside Director, Murata Manufacturing Co., Ltd. (to present)  
July 2020 Joined Board Advisors Japan, Inc. as Senior Partner (to present)

Outside Board Member  
**Tokio Matsuo**  
(April 26, 1957)




#### Career summary, positions, and responsibilities

April 1980 Joined Asahi Glass Co., Ltd. (currently AGC Inc.)  
January 2006 General Manager of Engineering Center  
January 2010 Executive Officer, General Manager of CSR Office  
Standing Director, The Asahi Glass Foundation Scholarship  
June 2016 Representative Director President and Executive Officer, NIPPON CARBIDE INDUSTRIES CO., INC.  
June 2020 Counselor, NIPPON CARBIDE INDUSTRIES CO., INC.  
June 2021 Board Member of the Company (to present)  
Outside Director, Toyo Gosei Co., Ltd. (to present)

### Audit & Supervisory Board Members


Standing Audit & Supervisory Board Member  
**Hiroyuki Hamano**  
(April 6, 1959)



#### Career summary, positions, and responsibilities

April 1982 Joined the Company  
April 2013 General Manager of Secretarial Section  
June 2015 General Manager of Finance and Accounting Department  
March 2017 General Manager of Corporate Strategic Planning & IR Department  
June 2017 Executive Officer, In charge of Finance and Accounting Department  
March 2019 Executive Officer, In charge of Corporate Strategic Planning & IR Department, Finance and Accounting Department  
June 2019 Standing Audit & Supervisory Board Member (to present)


Outside Audit & Supervisory Board Member  
**Shino Hirose**  
(March 8, 1967)



#### Career summary, positions, and responsibilities

April 2000 Admitted to the bar  
Joined Abe, Ikubo & Katayama  
January 2004 Outside auditor, Joyful Honda Co., Ltd. (to present)  
September 2014 Audit & Supervisory Board Member of the Company (to present)  
June 2016 Outside auditor, INNTECH CORPORATION (to present)  
June 2021 Outside auditor, INNTECH CORPORATION (to present)


Outside Audit & Supervisory Board Member  
**Masahiro Yamamoto**  
(August 15, 1958)



#### Career summary, positions, and responsibilities

March 1983 Joined Price Waterhouse Certified Public Accountants Office  
March 1986 Registered as Certified Public Accountant  
August 2000 Representative Partner, ChuoAoyama Audit Corporation  
September 2006 Representative Partner, PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Aarata LLC)  
July 2019 Representative, Yamamoto Masahiro Certified Public Accountant Office (to present)  
September 2019 Auditor, JAPAN PROFESSIONAL BASKETBALL LEAGUE (to present)  
March 2020 Director (Audit & Supervisory Committee Member), OPT Holding, Inc. (the name of the company was changed to DIGITAL HOLDINGS, Inc. on July 1, 2020) (to present)  
June 2021 Audit & Supervisory Board Member of the Company (to present)

Outside Audit & Supervisory Board Member  
**Tadashi Kanki**  
(October 9, 1958)



#### Career summary, positions, and responsibilities

April 1981 Joined the Dai-ichi Kangyo Bank, Limited  
April 2002 Deputy General Manager of Corporate Planning Division, Mizuho Corporate Bank, Ltd.  
December 2002 Corporate Officer aide to Officer supervising Planning Group, and Deputy General Manager of Administration Division  
April 2005 General Manager of Osaka Corporate Banking Division No.3  
April 2008 Executive Officer, General Manager of Corporate Banking Division No.8  
April 2011 Managing Executive Officer, in charge of Business Promotion  
April 2012 Managing Executive Officer, in charge of Branch Banking Group (Deputy) of Mizuho Bank, Ltd.  
April 2013 Managing Executive Officer, Head of Strategic Planning Group of Mizuho Financial Group, Inc.  
Managing Executive Officer, Head of Strategic Planning Group of Mizuho Bank, Ltd.  
Managing Executive Officer, Head of Strategic Planning Group of Mizuho Corporate Bank, Ltd.  
Managing Executive Officer, in charge of Strategic Planning, Financial Control & Accounting Group of Mizuho Trust & Banking Co., Ltd.  
June 2013 Executive Managing Director, Head of Strategic Planning Group of Mizuho Financial Group, Inc.  
April 2014 Senior Executive Managing Director, Head of Internal Audit Group  
June 2014 Senior Managing Executive Officer, Head of Internal Audit Group (until March 2016)  
April 2016 Executive Vice President of Mizuho Research Institute Ltd.  
May 2017 Advisor (until June 2017)  
June 2017 Standing Audit & Supervisory Board Member, NIPPON EXPRESS CO., LTD.  
June 2021 Audit & Supervisory Board Member of the Company (to present)  
Outside Audit & Supervisory Board Member, NAGANO KEIKI CO., LTD. (to present)

