

## Section 2

# Growth strategy

### 13 Medium-term Business Plan

#### Financial Strategy

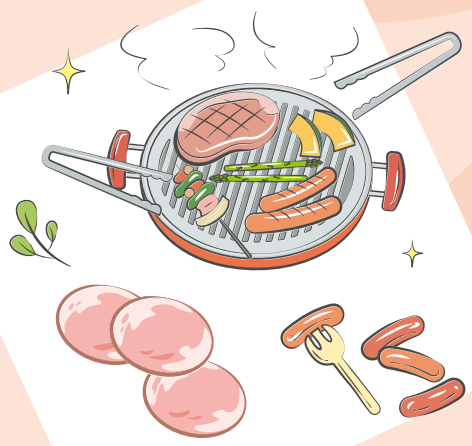
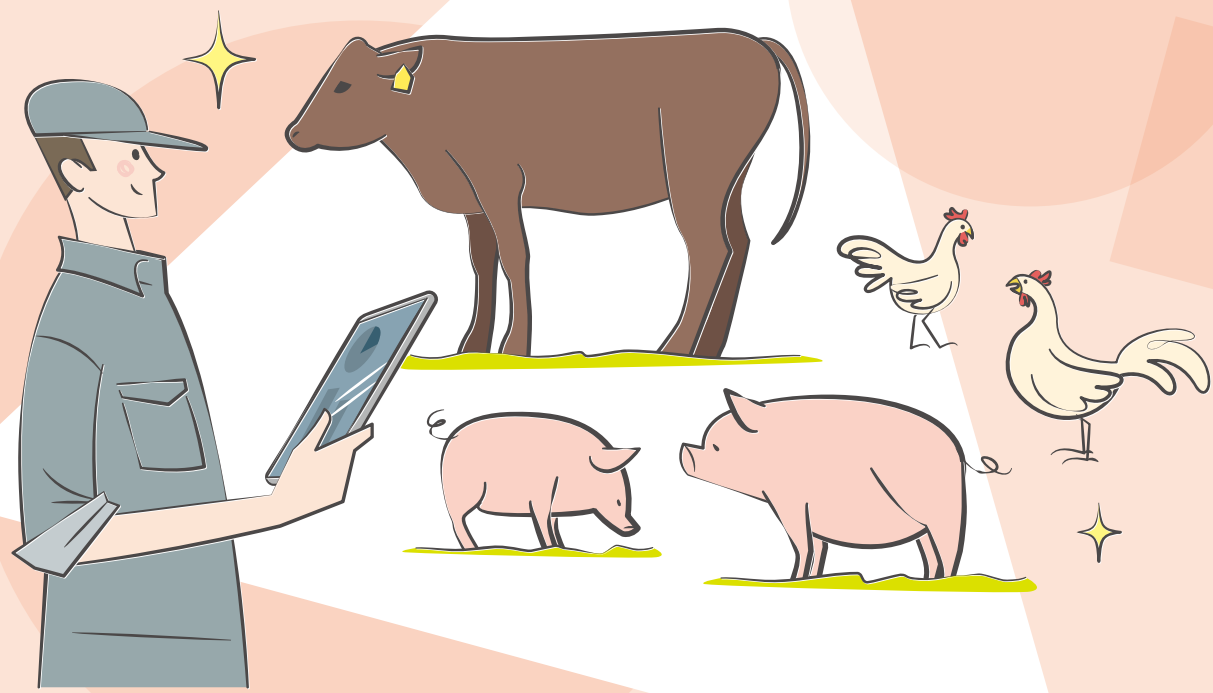
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# Medium-term Business Plan

## Tighter control of cost of capital to enhance our value

In fiscal 2023, we recorded growth in revenue (consolidated net sales) and profit. Although sales price revisions failed to absorb the cost increases (which were the result of high raw materials prices and the low yen), this was more than offset by strong B2B sales (vendor products).

Our current medium-term business plan runs from fiscal 2024 to fiscal 2026. The plan emphasizes tighter control over cost of capital. For the processed foods business, the plan focuses on expanding market share. For the fresh meat business, it focuses, as the previous plan did, on maximizing profit margins in B2B and B2C sales.

### Looking back on fiscal 2022

- 1 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.

- 2 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.

- 3 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.

### Looking back on fiscal 2023

- We published the Prima Meat Packers Group Human Rights Policy and the Prima Meat Packers Group Procurement Policy
- We followed the TCFD recommendations in our disclosures
- We added three material issues

**Outstanding task** Do more to address material issues

- We expanded sales of Koukun® Sausage and improved brand recognition of Smile Up!
- The new plant in Kagoshima entered service, boosting our production capacity
- We launched Prima Meat Packers' online store, Takegishi Meat Packers
- The new farm in Miyagi entered service, boosting pork shipments

**Outstanding task** Revise sales prices further, become more cost competitive, develop more B2B products

- Among the vendor products, we expanded sales of smoothies and Cup Deli items
- The Meat Guy (an online meat store) underwent a revamp

**Outstanding task** Invest in Japanese and overseas markets with bright growth prospects, develop new technology

## Prima Meat Packers Group's Medium-term Business Plan (Fiscal 2024–2026)

### 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 Make the business foundation more sustainable

- Exert tighter control over cost of capital
- Inculcate a change mindset in talent acquisition and talent development
- Take action to drive the carbon transition and the transition to a circular economy

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

- Improve earnings base in existing businesses
- Adapt risk–return management to changes in the business environment
- Build a sustainable supply chain

#### 3 Invest in growth and expand globally

- Expand business in Japan and overseas, mainly through collaboration with ITOCHU Corporation
- Penetrate growing markets, achieve digital transformation, develop and introduce new technology

	(¥ billion)		
Consolidated profit/loss	Fiscal 2022 results	Fiscal 2023 target	Fiscal 2023 results
Net sales	430.7	470.3	448.4
Operating profit	9.7	11.5	11.8
Ordinary profit	10.5	12.0	12.9
Net income attributable to owners of parent	4.5	7.6	7.5
ROE	4.0 %	6.6 %	6.4 %
ROA	2.0 %	3.2 %	3.2 %
ROIC	3.3 %	5.9 %	5.9 %
Cost of capital	4.9 %	—	4.6 %
WACC	4.0 %	4.0 %	3.9 %

\* Undisclosed

	(¥ billion)		
Consolidated profit/loss	Rolling plan		
	Fiscal 2024 plan	Fiscal 2025 plan	Fiscal 2026 plan
Net sales	470.0	500.0	510.0
Operating profit	16.0	15.5	17.5
Ordinary profit	17.0	16.5	18.5
Net income attributable to owners of parent	10.0	10.0	11.5
ROE	8.3 %	7.8 %	8.5 %
ROA	4.1 %	4.0 %	4.5 %
ROIC	8.3 %	7.6 %	8.4 %
Cost of capital	4.6 %	4.6 %	4.6 %
WACC	3.9 %	3.9 %	3.9 %

## Interview with the Chief Financial Officer

# Financial stability combined with active investment to build our value



**Takahiro Uchiyama**

Senior Managing Executive Officer, Head of Administration Division

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 April 2024.

### Active investment for a stable business foundation and future growth

Fiscal 2023 was another year of challenging circumstances. We faced severe market turbulence, with the low yen, high prices in overseas meat markets, high raw materials costs and utility costs, and animal disease outbreaks.

In Prima Meat Packers Group's processed foods business, we enacted a fourth round of sales price revisions in October 2023. The price revisions, which followed the previous round in April 2023, covered consumer products in the ham and sausage category and other processed food items. They helped us achieve earnings growth in fiscal 2023, but much of the growth was led by higher B2B sales (sales to convenience stores). The processed foods business as a whole continued to experience tough conditions. Conditions were similarly tough in the fresh meat business. We faced high prices in overseas meat markets, not helped by the low yen, which pushed up import costs. Costs were pushed up further by reductions in stocks of meat imports. Fortunately, we continued adjusting the terms of our business transactions to reflect these market conditions. Consequently, net sales and profit both topped the previous year's level.

With conditions likely to remain tough in fiscal 2024, we need to make production more efficient and boost

production capacity. The company has been reforming business management for more than ten years and, on the financial side, its balance sheet remains healthy. While maintaining decent profits, we should invest actively in projects that will increase our future growth prospects.

### Capital expenditure on existing assets, renewable energy shift

Our production sites, which operate day in day out, require investment. Urgent action is necessary to address the poor state of repair of our decades-old plants. The priorities for investment include labor saving and efficiency improvements.

To reduce our greenhouse gas emissions, we are accelerating the rollout of renewable energy in our plants. The Kagoshima Plant has a power purchase agreement (PPA) for solar power. In fiscal 2024, all our ham and sausage plants started using renewable energy.

As for marketing and branding, in the processed foods business, our promotional campaigns for Koukun® Sausage have proved successful in expanding market share. Building on this success, we will conduct similar campaigns for other processed food products too. In the fresh meat business, we will work to build a strong brand identity for the brand of pork raised in our farm in Miyagi and for original brands procured from overseas locations.

In both business segments, we are leaning into e-commerce. In the processed foods business, we have opened Takegishi Meat Packers, an online store that offers something a touch of class: ham and bacon products that are meticulously prepared using good old-fashioned methods. In the fresh meat business, our e-commerce strategy focuses on The Meat Guy, an online meat store run by TMG International (a subsidiary of ours since December 2021). The Meat Guy website has undergone a revamp and is engaging actively on social media. In both cases, we are still just sowing the seeds, but they will bear fruit as direct channels to general consumers.

### Investments in non-financial capital: Talent, digital transformation

As for non-financial capital, to build the value of our organization, we have again invested in measures to attract top talent and provide an effective system of talent development. We restarted our overseas study program, suspended during the pandemic, to help train up a team who can lead overseas business with bright growth prospects. As well as hiring new graduates (the traditional hiring practice in Japan), we are actively seeking older candidates who have the professional skills and career experience to hit the ground running.

We continue to invest in digitizing our business systems too. Preparations are underway for the launch in fiscal 2025 of our digital transformation project, Prima Next Project (PNP). PNP will optimize our resource allocations, improving profitability and efficiency of capital in our business operations.

### Investing in future growth, diversifying funding sources

Major potential investments are reviewed by the Executive Council and Board of Directors after being vetted by the

Business Review Committee. Before making any investment decision, we consider profitability indicators like return on invested capital along with a broad range of other factors, including the time it would take to recoup the investment and the size of the return.

We used to have a poor equity ratio. That was during a period of sluggish business performance, which left us financially vulnerable. The equity ratio has recovered since then, and it now stands close to 50%. The next step is to use financial leverage to inject more cash into projects that will increase our growth prospects. Our interest-bearing debt has fallen over the past several years, such that our liabilities now are low-interest and long-term. We intend to diversify our funding sources—instead of relying only on bank loans, we will consider offering corporate bonds and sustainability bonds. With greater investment in future growth, we can expand our business operations, improve our return on equity, and build the overall value of our organization.

### Shareholder-centric business management: Minimum payout ratio raised to 40%

Shareholder returns is a topic that features prominently in board meetings, with outside directors actively contributing to the discussion. We remain committed to a balanced approach, in which we give shareholders generous returns while reinvesting profits in projects to grow our businesses.

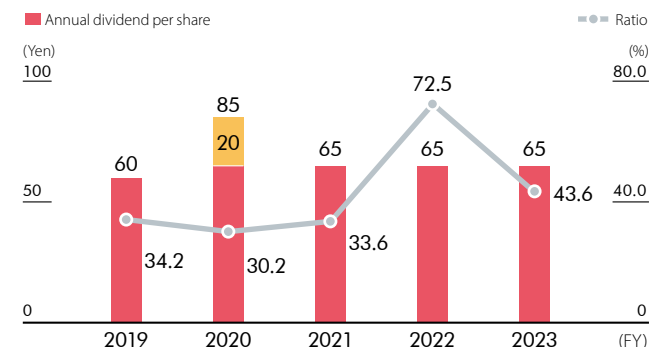
For the fiscal 2023 dividend, we delivered a stable dividend, setting a minimum payout ratio of 30% and increasing the portion of the earnings that we set aside to reinvest in strengthening our strategic resources and maximizing our future growth prospects.

