

## Medium-term Business Plan

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## Medium-term Business Plan

### Looking back on fiscal 2021

- 1 We established the Sustainability Committee  
We introduced eco packaging for Koukun® Sausage and other mainstay brands  
We used digital communication tools to improve intracompany communication

**Outstanding task** Set goals for material issues.

- 2 Koukun® Sausage and other mainstay brands sold well  
We launched new Try Veggie series products (a series of soy meat products)  
We promoted sales using sponsorships and social media

**Outstanding task** We must pass on price rises to customers to absorb the impact of higher costs in raw materials, oil, logistics, and animal feed.

- 3 We acquired Rudi's Fine Food Pte Ltd, strengthening our overseas presence  
We acquired TMG International, gaining a foothold in the e-commerce market

**Outstanding task** We must build a new business model that goes beyond our existing business segments.

### Looking back on fiscal 2022 (ended March 2023)

- We set material metrics and targets for them
- We equipped the new plant in Kagoshima with solar panels and switched fuel to LNG
- We acted to safeguard animal welfare at the new farm in Miyagi

**Outstanding task** We must start working toward the targets we set.

- We further increased the market share and brand recognition of Koukun® Sausage
- We boosted the production capacity of the new plant in Kagoshima
- We ran promotional campaigns and other promotional events

**Outstanding task** We must keep rolling out price increases. We must also take into account market needs and higher production costs when developing products.

- We collaborated with Rudi's Fine Food and a Thai subsidiary
- We equipped the new Miyagi farm with digital technology to enable data monitoring of the farm environment

**Outstanding task** We must actively develop the Group's businesses in Japan and overseas.

### Prima Meat Packers Group's Medium-term Business Plan (Fiscal 2023–2025)

#### Medium-term Business Plan: Basic Policy

We will hone our sales capacity, development, and merchandising expertise to increase and strengthen sales and profits while promoting ESG management, to be a company that customers always love and support.

#### 1 Implement ESG strategy and make business foundation more sustainable

- Address material issues
- Ensure food safety under a strong quality management system
- Develop human resources and boost job satisfaction to foster a mindset of innovation

#### 2 Adapt earnings base to changes in external environment

- Plan and execute strategies to grow existing businesses
- Adapt risk–return management to changes in the business environment
- Pitch products, and entrench them in the market, from a customer-centric perspective
- Strengthen Groupwide management

#### 3 Invest in growth and expand globally

- Expand business in Japan and overseas, mainly through collaboration with ITOCHU Corporation
- Build a new growth model
- Develop and introduce innovative production technology

Consolidated profit/loss	FY billion		
	Fiscal 2021 results	Fiscal 2022 target	Fiscal 2022 results
Net sales	420.7	441.0	430.7
Operating profit	14.0	16.1	9.7
Ordinary profit	14.9	16.6	10.5
Profit attributable to owners of parent	9.7	10.6	4.5
ROE	9.0%	9.4%	4.0%
ROA	4.5%	4.7%	2.0%
ROIC	8.7%	8.5%	3.3%

FY billion	Rolling plan		
	Fiscal 2023 plan	Fiscal 2024 plan	Fiscal 2025 plan
Net sales	470.3	485.1	494.4
Operating profit	11.5	15.8	17.4
Ordinary profit	12.0	16.2	17.8
Profit attributable to owners of parent	7.6	10.0	11.1
ROE	6.6%	8.2%	8.6%
ROA	3.2%	4.1%	4.5%
ROIC	5.9%	7.7%	8.3%

#### Sales revenue grew, but profit decreased because price increase were insufficient

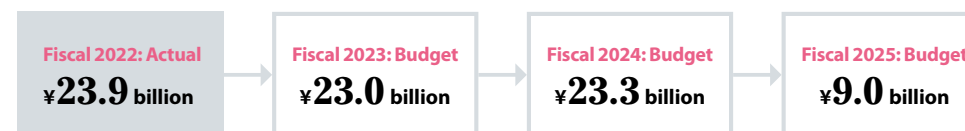
In fiscal 2022, consolidated net sales exceeded the previous year's level. However, despite this revenue growth, profit decreased because we did not go far enough in increasing sales prices to absorb the higher costs for raw materials and energy. Over the period of the Medium-term Business Plan (fiscal 2023–2025), we will take action to address our material issues. In the processed foods business, we will expand sales of existing brands and further increase their brand recognition. In the fresh meat business, we will place more emphasis on profitability in our purchasing operations and strengthen sales.