### Managing Executive Officer

Munehiro Ise

### Executive Officers

- Tetsuhiro Kuroda
- Kazuhiro Matsushima
- Koichi Oda
- Hideyo Okumura
- Teru Tanaka
- Tsuyoshi Koriyama
- Takumi Mitani
- Hirofumi Nakano
- Taro Baba
- Terutaka Kuraishi

## Changes in Financial Indicators

			FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Fiscal year	Net sales	Million yen	566,858	604,249	638,435	637,164	635,953	677,293	712,111	690,016	615,044	693,682
	Year-on-year change	%	5.4	6.6	5.7	(0.2)	(0.2)	–	5.1	(3.1)	–	12.8
	Operating profit	Million yen	5,809	13,931	18,110	19,442	22,646	23,240	21,685	22,834	17,998	27,076
	Ratio of operating profit to net sales	%	1.0	2.3	2.8	3.1	3.6	3.4	3.0	3.3	2.9	3.9
	Ordinary profit	Million yen	5,443	12,360	21,392	20,696	24,884	24,583	25,358	25,807	22,670	32,372
	Ratio of ordinary profit to net sales	%	1.0	2.0	3.4	3.2	3.9	3.6	3.6	3.7	3.7	4.7
	Share of profit of entities accounted for using equity method	Million yen	(92)	(310)	2,485	2,126	2,965	1,325	2,751	2,820	2,770	2,685
	Profit (loss) attributable to owners of parent	Million yen	(4,575)	3,998	10,558	12,307	14,216	17,234	15,379	14,768	14,391	17,275
	Ratio of profit (loss) attributable to owners of parent	%	(0.8)	0.7	1.7	1.9	2.2	2.5	2.2	2.1	2.3	2.5
	Capital expenditure	Million yen	20,265	15,335	18,676	21,907	23,774	29,045	26,530	27,352	22,613	19,352
	Depreciation	Million yen	16,849	16,848	15,877	16,225	16,355	17,599	18,272	19,450	19,640	19,764
	Research and development expenses	Million yen	3,610	3,367	3,697	4,670	4,388	4,856	4,608	4,503	4,740	4,731
	Net cash provided by (used in) operating activities	Million yen	15,136	18,121	22,838	37,395	30,179	28,325	24,693	18,786	45,910	29,118
	Net cash provided by (used in) investing activities	Million yen	(21,310)	(11,688)	(12,135)	(17,051)	(7,445)	(21,540)	(16,803)	(29,446)	(18,023)	(17,260)
	Net cash provided by (used in) financing activities	Million yen	8,495	(11,879)	(7,860)	(23,141)	(11,517)	(8,156)	(15,956)	25,942	(44,786)	(11,265)
Cash and cash equivalents at the end of period	Million yen	18,169	13,801	17,071	14,056	25,181	24,318	16,165	31,647	14,760	15,683	
Fiscal year's end	Net assets	Million yen	66,404	87,757	109,111	114,030	141,205	157,106	166,158	172,300	187,779	208,598
	Shareholders' equity	Million yen	56,815	60,813	69,536	81,282	108,163	123,305	135,960	148,069	159,648	172,889
	Total assets	Million yen	424,108	434,597	461,889	445,707	451,876	482,233	477,913	491,533	475,468	505,731
	Interest bearing debts	Million yen	262,676	256,146	254,340	232,657	207,750	203,865	191,058	221,239	180,807	178,136
	Net interest (Interest expenses - Interest income and Dividend)	Million yen	1,817	1,693	1,625	1,385	1,048	883	727	599	424	210
Per share information	Earnings per share	Yen	(16.56)	14.47	38.22	44.55	48.02	55.33	49.41	47.47	46.25	55.51
	Dividend per share	Yen	0.00	0.00	3.00	5.00	6.00	8.00	8.00	8.50	9.50	14.00
	Net assets per share	Yen	191.35	254.60	326.38	343.60	388.38	442.13	470.28	492.23	544.55	609.82
Ratio	Dividend payout ratio	%	–	–	7.8	11.2	12.5	14.5	16.2	17.9	20.5	25.2
Fiscal year's end	Number of employees (Consolidated)	Persons	10,175	8,919	8,240	8,466	8,722	9,003	9,065	9,247	9,431	9,662
	Number of consolidated subsidiaries	Companies	61	61	59	62	63	65	64	65	66	65
	Number of companies accounted for using equity method	Companies	44	37	36	32	33	31	29	30	31	31
	Number of subsidiaries and affiliates	Companies	108	99	97	95	96	96	93	95	97	96
As of the end of the local fiscal year <sup>*3</sup>	US dollars	Yen	86.58	105.39	120.55	120.61	116.49	112.04	110.36	109.24	106.43	110.37

