

Building of Sustainable Supply Chains

We recognize that the procurement and securing of sustainable resources is extremely important for the Nichirei Group to continue to provide value to society. In addition, we recognize that, when conducting global business activities, it is important to respect the environment and human rights together with our stakeholders in our supply chains.

In the years to come, we continue to contribute to the realization of a sustainable society through efforts to resolve social issues along our supply chains.

Nichirei Group Sustainable Supply Chain Policy

<https://www.nichirei.co.jp/english/csr/supplychain>

To work on building sustainable supply chains, the Nichirei Group undertakes the procurement of products and services in accordance with its policy and encourages its suppliers to understand the policy and put it into practice.

Legal compliance	We comply with the laws and social norms of each country and region where we operate.
Fair business practices	We employ fair, transparent, and impartial business practices.
Human rights	We respect human rights and provide safe, healthy work environments.
Environment	We strive to reduce environmental impact and consider the health of the global environment.
Product quality and safety	We work hard to deliver safe, high-quality products and services.
Information management	We manage information properly and disclose information related to our business activities in a timely, appropriate manner.
Local communities	We seek to build close cooperative relationships with local communities, as a good corporate citizen.

Human Rights Policy

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

Recognizing that our business processes may have direct or indirect effect on human rights, Nichirei Group has established the Nichirei Group Human Rights Policy (hereafter referred to as the “policy”), based on the United Nations Guiding Principles on Business and Human Rights. This policy guides us in our efforts to fulfill our responsibility to respect human rights of all stakeholders of our business.

1. Scope	The policy is applicable to all employees and officers of the Nichirei Group. We will also require business partners to support the policy and work towards ensuring respect for human rights.	3. Identification of, Response to and Disclosure of Issues Related to Human Rights	The Nichirei Group will establish a system of human rights due diligence to identify, prevent and mitigate adverse impact on human rights generated by our group in society. <ul style="list-style-type: none"> • If any business activities of the Nichirei Group cause adverse impact on human rights or if it is discovered that the Nichirei Group is involved in causing adverse impact on human rights through our business transactions with stakeholders and the like, we will take steps to provide a remedy based on internationally recognized processes. • The Nichirei Group will utilize the expertise and knowledge of independent, external human rights experts in implementing this policy and engage in earnest dialogue and consultation with stakeholders who may be affected by our business. • The Nichirei Group will specifically assign officers with responsibility in implementing the policy and monitor implementation of this policy. • The Nichirei Group will appropriately conduct education and training to ensure that this policy is being effectively implemented across all business activities of the Nichirei Group. • The Nichirei Group will regularly disclose results of, and progress made in, our efforts to promote respect for human rights based on this policy. • The Nichirei Group will comply with all laws and regulations of countries and regions in which we conduct our business activities. Where there is a conflict between national laws/regulations and internationally recognized human rights standards, the Nichirei Group will seek ways to respect international human rights to the maximum extent possible.
2. Basic Principles	In addition to our efforts to promote respect for human rights based on the United Nations Guiding Principles on Business and Human Rights, the Nichirei Group supports and upholds the following international standards: <ul style="list-style-type: none"> • The United Nations International Bill of Human Rights (the Universal Declaration of Human Rights and the International Covenants on Human Rights); • The International Labour Organization's Declaration on Fundamental Principles and Rights at Work; and • The United Nations General Assembly Resolution: The United Nations Declaration on the Rights of Indigenous Peoples. 		

Inaugural Supply Chain Meeting to Promote CSR Procurement

Since 2019, in accordance with the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact, the Nichirei Group has been promoting the understanding of, and working toward attaining, the Nichirei Group Sustainable Supply Chain Policy and ensuring that our supply chain business partners are in step with the Group's CSR procurement activities.

In FY2021 (ending in March 2021), we launched a Supply Chain Meeting to enable Group companies to participate in formulating Group CSR procurement guidelines, as well as to share with us and examine issues regarding the addressing of human rights due diligence. In addition to Nichirei Foods having joined the July 2019 Sedex* London conference, the Group is engaged in ethical and responsible business practices throughout our global supply chain.

* Supplier Ethical Data Exchange, a non-profit organization established in the United Kingdom in 2004 to provide a platform for managing and sharing corporate ethical information with the aim of realizing responsible business practices in supply chains.



Sustainable Ingredient Procurement

■ Aquaculture Stewardship Council, Marine Stewardship Council Certification

Since 2006, Nichirei Fresh has been engaged in the Forest of Life Project¹ nature conservation activities involving sustainable black tiger prawn farming and mangrove tree planting in Kalimantan, Indonesia.

These activities were extended to whiteleg shrimp ponds in Sumatra, Indonesia, and obtained Aquaculture Stewardship Council (ASC) certification² in 2018. From 2020, mangrove planting will begin in earnest, with plans to plant about 280,000 trees.

In addition, we are gradually increasing the handling of marine products certified³ by the Marine Stewardship Council (MSC) and, June 2019, we have been handling 17 fish species of marine products. In the years ahead, we plan to increase the variety of sustainable marine products we handle.

Notes:

1. Forest of Life Project: <https://www.nichireifresh.co.jp/inochinomori/>

2. ASC certification requires that marine products used have been cultivated in a sustainable manner.

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

Nichirei Fresh products that have obtained ASC/MSC certification (as of June 2019)

ASC	Certification Registry Number ASC-C-01632
● Black tiger shrimp ● Whiteleg shrimp ● Pacific oyster	
MSC	Certification Registry Number MSC-C-52165
● Salmon varieties (pink salmon, king salmon, coho salmon, chum salmon, sockeye salmon) ● Flatfish varieties (Kamchatka flounder, yellowfin sole, dusky sole, white flounder) ● Walleye pollack ● Pacific cod ● Scallops ● Herring ● Capelins ● Snow crabs ● Arctic surf clams ● Red king crab	

■ Junwakei Chicken, Recycled Agriculture, Domestic Chicken Breeds Model for Self-Sufficiency

The *Junwakei* breed of chicken is raised at the Nichirei Fresh Farm Hirono Facility, an affiliate of Nichirei Fresh. The chickens are a Japanese breed, selectively bred from foundation stock crossed with the Japanese Koyuki and Benizakura breeds of chickens at the National Livestock Breeding Center Hyogo Farm.

The self-sufficiency rate of chickens used for meat in Japan is relatively high at about 70%. That said, the parents (broiler breeders) and grandparents (ancestors) account for only about 1% of current broods, as a result of which we must rely on imports from overseas. This means that, in the event of an epidemic overseas such as of the bird flu, domestic poultry farming would be adversely affected were imports stopped.

For this reason, Nichirei Fresh is making every effort to raise chickens that are not dependent on overseas breeds to improve Japan's food self-sufficiency rate.

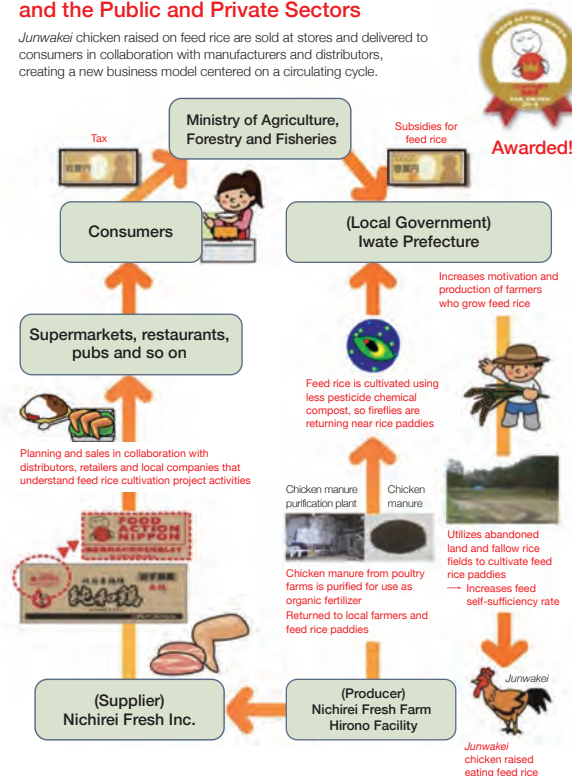
In addition, with the cooperation of the JA Shin-Iwate Agricultural Cooperative, Nichirei Fresh has signed contracts with rice farmers in the towns of Karumai, Hirono and their suburbs in Iwate Prefecture to produce feed rice using abandoned and fallow rice fields. Locally harvested feed rice is included in the mixed feed given to *Junwakei* chickens.

Chicken manure is heat-treated at a high-speed chicken manure processing plant at the Hirono facility, and the energy thus generated is used to heat the chicken house. The heat-treated chicken manure is both sold to local farmers as organic fertilizer, and used in the feed-producing rice fields included in Nichirei Fresh contracts.

The *Junwakei* chicken regional agriculture and livestock recycling model won the Excellence Award in the product category at the 2010 Food Action Nippon Awards sponsored by the Ministry of Agriculture, Forestry and Fisheries.

Groundbreaking Business Cycle Involving Agriculture and the Public and Private Sectors

Junwakei chicken raised on feed rice is sold at stores and delivered to consumers in collaboration with manufacturers and distributors, creating a new business model centered on a circulating cycle.



Certified Sustainable Palm Oil

Palm oil from the fruit of the oil palm is used as a raw material in such products as cooking oil, soap, and detergent. In recent years, the ongoing large-scale development of oil palm plantations has led to environmental problems, including deforestation of tropical rain forests and CO₂ emissions from peat areas, as well as forced labor and child labor among plantation workers, which are global problems.

In August 2018, the Group joined the non-profit organization Roundtable on Sustainable Palm Oil (RSPO), which promotes the production and use of sustainable palm oil. In FY2020, these efforts resulted in the total amount of palm oil used for frying oil at Nichirei Foods plants (at consolidated subsidiaries in Japan and overseas) totaled, and a corresponding amount of RSPO certified oil credits (book & claim method) were purchased. The Nichirei Group is supporting RSPO initiatives to promote sustainable procurement throughout the supply chain.



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Improving Work Satisfaction, Cultivating Human Assets

In conducting business, the Nichirei Group places the highest importance on human assets. Further, in order to invigorate our organization, improve productivity, and create a vibrant workplace it is not only on our values and ideas that we depend but, to a large extent, on our diverse human assets.

In 2017, we formulated the Nichirei Group Workplace Improvement Policy, set targets for each Group company based on it, and commenced promoting a number of initiatives over a five-year period to FY2022.

The Diversity Promotion Council and the Group Health Promotion Liaison Committee have been organized under the Group Human Resources Committee to improve work satisfaction. They discuss human asset-related strategies to realize Group-wide sustainable growth, exchange opinions, and share information on specific measures, after which they confirm their progress.

Workplace Improvement Policy

 <https://www.nichirei.co.jp/english/csr/work/policy.html>

■ Workstyle Reforms: Main Measures and Activity Progress

Policy	Ideal State	Priority Measure	Main Activity		
			FY2018	FY2019	FY2020
Enable Diverse Style	Employees shall have a certain degree of freedom to choose their workplace and working hours, to suit personal circumstances. Systems to maintain these conditions are to be put in place.	Provide working condition options		<ul style="list-style-type: none"> ■ New in-house childcare facility Opened in the Tokyo head office building in April 2018 	<ul style="list-style-type: none"> ■ Full-scale introduction of telework All worksites except food factories and logistics offices
	Systems are to be established to prevent employees' careers from being disrupted or ended because of such circumstances as childbirth, childcare, nursing care, poor health, relocation of a spouse, or disease.	Set up systems to prevent disruption of employee careers	<ul style="list-style-type: none"> ■ Implementation of career development programs for female employees Career training for 3 terms (3rd–5th terms) Target: 32 people 	<ul style="list-style-type: none"> ■ Implementation of career development programs for women Women's success event "Next Step for 2021" Target: 163 people ■ Nursing care seminar Held four times, 115 participants 	<ul style="list-style-type: none"> ■ Introduction of comeback system Purpose: Ongoing career support for life events and growth ■ Leave system due to spouse transfer Purpose: Examination and introduction of multi-career formation in collaboration with other companies ■ Nursing care seminars and nursing care handbook creation Conducted four times, 103 participants
Prevent excessive working hours	Through collaborative labor and management initiatives for workplace improvement, working hours shall be limited to levels that allow each employee to demonstrate their ability and perform satisfying work in good health.	Promotion of paid leave	<ul style="list-style-type: none"> ■ New working hours management system introduction test ■ Implementation of overwork countermeasures through labor-management collaboration 	<ul style="list-style-type: none"> ■ 100% introduction of new working hours management system ■ Guidance on long working hours through introduction of a working time management system ■ Implementation of measures against overwork through labor-management collaboration ■ Nichirei Group working hours guidelines formulated through labor-management 	<ul style="list-style-type: none"> ■ Introduced new expense settlement system ■ Five-day introduction of planned annual leave system ■ Implemented e-learning: Revised labor laws, working hours awareness Target: 5,101 employees participated ■ Implementation of measures against overwork through labor-management collaboration
Ensure Equal Opportunity	In providing employees with equal opportunities and education, we support their development into a valuable force for the Nichirei Group.	Promote the advancement of female employees	<ul style="list-style-type: none"> ■ Logistics Group: 3rd and 4th "Sakaseru Roji-Jo Forum" Target: 132 female employees (275 participants in total) ■ Nichirei Foods: LADY GO UP Target: Female employees at the five food manufacturers (eight female Nichirei Foods employees) Summary: Seminar for building external networks and career development 	<ul style="list-style-type: none"> ■ Logistics Group: 5th and 6th "Sakaseru Roji-Jo Forum" Target: 129 female employees (404 participants in total) Theme: Work values and workplace for women ■ Nichirei Foods: LADY GO UP Target: Female employees at the six food manufacturers (eight female Nichirei Foods employees) Summary: Seminar for building external networks and career development 	<ul style="list-style-type: none"> ■ Logistics Group: 7th and 8th "Sakaseru Roji-Jo Forum" Target: 118 female employees (522 participants in total) ■ Nichirei Foods: LADY GO UP Target: Female employees at the six food manufacturers (eight female Nichirei Foods employees) Summary: Seminar for building external networks and career development
		Diversity and inclusion	<ul style="list-style-type: none"> ■ Nichirei Foods: Diversity Forum "SPIRAL UP" Target: Deepen understanding of various work styles centered on the department and section managers at each of the five food manufacturers. 31 Nichirei Foods employees (21 men, 10 women) 	<ul style="list-style-type: none"> ■ Nichirei Foods: Diversity Forum "SPIRAL UP" Deepen understanding of various work styles centered on the Department and Section managers at each of the six food manufacturers. 35 Nichirei Foods employees (26 men, nine women) 	<ul style="list-style-type: none"> ■ Nichirei Foods: Diversity Forum "SPIRAL UP" Deepen understanding of various work styles centered on the Department and Section managers at each of the six food manufacturers. 60 Nichirei Foods employees (46 men, 14 women)
	Job positions and employment opportunities for people with disabilities shall be created to allow them to earn a living through stimulating work, with a vision to ultimately.	Provide stimulating employment opportunities for people with disabilities	<ul style="list-style-type: none"> ■ Disabled employment rate: 2.5% (32 people with disabilities employed) 	<ul style="list-style-type: none"> ■ Disabled employment rate: 2.56% (30 people with disabilities employed) 	<ul style="list-style-type: none"> ■ Disabled employment rate: 2.75% (34 people with disabilities employed)
	As the healthy life span of people becomes longer, we will create spaces enabling seniors to leverage their distinctive experience and play an active role reflecting their individual values and workstyles.	Create employment opportunities for older people	<ul style="list-style-type: none"> ■ 44 employees rehired after retirement (48 retirees) 	<ul style="list-style-type: none"> ■ 59 employees rehired after retirement (64 retirees) 	<ul style="list-style-type: none"> ■ 57 employees rehired after retirement (65 retirees)

Supporting Non-Japanese Trainees' Careers

The Nichirei Group provides educational opportunities for career paths and advancement so that diverse human assets are able to play an active role in their respective workplaces with satisfaction and vitality.

