

Food Industry Group



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Summary

- Development, manufacturing, and sales of food ingredients, seasonings, pharmaceuticals, agrochemicals, and cosmetic raw materials
- Manufacturing and sales of livestock feed, wheat flour products, sugar, etc., and procurement of their raw materials
- Production, manufacturing, processing, and sales of fresh food ingredients including seafood
- Production, manufacturing, processing, and sales of rice, fresh produce (fruit and vegetables), meat, dairy products, etc.

Group Strengths

- A large-scale business base for salmon, which is an excellent source of high-quality protein and for which suitable farming areas are limited
- A supply chain that contributes to the stable procurement of food and stabilization of earnings, 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

Supply chains in the grain, oilseeds, and feed materials business and livestock and meat products business (Our investment ratio)



Relevance of Material Issues to the Business

Focused Material Issues	Details/Action Plans
Contributing to Decarbonized Societies	<p>Promoting societal decarbonization</p> <ul style="list-style-type: none"> • Exploration of feedstock for the reduction of livestock methane emissions • Promoting low-carbon farming methods • Expanding farming methods to reduce methane emissions from rice paddies
Conserving and Effectively Utilizing Natural Capital	<p>Developing business with consideration for conserving natural capital and biodiversity</p> <ul style="list-style-type: none"> • Promoting the use of food waste as feedstock • Exploring alternative protein sources • Effective use of unused resources • Utilization of manure in power generation <p>Conserving marine resources</p> <ul style="list-style-type: none"> • Promoting land-based salmon farming businesses that contribute to reducing environmental impacts
Promoting Stable, Sustainable Societies and Lifestyles	<p>Improving quality of life through taste, health, beauty, etc., by leveraging life science technologies</p> <ul style="list-style-type: none"> • Production and sales of delicious and healthy food, and expansion of functional materials businesses • Developing new materials through unique base technologies such as fermentation <p>Contributing to addressing societal issues such as securing stable food supply and saving lives</p> <ul style="list-style-type: none"> • Strengthening of the CDMO business to support development research and manufacturing of new drugs • Stable production of agricultural products and development of support for the next generation of agricultural operations through the introduction of bio-pesticides into Japan
Utilizing Innovation to Address Societal Needs	<p>Tackling new technologies</p> <ul style="list-style-type: none"> • Efforts to introduce alternative meat
Addressing Regional Issues and Growing Together with Local Communities	<p>Contributing to regional revitalization</p> <ul style="list-style-type: none"> • Strengthening efforts in regional fishery industries by utilizing contact points with producers and sales networks <p>Contributing to the development of countries and regions in which we operate</p>
Respecting Human Rights in Our Business Operations	<p>Meeting ethical consumption needs</p> <ul style="list-style-type: none"> • Increasing the proportion of sustainable products <p>Respecting human rights in the supply chain</p> <ul style="list-style-type: none"> • Appropriate implementation of human rights and environmental due diligence • Promoting animal welfare initiatives at Group companies

Awareness of the External Environment

Risks	Opportunities
<ul style="list-style-type: none"> • Decrease in yields and production of agricultural produce, livestock, and dairy products due to the effects of climate change and natural disasters in production areas • Impact of rising sea levels and ocean temperature on farming businesses (decreased production volume, rising feed prices, equipment damage, etc.) • Depletion of natural resources, reduction in supply due to stricter resource protection regulations, and difficulty in procurement • Increasingly sophisticated demands for building supply chains that take into consideration social and environmental issues 	<ul style="list-style-type: none"> • Improving the efficiency of primary industries by actively utilizing digital data • Development of new aquaculture methods independent of the environment (e.g., land-based aquaculture) • Building a sustainable procurement network that takes into consideration society and the environment • Diversification of consumer needs, including ethical and certified products

Strategies Under Midterm Corporate Strategy 2024

- We will achieve sustainable growth while working to address societal and environmental 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
- We will strengthen a safe and stable supply chain and achieve a stable supply of food to Japan

Progress Under Midterm Corporate Strategy 2024

Achieving Stable and Efficient Production with Land-Based Salmon Aquaculture

- ATLAND Corp. (MC's stake 51%), which is a joint venture between MC and Maruha Nichiro Corporation, is engaged in one of Japan's largest land-based salmon aquaculture businesses. It is located in Nyuzen, Toyama Prefecture, which is known for its abundant water resources.
- We will realize stable and efficient production through land-based aquaculture, which minimizes impact from the external environment, by utilizing the expertise we cultivated in the aquaculture business overseas. In this way, we aim to support domestic demand for salmon and contribute to decarbonization by decreasing shipping distances.

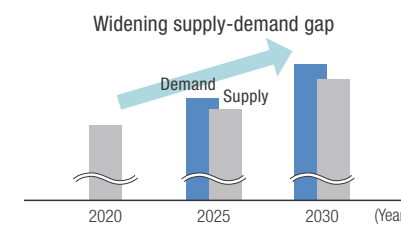


Nyuzen, Toyama Prefecture, the site of the land-based salmon aquaculture business

Major Growth Drivers

Strengthening Core Businesses	Identification of a Third Core Business
<p>Salmon Farming Business</p> <ul style="list-style-type: none"> • We will advance efforts to improve profitability by strengthening the production side, such as increasing productivity and production volume, and the sales side, such as adding value and mitigating the risk of market fluctuations 	<ul style="list-style-type: none"> • Through the implementation of the value-added cyclical growth model, we will 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.
<p>Grain, Oilseeds, and Feed Materials Business and Livestock and Meat Products Business</p> <ul style="list-style-type: none"> • In the livestock business, we will strengthen our profit structure by adding value, etc., and enhance competitiveness by reforming our business structure. • We will advance efforts to transform our business model by streamlining the entire supply chain through DX. • We will strengthen our agriculture-related and grain procurement businesses overseas, including in Brazil, while taking into account geopolitical risks. 	

Global Salmon & Trout Supply-Demand Outlook



Source: Calculations based on Kontali Analyse AS data

