Kyokuyo Group
Marine Resources Survey

Kyokuyo Co., Ltd.

November 2023

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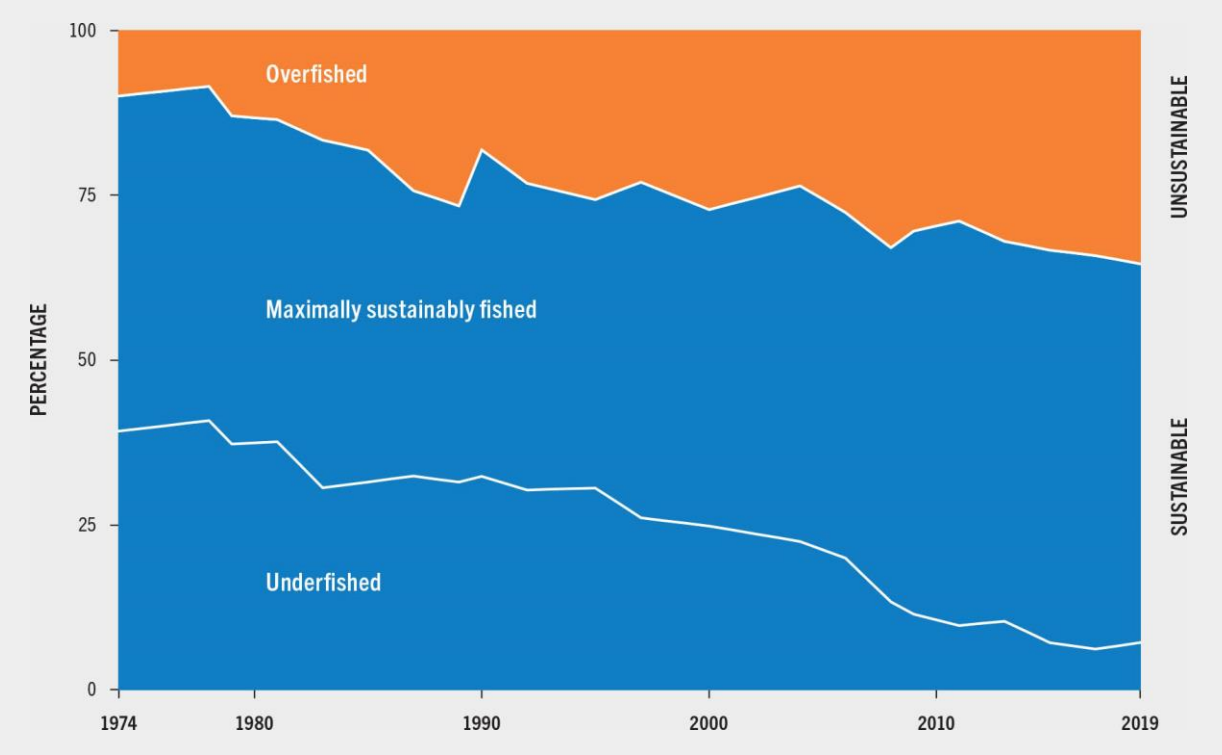
1. Purpose

GLOBAL TRENDS IN THE STATE OF THE WORLD'S MARINE FISHERY STOCKS, 1974–2019



Source: FAO "The State of World Fisheries and Aquaculture 2022"

According to "The State of World Fisheries and Aquaculture 2022" issued by FAO in 2022, it is reported that 7% of marine fishery stocks is "underfished," 57% is "maximally sustainably fished," and 36% is "overfished."

The Kyokuyo Group—the business activities of which are supported by the "blessings of the ocean"—believes that the "sustainability of marine products" is a crucial factor related to the medium- to long-term risks and opportunities of conducting the Group's business.

Based on this idea, we conducted this "Marine Resources Survey" to evaluate the Group's procurement situation, understand the issues, and take appropriate measures to address those issues.

