



**Mid- to Long-Term  
Growth Strategy**

## Mid- to Long-Term Growth Strategy

45 | Message from the CFO

---

49 | Long-Term Vision “Good Foods 2030”

---

51 | Mid-Term Business Plan “Good Foods Recipe1”

---

53 | Progress on Six Basic Strategies of  
the Mid-Term Business Plan

---

55 | Business Strategy

---

63 | Engagement with Investors

---

67 | The Foundations That Underpin  
Our Value Creation

---

Message from the CFO



# Financially Underpinning the Construction of a Robust Value Chain to Enhance Corporate Value

Shinya Yamamoto

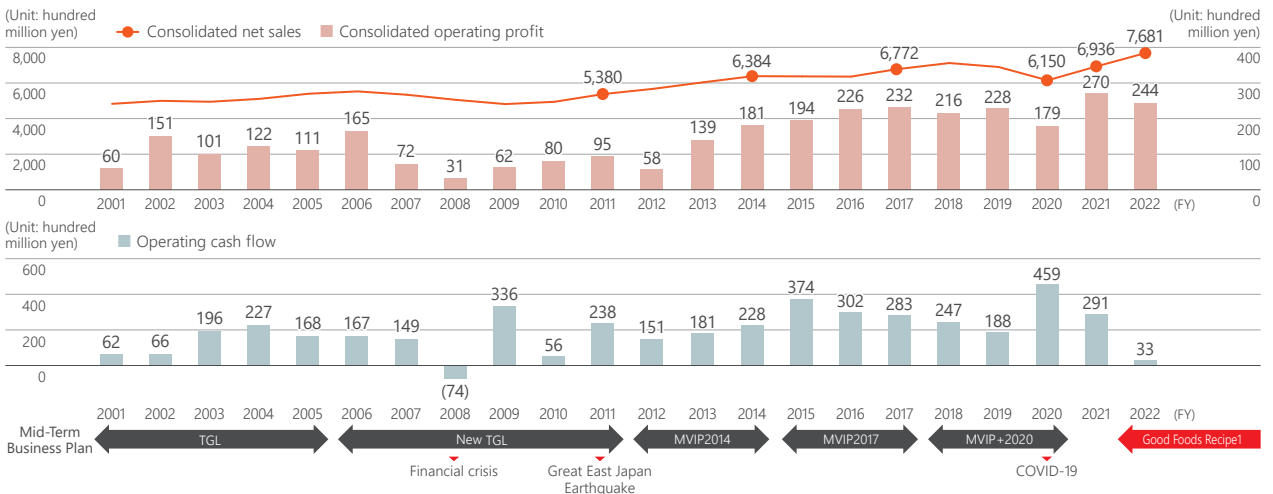
Director, Managing Executive Officer  
Chief Financial Officer (CFO),  
In charge of Corporate Administration Group

## Toward Realizing Our Long-Term Vision

In our long-term vision “Good Foods 2030,” the Nissui Group has set targets of 1 trillion yen in net sales as financial value, 50 billion yen in operating profit, and a 50% International net sales ratio. To realize this long-term vision, it is essential to strengthen the organic growth and profitability of our existing businesses and to proactively and effectively allocate management resources to growth focus areas, thus building a more robust value chain.

Looking back at our past, the Nissui Group has been actively engaged in international investment to drive growth since 2000. However, there were times when earnings were unstable due to some speculative investments driven by high expectations. Since 2010, by divesting unprofitable businesses and improving our corporate governance and risk management, we have simultaneously strengthened our corporate structure and expanded our main businesses leading to a dramatic

Changes in net sales, operating profit, and operating cash flow



and consistent improvement in our consolidated earnings.

While we have achieved stability in performance, we must acknowledge a lack of vigor in proactive investment to reach greater heights. There has been no significant improvement in cash flow. While the increase in our earnings has resulted in higher tax payments, I still see significant potential to improve our cash flow generation

capabilities. In order to further increase and effectively utilize our cash flow, we have begun to apply business portfolio management throughout the Group since last year. Coupled with sustainability management, we will continue to drive this initiative to strengthen the resilience of our value chain as we pursue our long-term vision.

## Strengthening of Business Portfolio Management

Beginning in FY2022, we introduced business portfolio management with a focus on ROIC, and this fiscal year, we refined our cost of capital, previously calculated for the company as a whole, by business and area to better reflect the characteristics of each business in our analysis and evaluation. We have calculated ROIC spread and moved to evaluating businesses through a four-quadrant analysis based on the two axes of sales growth rate and ROIC spread. Although it is still early days, we base our valuations on the cost differences between businesses and discuss mid- to long-term business portfolio goals and management resource allocation at Board meetings. Business unit leaders will use the results of these discussions to plan investment priorities within their businesses, category expansion or contraction, and capital efficiency measures. They will then execute these plans in coordination with the Board of Directors, aiming for a synchronized management style.

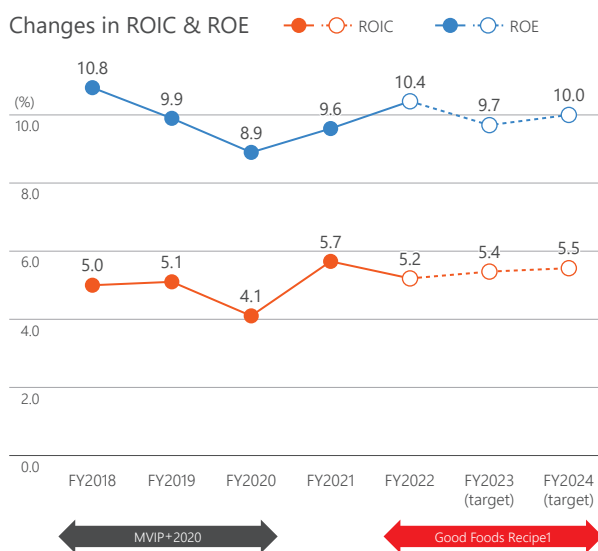
In line with our long-term vision, we have planned to preferentially allocate management resources to our Aquaculture Business, International Marine Products/Food Products Business, and Fine Chemicals Business. We see these as areas that not only promise market growth but also ones where we can further strengthen our unique value chain with the technology and expertise we have cultivated. Last year, in our international business, we acquired a company in France to increase production capacity for white-meat fish fries and alternative protein products, and in the UK, we not only increased production capacity for white-meat fish fries but also acquired a company engaged in home delivery of seafood products. In the aquaculture business, we made investments related to salmon aquaculture in Otsuchi Town, Iwate Prefecture in Japan to expand scale. Last fiscal year, we invested a total of 12.4 billion yen, including maintenance and renewal investments, in these key growth areas.

Conversely, we continued to sell shares in companies with limited synergy with the Nissui Group, such as our cold storage business subsidiary Hohsui Corporation and the pharmaceutical company Nissui Pharmaceutical Co., Ltd. (now Shimadzu Diagnostics Corporation), and we have reduced assets by a total of 22.4 billion yen through the sale of cross-shareholdings.

This fiscal year, in addition to the three key growth areas mentioned above, as part of our food products

business growth strategy in Japan, in July we established a holding company for the convenience store (CVS) vendor company (hereinafter referred to as the "chilled products business") in collaboration with Mitsubishi Corporation and Lawson Inc. This investment not only strengthens the development capabilities and improves the profitability of the chilled products business through increased productivity, but also extends the characteristics of the chilled products business learned from CVS, which can provide a wide variety of menu items from a large number of ingredients, to our frozen foods business to meet customer needs. With the addition of the new company, our Group has gained five production facilities, allowing us to further optimize our investments in the increasingly in-demand chilled and frozen food products sectors.

We will continue to invest in growing fields while improving capital efficiency and profitability in existing businesses through measures such as discontinuing unprofitable items, controlling orders, managing inventories and improving facility utilization rates. At the same time, we will work to identify businesses with limited synergies and divest cross-shareholdings and other assets to promote the transformation to a more appropriate business portfolio.



## Message from the CFO

### Internal Penetration of ROIC

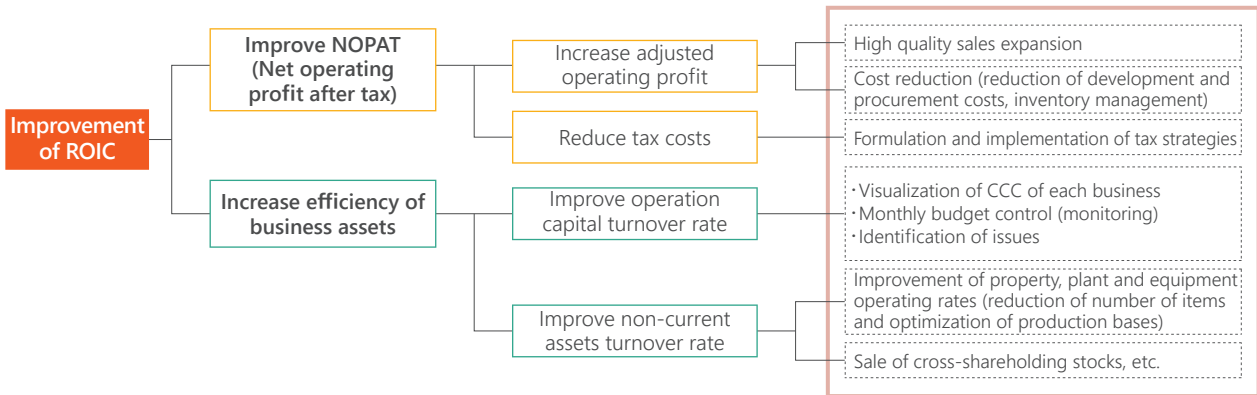
As part of our efforts to extend ROIC to our various sites, we focused last year on working capital and launched an initiative to improve the CCC as an internal KPI. As mentioned above, while earnings have shown an improving trend in recent years, the improvement in operating cash flow has been limited. We aim to improve cash flow generation by increasing the working capital turnover rate. Our first step last year was to make the CCC of each business visible and identify issues, taking into account the unique characteristics of each business. Unfortunately, the unpredictable environment, including the repeated expansions and contractions of COVID-19 and the Ukraine situation, has led to higher levels of inventory being held as safety stock, resulting in a deterioration of the CCC.

However, even under these circumstances, concrete measures have progressed. In a collaboration between two Pacific bluefin tuna aquaculture companies, we are implementing cost reductions by jointly purchasing feed and advancing collaborative aquaculture operations. We have reduced the emphasis on aquaculture practices

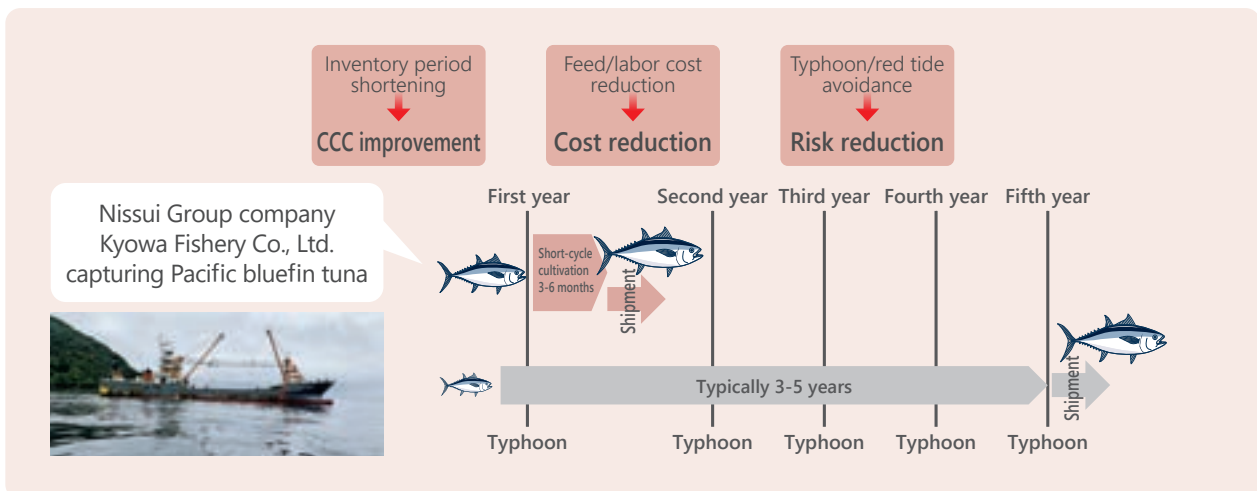
that grow smaller fish over a period of three to five years, and instead have increased the focus on businesses that use the Group's fishing companies to catch Pacific bluefin tuna of a certain size and grow them for about six months. This not only improves CCC by reducing inventory periods, but also contributes significantly to the reduction of costs associated with aquaculture operations and the mitigation of risks from natural disasters such as typhoons, thereby contributing significantly to the improvement of ROIC. (See the diagram below)

While the tangible results of these initiatives are still limited, we carefully monitor the CCC of each business on a monthly basis. We are striving to ensure they are permeated and established within the Group through various activities, including holding briefings to deepen understanding of ROIC and CCC, and sharing details of initiatives at each business and Group company at regular meetings. In addition, as part of our asset-light strategy, we are progressing with initiatives such as optimizing the number of items and categories, production bases, and various operations.

### Measures to enhance ROIC



### Efforts to improve ROIC in Pacific bluefin tuna farming business



## Promotion of Sustainability Management

In our long-term vision “Good Foods 2030,” we have defined KPIs that aim to create value in the realms of society, human capital, and the environment, in addition to financial value. How each business contributes to the creation of these values is also an important perspective. Even if ROIC deteriorates temporarily, we will actively invest management resources if they create not only financial value but also social, human capital and environmental value in the future.

For example, we believe that assuring the sustainability of resources goes beyond ensuring the continuity and sustainability of the Nissui Group's businesses; it also serves as a point of differentiation from our competitors. In this regard, our commitment to actions such as combating climate change by reducing

CO<sub>2</sub> emissions, reducing the use of plastics, and sourcing marine resources with verified sustainability requires an assessment of ROIC that goes beyond short-term considerations. Similarly, we view our commitment to an efficient aquaculture business that takes into consideration the marine environment and our efforts to improve human health through the inherent benefits of fish from a similar perspective.