\*1 Figures from the fiscal year ended March 31, 2011 up to the 2nd quarter of the fiscal year ended March 31, 2017 reflect the prior period adjustments made in January 2017.

\*2 Effective from the consolidated fiscal year ended March 31, 2019, the Company has changed the way of converting revenues and expenses of overseas subsidiaries, etc. into yen from one based on the spot exchange rate on each company's accounting closing date to one based on the average exchange rate during the period, and thus the figures for the fiscal year ended March 31, 2018 have been retrospectively adjusted.

\*3 According to the adjustment in \*2, the exchange rates are given as the average rates for each period from January to December, starting in FY2018.

\*4 The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year ended March 31, 2022. Figures for the fiscal year ended March 31, 2021 have retroactively adopted the above accounting standards.



## Consolidated Financial Statement

## Consolidated Balance Sheet (Million yen)

	FY2020 As of Mar. 31, 2021	FY2021 As of Mar. 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,986	13,813
Notes and accounts receivable-trade	76,042	90,325
Securities	–	28
Merchandise and finished goods	68,221	77,467
Work in process	26,050	26,242
Raw materials and supplies	34,809	40,373
Other	16,035	17,191
Allowance for doubtful accounts	(338)	(351)
Total current assets	231,808	265,090
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	153,708	150,190
Accumulated depreciation	(92,635)	(91,106)
Buildings and structures, net	61,072	59,084
Machinery, equipment and vehicles	157,279	146,800
Accumulated depreciation	(121,185)	(111,657)
Machinery, equipment and vehicles, net	36,094	35,142
Vessels	29,642	31,040
Accumulated depreciation	(17,879)	(19,478)
Vessels, net	11,763	11,561
Land	26,659	26,255
Leased assets	7,456	8,511
Accumulated depreciation	(3,664)	(3,978)
Leased assets, net	3,792	4,533
Construction in progress	5,273	6,040
Other	15,491	16,250
Accumulated depreciation	(12,719)	(13,487)
Other, net	2,772	2,762
Total property, plant and equipment	147,428	145,379
Intangible assets		
Goodwill	452	657
Software	2,021	1,952
Other	7,317	8,675
Total intangible assets	9,791	11,285
Investments and other assets		
Investment securities	38,076	35,044
Shares of subsidiaries and associates	34,566	35,327
Long-term loans receivable	1,438	1,025
Retirement benefit asset	229	405
Deferred tax assets	2,331	2,149
Other	14,369	14,552
Allowance for doubtful accounts	(4,573)	(4,530)
Total investments and other assets	86,440	83,975
Total non-current assets	243,660	240,640
<b>Total assets</b>	<b>475,468</b>	<b>505,731</b>

**Liabilities**

	FY2020 As of Mar. 31, 2021	FY2021 As of Mar. 31, 2022
<b>Current liabilities</b>		
Notes and accounts payable-trade	41,704	50,290
Short-term borrowings	68,577	83,197
Lease liabilities	701	807
Income taxes payable	4,207	3,818
Accrued expenses	22,884	25,232
Provision for bonuses	3,290	4,088
Provision for bonuses for directors (and other officers)	188	299
Provision for loss on litigation	–	287
Other	12,155	9,807
Total current liabilities	153,711	177,828
<b>Non-current liabilities</b>		
Long-term borrowings	112,230	94,939
Lease liabilities	2,703	3,139
Deferred tax liabilities	4,473	5,260
Provision for retirement benefits for directors (and other officers)	71	68
Provision for share awards for directors (and other officers)	50	–
Retirement benefit liability	10,428	10,698
Other	4,020	5,197
Total non-current liabilities	133,977	119,304
<b>Total liabilities</b>	<b>287,689</b>	<b>297,133</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	30,685	30,685
Capital surplus	21,658	21,146
Retained earnings	107,781	121,472
Treasury shares	(476)	(415)
Total shareholders' equity	159,648	172,889
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	13,881	12,040
Deferred gains or losses on hedges	92	1,408
Foreign currency translation adjustment	(1,056)	6,691
Remeasurements of defined benefit plans	(3,139)	(3,231)
Total accumulated other comprehensive income	9,778	16,909
<b>Non-controlling interests</b>	<b>18,352</b>	<b>18,799</b>
<b>Total net assets</b>	<b>187,779</b>	<b>208,598</b>
<b>Total liabilities and net assets</b>	<b>475,468</b>	<b>505,731</b>