We also strive to create workplaces in which foreign technical intern trainees can work in Japan with a sense of satisfaction.

In addition, we introduce the workplaces of each Group company in the countries in which they operate, and make proposals there, so that workers are able to continue their careers utilizing Japan-acquired know-how. This expertise includes hygienic methods of food management, occupational safety norms, and health-related practices.

Topic

Fresh Maruichi (Head Office: Onahama Factory in Fukushima Prefecture)

A Vietnamese technical intern trainee who worked at the Fresh Maruichi Onahama Plant for four years starting in 2015 continues to perform quality control work at the newly established Nichirei Fresh fish processing plant in Vietnam. She plays an active role in her home country by utilizing what he learned at food manufacturing sites and by doing quality control-related work in Japan. In FY2021, one former foreign technical intern trainee began work at the same Vietnamese plant. Nichirei plans to continue supporting the career advancement of its foreign trainees.



Articles introducing the Onahama Factory in the Group's in-house magazine (left: Japanese, right: Vietnamese)

Dialogue with a Former Vietnam Trainee via Videophone!



Du Thi Yen
Visited Japan in 2015. After working at the Fresh Maruichi Wakamatsu Plant as a technical intern trainee for three years, she learned the basics of quality control at the Onahama Plant for one year. Since returning home to Vietnam, she has been working at the marine product processing factory (TPS) established by Nichirei Fresh in 2018.

Fresh Maruichi is a very employee-friendly company. Everyone, from the president to part-time workers, is kind and friendly, which makes every day enjoyable. I had been studying pharmaceuticals at university in Vietnam, so when my training ended at the Wakamatsu Plant, Fresh Maruichi President Oishi (president at that time) told me to try working in quality management, so I went to the Onahama Plant. I have come to feel strongly about the importance of quality control. I wanted to work in Japan longer, but when I heard the Company planned to build a Japanese factory in Vietnam, I was happy since that would enable me to live with my children. My current goal is to work hard alongside my TPS colleagues, and first and foremost, generate solid profits!

Human Asset Development

Each fiscal year, the Nichirei Group provides employees with a one-year educational program. It is devised by the Human Resources Committee in accordance with Group Education and Training Rules to support the career advancement of each employee.

In addition, to improve employees' skills, we conduct e-learning courses focused on quality, safety, governance, and compliance for all employees in Japan using the Nichirei intranet.

Level-based training plan

Training plan	Objective	Target
Executive Coaching	To stimulate better management decisions, improve organizational growth, and business performance. Changes in the thinking of executives is expected to have a ripple effect on employees, resulting in improved productivity.	Executive officers
Next-generation Management Team Development Program	To foster management capabilities, world-standard leadership, and decision-making criteria by cultivating ideas based on broad perspectives.	General managers, department managers
Leader Training	Creating true managers: Fostering human assets able to play a part in creating a strong and autonomous organization which discovers problems that need to be solved and creates its own solutions to become an organization that is relied on by businesses.	Managerial staff
Evaluator Training	To teach the principles of evaluation and deepen understanding of the purpose and significance of goal management and evaluation systems.	New attendees (such as recent graduates, career hires, transferred employees)
Facilitation Training	To understand such concepts as meeting preparation, meeting management, and follow-up, in order to conduct efficient meetings.	All employees
Training for Newly Appointed Managers	To elucidate the role of managers expected to lead the organization, and the viewpoints, perspectives and key behaviors required.	Newly appointed managers
First Career Training	To inculcate basic behaviors essential for human assets to produce results expected by the Company and supervisors.	New hires, employees in their second and third years of employment
New Employee Training	<ul style="list-style-type: none"> To reorient the mindset from that of a student to that of an employee (teaches proactive behavior, disciplined behavior, and expected business etiquette) To promote understanding of the Nichirei Group and a sense of belonging 	New hires, employees in their second and third years of employment

Occupational Health and Safety

If employees are to maximize their abilities and potential, they must be physically and mentally healthy, and work in a safe, comfortable environment. Because Nichirei considers our employees to be irreplaceable, we are working with them to create a safe, open, and invigorating work environment.

Health and Safety Committee

🌐 <https://nichirei.disclosure.site/en/themes/125>

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

Health Management Initiatives

🌐 <https://nichirei.disclosure.site/en/themes/125>

Nichirei Group Health Declaration

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

Basic policy

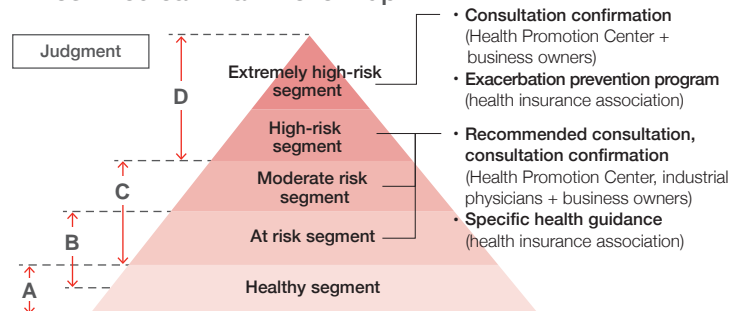
1. We will promote the creation of a workspace that has a lively cooperation between labor and management, based on the ideal that states that good work has its basis in a healthy mind and body.
2. Each of our employees will work hard to increase his/her health awareness, and will take an active role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

Recognizing employees as corporate assets and these people's health as an important management issue for a company seeking sustainable growth, in fiscal 2016 Nichirei set up the Health Promotion Group. It is a dedicated health management section within the Human Resources Strategy & General Affairs division.

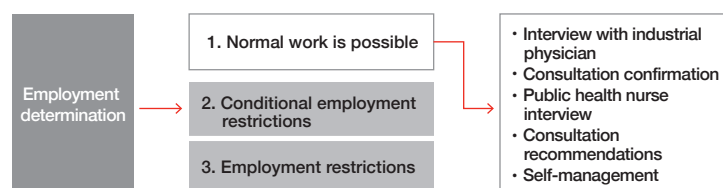
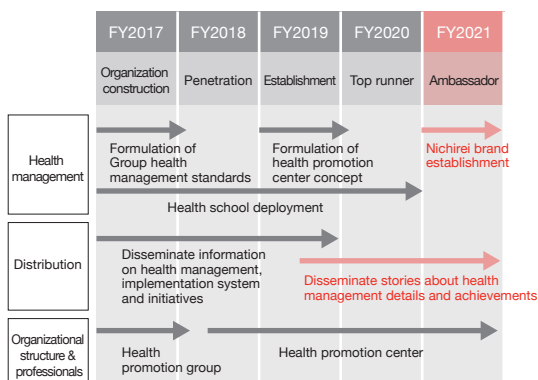
In fiscal 2017, we formulated the Nichirei Group Health Declaration and Group Health Management Standards. In addition to disseminating the declaration both inside and outside the Company, to promote Group-wide health we have appointed a holding company health promotion manager, as well as health promotion managers and representatives at each Group company.

Regular medical checkups—including X-ray screening for the early detection of TB and cancer—together with thorough follow-up measures are led by occupational health staff. For our small offices and employees overseas, we conduct remote interviews using information and communication technology systems.

■ Post Medical Exam Follow-up



■ Health Management Action Plan (Five-Year)



After health examinations, based on the judgment of an industrial physician, follow-ups will be conducted with those who should consider employment restrictions (some of D rank segment) via the persons in charge at each operating company.

Afterwards, if ongoing support is required, a public health nurse will contact the employee via email or in writing. After confirming consultation status, interviews by public health nurses and industrial physicians will be conducted as needed.

Overall Health and Smoking Cessation Programs

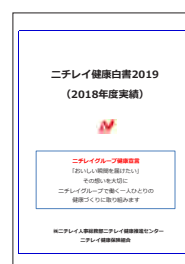
Since 2016, the Nichirei Group has been providing lectures and participatory events led by professionals. These include public health nurses, registered dietitians, and health fitness professionals, who provide employees at risk for lifestyle-related diseases with specific health promotion opportunities.

In FY2020, a total of 1,200 people participated in 14 meetings on a wide range of themes, such as exercise guidance, diet, sleep improvement, and the health of working women.

In addition, we launched a smoking cessation program in 2019. Of the 88 people who participated, 34 succeeded in quitting smoking.

Health White Paper, Health Management Guidebook

Nichirei publishes a health white paper and a health management guidebook (provided to all employees in July 2020) in order to foster awareness of health issues among employees and encourage them to improve their health.



Health white paper (left), health management guidebook (right)

Logistics Center Safety and Quality-related Training

Placing importance on quality, the environment, and safety, the Nichirei Logistics Group has opened safety and quality-related training centers across Japan. These facilities enable logistics staff to acquire knowledge regarding safety and quality, as well as to develop skills and an appropriate mindset.

The core training content includes “reconfirmation of basic knowledge through classroom learning,” information about “dangerous experiences,” and the “reconfirmation of basic forklift operations.” Videos and illustrations are used to enable students to develop an intuitive understanding of the topics.

All training programs and teaching materials are original, and veteran employees with a wealth of knowledge and experience give lectures while providing hands-on experience as part of a systematic curriculum.

At logistics centers, heavy loads are carried using forklifts to enable cargo to be sorted at high places. We thus strive to improve occupational safety and quality by incorporating into the curriculum practical training to ensure that equipment is correctly used to prevent items from falling.



Confirming the usefulness of “falling prevention equipment” while suspended in midair

Specialized course for developing the skill of confirming safety while driving a forklift using the “point and call out” method



Food Factory Safety

Nichirei Foods has set up three pillars of its safety-related activities, namely, safety patrols, near-miss-related activities, and the mandatory observation of safety rules. These are food factory priority measures.

Safety patrols are customized for each factory and their efficacy is based on site feedback. Patrols are conducted mainly in the early morning and late at night, when managers are short-handed. We ask employees to share work-related problems and opinions relevant to those times.

Near-miss-related activities are designed to inform employees about possible dangers through the sharing of information about near accidents. Evaluation criteria have been reconfirmed, to ensure that there are no variations in near-miss evaluation methods, while a mechanism is in place to ensure preventive steps are taken.

We try to ensure that safety-related rules are recognized, correctly understood, and strictly observed.

Occupational Safety and Health Initiatives for Foreign Technical Interns

The Nichirei Group provides occupational safety- and health-related training for technical interns from abroad. We are doing this to prevent occupational accidents and facilitate health management for those unfamiliar with life in Japan, while at the same time helping the trainees improve their Japanese-language skills. Our goal is to create workplaces where all Nichirei Group employees can work safely and healthily with purpose.



A poster for Vietnamese employees



A poster for Japanese speech contest

Providing Safe Products and Services

Basic Policy on Quality Assurance

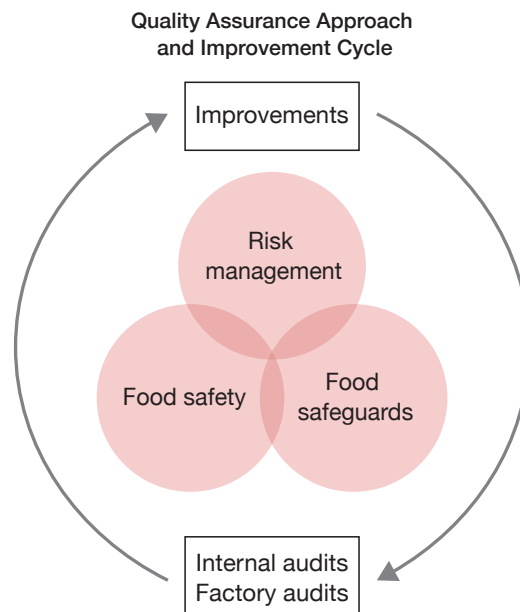
🌐 <https://www.nichirei.co.jp/english/safety/concept>

The Nichirei Group's fundamental policy on quality assurance ensures the quality and safety of the food products and services we provide, so that they will not be hazardous to the health of consumers. At the same time, we are maintaining and improving on Group-wide levels of quality control, quality assurance, and customer satisfaction.

We aim for further enhancements by implementing the PDCA cycle in Quality management system and Food safety management system and encouraging improvements when deficiencies are found through internal audits and quality factory audits.

■ Regular Audits

Quality assurance audit	FY2018		FY2019		FY2020	
	Japan	Overseas	Japan	Overseas	Japan	Overseas
Number of annual Group audit (Japan/Overseas)	156	15	66	38	54	20
Annual Group implementation rate (compared to plan)	100 %	88 %	97 %	100 %	89 %	80 %



Regular audits are conducted by each Group company based on an annual plan. The plans are determined by rationally and objectively evaluating the magnitude of possible risks, based on risk management, whether or not certification of international standards has been obtained, the quantity of products handled annually, and product characteristics.

PDCA is also used in regular audits. Audit results are used as a reference when determining audit policies and target sites when developing audit plans for the upcoming year.

Quality Control Based on International Standards

🌐 https://sustainability-cms-nichirei-s3.s3-ap-northeast-1.amazonaws.com/uploads/response_file/file/142/csr2019en.pdf#page=68

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

■ Certification Status

Certification	Operating Company	Rate of Certification ⁵		
		FY2018	FY2019	FY2020
The HACCP system ¹	Nichirei Foods	13/15	14/15	14/15
	Nichirei Fresh ⁶	6/7	7/7	7/7
ISO9001 (Quality management system)	Nichirei Foods	13/15	3/15 ⁷	3/15
	Nichirei Fresh	8/8	8/9	8/9
	Nichirei Logistics Group	105/112	104/115	81/115
FSSC22000 ² , ISO22000 ³ , SQF ⁴ (Food safety management system)	Nichirei Foods	13/15	14/15	14/15
	Nichirei Fresh	6/8	7/9	7/9
	Nichirei Logistics Group	2/112	2/115	2/115
ISO14001 (Environmental management system)	Nichirei Foods	11/15	11/15	11/15
ISO13485 (Medical devices / In vitro diagnostics)	Nichirei Biosciences	2/2	2/2	2/2

Notes:

1. HACCP: Developed in the United States during the 1960s for the aerospace industry, the HACCP system is an international management method for food production that aims to prevent hazards during the manufacturing process by analyzing hazards and establishing important control points.
2. FSSC 22000: An international management system related to food safety that is based on ISO 22000.
3. ISO 22000: An international standard related to food safety management systems for reducing food safety risks that is based on the HACCP food sanitation control techniques.
4. SQF (Safe Quality Food) certification provides assurance that the product being purchased meets strict international food safety and quality standards such as HACCP. In countries outside of Europe, it is the program recognized by the Global Food Safety Initiative (GFSI).
5. Target business establishments ratio: Consolidated subsidiary business establishments in Japan (food factories, logistics centers, etc.).
6. Target business establishments excluding Nichirei Fresh Farm
7. Switching to FSSC22000

* Fiscal years (FY) indicate years ended March 31.

Food Defense Initiatives

<https://www.nichirei.co.jp/english/safety/system.html>

The Nichirei Group emphasizes people management to protect food.

In addition to restricting access to areas where food is handled to authorized individuals, we have made it possible to determine the when, who, and where of such individuals at all times. In-house operation rules covering visitors and contractors, as well as self-checks are in place and audits of our plants are conducted regularly to confirm safety. We are also working to improve the workplace environment based on employee satisfaction surveys and interviews.