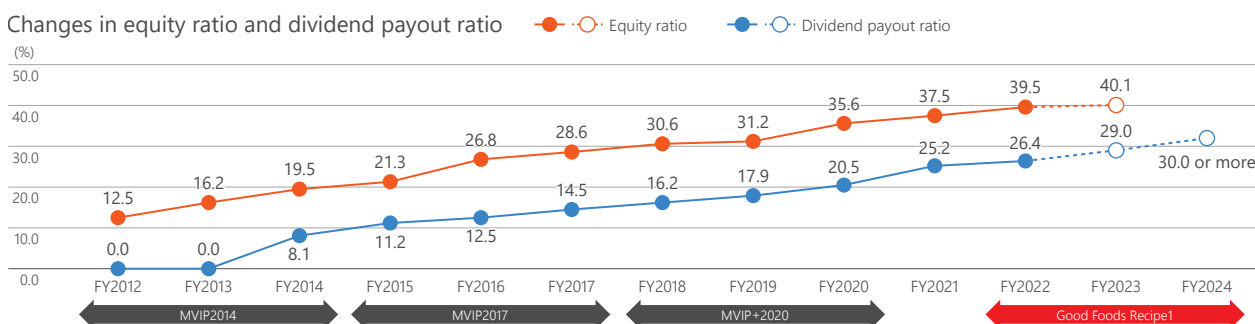
In the case of human capital, as with the environment, it takes time to see the effects of retaining and developing people. Human capital is fundamental to enhancing overall corporate value. We believe it is necessary to make comprehensive decisions from a mid- to long-term perspective.

## Cash Allocation and Shareholder Returns

In terms of cash allocation, our strategy is to actively carry out the growth investments necessary to realize our long-term vision without significantly increasing our borrowing levels. Under the Mid-Term Business Plan “Good Foods Recipe1,” we plan to generate over 120 billion yen in cash over three years through initiatives such as improvements in CCC and asset sales, including the divestment of cross-shareholdings. This capital will be used for strategic investments and returns to shareholders. Our planned capital expenditures for this period are approx. 120 billion yen on a completion basis, of which 25 billion yen is earmarked for M&As, primarily to foster growth in our international businesses. In addition to investments in our operations, we will also enhance investments in human capital, R&D, sustainability initiatives, and in strengthening our brand to build a more robust Nissui Group.

To realize these objectives, we need financing that is agile and offers low and stable interest rates. As the era of zero interest rates in Japan shows signs of change, we are considering obtaining an external credit rating to adapt to the evolving financial environment. Obtaining a credit rating and enhancing the ability to manage business risks will require a certain level of equity capital. We intend to deepen our discussions on achieving an optimal debt-equity structure, taking into account our business characteristics and the cost of capital.

Regarding shareholder returns, we plan to raise our dividend payout ratio to 30% or more, aiming for stable dividends. Furthermore, we will consider additional shareholder returns, including stock buybacks, in line with capital market expectations.



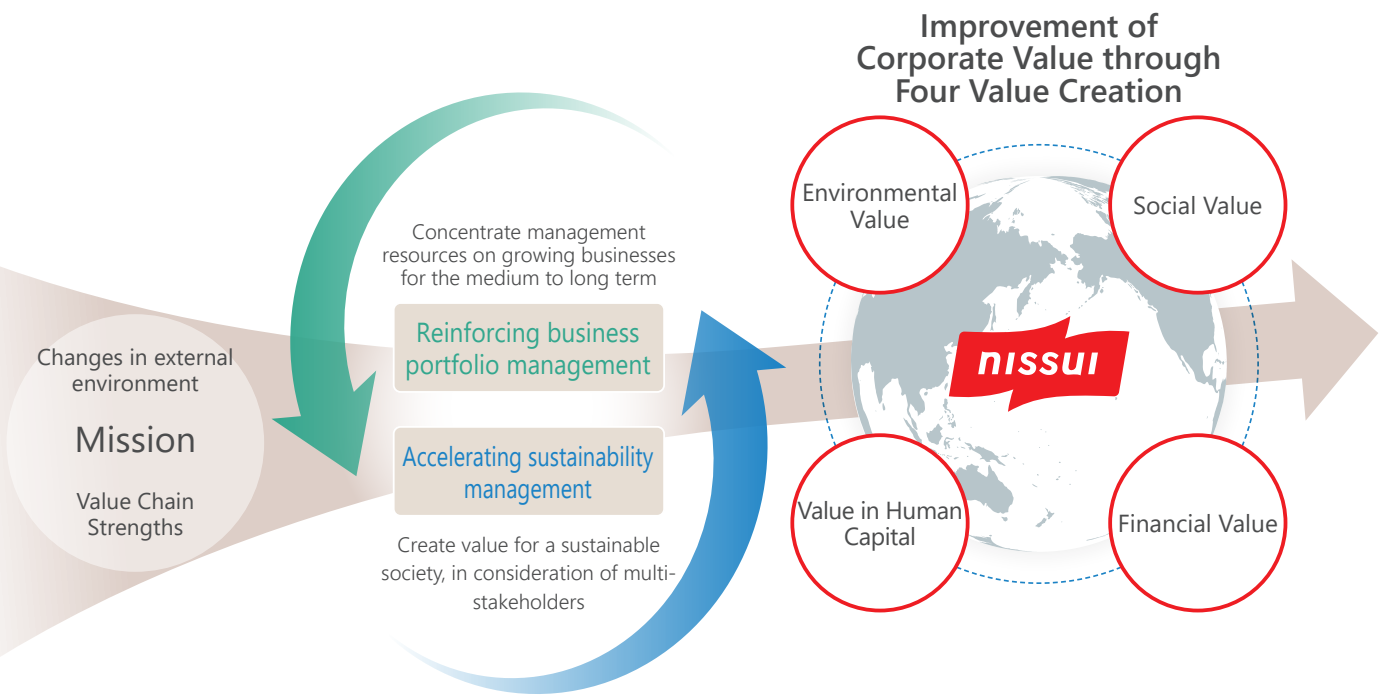
In a world full of uncertainties, from environmental challenges and geopolitical risks such as Ukraine situation to financial trends such as currency fluctuations and inflation, the future is increasingly difficult to predict. Against this backdrop, the Nissui Group has taken a bold step by refreshing our mission, our long-term vision, and

our brand symbol over the past year. In order to continuously increase our corporate value by innovative food solution, we will focus on strengthening our business portfolio management and promote a virtuous cycle to meet the expectations of our shareholders and other stakeholders.

# Long-Term Vision “Good Foods 2030”

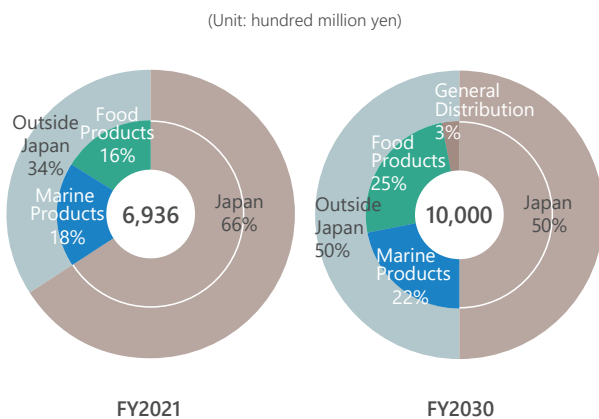
## A Leading Company that Delivers Friendly Foods for People and the Earth

Our goal is to promote “Sustainability Management” that creates value for society while considering the needs of all stakeholders. Additionally, we aim to enhance our corporate value by focusing our resources on growth areas through effective business “Portfolio Management” using ROIC.

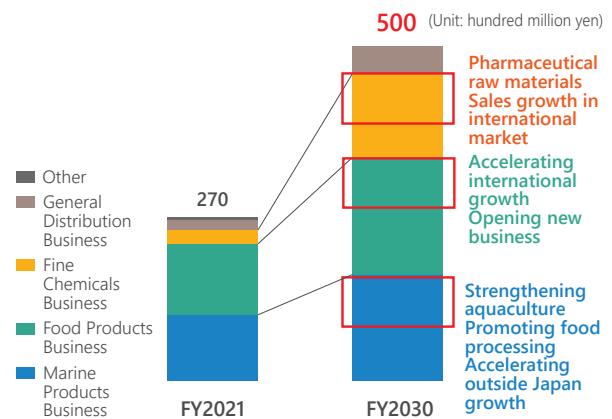


We will aim to become a company capable of earning 1 trillion yen in sales and 50 billion yen in operating profits by FY2030 by accelerating the growth and differentiation of the aquaculture and fine chemicals businesses.

Sales by location



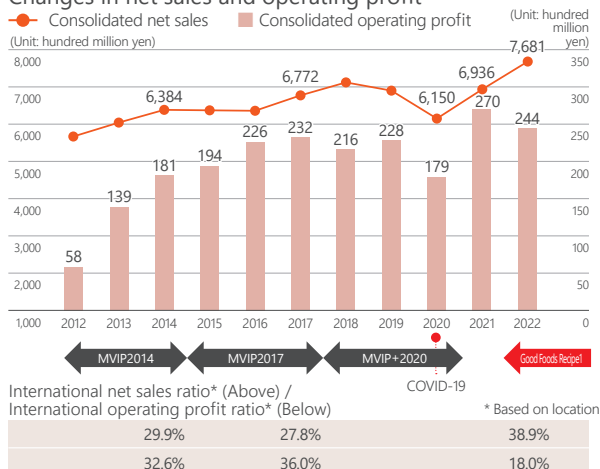
Operating profits make-up



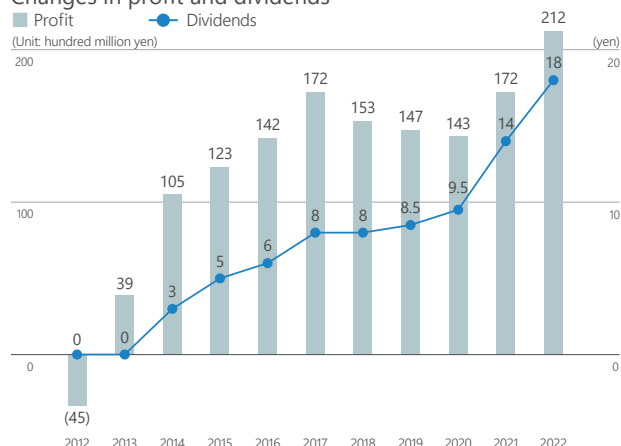
## Nissui in the 2000s – A retrospective

- In 2000, Nissui adopted the “TGL Plan,” a new, growth-oriented business model, and aimed to expand its international business operations.
- While the Company did achieve a temporary boost to earnings, there was also an increase in investment based on optimistic forecasts, and profitability became less stable. This was the spur to adjusting both investment criteria and governance.
- From 2010 onwards, besides making progress in restructuring unprofitable businesses, accelerating its response to new requirements in terms of governance, risk management and sustainability, and proceeding with the strengthening of its fundamentals, Nissui also focused on cultivating its aquaculture business in Japan and on growing its international business operations.

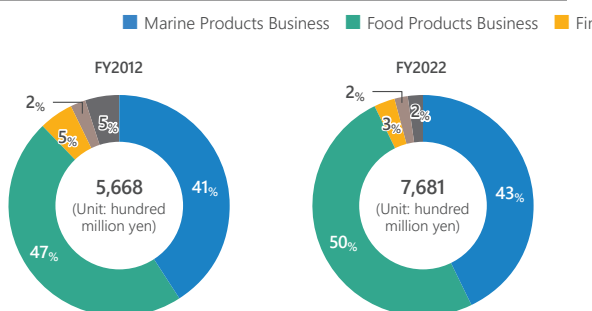
### Changes in net sales and operating profit



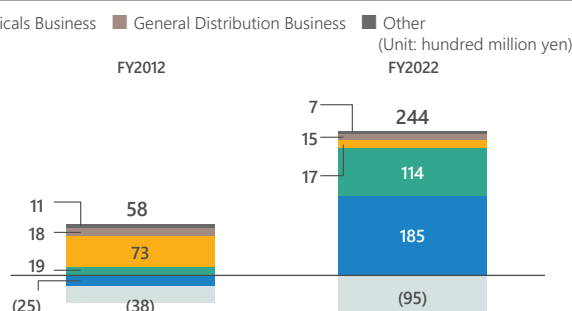
### Changes in profit and dividends



### Net sales



### Operating profit



## Previous Mid-Term Business Plan, “MVIP+2020,” and results achieved in FY2021

### Summary of results achieved

- Improved revenue performance by restructuring unprofitable businesses
- Achieved growth and improved profitability in the European and North American businesses
- Put the South American aquaculture business on a stable footing and improved its profitability
- Strengthened governance
- Promoted sustainability activities

### Summary of key issues

- Balancing sustainability and business activities
- Ability to generate operating cash flow and capital efficiency
- Realizing further market expansion in the European and North American businesses, and expanding production capacity in these regions
- Expanding international sales of raw materials for pharmaceuticals manufacturing
- Putting the aquaculture business in Japan on a stable footing and improving its profitability
- Responding to the aging of food plants while also boosting their revenue-earning ability
- Building the ability to make Nissui's views known more widely outside the Company