For fiscal 2024 and beyond, we will remain committed to a stable dividend policy and raise the benchmark for minimum

payout ratio from 30% to 40%, demonstrating our commitment to shareholder-centric business management.

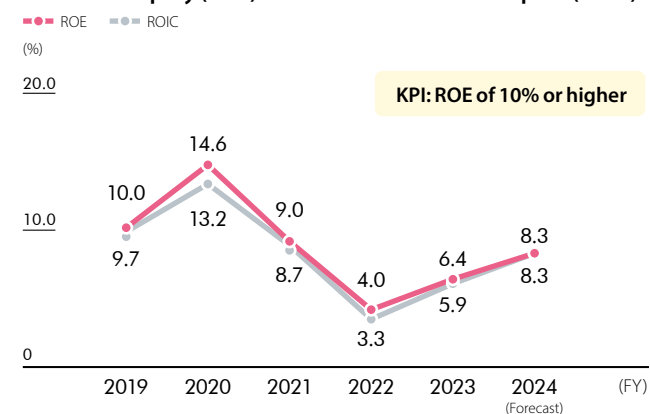
We will remain committed to strengthening our earnings base, delivering stable dividends (with a minimum payout ratio of 40%), and building the overall value of our organization.

#### Annual dividend per share / Ratio



\* 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)



# 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 plants

With the new plant in Kagoshima entering full service in April 2023, we have boosted our capacity to produce popular food products such as Koukun® Sausage, steamed chicken strips, and snacks made from locally sourced ingredients. We will accelerate investment in production equipment in this and other plants to make them more cost-competitive. We will also roll out the latest AI-powered inspections and advanced hygiene control.

#### Main budget allocations

- More production lines for pork loin ham products
- AI-powered inspections
- Advanced hygiene control system

Budget 2

### Capital expenditure in the hog farming business

We are building up our domestic hog farming business. Central to this strategy is 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

- Data monitoring infrastructure (cameras and sensors for monitoring biodata and environmental data)
- Free-access stalls

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.

#### 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

Our digital transformation project, Prima Next Project, will involve updating our internal systems and transforming workflows and workstyles (including standardizing workflows). The project forms part of our agenda of business process re-engineering (reviewing and re-designing workflows and organizational processes) and change management (helping employees prepare for the organizational changes with a view to entrenching the changes). Preparations are underway to launch the project in fiscal 2025.

#### 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. We offer junior employees overseas study programs and apprenticeships. We also provide a future managers training courses run by outside experts.

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
- Future managers training courses

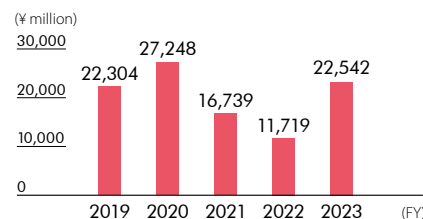
# Capital Assets

## 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 2023, we posted annual operating cash flows of ¥22.5 billion. We are reinvesting the profits in activities for expanding operations and increasing growth prospects while monitoring investments more closely to ensure capital efficiency.

#### Cash flows from operating activities (consolidated)



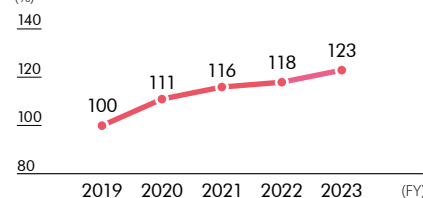
We will continue to maintain fiscal health as we invest toward higher growth.

## 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. In fiscal 2023, our manufactured capital was further enhanced with the launch of our new plant in Kagoshima and our new pork farm in Miyagi, resulting in higher levels of production efficiency.

#### Production volume over past five years (non-consolidated) With production volume in fiscal 2019 scaled at 100 (%)



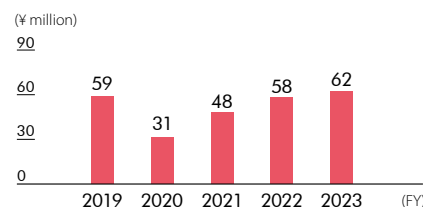
Production volume rose each year thanks to more efficient production in the processed foods business. We will continue to expand production capacity by bringing new plants into service and investing in facilities. The greater production capacity will increase our competitiveness.

## 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.

#### Training expenditure (non-consolidated)



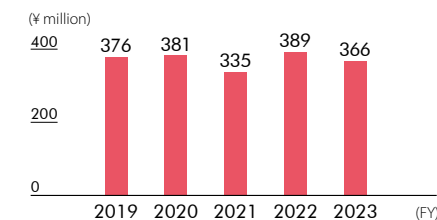
We provide a workplace in which a diverse mix of employees feel empowered and engaged. We also provide a range of training programs and follow-ups to help employees grow professionally.

## 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)



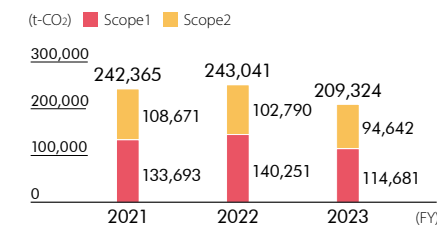
Our geographically dispersed supply networks give us the flexibility to choose just the right raw materials for each product. They also disperse the procurement risks, enabling stable supply and business continuity.

## 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 decreased from the previous year's level despite an increase in production volume. We will continue investing capital and undertaking efforts to improve environmental performance.



## Special Feature 1

## Capturing a Growing Market with E-Commerce and Global Expansion



One of the basic policies set out in our medium-term business plan is to invest in growth and expand globally. For “creating business,” we are leaning into e-commerce, both in our fresh meat and processed foods businesses. For “expanding globally,” we are expanding our sales network mainly in Singapore and Thailand. Through these projects, we are building new income sources for the Prima Meat Packers Group.

## E-commerce

## Building The Meat Guy's brand awareness with a website revamp

Group company TMG International runs The Meat Guy, an online meat store. With a broad lineup (including beef and rare meats), a strong brand recognition and following, and extensive sales channels, The Meat Guy has a strong position in the burgeoning sector of online meat stores. To bolster The Meat Guy's expertise and turn it a new growth driver for our organization, TMG International has added more than 400 products to the store. The Meat Guy has an active presence on social media (it has accounts on Instagram, YouTube, and X), where its content, including tips about defrosting and cooking the meat, has proved very popular.

To capitalize on the growth in the e-commerce sector, The Meat Guy website was revamped in fiscal 2023, expanding the lineup of products and optimizing the search engine. The revamp improved usability in three ways: it optimized the search engine, added more payment options, and reduced webpage loading times. To promote its wares and build its following, The



The Meat Guy  
<https://www.themeatguy.jp/en/>

Sales promotions  
on social media

Meat Guy continues to engage on social media while also organizing an on-site barbecue event in collaboration with the Japan Barbecue Association.

We will continue building synergies between Prima Meat Packers and TMG International to drive more traffic to the store and build the value of The Meat Guy brand.

The Meat Guy marks a new adventure for Prima Meat Packers, insofar as it involves communicating directly with consumers to direct them to the store and make a purchase. Employees tell me that they are excited by the thrill of this challenge. Their positive energy has spread to partners and customers, leading to a growing fan base for the website. An engaged employee is one who thinks independently, contributes ideas during discussions, and takes on new challenges. An engaged workplace is what I strive for as a leader.



**Tomoo Sasaki**  
President and Representative  
Director of TMG International

Prima Meat Packers' online meat store <https://eshop.primaham.co.jp/>

### Prima Meat Packers' online meat store: Premium quality sparing no time or effort

Prima Meat Packers sells seasonal gift products on its online store. The Covid pandemic prompted a surge in people buying gift products for their own use. Responding to rising demand for premium-quality products, we embraced a new sales model. Specifically, in December 2023, we opened a new online store offering a choice range of premium products. Named after

Prima Meat Packers' original name (Takegishi Meat Packers), the online store represents a return to the basics. The lineup includes roast ham, bacon, baby back ribs. Meat orders are prepared in a good old-fashioned way, which includes rubbing in salt by hand.

At Prima Meat Packers, we had long relied on sources of competitive advantage such as our hit product Koukun® Sausage and our efficient production system, but we had barely anything that could really differentiate us from the competition. We wanted to develop something special, something not found elsewhere. We therefore launched an online meat store, a brand of roast ham and bacon products that are prepared using painstaking methods, marking them apart from the run-of-the-mill consumer pork products. The time from order to delivery takes one and a half months, and users can track the progress of their order on the website. I cannot recommend it highly enough.



**Masanori Shima**

Head of Delicatessen/E-Commerce sales dept at Prima Meat Packers' East Japan Branch

## Overseas Business

### Singapore as stepping stone for global expansion

In August 2021, Prima Meat Packers acquired Rudi's Fine Food Pte Ltd to bolster its overseas businesses. With Singapore as its home market, Rudi's is now expanding its lineup. In fiscal 2023, we strengthened cooperation with Thai Foods Group PCL and Thai Foods Further Co Ltd (companies that process and sell poultry in

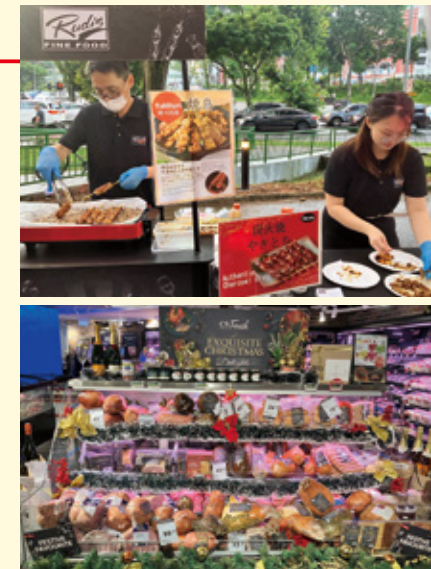
Thailand and Vietnam) to launch sales of Japanese jumbo yakitori in Singapore. Since jumbo yakitori is a novel product category for Singapore, competition is minimal. For Japanese food service companies looking to open locations in Singapore, we have started offering local business intel and other support services.

With the acquisition of Rudi's, we now have access to a much stronger production and sales network in Southeast Asia, which includes two Thai poultry producers. We are now eyeing the Halal market. With Thai Foods Further producing Halal-certified poultry, we now have the option to market Halal foods in Singapore. Eventually, we want to expand to other Southeast Asian markets and to the Middle East.



**Tsuyoshi Tohmura**

President of Rudi's Fine Food Pte Ltd



Above: Yakitori tasting in Singapore  
Below: Christmas sale in Singapore



## Special Feature 2

## Visualization of Tastiness to Deliver Excitement



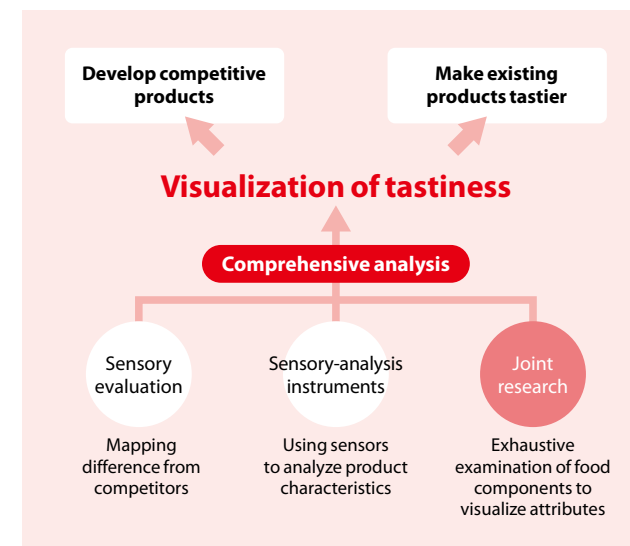
## Scientifically analyzing mouthfeel, flavor, visual appearance

When tasting food, you use all five senses. Prima Meat Packers' R&D Center has sensory evaluations and scientific analysis to visualize taste—to quantify three key elements that affect how we perceive food: mouthfeel, flavor, visual appearance.