## Investment Strategy

### Principles for investment

- Major potential investments are generally vetted by the Executive Council with advice from the Business Review Committee. The Executive Council regularly monitors existing investments.
- Criteria used when vetting investments include ROIC, NPV, payback period, and environmental impacts.

### Actual and budgeted capital expenditure



## Investment budget

### Budget 1

#### Capital expenditure in the hog farming business

Between now and fiscal 2030, we will invest to strengthen our system of Japanese pork production. Part of this investment is in the new farm in Miyagi, which entered service in 2023. Situated across 26 hectares, the farm consists of breeding and fattening facilities that use digital technology to monitor swine biodata and the farm environment. Other facilities include a feed mill and a distribution center. The distribution center has a space for storing goods. It also has a fogging chamber where a fogging machine disinfects all objects destined for the farm site. To address animal welfare concerns, the farm uses free-access stalls. We have started rolling out these innovations in other farms.

#### Main budget allocations

- Advanced breeding and fattening facilities
- Data monitoring infrastructure (cameras and sensors for monitoring biodata and environmental data)
- Feed mill, distribution center
- Free-access stalls

### Budget 2

#### Capital expenditure in plants

We invested some ¥13 billion in the construction of a new plant in Kagoshima. The completed plant entered full service in April 2023. This vast facility will enable us to boost production capacity for Koukun® Sausage and microwavable (value-added) meals. It will also produce products with a local touch. The new plant will use AI-powered inspections and an advanced hygiene control. We will also roll out these innovations in other plants.

#### Main budget allocations

- New plant in Kagoshima
- AI-powered inspections
- Advanced hygiene control system

### Budget 3

#### Capital expenditure for reducing carbon footprint

We are also taking action to reduce our climate impact. The new plant in Kagoshima has switched its boiler fuel from fuel oil to liquefied natural gas. In addition, the new plant uses natural refrigerants instead of ozone-harming fluorinated refrigerants. It also uses renewable energy generated by onsite solar panels. Our plant in Hokkaido converts plastic waste into biomass fuel. We will introduce this measure in other plants.

#### Main budget allocations

- Boilers compatible with liquefied natural gas
- Refrigeration that uses natural refrigerants
- Renewable energy system

### Budget 4

#### Capital expenditure for the Prima Next Project

The Prima Next Project involves business process re-engineering. This means reviewing and re-designing workflows and organizational processes. It also involves change management. This means helping employees prepare for the organizational changes with a view to entrenching the changes. In fiscal 2022, project members continued working on these actions. Other employees participated in the project too.

In terms of business management, the new system will provide a foundation for improving profitability and capital efficiency in each business.

#### Main budget allocations

- System upgrade to facilitate business process re-engineering and change management

### Budget 5

#### Capital expenditure for talent development

We are investing in efforts to attract and cultivate the talent who will help enhance our enterprise value. In particular, we want to cultivate the leadership talent to manage the Group's operations and a globally fluent workforce to drive our overseas expansion. In fiscal 2023, we resumed our overseas study programs and on-the-job apprenticeships, which we had suspended during the pandemic years.

Our program for nurturing talent provides rank-specific training courses, in which employees gain the necessary skills, the knowledge, and competences. The program contributes toward an empowering environment in which employees fulfill their potential, bringing benefits to both the employees themselves and to the organization as a whole.

#### Main budget allocations

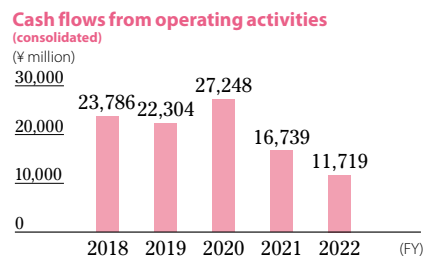
- Overseas study programs for junior employees
- Overseas on-the-job apprenticeships
- Rank-specific training courses

# Capital Strategy

## Financial capital

### Leveraging solid income to fund future growth

One of our core strategies for the medium to long term is to enhance strategic management. In fiscal 2022, we posted annual operating cash flows of ¥11.7 billion. We are reinvesting the profits in activities for expanding operations and increasing growth prospects while monitoring investments more closely to ensure capital efficiency.