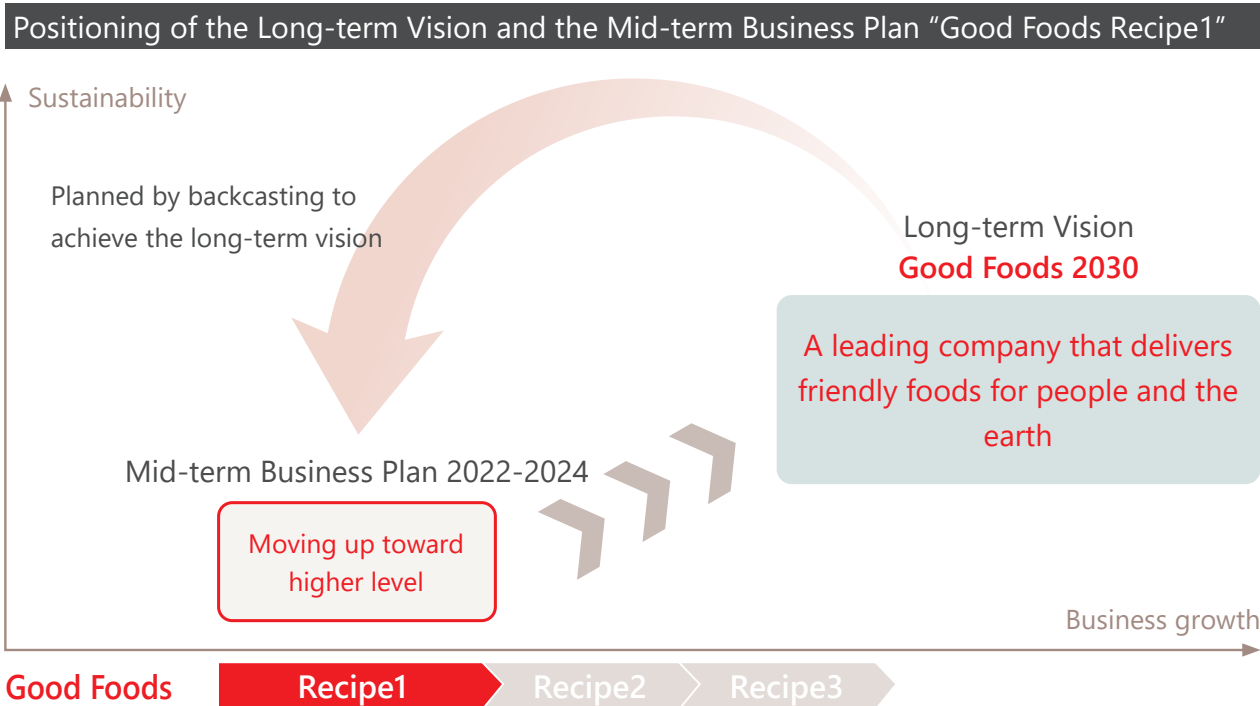
## Six basic strategies of the new Mid-Term Business Plan: “Good Foods Recipe1”

- 1 Evolving Towards Sustainability Management
- 2 Acceleration of International Expansion
- 3 Opening New Businesses & Business Boundary Areas
- 4 Innovating Productivity
- 5 Financial Strategy
- 6 Strengthening Governance



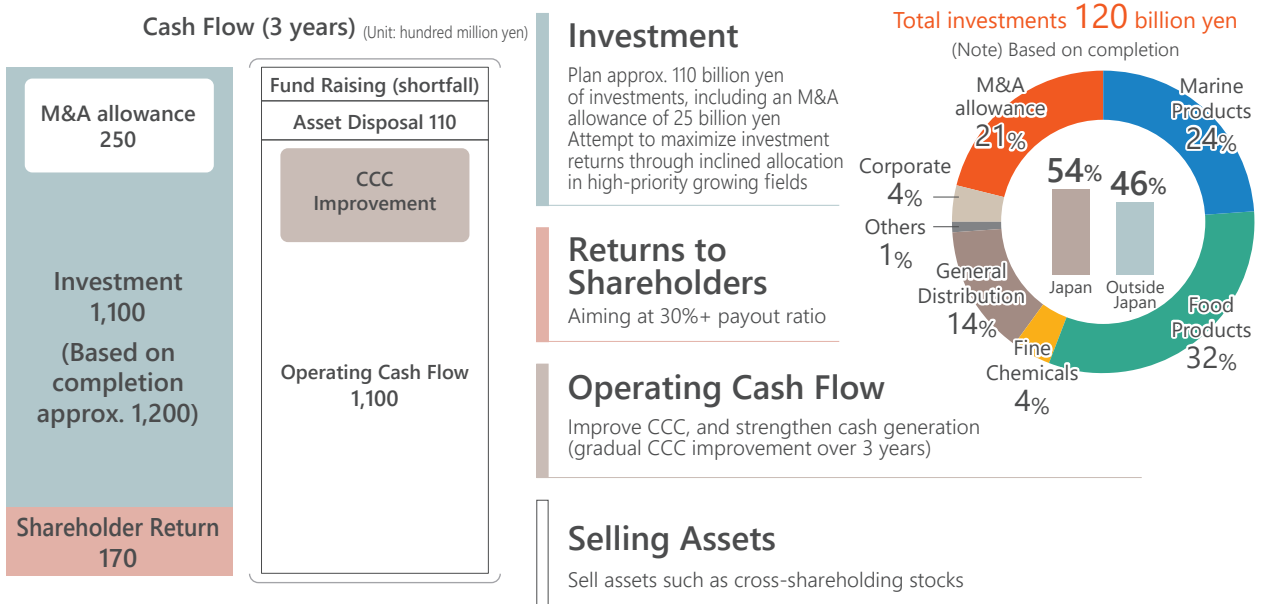
# Mid-Term Business Plan “Good Foods Recipe1”

The first year of implementation of the “Good Foods Recipe1,” which was positioned as “moving up toward a higher level,” saw us get off to a good start.



## Investment and Financial Strategy Under the Mid-Term Business Plan

Seeking to balance growth and financial safety, in terms of returning profit to shareholders, we are aiming for a dividend payout ratio of 30% or more.



In 2016, we identified three key issues (materiality), and we have set key performance indicators (KPIs) in relation to the Mid-Term Business Plan "Good Foods Recipe1," implementation of which began in 2022, and in relation to our long-term vision.

- 3 materiality**
- ▮ Preserve the bountiful sea and promote the sustainable utilization of marine resources and their procurement
  - ▮ Contribute to a healthy lifestyle with food safety and security
  - ▮ Aim to be a company where diverse human capital play an important role to address the social agenda

Values Created	Themes	Goals		FY2022 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	Net Sales (Unit: hundred million yen)	–	7,681	➔	7,900	➔	10,000
			Operating profit (Unit: hundred million yen)	–	244	➔	320	➔	500
			Ordinary profit (Unit: hundred million yen)	–	277	➔	350	➔	–
			Profit attributable to owners of parent (Unit: hundred million yen)	–	212	➔	225	➔	–
		Capital Efficiency	ROIC	–	5.2%	➔	5.5% or more	➔	7.0% or more
		International Expansion	International net sales ratio	–	38.9%	➔	Approx. 38%	➔	50%
Social Value	Solve Health Problem	Expand Health Category Products	Sales of Health Category Products	FY2021	1.0x	➔	Expanded by 130%	➔	Expanded by 300%
	Sustainable Procurement	Responsible Procurement	Assessment of Tier-1 suppliers	–	22%	➔	Nissui only 100%	➔	Group companies 100%
Value in Human Capital	Diverse Human Capital Playing an Important Role	Employee Engagement	Employee engagement score*	FY2021	1%UP	➔	Improved by 10%	➔	Improved by 20%
		Promotion of Active Female Participation	Ratio of female managers*	–	6.8%	➔	10%	➔	20%
Environmental Value	Sustainable Procurement	Sustainability of Marine Resources	Procurement of sustainable marine resources	–	Plan to publish in FY2024	➔	80%	➔	100%
	Actions Toward Climate Change and Marine Environment	Zero CO <sub>2</sub> Emissions	CO <sub>2</sub> emissions (Scope 1, 2)	Total amount in 2018	12.1%	➔	Reduced by 10%	➔	Reduced by 30%
			Carbon-neutral in 2050	–	–	➔	➔	➔	Achieve
		Reduction of Plastics	Usage of plastics*	Per unit in FY2015	Plan to publish in FY2023	➔	Reduced by 10%	➔	Reduced by 30%

\*Figures are for Nissui only

# Progress on Six Basic Strategies of the Mid-Term Business Plan

Under the Mid-Term Business Plan “Good Foods Recipe1,” we are working to implement the following six basic strategies.

Progress Made in Relation to the Six Basic Strategies	Measures Implemented from FY2022 to FY2023
<p><b>1. Evolving Towards Sustainability Management</b></p> <p>We are committed to improve sustainability with the goal of FY2030.</p>	<ul style="list-style-type: none"> <li>• <b>TCFD:</b> In line with the four thematic areas around which the TCFD recommendations are structured – governance, strategy, risk management, and metrics and targets – we disclose our evaluation of potential impacts on our business and of the financial effects.</li> <li>• <b>TNFD:</b> We have begun initiatives directed toward implementing disclosure in relation to the TNFD. In this report, we disclose our assessment of risks and opportunities based on the LEAP approach.</li> <li>• <b>Sustainable utilization of marine resources:</b> In FY2023, we implement a survey of marine resources, the results of which are scheduled to be announced in FY2024.</li> </ul>

Values Created	Themes	Goals	Measures and progress
Social Value	Solve Health Problem	Expand Health Category Products	We are strengthening and expanding the development of new functional food products (EPA and DHA), as well as promotion of fast-twitch skeletal muscle protein.
	Sustainable Procurement	Responsible Procurement (Human Rights)	We have shared our guidelines regarding sustainable procurement that respects human rights and is environmentally friendly with our first-tier suppliers. Going forward, this will be extended to cover the suppliers of all Nissui Group companies.
Value in Human Capital	Diverse Human Capital Playing an Important Role	Employee Engagement	We began implementing an employee engagement survey in FY2021, and in FY2023 we started implementation of “GOOD FOODS Talk,” an initiative aimed at strengthening engagement. In the future, we will be rolling these measures out across the whole of the Nissui Group within Japan.
		Promotion of Active Female Participation	Regarding the issues that can emerge at each stage from recruitment through onboarding to cultivation, we are using both on-the-job training and off-the-job training to strengthen the career development pipeline through to managerial positions.
Environmental Value	Sustainable Procurement	Sustainability of Marine Resources	We are striving to realize sustainable procurement of marine resources. Currently, we are implementing our third status survey of marine resources (the results of which are due to be announced in FY2024).
	Actions Toward Climate Change and Marine Environment	Zero CO <sub>2</sub> Emissions	Besides proceeding with efforts to expand the use of renewable energy (including photovoltaic power generation equipment) throughout the Nissui Group, we are also implementing energy-saving in our offices and promoting a modal shift.
		Reduction of Plastics	We are also working to reduce plastic usage by adjusting waste generation at the production stage and making changes to packaging.

Progress Made in Relation to the Six Basic Strategies

## 2. Acceleration of International Expansion

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

## 3. Opening New Businesses & Business Boundary Areas

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

## 4. Innovating Productivity

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

## 5. Financial Strategy

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

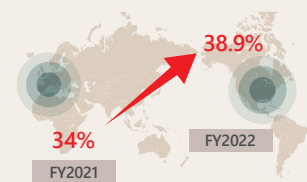
## 6. Strengthening Governance

Optimizing structure of Board of Directors and executive compensation structure to achieve the long-term vision and the Mid-Term Business Plan

Measures Implemented from FY2022 to FY2023

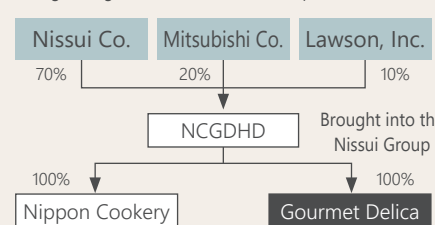
- Food Products business  
In North America, there has been an increase in sales through expanding the range of items handled, while in Europe, where a rapid increase in production capacity was needed, we have implemented this increase in production capacity, which resulted in expansion in sales areas and enabled us to realize revenue growth. We are continuing to promote these initiatives.
- In the Fine Chemicals business, we are preparing to submit the applications needed in order to ship raw materials for pharmaceutical products to Europe.

International net sales ratio

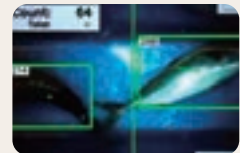


- From July 2023 onwards, we are strengthening our corporate structure by bringing convenience store (CVS) oriented vendor companies into the Nissui Group.
- We are creating new product categories that make effective use of the special characteristics of the chilled products business and frozen products business.
- We are expanding our range of Health Category Products, focusing on fast-twitch skeletal muscle protein and low-sodium content as key concepts.
- We are taking on the challenge of developing new product categories, including PAWSOME DELI frozen pet food (high-quality pet food which can be consumed with safety and reliability) and WABIO "Japanese concept with Fermented" plant-derived yogurt, made from soybeans grown in Japan.

Strengthening the structure of our chilled products business



- We are optimizing our aquaculture production by rolling out AI-supported fish counting devices that make effective use of IT and the Internet of Things (IoT) across our aquaculture business companies, and through the adoption of electronic fish health records. Going forward, we will use analysis of environmental data and fish cultivation data to build a model of the optimal fish-farming conditions, and will use this to realize efficient cultivation of farmed fish.
- To ensure that skills are passed on to new generations of workers in our food plants, we are using eye-tracking technology to visualize the experience and nous possessed by veteran employees, implementing data analysis, and using the results to make plant operation more efficient, ensure that skills are handed down, and enhance quality.



Farmed fish monitoring system ⇒ Using fish body measurement in fish cultivation management

- Using ROIC to evaluate businesses, taking efficiency and growth as the two axes. Implementing business portfolio review by the Board of Directors.
- Promoting monthly management of the CCC, thereby raising the working capital turnover ratio and so improving ROIC.
- In FY2022, including partial sell-offs, we sold off 8 listed stocks (including 3 cross-shareholding stocks) and 2 unlisted stocks, for a combined total of 10 stocks. We are proceeding with the sell-off of several more stocks in FY2023, as we continue to implement an asset-light strategy.

- With regard to executive compensation, in order to enhance awareness of the need to grow corporate value over the medium to long term, we are adopting a system whereby around half of the total executive compensation is linked to mid- to long-term performance.