For sensory evaluations, the team uses a short check-all-that-apply (CATA) survey. The CATA is a multi-choice survey that presents a list of descriptors such as “hard,” “soft,” and “salty.” After tasting a food sample, respondents select (“check”) one or more of the listed attributes to describe their impression of the sample. This simple method provides a quick way to map out the differences in taste perception between our food products and those of our competitors. For scientific analysis, we use sensors to objectively evaluate a sample's mouthfeel, flavor, and visual appearance.

Our R&D team also engages in joint research with Kobe University. The project involves an exhaustive analysis of the components of edible meat to visualize the attributes of a meat product. We use the findings to clarify the mouthfeel, flavor, and visual appearance of our products.

This research has culminated in a universal metric for rating the tastiness of any food. We can use this yardstick to gain insights into what elements to focus on when developing new products or



improving existing ones.

The R&D team will continue its visualization of tastiness and share the findings with the Product Strategy Department and Product Development Department, so that the Development Division can identify the strengths and weaknesses in all categories of the products it handles and clarify how to give our new products a competitive edge.

Inside Prima Meat Packers' Development Division, the Product Strategy Department, Product Development Department, and R&D Center are collaborating to make our products tastier, safer, healthier, simpler, greener, and more affordable. The R&D Center is playing a central role in efforts to visualize tastiness. Through such research and collaboration, we are adding more value to our products and further differentiating them from the competition.

Visualization of tastiness of beer or soup is relatively straightforward, but doing the same for non-liquid foods has proved a lot harder. Nonetheless, our research has culminated in an objective yardstick that delivers a much more granular evaluation of the food. Our research environment has improved too, allowing us to collaborate with a university and gain insights that we may never have discovered ourselves. We will continue to research ways to deliver great taste and excitement and build up the value of Prima Meat Packers Group.



**Keiichi Kato**  
R&D Center, Development Division  
Prima Meat Packers

## Processed Foods Business

# Using a top market share and high productivity to propel us to greater heights



**Yuji Shinkawa**  
Senior Managing Executive Officer  
Head of Sales Division, Head of  
East Japan Branch

Yuji Shinkawa has extensive expertise in marketing and sales. He previously headed the Company's Chubu Branch and East Japan Branch, and has headed the Sales Division since April 2021. Since joining the Company, Mr. Shinkawa has devoted himself to sales, forging relations with numerous business partners.



**Toshihiro Tago**  
Managing Executive Officer  
Head of Production Division

Toshihiro Tago has extensive expertise in the Company and in the industry. Mr. Tago has worked in frontline production and at the Corporate Strategy Department. He has also served as foreperson at the Ibaraki plant. He has headed the Production Division since April 2021.

### Top share in ham & sausage market —Building on the momentum with new measures

In fiscal 2023, Koukun® Sausage was the biggest selling sausage in Japan by number of units sold.<sup>\*1</sup> For some months in 2024, it topped the ham and sausage category.<sup>\*2</sup> At a time of sluggish sales growth for processed food products, our steamed chicken breasts have achieved a top market share,<sup>\*3</sup> with steamed chicken strips proving particularly popular. We have also seen strong sales growth in Smile Up! a brand of ham and bacon multipacks launched in September 2023.

Never resting on our laurels, we will use our commanding share as a springboard for further success. In our marketing, we will take an adaptive approach that combines speed with observation. This hybrid approach will help us identify changes in market shifts and then grab the opportunities.

<sup>\*1</sup> Source: Point-of-sale data by KSP-SP

<sup>\*2</sup> Source: SCL consumer panel by Intage

<sup>\*3</sup> Source: Data from Macromill's quick purchase report

### Output doubled in decade —Next step, full automation

One of our top priorities is to improve productivity in our plants. Our plants are engaging in Prima Innovation (PI)<sup>\*4</sup> and deploying our proprietary production equipment. In Japan's ham and sausage market, our share has increased, and we have doubled production output compared to 2013. We will continue to improve productive capacity and ensure continuity of supply.

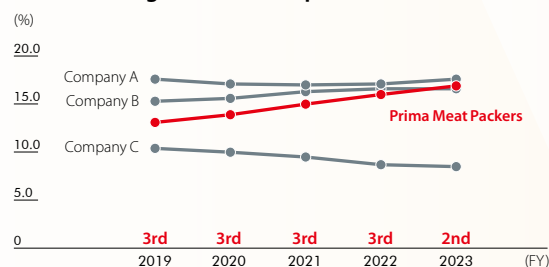
Eventually, we want to fully automate production lines. This task involves many hurdles, not least quality management. However, automation will solve the problem of labor shortages, combatting key-person dependency (relying too much on one person for a particular job), and enable a dynamic relocation of production. We also want to create zero-waste plants by eliminating production waste and increase the percentage of waste that gets recycle. In such plants, employees will be spared from monotonous work and can do more humanlike, engaging jobs. We will discuss with employees ideas about a plant of the future.



<sup>\*4</sup> Prima Innovation is a series of practices for improving performance in quantitative metrics, which, depending on the case, may include operation rate and work efficiency rate.

## Market presence

## Ham, sausage: Annual comparison in market share



Source: Results of SCI consumer panel (a national consumer panel survey provided by Intage) on the amount consumers spend on ham and sausage products (the sample consisted of people aged 15–69 before fiscal 2021 and people aged 15–79 in and after fiscal 2022)

## SWOT analysis

## Strengths

- The Ibaraki plant and others boast superior productivity and competitiveness.
- Our cutting-edge tech and equipment allow us to differentiate our products.
- We have an integrated system of development, production, and sales.
- We have deepened our client relations through our pitching and through top-to-top selling (when the top executive sells directly to the buyer's top executive).
- We use our sponsorships to promote our products.
- We have a flexible production system in which we monitor trends among our vendors and then quickly launch products tailored to these trends.
- We have proprietary tech for developing our own production equipment.

## Opportunities

- In the post-pandemic transition, demand for eating out and leisure has risen.
- Markets and distribution networks could change in our favor as we enter the new normal.
- We could boost sales by embracing e-commerce.
- The health-conscious market is growing.
- Overseas markets offer rich opportunities.
- Technological innovation could transform production processes.

## Weaknesses

- We face higher costs in procuring raw materials and products from overseas suppliers.
- Swine disease can impact supply and market conditions.
- Most of our products, by their nature, have a short life and require refrigeration.
- We have few e-commerce opportunities.
- Some of our plants are aging.

## Threats

- Raw material prices, oil prices, and distribution costs are soaring amid turbulent exchange rates (the low yen).
- Supply crunches and outbreaks of swine disease could drive up competition in procurement in Japan or overseas.
- Price wars can easily occur in our industry.
- We may struggle to negotiate price increases.
- Japan's shrinking population is creating a labor shortage and diminishing domestic demand.

## Business strategies

## Adapt earnings base to changes in external environment

To build a strong earnings base that can adapt to changes in the external environment, we will expand the market share of big sellers like Koukun® Sausage and the Smile Up! series, expand our food service business (including commercial-use national brands), and develop our range of frozen products and deli items.

## Invest in growth and expand globally

We want to bolster our e-commerce, including Takegishi Meat Packers, our online store that offers a touch of class. To expand globally, we will stabilize operations at our Singaporean subsidiary Rudi's Fine Food and coordinate with our Thai subsidiaries and associates.

## Increase competitiveness and production capacity

To increase production capacity, we will automate production processes and use our proprietary technology to improve the efficiency of our existing production equipment. To increase our competitiveness in a holistic sense, we will keep providing technical training sessions led by external professionals.

## Set KPIs for sales and production and work toward them with a PDCA cycle

## Increase market share\*

We will increase the Japanese market share for ham and sausages and get the top spot for sales revenue and sales volume.

## Strengthen sales

We will strengthen retail store visits, focusing on creating more opportunities for direct communication with customers. We will also increase the number of stores stocking our key products.

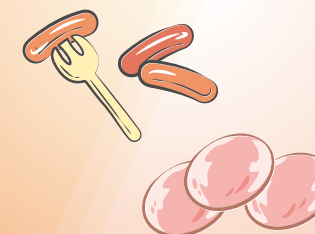
## Boost productivity

Every year, we set specific quantitative targets for production capacity. By boosting capacity, we aim to get Koukun® Sausage into the top spot for sales revenue and sales volume.

\* We base market share on data from SCI, a Japan-wide consumer panel survey (which reveals who is buying what, when and where they are buying it, and how much they are buying). Key metric: Average monthly amount spent per 100 people  
Sample: Men and women aged 15–79 across Japan

## Future vision

Support healthy and vibrant diets, adapting to diverse needs



Looking back  
on fiscal 2023

## Confidence in Our Products: Increasing Market Share and Ensuring Supply Continuity



President's Message

Value Creation Story

Growth strategy

Corporate Governance

Data Section

### Processed Foods Business

Ham and  
sausageProcessed  
FoodsB2B (sales to  
retail vendors)

Net sales

¥312.2 billion

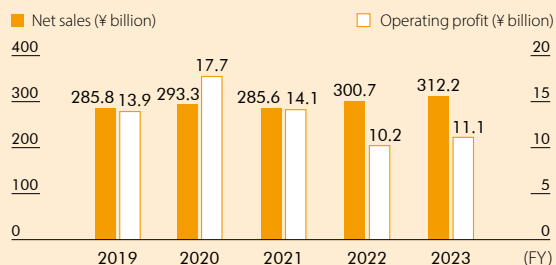
Change from previous year: Up ¥11.6 billion

Segment's operating profit

¥11.1 billion

Change from previous year: Up ¥0.9 billion

#### Annual comparison in net sales and operating profit



### Koukun® Sausage at the top

We have worked to increase the market share of Koukun® Sausage through promotional campaigns in partnership with theme parks we officially sponsor and through social media engagement. Consequently, in fiscal 2023, Koukun® Sausage topped the Japanese sausage market in number of units sold (based on point-of-sale data obtained by KSP-SP).

For some months in 2024, Koukun® Sausage topped the ham and sausage category (same source). We aim for a top annual share. Recognizing that market share is an indicator of consumers' confidence in the product, we will develop fresh measures reflecting the importance of this objective.



### Food services: Restructure and expand business in the food service sector

To maximize earnings in our food service business, we will improve productivity by shifting from handling a wide range of small-lot products, which has proved unprofitable, and enhancing our commercial-use national brands.

We will step up efforts to promote these commercial-use national brands across Japan to build our production share.

### Looking toward our centenary and building new mainstay businesses for the next ten years

We want to make delicatessen and flash-frozen foods one of our

mainstay businesses. There is a growing opportunity here: frozen food sales are on the rise, with supermarkets giving increasing floorspace to these items.

In fiscal 2023, we acted to develop this business. Our West Japan Branch Mass (sales) Department opened a section dedicated to delicatessen and frozen foods.

In December 2023, we launched an online store, Takegishi Meat Packers, which offers a touch of class.



### Installing cutting-edge tech to boost productivity and production capacity

Our new plant in Kagoshima fully entered service in April 2023. Operations at the plant have succeeded in boosting production volume amid a profit squeeze from high raw material and energy costs and from the adverse exchange rate.

We have also improved production capacity across Prima Meat Packers Group. Our Ibaraki plant uses original automation tech and robotics, including devices for packing Koukun® Sausage products and transporting the products around the plant. We have started rolling out this technology to the plants of our Group companies.





Looking ahead

## Strengthening Mainstay Businesses and Investing in Future Growth Drivers



### Adapt earnings base to changes in external environment

Our strategy to further strengthen our earnings base involves maintaining Koukun® Sausage's top market share in units sold (which we achieved in fiscal 2023) and building the market share of our new series, Smile Up!

For the food service business, we will develop our commercial-use national brands and build their sales, setting a revenue target for fiscal 2026: 1.5 times the revenue recorded in fiscal 2023 level. For flash-frozen food and deli items, our sales branches and sales agents across Japan will market the products and forge new sales channels.

We will also invite customers to a private theater performance by a popular theater troupe. These and other wide-ranging promotional activities will increase our fan base and build up our brand identity.