We have installed cameras and face recognition systems at all our plants in Japan and overseas. To protect the food we have created a system based on the distinguishing characteristics of each product and which allows follow-up investigations to be conducted should problems arise. If a problem does occur, a link is established with our food crisis management system, which allows accurate information to be disseminated and responded to quickly.



Building of Traceability

https://sustainability-cms-nichirei-s3.s3-ap-northeast-1.amazonaws.com/uploads/response_file/file/142/csr2019en.pdf#page=68

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

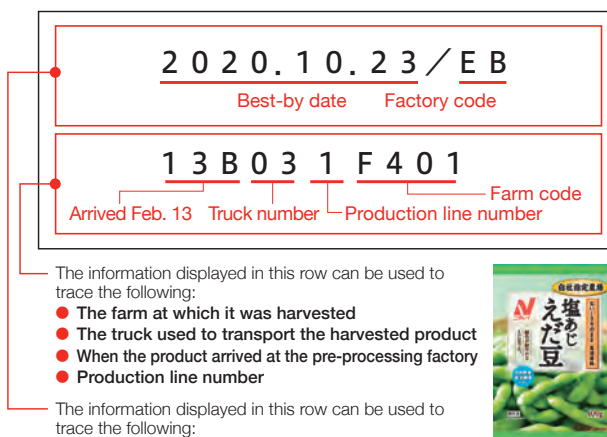
The building of traceability requires collaboration and cooperation on the part of the ingredient suppliers, manufacturers and distributors in the supply chain.

The Nichirei Group regularly holds study sessions to deepen shared awareness with regard to quality-related information. To digitize and link information, we are also promoting the utilization of our own system that can be centrally controlled.

Traceability in the case of frozen green soybeans (illustration)

What the Trace Code Tells You

The trace code allows you to trace a product back to its place of cultivation. Trace codes are printed on these Nichirei Foods' frozen green soybeans to trace the cultivation and production management. If you know how to read these codes, you can trace the entire history of a product, from the cultivation management status in the field to the conditions in the factory. Nichirei Foods is using the trace codes to conduct ongoing improvements based on its discussions with local producers, in order to better respond to customers' needs.



Safe Workplaces, Better Service

<https://www.nichirei-logi.co.jp/english/company/csr.html>

The Nichirei Logistics Group sets themes four times a year designed to put safety and quality first in warehouses. It also conducts accident prevention activities at all domestic facilities (114 locations).

Safety and quality awareness poster

Message from the Chairman



Managerial reforms,
better Group
management ahead

Kunio Otani

Chairman of the Board
Representative Director, Chairman

Characteristics of Nichirei Group Governance and Expectations of Outside Directors

Companies that are public organizations and, as such, must facilitate the mutual coexistence of stakeholders, must conduct their activities according to societal norms and market standards.

Corporate governance plays an important role in this regard, ensuring that transparent, fair, swift, and resolute decisions are made, thereby increasing long-term corporate value. At the same time, corporate governance requires the implementation of self-directed reforms to function properly.

Separating the execution and supervision of management, corporate governance requires two monitoring activities. The first is scrutinizing through internal risk controls by executive officers responsible for management.

The second is scrutinizing management through external controls, namely, the board of directors and audit and supervisory board members, as well as by shareholders and accounting auditors. In both cases, a spirit of corporate compliance and a healthy corporate culture are vital for proper governance.

The Nichirei Group has a holding company structure that integrates four Group companies, and our basic management policy under this structure emphasizes transparency, simplicity, and decentralization of authority. As we apply this policy, we are promoting the creation of a corporate culture that enables us to generate value while sharing the abundant wisdom we have acquired through the diversity of our Group businesses.

Furthermore, in accordance with our Group mission to Focus on Lifestyles, and Provide True Satisfaction, in April 2019 we adopted a long-term vision that we will continue to support good eating habits and health by leveraging our state-of-the-art manufacturing practices that optimize nature's bounty, along with our leading-edge logistics services. Essentially, our vision is focused on resolving social issues through all of our businesses.

The Board of Directors, which is responsible for monitoring through external controls, has added three outside directors since the fiscal year ended March 31, 2006, and currently has 10 members, including seven inside and three outside directors. Despite its small size, the structure of our Board of Directors enables it to properly supervise operational execution.

Outside directors are expected to use their respective independent standpoints to contribute to effective and efficient decision-making within the Board. Their duties include general supervision of management, which entails the oversight of potential conflicts of interest from a practical perspective based on the directors' abundant expertise and experience in the field of corporate management, and providing advice on the direction of Group management strategies and medium- to long-term policies and issues.

Outside directors meet with members of the Audit & Supervisory Board when necessary. This board currently has a total of five members, two of whom are inside (full-time), while three are outside Board members.

Evaluating the Governance of the Board of Directors

Improving management efficiency by ensuring sound management practices (to improve corporate value and business performance) is one of the major purposes of corporate governance. In order to fulfill this purpose, proper corporate governance must examine whether the Board of Directors is performing as expected.

Accordingly, Nichirei's Board of Directors and Audit & Supervisory Board (totaling 15 individuals) conduct an annual Board of Directors evaluation. The final evaluation report is compiled based on a five-stage evaluation process and a comment section, and utilizes the results of retrospective questionnaires and individual interviews. We have increased the objectivity of the entire evaluation process by accepting support from outside experts and outsourcing elements of the procedure when necessary.

In fiscal 2020, these evaluations produced the opinion that Nichirei's Board of Directors conducts productive discussions, while maintaining an atmosphere in which it is easy to speak one's thoughts.

Based on this assessment, we feel that procedures and the current state of discussions within the Board of Directors are steadily evolving. The fiscal 2020 evaluations favorably viewed adjustments to the Nominating Advisory Committee and the Remuneration Advisory Committee, which are advisory bodies to the Board of Directors.

Meanwhile, the free comment section of the evaluation report has several remarks related to increasing the depth of the discussions held by the Board of Directors, including comments concerning the achievement of an ideal degree of Board diversity, the reinvigoration of discussions regarding succession plans within the Nominating Advisory Committee, and the improved quality of agenda items submitted to the Board for discussion.

We will continue to conduct regular evaluations of our directors in a bid to make the Board increasingly effective.

Efforts to Enhance Corporate Governance

It is said that management results are determined by the quality of on-site capabilities and decision-making, and I find that high-quality decision-making results when management teams can produce timely, rational decisions and quickly adjust their trajectories as necessary. Thus, we will continue to implement self-directed managerial reforms based on the results of Board of Director evaluations as we work to boost the quality of our Group management.

In future, we will strive to achieve sustainable growth through value creation that is unique to the Nichirei Group, and continue our endeavors to strengthen our effective corporate governance with the goal of raising our medium- to long-term corporate value. We humbly request continued support from our shareholders, investors, and other stakeholders as we pursue these targets.

Message from the Outside Directors



Management Should Evolve,
Flexibly Respond to Market Changes

Shizuka Uzawa

Outside Director

Four years have passed since I was blessed with the opportunity to participate in Nichirei's management as an outside director. I feel that procedures and the state of discussions held by the Board of Directors have steadily evolved during this period, as we have become able to regulate and adjust matters for discussion within the Board and voluntarily participate in the Management Committee, which serves as an advisory body to the president.

During the meetings held by these bodies, I am afforded the opportunity to speak based upon my management experience, and am confident that my views have been particularly helpful when examining overseas investment projects, as I have provided notable examples of both successes and failures in this regard.

Further, when we revised Nichirei's director compensation system, the Company's management was fully prepared for a significant increase in the variable portion of compensation and accepted that management results would impact stock compensation.

Under the leadership of the president, we have identified the material matters through discussions held during the Nichirei Group Strategy Committee. Management personnel and representatives of senior staff from all Group companies participate in these meetings, which serve as a good opportunity to share information regarding

Nichirei's managerial aims. They also help me identify next-generation human resources as chairman of the Nominating Advisory Committee.

When incorporating the material matters that have been identified into our measures, I would like management to take final responsibility for their implementation while respecting objective and professional opinions from external think tanks and experts.

The COVID-19 pandemic has caused rapid changes in the way business is conducted. However, Nichirei's two main pillars—frozen foods and temperature-controlled logistics—have incurred negligible impact compared with other businesses, due to their importance in terms of societal infrastructure.

As someone who has experienced the rise and fall of the textile industry, I nevertheless believe in the need to discover and develop next-generation cash cows while the central pillars hold firm.

Thus I sincerely hope that Nichirei management will continue to evolve, while flexibly responding to changes in the market through expansion in sales from pending projects overseas and active participation in the bioscience business, which is currently experiencing heavy demand. I wish to continue contributing as an essential asset for Nichirei by maintaining my status as one of its firm—and sometimes potentially irritating—supporters.

Food Enriches People's Lives,
Boosts Sense of Well-being

Kuniko Shoji

Outside Director



Materiality Indicative of Nichirei's Resolve

Mieko Wanibuchi

Outside Director



The Nichirei Group maintains a close relationship with consumers, and its existence is grounded in customer trust.

The Nichirei Group has quickly and steadily reformed its governance and management. To this end, it has conducted self-directed evaluations regarding the operational status of its Board of Directors with support from external experts. Further, it has appointed outside directors to serve as chairmen of the Nominating Advisory Committee and the Remuneration Advisory Committee.

In pursuit of the long-term management goals toward for 2030, we have held repeated discussions regarding materiality based on The Nichirei Pledge, the 2017 revision of our CSR basic policy. We are also striving to enrich our understanding of shareholders, so that Nichirei can fulfill its role as a company that contributes to the achievement of a sustainable society by supporting good eating habits and health.

The materiality has been identified and approved by the Board of Directors through discussions with experts. Such

decisions represent a guidepost that is both indicative of Nichirei's resolve and a major step forward in terms of indicating the goals its employees should pursue.

I believe that the role of outside directors is to provide expert opinions that offer perspectives that differ from those coming from within the Company. As a woman and a small business manager, I have a relatively close connection with consumers. I aim to provide insight from the perspective of customers and users that is not accessible from within the Company.

Nichirei, which was like an airplane ready to take off after it had undergone the necessary inspections, has had its visibility clouded by the fog of the novel coronavirus. The Company thus must reconsider its course, reevaluate its global development, and reexamine climate change-related risks.

Under the leadership of the representative director and president, I hope that all individuals and organizations within the Nichirei Group unite under a single strong bond to implement meaningful reforms.

I believe that Nichirei's vision to support good eating habits and health is splendid. I have been involved in the medical care business for a long time and am convinced of the importance of perceiving human health from various standpoints, ranging from medical treatment to healthcare, of which food is an important component.

I also believe that food enriches people's lives and leads to a sense of well-being through the delicious flavors and fun opportunities it provides.

At the same time, in order to ensure that food continues to enrich people's lives, we cannot forget that we must show consideration for the environment, emphasize quality and safety, and see that our activities are ethical.

I think that the proactive and reactive measures established in response to issues which Nichirei recently identified as materiality are well balanced when combined with associated references concerning human resources. In future, the Company's businesses will all endeavor to achieve goals associated with materiality, and I; as an outside director, I will

strive to objectively monitor the progress made toward these goals.

Nichirei's Board of Directors serves as an open forum for free and easy discussion. I am permitted to participate in the Management Committee, which functions as an advisory body to the president, and am granted opportunities to frankly share my opinions within the Nominating Advisory Committee and the Remuneration Advisory Committee.

By allowing our participation in these organizations, the Nichirei Group ensures that its management remains sound and transparent. In the future, I would like to visit Nichirei's regional facilities and factories to hear firsthand the opinions of employees.

As food and health become subjects of ever greater societal interest, I will support all employees of the Nichirei Group as they perform their work with collective pride in their objective of continuing to provide support for good eating habits and health. At the same time, I wish to contribute to the Company's growth by sharing my past experience for its ultimate benefit.

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

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

The infographic displays the composition of two boards. On the left, the Board of Directors consists of 10 members: 7 Inside Directors and 3 Outside Directors. Among the 3 Outside Directors, 2 are Female Directors. On the right, the Audit & Supervisory Board Members consist of 5 members: 3 Inside Audit & Supervisory Board Members and 2 Outside Audit & Supervisory Board Members.

Board	Category	Count
Board of Directors	Total Directors	10
	Inside Directors	7
	Outside Directors	3
Audit & Supervisory Board	Total Members	5
	Inside Audit & Supervisory Board Members	3
	Outside Audit & Supervisory Board Members	2

[illegible]

65

Composition of Committees, Structure Reinforcement

Status of the Establishment of a Voluntary Committee, Its Composition and the Attributes of Its Chairperson

	Voluntary commitment that is functionally equivalent to a nominating committee	Voluntary commitment that is functionally equivalent to a remuneration committee
	Nominating Advisory Committee	Remuneration Advisory Committee
Number of members	5	4
Inside Directors	2	1
Outside Directors	3	3
Audit & Supervisory Board Members	0	0
Chairperson	Outside Director	Outside Director

Status of Appointment of Members to the Board of Directors and Various Committees

	Status of appointment	
Representative Director, Chairman	<ul style="list-style-type: none">• Boards of Directors• Group Risk Management Committee• Group Internal Control Committee• Group Officer Examination Committee	<ul style="list-style-type: none">• Management Committee• Group Human Resources Committee
Representative Director, President		<ul style="list-style-type: none">• Group Environmental Protection Committee
Inside Directors		<ul style="list-style-type: none">• Group Quality Assurance Committee
Audit & Supervisory Board Members		<ul style="list-style-type: none">• Social Action Program Committee
Outside Directors		
Outside Audit & Supervisory Board Members		

Number of Meetings Held	FY2018	FY2019	FY2020
Board of Directors	19	19	18
Nominating Advisory Committee	1	2	2
Remuneration Advisory Committee	1	6	3
Management Committee	21	23	20
Group Human Resources Committee	2	2	2
Group Risk Management Committee	2	2	2
Group Environmental Protection Committee	3	3	2
Group Quality Assurance Committee	2	2	2
Group Internal Control Committee	1	1	1
Group Officer Examination Committee *	—	—	1
Social Action Program Committee	1	1	1