## Business Strategy

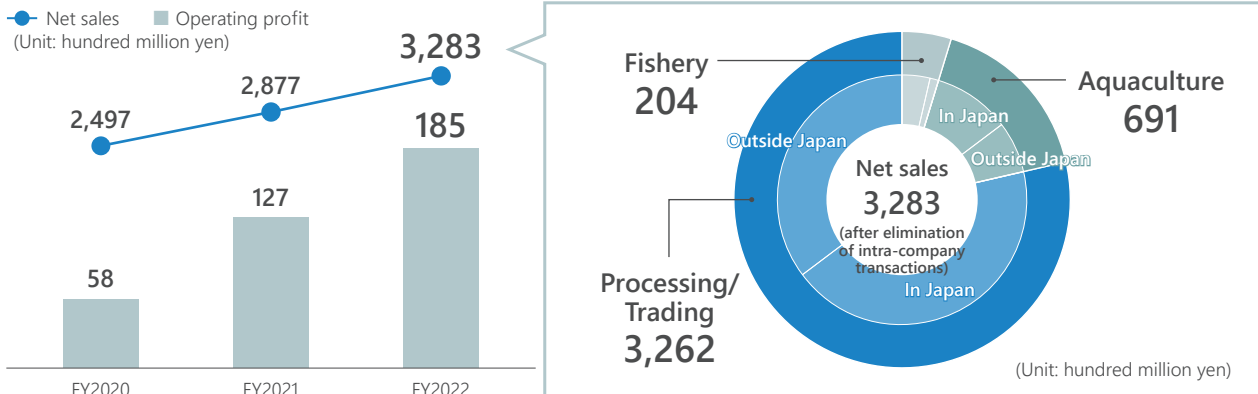
### Marine Products Business

Through effective utilization of our access to marine resources and our aquaculture R&D capability, we are building a comprehensive seafood supply chain that covers every stage from procurement through to processing and sales. By expanding our range of high-value-added products through the promotion of “food processing” that embodies a higher level of processing, we are maximizing the value that marine resources provide, and aiming to realize sustainable growth.



**Seiji Takahashi**  
 Representative Director, Senior Managing Executive Officer  
 Marine Products Business Operating Officer

#### Changes in Net Sales and Operating Profit



Note: With the adoption of ASBJ Statement No. 29 (revised 2020) Accounting Standard for Revenue Recognition (issued on March 31, 2020) starting from the FY2021 consolidated accounting year, the data given here for FY2020 are the retroactively adjusted data.

#### SWOT analysis

Internal environment	<b>Strengths</b>	<b>Weaknesses</b>
	<ul style="list-style-type: none"> <li>• Good access to marine resources</li> <li>• A global supply chain covering every stage from procurement to processing and sales</li> <li>• Aquaculture technology, such as selective breeding technology, that differentiates us from competitors</li> </ul>	<ul style="list-style-type: none"> <li>• Rising raw materials prices and unstable supply of seafood</li> <li>• Shortage of human capital able to operate effectively on the global stage</li> </ul>
External environment	<b>Opportunities</b>	<b>Risks</b>
	<ul style="list-style-type: none"> <li>• Increasing global demand for fish due to growing health consciousness</li> <li>• Rising popularity of Japanese cuisine throughout the world</li> <li>• Government support for seafood exports in Japan</li> <li>• Potential for developing new business areas thanks to the revision of the Fishery Act</li> <li>• A trend for customers to outsource processing because of labor shortages relating to the enhancement of value-added by adopting more advanced processing methods</li> <li>• Rising demand for sustainable seafood, for example products with MSC, ASC and MEL certification</li> </ul>	<ul style="list-style-type: none"> <li>• Vulnerability to the impact of market conditions in the seafood market</li> <li>• Changes in the resource procurement environment due to climate change</li> <li>• Impact of stricter regulation of fishing rights and of aquaculture</li> <li>• Reputation risk in relation to perceived failure to safeguard animal welfare or the environment</li> <li>• The emergence of Food Tech, and the increasing obsolescence of current aquaculture technology</li> <li>• Country risk in relation to raw materials procurement and sales</li> </ul>

## Growth-Oriented Strengthening of Access to Resources, and Building a Corporate Structure that is Less Vulnerable to Market Volatility

We are working to realize stable revenue through differentiation and improvement of the aquaculture business, and proceeding with the development of food processing that provides high-value-added products through a higher level of processing.


### Measures to Enhance ROIC, to Realize “Moving up Toward a Higher Level.”

Operating profit after tax

Invested capital

=

Improvement of ROIC

Fishery	Aquaculture	Processing/Trading
<p><b>Cost reduction at fisheries companies in South America</b> Our fisheries companies in Chile are aiming to boost profits by increasing sales through bigger catches achieved through improvements in net technology, and by reducing costs through the rationalization of maintenance and repair expenses.</p> <p><b>Stabilizing catches through initiatives aimed at securing international certification for fisheries companies in Japan</b> By participating in the FIP*, a project aimed at enhancing the sustainability of the fisheries industry, our fisheries companies in Japan are aiming to secure MSC certification for the relevant fisheries. The goal is to safeguard sustainable seafood and stabilize profits.</p>	<p><b>Realizing high-revenue salmon farming in South America</b> Nissui's aquaculture companies in Chile are raising their profit margins by boosting production of highly-processed products and by expanding sales to regions other than Japan. They are also aiming to stabilize revenue over the medium to long term by using fish varieties that benefit from the use of genomic analysis technology to improve cultivation performance, and by intensifying measures to reduce the cost of feed materials.</p> <p><b>Expanding Japanese amberjack farming in Japan</b> Our aquaculture companies in Japan are striving to realize greater efficiency through the adoption of large-sized fish tanks and through the consolidation of labor and production. Besides meeting demand in Japan, they are also aiming to increase sales by developing international business, undertaking exportation that makes effective use of Nissui's global links. <span style="border: 1px solid red; border-radius: 50%; padding: 2px;">▶ p.29</span></p> <p><b>Expanding salmon farming in Japan</b> The scale of the salmon farming project in Otsuchi town, Iwate Prefecture, which was launched in 2020, is being expanded to reach annual production of 2,000 tons by 2030, and we are now working toward the commercial launch of a similar project in the city of Rikuzentakata city.</p>	<p><b>Processing business in North America</b> We are continuing to implement integrated measures to reduce costs in our processing business in North America, for example by strengthening access to Alaska pollack resources and by enhancing production efficiency through adjustment of the product mix.</p> <p><b>Seafood home delivery business in the U.K.</b> As a means of developing new sales channels, we are using e-commerce to expand into home delivery of processed seafood, with the aim of expanding sales.</p> <div style="text-align: center;">  </div> <p><b>Promotion of food processing</b> See below for details.</p> <p><b>Consolidated distribution business in Japan</b> Mass merchandisers in Japan are experiencing problems with labor shortages affecting their processing facilities. In response to this situation, Aqua Platform Co., Ltd. integrates processing, picking and distribution functions to sell processed fish to mass merchandisers. The aim is both to solve the problem of labor shortages, and increase the volume of Nissui products sold.</p>
<p><b>Building intra-group synergy through our fisheries companies in Japan</b> Nissui's fisheries companies in Japan catch Pacific bluefin tuna in the 80 to 150 kg size category, and then sell them to aquaculture companies within the Nissui Group. <span style="border: 1px solid red; border-radius: 50%; padding: 2px;">▶ p.47</span></p> <p>The collaboration with the Group's aquaculture companies contributes to improved ROIC.</p>	<p><b>Improving CCC through short-cycle farming of tuna in Japan</b> The Nissui Group's aquaculture operating companies (Seinan Suisan and Kaneko Sangyo) cultivate fish over a three- to six-month cycle before the fish are shipped off for sale. Using short-cycle cultivation increases the fish survival rate, shortens the inventory turnover period, improves the CCC, and reduces the risk that fish farming will be negatively impacted by typhoons, red tides, etc.</p> <p><b>Risk response strategies in Japan and outside Japan</b> We implement countermeasures to combat fish diseases, for example by collaborating on vaccine clinical trials with a company that produces pharmaceutical products for veterinary use, and we implement management of fish health status, thereby reducing the fish mortality rate, and aiming to increase the return on investment in aquaculture.</p>	<p><b>Continuing to implement thorough inventory management</b> We continue to implement thorough inventory management utilizing category-specific CCC management, including implementing purchasing based on the sales plan and making proactive sales efforts, thereby minimizing opportunity loss and preventing excessive inventory.</p>

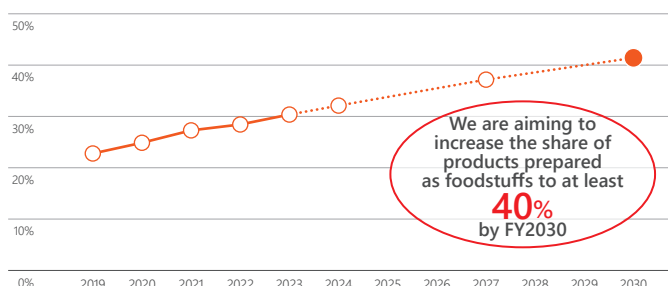
Transformation aimed at "moving up toward a higher level."

\* FIP (Fishery Improvement Project): This is a project working to enhance the sustainability of the fisheries sector through collaboration between fisheries companies, distributors, other corporations, NGOs, and other related parties.

### Raising the share of processed products to at least 40%

With customers increasingly becoming more health-conscious and emphasizing convenience, we are proceeding with initiatives to realize a higher level of food processing, to create products prepared as foodstuffs, such as fish fillets, grilled fish, and pickled fish.

By focusing on food processing that makes effective use of Nissui's strengths in processing and distribution, we are able to provide high-value-added products and meet consumers' needs in terms of health and convenience, and in doing so we are aiming to reduce volatility and enhance profitability.



## Business Strategy

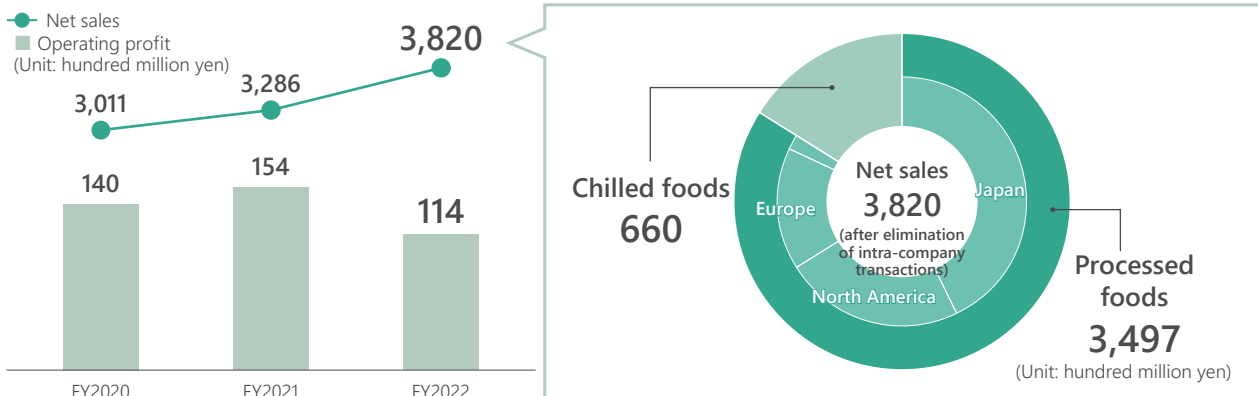
### Food Products Business

We have rolled out products tailored to local gastronomic culture – including marine-derived products that make effective use of Nissui’s strong value chain and health category products – in Japan, North America, and Europe. Going forward, we will continue to respond to customers’ diverse needs, including the demand for convenience and for environmentally friendly products, by providing innovative food solutions that emphasize sustainability.

**Koji Umeda**  
 Director, Managing Executive Officer  
 Food Products Business Operating Officer, in charge of the Marketing Planning Department and Strategic Sales Department



#### Changes in Net Sales and Operating Profit



Note: With the adoption of ASBJ Statement No. 29 (revised 2020) Accounting Standard for Revenue Recognition (issued on March 31, 2020) starting from the FY2021 consolidated accounting year, the data given here for FY2020 are the retroactively adjusted data.

**In Japan, we are responding to customers’ needs and enhancing profitability through the knowhow accumulated by our chilled products business, which is able to generate a wide range of food offerings from diverse ingredients, and through the development of products that effectively utilize the functionality of fast-twitch skeletal muscle protein, EPA, etc.**

#### SWOT analysis (Japan)

Internal environment	<b>Strengths</b>	<b>Weaknesses</b>
	<ul style="list-style-type: none"> <li>Marine-derived products that make effective use of Nissui’s value chain</li> <li>The ability to develop products for a wide range of channels, thanks to having strong processing capabilities and quality assurance capabilities across all temperature ranges</li> <li>New product development capability that utilizes our research on the functionality, aroma and taste of EPA, fast-twitch skeletal muscle protein, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Low recognition for Nissui brand products</li> <li>Sales of differentiated products are still on a small scale</li> <li>Unstable supply of seafood</li> <li>Aging production facilities</li> </ul>
External environment	<b>Opportunities</b>	<b>Risks</b>
	<ul style="list-style-type: none"> <li>Rising demand for health-food products throughout the world</li> <li>Growing demand for meals for individual and for convenience</li> <li>Rising labor productivity due to effective utilization of AI and the IoT</li> <li>Demand for environmentally-friendly, sustainable products</li> </ul>	<ul style="list-style-type: none"> <li>Changes in the marine resource procurement environment due to climate change</li> <li>Rising raw materials prices due to exchange rate fluctuations, etc.</li> <li>Intensifying inter-manufacturer competition due to the declining population in Japan</li> <li>Labor shortages</li> <li>Country risk in relation to raw materials procurement and sales</li> </ul>

We are aiming to achieve further growth by expanding our health category products line and through the creation of new product categories by integrating our chilled and frozen foods

Expanding our range of health category products

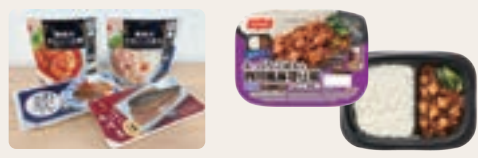
Development of our chilled products business

Operating profit after tax

- Developing products that emphasize fast-twitch skeletal muscle protein from Alaska pollack.
- Raising our operating profit margins by strengthening the sale of high-value-added products that differentiate Nissui from other companies, using materials such as EPA, the effectiveness of which is supported by evidence based on functionality research.
- By implementing revenue and expenditure management on an item-by-item basis, we are able to adjust the specifications of a product item that is not bringing in reasonable profits or cut that item from our product line-up if necessary, thereby realizing a further improvement in operating profit for that product category.