2. Overview

Scope

Nine departments and seven branch offices at Kyokuyo Co., Ltd., and 18 Group companies (13 domestic and five overseas)

From April 2020 to March 2021 for domestic and from January to December 2020 for overseas

Wild[*1] and aquaculture products procured

Items

Fish species name (scientific name and English name), country of origin, fishing area (FAO fishing area), fishing method, name of supplier (name of fishery), weight (in raw material equivalent)

Method

1. Ask each department and Group company to answer the survey items
2. Aggregate the data at Kyokuyo Co., Ltd.
3. Check the resource status based on the aggregated data following the steps below
    - Check whether it is a marine product certified to be sustainable by MSC (Marine Stewardship Council), etc.
    - Check whether it is a endangered species
    - Check the resource status using SFP (Sustainable Fisheries Partnership)[*2]
    - Evaluate the results of research conducted by national and regional fishery management organizations

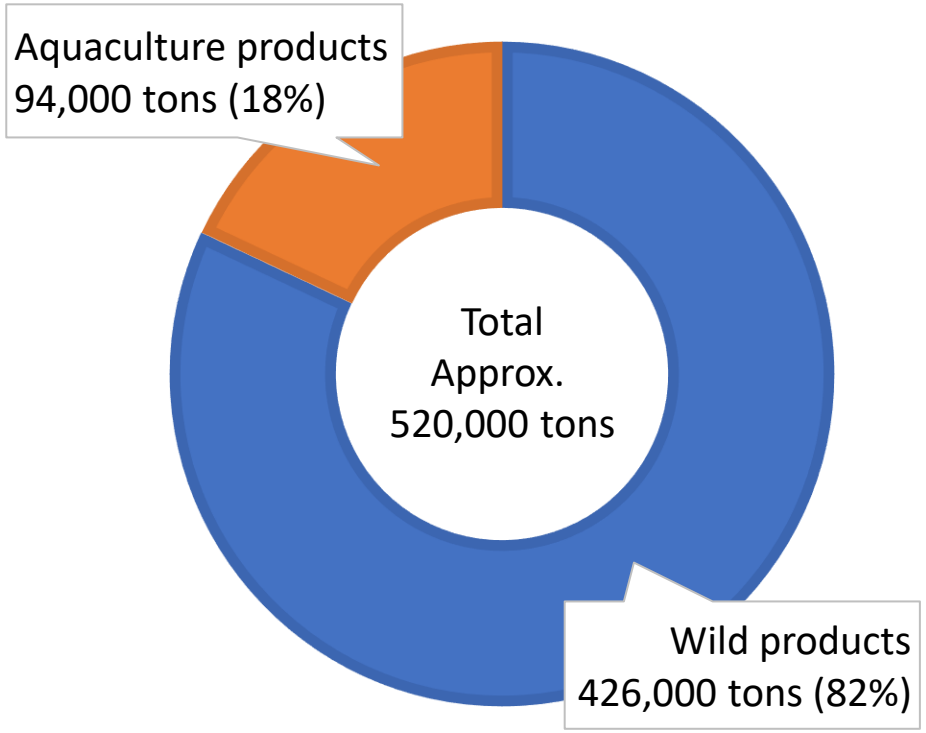
*1 Includes farm-raised bluefin tuna, yellowtail, scallops, and eel

*2 A nonprofit organization established in 2007 which promotes the production of sustainable marine products.
We utilized FishSource offered by this organization to evaluate resource status for this research.