*Meetings are called by the chairperson on an as-needed basis

Activity Aimed at Strengthening Nichirei Group's Corporate governance Structure

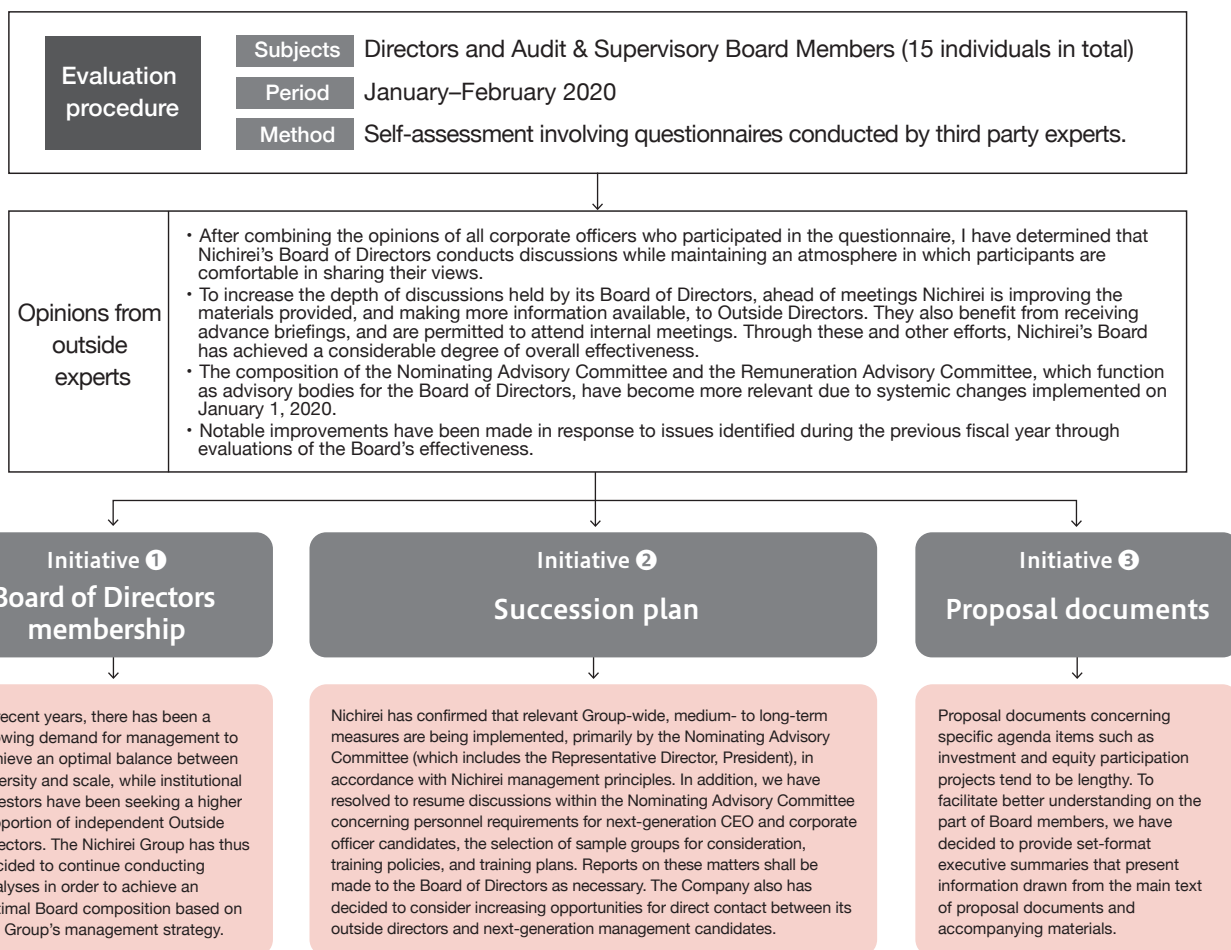
2001	<ul style="list-style-type: none"> • Implementation of executive officer system Enhancement of the Board of Directors' decision-making and supervisory functions
2003	<ul style="list-style-type: none"> • Implementation of outside director system Increasing the transparency of management and strengthening the supervisory function of the Board of Directors
2005	<ul style="list-style-type: none"> • Shift to holding company system This move is aimed at establishing a management system through which both the holding company, which is responsible for Nichirei Group's overall strategy and the Group's operational companies, which handle business execution, can demonstrate their responsibility and mobility. • Shift to three independent outside directors structure First female outside director (one) installed
2006	<ul style="list-style-type: none"> • Retirement bonuses for directors discontinued These were abolished to enable us to review our director compensation system as part of our efforts to conduct management reform and implement a compensation system that is linked to business performance and results. • Shortening of director tenure to one year Tenures were shortened to increase the mobility of our response to changes in the management environment.
2012	<ul style="list-style-type: none"> • Shift to five auditor structure (including three independent outside company auditors)
2015	<ul style="list-style-type: none"> • Corporate Governance Basic Policy established Established the Nomination and Remuneration Advisory Committees as advisory bodies for the Board of Directors
2016	<ul style="list-style-type: none"> • Board of Directors effectiveness evaluations started Discloses result summaries • Discontinuation of rules regarding the high-volume purchase of Nichirei share certificates, etc. (Anti-takeover measures) • Number of female outside directors increased to two
2018	<ul style="list-style-type: none"> • Formulation of Nichirei Group Disclosure Policy
2019	<ul style="list-style-type: none"> • Revision of director compensation system • Revision of the Basic Policy on Corporate Governance Revisions to capital policy and other protocols and adjustments to maximum terms of office for Outside Audit & Supervisory Board Members that aim to ensure their independence

Corporate Governance

Evaluations of Effectiveness, Director Compensation System

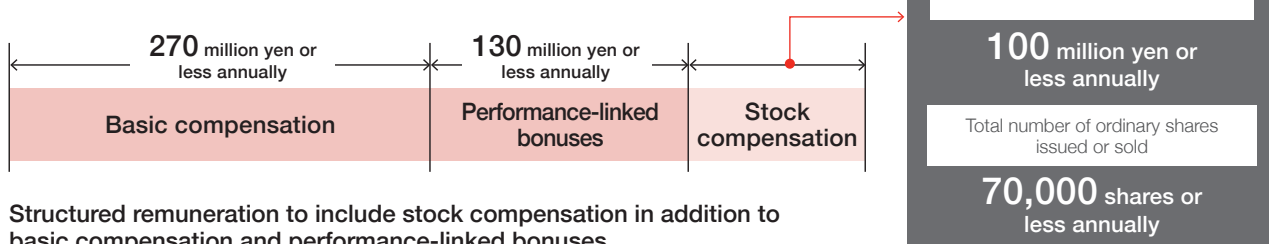
Board of Directors Evaluations

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



Director Compensation

To achieve the targets of our medium-term management plan, we have strengthened director incentives and devised a compensation package for Internal Directors and Executive Officers. By making stock compensation part of their remuneration, we see that they share in the same value as our shareholders.



* Executive Officers are eligible for performance-linked bonuses and stock compensation

Compliance, Risk Management

Compliance

The Nichirei Group is engaging in a variety of initiatives aimed at improving its corporate ethics by ensuring compliance with the laws and social norms of all the countries in which it operates. Accordingly, we have created guidelines for proper employee behavior in line with laws, our internal regulations, and corporate ethics, as well as a Code of Conduct and a Code of Conduct casebook, which provides clear examples of appropriate behavior. These documents also include information concerning matters related to the prevention of corruption that have been deemed important from the perspective of international compliance, including insider trading bans and the prohibition of engagement or trading with antisocial forces. In addition to providing this information, we conduct employee compliance training aimed at ensuring a more pervasive understanding of compliance management and a more universal compliance management framework.

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

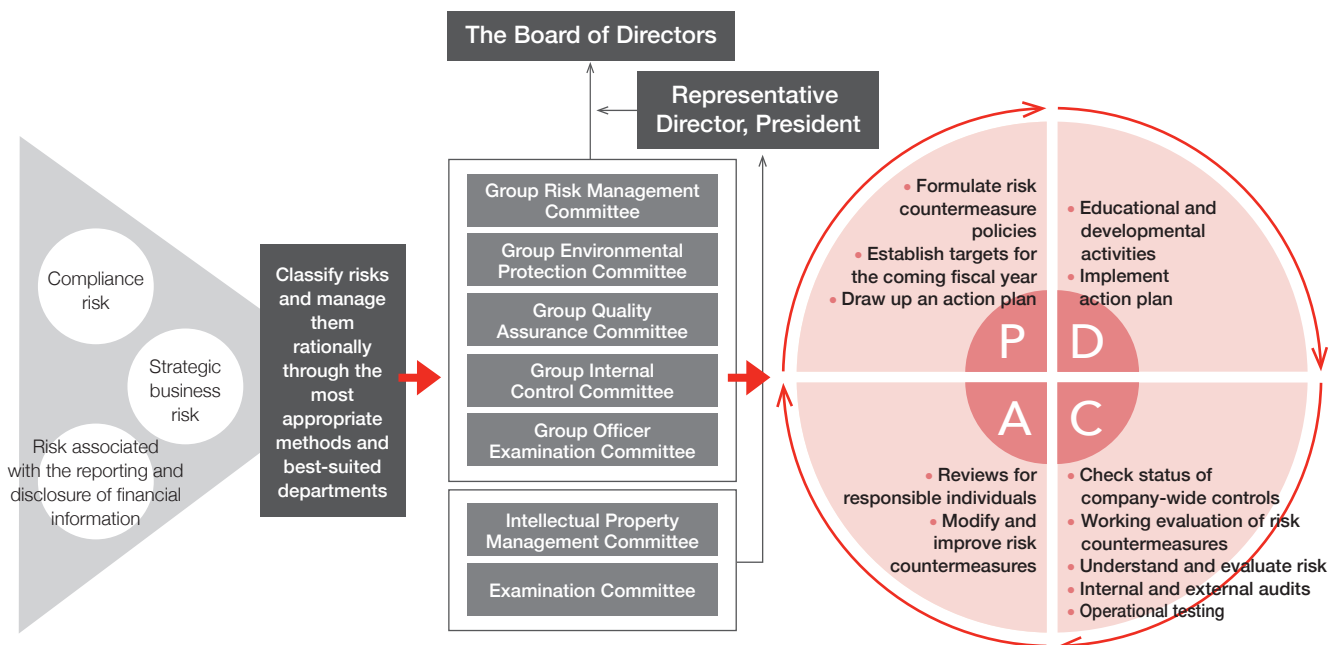
Nichirei Group Code of Conduct

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

Risk Management

The Nichirei Group has set up the Group Risk Management Committee, chaired by the Representative Director, President, to manage the various risks associated with its business activities, in the most appropriate and rational ways from a comprehensive standpoint, and to maximize the Group's enterprise value. The committee identifies and evaluates Group-wide risks and Nichirei and its business companies respond to these risks on their own accord, based on the established risk management cycle. Important items are reported to the Board of Directors of Nichirei Corporation, the holding company, which considers the response.

We have also established and implement the Nichirei Group internal control systems to facilitate operational effectiveness and staff ability, ensure the accuracy of financial reports, comply with laws and regulations pertinent to our business, and to protect assets.



Directors, Auditors and Officers (as of June 24, 2020)



Back row, from left

- | | | | | | |
|--------------------------------------|---------------------------------------|--|---|---|---|
| ■ Kazunori Miki
Executive Officer | ■ Tatsuo Udagawa
Executive Officer | ■ Masahiko Takenaga
Director, Executive Officer | ■ Kazuhiko Umezawa
Director, Executive Officer | ■ Junji Kawasaki
Director, Executive Officer | ■ Yoshifumi Kaneko
Director, Executive Officer |
|--------------------------------------|---------------------------------------|--|---|---|---|

Front row, from left

- | | | |
|------------------------------------|---------------------------------------|---|
| ■ Kuniko Shoji
Outside Director | ■ Mieko Wanibuchi
Outside Director | ■ Kenya Okushi
Representative Director,
President |
|------------------------------------|---------------------------------------|---|



■ Yasunari Shigeno Audit & Supervisory Board Member	■ Kazuhiko Yasuda Audit & Supervisory Board Member	■ Yuhiko Saito Outside Audit & Supervisory Board Member	■ Kiyoshi Asahina Outside Audit & Supervisory Board Member	■ Muneaki Kiyota Outside Audit & Supervisory Board Member	■ Masato Takenaga Executive Officer	■ Yutaka Karino Executive Officer
■ Kunio Otani Representative Director, Chairman			■ Takumi Taguchi Director, Executive Officer		■ Shizuka Uzawa Outside Director	

Profile (as of June 25, 2020)

Directors



Kunio Otani

Representative Director,
Chairman

Number of shares held:
20,100 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Kunio Otani has attained a wealth of experience in divisions such as accounting & tax, strategic planning and corporate supervise as well as corporate management experience as President of the Company and its group company. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice from the viewpoint of a position governing the Group management.

Significant concurrent positions outside the Company
Outside Director, Japan Finance Corporation



Kenya Okushi

Representative Director,
President

Number of shares held:
12,200 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Kenya Okushi has gained a wealth of experience in divisions such as manufacturing and business coordination of the processed foods business and strategic planning as well as corporate management experience as President of a Group company. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice from his viewpoint as the person in command of the Group management.



Takumi Taguchi

Director, Executive Officer

Number of shares held:
6,100 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Takumi Taguchi has acquired extensive experience in accounting & tax and finance divisions. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice based on his knowledge in accounting, finance and others.

Outside Directors



Masahiko Takenaga

Director,
Executive Officer

Number of shares held:
10,000 shares

Board of Director
meeting attendance:
14/14 meetings*
(100 %)

Representative Director, President, Nichirei Foods Inc. Mr. Masahiko Takenaga has gained a wealth of experience working at sales divisions in the processed foods business and in brand promotion, manufacturing, and household-use business division. In addition, he has served as President of a Group company. Based on his abundant experience, he is happy to share ideas and makes suggestions at Board and other internal meetings.

* Mr. Takenaga was appointed at the 101st Ordinary General Meeting of Shareholders, on June 25, 2019. His Board meeting attendance record covers the period since then.



Shizuka Uzawa

Outside Director

Number of shares held:
1,500 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Shizuka Uzawa has extensive experience as a corporate executive coupled with a wide-ranging knowledge of finance and accounting and, in the interest of Group management, provides opinions and advice during meetings of the Board of Directors and various other internal meetings (including meetings of the Nominating Advisory Committee and Remuneration Advisory Committee).

Significant concurrent positions outside the Company
Outside Director, Sapporo Holdings Limited



Mieko Wanibuchi

Outside Director

Number of shares held:
1,500 shares

Board of Director
meeting attendance:
16/18 meetings
(88.8 %)

Ms. Mieko Wanibuchi has worked in corporate management for many years and leverages the experience and knowledge acquired through these endeavors to offer opinions and advice during meetings of the Board of Directors and various other internal meetings (including meetings of the Nominating Advisory Committee and Remuneration Advisory Committee) from perspectives that include the product and service purchasing behaviors of consumers.

Significant concurrent positions outside the Company
Representative Director, Chairperson, GINZA TAILOR GROUP CO., LTD.
Representative Director, Chairperson, GINZA TAILOR CO., LTD.
Representative Director, President, GGG Co., Ltd.

Outside Audit & Supervisory Board Members



Yuhiko Saito

Outside Audit &
Supervisory Board Member

Number of shares held:
300 shares

Board of Director
meeting attendance:
14/14 meetings*
(100 %)

Mr. Yuhiko Saito has had a career in the legal profession, while also holding judicial positions in government office. Having worked as an attorney since retiring from public office, he possesses wealth of experience and intricate knowledge as a legal expert.

* Mr. Saito was appointed at the 101st Ordinary General Meeting of Shareholders, on June 25, 2019. His Board meeting attendance record covers the period since then.



Kiyoshi Asahina

Outside Audit &
Supervisory Board Member

Number of shares held:
—

Board of Director
meeting attendance:
New appointee

Mr. Kiyoshi Asahina engaged in both domestic and foreign business affairs within administrative fields related to agriculture, forestry, and fisheries for many years. He has gained a wealth of understanding and expert insight from having lead independent audits.



Muneaki Kiyota

Outside Audit &
Supervisory Board Member

Number of shares held:
—

Board of Director
meeting attendance:
New appointee

Mr. Muneaki Kiyota has held important positions in financial institutions, most of which were based abroad. He then served as a Audit & Supervisory Board Member and director at a domestic manufacturing company for approximately 10 years. He has a great deal of experience in, and understanding of, corporate management.



Yoshifumi Kaneko

Director, Executive Officer

Number of shares held:
5,600 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Representative Director, President, Nichirei Fresh Inc. Mr. Yoshifumi Kaneko has acquired abundant experience in divisions such as sales, procurement and logistics of the processed foods business, as well as corporate management experience as President of a Group company. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice based on his wealth of experience and achievement in Japan and overseas.



Junji Kawasaki

Director, Executive Officer

Number of shares held:
3,500 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Junji Kawasaki has acquired extensive experience in quality assurance division through duties that include performing quality audits and process quality management and marketing division of the processed foods business. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice based on his knowledge in technology management and quality assurance.