### Invest in growth and expand globally

In autumn 2023, we launched our own online store for consumers, Takegishi Meat Packers. This is a new kind of undertaking. The store offers consumers a touch of class, something other than run-of-the-mill products. Those looking for more sumptuous fare can use the website to order chilled pork products supplied from designated farms in Japan. Orders are prepared by hand using meticulous methods. [see p. 18](#)

Around the end of fiscal 2023, Rudi's, our Singapore-based subsidiary, started selling Thai-produced yakitori in Singapore. With Japanese-style yakitori being something of a first for Singapore, Rudi's has an opportunity to lead the market without getting dragged into competition.

Since Singapore has a large Halal market, Rudi's will ensure that its lineup always has a generous range of Halal options (foods that Muslims are permitted to eat under Islamic law). [see p. 19](#)

### Increase competitiveness and production capacity

We will increase production efficiency by automating more production processes and continually updating existing production equipment. One of our competitive advantages is our ability to develop original production equipment using our proprietary technology. We will magnify this advantage by effectively integrating AI and other innovations with this technology.

In fiscal 2023, the Production Division launched a series of workshops to facilitate the internal transfer of technical knowhow and bring in technological innovations from outside. The workshops, to which we invited outside experts as guest speakers, covered a wide range of topics, including raw materials, secondary

materials (such as seasoning), packaging materials (such as cardboard), and goods transportation. For some topics, employees of Group companies attended too. We will continue running the workshops with a view to increasing our competitiveness across the spectrum of processes from manufacturing to transportation and to give employees a sense of personal growth and increase their engagement.

### Tickets to Tokyo Disney Resort® and a 40th anniversary promo campaign

We have served as an official sponsor of Tokyo Disneyland® and Tokyo Disney Sea® since the parks first opened. We use the sponsorship to organize events held at the parks that create opportunities for direct interaction with our customers. Since fiscal 2014, we have organized a Private Evening Party every year for our customers and downstream supply-chain partners. The parties have proved a big hit. In October 2023, we held the tenth such event at Tokyo Disney Sea®. Some 10 thousand customers attended.

To mark the 40th anniversary of Tokyo Disney Resort®, we held a campaign in April 2023, giving customers a chance to win tickets to the park or commemorative goods. Many took part.

A private event at Tokyo Disney Sea®  
(October 18, 2024)





## Fresh Meat Business

# Making the fresh meat business more competitive by leveling up fresh meat sales and hog farming



**Makoto Amino**  
Managing Executive Officer  
Head of Meat Business Division

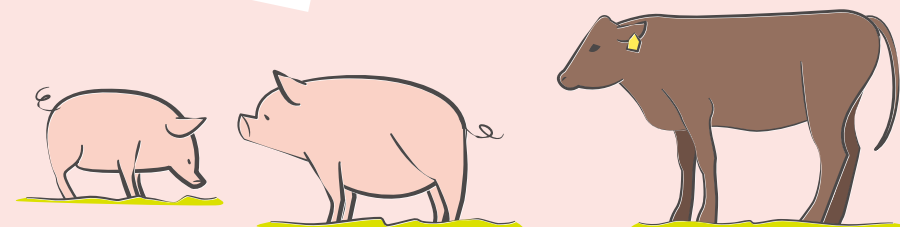
Makoto Amino has extensive experience in general trading and Prima Meat Packers' fresh meat business. Mr. Amino became Head of Meat Production Department in April 2021. He assumed his current post in October 2023.

### No dream, no ideal: Renewing the fresh meat business

For ten years now, the fresh meat business has been stuck on an earnings plateau, with sales revenue and operating profit never rising beyond a certain level. We need to chart a new course of growth with higher sales volume and profit margin.

We need to stabilize profitability and productivity in the hog farming business, find new meat packers and other distribution channels, and strengthen the export business. These actions are necessary to expand our share of the market of Japanese and imported fresh meat and place profitability on a trajectory of growth. We have also launched new initiatives and ventures to make the business more competitive. One example is that production sites have started using modified atmosphere packaging (MAP) to preserve the freshness of the products. Other examples include selling fresh meat online and using new defrosting techniques that minimize drip loss and color degradation. We are also committing to sustainability and ESG with initiatives for improving animal welfare, environmental performance, and quality assurance. In these ways, we are renewing the business model for the fresh meat business.

No dream, no ideal. No ideal, no plan. No plan, no action. No action, no success. Thus, no dream, no success. These are the words of Yoshida Shōin, a Japanese educator active in the mid-19th century. True to Mr. Yoshida's words, we will follow our dream to forge a new future for our fresh meat business.



## SWOT analysis

### Strengths

- We have integrated all operations in domestic pork production.
- As a member of the ITOCHU Group, we have solid relations with overseas suppliers.
- We have our own fresh meat brands.
- We have plants for processing meat.
- We can extend our processed meat brands to fresh meat products.
- We have our own e-commerce website.

### Weaknesses

- We have been slow in overseas sales and exports.
- We have only a few meat production sites overseas.
- We have relatively few mid-ranking employees.
- We have been late in using digital technology.
- We have no beef and poultry production sites in Japan.

### Opportunities

- World population growth is creating more sales opportunities, particularly in Asia.
- Our membership of the ITOCHU Group gives us access to new business sectors.
- Recent trade agreements have opened up more meat import opportunities.
- We have an opportunity to upgrade our freezing, defrosting, and refrigeration technologies.
- Advances in AI technology are creating business opportunities.
- We can use academic-industrial partnerships to introduce technology into our farms.
- If we produce halal foods, we could tap into a large market.
- Inbound-tourist demand is rising.
- Addressing animal welfare

### Threats

- Japan's shrinking and aging population means less purchasing power in the domestic market.
- Supply crunches, caused by outbreaks of animal disease or other factors, could drive up competition in procurement in Japan or overseas.
- A decline in livestock farming in Japan means smaller procurement networks for domestically produced meat.
- We are ill-prepared for the case that Japan introduces Western standards in animal welfare.
- We face cost pressures from higher prices for meat imports and animal feed and from exchange rate movements.

## Business strategies

### Stronger sales capacity

We will enhance sales operations in a way that earns the confidence of downstream business partners. Alongside this, we will keep a close watch on costs and adjust pricing as necessary to maximize contribution margin. We will also actively develop new and value-added products.

### Better merchandising and branding

We will develop original brands and new products as part of a proactive marketing approach. We will also improve inter-divisional collaboration and strengthen partnerships with suppliers. These actions will improve our merchandising and branding.

### Building up the Japanese pork production business

To develop Japanese pork production into a core business, we will deal more effectively with rising animal feed prices and improve productivity. To increase consolidated profit, we will integrate Japanese pork production operations. We will also keep sustainability a top priority.

### A more sustainable business foundation, tighter Groupwide management

We will tighten strategic management over the Group companies with a focus on creating a culture of cost-of-capital consciousness. To improve capacity for sustainable business foundation, we will improve employee engagement, create a more strategic approach to talent development, improve quality assurance, and demonstrate develop environmental initiatives.

### Set KPIs for sales and production and work toward them with a PDCA cycle

### Raise pig shipments

Using highly productive sows, we aim to reach the top level in Japan for pig shipments.

### Expand sales

We will coordinate with the processed foods business to improve sales strategy and increase sales volume.

### Expand supplier base

We will expand our supplier base for pork, beef, and chicken in Japan and overseas and build strong partnerships with the suppliers.

### Reduce incident rate

We will reduce the incident rate by providing an optimum environment for the animals on our farms.

## Future vision

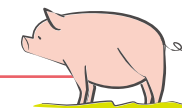
### Offer fresh meat with excellent added value





Looking back  
on fiscal 2023

## Improvements made in sales, quality, and ESG



### Fresh Meat Business

Fresh Meat  
Sales

Hog Farming  
Business

#### Net sales

¥ **135.6** billion

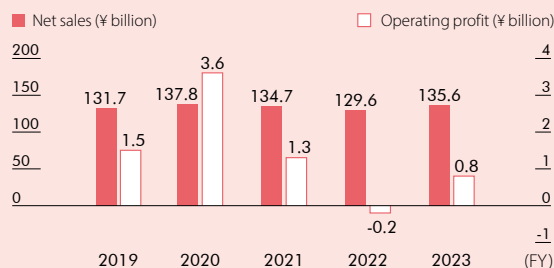
Change from previous year: **Up ¥ 6.1** billion

#### Segment's operating profit

¥ **0.8** billion

Change from previous year: **Up ¥ 1** billion

#### Annual comparison in net sales and operating profit



### Boost sales growth

To enhance sales and marketing, we improved junior employees' product awareness and tightened relationships with senior managers (e.g. executive officers) of our business partners.

We acted to maximize marginal contribution. Specifically, at progress-tracking meetings, we identified issues and precise costs with a view to creating savings and profit. We also adjusted sales prices to reflect the low yen and cost increases. On the sales side, we worked to boost sales of pork, beef, and chicken, and enhanced e-commerce performance by improving The Meat Guy website. [see p. 18](#)

We acted to improve merchandising. In the Japanese pork production business, we integrated our own pork production operations with pork sales operations. Production and sales are on track in the new farm in Miyagi, which entered full service in fiscal 2023. In the pork imports business, we started importing pork brands from Mexico and the EU, adding to our existing pork imports from North America.



### Expand Japanese pork production, work closer with partners

We made progress in developing Japanese pork production into a core business by integrating production and sales operations. Profit growth improved after we tightened supply chain collaboration between upstream operations (production and shipment) and downstream operations (processing, distribution, sales).

Another area we focused on was animal welfare, one of our material issues. [see p. 39](#) We established the Prima Meat Packers Animal Welfare Policy in line with our criteria for environmental conditions on farms (established in 2022) as part of our sustainability-focused business practices.



### Improving quality assurance

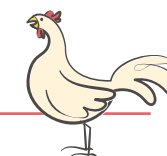
Workplaces in the fresh meat business had suffered a shortage of staff versed in quality management. We therefore reassigned some experts to these workplaces from the processed foods business to strengthen quality assurance.

We acted to improve skills in employees in Group companies, including those based overseas, through a multi-year project to develop our talent. This project involves strengthening on-the-job training and making effective use of job rotation.



Looking ahead

## Improving earning power and efficiency to take the business to the next level



### Enhance sales operations

We will manage profit in a segmented manner (segmenting profit into client category, livestock category, and product category) and shift from a passive to a proactive marketing approach to gain a larger market share and rebuild our earnings base.

For Japanese pork, we will win new business for our Group farms and make effective use of offal and by-products. To create more profit growth opportunities, Nishi-Nippon Best Packer Co., Ltd., will launch a retail-ready packaging business.

We will develop business in new markets, including food services, manufacturing, wholesale, and deli items. We will also communicate with business partners and inform employees about inventory levels as part of a proactive approach to prevent mismatches between relative volumes of meat cuts and demand, thereby reducing food loss.

### Better merchandising and branding

For pork, we will strengthen our Kamifurano Pork brand and other brands. To hedge the risk of prices rising due to higher costs, we will increase sales pork imported from Mexico and the EU.

For beef, we will keep developing and growing the sales of our Japanese beef brand (Akita Beef) and international beef brands (including Limestone Coast Angus, a new brand of Australian Angus beef).

Meanwhile, we will develop new products, including new-standard meat cuts and rare cuts with added value, offal and by-products, and frozen goods. We actively collaborate with partners from the fattening stage onward to develop new initiatives. This collaboration will include attending regular meetings with product teams, having product team accompany

### New imported meat brands

**Pork Mexico**

**GCM**

Mexico's largest pork producer, GCM has an integrated and sustainable system of pork production, with free-access stalls for sows and innovations such as its own biomass power generators.



**Beef Australia**

**Limestone Coast Black Angus**

This is a top-quality brand of Angus beef from South Australia. Painstaking care to ensure the best meat quality. The cattle are reared without growth hormones or antibiotics.



us in trade negotiations with business partners, and organizing workshops and events for downstream business partners.