3. Results

3.1. All marine products

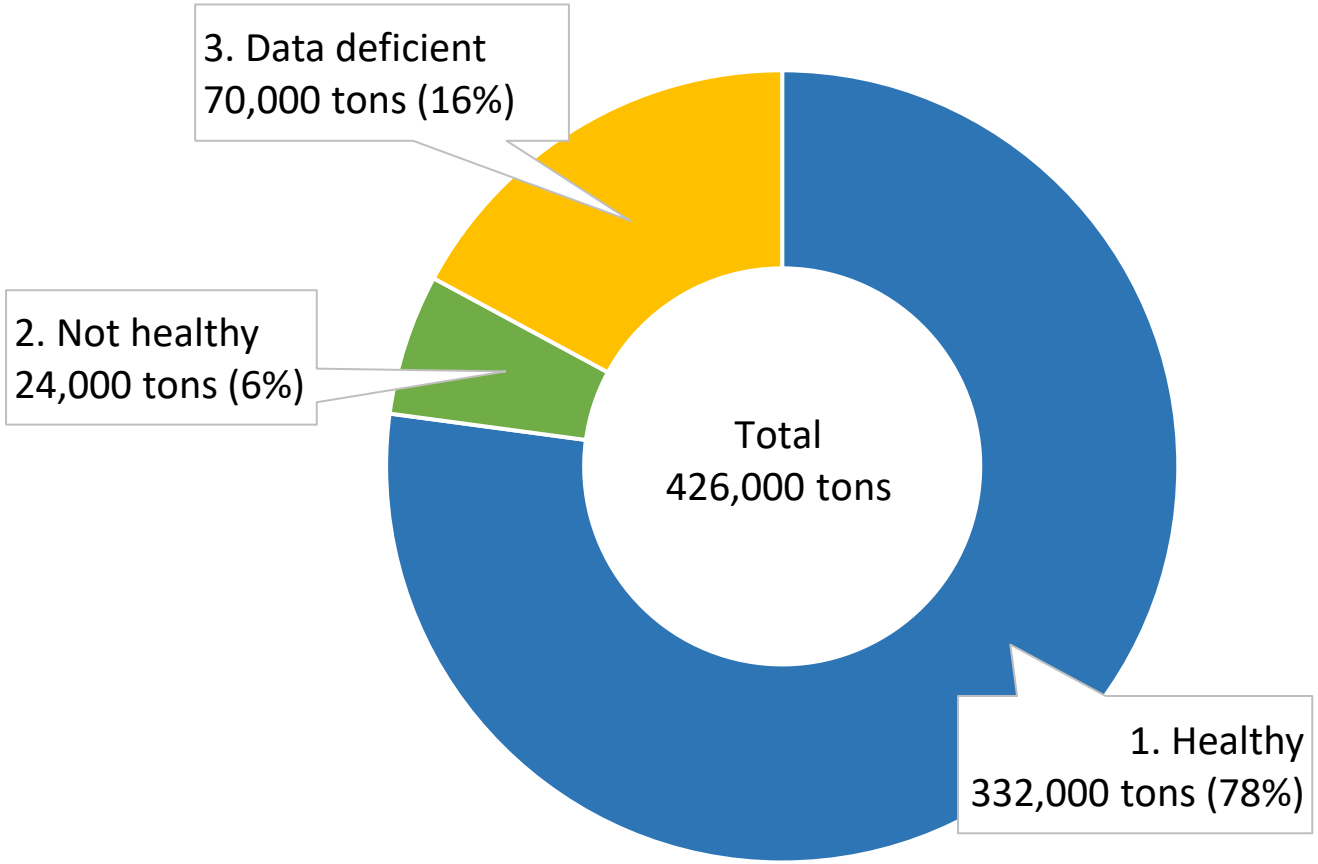
Breakdown by product type



- **Volume of marine products:** Approximately 520,000 tons (in raw material equivalent)
  - **Wild products:** Approximately 426,000 tons
    (approximately 0.5% of the global catch announced by FAO in 2020)
  - **Aquaculture products:** Approximately 94,000 tons
- **Species handled:** Approximately 190 species (breakdown is on page 12)
- **Number of countries of origin:** 41 countries
- **Fishing area (FAO fishing area):** 15 areas