- NC·GD Holdings Co., Ltd. was formed in July 2023 through the mergers of Nippon Cookery Co., Ltd. (a Nissui subsidiary engaged in convenience store vendor business) and Gourmet Delica Co., Ltd. (a Mitsubishi Corporation subsidiary, also engaged in convenience store vendor business). By sharing the two companies' R&D and production knowhow and strengthening product development capability through collaboration with the CVS Division, we will increase sales and operating profit. ▶ p.54

- Through the effective utilization of our chilled foods and frozen foods processing knowhow, we are creating new product categories, including Q-dish, frozen bento (boxed lunches), etc.



Transformation aimed at "moving up toward a higher level"

Improvement of ROIC

Invested capital

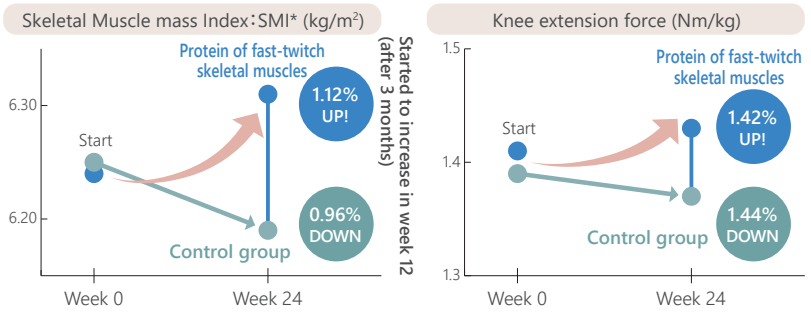
- Having added five new chilled foods production facilities to our existing nine to give a total of 14 facilities, we are proceeding with measures to optimize our production system and strengthen distribution efficiency.
- We are implementing inventory management initiatives with the CCC as the key indicator, and we are enhancing plant capacity utilization rates and productivity.

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.

Intaking Alaska pollack over a 24-week period increases muscle mass and muscle strength

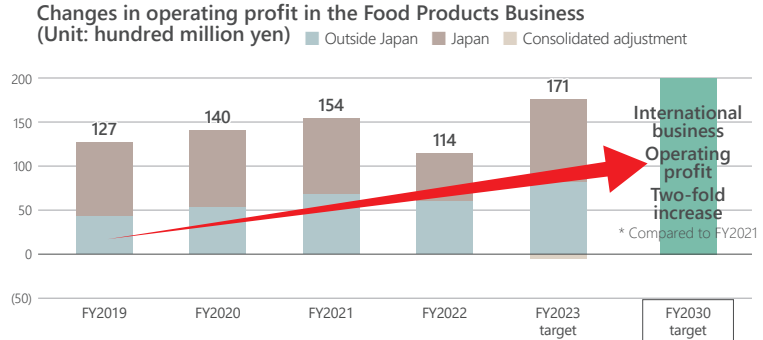
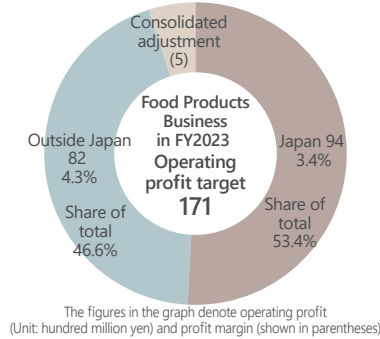


[Clinical trial outline] □ Subject: 92 women of age 65 or over □ Exercise intervention: None □ Nutrition intervention: 4.5 g of Protein of fast-twitch skeletal muscles, The active group took in 4.5 g of fast-twitch skeletal muscle protein, the control group took in 4.5 g of another kind of protein □ Period: 24 weeks Reference: The 32nd Biennial Congress of the Japan Gerontological Society Nagoya, Report by Nippon Suisan Kaisha, Ltd.  
 \* Muscle mass of limbs (arms and legs) divided by the square of height, which means limb muscle mass per 1 m of height.



## Business Strategy

### Aiming to double operating profit in the international business by FY2030 by developing new markets



### SWOT analysis (international)

Environment	Strengths	Weaknesses
Internal environment	<ul style="list-style-type: none"> <li>White-meat fish procurement capability with MSC sustainability certification, utilizing Nissui's global network that provides access to marine resources</li> <li>Quality assurance that meets global standards, e.g. GMP*</li> <li>Strong brand power from Gorton's, which is No. 1 in the U.S. market</li> <li>New product development capability able to respond rapidly to diverse needs</li> </ul>	<ul style="list-style-type: none"> <li>Relying on natural resources for raw materials</li> <li>The need for further processing functions in order to achieve business growth</li> </ul>
External environment	<ul style="list-style-type: none"> <li>Worldwide increase in demand for seafood</li> <li>Rising demand for sustainable food products</li> <li>Growing interest in Japanese and Asian food</li> <li>Worldwide increase in demand for health-food products</li> </ul>	<ul style="list-style-type: none"> <li>Changes in the raw materials procurement environment due to global warming</li> <li>Rising raw materials prices</li> <li>Political and cultural differences, and country risk</li> <li>Dramatic exchange rate fluctuations</li> </ul>

\*Good manufacturing Practice

### North America

**Operating profit after tax**

**Frozen foods for household – Gorton's, Inc.**  
Leveraging the strength of its brand as the No. 1 vendor of fried white-meat fish in the U.S., achieved through new product development tailored to market trends, Gorton's has now expanded into the fried shrimp product category. It is also planning to boost sales and operating profit by developing new markets, for example, by expanding into health-oriented products for health-conscious consumers.

**Frozen foods for food service**  
King & Prince Seafood Corporation  
Making effective use of its sales channels that supply fried shrimp products to regional food services chains, and of its production capabilities, King & Prince Seafood is expanding into fried white-meat fish products. Besides aiming to boost sales and operating profit, the company is also proceeding with the development of new sales channels for Asian foods such as shumai, which are becoming increasingly popular.

**Invested capital**

**Expanding the production system**  
Rapidly increasing production capacity to boost sales by expanding the range of product items offered.

**New markets**

Using the strong brand recognition built up with fried white-meat fish for household use to develop the fried shrimp product category for which demand is very strong

Making use of the sales network to supply fried shrimp for food service to expand into fried white-meat fish for food service

Targeting the Asian market

**Existing markets**

Fried white-meat fish for household use No. 1 brand

Developing health-oriented products

**Existing products**

**New products**

## Europe

### Operating profit after tax

French processing company Cité Marine S.A.S.

Among the countries of Europe, the biggest consumers of seafood by volume are, in descending order, France, Spain, Italy, the United Kingdom and Germany. In the chilled foods segment, where competition is limited, Cité Marine is expanding its sales channels, with a focus on chilled foods that effectively utilize seafood and agricultural materials, and which have a fresh appeal to them.

### Invested capital

The U.K. – Optimizing the production system

In the U.K., we are undertaking investment to increase the capabilities of our refrigeration equipment, and working to overcome production line bottlenecks. By adjusting production flow, we are increasing product output over a given period of time. We are working to realize further improvements in productivity.

France – Evaluating investment to increase production capacity

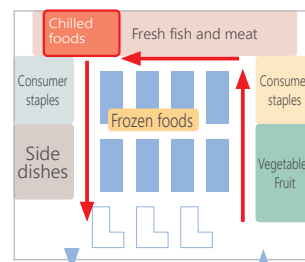
We are considering increasing our production capacity in France by expanding the Keranna plant which we acquired in 2022.

Expanding our sales network, particularly in France, for chilled foods that provide a fresh appeal



### Standardized customer circulation in European supermarkets

In France, Spain and Italy, consumers view chilled foods as being fresh products with a fresh image, and they are thought of as premium products to a greater extent than frozen foods. Chilled foods are placed on key customer circulation routes inside supermarkets, and product turnover is very high.



## Asia

### Operating profit after tax

Initiatives to increase the number of customers

We are proceeding with initiatives involving regional chains in Vietnam, South Korea, Taiwan, etc., with our production facilities in Thailand, which have secured global standard quality certification such as GMP, playing a central role, and we are working to increase sales and operating profit, with the aim of building strong business foundations.

### Invested capital

Maximizing plant capacity utilization

By improving production management and raw materials and product inventory management in a systematic manner in collaboration with the sales units, we are proceeding with efforts to realize efficient use of invested capital by making production more efficient and maximizing capacity utilization.

Thai Delmar's sales network extends throughout Asia



## Business Strategy

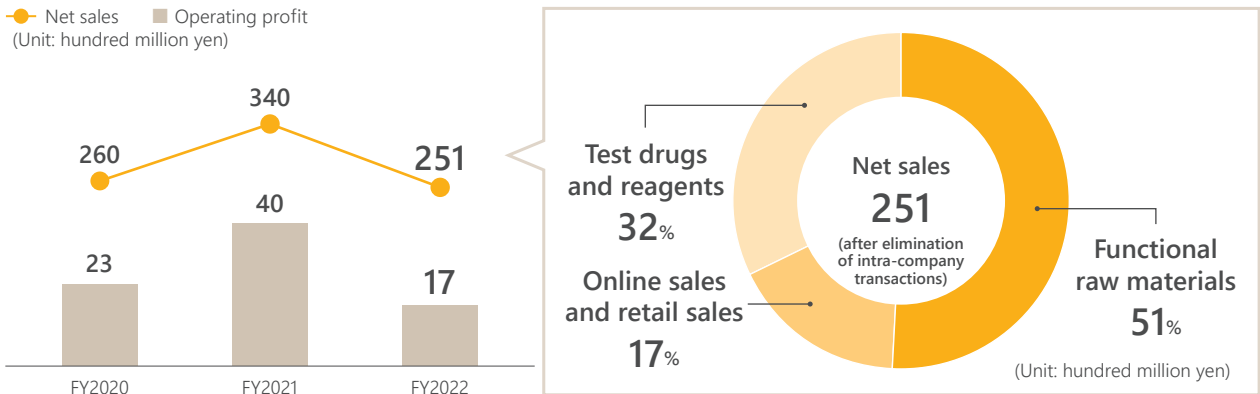
### Fine Chemicals Business

Using our advanced purification technology for high purity EPA (with a purity of 96.5%) for pharmaceuticals, we are addressing the health issues relating to cardiovascular diseases, which are expected to become even more common in the future. By growing our business in the EPA market, where demand is forecast to be high worldwide, we are realizing our corporate mission to “create a healthier and more sustainable future.”

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



#### Changes in Net Sales and Operating Profit



In FY2022, the selling off shares in Nissui Pharmaceutical Co., Ltd. (now Shimadzu Diagnostics Corporation) resulted in a reduction in sales revenue of 8 billion yen and a fall in operating profit of 700 million yen.

Note: With the adoption of ASBJ Statement No. 29 (revised 2020) Accounting Standard for Revenue Recognition (issued on March 31, 2020) starting from the FY2021 consolidated accounting year, the data given here for FY2020 are the retroactively adjusted data.

#### SWOT analysis

Internal environment	Strengths	<ul style="list-style-type: none"> <li>A strong raw materials procurement capability for Japanese anchovy oil, including in South America, that effectively utilizes our global seafood network</li> <li>EPA purification technology and production capability able to support a wide range of product specifications, from pharmaceuticals to infant formula</li> <li>World-class storage facilities for unrefined fish oil</li> <li>A track record of supplying pharmaceutical raw materials for over 30 years</li> </ul>	Weaknesses	<ul style="list-style-type: none"> <li>Relying on raw materials derived from natural seafood</li> <li>Delays in R&amp;D to develop products that can follow on from EPA pharmaceutical raw materials to underpin the business in the future</li> </ul>
	Opportunities	<ul style="list-style-type: none"> <li>The need for relevant medicines as the incidence of cardiovascular disease increases</li> <li>Demand for preventative healthcare (including supplements and functional foods) due to growing health consciousness</li> </ul> <p><small>In Japan, EPA pharmaceuticals are mainly used to treat hyperlipidemia, but in the U.S., in 2019, they were also approved by the Food and Drug Administration (FDA) for the treatment of high-risk patients who are using statin drugs* and have a blood triglyceride (serum triglyceride) level of 150 mg/dL or more, and who have multiple risk factors in terms of cardiovascular diseases such as heart disease.                      * In the U.S., around 38 million people have prescriptions for statins. In Europe, according to a WHO announcement, around 4 million people die from heart disease every year.</small></p>	Risks	<ul style="list-style-type: none"> <li>Increasingly demanding customer specifications due to the tightening up of regulations in many countries</li> <li>Changes in the raw materials procurement environment due to climate change, including the El Nino phenomenon</li> <li>Emergence of new raw materials sources due to advances in biotechnology</li> <li>Dramatic exchange rate fluctuations</li> </ul>

## Building the Systems Needed to Meet Rising Demand in the Future

We are building the strength of integrated systems to cope with rising demand for omega-3 resulting from growing health consciousness

Transformation aimed at "moving up toward a higher level"

Improvement of ROIC

Operating profit after tax

Invested capital

### Pharmaceutical raw materials

- Nissui began shipments of pharmaceutical raw materials to the U.S. in 2021. For shipments to Europe, we are currently preparing to submit the necessary applications to the European Medicines Agency (EMA). With the global market for high purity EPA expanding, both sales and operating profit will be growing.