## Consolidated Financial Statement

## Consolidated Income Statements (Million yen)

	FY2020 (From April 1, 2020 through March 31, 2021)	FY2021 (From April 1 2021 through March 31, 2022)
Net sales	615,044	693,682
Cost of sales	518,618	582,602
<b>Gross profit</b>	<b>96,426</b>	<b>111,079</b>
Selling, general and administrative expenses		
Sales commission	2,717	2,794
Storage costs	5,054	5,266
Shipment expenses	18,457	19,547
Advertising expenses	3,691	3,505
Difference of provision of allowance for doubtful accounts	52	67
Salaries and allowances	21,394	22,846
Bonuses	2,304	2,560
Provision for bonuses	1,592	2,023
Provision for bonuses for directors (and other officers)	195	317
Retirement benefit expenses	1,436	1,192
Depreciation	1,836	1,779
Rent and repair expense	3,132	3,344
Travel, transportation and communication expenses	1,361	1,545
Other	15,199	17,209
<b>Total selling, general and administrative expenses</b>	<b>78,427</b>	<b>84,003</b>
<b>Operating profit</b>	<b>17,998</b>	<b>27,076</b>
Non-operating income		
Interest income	196	170
Dividend income	697	786
Foreign exchange gains	462	247
Gain on sale of investment securities	36	23
Share of profit of entities accounted for using equity method	2,770	2,685
Subsidy income	1,253	2,570
Miscellaneous income	693	674
<b>Total non-operating income</b>	<b>6,110</b>	<b>7,157</b>
Non-operating expenses		
Interest expenses	1,318	1,166
Loss on sale of investment securities	2	0
Provision for loss on litigation	-	285
Miscellaneous expenses	118	407
<b>Total non-operating expenses</b>	<b>1,439</b>	<b>1,860</b>
<b>Ordinary profit</b>	<b>22,670</b>	<b>32,372</b>
Extraordinary income		
Gain on sale of non-current assets	363	788
Gain on sale of investment securities	1,895	346
Insurance claim income	-	1,025
Gain on change in equity	-	58
<b>Total extraordinary income</b>	<b>2,259</b>	<b>2,218</b>
Extraordinary losses		
Loss on disposal of non-current assets	578	660
Impairment losses	553	5,516
Loss on sale of investment securities	3	-
Loss on valuation of investment securities	144	299
Loss on valuation of investments in capital	70	0
Extra retirement payments	90	-
Loss on disaster	1,008	891
Loss related to disaster	-	68
<b>Total extraordinary losses</b>	<b>2,448</b>	<b>7,436</b>
<b>Profit before income taxes</b>	<b>22,481</b>	<b>27,154</b>
Income taxes-current	6,648	8,199
Income taxes-deferred	688	608
<b>Total income taxes</b>	<b>7,337</b>	<b>8,807</b>
<b>Profit</b>	<b>15,144</b>	<b>18,347</b>
Profit attributable to non-controlling interests	752	1,072
<b>Profit attributable to owners of parent</b>	<b>14,391</b>	<b>17,275</b>

