

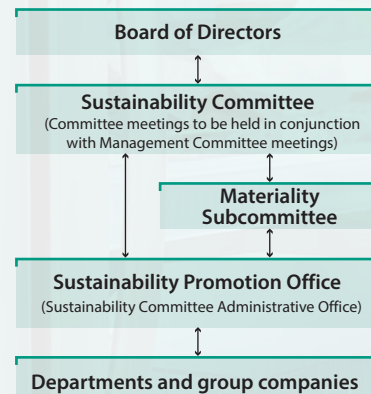
Sustainability Initiatives

Sustainability Policy

The corporate philosophy of the GALILEI Group revolves around the Four Rules of Happiness: achieving consumer happiness, customer happiness, employee happiness, and stakeholder happiness. In line with this philosophy, we are committed to addressing social issues through our business activities, creating a sustainable society, and enhancing our medium- to long-term company value.

Sustainability Promotion Framework

In June 2021, the GALILEI Group established the SDG Promotion Committee to promote sustainability efforts across the Group. The Committee is a group-wide body chaired by the president of the GALILEI Group and composed of management committee members. The Committee convenes quarterly in conjunction with a Management Committee meeting to discuss sustainability issues in general. In this fiscal year, the GALILEI Group established the Materiality Subcommittee under the SDG Promotion Committee, and the Subcommittee plays the role of reviewing specific actions that should be taken to address material issues.



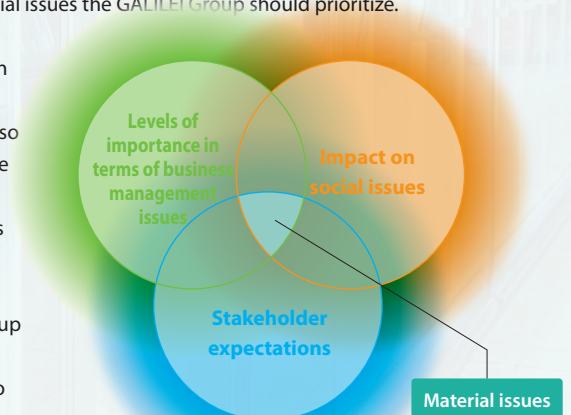
* The SDG Promotion Committee was renamed the Sustainability Committee in October 2024.

Material Issues for the GALILEI Group

Facing various social challenges, such as food-related issues, climate change, and diversity, we at the GALILEI Group recognize the necessity of addressing these issues through our business operations. In September 2023, we identified key material issues to clarify the social issues the GALILEI Group should prioritize.

We evaluated the importance of material issues based on three factors: the levels of importance in terms of business management issues, impact on social issues, and stakeholder expectations. We also considered the perspectives of individuals outside the GALILEI Group, such as outside directors and experts, before we identified eight material issues and submitted them to the Board of Directors for approval.




By tackling these material issues, the GALILEI Group strives to achieve two missions: building a sustainable society and increasing our medium to long-term corporate value.








Material Issues

The GALILEI Group is working hard to achieve the targets for the material issues. We have identified specific initiatives for the medium to long term and established corresponding indicators and targets.

We report the progress we have made to the Sustainability Committee to discuss what more we can do to achieve the targets.