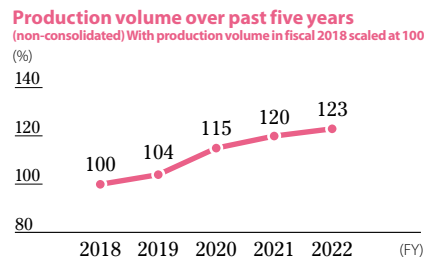


We will continue to maintain fiscal health as we invest toward higher growth.

## Manufactured capital

### Leading the industry in production efficiency

In the processed foods business, we are building an efficient production system by using automation and streamlining plant production. In the fresh meat business, we are building an integrated system of domestic pork production. We are also creating further manufactured capital by building a new plant in Kagoshima [see p. 19](#) and a new pork farm in Miyagi [see p. 21](#). These efforts will lead to better customer satisfaction and to highest levels of production efficiency in Japan.

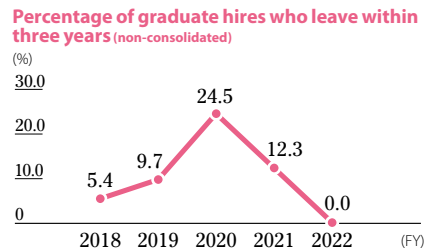


Production volume rose each year thanks to more efficient production in the processed foods business. We will continue to expand production capacity by bringing new plants into service and investing in facilities. The greater production capacity will increase our competitiveness.

## Human capital

### A diverse, inclusive, empowering workplace

We have launched a program to strategically and systematically develop our leadership talent pool and build a more globally fluent workforce. Alongside this, we are cultivating an organizational culture that cherishes diverse backgrounds and experience. We also have a program to support employee satisfaction (the Employee-satisfaction Revolution Project) and a program for developing employee career paths.



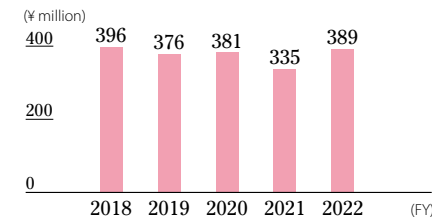
We provide a workplace in which a diverse mix of employees feel empowered and engaged. We also provide a range of training programs and follow-ups to help employees grow professionally.

## Intellectual capital

### Embracing technology and innovation

We recently started developing health-oriented foods, including sugar-free products and reduced-salt products. We have also started using technologies to extend shelf life, such as high pressure processing and individual quick freezing. We also use information and communications technology for saving labor and enabling the production of high-quality products. Alongside this, we engage in joint research with academia to develop high-quality products and enhance quality management.

### R&D expenditures (consolidated)



We actively invest in research and development. Our budget covers basic research, such as advanced techniques for processing/producing meat. It also covers applied research, such as practical solutions for developing and producing products.

## Social capital

### Trusting stakeholder relationships

To strengthen and expand our supply chain networks for raw meat, we work closely with fellow members of the ITOCHU Group, engage in joint product development with partners, and engage in joint research with universities and research institutions. We also sponsor popular theme parks. These sustained collaborative ties have enhanced trust and love for the Prima Meat Packers brand—and a beloved brand is a priceless asset.

### Supply sources for raw meat (non-consolidated)



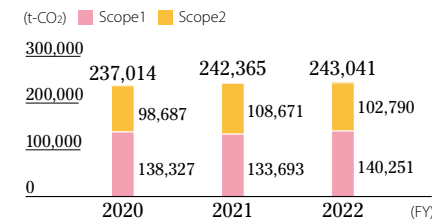
Our geographically dispersed supply networks give us the flexibility to choose just the right raw materials for each product. They also disperse the procurement risks, enabling stable supply and business continuity.