## Consolidated Statements of Cash-Flow (Million yen)

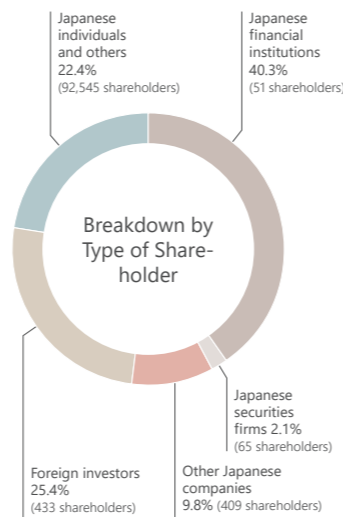
	FY2020 (From April 1, 2020 through March 31, 2021)	FY2021 (From April 1 2021 through March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	22,481	27,154
Depreciation	19,640	19,764
Impairment losses	553	5,516
Amortization of goodwill	231	202
Increase (decrease) in allowance for doubtful accounts	(23)	(410)
Increase (decrease) in retirement benefit liability	(810)	(139)
Interest and dividend income	(894)	(956)
Interest expenses	1,318	1,166
Share of loss (profit) of entities accounted for using equity method	(2,770)	(2,685)
Provision for loss on litigation	-	285
Gain on sale of non-current assets	(363)	(788)
Loss on disposal of noncurrent assets	578	660
Loss (gain) on sale and valuation of investment securities	(1,782)	(70)
Insurance claim income	-	(1,025)
Loss (gain) on change in equity	-	(58)
Loss on disaster	1,008	891
Loss related to disaster	-	68
Extra retirement payments	90	-
Loss on valuation of investments in capital	70	0
Decrease (increase) in trade receivables	1,444	(11,595)
Decrease (increase) in inventories	1,725	(9,922)
Increase (decrease) in trade payables	6,663	7,012
Increase (decrease) in accrued expenses	19	1,969
Other, net	757	388
<b>Subtotal</b>	<b>49,937</b>	<b>37,429</b>
Interest and dividends received	874	921
Interest paid	(1,283)	(1,179)
Proceeds from insurance income	235	1,123
Payments associated with disaster loss	(28)	(134)
Income taxes paid	(3,824)	(9,042)
<b>Net cash provided by(used in) operating activities</b>	<b>45,910</b>	<b>29,118</b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(4)	96
Decrease(increase) in short-term investment securities	-	(24)
Purchase of property, plant and equipment	(23,325)	(17,609)
Proceeds from sale of property, plant and equipment	1,009	1,467
Purchase of intangible assets	(903)	(881)
Purchase of investment securities	(44)	(31)
Proceeds from sale of investment securities	3,137	1,211
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,577)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	14	-
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	2,401	-
Decrease (increase) in short-term loans receivable	(154)	(146)
Other, net	(154)	236
<b>Net cash provided by (used in) investing activities</b>	<b>(18,023)</b>	<b>(17,260)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(49,282)	5,814
Proceeds from long-term borrowings	24,289	832
Repayments of long-term borrowings	(15,163)	(12,837)
Repayments of lease liabilities	(786)	(862)
Dividends paid	(2,647)	(3,579)
Dividends paid to non-controlling interests	(277)	(495)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(916)	(133)
Decrease (increase) in treasury shares	(1)	(2)
Other, net	(0)	(0)
<b>Net cash provided by (used in) financing activities</b>	<b>(44,786)</b>	<b>(11,265)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(10)</b>	<b>331</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(16,908)</b>	<b>923</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>31,647</b>	<b>14,760</b>
<b>Increase (decrease) in cash and cash equivalents resulting from change in scope of consol</b>	<b>20</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>14,760</b>	<b>15,683</b>

## Stock Information (As of March 31, 2022)

Listed Stock Exchange	Tokyo Stock Exchange (Prime Market)	Fixed Date for the Dividend Payment for Shareholders	Year-end dividend March 31/ Interim dividend September 30
Securities Code	1332	Number of Shareholders	93,503
Total Number of Shares Authorized	1,000,000,000 shares	Administrator of the Shareholders' Register	Sumitomo Mitsui Trust Bank, Ltd.
Total Number of Shares Issued	312,430,277 shares	Ordinary General Shareholders' Meeting	June
Number of Shares Per Unit	100 shares	Accounting Auditor	Ernst & Young ShinNihon LLC