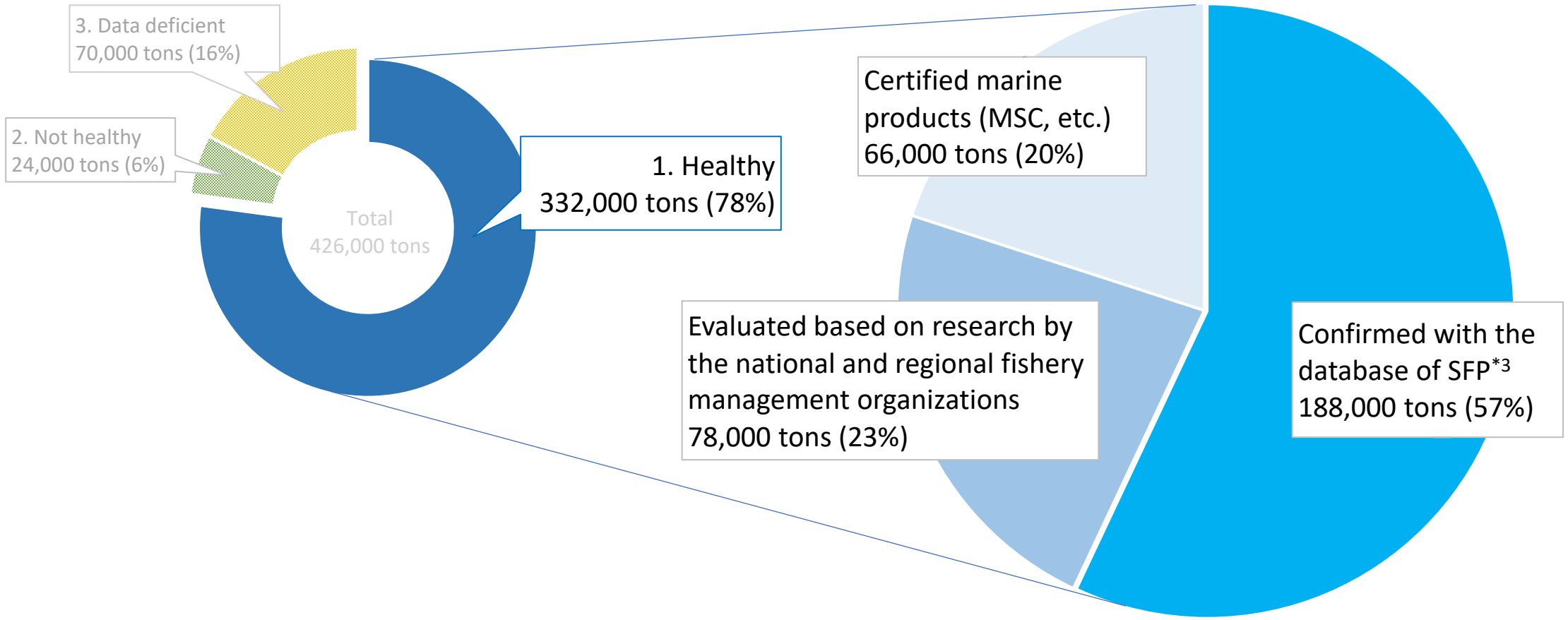
3.2. Wild products

Breakdown by resource status



3.2. Wild products