## Natural capital

### Fulfilling our environmental responsibility

We work to acquire the technology and expertise to make our businesses greener. Our efforts include consuming less energy during production, reducing greenhouse emissions, using more renewable energy, cutting waste, and using less plastic packaging (or using recycled plastic packaging).

### CO<sub>2</sub> emissions



Total emissions were largely the same as last year because of an increase in production volume. We are investing capital and undertaking efforts to make the new plant in Kagoshima, along with other sites, more environmentally friendly.

## Interview with the Chief Financial Officer



### A stable business foundation from which we invest in efforts to build our value

#### Takahiro Uchiyama

Senior Managing Executive Officer in Charge of Human Resources, Finance, General Affairs, Public Relations, and Legal Division

#### Profile

An expert in finance, accounting, and other areas of business administration, Takahiro Uchiyama has assisted the management of the Corporate Strategy Department, managed the Human Resources Department, managed (what was) the First Management Division, and managed (what was) the IT Division. He assumed his current posts in June 2023.

#### Steady profits in a tough landscape

In fiscal 2022, we faced a tough business environment. The Japanese yen depreciated against the dollar amid an interest rate gap, and the Russian invasion of Ukraine drove up the costs of raw materials and energy. Because of these circumstances, our production costs skyrocketed.

In the fresh foods business, we increased the prices of ham and sausage products and other processed foods in September 2022, following a previous round of price increases in February 2022. In terms of sales, we continued increasing our share in a market whose total amount of sales had declined from the previous year's level. However, despite the

revenue growth, profit decreased because we didn't fully absorb the production cost increases in our sales prices.

As for the fresh meat business, net sales decreased significantly. As well as struggling in negotiations to increase our prices, we faced a drop in demand for fresh meat. These circumstances prevented us from maintaining sales volume and profit. Our hog farming business benefitted from high prices for Japanese pork. However, this factor was outweighed by high animal feed prices, and the business ultimately recorded a decrease in profit.

Reflecting these results, return on equity (ROE) declined. Rest assured, however, that we're going to improve

performance and increase our ROE. Our first action for turning performance around is to increase the market share of our processed foods business. On the assumption that raw material costs and other production costs will stay high, we implemented a third round of price increases in April 2023, and we plan a fourth round in October. Alongside that, we'll increase our cost effectiveness by boosting the production capacity and productivity of all our plants, one of which is the new plant in Kagoshima, which entered full service in April 2023 [see p. 19](#).

#### Investing in future growth prospects while maintaining decent profit

The external business environment is likely to remain tough, and we must base our strategic planning upon this assumption. We've already made progress in improving productivity through our program of business reform, which we started ten years ago. Consequently, our profit margins and business foundation are now more stable. On the financial side, our balance sheet is healthier. On the business side, we have built the Koukun® Sausage brand into a key driver of business growth. In the processed foods business, we're optimizing prices to protect our margins in a tough business climate, while also increasing our market share. In other words, we're laying a foundation that will help our business maintain stable profit in difficult economic times.

While maintaining a decent level of profit, we plan to invest capital toward increasing our future growth prospects. We will, of course, consider modifying our investment strategy to reflect changes in the business environment.

One area we'll be investing in is our existing plants. We'll use the investment to boost their production capacity and productivity. We know from evaluations of past capital

expenditures that such investments yield returns in increased productivity and competitiveness. We'll keep working to ensure that our investment strategy delivers decent returns.

In the hog farming business, we completed the first phase of construction for the new farm in Miyagi [see p. 21](#). In the summer of 2023, the farm sent its first shipments. We're now working on improvements necessary to achieve the farm's profitability target, and we're monitoring progress. Recognizing the importance of animal welfare, we equipped the farm with advanced technology to create an optimal environment for the animals. We plan to roll out the technology to other farms too.

In the processed foods business, we used promotional campaigns to increase the market share and brand recognition of Koukun® Sausage. Brand strategy is essential in the fresh meat business too. We want to develop measures for enhancing the value of the brand of pork from pigs reared on the new farm. The shifts we're seeing in the external environment today suggest that commercial hog farming in Japan will enter a period of accelerated growth over the medium and long term. We'll build organizational infrastructure to capture this business opportunity.

