Our Group works to contribute to addressing various environmental and societal challenges in our overall supply chain, while also establishing a stable and sustainable supply model. We strive to reliably supply products that fulfill consumer needs as we ensure safety and security for consumers, and deliver value that meets societal demands. We also set out to generate growth opportunities by expanding high-quality products and services into the global market.

Materiality (Material Issues)

Related Material Issues

- Consering and Effectively Utilizing Natural Capital
- Promoting Stable, Sustainable Societies and Lifestyles
- Respecting Human Rights in our Business Operations

Relevance of Material Issues to the Business

While there are concerns of food shortages due to global population growth and increased consumption, there is also a growing focus on the environmental and societal challenges faced by the food system. We recognize that addressing societal challenges, such as the need for a stable food supply and a sustainable supply chain, is our Group mission as well as a growth opportunity.

Our Group, which is extensively involved in the food industry, generates food waste in the course of our business activities, and reducing this waste is one way that we will contribute to addressing the above-mentioned issues. We will strive to refine supply and demand forecasting through DX and leverage the functions and innovations of our group companies. Through these efforts, we will contribute to the realization of a sustainable, stable society and livelihoods by reducing food waste and promoting food recycling, such as utilizing food waste as a raw material for animal feed.

In addition, our Group handles commercial raw materials produced in a wide variety of countries and regions. We recognize that respect for human rights and the conservation and effective utilization of natural capital throughout our business activities, including the supply chain, are important issues. In order to confirm compliance with our Policy for Sustainable Supply Chain Management (which outlines MC’s actions to address human rights, labor rights, and environmental issues in the supply chain), we conduct annual human rights and environmental due diligence investigations on materials with high environmental and social risks. Through these investigations, we ascertain the actual status of these materials and take corrective actions and responses to issues that need to be addressed as we work to build a stable and sustainable supply model.

Group Strengths and Strategy

- A large-scale business base for salmon and trout, which are excellent sources of high-quality protein and for which suitable farming areas are limited
- A supply chain that contributes to the stable procurement of food, with grain feed and livestock operations at its core
- Food science technologies that contribute to quality of life for consumers through great taste and health

Summary of Midterm Corporate Strategy 2021

In the fiscal year ended March 31, 2021, we struggled due to the impact of the COVID-19 pandemic, as consumer behavior changed and demand declined, especially in the restaurant industry. However, we improved profitability in the fiscal year ended March 31, 2022 through in-house efforts such as improving production efficiency and strengthening sales capabilities, mainly in the salmon and trout farming business, grain, oilseeds, & feed materials business, and the livestock business. In response to changes in consumer behavior, our Group also developed new initiatives such as efforts to develop, produce, and sell plant-based meat, mainly working with Itoham Yonel Holdings Inc. and Mitsubishi Corporation Life Science Limited.

We will achieve sustainable growth while working to address environmental and societal challenges in the food supply chain. We aim to improve the efficiency of the entire supply chain by utilizing digital technologies such as DX to forecast supply and demand, visualize operations, and improve logistics efficiency, while also contributing to the reduction of food waste and GHG emissions. In addition, we will strengthen a safe and stable supply chain and achieve a stable supply of food to Japan.

In addition to the world’s growing population and expanding consumerbase, Japan’s declining birthrate and aging population is expected to increase health consciousness and a greater need for food products that environmental and societal challenges into consideration. We will strive to achieve greater increases in food demand and changes in consumer tenders as business opportunities and strive for sustainable growth by making full use of our global supply chain, which contributes to the stable supply of a wide variety of food products. We will also achieve further growth by implementing a Value-Added Cyclical Growth Model and by responding to new technologies.

Grain, Oilseeds, & Feed Materials Business and Livestock Business

- In the livestock business, we will strive to execute both the raising of the top line by strengthening our profit structure and competitiveness by reforming our business structure.
- We will also strive to transform our business model by streamlining the entire supply chain through DX.

Major Growth Drivers

Strengthening Core Businesses

- Salmon and Trout Farming Business
  - We will strive to improve profitability by strengthening the production side, such as increasing productivity and production volume, and also the sales side, such as adding value and mitigating the risk of market fluctuations.
  - We will also work on new technologies such as land-based aquaculture for salmon and trout, for which suitable farming areas are limited.

Global Salmon & Trout Supply-Demand Outlook

Global Salmon & Trout Supply-Demand Outlook

Widening supply-demand gap

* Index for 100 for the year 2020. Source: Calculation based on Stockfish Development Association data

Business Examples

Strengthening the supply chain in the grain, oilseeds, & feed materials business and the livestock business

- Our Group has established a vertically integrated supply chain business model—from raw material procurement and production of grain feed to production (livestock), manufacturing (meat processing), and retail (food service)—which enables us to stabilize earnings throughout the supply chain, even during periods of high volatility.

- In terms of raw material procurement, we are striving to strengthen our procurement network from major production areas as we also ensure to stabilize it. We will continue to strengthen our safe and sustainable supply chain to ensure a stable supply of grain to Japan.

- The Group will pursue the redefinition of supply and demand forecasting by DX and the leveraging of functions and innovations of each group company. We will thereby contribute to the realization of a sustainable and stable society and livelihoods by reducing food waste and promoting food recycling, such as using food waste as a raw material for animal feed. In addition, by expanding the successful experiences and best practices developed by our Group to the industries in which we are involved, we will help to transform the business model of the food industry.

- At the end of March 2022, the Group changed its business structure.

- With the group to the industries in which we are involved, we will help to transform the business model of the food industry.

- In the livestock industry, we have also developed new initiatives such as efforts to develop, produce, and sell plant-based meat, mainly working with Itoham Yonel Holdings Inc. and Mitsubishi Corporation Life Science Limited.

- We will also strive to transform our business model by streamlining the entire supply chain through DX.

- Through the implementation of a value-added optical growth model, we will seek to identify new core businesses that will become new sources of revenue, while optimizing our portfolio.

- By incorporating new technologies in the food sector, we will also respond to disruptive/rapid growth areas caused by technological innovation.

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