### Building up the Japanese pork production business

The pork farms typically wait for downstream business partners to place orders before arranging shipment, creating cases where output falls short of production capacity. To make the farms fully productive, we will manage each farm's spare capacity separately and offer shipments to alternative downstream business partners.

We will continue to commit to sustainability and ESG initiatives. This includes going further in supporting animal welfare in line

with the policy we established in July 2024. It also includes ensuring that our food is safe and healthy. [see p. 38](#)

### A more sustainable business foundation, tighter Groupwide management

We will also encourage a culture of cost-of-capital consciousness. This includes strengthening Groupwide management, investment review processes, and inventory management. Alongside this, we will review the full spectrum of business processes and make improvements. For example, we will optimize procurement by consolidating the Group's fresh meat procurement functions.

We are also rolling out plenty of initiatives under the Groupwide Employee-satisfaction Revolution Project. One initiative is organizing opportunities for one-on-one communication between junior employees to encourage respect for individuality and diversity. Another initiative is publishing a monthly online newsletter called Hot Meat Info. to encourage resource sharing. To better inform employees about our strategy and direction, the Meat Business Division holds a divisional meeting for presenting policies and a divisional awards ceremony for employees.

To improve our system of quality assurance, we will get more business sites certified to quality management standards such as the Safe Quality Food (SQF) management system, hazard analysis and critical control point (HACCP), and ISO standards. We will participate in public-private projects organized by the Ministry of Agriculture, Forestry and Fisheries of Japan, and take action to address the "2024 problem" (tighter regulation on trucker overtime).



# Sustainability at the Prima Meat Packers Group

## Basic approach

Our business activities are driven by our belief that by achieving sustainable business growth, we contribute toward a sustainable society.

In September 2020, we undertook a materiality analysis to identify the risks and opportunities that will affect our growth prospects in the medium and long term and the define our material issues—the sustainability themes that we should prioritize along with our business strategies. In October 2021, we established the Sustainability Basic Policy, which serves as the fulcrum of our ongoing efforts to drive sustainable corporate development.

 **Sustainability Basic Policy**  
<https://www.primaham.co.jp/en/sustainability/policy.html>

## Organizational framework

To help us build medium- and long-term value, we established the Sustainability Committee in November 2021. A voluntarily established body for advising the Board of Directors, the Sustainability Committee advises the Board of Directors on goal-setting and action plans for the material issues. It also monitors progress in addressing the material issues and updates the materiality matrix when necessary. Additionally, it routinely reports on matters that the board seeks advice on.

The Sustainability Committee is chaired by the president and CEO, and its membership consists of senior executives and other managers. The committee has six subcommittees.

## Material issues

In September 2020, we defined 10 material issues and set metrics and targets. Over the years that followed, we worked action plans to achieve the targets. In April 2024, we updated the set of material issues to reflect the significant changes in the socio-environmental conditions. Specifically, we added three more material issues: reducing water usage, reducing plastic usage, and safeguarding biodiversity.

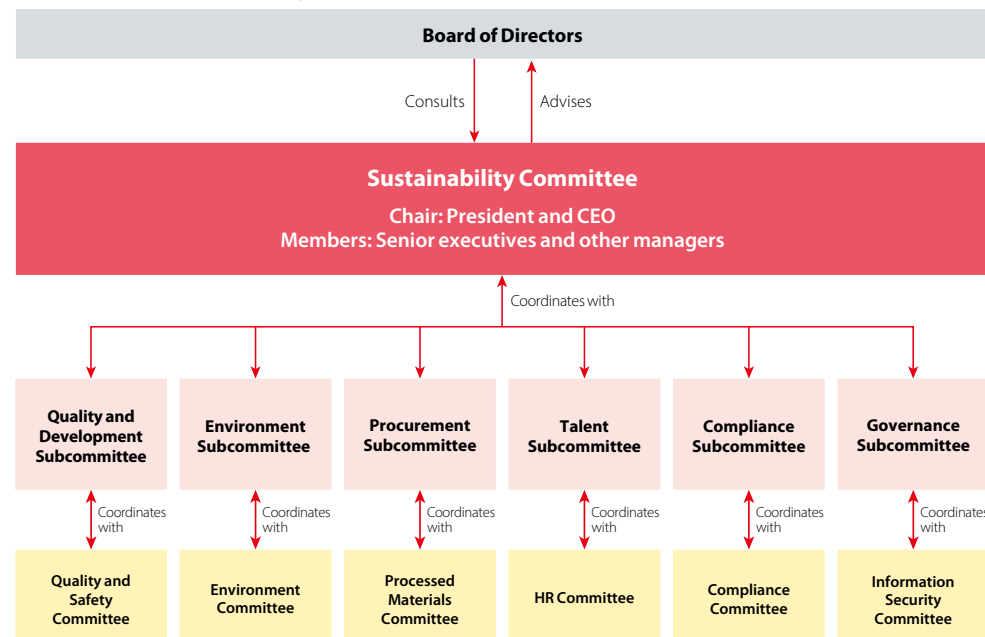
In addressing the 13 material issues, we follow a PDCA cycle in which the Sustainability Committee monitors the progress of each action.

 **Process for specifying material issues**  
<https://www.primaham.co.jp/en/sustainability/process.html>

## Sustainability milestones






September 2020	Material issues identified
October 2021	Sustainability Basic Policy set
November 2021	Sustainability Committee established
August 2022	Setting metrics and targets for material issues
December 2022	Determining what information to disclose in line with TCFD Recommendations
March 2023	Setting action plans
September 2023	Prima Meat Packers Group Human Rights Policy established Prima Meat Packers Group Procurement Policy established
April 2024	Supplier Code of Conduct established Three issues added to set of material issues (reducing water usage, reducing plastic usage, safeguarding biodiversity) Prima Meat Packers Group Environmental Policy revised
July 2024	Animal Welfare Policy established

## Framework for sustainability management





# Initiatives for the Material Issues

Category	Material issues	Metrics and targets
<b>Creating healthy, well-rounded dietary habits</b> <p>▶ p. 31</p> 	Securing safe, reliable food	<ul style="list-style-type: none"> <li>Food Safety Management System (FSMS) operating in all major plants and farms by end of fiscal 2030</li> </ul>
	Recommending health-conscious products	<ul style="list-style-type: none"> <li>Larger lineup of health-oriented foods</li> </ul>
<b>Contributing to global environmental protection</b> <p>▶ p. 33</p> 	Reducing greenhouse gas emissions at scopes 1 and 2	<ul style="list-style-type: none"> <li>Fiscal 2030: GHG emissions from fossil fuel combustion in Japan (excludes emissions from overseas sources and from livestock) down 24.3% from fiscal 2021 level</li> </ul>
	Reducing the volume of waste output	<ul style="list-style-type: none"> <li>Fiscal 2030: Plastic and food waste per production unit down 5% from fiscal 2021 level</li> <li>At least 98% of food waste produced during production is recycled</li> </ul>
	Reducing water usage	<ul style="list-style-type: none"> <li>Fiscal 2030: Water usage (volume of water withdrawn per unit of product created) down 3% from fiscal 2021 level</li> </ul>
	Reducing plastic usage	<ul style="list-style-type: none"> <li>Less plastic used in packaging</li> </ul>
	Safeguarding biodiversity	<ul style="list-style-type: none"> <li>Impact on biodiversity lessened as a result of efforts to reduce greenhouse gas emissions, water usage, and waste</li> </ul>
<b>Strengthening supply chain management</b> <p>▶ p. 37</p> 	Achieving sustainable procurement of raw materials	<ul style="list-style-type: none"> <li>Procurement policy established for stable supply of raw materials</li> <li>All tier 1 suppliers performing first-person audits</li> </ul>
	Addressing animal welfare	<ul style="list-style-type: none"> <li>Directly managed pork farms compliant with feed management standards of the World Organization for Animal Health</li> <li>Animal welfare used as a criterion in supplier selection</li> </ul>
<b>Creating a workplace that promotes job satisfaction</b> <p>▶ p. 40</p> 	Respecting and promoting diverse workstyles	<ul style="list-style-type: none"> <li>Fiscal 2030, Prima Meat Packers: 90% take up rate for paid leave and reduction in total no. of hours actually worked</li> <li>Fiscal 2030, Prima Meat Packers: 100% take-up rate for paternity leave (at least five days leave) among full-time male employees, women account for at least 40% of new full-time employees</li> <li>Fiscal 2030, all Group companies: 100% of employees receive training in human rights awareness, yearly process in place for human rights due diligence</li> <li>Fiscal 2030, Prima Meat Packers and its disability-friendly subsidiaries: Employees with disabilities account for at least 2.7% of total workforce</li> </ul>
	Hiring and developing outstanding human resources	<ul style="list-style-type: none"> <li>Fiscal 2030, Prima Meat Packers: Women occupy at least 10% of management posts</li> </ul>
	Occupational health and safety that focuses on mental and physical health	<ul style="list-style-type: none"> <li>A program is in place to promote mental and physical wellbeing of employees and their families</li> </ul>
<b>Strengthening the management platform</b> <p>▶ p. 41</p> 	Strengthening corporate governance	<ul style="list-style-type: none"> <li>Business transactions are free, fair, and transparent</li> <li>A program is in place to permeate compliance mindset among employees</li> <li>Best practices followed in ESG reporting, improvement in ESG ratings</li> </ul>

Key results in fiscal 2023
<ul style="list-style-type: none"> <li>FSMS operating in 93% of major plants and farms</li> </ul>
<ul style="list-style-type: none"> <li>GHG emissions reduction down 11.0% (153,798 t-CO<sub>2</sub>e)</li> <li>Plastic waste down 4.0% (33.2 kg/t)</li> <li>Food waste down 7.1% (60.6 kg/t)</li> <li>96.4% of the food waste recycled</li> <li>Water usage up 1.6% (15.6 m<sup>3</sup> / t)</li> </ul>
<ul style="list-style-type: none"> <li>Prima Meat Packers Group Procurement Policy established (in September 2023)</li> <li>Prima Meat Packers Group Animal Welfare Policy established (in July 2024)</li> </ul>
<ul style="list-style-type: none"> <li>64% take-up rate for paid leave</li> <li>55.6% take-up rate for paternity leave</li> <li>Women accounted for 47% of new full-time employees hired in fiscal 2024</li> <li>Employees with disabilities accounted for 2.3% of workforce</li> <li>Women occupying 4.7% of management posts</li> </ul>



Creating healthy,  
well-rounded  
dietary habits

## Two-Track Innovation in Healthy Foods: Something Less, Something More

### The Quality & Development Subcommittee

Since its launch in November 2021, the Quality & Development Subcommittee has focused on one of Prima Meat Packers Group's material issues: recommending health-conscious products. The subcommittee's discussions on this topic have helped steer the Development Division's efforts to develop such products. For health-oriented food, four aspects are considered: sugar-free, low in salt, protein-rich, and added functionality (extra health benefits). The "Prima Healthy" logo is attached to products that satisfy our health-food standards. Under the Prima Healthy® brand, we have developed pork loin ham and bacon that is free of sugar and with 30% less salt. The products boast a worldclass level of salt reduction with no compromise in taste. In fiscal 2022, our sugar-free bite-sized calpas sausages, which is Japan's first sugar-free dry sausage, was honored at the 52nd Japan Food Industry and Technology Distinguished Service Awards (products and technology category).

The Environmental Management Division, Development Division, and Production Division work together to develop environmentally sustainable products. To help reduce food loss, we are working on initiatives to extend shelf life, including the use of high pressure processing (HPP), a non-thermal technique that neutralizes microorganisms quickly. To reduce use of plastic, we reinvented the packaging for Koukun® Sausage. The new packaging uses 30.6% less film and no drawstring tape, reducing annual CO<sub>2</sub> emissions by 2,200 tons.

### Actions in fiscal 2023

In fiscal 2023, we expanded our range of products with the Prima Healthy® label, indicating that the product is protein-rich or has added function (extra health benefits). Among the products high in protein, we expanded the range of steamed chicken strips to include chicken bars as well as chicken blocks. We also changed the nutrition label to make it displays the amount of protein more clearly. For the

products with added function, we introduced a family-friendly mascot and launched a children's product fortified with calcium.