The value we offer	Material issues	Related opportunities and risks (□Opportunity ■Risk)	Specific initiatives	Indicator	Target year	Target	Results (2023)
Bring the joy and excitement of delicious food to people	Improve consumers' lives 	<input type="checkbox"/> Co-creation of value through external collaboration <input type="checkbox"/> Development of specialized fields through technological innovation <input type="checkbox"/> Competitiveness improved in anticipation of changes <input type="checkbox"/> Reform of the business foundation driven by digital disruption <input checked="" type="checkbox"/> Loss of opportunities and weakened competitiveness due to lack of investment <input checked="" type="checkbox"/> Emergence of many competitors due to the inability to build robust market entry barriers	<ul style="list-style-type: none"> Make effective use of using MILAB to promote co-creation through industry-government-academia collaboration. 	<ul style="list-style-type: none"> Number of MILAB users 	2025	<ul style="list-style-type: none"> 10,000 users per year 	<ul style="list-style-type: none"> 3,014 users per year
			<ul style="list-style-type: none"> Develop food startups. 	<ul style="list-style-type: none"> Number of startups given support 	2030	<ul style="list-style-type: none"> 30 companies in cumulative total, 2 listed companies 	<ul style="list-style-type: none"> 13 companies
Support a food lifeline for better living	Reduce food loss 	<input type="checkbox"/> More stringent laws and regulations and rules applicable to food loss <input type="checkbox"/> Development of freezing and defrosting technologies <input type="checkbox"/> Increased need for the development of cold chains in developing countries <input checked="" type="checkbox"/> Loss of business opportunities due to delay in complying with food loss regulations	<ul style="list-style-type: none"> Develop food loss reduction technology. Provide products, systems, and services to help reduce food loss. Contribute to the development of cold storage chains in Asia. 	<ul style="list-style-type: none"> Amount of food loss reduced through products and services 	2030	<ul style="list-style-type: none"> 150,000 tons per year 	<ul style="list-style-type: none"> 73,617 tons per year
	Achieve a sustainable supply chain 	<input type="checkbox"/> Creation of business opportunities through resources recycling and the development of environmentally friendly products <input type="checkbox"/> Enhanced brand trust through improved customer satisfaction <input type="checkbox"/> New value created by optimizing supply chains <input checked="" type="checkbox"/> Failure to procure parts or collect products due to quality issues in the supply chain <input checked="" type="checkbox"/> Failure to procure parts or damage to corporate value due to delay in responding to social or environmental issues in the supply chain <input checked="" type="checkbox"/> Supply chain disruptions caused by failure to respond to natural disasters, pandemics, or export restrictions in specific regions	<ul style="list-style-type: none"> Promote adherence to the Sustainable Procurement Guidelines. Promote sustainable procurement. 	<ul style="list-style-type: none"> Procurement based on Sustainable Procurement Guidelines (survey response rate) 	2025	<ul style="list-style-type: none"> 80% 	<ul style="list-style-type: none"> 89.3%
			<ul style="list-style-type: none"> Promote the optimization of supply chains. 	<ul style="list-style-type: none"> Promotion of in-house production, strengthened operations, and digitization 	2030	<ul style="list-style-type: none"> 100% 	
			<ul style="list-style-type: none"> Promote the Zero Call Company concept. 	<ul style="list-style-type: none"> Frequency of smart diagnosis pre-maintenance services provided^{*1} 	2025	<ul style="list-style-type: none"> Qualitative assessment 	<ul style="list-style-type: none"> Sheet metal and copper pipes processed in-house. Main parts purchased from multiple sources. Proper inventory levels maintained. Distribution center digitized.
					2030	<ul style="list-style-type: none"> 3,000 times per year^{*1} 	<ul style="list-style-type: none"> 115 times per year