### Functional raw materials

- In regard to international markets, in order to meet customers' rigorous quality standards, we are working together with a partner company in Spain to undertake joint development of certified fish oil (with MSC certification). We are aiming to grow sales within Europe.
- In Japan, we are aiming to growth both sales and operating profit by expanding our sales channels, focusing in particular on supplement vendors, with our high quality standards (benefiting from superior deodorization technology) playing a key role.

### Functional foods


- We are rolling out a range of products that use functional materials, including drinks with DHA, powdered beverages for middle-aged people and senior citizens that emphasize fast-twitch skeletal muscle protein functionality, gummies containing EPA and DHA, etc. We make effective use of deodorization technology that can almost completely eliminate the odor of omega-3 oil, which has a tendency to oxidize and emits odors.

In our production facilities in Japan, we are aiming to rationalize inventory management for raw materials and finished products by implementing thorough CCC management based on revenue and expenditure management performed on an item-by-item basis.

## Building on our fish oil procurement capability, which is a key strength for Nissui, and on the technological capabilities that we have built up through many years of fish oil research, we will be implementing efficient production of cost-competitive products, and selling our products throughout the world.

Hokkaido Fine Chemicals Co., Ltd.

Has 19 1,000kL tanks specially designed for unrefined fish oil storage  
→ Ensuring a stable supply of raw materials



### Raw materials procurement capability

We procure both fish oil and fish meal produced from sardines, which is advantageous for the producers, and helps us to maintain strong relationships with our suppliers

Transportation by tanker

Tsukuba Plant

Kashima No. 2 Plant (Pharmaceutical)

Synergy from our technology capabilities and production system

High EPA recovery rate  
Having two separate plants ensures that we are prepared for contingencies

### Cost competitiveness

By implementing integrated management that covers every stage from raw materials procurement through to manufacturing of active pharmaceutical raw materials, we are able to avoid the costs associated with production and procurement of intermediates  
→ This cost competitiveness is an important strength for us

Nissui

Raw materials procurement

Active ingredients manufacturing and sales

Pharmaceutical manufacturers

Rival companies

Intermediates procurement

Active ingredients manufacturing and sales

Pharmaceutical manufacturers

## The announcement of the results obtained in the REDUCE-IT (Reduction of Cardiovascular Events with Icosapent Ethyl-Intervention Trial)\* in the U.S. is expected to lead to growth in the global high purity EPA market for pharmaceutical applications. Nissui is building a sales system for pharmaceutical raw materials for the use of pharmaceutical manufacturers.

### Europe

In March 2021, the European Commission gave its approval for Nissui to undertake sales in Europe region. Sales will begin sequentially following drug price adjustments in various European countries.

### Asia

- November 2020 – Approval granted for sale in Thailand
- June 2023 – Approval granted for sale in China
- Application awaiting approval in Vietnam

### Japan

- 1990 – World's first approval of a high purity EPA agent for the treatment of arteriosclerosis obliterans
- 1994 – Supplementary approval as a medicine for the treatment of hyperlipidemia
- September 2022 – Sale of a new dosage form begins

### U.S.

- July 2012 – Approval granted for sale in the U.S.
- November 2018 – Results of the REDUCE-IT trial announced. The results indicated that high purity EPA could be effective for patients with cardiovascular diseases who are taking the latest cholesterol-lowering drugs.
- December 2019 – New indication approval granted, leading to a substantial increase in the number of eligible patients.

\* This was a randomized, double-blind, placebo-controlled comparative study that examined the effectiveness of omega-3 unsaturated fatty acids in preventing cardiovascular risk. (The trial group included 5,785 anamnestic cases with cardiovascular disease and 2,394 diabetic patients at risk of cardiovascular disease)

## Engagement with Investors

# Pursuing Sustained Growth through Sustainability and Business Portfolio Management



**Shingo Hamada**

Representative Director  
President & CEO

**Keiko Akuto**

Senior Analyst  
Responsible Investment Section Sumitomo Mitsui  
DS Asset Management Company, Limited

We were recently pleased to welcome Ms. Keiko Akuto, Senior Analyst in the Responsible Investment Section of Sumitomo Mitsui DS Asset Management Company, Limited to discuss sustainability management and business portfolio management within the Nissui Group with President Shingo Hamada.

### Sustainability Management and Business Portfolio Management as Pillars of Management

**Akuto:** I work as a responsible investing analyst at Sumitomo Mitsui DS Asset Management. We have identified climate change, natural capital, human rights, human capital, corporate governance, and business ethics and corporate culture as six materiality for investment management, and I mainly engage in dialogue with companies that are highly relevant to these issues. The Nissui Group has made significant progress in sustainability management in recent years. Could you please give us an overview of the progress you have made in this area and its current status?

**Hamada:** Our sustainability journey began in 2015. That year, we first introduced the concept of “CSR-based

management” in our Mid-Term Business Plan, emphasizing our commitment to CSR. In 2016, we released our Declaration on Action of CSR, which identified three key issues (materiality). Initially, we approached CSR activities as complementary to our main business. However, in our Mid-Term Business Plans from 2017 onward, we shifted our focus to initiatives that address societal issues through our business activities; today, sustainability is central to our strategic thinking. Our mission and long-term vision, announced in April 2022, emphasize sustainability, with “Sustainability Management” and “Business Portfolio Management” as key pillars for achieving the long-term vision. We also published our first integrated report last year, which was well received by external stakeholders.

||| Nissui Group Integrated Report 2022

▶ [https://www.nissui.co.jp/english/ir/ir\\_library/pdf/2022\\_integrated\\_report\\_en\\_a3all.pdf](https://www.nissui.co.jp/english/ir/ir_library/pdf/2022_integrated_report_en_a3all.pdf)

**Akuto:** I have reviewed last year's integrated report. As investors, we try to gain insights from each company's disclosures in order to assess the potential for long-term growth in corporate value. The integrated report is very important to us as a disclosure document. We're interested in understanding aspects that go beyond the financial statements, such as management's perspective, the sources of their competitive advantage, and whether they are strategically investing in human capital in line with their management strategy. In this regard, the messages delivered by you, as President, and the CFO made a strong impression, underscoring the firm commitment to both business portfolio reform and sustainability management. In addition, in the article featuring the Outside Director Roundtable discussion, the candid insights shared by the three Outside Directors resonated with us as investors. It felt like they were addressing Nissui's challenges from a perspective that aligned with our own. I believe this article effectively highlights the value of having outside directors actively involved in monitoring.

**Hamada:** Feedback from our Outside Directors has consistently emphasized the need to move discussions away from a predominant focus on individual tactics and to create opportunities for discussion of overarching strategies that span a 10- to 20-year horizon. There has also been a recognition that the concept of such discussions is not fully mature in advance of the establishment of such a forum. Our current Mid-Term Business Plan was developed by backcasting from "what we would like to be in 2030," but the perspective of looking far into the future and considering current actions in that context has not yet taken hold. While change is gradually taking place, I believe it's my responsibility to continue to emphasize this point.

**Akuto:** Another point I would like to ask about is group governance. At last year's Outside Directors Roundtable discussion, there was a suggestion that control over overseas subsidiaries was somewhat weaker. This raised some concerns for me.

**Hamada:** When it comes to the governance of our subsidiaries outside Japan, we have increased the frequency of audits and strengthened the management by the head office and the International Business Development Department. In addition to improving the structural aspects of management such as governance structure, I attach great importance to thoroughly communicating the principles and values of the Nissui Group and ensuring that they are well understood. I personally travel abroad to directly articulate the Nissui Group's philosophy and values, and make it a point to personally convey our mission and long-term vision, as I

believe that when individuals resonate with that mission and long-term vision, it strengthens governance.

**Akuto:** Having a common set of aspirations is of great importance. There are high expectations for effective communication of the mission and long-term vision. Relying solely on the briefing session on financial result tends to focus investors' attention mainly on financials. Therefore, by hosting briefings on various topics such as corporate governance and international business, and enhancing information dissemination, a deeper understanding among investors can be achieved.

### Business Portfolio Perspectives

**Akuto:** Having completed the first year of the Mid-Term Business Plan, I want to focus on the success of the international food business (p.59). Despite the challenging conditions, I believe that the ability to implement price increases substantial enough to offset the current high costs is evidence of the brand's penetration and product strength among consumers, retailers, and distributors outside Japan. I have high expectations for the future growth of Nissui's international business based on this solid foundation.

On the other hand, I find it difficult to see the reform of the business portfolio. Although the divestiture of Nissui Pharmaceutical Co., Ltd. (now Shimadzu Diagnostics Corporation) and the integration of the chilled products business have been carried out, what investors are primarily interested in assessing the achievement of the Mid-Term Business Plan is the strengthening of the business portfolio to improve profitability. However, it has been difficult to see developments in this regard.

**Hamada:** The three pillars driving the Group's earnings are the Marine Products Business, Food Products Business, and Fine Chemicals Business. Our basic approach is to promote balanced growth in each of these businesses. Historically, the business model has been heavily weighted toward the Marine Products Business, which has been a weakness due to its high volatility. Efforts have been therefore made to mitigate this volatility by expanding both the Food Products and Fine Chemicals Businesses. In the Marine Products Business, the strategy going forward is to expand the highly profitable aquaculture sector. In the Food Products Business, the focus is on expanding overseas operations in growing markets, and in Japan, new ventures such as Q-dish are being explored while improving the profitability of existing operations. In the Fine Chemicals Business, entry into the European EPA

## Engagement with Investors

pharmaceutical raw materials market is underway, along with the resumption of shipments to the United States. We will challenge the global EPA market with the Group's technological capabilities and cost competitiveness.

**Akuto:** I must commend your efforts to bolster strengths and foster a well-balanced growth strategy for your three main businesses. As an investor, I'm also particularly interested in how you plan to enhance capital efficiency. Nissui has articulated the introduction of ROIC as a strategy in the Mid-Term Business Plan to drive business portfolio reform. I'd appreciate insights into your strategies for improving capital efficiency especially while nurturing these three businesses in a balanced manner, as this is a significant concern for investors.

**Hamada:** We remain committed to improving the profitability of less successful ventures while exercising prudent judgment regarding further investments in businesses that do not demonstrate a clear path to enhanced profitability. These decisions will be made on a case-by-case basis, taking into account the synergistic relationships among our three business segments within Nissui's overarching business model. Our overarching goal is to achieve consistent overall revenue stability across the organization. To this end, we will utilize ROIC as one of the indicators, strengthening our businesses and strategically investing in high-growth areas.

**Akuto:** I understand the emphasis on overall business stability and the need for balance in decision-making. However, it seems to me that it's somewhat difficult to see how the individual businesses are interconnected and how the value chain has been established. While Nissui has previously used terms such as "Global Links" and "Local Links" to describe the balanced growth of the three main businesses, the "strength of the value chain" isn't very apparent. As a result, it appears that each business operates independently and in isolation. It would be more effective to highlight the sources of value creation and the competitive advantages they have over other companies. Providing a more in-depth explanation of the value chain would enhance investor confidence.

### Nissui Group's Strength: "Value Chain"

**Hamada:** It's difficult to summarize the "strength of our value chain" in just a few words, but we consider R&D to be one of the sources of our value. For instance, at our Group company, Kurose Suisan Co., Ltd., we engage in year-round production of succulent and fatty Kurose buri, Japanese amberjack, through full-life cycle



aquaculture. What sets us apart is our unique approach: rather than purchasing seeds for cultivation, we undertake the entire process artificially, from egg extraction and hatching to rearing (p. 29). This distinctive method is rooted in breeding through genetic analysis, which allows us to produce large and delicious fish in a short time, resulting in high profitability. This approach of building such systems from scratch and the technology and expertise we've gained in this process constitute the bedrock of our value proposition. Consequently, we have consistently allocated significant management resources to research and development. We are a company built on a culture of innovating from the ground up and focusing on upstream processes. We have built a value chain based on these principles and have demonstrated our competitive advantage in "A White-Meat Fish Value Chain" (p. 27). We source sustainable Alaska pollock from the Bering Sea, process it at our plant in Dutch Harbor, and add significant value by transforming it into products tailored to local tastes and needs by our companies in the United States, France, the United Kingdom and other countries. Each entity in the Group harnesses its strengths and technological capabilities to foster synergies. 94.4% of the white-meat fish we procure are in the managed resource condition and we lead the world in sales of white-meat fish fries.

**Akuto:** What you just said was very compelling. I can sense the Nissui Group's value creation story, where R&D not only adds value but also ensures the sustainability of marine resources. In recent years, the concepts of sustainability management and the notion of balancing

the resolution of societal issues with business expansion have gained prominence. However, it's clear that Nissui has long been committed to addressing food-related societal issues through its business activities. In light of your name change, logo update and global branding efforts, I look forward to you intensifying your communications in this regard.

**Hamada:** I am reminded once again that we need to make investors more aware of these examples of value chains and synergies among our businesses.

### Connecting Social, Human Capital, and Environmental Values to Financial Value

**Akuto:** Your stated mission is to explore innovative food solutions, and your long-term vision is to create value in the four areas of finance, society, human capital, and the environment. What specific initiatives are you pursuing in these areas?

**Hamada:** In our efforts to generate further synergy among our businesses, we have launched inter-business projects aimed at exploring new opportunities that bridge the gaps between our businesses; one of these is the "Marine Products Platform Business" that utilizes our fisheries and logistics capabilities. In terms of addressing societal issues, we hold great expectations for our novel land-based aquaculture venture growing "Asparagopsis." "Asparagopsis," a type of seaweed, has the effect of inhibiting methanogenic bacteria. Efforts to reduce methane gas emissions from ruminants such as cattle are expected to help mitigate climate change, and our Business Development Department is actively working on these initiatives, as mentioned earlier.