### Future actions

We now take a two-track approach to innovation in health foods: something less, something more. "Something less" means reducing the amount of salt or sugar in the product. "Something more" means fortifying the product with extra protein or adding extra nutritional or health benefits. For something less, as well as reducing salt content, we are developing technology that gives food a nice salty taste but prevents the salt content getting absorbed into the body. However, the team is proceeding with caution, since this technology could have physiological implications.

As for something more, we are developing what will be Prima Meat Packers Group's first Food with Nutrient Function Claims (FNFC). We will clarify the details of the upcoming FNFC during fiscal 2024.

Amid growing concerns about future shortages of animal proteins, we engage in basic research into alt-protein, meaning protein from plant sources such as legumes (including soy) and root vegetables (including konjac). We also work with a university research institute on joint research projects for combining food safety with tastiness and for addressing environmental impacts.

We will keep drawing insights from external partners to guide our efforts to develop health-oriented food products and environmentally sustainable products.

### Quality and Development Subcommittee

Members	Heads and other members of Development Division and Quality Assurance Division
No. of meetings in fiscal 2023	12
Main activities	<ul style="list-style-type: none"> <li>Clarifying progress in addressing material issues</li> <li>Communicating relevant information</li> </ul>

### A horizontal approach to keep pace with evolving health needs

With consumers growing increasingly health conscious, health needs are growing increasingly diverse. It is therefore important that we review our product composition, clarifying the target demographics and marketing approaches—what health benefits the product offers, which age group, gender, or lifestyle it is for, and how the value of the product is delivered. In future product development projects, we may focus on concepts such as sleep hygiene and skincare.

It is hard to keep pace with evolving needs with a vertical organizational structure. Reaching across divisional boundaries, the Quality and Development Subcommittee coordinates joint efforts on issues between the Development Division and other divisions such as the Environmental Management Division, Sales Division, Production Division, and the Meat Business Division. In my own activities on the subcommittee, I have gained perspectives from outside the Development Division, including packaging designs that could make distribution more efficient and ideas for products that could be great sellers and help the environment.

We continue our horizontal, cross-organizational efforts with an aim of having Prima Healthy® products make up 20% of our total products by fiscal 2030.

**Keiko Sasajima**  
Executive Officer  
Head of Development Division



## Prima Meat Packers Group's Sustainable Products

Part of our philosophy is to continuously innovate to support food culture that align with evolving lifestyles.

### Health-oriented food

With people becoming more health-conscious, we develop products that meet consumers' health needs, including products that are sugar-free, low in salt, protein-rich, or that have added functionality (extra health benefits).

#### Sugar-free, reduced salt



##### Fresh! Single-portion ham and bacon slices with no sugar and 30% less salt

Despite having no sugar and 30% less salt, these products deliver in taste.



##### Sugar-free steamed chicken strips from Japanese-reared poultry

This is a sugar-free version of our steamed chicken strips, ideal for the health-conscious.

#### High in protein



##### Sugar-free steamed chicken strips from Kyushu-reared poultry

This is our high-protein steamed chicken series. One bag contains over 20 grams of protein. Japanese-made, the series uses Kyushu-reared chicken and salt from the Goto sea.

### Alt-protein

We have a range of soy-based products providing a meat-free source of protein, giving consumers a new option.



##### Try Veggie®

Try Veggie is a series of soy meat products that come in trial size (encouraging consumers to "try out" veggie alternatives).

### Environmentally friendly products

We have redesigned our packaging. The new packaging uses less plastic and has a reduced carbon footprint. To reduce food loss, we are working on products that kept at room temperature for a long time without spoiling, enabling longer shelf life and a later best-before date.

#### Using less plastic



##### Koukun® Sausage

We replaced the drawstring design with an eco-package that uses 30.6% less plastic and no drawstring tape.



##### Sugar-free steamed chicken strips from Kyushu-reared poultry

By reducing the length and width of the packaging, we cut the amount of plastic used in the packaging by 24%.



##### Gran Tokachi Salami for the grown-up palate

We switched to paper for the outer packaging and used biomass ink for some of the text, reducing carbon footprint.



##### "Perfect for salads" series

The packaging uses a resealable lidding film called Futapita. This design helps cut waste because it allows you to reseal the package without resorting to cling film.

#### Reducing food loss



##### Takumi no Zen giftpack

By neutralizing microorganisms with high-pressure processing, we extend shelf lives from 35 days to 60 days.



##### Stock Dish®

The product remains fresh at room temperature for as long as 180 days, making it an ideal complement to a household's regularly replenished stockpile of emergency food supplies.



## Adding new material issues and taking a horizontal, Group-wide approach to environmental sustainability

### The Environment Subcommittee

The Environment Subcommittee is an interdivisional body with members mainly from the Environment Management Division but also with members from the Production Division, Meat Business Division, Sales Division, and from Group companies. The subcommittee facilitates cross-organizational efforts to achieve two material issues: reducing greenhouse gas emissions and reducing the volume of waste output.

To reduce greenhouse gas emissions, we develop actions in a strategic manner, assigning order of priority, to ensure that the actions are effective and non-wasteful. We also consider how cost-effectiveness the investments will be and what technological issues may arise. Recent actions include a phased replacement of refrigeration and freezing equipment, and the phasing out of ozone-harming fluorinated refrigerants, in plants.

As for reducing the volume of waste output, we commit to targets for reducing waste intensity and work on waste reduction initiatives that avoid compromising business growth. For reducing food waste, each plant has taken the initiatives to develop an environmental management system. As of April 2024, 40.3% of the production sites across the Group are now certified to ISO 14001 (an international standard for environmental management systems) or Eco-Action 21 (a standard provided by Japan's Ministry of the Environment). For reducing plastic waste, as well as cutting the amount of plastic waste that Prima Meat Packers generates, we are cutting plastic waste generated from the raw materials we procure.

### Actions in fiscal 2023

Three material issues were recently added to our set of material issues to reflect the global interest in socio-environmental problems: reducing water usage, reducing plastic usage, safeguarding biodiversity.

For reducing water use, we have followed a process of continuous improvement through the ISO 14001 framework. In fiscal 2023, we stepped up efforts to reach our target for fiscal 2030, which is to cut water intensity (water use by unit of production) in plants by 3% from the fiscal 2021 level. For reducing plastic use, the Development Division is spearheading actions such as using thinner

and more compact packaging and going label-less. For example, the new packaging for Koukun® Sausage uses less plastic and has a lower carbon footprint. As for safeguarding biodiversity, mindful of the rising prominence of the Taskforce on Nature-related Financial Disclosures, we have started measuring the nature-related dependencies and impacts and identifying the nature-related risks and opportunities across our Group.

In conjunction with the addition of the three material issues, we updated the Prima Meat Packers Group Environmental Policy in April 2024. The updated policy has a broader coverage in keeping with the times.



**Prima Meat Packers Group Environmental Policy**  
<https://www.primaham.co.jp/en/company/csr/environment.html>

### Future actions

To meet our targets set for fiscal 2030, we are stepping up efforts to reduce greenhouse gas emissions and shift to renewable energy. Leading the field, Prime Delica has installed solar panels and signed a power purchase agreement,\* with the effect that renewable energy now accounts for 40% of the company's energy. Prima Meat Packers is taking similar actions. Its plant in Kagoshima has started shifting to solar, while the plant in Ibaraki shifted the entirety of its electricity purchases to renewable sources in fiscal 2024. Other major production sites will follow.

In some cases, we are piloting some initiatives for increasing the amount of waste that gets recycled. We are proceeding with the trials with a view to eventually rolling out the initiatives across the Group.

### Environmental Subcommittee

<b>Members</b>	Heads and other members of the Production Division, Meat Business Division, Sales Division, Development Division, Corporate Strategy Division, and the Administration Division, along with members of Prima Delica and Pacific Ocean Breeding
<b>No. of meetings in fiscal 2023</b>	4
<b>Main activities</b>	<ul style="list-style-type: none"> <li>Clarifying progress in addressing material issues, discussing additional material issues</li> <li>Making decisions on environmental matters, communicating relevant information</li> </ul>

\* Power purchase agreement (PPA): A long-term contract that the customer signs with an electricity supplier to purchase power generated by the electricity supplier's solar power facility.

### Rising environmental awareness has led to independent action in each division

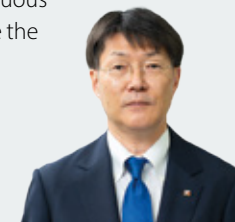
Environmental management was once the sole preserve of the Environmental Management Committee, but this situation changed with the establishment of the Environmental Subcommittee under the Sustainability Committee. The subcommittee organizes exchanges of opinion between members from the Production Division, Meat Business Division, Sales Division, and Group companies. This approach enables us to identify issues and set environmental targets at Group-wide level, while leaving each division or company to develop specific actions. Guided by the subcommittee discussions, members of the various divisions and companies now actively report independent actions they are taking. The growing environmental awareness in our organization is leading, slowly but surely, to a situation in which the subcommittee is leading action on the environment.

In fiscal 2023, the Environmental Subcommittee met four times. During these meetings, members discussed the new material issues, the update to the Prima Meat Packers Group Environmental Policy, and the shift to renewable energy.

Tackling environmental issues is a marathon, not a sprint. Instead of fixating on an annual goal or result, we will follow a PDCA cycle of continuous improvement and aim to achieve the target for 2030.

### Akio Matsumoto

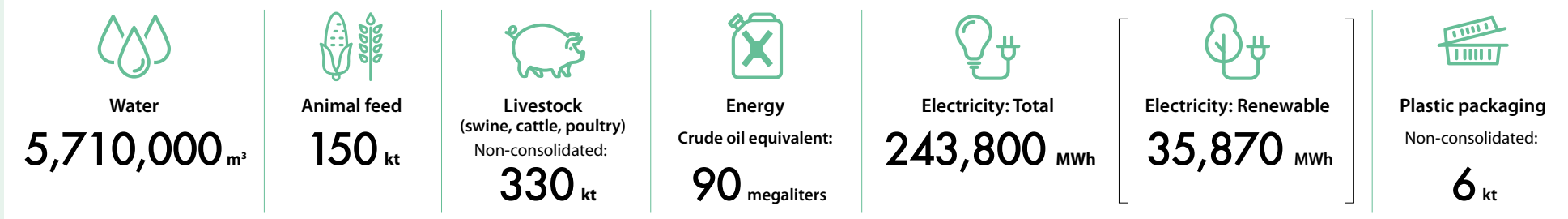
Head of the Administration  
Division's Environmental  
Management Division



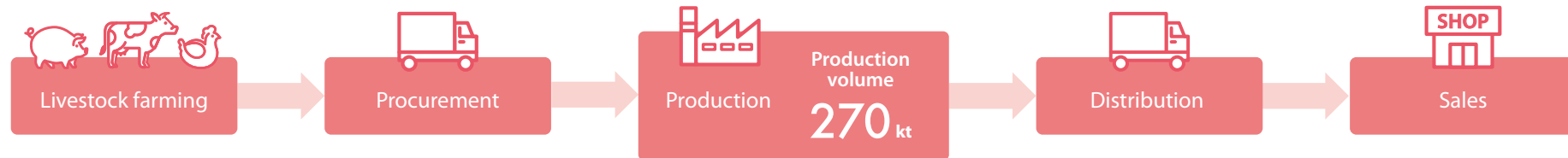
## Environmental Impacts Overview

Protecting the environment is included in our set of material issues. As part of environmental management, we are committed to helping bring about the carbon transition, a circular economy, and harmony with nature.

