

Interview with Outside Directors

Nichimo's appeal should be publicized more strongly



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Outside Director, Audit & Supervisory Committee Member

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Outside Director, Audit & Supervisory Committee Member

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Outside Director, Audit & Supervisory Committee Member

Nichimo's business

Please share your thoughts regarding Nichimo's business activities.

■ **Kikuchi** Having supplied fishing nets and gear for fishing vessels since its foundation, Nichimo was heavily impacted by the 200 nautical mile limit introduced in 1975, and since then has expanded into the food business and machinery business. Nichimo's business is still centered on the ocean today, and it is a very important company with a significant role to play for Japan as a maritime nation. This is now the eighth year since I was appointed as Outside Director. Over this time, I have noted the deep love of the ocean among the management team and employees, and listened to them with great interest while offering my own advice.

The impact of the COVID-19 pandemic has been a concern for the past three years, but in the end, the Company was able to overcome various difficulties and deliver stable results. The well-balanced business portfolio proved successful, as the Company made up for the impact on the restaurant industry by capturing stay-at-home demand, and so forth. Over these three years, the Machinery Business has also grown stronger. I feel that these points show the strength of Nichimo and the appeal of its business.

■ **Hirata** Since becoming an Outside Director in 2018, I have been privileged to be involved in the management of a company with over 110 years of history. It is often said that companies with long histories have a great deal of

tacit knowledge. The company spirit and culture that has been developed at Nichimo over its long history is surely an extremely powerful mental support for the many employees who work here. On the other hand, the Company also needs to respond to new challenges arising from changes in its business environment, such as depletion of marine resources and dietary changes in Japan and neighboring countries, by working hand-in-hand with employees and bringing together their wisdom.

■ **Akashi** I was appointed Outside Director in June 2022, and although it is still early days for me, I felt as though I already had an understanding of Nichimo's business from working at a Group company. However, since my appointment as Outside Director of Nichimo, I have gained a renewed sense of the breadth of the field of the marine industry. Speaking for myself personally, and people that I know, I think there are many people who do not have a correct understanding of just how marvelous Nichimo's business is. Amid rising interest in the Sustainable Development Goals (SDGs), I think that Nichimo should be more active in publicizing its initiatives for contributing to solutions to environmental and social issues through the reinvigoration of the marine industry. As an Outside Director, I hope to contribute to the publicizing of this information.

Nichimo's governance and sustainable management

What is your assessment of Nichimo's governance and sustainable management?

■ **Kikuchi** Company governance systems are becoming more advanced under the Corporate Governance Code, but the important thing is to enhance the "content" rather than to upgrade the "framework." It is important for Inside and Outside Directors to talk openly and honestly, and have deeper discussions. Nichimo has elected the structure of a company with an audit and supervisory committee, and has an excellent governance system. On top of this, it is also focused on enhancing the "content," through measures like actively providing opportunities for Outside and Inside Directors to have open and honest discussions. For example, ahead of the regular Board of Directors meetings, the Company holds a lunch meeting for all of the board members, which provides a casual setting for them to exchange opinions.

■ **Hirata** It is certainly important to have opportunities for the members of the Board of Directors to have open and honest discussions. The three members here also serve as Audit & Supervisory Committee Members, and opportunities for discussion between President Matsumoto, Senior Managing Director Yageta, and the other four Inside and Outside Audit & Supervisory Committee Members are also provided each quarter. We can engage in frank discussion at these meetings, and I think this shows excellent consideration. In a sense, initiatives to enhance the effectiveness of the Board of Directors may be a never-ending task. All Directors, including Outside Directors need to be prepared to strive continuously to respond to changes in the business environment.

■ **Akashi** Speaking from the perspective of sustainable management, Nichimo has many possibilities and issues that it should address. One topic that comes up repeatedly

for discussion in the Board of Directors is the development of biodegradable plastic. This is the easiest area to address from a perspective of the SDGs, in particular, prevention of environmental pollution, but I think there is still a lack of urgency about it. We should actively invest management resources to increase the pace of development. We also need a quick answer to the issue of reusing discarded fishing nets.

■ **Kikuchi** In terms of sustainable management, I think that one key issue that Nichimo needs to address urgently is promoting the active participation of women. There may be reasons why recruitment of women has not made much progress, for example, the specialized field of the Marine Business and Nichimo not having a high profile. However, if the Company does not secure diverse human resources, including women, and take advantage of their rich ideas, it will lose flexibility as a company. For this reason I think it is an important issue.

■ **Hirata** That is really true. Human resources don't suddenly deliver great performance just by hiring them and assigning them. We can assign women to managerial roles, but the management also needs to change its awareness and create a culture and systems that enable women to fit into the organization successfully. The same applies for female Directors. I recently visited the Group company Yamaichi Suisan Co., Ltd. at Mombetsu as an Audit & Supervisory Committee Member. I saw that while the personnel are growing older, they are making use of technical trainees from Vietnam and so forth. I was impressed to see that careful consideration was given to the trainees, such as explaining the controls of the machinery to them in their native language.

Nichimo's potential

Finally, please talk about your expectations for Nichimo's future.

■ **Hirata** Nichimo has a large number of Group companies, and I have seen many Group companies added through M&A since my appointment as Outside Director in 2018. I think that diversification of the business portfolio will contribute significantly to Nichimo's sustainable growth in the future. Looking ahead, it will be important to pursue synergies and share expertise between Group companies, and to promote their integration.

■ **Kikuchi** Nichimo has a large number of strong products. For example, even rival manufacturers use surimi supplied by Nichimo to process their kamaboko products, and Nichimo provides the protective netting installed at Major League Baseball stadiums in the United States. These applications are not immediately visible to end users, but I think that Nichimo should publicize the existence of such strong products more vigorously, and promote its potential more.

■ **Akashi** I am very excited about the future of the land-based salmon aquaculture farm being operated with Kyushu Electric Power Company, Incorporated, and other partners. There are still a number of issues to overcome, but the Company is looking at co-creation with a range of industries, including the introduction of semiconductor and imaging technology. I would love to see the Company create fish that are delicious and appealing even to children who do not like fish.