Regarding mergers and acquisitions, we keep looking out for M&A deals, seeing them as a means for sustainable growth. Japan's shrinking and aging population has made it all the more essential to expand into the e-commerce sector and into overseas markets. We gained a strong foothold in the e-commerce sector in December 2021, when we acquired TMG International, which operates an online meat store. To improve our M&A success rate, we'll evaluate the outcomes of past M&As and post-merger integrations,<sup>\*1</sup> and apply the findings in our future M&A activities. To ensure we have the resources to fund M&A activities, we'll maintain decent

operating cash flows and communicate effectively with capital markets and banks.

<sup>\*1</sup> Post-merger integration (PMI) involves integrating business processes to ensure that the M&A achieves the maximum synergistic effects initially envisaged.

### Rigorous post-investment monitoring

Major potential investments are vetted by the Executive Council and Board of Directors with advice from the Business Review Committee. In determining whether to greenlight an investment, we consider criteria such as the expected return on invested capital, net present value,<sup>\*2</sup> the payback period, and the extent to which the investment will reduce our environmental impact. We increasingly use growth capital expenditure and M&As. We'll create an even more rigorous system of post-investment monitoring framework in order to strengthen the management system and improve the accuracy of our investment decisions.

We're currently working on a digital transformation project called Prima Next Project [see p. 15](#). The project will, in time, deliver benefits for business management. The new system will allocate company assets in a more nuanced way, creating a foundation for improving profitability and capital efficiency in each business.

Stakeholders are increasingly interested in non-financial information. We'll therefore improve the quality of our non-financial disclosures along with that of our financial disclosures. The improved disclosures will give our stakeholders a better idea of what actions we're taking to achieve our vision.

<sup>\*2</sup> Net present value (NPV) is the sum of the present value of the investment and the profit it is expected to deliver over time, less the amount of the initial investment.

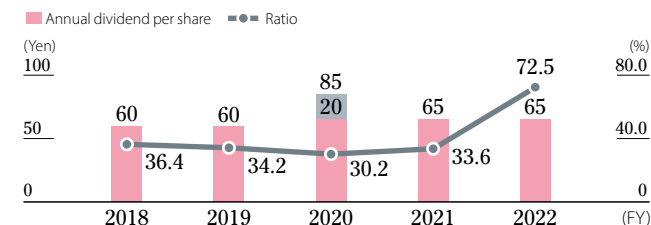
### Delivering the stable dividends our shareholders expect

As for shareholder returns, dividends are discussed during meetings of the Executive Advisory Committee. These meetings are attended by outside directors too, making for vibrant discussions. We try to strike the right balance between reinvesting the profits toward further business growth and returning profits to shareholders.

For payout ratio, we've set a benchmark of 30% or higher. In fiscal 2022, the payout ratio was unusually high. That's because we recognized extraordinary loss. We'll keep delivering the stable dividends that our shareholders rightfully expect.

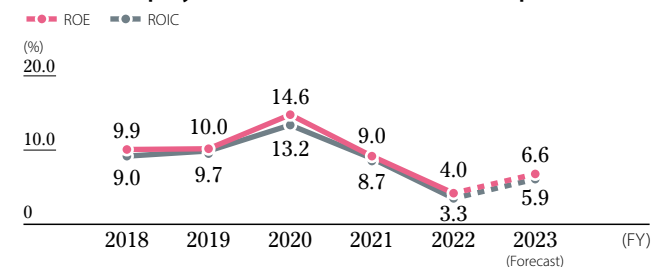
In summary, we'll continue strengthening our sales and profit bases and building the value of our organization, including its shareholder value.

#### Annual dividend per share / Ratio



<sup>\*</sup> The fiscal 2020 dividend consisted of a regular dividend of ¥65 and a commemorative dividend of ¥20.

#### Return on equity (ROE) and return on invested capital (ROIC)



## 2022 Highlight

## A ¥13 billion investment to build sustainable growth

We invested some ¥13 billion to build a new meat processing plant in Kagoshima. With the new plant now in service, we've increased the production capacity by 1.3 time. We've also established a system for supplying value-added products that are distinctive to Kagoshima.