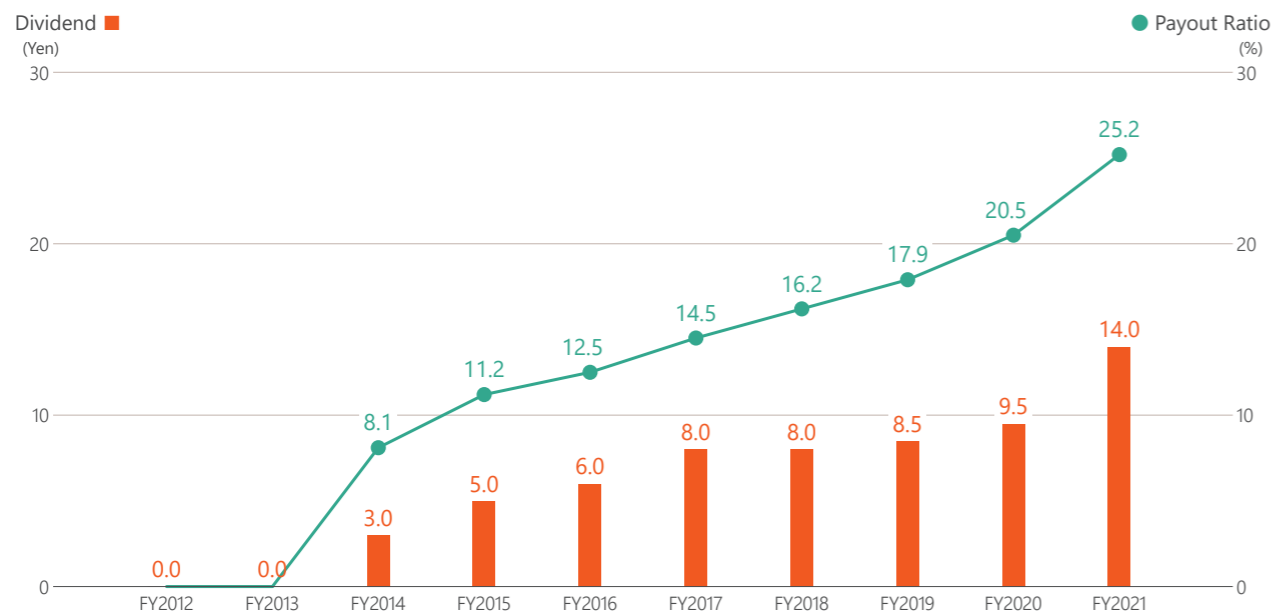
### Principal Shareholders

Shareholder Name	Number of Shares (in thousands of shares)	Stockholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	67,617	21.7
Custody Bank of Japan, Ltd. (Trust Account)	25,791	8.3
Mizuho Bank, Ltd.	10,650	3.4
Mochida Pharmaceutical Co., Ltd.	8,000	2.6
BNYM AS AGT/CLTS NON TREATYJASDEC	5,364	1.7
Chuo Gyorui Co., Ltd.	4,140	1.3
STATE STREET BANK WEST CLIENT-TREATY	4,058	1.3
Juniper	3,964	1.3
STATESTREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CUENS-UNITED KINGDOM	3,512	1.1
JP MORGAN CHASE BANK 385781	3,454	1.1



Note: Stockholding ratio was calculated excluding treasury shares (837,591 shares). Treasury shares do not include the 223,600 shares of the Company's stock held by the Board Benefit Trust (BBT).

### Changes in Dividends and Payout Ratio



## Company Information (As of March 31, 2022)

Company Name	Nippon Suisan Kaisha, Ltd.
Founded	1911
Established	1943
Capital	30,685 million yen
Number of Employees	1,275 (Non-consolidated) 9,662 (Consolidated)
Head Office	Nishi-Shimbashi Square, 1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo 105-8676, Japan



### External Recognition

#### Index Selection

**2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

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#### External Recognition of Initiatives



The Company was selected for the fourth consecutive year in the agriculture, forestry, and fisheries industries under the Health & Productivity Stock Selection program, in which one company from each industry is chosen from among the companies listed on the Tokyo Stock Exchange as a company focusing on employees' health from a management perspective and strategically carrying out efforts toward employee health.



The Company was selected for the first time as a "Semi-Nadeshiko Brand," which is second only to the "Nadeshiko Brand," a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in which listed enterprises that are outstanding in terms of encouraging women's success in the workplace are selected.



Pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children, this certification is given by the Minister of Health, Labour and Welfare to companies that have formulated and implemented action plans to help employees balance work and child rearing and that meet certain standards. The Company has been certified for four consecutive periods since May 2010.

#### External Assurance

The CO<sub>2</sub> emissions data for the FY2021 presented in this report (P59) has received independent practitioner's assurance from Sustainability Accounting Co., Ltd., for enhanced credibility of the calculations.

# Global Network

The Nissui Group develops business in 28 countries as of March 31, 2022.  
The main corporations are shown below.