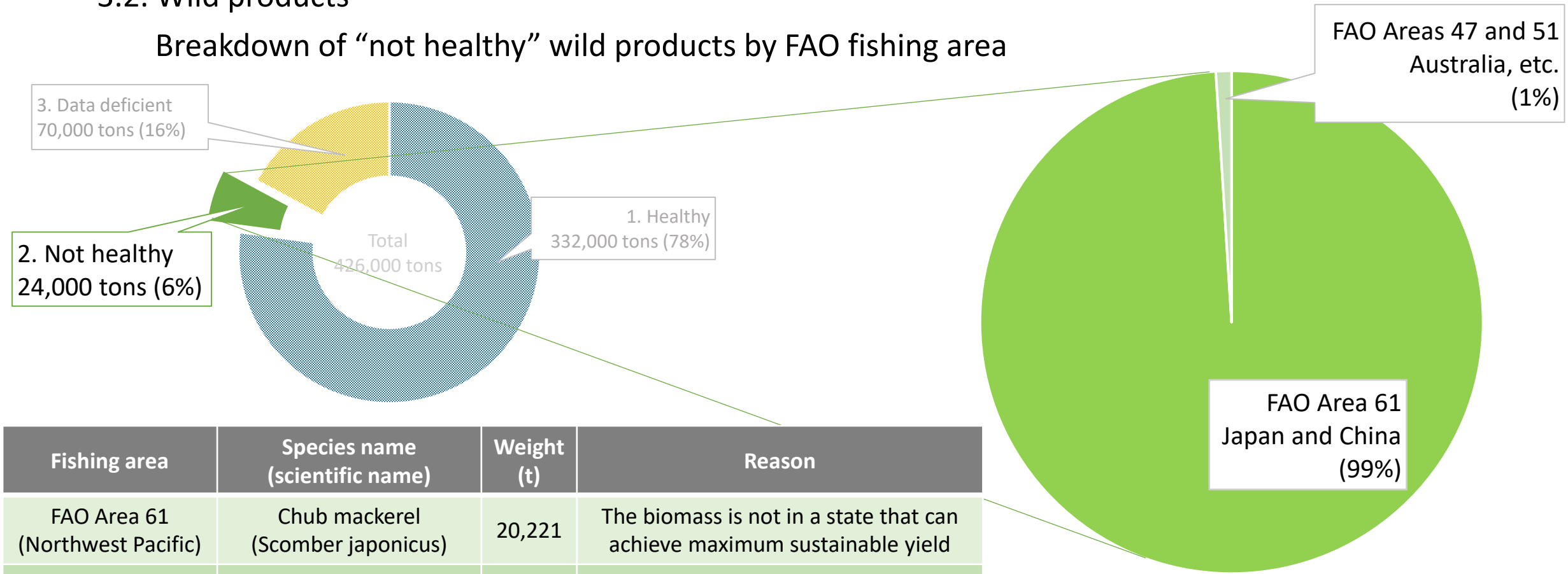
Breakdown of “healthy” wild products by evaluation method