**Akuto:** I'm also interested in your strategy for linking social, human capital, and environmental values to financial value. For example, there's a KPI to triple sales of products in the health category in terms of social value. On the non-financial side, how many people around the world can benefit from these products, and what's their impact on overall health? From a financial perspective, what kind of profit growth can be expected from tripling sales? If you can make explanations linking social value to financial value, it would make it easier for us as investors to understand and have greater confidence in Nissui's future growth.

**Hamada:** Indeed, the current explanation is somewhat inadequate. It's important to make the impact more "visible." We are currently reviewing our materiality, and I think it is necessary to set firm KPIs, especially for non-financial themes, and explain how we will link them to

financial value.

**Akuto:** Non-financial initiatives are often perceived as separate from the ROIC discussion, as I mentioned earlier; however, I believe they are closely related. In terms of human capital, if employee engagement is improved through measures such as mission integration, the results will manifest themselves in improved productivity. In addition, if the accuracy of production and sales forecasts can be improved to reduce waste in raw material procurement and production, I believe this is the most effective approach to simultaneously improving ROIC and reducing food loss. If such a situation is effectively communicated to employees, I believe it will lead to further improvements in their engagement. As long-term investors, we would appreciate it if you could demonstrate how KPIs are set and consistently implemented each year; non-financial initiatives take time to produce results, and understanding your approach is critical for investors like us. In conclusion, listening to your insights, I have come to believe that Nissui has greater earnings potential and a high capacity to increase corporate value. Our discussion today was most valuable, and I thank you for sharing your insights.

**Hamada:** In order to increase our corporate value, it's crucial to continue to improve our profit margin. First and foremost, we will work diligently to achieve the targets of 1 trillion yen in net sales and 50 billion yen in operating profit, as outlined in our long-term vision, and then aim even higher. Thank you for your time today.





## The Foundations That Underpin Our Value Creation

### Sustainability Initiatives for Enhancing Corporate Value

▶ p.52

Sustainability Targets (Long-Term Vision “Good Foods 2030”/ Mid-Term Business Plan “Good Foods Recipe1”) and Results  
▶ <https://nissui.disclosure.site/en/themes/150>



### Driving sustainability as a cornerstone of business growth

Munehiro Ise

Managing Executive Officer  
In charge of  
Quality Assurance Group, Sustainability  
Department and Corporate Communication  
Department

Q

In April 2022, Nissui announced its mission, long-term vision, and the Mid-Term Business Plan, “Good Foods Recipe1,” and set mid- to long-term KPIs for sustainability. It has been a year and a half since these initiatives were launched. Could you please share what you have noticed and what your current thoughts are?

A

The concept of sustainability management, which links social, human capital, and environmental values to enhancing corporate value, has been shared throughout the Company since sustainability was explicitly stated in our mission and long-term vision. The importance of whether something is “sustainable” or not has grown rapidly in discussions with customers, and we are finding more and more instances where strengthening sustainability leads to business opportunities. In addition, the establishment of specific KPIs for the mid- to long-term has fostered a sense of ownership among employees, which has led to increased communication about how to

achieve these KPIs and to more experimentation across departments.

However, our current KPIs are based on the materiality set in 2016 as a starting point. We have seen the need to review materiality itself as the environment changes, and we have already begun to do so. We started formulating our next Mid-Term Business Plan this fall, and will incorporate the revised materiality into the plan to strengthen the integration of sustainability into our business. We aim to promote sustainability management more vigorously than ever before, to embody our mission, and to realize our long-term vision.

Q

Please share your thoughts on the progress of sustainability KPIs and your plans for linking sustainability to financial value.

A

Sustainability KPIs are established for each of the social, human capital, and environmental values. Detailed information about each KPI can be found on p. 52 of this report and on our sustainability website. Let me discuss how we can connect our sustainability

initiatives to financial value, using examples such as the environmental value of “reducing CO<sub>2</sub> emissions” and the social value of “expanding health category products.”

With regard to CO<sub>2</sub> emissions, we have set the goal of achieving a “10% reduction by FY2024 (compared to FY2018).” In FY2022, we achieved a remarkable 12.1% reduction through a combination of energy conservation initiatives, the installation of solar power generation equipment, and the strategic procurement of electricity from renewable energy sources. While this progress is indeed promising, we recognize that future business expansion is expected to lead to an increase in CO<sub>2</sub> emissions. Therefore, we are committed to intensifying efforts to further reduce CO<sub>2</sub> emissions, including those associated with projected growth. The key objective is to establish a clear link between our sustainability initiatives and both business growth and financial value. For example, the use of solar power contribute to mitigate the risks associated with potential energy price increases and power supply limitations. In addition, within the Group’s aquaculture business, which has been identified as a key growth area, we recognize the need to embrace technological innovation to reduce CO<sub>2</sub> emissions from fishing vessels and land-based aquaculture operations. In its quest for greater competitiveness, we are fully committed to making strategic investments in decarbonization and are closely monitoring evolving technological trends. We are currently in the process of formulating a grand design for achieving carbon neutrality by FY2050 from a backcasting perspective, and aim to disclose it by the end of FY2023.

In the business of health category products, which is also positioned as a growth area, we set a target of “1.3 times sales in FY2024 (compared to FY2021).” However, in FY2022, progress toward this goal was delayed due in part to the suspension of exports of pharmaceutical raw materials (highly purified refined fish oil for pharmaceutical manufacturers) to North America, resulting in sales reaching only 1.0 times the previous year. While we aim to expand sales of fast-

twitch skeletal muscle protein and high value-added products domestically, it is clear that achieving our targets depends significantly on overseas growth. We are preparing to submit applications to the European Medicines Agency (EMA) for pharmaceutical raw materials destined for Europe. In addition, we plan to introduce MSC-certified fish oil as a functional raw material (refined fish oil for health food and infant formula manufacturers) starting this fiscal year. The inclusion of MSC-certified fish oil is in response to requests from international infant formula manufacturers and reflects a growing trend among customers to prioritize sourcing based not only on quality, but also on environmental and human rights considerations. In light of these factors, we believe it’s important to take a comprehensive approach to sustainability, including other KPIs such as verification of the sustainability of marine resources and responsible sourcing (human rights).

In addition, as the Group’s operations are dependent on natural capital, we recognize the need to take a broader perspective when considering our relationship with this invaluable resource. In addition to our traditional fishery resource surveys, we have undertaken a pilot initiative in the current fiscal year using the LEAP approach outlined in the Task Force on Nature-related Financial Disclosure (TNFD) framework. This approach enables us to comprehensively assess the interplay between our dependence on natural capital and its impacts, analyze risks and opportunities, and examined responses to address them. We remain committed to consistently integrating natural capital risk and opportunity considerations into our strategic planning, with the goal of generating financial value through risk mitigation and growth.

▶ p.37

Q

Alongside the Mid-Term Business Plan and the newly introduced mission and branding activities, could you please share the direction of sustainability for Nissui in the future?

A

“Sustainability” is both our mission and our long-term vision. We believe that each and every one of our employees, who are the source of the Group’s competitiveness, will embrace our mission and perform their duties with a sense of fulfillment, thereby contributing to increasing our corporate value. Starting in Japan, we will enhance employee engagement and foster an organizational culture in which employees are motivated to take proactive steps toward achieving their goals.

Looking ahead, we will further integrate sustainability into our business and align it with our branding activities to communicate our mission both internally and externally. Sustainability is a response to the inevitable environmental changes of the future, and we aim to evolve into “a leading company that delivers friendly foods for people and the earth” by anticipating and adapting to these changes.

## The Foundations That Underpin Our Value Creation

### Sustainable Use of Marine Resources

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

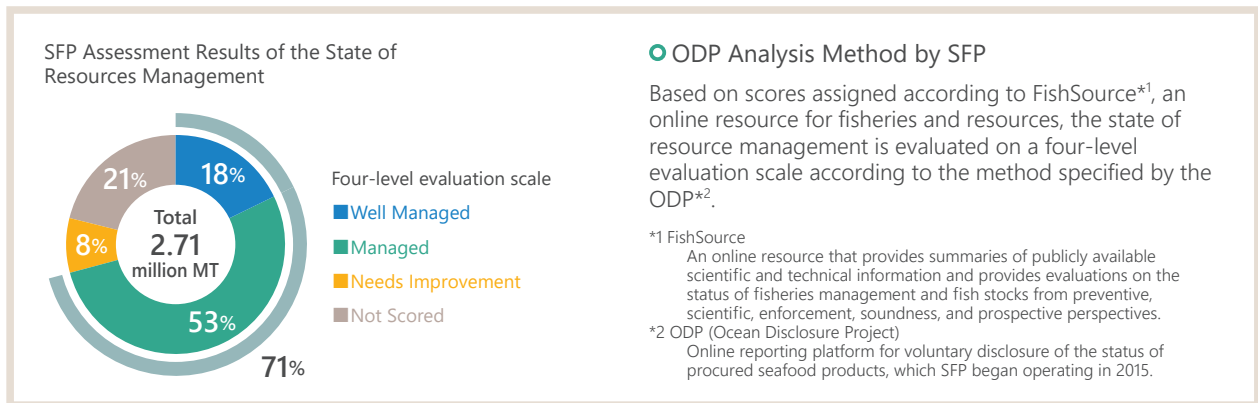
According to the Food and Agriculture Organization of the United Nations (FAO) in “The State of World Fisheries and Aquaculture 2022” (Figure 23), only 64.6% of fishery stocks are at biologically sustainable levels. For the Nissui Group, whose business depends on the bounty of the sea, the sustainable use of marine resources is considered extremely important as it relates to mid- to long-term business risks and shapes business opportunities.

The Nissui Group undertakes periodic assessments of the status of marine resources every three years with the aim of understanding the status of procured marine resources and identifying issues to be addressed. These evaluations are integral for ensuring the sustainable procurement and upholding stringent traceability standards.

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

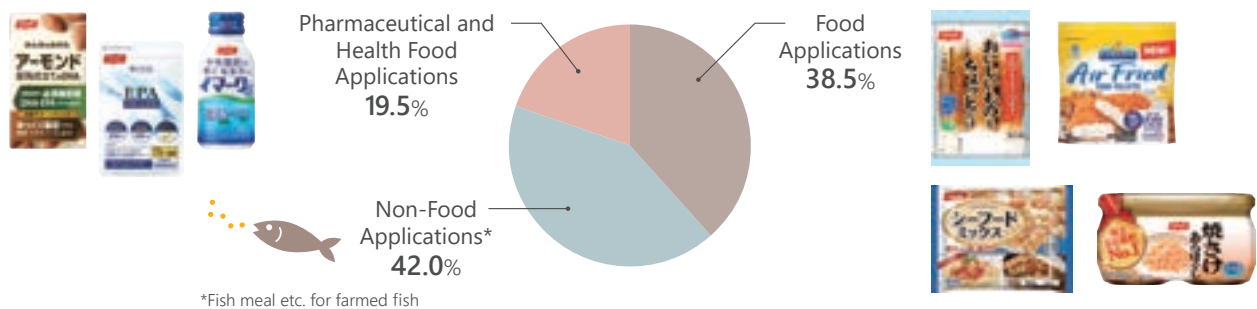
In 2019, the Nissui Group (20 companies in Japan and 20 companies outside Japan) handled a total of 2.71 million MT (live weight equivalent) of wild-caught fish from 471 stocks across 21 ocean regions worldwide. To ensure third-party objectivity, individual resource evaluations and analyses were outsourced to an external organization (SFP\*). The analysis revealed that about 71% of the procured marine resources were in a state of being “Well Managed” or “Managed.”

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



### Assessment Results by Specific Application

When considering specific measures to address the resources rated as “Needs Improvement” and “Not Scored,” the Nissui Group analyzed 24 fish species, each of which is sourced at over 10,000 MT in 2019. We inferred the uses of these procured marine resources from their procurement routes and categorized them into three use applications: food, pharmaceuticals and health foods, and non-food. Owing to the difficulties in collecting information, especially for non-food applications where many resources are procured as fish meal, we conducted a detailed analysis of the resource status for both food and pharmaceutical and health food applications.



## Food Applications

It was found that 90.5% of the marine resources procured as ingredients for processed foods such as seafood mix and other marine products, surimi-based products like fish cakes, and canned or jarred processed foods were in a managed condition (either "Well Managed" or "Managed"). Notably, for Alaska pollock, which is the most handled species by the Group, all procured resources were confirmed to be at least "Managed," indicating a healthy resource status.

The Group also procures Atlantic cod, which is listed as Vulnerable (VU) on the IUCN Red List of Threatened Species. However, the resource condition is improving due to increased management efforts by various countries. The Group is committed to sustainability by procuring seafood certified by the Marine Stewardship Council (MSC). In FY2022, 94.8% of our total procurement was from MSC certified fisheries.

Species	Ratio	Well Managed	Managed	Needs Improvement	Not Scored
Alaska pollock	76.3%	58.1%	41.9%	—	—
Blue grenadier	7.2%	37.8%	62.2%	—	—
Largehead hairtail	2.3%	—	—	—	100.0%
Pacific cod	2.0%	0.1%	54.3%	—	45.6%
Sockeye salmon	1.8%	4.6%	2.5%	2.6%	90.3%
Atlantic cod	1.8%	74.4%	—	15.0%	10.6%
⋮					
Total	100.0%	49.8%	40.7%	2.1%	7.4%

## Pharmaceutical and Health Food Applications

For the procurement of fish species used as raw materials in the production of pharmaceuticals and health foods, such as EPA and DHA, 96.1% of the resources were found to be in a managed state ("Managed"). In addition, for the procurement of Japanese anchovy (anchoveta), all of the procured resources were classified as "Managed," indicating no resource status issues.

For species identified as "Needs Improvement" or "Not Scored," diverse factors such as fishing areas and methods are considered. In response, we undertake targeted analyses for each species and develop tailored strategies accordingly.