The value we offer	Material issues	Related opportunities and risks (□Opportunity ■Risk)	Specific initiatives	Indicator	Target year	Target	Results (2023)
Keep all forms of life on the planet vibrant and healthy	Support a healthy lifestyle 	<input type="checkbox"/> Advances in regenerative medicine <input type="checkbox"/> Eating habits reassessed as a result of serious or diverse health issues <input type="checkbox"/> Growth of the precooked frozen food market <input type="checkbox"/> Increased need for the development of cold chains for the medical and elderly care industries in developing countries <input checked="" type="checkbox"/> Intense competition in the medical and healthcare industries	<ul style="list-style-type: none"> Employ various approaches to the regenerative medicine and healthcare fields. Contribute to the medical and healthcare industries 	<ul style="list-style-type: none"> Products developed for new business fields, such as the regenerative medicine and healthcare fields Number of products, systems, and services provided to the medical and healthcare industries 	2025	<ul style="list-style-type: none"> Qualitative assessment 	<ul style="list-style-type: none"> Development of CFC-free medical refrigerators, freezers, and steam-heating food reheating carts
	Achieve a carbon-free society 	<input type="checkbox"/> More stringent laws and regulations and rules related to environmental and decarbonization issues <input type="checkbox"/> Increased need for products with high environmental performance <input type="checkbox"/> More efforts to achieve net zero carbon emissions, Collaboration with customers <input type="checkbox"/> Greater brand trust <input checked="" type="checkbox"/> Corporate value damaged due to delay in combating climate change <input checked="" type="checkbox"/> Loss of business opportunities due to delay in complying with regulations on greenhouse gas emissions	<ul style="list-style-type: none"> Transition to green refrigerants. 	<ul style="list-style-type: none"> Weighted average GWP (Global Warming Potential) 	2025	<ul style="list-style-type: none"> 500 (plug-in type) 1,500 (remote type) 	<ul style="list-style-type: none"> 1,603 (plug-in type) 1,596 (remote type)
			<ul style="list-style-type: none"> Prevent refrigerant gas leaks. 	<ul style="list-style-type: none"> Amount of refrigerant leaks 	2029	<ul style="list-style-type: none"> 150 (plug-in type)^{*1} 750 (remote type)^{*1} 	<ul style="list-style-type: none"> 52,423 t-CO₂ per year
			<ul style="list-style-type: none"> Develop and offer products with superior environmental performance. 	<ul style="list-style-type: none"> Shift to products with less environmental impact, calculated by a LCA (Life Cycle Assessment) 	2035	<ul style="list-style-type: none"> Qualitative assessment 	<ul style="list-style-type: none"> LCA published Development of CFC-free commercial refrigerators and ice makers
			<ul style="list-style-type: none"> Reduce CO₂ emissions. 	<ul style="list-style-type: none"> The GALILEI Group CO₂ emissions reduction rates 	2025	<ul style="list-style-type: none"> Down 50% from 2013 Down 100% from 2013 	<ul style="list-style-type: none"> 33.7% (9,302 t-CO₂)
				<ul style="list-style-type: none"> Reduction in CO₂ emissions across the entire value chain 	2030	<ul style="list-style-type: none"> Qualitative assessment 	<ul style="list-style-type: none"> Air-tech System installed at 27 stores, Energy Management System installed at 478 stores (11.2% energy efficiency)
Contribute to the happiness of people around the world	Live in harmony with local communities 	<input type="checkbox"/> Increased employee motivation, improved human resources development <input type="checkbox"/> Connectivity with ESG-oriented younger people, greater opportunities to attract talent <input type="checkbox"/> Improved corporate reputation through communication of the joy of eating and playing sports <input type="checkbox"/> Business opportunities created through external collaboration <input checked="" type="checkbox"/> Corporate brand seriously tarnished due to failure to be recognized as a good corporate citizen in local communities <input checked="" type="checkbox"/> Corporate image damaged and opportunities to attract good talent lost due to lack of community engagement	<ul style="list-style-type: none"> Promote social engagement through the GALILEI 1% Club. Support local communities by working with local people and authorities 	<ul style="list-style-type: none"> Number of the GALILEI 1% Club activities performed Total number of volunteers participating 	2030	<ul style="list-style-type: none"> 200 activities per year^{*1} 1,000 people per year 	<ul style="list-style-type: none"> 89 activities per year 439 people per year
	Develop human resources 	<input type="checkbox"/> Ability to maintain excellent technological capabilities due to lower employee turnover and passing on of technologies to future generations <input type="checkbox"/> Improved corporate reputation due to training workers supporting cold chains <input checked="" type="checkbox"/> Weakened competitiveness due to lack of human resources development <input checked="" type="checkbox"/> Corporate reputation decreased due to a higher employee turnover <input checked="" type="checkbox"/> Decline in competitiveness in overseas markets due to failure to attract global talent	<ul style="list-style-type: none"> Continue to enhance human resources development and training programs. 	<ul style="list-style-type: none"> Training hours per employee 	2025	<ul style="list-style-type: none"> Qualitative assessment 	<ul style="list-style-type: none"> Support for players to combat the intense heat in the Japan Junior Tennis Championships Factory tours organized Support for global human resource development through the FUKUSHIMA Global Human Resources Support Scholarship Foundation
			<ul style="list-style-type: none"> Promote and expand the GALILEI Academy. 	<ul style="list-style-type: none"> Cultivation of refrigeration engineers through operation of a technical training school 	2030	<ul style="list-style-type: none"> 20 hours per employee^{*2} 	<ul style="list-style-type: none"> 17.4 hours per employee^{*2}
	Encourage people from diverse backgrounds to play active roles in the workplace 	<input type="checkbox"/> Company grew as a result of improved job satisfaction <input type="checkbox"/> Creation of an environment that facilitates innovation <input type="checkbox"/> Successful recruitment of diverse talent, more promotion opportunities <input type="checkbox"/> Employee motivation and productivity increased through good mental and physical health <input checked="" type="checkbox"/> Corporate reputation decreased due to higher costs caused by intense recruitment competition and inability to attract diverse personnel	<ul style="list-style-type: none"> Improve employee engagement. 	<ul style="list-style-type: none"> Group-wide mean deviation of employee engagement 	2025	<ul style="list-style-type: none"> 65%^{*2} 	<ul style="list-style-type: none"> 55.9^{*2}
			<ul style="list-style-type: none"> Build a diverse workforce by promoting women's empowerment, increasing mid-career hires, reducing turnover among younger staff, employing mature staff, and increasing non-Japanese staff. 	<ul style="list-style-type: none"> Percentage of female directors Percentage of female managerial staff 	2030	<ul style="list-style-type: none"> 30% 10%^{*2} 	<ul style="list-style-type: none"> 8.3% 2.8%^{*2}
			<ul style="list-style-type: none"> Provide a positive work environment and offer diverse work styles. 	<ul style="list-style-type: none"> Percentage of local managerial staff at overseas group companies Average overtime hours worked Paid annual leave take-up rate 	2025	<ul style="list-style-type: none"> 55%^{*1} 15 hours^{*1,2} 70%^{*2} 	<ul style="list-style-type: none"> 27.3% 22.4 hours^{*2} 63.6%^{*2}

*1 The indicators and targets for this fiscal year have been revised. *2 On a non-consolidated basis