*3 A nonprofit organization established in 2007 which promotes the production of sustainable marine products.
We utilized FishSource offered by this organization to evaluate the resource status for this research.

3.2. Wild products

Breakdown of “not healthy” wild products by FAO fishing area



Fishing area	Species name (scientific name)	Weight (t)	Reason
FAO Area 61 (Northwest Pacific)	Chub mackerel (Scomber japonicus)	20,221	The biomass is not in a state that can achieve maximum sustainable yield
〃	Yellowtail (Seriola quinqueradiata)	1,945	〃
〃	Pacific saury (Cololabis saira)	1,392	〃

Based on “Current Status of International Fishery Stocks” and “Stock Assessment and Evaluation by Fish Species” issued by the Japan Fisheries Research and Education Agency, a national research agency commissioned by the Fisheries Agency of Japan.

“Not healthy” fish species categorized as threatened species by the IUCN

Fishing area	Fish species (scientific name)	Weight (tons)	IUCN Red List Assessment
FAO Area 61 (Japanese coastal waters)	Eel (Anguilla Japonica)	1,010	EN: High risk of extinction of species in the wild in the near future

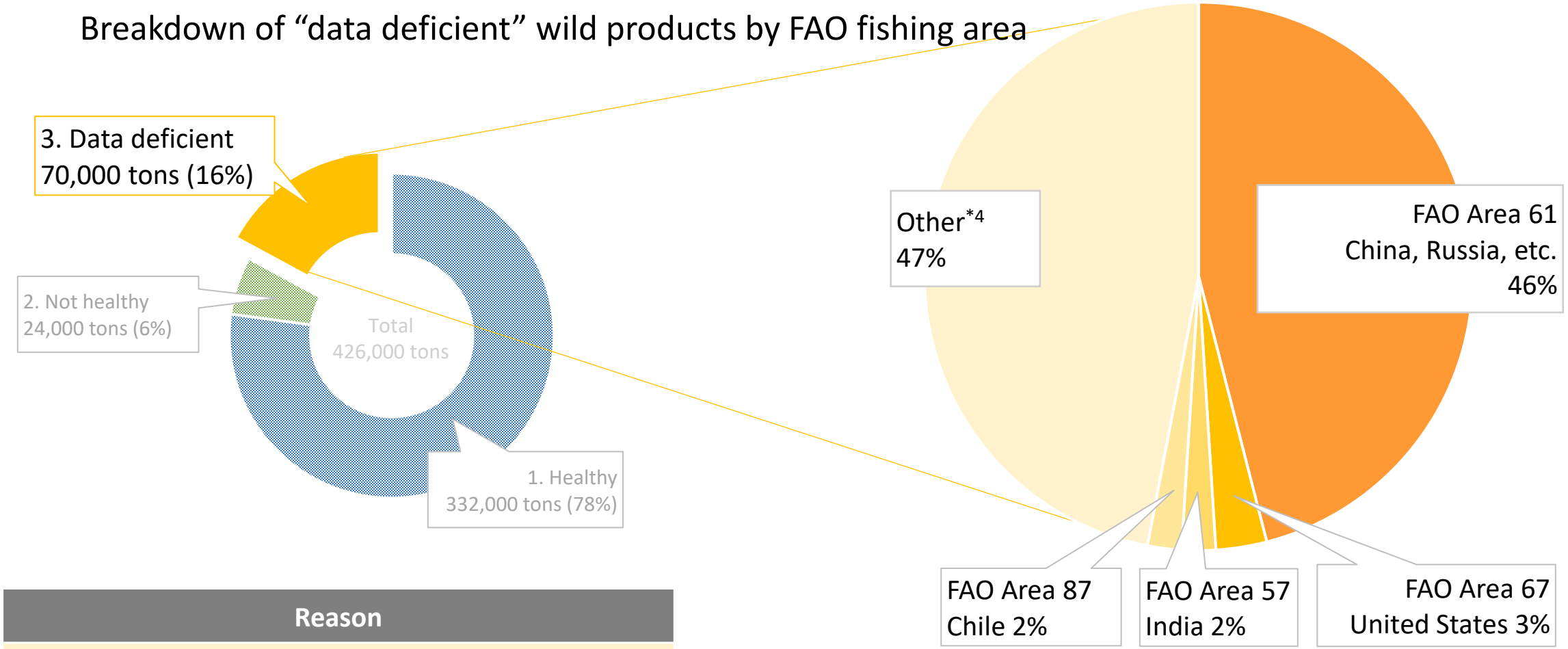
Although the resources are managed under an international framework, eel is categorized as “not healthy” for being endangered species under the IUCN assessment.
Going forward, we will ask our suppliers to strengthen traceability and work to increase the proportion of whitebait for which the fishing area is traceable.

Fishing area	Fish species (scientific name)	Weight (tons)	IUCN Red List Assessment
FAO Area 47 (Southeast Atlantic)	Southern bluefin tuna (Thunnus maccoyii)	258	CR: Extremely high risk of extinction of species in the wild in the very near future
FAO Area 51 (Western Indian ocean)	Bigeye tuna (Thunnus obesus)	37	VU: Risk of extinction of species is increasing

Although the resources are managed by the total catch amount limit set based on scientific evidence by the Regional Fisheries Management Organization (RFMO) (CCSBT for southern bluefin tuna and IOTC for bigeye tuna), the two species are categorized as “not healthy” for being endangered species under the IUCN assessment.
Going forward, we will carefully pay attention to information regarding fishing restrictions and continue handling the species in accordance with the policies set forth by the Fisheries Agency of Japan which is a member of five tuna-related RFMOs including CCSBT and IOTC.