### New plant in Kagoshima

**Location:** Seisatsu-cho, Ichikikushikino-shi, Kagoshima (Seisatsu Chukaku Industrial Park)

**Capital invested:** c. ¥13 billion

**Site area:** 45,636.02 m<sup>2</sup>

**Building area:** 11,880 m<sup>2</sup>

**Business description:** Production of processed meat products



### Improving production capacity and distribution efficiency for products distinctive to Kagoshima

Over 60 years, our plant in Kagoshima had aged considerably. We therefore decided to invest some ¥13 billion to build a new plant in Kagoshima. The new plant is situated two and a half kilometers away, in a coastal industrial park. Equipped with cutting-edge technology, the new plant entered full service in April 2023. The plant is a three-story structure with a total surface area of 20 thousand square meters (3 thousand square meters larger than the old plant). It produces processed meat products such as sausages, ham, and poultry products made from broilers reared in Kyushu. With the new plant now in service, we have significantly

boosted our capacity to produce Koukun® Sausage and other processed meat products sold nationwide. The new plant can ship products to the Chugoku region and part of the Shikoku region, enabling a reduction in distribution costs and distribution load.

Our plan is produce products distinctive to Kagoshima and distribute them across the country. Poultry products will play the central role here. The prefectures of Miyazaki and Kagoshima are major poultry-producing regions, and our ability to produce products sourced from these regions gives us a major advantage. Since the raw materials are sourced locally, we have no need to freeze them, which creates benefits for distribution and quality. Utilizing this advantage, the new plant will produce chicken

products for convenience stores to sell, including steamed flavored chicken and bite-size snacks. These products will help differentiate the plant from other plants.

Kagoshima is famed for its Kurobuta pork. In local food expos held in department stores, Kagoshima produce rivals that of Hokkaido and Kyoto in popularity. We supply a brand of Kagoshima pork, Megumi no Kurobuta. The brand is popular as a gift item. We will continue using the new plant to maximize the potential of Kagoshima produce.

### Adaptable production lines that can produce products that cannot be produced in other plants

For the new plant, we aim for a monthly output 1.3 times that of the old one. The new plant can ship the finished goods from Kagoshima across the whole of Kyushu and Chugoku, and part of Shikoku. We want to expand the coverage further.

The plant's production lines are designed to be adaptable, enabling us to flexibly rearrange them to suit the product. Leveraging this flexibility, we will increase the relative amount of products that other plants could not produce—products involving elaborate processes and those that are distinctive to the local area—thereby maximizing the plant's strengths. For example, the plant can produce meat products that require multiple rounds of smoking, whereas other plants are incapable of such. Using this advantage to the full, we will actively develop new products.

#### Products produced at the new plant in Kagoshima



Koukun® Sausage



Plain steamed chicken strips



Spicy chicken skin snack from Kyushu poultry



Smoked chicken snack from Kyushu poultry

### Aiming for a sustainable plant that positively impacts the environment and local community

To make the new plant carbon neutral, we are stepping up our environmental efforts. For example, we signed a power purchase agreement. Under this agreement, an electricity supplier installs its solar panels in the plant's premises and the plant purchases the power generated from the panels. Solar power purchased under the agreement accounts for 10% of the electricity used in four of our plants (Hokkaido, Ibaraki, Mie, Kagoshima), enabling an annual emissions reduction of more than 5,000 tons of carbon dioxide.

We have switched the plant's boiler fuel from fuel oil to liquefied natural gas (LNG). As in the Ibaraki plant, the plant uses an onsite co-generation system. In this system, the emissions generated when fuel is converted to thermal energy are used for heating water.

The plant also contributes to the local economy. It employs local people and will continue to do so. A number of other food

companies operate in the industrial park where the plant is located. We collaborate with these companies to organize culinary events and a summer festival, adding to the vibrancy of the area.

#### Key features of the new plant in Kagoshima

##### Efficiency, labor saving

- Flexible production lines
- AI-powered quality testing that rationalizes production

##### Environmental initiatives

- Use of solar power (under a power purchase agreement)
- Using LNG instead of fuel oil for boiler fuel
- Using natural refrigerants
- Using an onsite co-generation system

##### Other

- Expanding the distribution coverage for products
- Creating locally sourced products

#### Equipment that is kind to the environment



The plant's solar panels cut its annual emissions by more than 5,000 tons.