Kazuhiko Umezawa

Director, Executive Officer

Number of shares held:
7,400 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Representative Director, President, Nichirei Logistics Group Inc. Mr. Kazuhiko Umezawa has abundant operational experience, including logistics solutions for low-temperature logistics business, as well as operational management. He also possesses considerable management experience from being President of a Group company. Mainly at the Board of Directors and other various internal meetings, he provides opinions and advice based on his wealth of experience and achievements in the low-temperature logistics business.

Audit & Supervisory Board Members



Kuniko Shoji

Outside Director

Number of shares held:
700 shares

Board of Director
meeting attendance:
17/18 meetings
(94.4 %)

Ms. Kuniko Shoji has extensive experience as a corporate manager in the pharmaceutical-related industry and broad knowledge of quality assurance and R&D. She also offers opinions and advice during meetings of the Board of Directors and various other internal meetings.

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



Yasunari Shigeno

Audit & Supervisory
Board Member

Number of shares held:
6,600 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

Mr. Yasunari Shigeno has attained extensive experience in sales and administration of the logistics business as well as corporate management experience as President of group companies.



Kazuhiko Yasuda

Audit & Supervisory
Board Member

Number of shares held:
4,500 shares

Board of Director
meeting attendance:
18/18 meetings
(100 %)

While possessing sufficient knowledge of finance and accounting, Mr. Kazuhiko Yasuda also has abundant experience in management, such as accounting & tax and strategic planning.

Executive Officers



Tatsuo Udagawa

Executive Officer
General Manager, Business Management



Kazunori Miki

Executive Officer
General Manager, Strategic Planning



Masato Takenaga

Executive Officer
Representative Director, President,
Nichirei Biosciences Inc.



Yutaka Karino

Executive Officer
General Manager, Human Resources
Strategy & General Affairs

Stakeholder Engagement

As it engages in global business activities, the Nichirei Group recognizes the importance of communicating and maintaining dialogue with its diverse stakeholders. To foster deeper mutual understanding, the Group is fostering a number of initiatives, and encouraging the disclosure of relevant information, in order to reflect the expectations and concerns of its stakeholders, while building corporate value by establishing friendly, long-term relationships.

Stakeholder	Target	Primary issue	Mean/method of communication	Frequency
Customer	Better customer satisfaction and corporate branding: to be achieved through prompt, appropriate, and sincere responses to consumer requests and feedback.	<ul style="list-style-type: none"> • Quality assurance for products and services • Proper delivery of information • Supply of delicious food, as well as greater availability of, and better accessibility to, a rich array of meal options 	<ul style="list-style-type: none"> • Customer Service Center • Customer satisfaction survey • Website • Social media 	<ul style="list-style-type: none"> • Routine • Once a year • As necessary • As necessary
Shareholder/ Investor	Deeper understanding of the Company and higher corporate value: to be achieved by timely and appropriate disclosures.	<ul style="list-style-type: none"> • Maintaining and improving corporate value • Appropriate distribution of profits • Disclosure of accurate information 	<ul style="list-style-type: none"> • General Meetings of Shareholders • Financial results briefings • Business information sessions, facility tours • Detailed interviews with individual investors from Japan and overseas • IR website • Integrated Report • Business Report 	<ul style="list-style-type: none"> • Once a year • Four times a year • Once a year • As necessary • As necessary • Once a year • Twice a year
Business partner	Strong, effective, and stable long-term relationships with business partners throughout the supply chain	<ul style="list-style-type: none"> • CSR procurement • Mutual development achieved through customer intimacy 	<ul style="list-style-type: none"> • CSR procurement survey for suppliers • Meetings and seminars with invited participation from business partners 	<ul style="list-style-type: none"> • Survey ongoing since 2018 • Once a year
Employee	Favorable labor-management relations; greater employee motivation; a dynamic organizational climate	<ul style="list-style-type: none"> • Occupational safety, health • Job satisfaction • Workstyle reform • Health management 	<ul style="list-style-type: none"> • Establishment of an internal reporting center • Creation of an employee assistance and mental health consultation center • Labor-management council • Health and safety committee • Symposiums involving management and employees • PR brochures • Intranet • Employee award system • Employee satisfaction survey • Employee stress checks 	<ul style="list-style-type: none"> • 24 hours per day • 24 hours per day • Twice a year • Once per month • Annual (all worksites) • Four times a year • Routine • Once a year • Once a year • Once a year
Local community	Smooth, enduring business operations as a trusted and respected company: to be achieved by building favorable relations with surrounding communities.	<ul style="list-style-type: none"> • Harmonious coexistence with local communities • Preservation of local environment • Educational activities in the local community 	<ul style="list-style-type: none"> • Social contribution activities • Participation in local events • Volunteer activities • Dietary education activities • Food factory and distribution warehouse tours • Acceptance of internships • Hosting of sporting events 	<ul style="list-style-type: none"> • As necessary • As necessary • As necessary • As necessary • As necessary • As necessary • As necessary
Trade organization/ NGO/NPO	Collaboration with other companies, by taking part in conferences and other events involving government ministries and trade organizations; resolving of social issues by collaborating and cooperating with NGOs and NPOs in Japan and abroad.	<ul style="list-style-type: none"> • Climate change • Food loss • Sustainable public procurement of food 	<ul style="list-style-type: none"> • TCFD Consortium • Japan Frozen Food Association • Japan Association of Refrigerated Warehouses • Japan Fisheries Association • Authorized NPO Second Harvest Japan • World Wide Fund for Nature • Roundtable on Sustainable Palm Oil 	<ul style="list-style-type: none"> • As necessary • As necessary • As necessary • As necessary • Twice per month • As necessary • Once a year

Addressing Social Issues through Food-related Contributions

Since 2006, the Nichirei Group has been supporting the activities of a food bank, the certified NPO Second Harvest Japan. So far, we have provided about 20,000 cases of our frozen foods to various welfare facilities, including foster homes for children, mother and child support centers, and disability support facilities. In addition to delivering these products, we also provide logistical support to ensure that the items retain their quality.

We intend to continue supporting food bank activities and hope to help resolve social issues through our food-related contributions.

Process Leading Up to Delivery

Our fundamental stance is to provide only what is truly needed without forcing the acceptance of any extra material.



Cosponsorship of the Tokyo 2020: Food for 100,000 Project

In fiscal 2020, we expressed our support for activities associated with, Tokyo 2020: Food for 100,000, a project conducted by Second Harvest Japan, and donated one million yen toward the cause.

* Tokyo 2020: Food for 100,000: A project attempting to build a safety net capable of providing an adequately life-sustaining amount of food to 100,000 people in Tokyo and 60,000 people in Kanagawa and Saitama during a single year (2020); this project involves collaboration with various corporations, governments, and NPOs. <http://2hj.org/english/100000pj>



SDG Lectures Inspire Ideas on Sustainable Marine Product Development

Nichirei Fresh procures shrimp from Indonesia. Since 2006, it has participated in the Forest of Life Project, collaborating with local Indonesian partner PT. Mustika Minanusa Aurora and Tarakan City in the Indonesian province of North Kalimantan. Through its involvement in this project, the Company uses a portion of its earnings from sales of shrimp to help improve shrimp habitats and plant mangrove trees.

Intensive aquaculture, with its high environmental impact, is the primary method of shrimp farming. In contrast, the Forest of Life Project promotes the sustainable local development of marine products through extensive aquaculture, which does not use compound animal feed or electricity.

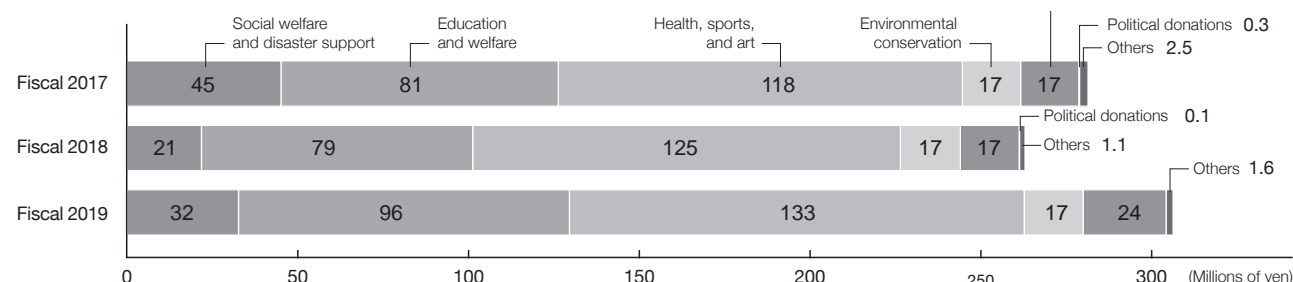
Recently, through its involvement in the Hakuodo Inc. SDGs project, Earth Mall, that aims to change the future through shopping, the Company held lectures concerning SDGs at the Saitama Prefectural Ina Gakuen Junior High School with the goal of inspiring people to think about sustainable marine product development. Through this program, the Company informed students primarily about supply chains used to procure the shrimp they frequently eat and global social issues.

In addition, we worked with students to create video messages for local marine product manufacturers, who are farming shrimp in Indonesia. The local Indonesian population viewed the video and responded with messages, giving the local junior high school students the chance to engage in communication and learn the importance of sustainable marine products.



December 5, 2019 Lecture → December 11, 2019 Shrimp taste-testing → December 19, 2019 Video message production → February 28, 2020 Indonesia → July 27, 2020 Review lecture

Nichirei Group Social Contribution Spending (three years)



Supporting the Food Supply Chain

Since our founding, the Nichirei Group has contributed to the development of society and the improvement of people's lives in Japan as a leading cold chain company.

In this era of major natural disasters and pandemics, we recognize the importance of food to human life. Thus, the Group undertakes to ensure ongoing support for the food supply chain.

If we are able to establish systems that can sustainably and quickly restore the food supply chain, we believe that we will serve society as an invaluable corporate group. We thus are working to strengthen our risk management system and build a comprehensive business continuity plan (BCP).

Risk Management Structure

In the course of its business activities, the Nichirei Group manages various risks in a rational and optimal manner from an overall perspective. In order to maximize the corporate value of the Group, we established the Group Risk Management Committee, chaired by the Representative Director, President. Based on the risk management cycle established by the committee to identify and evaluate risks facing the entire Group, Nichirei and all Group companies respond to the risks on their own accord and report important matters to the holding company Board of Directors so that countermeasures can be discussed.

Business Continuity Plan Initiatives

■ Employee Safety

Group Countermeasures Headquarters in Response to COVID-19

In January 2020, we set up the Group Countermeasures Headquarters in response to COVID-19. In addition to collecting and sharing information throughout the Group, between January and July 2020 we sent out, on the Company intranet, 24 messages with instructions regarding work systems and infection prevention measures.

We are creating a crisis management system to strike a balance between the prevention of infection and the need for our employees to engage in business activities.

Confirming Safety in Emergency Situations

The Nichirei Group has introduced a company-wide safety confirmation system using a dedicated website. In the event of a disaster, such as an earthquake with an intensity of five or higher, emails will be sent to each employee to check whether they are safe, and relevant local information will be provided immediately on the website. The system allows for the rapid collection and sharing of information.

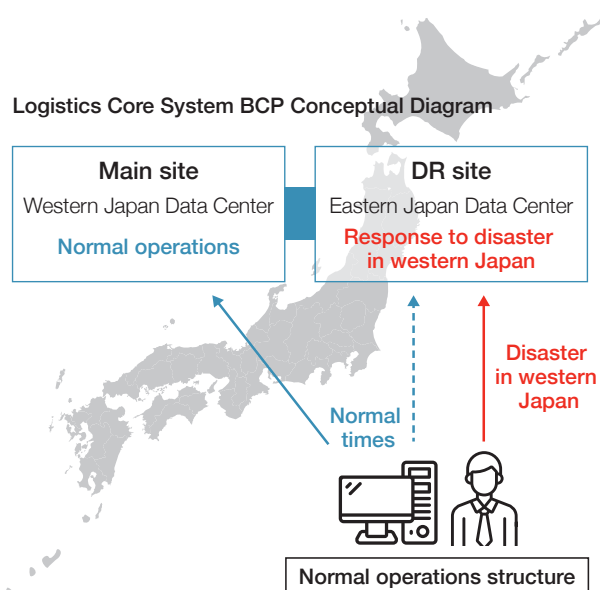
■ Enhancing Logistics Core System BCP

As part of its risk management, the Nichirei Logistics Group has been enhancing its BCP support for its logistics core system since February 2018.

Assuming the possibility of damage to the data center, where operations are heavily concentrated, we created a disaster recovery (DR) system to enable rapid business continuity. In the event of a large-scale disaster, we would be able to quickly resume operations through the use of two bases that switch from the system at our main site to the DR site.

Approximately one hour would be needed from the activation of the system until an online restart would be possible. This is designed to ensure that customer businesses and food distribution are not affected.

We plan to implement advanced initiatives as a food logistics lifeline in order to contribute to the business continuity of our business partners.



Case Study Nichirei Logistics Group BCP Initiatives

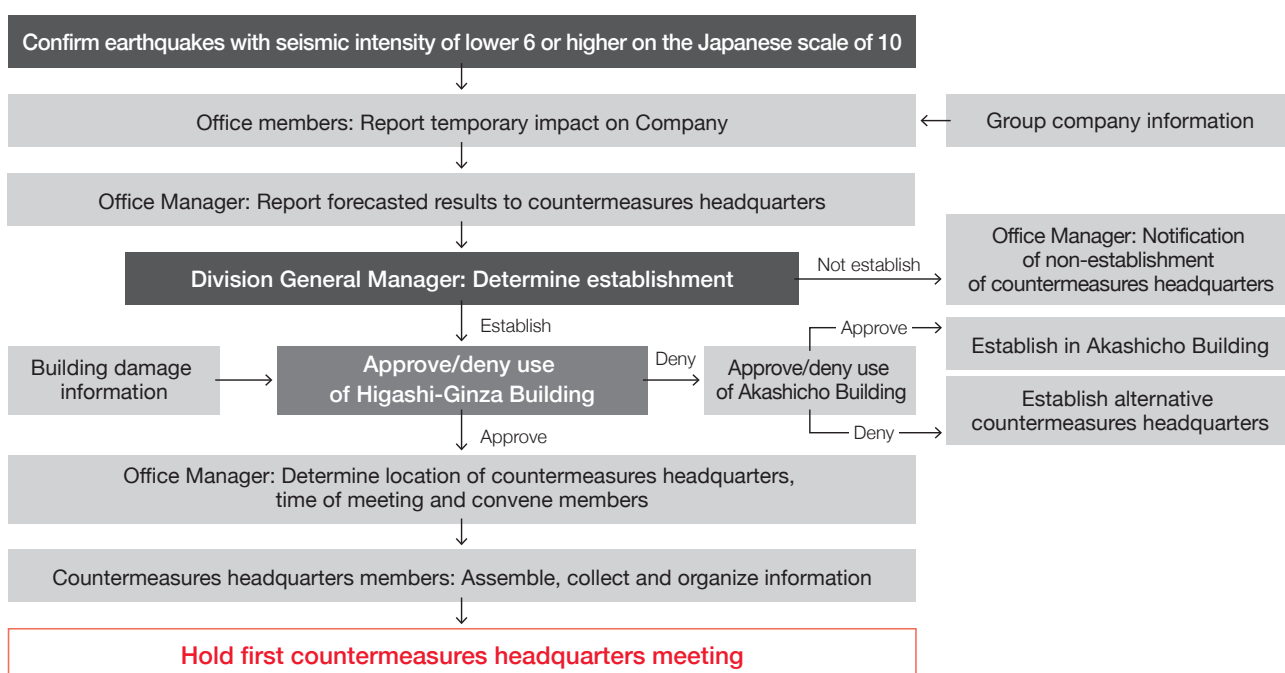
■ Overview

In recent years, with a number of areas having experienced enormous damage as a result of natural disasters, the Nichirei Logistics Group has formulated a BCP to be implemented in the event of earthquakes, tsunamis, typhoons, major storms, and floods. Such risk management prioritizes ensuring the safety of employees and cargo being handled.