3.2. Wild products

Breakdown of “data deficient” wild products by FAO fishing area



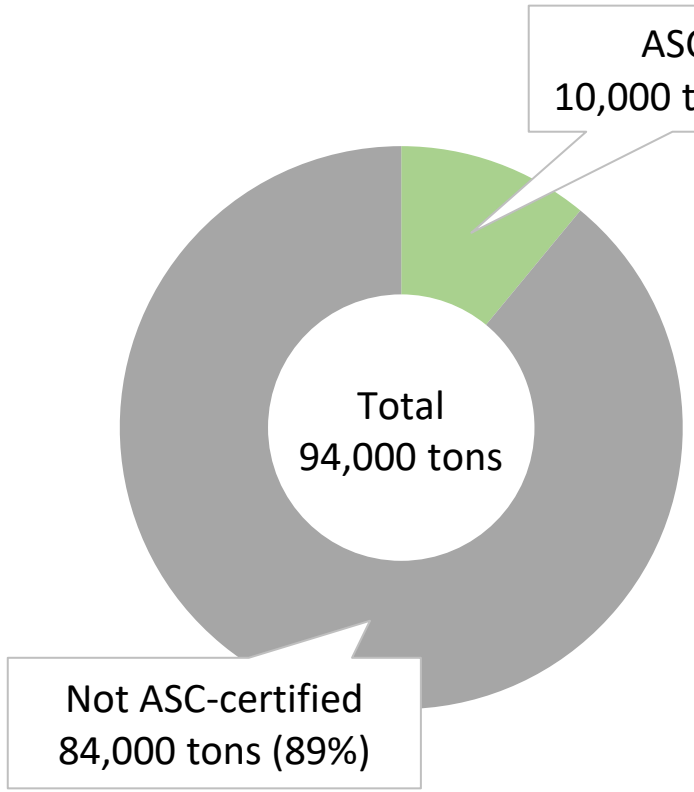
Reason

There is not enough data either at SFP or at national/ regional fishery management organizations to evaluate stock status, or information on traceability is lacking.

*4 Includes fish species with an annual purchase of less than 10 tons

3.3. Aquaculture products

Breakdown by certification status

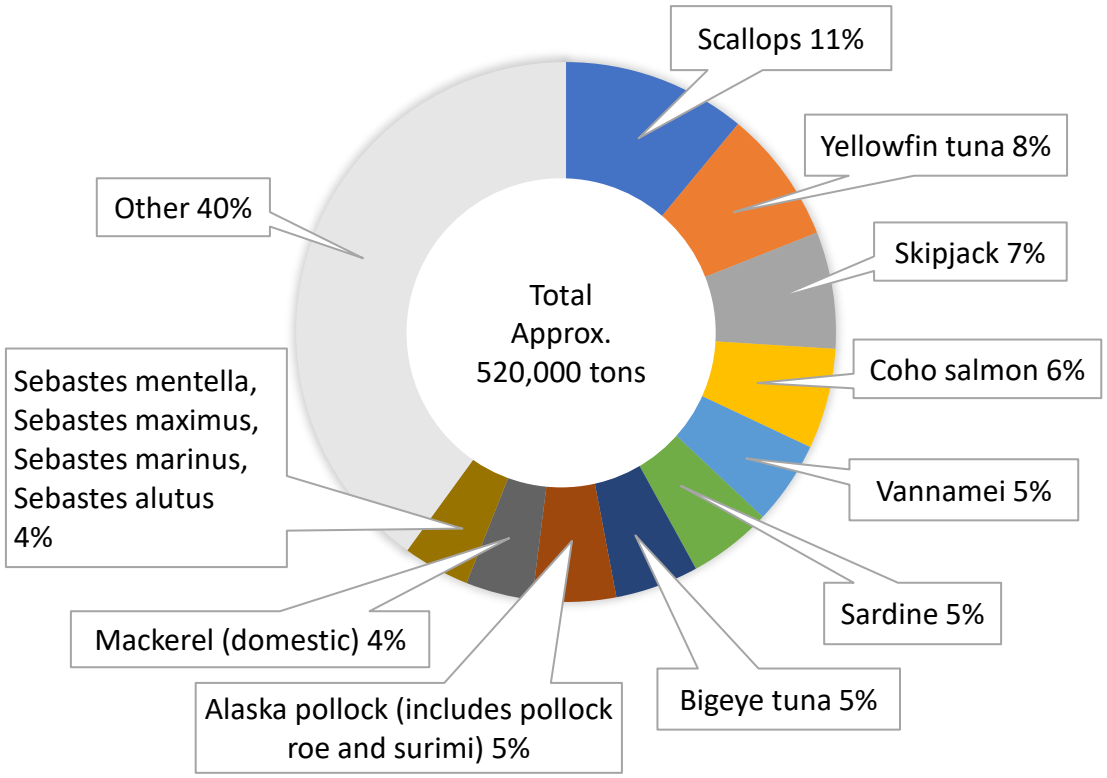


Results of research on the 94,000 tons of aquaculture products targeted by the research