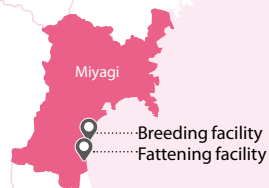
For boiler fuel, the plant uses LNG, which has a low carbon footprint.



## 2022 Highlight

# Building vast breeding and fattening facilities to further integrate the domestic pork production process

We have made progress in our strategy for growing the fresh meat business. In particular, we have strengthened production of Japanese pork. The flagship farm in this strategy consists of large breeding and fattening facilities in Miyagi Prefecture. The facilities use cutting-edge technology. They also use science-based practices to maximize productivity and profitability.



## Miyagi farm complex

In Miyagi Prefecture, we built a breeding and fattening facilities. Both facilities are large, at 13 hectares. Both facilities are equipped with cutting-edge technology, including digital technology and biosecurity measures. They also use science-based practices to maximize productivity.



The breeding facility (Watari, Miyagi Prefecture)



The fattening facility (Yamamoto, Miyagi Prefecture)

## A super farm that earns profits and reinvests them in a positive spiral

One of our strategies for growing the fresh meat business is to expand hog farming. To create a mainstay for this upstream business, we built a farm complex in Miyagi Prefecture. The complex consists of large breeding and fattening facilities, both encompassing 13 hectares.

To produce tasty pork, one must safeguard the health of the pigs and minimize their stress. To that end, we use AI-powered technology and our own mixtures of fresh animal feed to optimize the environment for the pigs. The farm uses locally produced rice in the animal feed and provides pig manure to local farmers for use as fertilizer. Through such tie-ups with the local community, we are adding a local flavor to our brand.

In July 2022, the breeding facility welcomed boars and sows. In

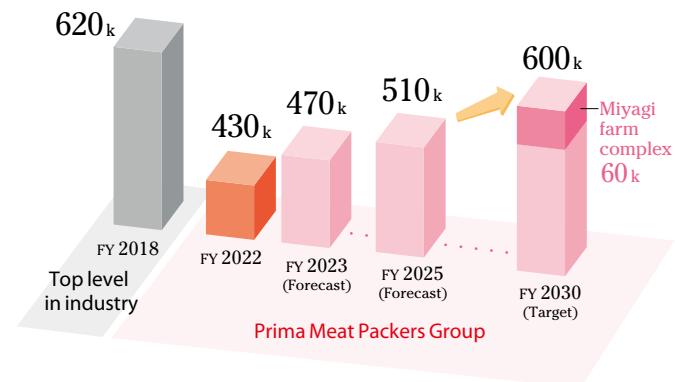
March 2023, the first litter of piglets was born. In April, the piglets were relocated to a weaning shed in the fattening facility to begin the fattening process. The pigs were then relocated to fattening sheds. In the summer of 2023, the farm dispatched its first shipment of pigs.

We aim for the farm to ship some 60 thousand in fiscal 2030. With these shipments added to the tally, we will raise our total pig shipments. Our aim is to raise the total from the 470 thousand figure forecasted for fiscal 2023 to 510 thousand in fiscal 2025, and then to 600 thousand in fiscal 2030. That would make us one of the top pork producers. In this expansion, we aim to further integrate the processes from breeding to the final product. We also aim to further minimize supply uncertainty, insulating our business from fluctuations in international meat markets.