Every year before the typhoon season, in addition to circulating a document detailing our anticipated response to forecast typhoons and other weather-related disasters on the Company website, we provide business partners with information on how to deal with temporary closures and changes in business hours.

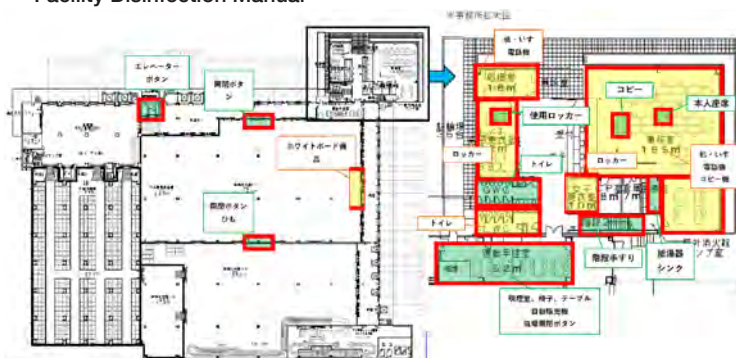
In response to COVID-19, we are conducting infection prevention measures at businesses, while at the same time changing work styles by, for example, staggering commuting times, encouraging teleworking, and opening satellite offices to help ensure employee safety and business continuity.

■ Countermeasures Headquarters Establishment Flow



■ COVID-19 Response Manual

Facility Disinfection Manual



Guidelines for Preventing the Spread of Infection (Close Contact Prevention)



11-year Financial Highlights

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31

energy 2012

		2010/3	2011/3	2012/3	2013/3
► Fiscal Year:					
Net sales	*	438,111	437,808	454,931	470,126
Cost of sales		350,153	350,442	368,012	378,652
Selling, general and administrative expenses	*	71,144	70,685	70,741	73,541
Operating profit		16,814	16,681	16,177	17,932
Non-operating income:		1,628	1,939	2,025	1,880
Interest and dividend income		528	488	622	575
Share of profit of entities accounted for using equity method		—	164	49	224
Non-operating expenses:	*	2,992	2,505	2,952	2,609
Interest expenses		1,703	1,371	1,445	1,438
Share of loss of entities accounted for using equity method		0	—	—	—
Ordinary profit		15,450	16,115	15,250	17,202
Extraordinary income		1,169	5,123	1,308	1,690
Extraordinary losses	*	2,238	12,378	2,333	5,291
Profit before income taxes		14,380	8,860	14,225	13,601
Income taxes	*	5,142	4,772	6,406	5,489
Profit (loss) attributable to non-controlling interests		(174)	(44)	85	1,712
Profit (loss) attributable to owners of parent		9,064	4,044	7,904	9,823
Depreciation and amortization		13,506	14,158	14,978	14,302
(Excluding leased assets)		9,751	10,441	11,177	10,522
Capital expenditure		24,385	22,110	12,248	13,171
(Excluding leased assets)		18,026	18,076	9,400	10,724
Research & development expenditures		1,986	1,806	1,697	1,817

► Share information:

Profit per share	*	29.24	13.08	26.35	33.40
Dividend per share	*	9	9	9	10
Payout ratio		31%	69%	34%	30%

* 1. Figures in the consolidated statements of income are based on the Securities Report and presented in million-yen units, with units less than one million yen rounded down. However, figures for items marked with "Note" have been fractionally adjusted for convenience purposes.
2. Due to segment changes in fiscal 2001 and 2004, as well as changes in common cost allocation standards in fiscal 2003 and 2006, it is difficult to accurately follow the profit levels of each business in chronological order.
3. From fiscal 2016, the accounting policy regarding standards for recording sales in the Processed Foods Business was changed (the portion that had previously been recorded as promotional expenses has been excluded from net sales). Accordingly, fiscal 2015 is displayed as a numerical value after the correction is retroactively applied.
4. From fiscal 2017, earnings per share (yen) and dividend per share (yen) are shown as numerical values after the reverse stock split implemented on October 1, 2016.

RISING 2015			POWER UP 2018			WeWill2021
2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3 (millions yen)
511,189	519,963	535,351	539,657	568,032	580,141	584,858
417,928	446,180	454,265	448,516	475,194	486,926	485,784
77,472	56,376	59,501	61,831	62,940	63,704	68,038
15,789	17,406	21,583	29,309	29,897	29,511	31,035
2,113	1,993	1,704	1,433	2,102	1,753	1,891
1,060	616	664	716	817	871	896
—	140	131	278	715	399	387
3,459	2,498	1,893	1,637	1,350	1,399	1,150
1,295	1,138	1,053	954	898	870	791
795	—	—	—	—	—	—
14,443	16,902	21,394	29,105	30,650	29,864	31,777
2,347	137	220	468	102	1,085	505
1,432	1,167	1,014	1,756	1,515	1,410	2,489
15,357	15,871	20,600	27,818	29,237	29,540	29,792
5,480	4,850	5,933	7,322	8,601	8,773	9,008
(978)	(1,504)	(1,195)	(1,744)	(1,538)	(822)	(1,174)
8,898	9,516	13,471	18,751	19,097	19,943	19,609
14,475	15,621	16,455	16,057	16,155	17,481	18,355
10,748	11,871	12,658	12,347	12,543	13,910	14,690
24,041	24,171	16,175	13,887	24,952	24,132	27,287
21,209	19,750	13,216	10,253	22,312	21,320	24,864
1,607	1,730	1,600	1,559	1,986	2,359	2,486
31.12	33.29	47.15	135.11	142.23	149.65	147.16
10	10	12	28	30	32	42
32%	30%	26%	21%	21%	21%	29%

Consolidated Balance Sheets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

As of March 31, 2019 and 2020

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
Current assets:			
Cash and deposits	¥ 20,829	¥ 25,933	\$ 238,292
Notes and accounts receivable - trade	87,219	82,269	755,940
Less allowance for doubtful accounts	(118)	(131)	(1,211)
Inventories	45,734	47,934	440,454
Other current assets	6,889	14,303	131,425
Total current assets	160,554	170,308	1,564,901
Fixed assets:			
Property, plant and equipment (Note 5):			
Buildings and structures	244,223	252,672	2,321,717
Machinery and equipment	113,026	118,098	1,085,164
Land	35,664	36,007	330,863
Leased assets	38,121	37,323	342,948
Construction in progress	657	4,534	41,663
	431,694	448,636	4,122,357
Less accumulated depreciation	(276,237)	(285,402)	(2,622,461)
Property, plant and equipment, net	155,456	163,233	1,499,895
Investments and other assets:			
Investment securities (Note 4)	35,886	28,904	265,593
Investment in affiliates	4,993	7,246	66,585
Net defined benefit asset	56	57	525
Deferred tax assets (Notes 3 and 7)	1,612	1,912	17,576
Other	18,985	18,609	170,998
Less allowance for doubtful accounts	(287)	(268)	(2,467)
Total investments and other assets	61,246	56,462	518,812
Total fixed assets	216,703	219,696	2,018,708
Total assets	¥ 377,257	¥ 390,004	\$ 3,583,609

The accompanying notes are integral parts of these statements.

Consolidated Balance Sheets (Unaudited) (Continued)

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
Current liabilities:			
Short-term loans	¥ 7,336	¥ 4,292	\$ 39,439
Commercial paper	2,000	2,000	18,377
Current portion of long-term debt	5,202	956	8,791
Current portion of bonds	—	10,000	91,886
Accounts payable	27,742	28,460	261,512
Lease obligations	3,578	3,605	33,131
Income taxes payable	4,368	5,299	48,693
Accrued expenses	30,919	34,893	320,625
Provision for directors' bonuses	215	228	2,095
Other current liabilities	18,198	18,683	171,675
Total current liabilities	99,561	108,419	996,227
Long-term liabilities:			
Bonds	40,000	30,000	275,659
Long-term debt	24,385	33,420	307,089
Provision for directors' and statutory auditors' retirement benefits	154	175	1,615
Net defined benefit liability	1,893	2,014	18,509
Lease obligations	13,449	12,076	110,969
Deferred tax liabilities (Notes 3 and 7)	5,138	2,830	26,011
Asset retirement obligations	3,884	3,935	36,162
Other	4,986	5,742	52,765
Total long-term liabilities	93,890	90,196	828,782
Total liabilities	193,451	198,615	1,825,010
Net assets:			
Shareholders' equity (Note 6):			
Common stock, with no par value			
Authorized			
- 360,000,000 shares for 2019 and 2020			
Issued and outstanding - 139,925,532 shares for 2019 and 139,965,587 shares for 2020	30,307	30,359	278,961
Capital surplus	7,617	5,750	52,837
Retained earnings	142,274	156,953	1,442,190
Treasury stock	(17,443)	(17,642)	(162,106)
Total shareholders' equity	162,756	175,421	1,611,881
Accumulated other comprehensive income:			
Net unrealized holding gain on available- for-sale securities	13,997	9,016	82,852
Net deferred gain on hedges	661	802	7,376
Foreign currency translation adjustments	(594)	(736)	(6,769)
Total accumulated other comprehensive income	14,063	9,082	83,459
Non-controlling interests	6,985	6,884	63,257
Total net assets	183,805	191,388	1,758,599
Total liabilities and net assets	¥ 377,257	¥ 390,004	\$ 3,583,609

The accompanying notes are integral parts of these statements.

Consolidated Statements of Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2019	2020	2020	
Net sales	¥ 580,141	¥ 584,858	\$ 5,374,057	
Operating costs and expenses:				
Cost of sales	486,926	485,784	4,463,696	
Selling, general and administrative expenses	63,704	68,038	625,182	
	550,630	553,822	5,088,878	
Operating profit	29,511	31,035	285,178	
Other income (expenses):				
Interest and dividend income	871	896	8,238	
Interest expense	(870)	(791)	(7,269)	
Other – net	27	(1,348)	(12,390)	
	29	(1,243)	(11,421)	
Profit before income taxes	29,540	29,792	273,756	
Income taxes (Note 7):				
Current	8,631	9,566	87,903	
Deferred	142	(557)	(5,124)	
	8,773	9,008	82,779	
Profit	20,766	20,784	190,977	
Profit attributable to non-controlling interests	822	1,174	10,794	
Profit attributable to owners of parent	¥ 19,943	¥ 19,609	\$ 180,182	

	Yen		U.S. dollars (Note 1)	
Amounts per share (Note 8):	2019	2020	2020	
Net assets	¥ 1,326.81	¥ 1,384.90	\$ 12.725	
Profit:				
Basic	149.65	147.16	1.352	
Diluted	—	—	—	

The accompanying notes are integral parts of these statements.

Consolidated Statement of Comprehensive Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

	Millions of yen				Thousands of U.S. dollars (Note 1)
	2019		2020		2020
Profit	¥	20,766	¥	20,784	\$ 190,977
Other comprehensive income:					
Net unrealized holding gain (loss) on available-for-sale securities		(1,450)		(4,978)	(45,743)
Net deferred gain (loss) on hedges		1,393		151	1,391
Foreign currency translation adjustments		(1,705)		(10)	(99)
Share of other comprehensive income (loss) of affiliates accounted for by the equity method		(47)		154	1,418
Total other comprehensive income (loss)		(1,809)		(4,683)	(43,033)
Total comprehensive income	¥	18,956	¥	16,100	\$ 147,944
Total comprehensive income attributable to:					
Owners of parent	¥	18,278	¥	14,628	\$ 134,419
Non-controlling interests		677		1,471	13,524

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 2018	¥ 30,307	¥ 7,617	¥ 126,510	¥ (17,432)	¥ 147,002
Changes of items during the period					
Dividends from surplus			(4,131)		(4,131)
Profit attributable to owners of parent			19,943		19,943
Change in scope of equity method			(47)		(47)
Acquisition of treasury stock				(10)	(10)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	15,764	(10)	15,754
Net assets at March 31, 2019	¥ 30,307	¥ 7,617	¥ 142,274	¥ (17,443)	¥ 162,756
Changes of items during the period					
Issuance of new shares	51	51			103
Dividends from surplus			(4,930)		(4,930)
Profit attributable to owners of parent			19,609		19,609
Change in ownership interest of parent due to transactions with non-controlling interests		(1,918)			(1,918)
Acquisition of treasury stock				(199)	(199)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	51	(1,867)	14,679	(199)	12,664
Net assets at March 31, 2020	¥ 30,359	¥ 5,750	¥ 156,953	¥ (17,642)	¥ 175,421

	Millions of yen					
	Accumulated other comprehensive income					
	Net unrealized holding gain on available-for-sale securities	Net deferred gain on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Net assets at April 1, 2018	¥ 15,451	¥ (739)	¥ 1,014	¥ 15,726	¥ 6,951	¥ 169,680
Changes of items during the period						
Dividends from surplus						(4,131)
Profit attributable to owners of parent						19,943
Change in scope of equity method						(47)
Acquisition of treasury stock						(10)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	(1,454)	1,400	(1,609)	(1,663)	33	(1,629)
Total changes of items during the period	(1,454)	1,400	(1,609)	(1,663)	33	14,124
Net assets at March 31, 2019	¥ 13,997	¥ 661	¥ (594)	¥ 14,063	¥ 6,985	¥ 183,805
Changes of items during the period						
Issuance of new shares						103
Dividends from surplus						(4,930)
Profit attributable to owners of parent						19,609
Change in ownership interest of parent due to transactions with non-controlling interests						(1,918)
Acquisition of treasury stock						199
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	(4,980)	141	(141)	(4,980)	(101)	(5,081)
Total changes of items during the period	(4,980)	141	(141)	(4,980)	(101)	7,582
Net assets at March 31, 2020	¥ 9,016	¥ 802	¥ (736)	¥ 9,082	¥ 6,884	¥ 191,388

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Net Assets (Unaudited) (Continued)

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 2019	\$ 278,487	\$ 69,994	\$ 1,307,308	\$ (160,277)	\$ 1,495,513
Changes of items during the period					
Issuance of new shares	473	473			946
Dividends from surplus			(45,300)		(45,300)
Profit attributable to owners of parent			180,182		180,182
Change in ownership interest of parent due to transactions with non-controlling interests		(17,631)			(17,631)
Acquisition of treasury stock				(1,833)	(1,833)
Disposal of treasury stock		0		4	4
Net changes of items other than shareholders' equity					
Total changes of items during the period	473	(17,157)	134,882	(1,828)	116,368
Net assets at March 31, 2020	\$ 278,961	\$ 52,837	\$ 1,442,190	\$ (162,106)	\$ 1,611,881

	Thousands of U.S. dollars (Note 1)					
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized holding gain on available-for-sale securities	Net deferred gain on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Net assets at April 1, 2019	\$ 128,615	\$ 6,074	\$ (5,467)	\$ 129,222	\$ 64,185	\$ 1,688,921
Changes of items during the period						
Issuance of new shares						946
Dividends from surplus						(45,300)
Profit attributable to owners of parent						180,182
Change in ownership interest of parent due to transactions with non-controlling interests						(17,631)
Acquisition of treasury stock						(1,833)
Disposal of treasury stock						4
Net changes of items other than shareholders' equity	(45,762)	1,302	(1,302)	(45,763)	(928)	(46,691)
Total changes of items during the period	(45,762)	1,302	(1,302)	(45,763)	(928)	69,677
Net assets at March 31, 2020	\$ 82,852	\$ 7,376	\$ (6,769)	\$ 83,459	\$ 63,257	\$ 1,758,599

The accompanying notes are integral parts of these statements.