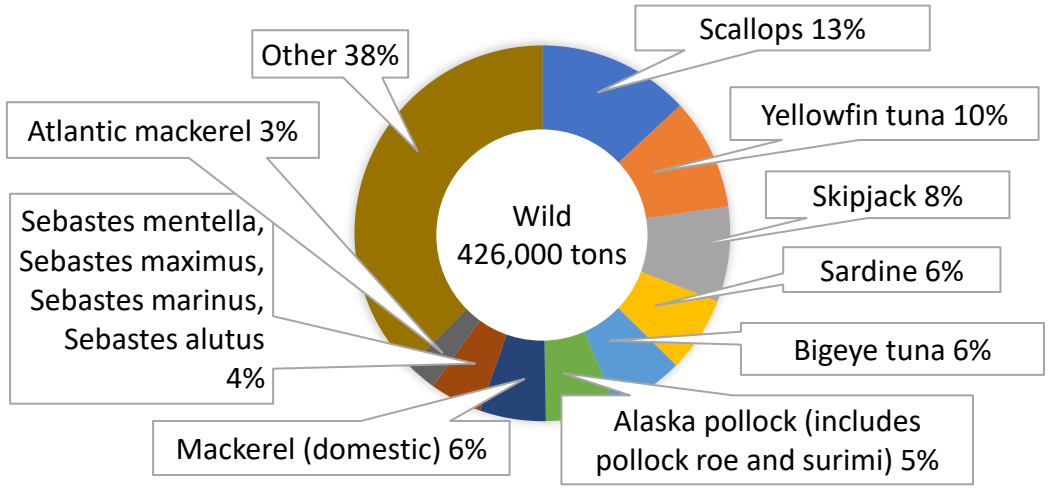
- ASC-certified 11%
- Not ASC-certified 89%

3.4. Details of fish species

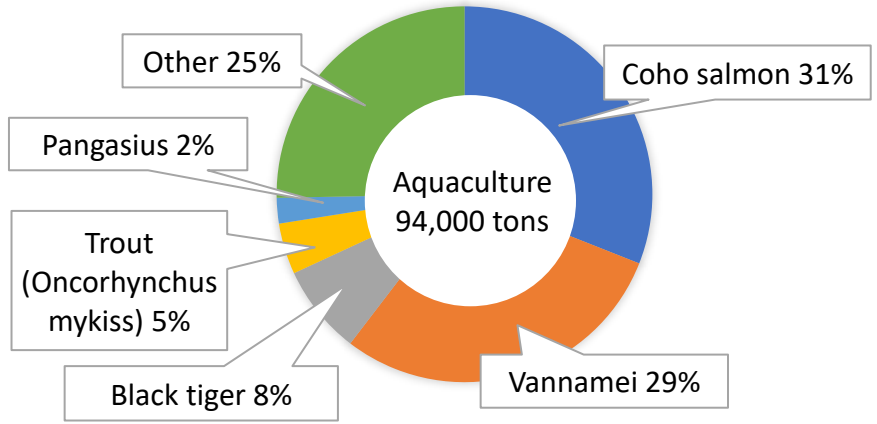
Breakdown of all marine products by fish species



Breakdown of wild products by fish species



Breakdown of aquaculture products by fish species



4. Issues and the Next Steps

＜Issues＞

- What measures to take regarding procurement of wild products categorized as “overfished”

＜Next Steps＞

- Increase handling of certified products for “healthy” species
- Conduct risk assessment of regions and species for “not healthy” and “data deficient” species
- As a concrete countermeasure, strengthen traceability through dialogue with relevant suppliers
- Continuously check the information from fishery organizations, etc., regarding species in relevant regions and implement measures in accordance with the policies of supervisory authorities
- Spread awareness of the research results by sharing information throughout the entire Group and ensure consideration of biodiversity, conservation of the ecosystem, and sustainable use of marine resources when conducting business activities[*5], while adhering to the Basic Procurement Policy [*6] and Supplier Guidelines [*7].
- Conduct a Marine Resources Survey periodically and improve the process based on the PDCA cycle.

*5 Kyokuyo Group Integrated Report 2023 (https://www.kyokuyo.co.jp/en/files/integratedreport2023e.pdf)

*6 Kyokuyo Group Basic Procurement Policy (https://www.kyokuyo.co.jp/en/environment/client/)

*7 Kyokuyo Group Supplier Guidelines (https://www.kyokuyo.co.jp/en/files/202103supplierguidelinese.pdf)