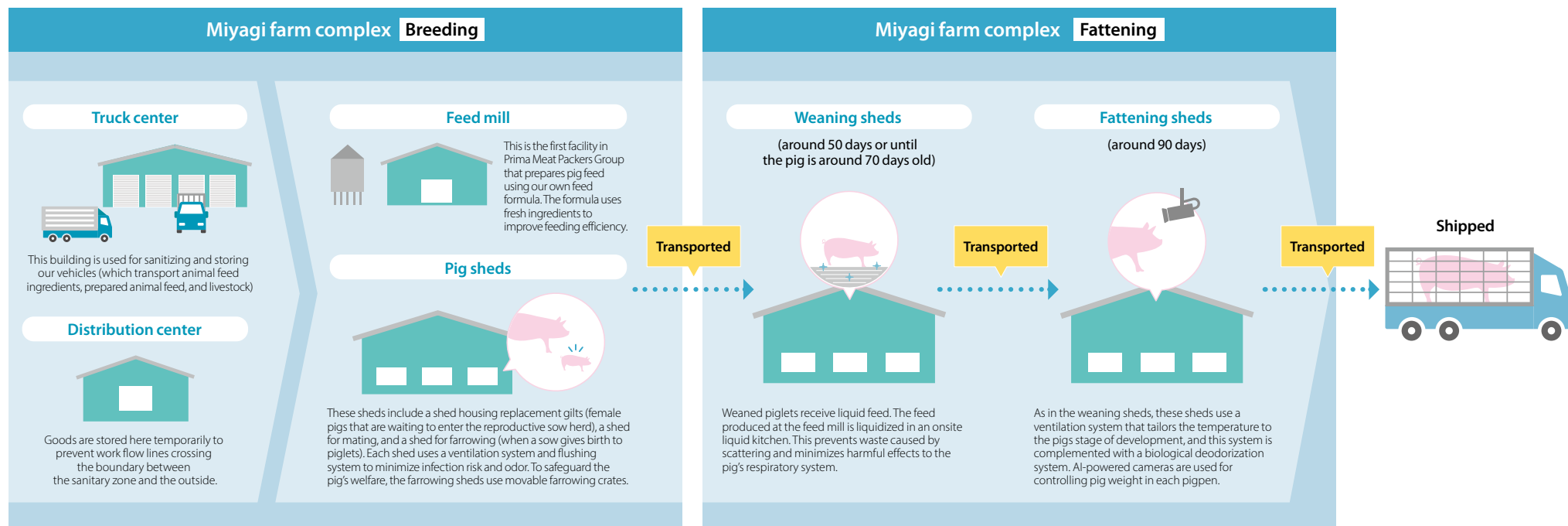
To achieve this, we will make the Miyagi farm complex a super farm, one that maximizes higher productivity and uses smarter

goal-setting and financial analysis to earn profits and reinvest them, creating a positive spiral of growth.

## Pig shipments



## Overview of the Miyagi farm complex



### Embracing science-based approaches such as using data to analyze mating

In hog farming, it is important to take a science-based approach. Genetics is a particularly significant determinant of pork quality. Accordingly, we follow the data-informed advice of the world's top breeding experts when breeding and replacing the stock of "grandparents" (the maternal grandparents produce the gilt "parents," which produce the pigs reared for slaughter).

In one of our fattening sheds, we pilot the use of an AI-powered camera to monitor pig weight. Currently, the digital technology mainly comprises a remotely operated ventilation system, but we plan to use other advanced digital technology too.



The farm uses open farrowing crates.

### Multilayered safeguards to minimize infection risk

To protect the pigs from infection, the farm uses a two-site approach, segregating breeding and fattening facilities. This approach minimizes the risk of infection spreading across the breeding herd, thereby limiting any horizontal spread across the farm. The farm in general uses a closed-herd system in which breeding sows are replaced with gilts reared in the breeding facility. This practice minimizes the risk of infection from outside.

The farm also has a distribution center, which has a fogging chamber and space for storing goods. The fogging chamber disinfects all objects arriving from the outside. Likewise, outbound goods going are stored here before leaving the farm. The farm uses a variety of other safeguards too. These include using a pig shed with a well-sealed structure, having our own vehicles for transportation, and providing a truck center where vehicles are thoroughly sanitized.

### Toward local circular agriculture that benefits the community as well as the business

As well as focusing on animal welfare, one of our material issues [see p. 34](#), we consider the environment and contribute to the local community. For example, to minimize odor from the farm, we use a deodorizer and system for processing pig effluent, both of which have rarely been used in Japan.

The local area where the farm complex was built was devastated in the Great East Japan Earthquake of 2011. The farmland was contaminated by salt due to the tsunami. To help restore soil fertility in the local farmland, we offer local farmers pig manure from the new farm for use as quality fertilizer. We also provide employment opportunities to local high school graduates. In this way, we aim local circular agriculture, in which both the farm business and the community thrive and in which the environment is protected.