Consolidated Statements of Cash Flows (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2019	2020	2020	
Cash flows from operating activities:				
Profit before income taxes	¥ 29,540	¥ 29,792	\$ 273,756	
Depreciation and amortization	17,481	18,355	168,665	
Impairment loss on fixed assets	52	481	4,426	
Increase/(decrease) in allowance for doubtful accounts	(24)	4	37	
Interest and dividend income	(871)	(896)	(8,238)	
Interest expense	870	791	7,269	
Equity in earnings of affiliates	(399)	(387)	(3,559)	
Gain on sales of property, plant and equipment	(199)	(58)	(537)	
Loss on disposal of property, plant and equipment	1,068	1,628	14,959	
Gain on sales of investment securities	(849)	(423)	(3,894)	
(Increase)/decrease in notes and accounts receivable-trade	(2,709)	4,750	43,646	
Increase in inventories	(561)	(2,098)	(19,280)	
Increase/(decrease) in notes and accounts payable	(2,530)	635	5,836	
Other, net	(637)	2,833	26,038	
Subtotal	40,227	55,408	509,128	
Interest and dividends received	962	1,063	9,774	
Interest paid	(866)	(798)	(7,334)	
Income taxes paid	(9,011)	(16,232)	(149,158)	
Net cash provided by operating activities	¥ 31,311	¥ 39,441	\$ 362,409	

Consolidated Statements of Cash Flows (Unaudited) (Continued)

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2019	2020	2020
Cash flows from investing activities:			
Purchase of property, plant and equipment	¥ (20,062)	¥ (20,369)	\$ (187,166)
Proceeds from sales of property, plant and equipment	1,032	161	1,483
Purchase of intangible assets	(2,008)	(1,336)	(12,276)
Purchase of investment securities	(2,148)	(2,204)	(20,253)
Proceeds from sales of investment securities	1,727	707	6,500
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,527)	—	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(24)	(227)
Other, net	5,067	(1,235)	(11,351)
Net cash used in investing activities	(17,918)	(24,300)	(223,292)
Cash flows from financing activities:			
Net increase/(decrease) in short-term bank loans	1,324	(2,818)	(25,898)
Net decrease in commercial paper	(1,000)	—	—
Proceeds from long-term debt	2,997	10,000	91,886
Repayment of long-term debt	(4,016)	(5,200)	(47,780)
Proceeds from issuance of bonds	9,948	—	—
Redemption of bonds	(10,000)	—	—
Repayments of lease obligations	(3,654)	(3,782)	(34,755)
Purchase of treasury stock	(10)	(18)	(172)
Dividends paid	(4,125)	(4,923)	(45,238)
Cash dividends paid to non-controlling interests of consolidated subsidiaries	(643)	(803)	(7,383)
Proceeds from non-controlling shareholders	91	—	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(2,680)	(24,625)
Other, net	0	0	4
Net cash used in financing activities	(9,088)	(10,225)	(93,963)
Effect of exchange rate changes on cash and cash equivalents	(713)	(148)	(1,363)
Net increase in cash and cash equivalents	3,591	4,765	43,790
Cash and cash equivalents at the beginning of the year	17,076	20,668	189,914
Cash and cash equivalents at the end of the year	¥ 20,668	¥ 25,434	\$ 233,705

The accompanying notes are integral parts of these statements.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

Note 1: Basis of Presentation

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

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

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

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

For the convenience of the reader, the accompanying consolidated financial statements have been presented in U.S. dollars by translating Japanese yen amounts at ¥108.83 = US\$1.00, the exchange rate prevailing on March 31, 2020.

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

Note 2: Accounting standards issued but not yet effective

(1) Accounting Standard and Implementation Guidance on Revenue Recognition

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29)

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30)

(a) Overview

This is a comprehensive accounting standard addressing revenue recognition. Specifically, the accounting standard establishes the five-step model that will apply to revenue from contracts with customers.

(b) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(c) Impact of adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

(2) Accounting Standard for Fair Value Measurement and Related Implementation Guidance

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30)

“Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9)

“Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19)

(a) Overview

The ASBJ has developed “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter collectively, the “Fair Value Measurement Standard”), which provide guidance for fair value measurement in order to improve comparability with internationally recognized accounting standards.

The Fair Value Measurement Standard is applied with respect to the fair value of the following items;

- Financial instruments defined in “Accounting Standard for Financial Instruments”
- Inventories held for trading purposes defined in “Accounting Standard for Measurement of Inventories”

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” has been revised requiring disclosure of financial instruments broken down by level in the fair value hierarchy.

(b) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(c) Impact of adoption of revised accounting standard and related implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

Note 3: Additional information~ Accounting estimates for the effect of COVID-19 spread

The Group implemented accounting estimates, such as impairment losses on fixed assets and recoverability of deferred tax assets based on the available information when the consolidated financial statements were prepared.

The Company considers, the effect on the group business by the spread of COVID-19 will continue at least until the 2nd quarter of the fiscal year ending March 31, 2021, even though the impact and level are different depending upon the business.

Note 4: Securities

- (1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2019 and 2020:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2019	2020	2020	
Equity securities:				
Acquisition costs	¥ 12,787	¥ 12,533	\$	115,164
Carrying value	32,366	25,215		231,691
Unrealized gain	¥ 19,578	¥ 12,681	\$	116,527

Non-listed equity securities amounting to ¥3,519 million and ¥3,689 million (\$33,902 thousand) as of March 31, 2019 and 2020, respectively, are not included in the above table because they are not traded on the market and it is very difficult to determine their fair market value as of March 31, 2019 and 2020.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

(2) Sales of available-for-sale securities for the years ended March 31, 2019 and 2020:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2019	2020	2020	
Proceeds from sales	¥ 1,539	¥ 708	\$ 6,507	
Gains on sales	821	423	3,894	
Losses on sales	24	—	—	

(3) Impairment loss of securities for the years ended March 31, 2019 and 2020:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2019	2020	2020	
Available-for-sale securities:				
Stocks with market value	¥ 64	¥ —	\$ —	
Stocks without market value	2	—	—	
Total	¥ 66	¥ —	\$ —	

Note 5: Investments and Rental Properties

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

Net rent income and gain on sales of the property related to the investments and rental properties were ¥2,178 million and ¥108 million, respectively, for the year ended March 31, 2019.

Net rent income, gain on sales and impairment losses on the property related to the investments and rental properties were ¥2,119 million (\$19,473 thousand), ¥34 million (\$320 thousand) and ¥200 million (\$1,838 thousand), respectively, for the year ended March 31, 2020.

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

Carrying value on the consolidated balance sheet, increase or decrease during the year, as well as market value of the investments and rental properties as of March 31, 2019 and 2020:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2019	2020	2020	
Carrying value as of April 1	¥ 10,065	¥ 9,844	\$ 90,455	
Net increase (decrease)	(220)	(519)	(4,776)	
Carrying value as of March 31	¥ 9,844	¥ 9,324	\$ 85,678	
Market value as of March 31	¥ 43,060	¥ 43,934	\$ 403,697	

- Carrying value on the consolidated balance sheets is calculated as acquisition costs deducting accumulated depreciation and cumulative impairment losses.
- For the year ended March 31, 2019, major increase represents capital expenditures of ¥355 million and change in the use of property of ¥258 million. Major decrease represents depreciation of ¥500 million and sales of properties of ¥306 million.
- For the year ended March 31, 2020, major increase represents capital expenditures of ¥251 million (\$2,309 thousand). Major decrease represents depreciation of ¥512 million (\$4,706 thousand) and impairment losses of ¥200 million (\$1,838 thousand).
- Market value of major assets is based on appraisals obtained from outside real estate appraisers. The market value of other relatively immaterial assets is based on certain valuation and other indicators properly reflected by market prices.

Note 6: Changes in Net Assets

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

(a) For the year ended March 31, 2019

<i>(Number of shares)</i>				
Type of stock	As of April 1, 2018	Increases	Decreases	As of March 31, 2019
Issued stock:				
Common stock	139,925,532	—	—	139,925,532
Treasury stock:				
Common stock (1,2)	6,655,050	3,626	210	6,658,466

(Reasons for changes)

- The increase in the number of treasury stock of common stock resulted from the following:
 - Request for redemption of odd-lot stock 3,626 shares
- The decrease in the number of treasury stock of common stock resulted from the following:
 - Request for purchase of odd-lot stock 210 shares

(b) For the year ended March 31, 2020

<i>(Number of shares)</i>				
Type of stock	As of April 1, 2019	Increases	Decreases	As of March 31, 2020
Issued stock:				
Common stock (1)	139,925,532	40,055	—	139,965,587
Treasury stock:				
Common stock (2,3)	6,658,466	81,520	196	6,739,790

(Reasons for changes)

- The increase in the number of issued common stock resulted from the following:
 - Issuance of new shares for stock-based compensation with restriction on transfer 40,055 shares
- The increase in the number of treasury stock of common stock resulted from the following:
 - Request for purchase of common stock from unknown shareholders 77,818 shares
 - Request for redemption of odd-lot stock 3,702 shares
- The decrease in the number of treasury stock of common stock resulted from the following:
 - Request for purchase of odd-lot stock 196 shares

(2) Cash dividends distributed

Dividends paid during the year ended March 31, 2020

Resolution	Type of stock	Source of dividends	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 25, 2019	Common stock	Retained earnings	¥ 2,132 \$ 19,592	¥ 16 \$ 0.14	March 31, 2019	June 26, 2019
Board of Directors' meeting on November 5, 2019	Common stock	Retained earnings	¥ 2,797 \$ 25,707	¥ 21 \$ 0.19	September 30, 2019	December 5, 2019

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

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

Resolution	Type of stock	Source of dividends	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 24, 2020	Common stock	Retained earnings	¥ 2,797 \$ 25,707	¥ 21 \$ 0.19	March 31, 2020	June 25, 2020

Note 7: Income Taxes

(1) Tax rate reconciliation for the years ended March 31, 2019 and 2020

Since the difference between effective statutory tax rate and actual effective tax rate is less than 5% of effective statutory tax rate, note related to reconciliation between the tax rates is omitted for the fiscal years ended March 31, 2019 and 2020.

(2) A breakdown of tax loss carryforwards and deferred tax assets by expiry date as of March 31, 2019 and 2020

(Millions of Yen)

Fiscal Year Ending March 31, 2019	2020	2021	2022	2023	2024	2025 and thereafter	Total
Tax loss carryforwards (a)	¥ 6	¥ 28	¥ 39	¥ 24	¥ 44	¥ 161	¥ 305
Valuation allowance	(6)	(28)	(39)	(24)	(44)	(127)	(271)
Deferred tax assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 33	¥ 33

(b)

(Millions of Yen)

Fiscal Year Ending March 31, 2020	2021	2022	2023	2024	2025	2026 and thereafter	Total
Tax loss carryforwards (a)	¥ 11	¥ 19	¥ 18	¥ 33	¥ 28	¥ 228	¥ 339
Valuation allowance	(11)	(19)	(18)	(33)	(28)	(208)	(319)
Deferred tax assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 19	¥ 19

(b)

(Thousands of U.S. Dollars)

Fiscal Year Ending March 31, 2020	2021	2022	2023	2024	2025	2026 and thereafter	Total
Tax loss carryforwards (a)	\$ 106	\$ 182	\$ 169	\$ 306	\$ 258	\$ 2,096	\$ 3,119
Valuation allowance	(106)	(182)	(169)	(306)	(258)	(1,915)	(2,937)
Deferred tax assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 181	\$ 181

(b)

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

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

Note 8: Per Share Information

Net assets per share as of March 31, 2019 and 2020 are calculated based on the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2019	2020	2020
Net assets	¥ 183,805	¥ 191,388	\$ 1,758,599
Amounts excluded from net assets:			
For non-controlling interests	6,985	6,884	63,257
Net assets attributable to common stock	176,820	184,504	1,695,341
Number of common stock used for the calculation of net assets per share (in thousands)	133,267	133,225	133,225

Profit per share for the years ended March 31, 2019 and 2020 are calculated based on the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2019	2020	2020
Profit attributable to owners of parent	¥ 19,943	¥ 19,609	\$ 180,182
Amounts not attributable to common shareholders	—	—	—
Profit attributable to owners of parent for common stock	19,943	19,609	180,182
Average number of common stock during the fiscal year (in thousands)	133,269	133,251	133,251

Note 9: Segment Information

(1) General information about reportable segments

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

General information about the segments is as follows:

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

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

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

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

- (3) Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2019 and 2020 were summarized as follows:

Year ended March 31, 2019 (Millions of yen)										
	Reportable segment						Other (*1)	Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	¥ 226,176	¥ 71,138	¥ 88,998	¥ 185,385	¥ 3,385	¥ 575,083	¥ 5,058	¥ 580,141	¥ —	¥ 580,141
Intercompany sales and transfers	411	106	2,078	15,663	1,408	19,669	732	20,402	(20,402)	—
Total	226,588	71,245	91,076	201,049	4,794	594,753	5,790	600,544	(20,402)	580,141
Segment profit	14,596	182	1,452	11,398	2,096	29,726	338	30,064	(553)	29,511
Segment assets	124,938	27,216	19,470	165,252	16,400	353,278	10,814	364,092	13,164	377,257
Other items:										
Depreciation	5,700	116	274	9,642	664	16,398	148	16,546	934	17,481
Amortization of goodwill	105	—	—	93	—	198	—	198	—	198
Investments in equity-method investees	744	—	—	2,627	—	3,371	—	3,371	1,622	4,993
Increase in property, plant and equipment and intangible assets	7,368	378	257	12,308	558	20,871	3,936	24,808	1,120	25,928
Outstanding balance of goodwill	1,206	—	—	830	—	2,036	1,217	3,254	—	3,254
Impairment loss on fixed assets	¥ 46	¥ 5	¥ —	¥ 0	¥ —	¥ 52	¥ —	¥ 52	¥ —	¥ 52

Year ended March 31, 2020 (Millions of yen)										
	Reportable segment						Other (*1)	Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	¥ 234,395	¥ 65,590	¥ 86,173	¥ 190,446	¥ 3,339	¥ 579,946	¥ 4,912	¥ 584,858	¥ —	¥ 584,858
Intercompany sales and transfers	386	181	2,153	16,050	1,625	20,396	769	21,165	(21,165)	—
Total	234,781	65,772	88,327	206,496	4,965	600,343	5,681	606,024	(21,165)	584,858
Segment profit	16,725	443	905	11,824	1,982	31,881	(280)	31,600	(564)	31,035
Segment assets	128,407	26,928	18,949	169,648	15,562	359,497	10,997	370,494	19,509	390,004
Other items:										
Depreciation	5,894	151	267	9,840	701	16,855	410	17,266	1,089	18,355
Amortization of goodwill	104	—	—	81	—	185	97	283	—	283
Investments in equity-method investees	2,314	—	—	3,178	—	5,493	—	5,493	1,753	7,246
Increase in property, plant and equipment and intangible assets	8,054	209	138	17,072	476	25,952	256	26,209	1,078	27,287
Outstanding balance of goodwill	1,091	—	—	524	—	1,616	1,137	2,754	—	2,754
Impairment loss on fixed assets	¥ 40	¥ 0	¥ —	¥ 240	¥ 200	¥ 481	¥ —	¥ 481	¥ —	¥ 481

Year ended March 31, 2020 (Thousands of U.S. dollars)										
	Reportable segment						Other (*1)	Total	Adjustment	Consolidated
	Processed foods	Marine Products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	\$2,153,775	\$ 602,691	\$ 791,820	\$ 1,749,945	\$ 30,687	\$ 5,328,921	\$ 45,136	\$ 5,374,057	\$ —	\$ 5,374,057
Intercompany sales and transfers	3,549	1,665	19,790	147,478	14,934	187,418	7,066	194,485	(194,485)	—
Total	2,157,325	604,356	811,611	1,897,424	45,622	5,516,339	52,202	5,568,542	(194,485)	5,374,057
Segment profit	153,688	4,071	8,323	108,647	18,212	292,943	(2,578)	290,364	(5,186)	285,178
Segment assets	1,179,887	247,437	174,123	1,558,843	143,001	3,303,294	101,047	3,404,341	179,267	3,583,609
Other items:										
Depreciation	54,159	1,392	2,461	90,419	6,447	154,880	3,770	158,651	10,014	168,665
Amortization of goodwill	963	—	—	744	—	1,708	894	2,602	—	2,602
Investments in equity-method investees	21,266	—	—	29,207	—	50,473	—	50,473	16,111	66,585
Increase in property, plant and equipment and intangible assets	74,011	1,929	1,272	156,874	4,381	238,469	2,360	240,830	9,908	250,739
Outstanding balance of goodwill	10,032	—	—	4,823	—	14,855	10,453	25,308	—	25,308
Impairment loss on fixed assets	\$ 374	\$ —	\$ —	\$ 2,213	\$ 1,838	\$ 4,426	\$ —	\$ 4,426	\$ —	\$ 4,426

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

Note 10: Subsequent Events

Not applicable.