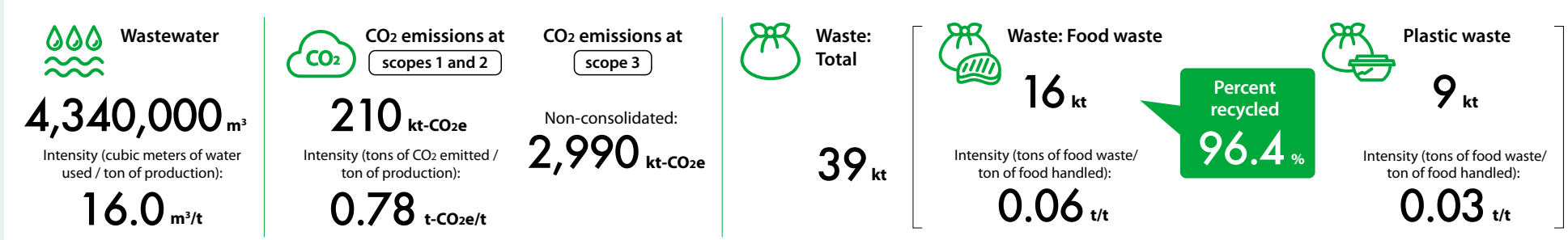
### Inputs Resources and energy used in business operations



### Business operations



### Outputs Environmental impacts of business operations



\* Figures other than those labelled as "non-consolidated" are based on consolidated data \* The animal feed input is an estimate \* Intensity = Tons of food/plastic waste divided by tons of food/plastic handled \* Plastic waste does not just include plastic packaging



# Applying the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

## Endorsing the TCFD recommendations

Climate change is a serious global threat and one that drastically impacts business strategies and strategic planning across Prima Meat Packers Group.

In September 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We now structure our disclosures around the four thematic areas that the TCFD recommends: governance, strategy, risk management, and metrics and targets.

## Governance

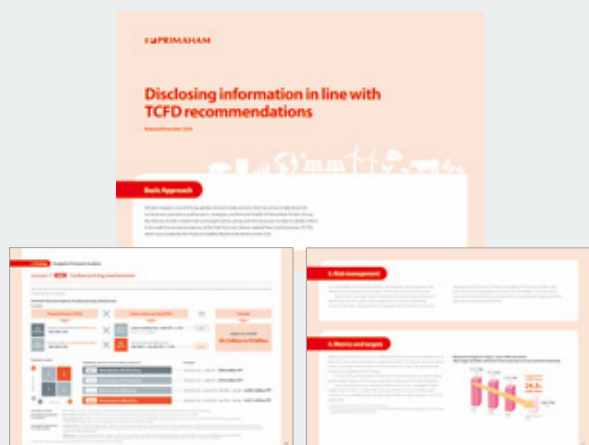
One of the advisory bodies to the Board of Directors is the Sustainability Committee [see p. 29](#). This committee is



## TCFD disclosures



[https://www.primaham.co.jp/en/sustainability/assets/images/pdf/tcfreport2024\\_en.pdf](https://www.primaham.co.jp/en/sustainability/assets/images/pdf/tcfreport2024_en.pdf)



responsible for coordinating action on material issues, including those related to climate change. For each material issue, it sets a goal, creates an action plan, monitors progress, and reports its findings to the Board of Directors.

In fiscal 2023, the committee met three times. During these meetings, the members discussed, among other things, changes to the set of material issues, extra measures to take in view of the outlook for GHG emissions reductions (these extra measures included procuring more renewable energy), and changes to the Prima Meat Packers Group Environmental Policy.

In fiscal 2024, the committee decided to update the set of climate-related risks and opportunities in view of changes in the external business environment, the opinions of external experts, and the results of scenario analysis based on past climate change data.

## Strategy

Our medium-term business plan [see p. 13](#) commits us to taking action related to the carbon transition and circular economy. Under this policy, the Sustainability Committee and its subcommittees organize Group-wide action to fight climate change. Having identified the climate-related risks and opportunities that will potentially affect Prima Meat Packers Group, we use this information in our scenario analyses, in which we analyze future climate scenarios. We also run simulations to understand the financial impacts of the future risks. We then develop and implement measures based on the findings.

Read more about our scenario analyses on the following section of our website: Disclosing information in line with TCFD recommendations.

## Risk management

The Sustainability Committee analyzes climate-related risks and opportunities and reports its findings to the Board of Directors. The Board of Directors reviews the findings, identifies areas of significant concern, and then makes decisions for planning and executing actions to address the environmental challenges. We define as an organization-wide risk any risk that could influence

the operations or performance of Prima Meat Packers Group. Once the policies and plans are set, the Sustainability Committee and its subcommittees organize specific actions to address the risks.

## Metrics and targets

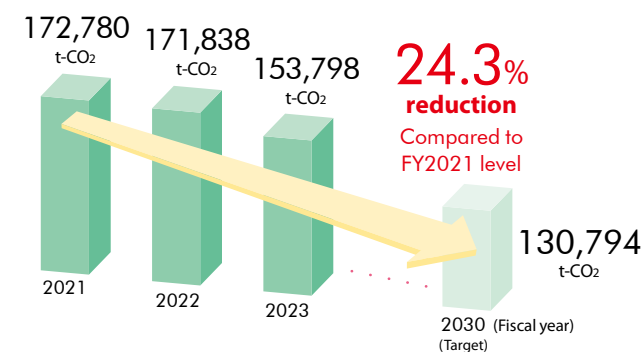
Reducing greenhouse gas emissions is one of our material issues. In fiscal 2022, the Board of Directors set a goal for fiscal 2030: reducing greenhouse gas emissions from fossil fuel combustion in Japan by 24.3% from the fiscal 2021 level.\*

In fiscal 2023, we invested in projects such as expanded procurement of renewable energy and phasing out fluorinated refrigerants. As a result of this investment, GHG emissions was down 10.5% from the previous year's level. We also calculated and disclosed our scope 3 emissions on a non-consolidated basis. We will continue combatting climate change across our value chain.

\* Excludes emissions from overseas sources and from livestock.

\* The 24.3% reduction (compared to the fiscal 2021 level) was determined by annualizing the Japanese government's 2030 target of 46% reduction from the fiscal 2013 level.

## Reduction target for GHG emissions (excluding emissions from overseas sources and from livestock)



## Climate-related Risks and Opportunities

Risk categories			Climate-related risks	Potential financial impacts	Timing <sup>*1</sup>	Financial impact <sup>*2</sup>
Major category	Subcategory	Sub-subcategory				
Transition risks	Policy and legislation	Carbon pricing mechanisms (tax hikes)	· Higher expenditures on energy-efficient technologies and renewable energy technology · Higher tax burden if GHG emissions cut is too small    · Higher costs of raw materials and packaging · Higher costs of feed and livestock medicines	Expenditure	Medium term	High
		Tighter mandates on GHG emissions and plastic waste Rising electricity costs due to changes in energy mix	· Higher manufacturing costs (for purchasing and recycling plastic packaging) following passage of Plastic Recycling Law · Higher energy-related costs (costs of renewable shift) following revision to Law on Rational Use of Energy · Requirement to upgrade manufacturing assets following tightening of energy legislation	Expenditure	Medium term	Medium
	Technology	Technological innovations that support a carbon transition (transition to lower-carbon or zero-carbon economy)	· More capital investments in technology due to rollout of energy-efficient technology · Impairment of existing assets due to accelerated technological innovation    · Reduced time between technology upgrades	Expenditure Assets	Medium term	High
	Market	Shifts in consumer behavior	· If consumers perceive we are not doing enough to tackle climate change and plastic waste: Poorer brand perception Poorer ESG ratings and reduced capital availability Poorer perceptions among jobseekers and local residents Diminished employee loyalty · Poorer sales due to increase in ethical consumerism in Japan	Revenue	Medium term	Low
		Higher raw material costs	· Higher animal feed prices    · Higher costs of packaging and additives	Expenditure	Short term	High
	Reputation	Negative perceptions of business sector	· Poorer perceptions of meat industry    · Poorer brand perceptions due to plastic packaging	Revenue Expenditure	Long term	Low
Physical risks	Acute	Increased severity of extreme weather events (typhoons, torrential rain, blizzards, severe thunderstorms)	· Damage to traffic infrastructure    · Stoppages following damage to production assets · Transport difficulties due to supply chain disruption or damage to warehouse	Expenditure Assets	Long term	High
		Epidemics and pandemics	· Stoppages due to infections in workforce    · Supply disruption due to outbreak of animal disease · Shortage of raw materials for processed food products	Revenue	Short term	High
	Chronic	Water withdrawal and drought risk in water-stressed areas	· Restrictions on our plant and farm operations due to water withdrawal and water supply restrictions	Revenue	Long term	High
		Rising mean temperatures, changes in precipitation patterns, rising sea levels	· Water ingress in assets in coastal areas    · Less revenue due to poorer animal feed harvests and adverse livestock conditions · Areas that rely on groundwater for irrigation and industrial water use: inadequate water supply due to groundwater salinization · Higher costs of managing employee health    · Harder to attract labor for outdoor jobs due to normalization of heat extremes · Higher supply costs    · Adverse conditions for livestock and poultry, and poorer meat quality, due to increased seasonal heat stress · Rising cost of temperature and humidity control in piggyery	Revenue Expenditure	Long term	Medium

Opportunity categories			Climate-related risks	Potential financial impacts	Timing <sup>*1</sup>	Financial impact <sup>*2</sup>
Major category	Subcategory	Sub-subcategory				
Opportunities	Resource efficiency	Use of more efficient modes of transport, use of more efficient production and distribution processes	· Joint distribution, modal shift    · Better efficiency through segmenting processes and automating packaging · Lower transportation costs with rise in domestic pork (to reduce food miles)    · Shift to low-carbon production methods	Expenditure	Short term	Medium
		Use of recycling	· Lower packaging supply costs with higher rates of packaging recycling	Expenditure	Medium term	Low
	Energy source	Use of renewable energy (shift from thermal power generation)	· Lower energy costs with increased use of renewable energy · Higher ESG ratings and increased capital availability (as more investors favor use of renewable energy)	Expenditure	Medium term	Low
	Products and services	Development and expansion of low-emission goods and services	· Longer shelf lives due to better packaging    · Expansion of products packaged sustainably (minimal, recycled, or biomass packaging) · More vegetables sourced from Japanese GAP-certified farms · Higher demand for animal manure due to reduced use of petrochemical fertilizers · Development of feed formulae that reduce animal methane emissions · Higher demand for low-carbon beef (beef produced with less GHG emissions) · Chance to reposition organization as purveyor of protein-rich foods in general (including plant and insect sources) · Growing demand for products that contribute to food loss reduction · Business expansion opportunities driven by new protein source utilization and growing demand for food waste reduction	Revenue	Medium term	High
	Resilience	Resource substitutes/diversification (to mitigate procurement risk)	· Increased reliability of supply chain (globally dispersed, more diverse)	Revenue Expenditure	Medium term	Low

\*1 Timing of embodiment: short term (0 to 5 years), medium term (5 to 10 years), long term (10 to 30 years) \*2 Financial impact: Small (0.5 billion yen or less), medium (0.5 to 1 billion yen), large (over 1 billion yen)



Strengthening  
supply chain  
management

## Building a sustainable supply chain in line with the Prima Meat Packers Group Procurement Policy

### The Procurement Subcommittee

The Procurement Subcommittee focuses on two of the material issues: achieving sustainable procurement of raw materials and addressing animal welfare. To achieve sustainable procurement of raw materials, we are strengthening supply chain management. Specifically, we are working to source raw materials from a greater range of countries and to have multiple supplier sources for each product. Additionally, when evaluating suppliers, we now consider environmental performance and human rights as well as price and quality.

As for addressing animal welfare, to raise our animal welfare standards, we have established our own criteria for protecting the Five Freedoms (five aspects of welfare for animals under human control), which are derived from the codes of the World Organization for Animal Health (WOAH) and the policies set by Japan's Ministry of Agriculture, Forestry and Fisheries.

### Actions in fiscal 2023

In September 2023, we established and made public the Prima Meat Packers Group Procurement Policy. The policy gives top importance to securing safe, reliable food in line with Prima Meat Packers' policies on food safety and quality. It also enshrines our commitment to supporting environmental sustainability, animal welfare, and respect for human rights across our supply chain.

For our supply chain, we have stepped up risk management and taken further steps to embed risk management as a continual process. In April 2024, we established and made public the Prima Meat Packers Group Supplier Code of Conduct and launched a process to assess our tier-1 suppliers of critical meats.\* In this assessment, we use a self-assessment tool provided by the Global Compact Network Japan (one of the local networks of the UN's Global Compact). The self-assessment includes items on quality management, governance, and human rights. To these, we have added items on animal welfare.