Species	Ratio	Well Managed	Managed	Needs Improvement	Not Scored
Japanese anchovy (anchoveta)	61.8%	—	100.0%	—	—
Skipjack tuna	31.6%	—	100.0%	—	—
European anchovy	3.6%	—	—	—	100.0%
Yellowfin tuna	2.9%	—	88.6%	11.4%	—
Total	100.0%	—	96.1%	0.3%	3.6%

## Projected Changes to Allowable Catch

For Alaska pollock, a key raw material for food applications, and Japanese anchovy (anchoveta), a key ingredient for pharmaceutical and health food applications, we evaluated changes in their allowable catch for 2030 and 2050 using a model from the FAO as part of our climate change scenario analysis. We found that changes in allowable catch for 2030 are not expected to be substantial, and therefore impact on Group's finances would be modest.

▶ p.35

Initiatives for TCFD Recommendations  
▶ <https://nissui.disclosure.site/en/themes/223>

## The Foundations That Underpin Our Value Creation

### Human Capital Strategy

We believe that the four values (financial value, environmental value, value in human capital, and social value) are all generated by human capital, which is a critical asset for realizing our long-term vision. As part of “what the Nissui Group would like to be in 2030,” we have set the goal of “Diverse Human Capital Playing an Important Role”, which focuses not only on the diversity of our human capital, but also on fostering an organizational culture that encourages new challenges beyond conventional boundaries.



### Policies on Development of Human Capital and Preparation of In-house Environments

The Nissui Group regards human capital as one of the most important factor in improving its corporate value. Through its business activities, the Group strives to create opportunities to leverage its diverse human capital, of different genders, nationalities and ages, to maximum effect, giving rise to innovation, organizational motivation and creation of value. As employees help and challenge each other to improve, we aim to develop them as human capital capable of grappling vigorously with social issues both global and local. At the same time, the Group is working to furnish workplaces, programs and other elements of the working environment that enable its employees to work with peace of mind and high motivation.

### Current Status and Measures Toward Realizing “What the Nissui Group Would Like to Be”

In our efforts to promote the active participation of diverse human capital, we have assessed our current situation and challenges, and are actively developing and implementing targeted strategies. By advancing the reform of our organizational culture, we aim to enhance overall productivity and create value through new challenges, leading to the generation of financial value.

Themes	Current status	Measures
<b>Strategic Placement and Development</b>	<ul style="list-style-type: none"> <li>Lack of alignment between business strategy and human capital strategy</li> <li>Lack of development in the next-generation leadership development program</li> <li>Mismatch between current dual-track approach and individual career aspirations</li> <li>Lack of expert talent and breadth of experience among young and mid-level employees</li> </ul>	<ul style="list-style-type: none"> <li>Initiate discussions on business portfolio and human capital strategy</li> <li>Develop next-generation leadership development program</li> <li>Establish specialized human capital courses</li> <li>Ongoing operation of development rotation programs</li> </ul>
<b>Education and Training</b>	<ul style="list-style-type: none"> <li>Lack of Company-wide, hierarchical and selective training programs</li> <li>Lack of global personnel to support accelerated international expansion</li> <li>Delay in advancing digital transformation (DX)</li> </ul>	<ul style="list-style-type: none"> <li>Restructure human capital development system (including departmental training)</li> <li>Expand global personnel development program</li> <li>Promote DX and digital human capital development</li> </ul>
<b>Diversity &amp; Inclusion</b>	<ul style="list-style-type: none"> <li>Further securing diverse human capital towards realizing “what the Nissui Group would like to be” (In FY2022: Ratio of female manager 6.8%; Ratio of employment of people with disabilities at 2.39%; Ratio of mid-career hires: 30%)</li> <li>Insufficient post-hiring support for people with disabilities and mid-career hires</li> </ul>	<ul style="list-style-type: none"> <li>Creating an environment where female employees can thrive by promoting paternity leave for male employees</li> <li>Establishment of new Employment of Persons with Disabilities Working Group and expansion of education and training</li> <li>Enhancing understanding of the Company and bridging post-hiring gaps through mentoring and follow-up training for mid-career hires</li> </ul>
<b>Workplace Environment Improvement</b>	<ul style="list-style-type: none"> <li>1% improve in employee engagement score (vs. FY2021)</li> <li>Selected as a Health and Productivity Stock for five consecutive years (since 2019)</li> <li>Average rate of paid leave taken 84.5% (FY2022)</li> </ul>	<ul style="list-style-type: none"> <li>Organizational culture reform through the development of department-specific action plans and sharing of best practices</li> <li>Personalization of the mission through the promotion of internal branding</li> <li>Expansion of health management to the Group</li> <li>Further expansion of systems supporting diverse work styles</li> </ul>

Diverse human capital playing an important role

### Specific Measures

#### Employee Engagement

Since FY2021, we have been measuring "trust and contribution" between the Company and employees. The results of the second survey conducted in FY2022 showed slight improvements from the first survey, but highlighted challenges in the areas of "Company-wide solidarity" and "communication across hierarchical levels." To address these issues, briefing sessions were held for departments in need of improvement, and individual action plans were developed and implemented to foster a better organizational culture.

Furthermore, to promote the internalization of our mission and enhance employee engagement, we initiated "GOOD FOODS Talk" across all workplaces from FY 2023. This initiative encourages all employees to discuss and exchange ideas about innovative food solutions, aiming to extend this approach to our Group companies in Japan to improve voluntary contribution motivation and enhance both the organizational culture and workplace conditions.



GOOD FOODS Talk session

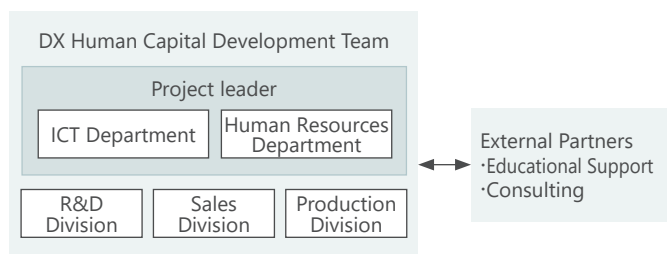
#### Human Resources Systems and Human Capital Development

As we look to the future, it is imperative that we focus on developing leaders who will drive our business forward. Equally important is attracting talent with specialized skills who can make significant contributions to our business. In an effort to respect the diverse values and career aspirations within the Company, we have revised certain aspects of our human resources system. This includes the introduction of the Next Expert (NE) role, which is designed to develop and appropriately reward individuals with high levels of externally recognized expertise.

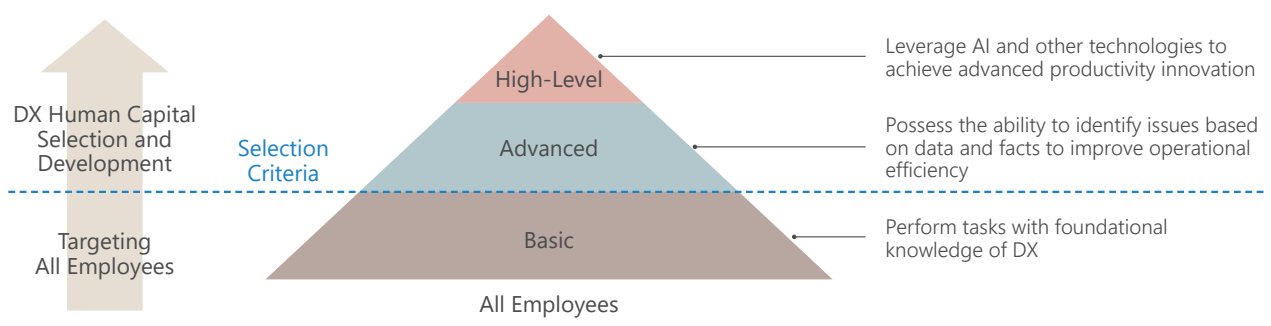
For our younger employees, we have introduced a "Development Rotation" to broaden their perspectives, expand their scope of work, and enhance their adaptability by exposing them to different business areas and job functions. In addition, since 2016, we have been operating the "global personnel registry system" to cultivate future global talent that can thrive in international roles.

#### DX and Digital Human Capital Development

We are focusing on DX and Digital Human Capital Development in response to the societal issue of labor shortages due to declining birth rates and an aging population, and the need for companies to adapt quickly to rapidly changing market environments. This initiative aims to reform the Company in line with societal and technological changes.



In FY2023, we conducted assessments for all employees to measure their current innovative and digital skills. We are also using e-learning to raise the skill level of all employees to at least basic by FY2024. Going forward, we will define the roles and skills of DX human capital, select and develop top performers from the assessments, and enable advanced productivity innovations.



## The Foundations That Underpin Our Value Creation

### Respect for Human Rights in the Value Chain

Human Rights  
 ▶ <https://nissui.disclosure.site/en/themes/204>

The Nissui Group's long-term vision is to be “a leading company that delivers friendly foods for people and the earth.” An indispensable condition for achieving this vision is respect for human rights throughout the value chain. Given that the seafood supply chain is exceptionally long and complex, the Nissui Group recognizes that the risk of human rights violations is high, carrying significant risk of impact on continuity of Group operations. We believe that, as customer awareness of human-rights issues grows, ensuring respect for human rights up and down the value chain presents a way to expand business opportunities and sharpen competitiveness. One of the Group's key performance indicators (KPIs) in social value is the rate of assessment of major Tier-1 suppliers Group-wide; we aim to reach a target of 100% on this KPI by 2030. Also, we are working closely with suppliers on efforts related to respect for human rights.

#### Human Rights Risk Assessment

The Nissui Group conducted a human rights risk assessment in the form of a cross-departmental workshop in December 2020, in order to get a grasp of potential human rights risks in its value chains. This involved identifying risks in each process of its value chains from two perspectives, namely, “general and cross-industrial human rights risks” and “human rights risks specific to the fisheries industry and the Nissui Group,” and in particular, analyzing the latter risks while incorporating the viewpoint of risks by country and risks by fish species as well. Risks were narrowed down by conducting an “impact assessment” with respect to the identified risks, based on likelihood and severity in the event that the risks are materialized.



Having identified the following three risks as items of importance to be addressed specifically as a matter of priority, the Nissui Group launched specific initiatives from Fiscal 2021 onwards in order to confirm their actual situation and mitigate such risks.

Identified potential human rights risks	<ol style="list-style-type: none"> <li>1) Forced labor and child labor relating to raw materials of marine products (from procurement of raw materials to production)</li> <li>2) Work environment of foreign technical intern trainees in Japan (production)</li> <li>3) Labor Safety and Health (fisheries and aquaculture)</li> </ol>
---	--

#### Response to Identified Potential Human Rights

##### Respect Human Rights in Our Supply Chain

To ensure sustainable procurement and mitigate human rights risks at every stage of the supply chain, stronger collaboration with our business partners is essential. As a result, we revised our Supplier Guideline in April 2022. This revised edition includes sections on “Compliance with Laws and Regulations,” “Respect for Human Rights,” “Safety and Health,” and “Environmental Consideration,” with a strong emphasis on the prohibition of forced labor and child labor, as well as a strong requirement not to handle catch and raw materials obtained through IUU (Illegal, Unreported, and Unregulated) fishing, which is known to be associated with forced labor. In FY2022, Nissui distributed and explained the Supplier Guideline to its 508 Tier-1 suppliers and collected signed confirmation forms to ensure their agreement. In FY2023 the Nissui Group is seeking to confirm the status of compliance with human-rights guidelines by means of a self-assessment questionnaire. Going forward, we will identify raw materials of high precedence and use inter-company platforms and IT in efforts to reduce risk efficiently and effectively. However, Nissui cannot solve this problem alone. We are therefore strengthening engagement with suppliers, who are key partners for us, in an industry-wide initiative to reduce social and environmental risk and create value.



The Supplier Guideline

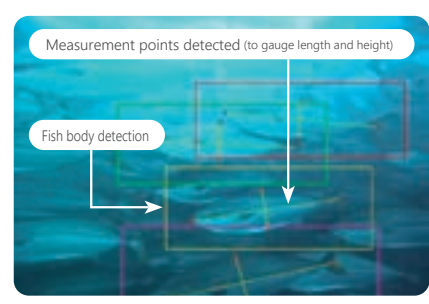
### Monitoring the Working Environment of Foreign Workers in Japan

Nissui performs an annual survey on the labor conditions of foreign workers at our directly-operated plants and Group companies in Japan. After analyzing the self-assessment responses and conducting interviews with each office, no significant signs of human rights violations were identified. One issue identified at some locations was the need for multilingual capabilities, due to the presence of non-Japanese employees. In response, Nissui notified all Group companies of the need to address this issue. We will promote a unified group-wide response and confirm the status of the response at the Human Rights Subcommittee. The work environment survey will be conducted throughout FY2023, and the possibility of combining the survey with workplace reviews and audits will be explored to ensure effectiveness.

### Safety at Fisheries and Aquaculture Sites

Within our fishing operations, we actively work at the level of each Group company to ensure a safe working environment for employees involved in fishing activities. Labor practices on fishing vessels take place in an environment that is not easily visible from the outside, and the fishing industry is generally recognized as having a high risk of human rights abuses. We prioritize the safety of crew members on fishing vessels and strive to improve the working environment, while ensuring third-party monitoring to increase transparency.

The promotion of occupational safety in aquaculture is handled by the Occupational Safety and Health Subcommittee under the Risk Management Committee. We are promoting "smart aquaculture" by implementing technologies such as automated feeding systems and AI/ IoT-based fish length measurement, with the aim of minimizing human involvement in operations at sea and underwater and reducing the risk of occupational accidents.



Japanese amberjack detection screen using AI

### Remediation System (Grievance Mechanism)

The Nissui Group has established a whistleblowing system for employees of Nissui and Nissui Group companies in Japan. These employees can report issues to contact points both within and outside the Group. Beginning in FY2023, to support foreign workers at production sites and in fisheries, the Nissui Group is participating in a joint corporate program offered by the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI) and started operating a consultation desk. For the use of suppliers and other stakeholders, the Group joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), establishing a contact point for grievances and reports on businesses and human rights. In addition to our own initiatives, we are partnering with specialized third-party organizations to build a system for providing relief as needed.