Investor Information (As of March 31, 2020)

Essential Stock Information

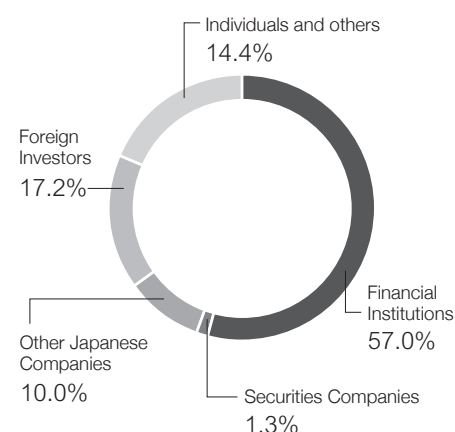
Stock Exchange Listing	Tokyo Stock Exchange (First Section)
Total Number of Authorized Shares	360,000,000 shares
Total Number of Outstanding Shares	139,965,587 shares (including 6,739,790 treasury shares)
Share Unit Number	100 shares
Number of Shareholders	18,918
Shareholder Register Administrator	Mizuho Trust & Banking Co., Ltd.
Annual Meeting of Shareholders	June
Auditors	Ernst & Young ShinNihon LLC

Major Shareholders

Shareholder Name	Number of shares held (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	20,656	15.5
Japan Trustee Services Bank, Ltd. (Trust account)	12,694	9.5
Nippon Life Insurance Company	5,744	4.3
Mizuho Bank, Ltd.	3,813	2.9
MUFG Bank, Ltd.	3,406	2.6
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trusts, Mizuho Bank Ltd. Account, Re-trust Trustee, Asset Management Services Trust Account	2,799	2.1
Nisshin Seifun Group Inc.	2,719	2.0
The Norinchukin Bank	2,675	2.0
The Dai-ichi Life Insurance Company, Ltd.	2,323	1.7
Japan Trustee Services Bank, Ltd. (Trust account 7)	2,229	1.7

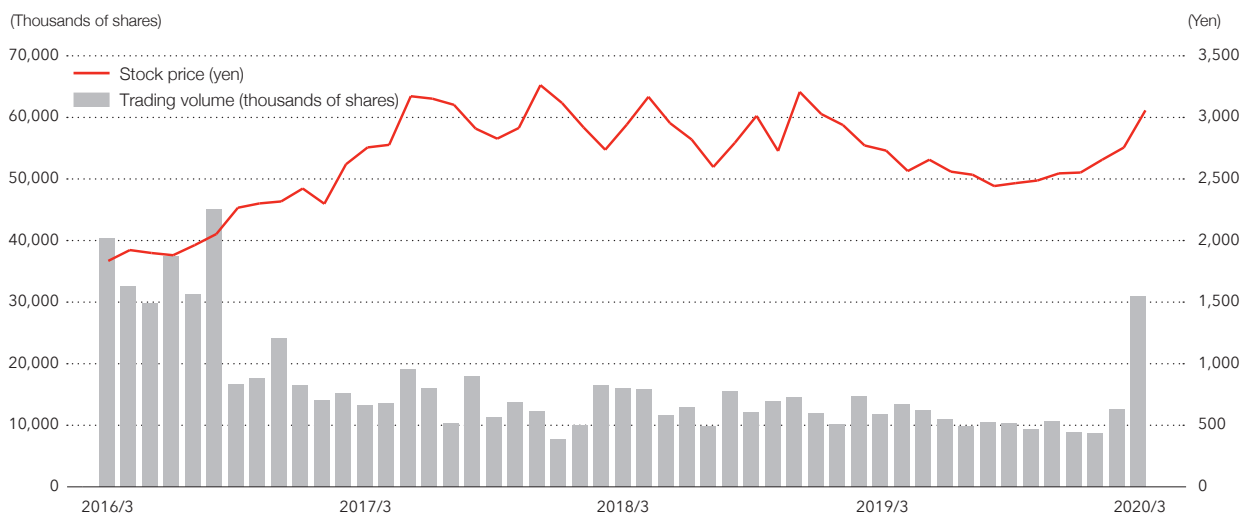
Notes: 1. Number of shares held rounded up to the nearest thousand.
2. Shareholding ratio calculated after subtracting repurchased stock (6,739,000 treasury shares). Rounded off to the first decimal place.

Composition of Shareholders



Note: "Individuals and others" includes "treasury stock (4.8%)."

Stock Price and Trading Volume Trends



Notes: The stock prices above reflect amounts after the stock consolidation conducted on October 1, 2016. However, trading volume does not reflect the impact of the stock consolidation.

Company Information (As of March 31, 2020)

Corporate Data

Company Name	Nichirei Corporation
Established	December 1942 ¹
Paid-in Capital	30,418 million yen ²
Head Office	Nichirei Higashi-Ginza Building 6-19-20 Tsukiji, Chuo-ku, Tokyo 104-8402, Japan
Telephone	[+81] 3-3248-2101 (Main)
Number of Employees (consolidated)	15,824
Business Network	14 countries and areas (in Japan and overseas offices and subsidiaries)

Notes:

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

2. As of July 22, 2020

External Review

Incorporation of SRI Index (FY2021)



**2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

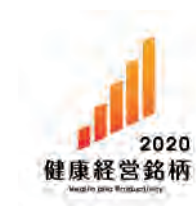
**2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

<http://info.msci.com/l/36252/2017-06-27/kj5n9b>



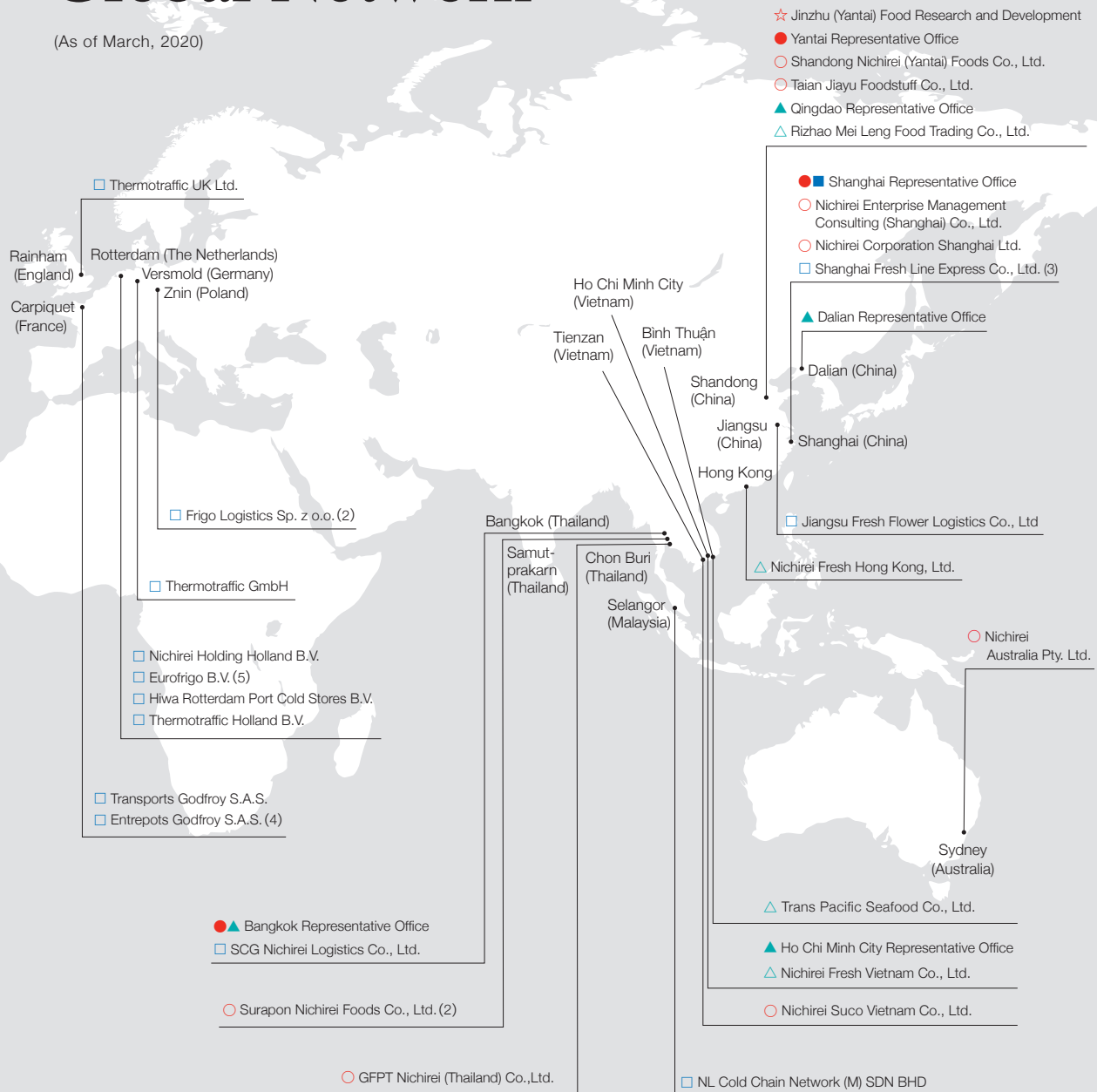
Review/Awards

- The Certified Health and Productivity Management Organization Recognition Program under the large enterprise category (FY2018, FY2019, FY2020, FY2021)



Global Network

(As of March, 2020)



At present, the Nichirei Group conducts business in 14 countries and areas throughout the world.

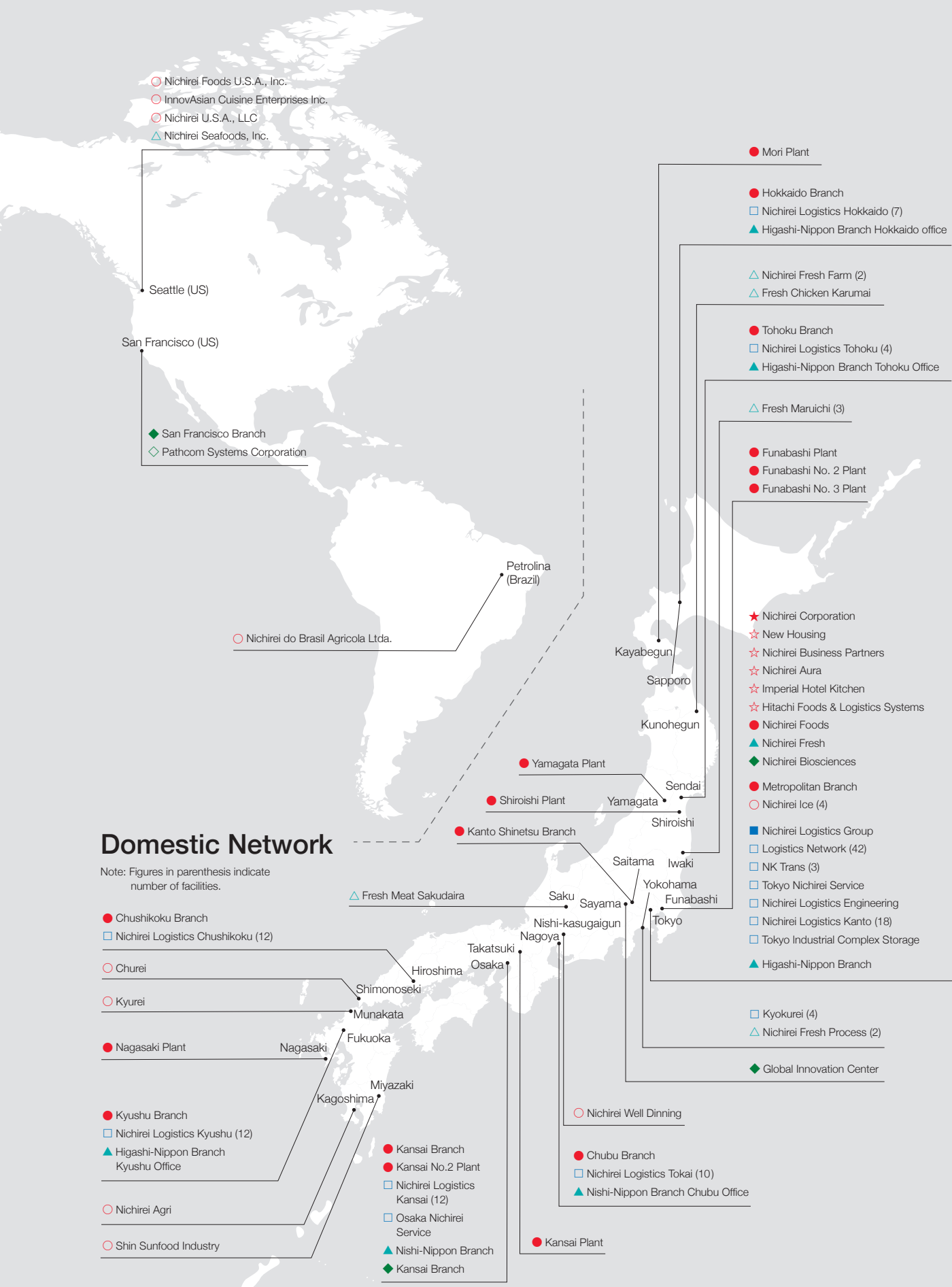
Nichirei Corporation ...★
Nichirei Group companies ...☆

Nichirei Foods ...●
Nichirei Foods Group companies ...○









Nichirei Logistics Group ...■
Nichirei Logistics Group companies ...□

Nichirei Fresh ...▲
Nichirei Fresh Group companies ...△

Nichirei Biosciences ...◆
Nichirei Biosciences Group companies ...◇



■ Overview of Nichirei Communication

	Financial Information	Non-financial Information
Engage-ments	<ul style="list-style-type: none"> • Announcement of financial results • Presentation meetings of medium-term business plans • Business Briefing • Teleconference calls with securities analysts and institutional investors • Shareholders' meetings 	<ul style="list-style-type: none"> • Dialogues with influential individual • Meetings with stakeholders
Reports	<ul style="list-style-type: none"> • Annual securities reports (Japanese only) • HOPPE reports for shareholders and individual investors (Japanese only) 	<div>  <p>• Integrated Reports</p> <p>Reports that are integrated important financial and non-financial information</p> </div> <div>  <p>• CSR Reports</p> </div>
Website	 <p>Investor Relations</p>	<div>  <p>ESG Information</p> </div> <div>  <p>CSR Information</p> </div>
		<div>   </div>



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The Nichirei Website