A key animal-welfare concern is the use of gestation crates (also known as sow stalls). Gestation crates have grown increasingly

controversial around the world. The EU and some US states have banned their use. In July 2023, Japan's Ministry of Agriculture, Forestry and Fisheries released a series of technical guidelines for different types of livestock (e.g. Technical Guidelines for Management of Beef Cattle). In conjunction with this development, Prima Meat Packers altered its approach to hog farming and implemented the new approach in farms it directly manages.

\* Tier-1 suppliers of critical meats: We categorize the suppliers by type of livestock in view of the categories and volumes of materials we procure from each supply source region.



**Prima Meat Packers Group Procurement Policy**  
<https://www.primaham.co.jp/en/sustainability/procurement.html>



**Prima Meat Packers Group Supplier Code of Conduct**  
<https://www.primaham.co.jp/en/sustainability/supplier.html>

### Future actions

For procurement of raw materials, we want to extend the coverage of the self-assessment survey across our supply chain. We are putting in place measures to increase the coverage of the survey to 100% of our tier-1 suppliers of critical meats. Additionally, we will extend the coverage of the Prima Meat Packers Group Procurement Policy and Supplier Code of Conduct to suppliers of additives and other materials used to make processed pork products and to suppliers of cardboard and other packaging materials.

For animal welfare, having established and made public the Prima Meat Packers Group Animal Welfare Policy in July 2024, we will follow a PDCA cycle of continual improvement to achieve the goals set out in the policy and improve the quality of our disclosures.

### Procurement Subcommittee

<b>Members</b>	Members of the Procurement Department and Meat Business Division, and members of Pacific Ocean Breeding.
<b>No. of meetings in fiscal 2023</b>	6
<b>Main activities</b>	<ul style="list-style-type: none"> <li>Clarifying progress in addressing material issues</li> <li>Communicating relevant information</li> </ul>

### Strong supplier relationships are key to supply chain resilience

Procuring meat has become increasingly fraught with risks, including the risk of animal disease and political and geopolitical risks. Climate change and the growing population suggest that the world is heading for a protein crisis, with demand for protein set to outpace supply sometime between 2025 and 2030. To ensure continuity of raw materials supply in these circumstances, we need to build strong relationships with suppliers. We made a start in fiscal 2023 and 2024 by establishing the Prima Meat Packers Group Procurement Policy, Supplier Code of Conduct, and Animal Welfare Policy.

Stable continuity of supply is possible when we have the support of suppliers. Prima Meat Packers has sent staff to visit the suppliers at their sites, culminating in solid relationships. When setting out the Prima Meat Packers Group Procurement Policy, we took time to ensure that the policy would be acceptable to our suppliers. We will continue building trusting relationships with suppliers to ensure the quality of our products and the continuity of supply.

### Kiyoatsu Umemura

Head of the Procurement  
Department, Sales Division



## Ensuring suppliers in and outside Japan meet our quality standards

Prima Meat Packers Group procures fresh meat and other materials from suppliers around the world, including in Canada, the USA, Australia, and Brazil. We diversify our supply sources so that we can choose just the meat we need and so that our supply chain will be resilient against risks such as natural disasters, animal diseases, and future climate-related risks.

In fiscal 2023, we bolstered our supply network, adding eight new source countries and securing multiple supply sources for each meat category (pork, beef, poultry). Our procurement staff visit overseas suppliers at their sites, establishing the strong rapport necessary to ensure that the meat we procure satisfies our quality standards.

For meat suppliers in Japan, we regularly visit the suppliers' sites and assess them against our independent criteria, which includes items on the quality management system for processing sites, sanitation in facilities, and processing standards. For our own hog farms, we integrate the entire process from healthy sow breeding to mating, farrowing, and shipping.

In April 2024, we established the Supplier Code of Conduct. We are now assessing our tier-1 suppliers of critical meats.

## Animal Welfare Policy

One of our material issues is addressing animal welfare. To address animal welfare, we have changed our approach to hog farming and implemented the new approach in the farms directly managed by Prima Meat Packers or a Group company. In July 2024, we established and made public the Prima Meat Packers Group Animal Welfare Policy, setting out our basic policy on animal welfare, the measures we take to safeguard animal welfare, and the coverage of the policy.

The policy was based on the codes of the World Organization for Animal Health, the livestock-specific technical guidelines released by Japan's Ministry of Agriculture, Forestry and Fisheries, and on the advice of Shusuke Sato, professor emeritus at Tohoku University. We will disclose our actions and goals in our integrated reporting and on our website.

## A four-party joint commitment to making processed meat distribution more sustainable

In December 2023, Prima Meat Packers released a joint statement with three other organizations in the meat processing industry—Nippon Ham, Itoham Yonekyu Holdings, and Marudai Food—committing our four organizations help supporting sustainable distribution in the industry and contributing more

generally to the SDG agenda (the official pledge translates as “meat processing industry pledge to contribute to the SDGs and to sustainable distribution”).

The joint statement includes a pledge to lead the way in building collaboration with distribution and sales partners, which is the most urgent item in the action plan of the Japan Ham & Sausage Processors Cooperative Association. The association released the action plan in response to the Government of Japan launching a package of policies for reforming distribution. Recognizing our responsibility to ensure the continuity of the supply of processed meat products into the future, we and the other three signatories have committed to improving operational efficiency in distribution operations and aligning them with the SDGs so that ham and sausage distribution networks are as sustainable as possible.

The statement sets out three actions: reducing drivers' workload, changing delivery terms to increase efficiency, and organizing more joint deliveries. In other words, we will roll back the industrial practice of requiring truck drivers to take on duties unrelated to truck driving, extend delivery lead times for staple items from one day to two days or more, and allow less-than-truckload shipping.

These actions will address the problems in distribution, contributing to sustainable development in its economic aspect and in its social and environmental aspects (by, for example, saving energy and reducing CO<sub>2</sub> emissions to combat climate change).

## An expert's view

I am confident that Prima Meat Packers Group's Animal Welfare Policy signals the organization's commitment to following a PDCA cycle of continuous improvement in animal welfare.

What impresses me is that the commitment to safeguarding the Five Freedoms extends not just to the farm managers but to managers and employees across the corporate group, and that the organization has set clear goals and discloses its progress toward these goals. Instead of just focusing on neutralizing the negatives, the animal welfare agenda, spearhead by WOA, is increasingly emphasizing the need to create positives too. Guided by its Animal Welfare Policy, Prima Meat Packers Group will create positives in five domains.



**Shusuke Sato**  
Professor Emeritus,  
Tohoku University





## Safeguarding animal welfare

With animal welfare as one of our material issues, we have committed to safeguarding animal welfare in farms.

### Free-access stalls

Nikushitsu Kenkyu Farm uses free-access stalls in its Kurobuta pork breeding site. The free-access stalls allow sows to move freely during gestation, reducing their stress. Our plant is for free-access stalls to be installed as standard on all new hog sheds.



The free-access stalls allow sows to change their posture and roam

### Farrowing crates



Movable crate

Nikushitsu Kenkyu Farm and Kamifurano Farm use movable farrowing crates to house sows during farrowing and lactation. The crate can be adjusted according to the size of the sow. Our Miyagi farm uses open crates. The open design allows piglets to interact with neighboring litters, which makes it easier to manage the subsequent process of fattening the herd.



Open crate

### AI camera

One of the Miyagi Farm's fattening sheds has an AI camera system that automatically monitors the bodyweight of the pigs. By tracking bodyweight changes in real time, the system helps the farm detect physiological changes and identify improvements to make in the fattening process.



Pig bodyweight is monitored in real time to identify physiological changes

### Environmental enrichment

The Miyagi Farm and Kamifurano Farm give the pigs toys to reduce their stress and aggression and create positive experiences. Use of toys has reduced aggressive interactions between pigs.



A toy for pigs to chew on

### Employee training

In fiscal 2023, Pacific Ocean Breeding invited an outside expert to lead a training course (six sessions, once a month). Prima Meat Packers is planning a similar training course to teach employees correct knowledge about animal welfare.



Training for employees involved in hog farming





Creating a workplace  
that promotes job  
satisfaction

## Hiring and training strategically, building a more inclusive and engaging workplace

### The Talent Subcommittee

The Talent Subcommittee focuses on three material issues: Respecting and promoting diverse workstyles, hiring and developing outstanding human resources, and occupational health and safety that focuses on mental and physical health.

For hiring and developing outstanding human resources, we are strengthening hiring practices. That means hiring, in addition to the yearly intake of new graduates, candidates who have the professional experience to hit the ground running. Over the past ten years, we have hired 415 new graduates and 40 candidates with professional experience, resulting in a more stable workforce. We have given preference to candidates in their late 30s to early 40s to correct the age imbalance that had emerged after the Company scaled back hiring in the past.

To prepare a talent pool of future candidates for managerial posts, we provide a future managers' training program, which incorporates an assessment run by an external organization. Believing in meritocratic appointments, we use objective evaluations to ensure that only those with the right aptitudes and potential get promoted to management.

### Actions in fiscal 2023

We released the Prima Meat Packers Group Human Rights Policy to enshrine an understanding of the importance of respecting human rights and a commitment to upholding our corporate social responsibility. During the process of drafting the policy, we consulted with outside experts. Our subcommittee also held several workshops to improve human rights awareness among our members and among division managers. Guided by the policy, we have set two goals for 2030 aligned with the material issue of respecting and promoting diverse workstyles: human rights due diligence survey conducted once a year and 100% employee attendance of human rights training. We are developing action

plans to achieve these goals. We had previously incorporated human rights training into our training course for preventing workplace harassment, but in fiscal 2024 we started preparing a dedicated human rights course.

For respecting and promoting diverse workstyles, we achieved the following results. On a non-consolidated basis, Prima Meat Packers raised the take-up rate for paid leave to 64% and reduced annual work hours by 20 hours compared to the previous year. To achieve our numeric targets for fiscal 2030, we will continue reducing overtime, encouraging employees to take up parental leave and replacement leave.

As for hiring and developing outstanding human resources, focusing on empowering women in the workplace, we have increased hiring and promotion of women candidates. In fiscal 2023, women accounted for more than 40% of all hires and 4.7% of management positions (compared to 1.2% in fiscal 2018). We will continue hiring more women and appointing women to management positions.

### Future actions

To improve employee engagement, we are working to make our organization one that adapts to change and continues to create new value, one that people want to work for, and one that empowers employees to fulfill their potential and work more productively.

### The Talent Subcommittee (Employee-satisfaction Revolution Project)

<b>Members</b>	Head of the Administration Division, members of departments, and the Secretariat
<b>No. of meetings in fiscal 2023</b>	12
<b>Main activities</b>	<ul style="list-style-type: none"> <li>Clarifying progress in addressing material issues</li> <li>Discussing measures to improve employee engagement and build a better workplace environment</li> </ul>

### The Human Rights Policy is a step to creating a workplace in which all employees feel engaged

Fiscal 2023 saw the release of the Prima Meat Packers Group Human Rights Policy, something that the Talent Subcommittee had worked on ever since its launch. Releasing the policy is by no means the end goal. From now on, we will use the policy as a guide to assess human rights compliance in our organization and identify improvements to make. For example, we will assess whether Prima Meat Packers' plants are respecting the human rights of foreign employees classified as specified skilled workers or technical intern trainees. To ensure that the policy is applied impartially and credibly, we will enlist the support of the outside experts who had advised us during the drafting of the policy.

We will also go further in empowering women in the workplace. In the fresh meat industry, most sales jobs involve route sales (selling and delivering products to customers directly) and route sales reps tend to be men. Over the past ten years, we have changed our approach to sales, giving opportunities regardless of gender. We will keep up efforts to make the workplace more empowering for women.

We remain committed to building a workplace of value creation, in which a diverse set of employees feel engaged and empowered to fulfill their potential.

### Takayuki Kanai

Executive Officer, Head of  
Human Resources Department

